



HOTELS · PALACES · RESORTS · SAFARIS

**UNITED NATIONS GLOBAL COMPACT  
COMMUNICATION ON PROGRESS**

**Year: 2016-17**

**Commitment Statement**

Sincere care for communities and the environment in the locations where we operate is among our basic tenets. Our business is guided by the principles of respect for human rights, care for the environment and transparency. Therefore, our brand values are closely aligned with our responsibilities as members of the United Nations Global Compact.

Our participation in the Global Compact is part of our commitment to continuously improving our performance in environmental and social indicators, and transparently communicating that performance. With an ever-increasing focus on sustainability and on the well-being of local communities, we are committed to being responsible corporate citizens at every level of our operations.

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## COMMUNICATION ON PROGRESS

### Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

#### 1a. Commitment/ Policies:

The Indian Hotels Company (IHCL) is governed by the Tata Code of Conduct, which lays out strict guidelines for protecting the rights of employees and other stakeholders. Our HR Policy and Policy for Prevention of Sexual Harassment enshrine employees' rights to fair wages, rest and recreation and protection from harassment, while our safety standards aim to provide a safe and healthy environment to employees and guests. The sustainability policy commits to providing employees with clean, safe, healthy and fair working conditions.

Going beyond the company, our CSR policy specifies our commitment to actions that protect and promote the rights of weaker sections of society in the areas where we operate. Our commitment to improving environmental performance addresses the rights of communities in our surroundings as well as those of the larger society.

#### 1b. Action Taken:

IHCL has conducted safety training of all its permanent and contractual workforce, in order to ensure that employees can operate in a safe work environment. Hotels impart regular training on first aid, fire-fighting and emergency preparedness in keeping with emergency preparedness plans, to ensure that employees are able to cope with any emergencies in a safe and competent manner. All vendors, suppliers and service providers are required to commit that they follow safety guidelines and that safety equipment is available to and used by their workforce.

The committee to oversee the implementation of the Policy for Prevention of Sexual Harassment has ensured that a zero-tolerance approach has been implemented across the company. Through the implementation of CSR programmes, IHCL has supported skill development of underprivileged young people to advance their right to livelihood, encouraged the preservation of local cultures and monuments, and promoted practices of cleanliness and hygiene in surrounding communities.

#### 1c. Outcomes:

100% of our employees, including casual, temporary and contractual employees received appropriate safety training in 2016-17. No employee complaints of sexual harassment were pending to be resolved by the end of the financial year, with appropriate action being taken in all cases.

Through our CSR programmes, a total of 550 youth and 900 persons from underprivileged backgrounds have been trained and certified in vocational skills. Partnerships for preserving

local arts have been established with NGOs and cultural bodies in 2 locations (Goa and Varanasi), while 33 public sites and 2 heritage areas have been adopted for beautification, maintenance and cleanliness. Through educational scholarships and provision of food supplies, we have made efforts to secure the basic rights to nutrition and education of poor communities in our locations. A total of Rs. 659 lakhs (about USD 1 million) worth of goods was sourced directly from women's groups, local enterprises and farmers.

**1d. Plans for the Upcoming Year:**

IHCL plans to continue its commitments to employee safety and social engagement. This includes strengthening our safety training, reinforcing measures to prevent harassment and expanding our CSR initiatives to develop livelihoods and neighbourhoods.

**Principle 2: Businesses should make sure that they are not complicit in human rights abuses**

**2a. Commitment/ Policies:**

IHCL is committed to conducting business in a manner that upholds the rights of all stakeholders and communities. This includes stringent compliance to all relevant regulations as well as beyond compliance actions for social and environmental development.

Our Tata Code of Conduct is extended to our suppliers and service providers, who also commit to respect and protect human rights in the course of their operations. Further, under the Whistle-blower Policy, a system has been set up to enable employees, suppliers and other partners to report violations of ethics and human rights to an audit committee.

**2b. Action Taken:**

The Company is committed to ensuring human rights not only within its own premises but also along the supply chain. All our suppliers have signed on to and accepted the Tata Code of Conduct, which lays down principles to protect and promote human rights. All contracts with suppliers, vendors and service providers include clauses requiring that:

- Minimum wages are paid to the people hired by the supplier/service provider
- All its employees have collective bargaining rights if applicable
- All its employees receive fair wages
- Human rights policies and practices are communicated to all its employees, subcontractors and suppliers in local languages
- All its employees in supervisory positions are trained on implementation of human rights practices
- The supplier/service provider has a grievance redressal system and all its employees are aware of it
- The supplier/service provider has a mechanism to address sexual concerns at the workplace and all its employees are aware of it

All our properties and operations have secured the necessary clearances from the Ministry of Environment and Forests, Pollution Control Boards and other regulatory agencies to ensure that our business does not cause environmental and social harm to local communities. IHCL encourages direct sourcing from communities and local enterprises, and has also initiated deeper assessments of supply chains to ensure that human rights violations can be detected and addressed along the entire chain.

**2c. Outcomes:**

No ethics complaints were pending to be resolved at the end of the financial year 2016-17. All of our suppliers have committed to the Tata Code of Conduct, and their adherence to its principles is assessed through onsite audits.

**2d. Plans for the Upcoming Year:**

IHCL is committed to maintaining operations and partnerships that are free from human rights violations, and providing work environments that uphold the safety and well-being of employees, guests, local communities and other stakeholders.

**Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**

**3a. Commitment/ Policies:**

IHCL values employees as a core asset to our brand and customer experience. Therefore we are committed to providing a positive work atmosphere and development opportunities to our associates. Our HR policies ensure that employees can access avenues for growth, seek support, and express their concerns and grievances.

**3b. Action Taken:**

Within the company, there are 18 employee associations that are recognized by the management, and 42.23% of permanent employees are part of these recognized associations. Regular discussions with employee associations are conducted, and their concerns are addressed according to the company's HR policy.

**3c. Outcomes:**

Our efforts to secure the well-being of employees were affirmed as the company won the Gallup Great Workplace Award in 2017, the only hospitality company in India on the list in the current year.

**3d. Plans for the Upcoming Year:**

IHCL intends to continue supporting employees in their development as an integral part of the company culture.

**Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour**

**4a. Commitment/ Policies:**

We are strongly committed to the elimination of all forms of forced and compulsory labour, and any form of intimidation at the workplace. The Tata Code of Conduct which governs our operations explicitly prohibits the use of forced labour in any form, any confiscation of personal documents and payments in order to secure employment.

**4b. Action Taken:**

All our suppliers, service providers and partners are required to commit to the Tata Code of Conduct, which prohibits forced labour. Additionally, our HR policies ensure that all employees have adequate time off for rest, recreation and public and religious holidays.

In the case of contracted labour and for any services provided by vendors and third parties, we ensure that workers are paid the stipulated minimum wages and covered by social security schemes according to current regulations. We also ensure that workers have access to essential basic facilities such as appropriate breaks, changing areas and restrooms. None of our employees are compelled to remain in employment against their wishes, and the formal exit policy with clear terms of resignation from employment is made available to all employees.

**4c. Outcomes:**

No complaints or concerns about forced labour have been raised by any stakeholders during the last financial year. Further, our website explicitly clarifies that the company does not seek payments at any stage of the recruitment process, and encourages candidates to bring to our notice any malpractices or fraud regarding the same.

**4d. Plans for the Upcoming Year:**

IHCL intends to maintain our firm commitment to prohibiting all forms of forced labour at every level and location.

**Principle 5: Businesses should uphold the effective abolition of child labour**

**5a. Commitment/ Policies:**

IHCL firmly believes that every child has a right to education and a healthy childhood. We are strongly opposed to all forms of child labour, which is strictly prohibited in our Code of Conduct and is contrary to our principles as an ethical employer.

#### **5b. Action Taken:**

We take great care to ensure that no underage candidates are able to pass through our screening process. Documents proving the date of birth and educational qualifications are required for all employees at the recruitment stage, as a way of ascertaining that they are above 18 years of age.

In the case of suppliers, contracted labour or labour engaged by third parties to provide any services, all our vendors, suppliers, contractors and service providers have to commit that they do not employ any child labour in the manufacture or supply of goods and services under their contracts with the Company. They must commit that they are in compliance with Indian regulations regarding the prohibition of child labour, and they are made aware that any violation will lead to termination of their contracts with the Company.

In addition to prohibiting child labour within our operations, we also support efforts to keep children in school and complete their education. As part of our CSR efforts, we provide educational scholarships and school meals to underprivileged children.

#### **5c. Outcomes:**

No complaints or concerns about child labour have been raised by any stakeholders during the last financial year.

#### **5d. Plans for the Upcoming Year:**

While our HR processes will continue to ensure that we do not employ child labour in any form, we will also continue to support the welfare and education of children through our CSR commitments.

**Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.**

#### **6a. Commitment/ Policies:**

Our recruitment, employment and employee development policies protect our employees from discrimination based on race, age, sex, religion, place of origin, language or any other criteria. We also do not discriminate against suppliers, vendors, partners or other service providers based on any of these factors.

#### **6b. Action Taken:**

Our vacancies and employment opportunities specify skill-related criteria such as experience and educational qualifications, without discrimination based on other factors. IHCL is supportive towards candidates with special needs, and we make efforts to integrate special needs candidates into our operations based on their skills. However, declaration of disability is voluntary on the part of candidates and employees.

IHCL is committed to the Tata Affirmative Action programme, which emphasizes four areas of development—employment, employability, entrepreneurship and education—with the aim of supporting the development of disadvantaged sections of society. This is implemented through our programmes for skill development, vendor development and educational scholarships for persons from SC/ST backgrounds. Taj’s inclusive recruitment process includes hiring frontline staff from smaller cities and towns, providing opportunities to youth in these locations.

Special measures are taken to promote gender diversity within the workforce. Essential support services such as transport during night shifts and training in self-defence is provided to women employees. In order to develop a talent pool of women, the Hotel Management Trainees entering the organization through the Hotelier Development Program were recruited in the ratio of 60:40 in favour of women this year. Recruiters are given a 2% incentive for filling vacant positions with female candidates and Taj has a commitment to hire 50% female trainees during campus recruitment.

**6c. Outcomes:**

No complaints or concerns about discrimination have been raised by any stakeholders during the last financial year.

**6d. Plans for the Upcoming Year:**

We are committed to providing equality of opportunity to our employees and prospective employees, while supporting the welfare of disadvantaged sections through affirmative action.

**Principle 7: Businesses should support a precautionary approach to environmental challenges**

**7a. Commitment/ Policies:**

In addition to the Tata Code of Conduct, which upholds respect for the environment, IHCL’s Sustainability Policy defines explicit environmental commitments. The policy states that the company will integrate sustainability considerations into all business decisions and key work processes, with the aim of creating value, mitigating future risks and maximizing opportunities.

The Sustainability Policy recognizes that environmental, social and ethical principles are central to improving the quality of life of communities and enhancing long-term stakeholder value. It commits to product stewardship, healthy working conditions, care for the environments in which we operate, and transparency in reporting.

### **7b. Action Taken:**

IHCL has adopted a process of regularly assessing environmental risks and planning for their management. As a member of EarthCheck, the world's leading scientific benchmarking and certification programme for the travel sector, the environmental performance of our hotels is audited every year. Each unit is assessed against customized criteria that are formulated for its specific context. This includes classification of locations as low, medium or high risk depending on their proximity to ecologically sensitive areas. Environmental plans for the property incorporate steps necessary to preserve these surroundings and prevent negative impacts.

As waste disposal is one of the major environmental concerns for the hospitality industry, we ensure that waste is segregated and handed over to Pollution Control Board certified service providers for disposal. Several of our hotels are now moving towards on-site waste management through organic composting machines, bio gas units and optimization of sewage treatment plants.

The company monitors the impact of its product and services in new constructions and daily hotel operations. Social and environmental impact assessment are conducted by independent, third party agencies in identified fragile and sensitive areas as per statutory requirements. Apart from ensuring that all products and services meet regulatory and legal norms, and all guests and staff are safe, we also implements actions beyond compliance, such as reducing the carbon footprint of the Safari lodges. Depending on the context of each hotel, specific projects for the conservation of local biodiversity are undertaken, as well as regular volunteering efforts for tree plantation and environmental awareness. The sustainability team and the central materials group both focus on elements of sustainable sourcing.

### **7c. Outcomes:**

In 2016-17, 60 Taj hotels were awarded EarthCheck Gold Certification, and 16 were awarded Silver Certification. Taj Palace New Delhi was awarded the National Energy Conservation Award—1st Prize in the category 'Hotels: 5 Star and Above' by the Bureau of Energy Efficiency, Ministry of Power, Government of India. Taj Swarna Amritsar achieved LEED Gold certification in, in the category of 'New Construction'. In the CDP India Climate Change Report 2016, at an overall level, we achieved score band C, which is at par with the sector (Consumer Discretionary Sector) and industry average (Tourism Services Sector), ranking among the top 200 companies across 9 sectors in India.

### **7d. Plans for the Upcoming Year:**

The company intends to continue refining our environmental practices through staff training, collaboration with local NGOs and other entities for ecological protection, and continued participation in and refinement of the EarthCheck programme.



## **Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility**

### **8a. Commitment/ Policies:**

Our sustainability policy commits to defining appropriate goals, targets and action plans for implementation. Based on this, as well as on our participation in the EarthCheck programme, we have adopted a process of encouraging continuous improvement over past performance for each hotel.

### **8b. Action Taken:**

In 2016-17, each of the 76 hotels participating in the EarthCheck programme was given an internal target to reduce their energy, emissions and water footprint as compared to a baseline of their own performance in the last 3 years. A variety of measures were implemented in order to achieve this, including enhanced staff training, modification of operational procedures, more rigorous equipment maintenance schedules and investment in water-saving and energy-saving equipment. Additionally, through the responsible neighbour programme, awareness sessions on environment protection and waste management were conducted in several communities, reaching out to 524 residents.

To reinforce a culture of environmental consciousness, several initiatives such as observing Earth Hour, participating in a sustainability month and a contest on water efficiency were conducted throughout the year.

### **8c. Outcomes:**

In the year 2016-17, the Taj Group avoided 55,603,013 kg of CO<sub>2</sub> emissions, which is comparable to taking 18,659 cars off the road. The share of renewable energy in our total energy mix increased to 13%.

A total of 2,328,434 KL of water was reused and recycled through rain water harvesting and recycling of grey water through onsite waste water treatment plants. This is equivalent to 931 Olympic-sized Swimming Pools.

To minimize and manage waste, hotels implemented measures such as investing in organic composting units, bulk ordering of supplies to reduce packaging waste and training associates to ensure improved waste segregation. 90% of our EarthCheck certified properties are currently recycling/composting/reusing some proportion of their organic waste, with 36 hotels achieving this for 100% of their organic waste.

### **8d. Plans for the Upcoming Year:**

IHCL intends to strengthen the robustness of the system for collection and analysis of environmental performance. Coupled with frequent staff training, incentives for improved environmental performance and a deeper assessment of issues material to sustainability, the company aims to encourage the process of continuous performance improvement.

**Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies**

**9a. Commitment/ Policies:**

Our sustainability policy emphasizes that the Company strives towards global sustainability leadership in the hospitality sector. This implies identifying and promoting the adoption of industry-leading practices for resource efficiency, ecological conservation and emissions reduction.

**9b. Action Taken:**

We have focused on promoting the adoption of renewable energy across our hotels as one of the major means of emissions reduction. Piloting new technologies in the field of waste management is also one of our focus areas, through which we aim to ensure safe handling of waste materials even after they leave our premises. Other technology developments that we encourage include investment in higher-efficiency systems as well as equipment and processes that measure performance.

**9c. Outcomes:**

The share of renewable energy in the Company-wide energy mix has increased to 13% in the last year. Innovative pilots implemented in the last year include upgrading of the HVAC system at Taj Palace Delhi, which led to an improvement of about 26% in plant room efficiency. Participation in trials involving flaking of plastic bottles, conversion of waste oil into biodiesel and water purification and bottling systems to reduce plastic waste are some of the other technological innovations that have been encouraged in the last year.

**9d. Plans for the Upcoming Year:**

We intend to continue encouraging and promoting the adoption of clean technologies that will reinforce our standing as an environmentally responsible business.

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

**10a. Commitment/ Policies:**

The Tata Code of Conduct which governs our operations lays out zero tolerance of bribery and corruption as the very first of its core principles. Conducting business according to the highest moral and ethical standards underpins all of our actions and operations.

All employees, associates and intermediaries are required to commit to this principle. The code lays down strict guidelines prohibiting all forms of corruption including indirect measures such as accepting high value gifts or inappropriate favours in the course of

business. The code also prohibits sharing of information that could lead to unfair business practices, infringe copyrights or invade the privacy of any parties.

**10b. Action Taken:**

Committees have been established at the unit level and corporate level to enable employees to raise concerns and address them. To strengthen the process of raising concerns, a third-party ethics helpline has been set up. This helpline is monitored by the CHRO, to ensure concerns are flagged for investigation and closure. Appropriate ethics-related clauses have been included in contracts with vendors, partners and owners as well as in new employee appointment letters.

All new employees are inducted on the Code of Conduct and on the channels available to raise concerns, and they also sign the declaration. Annually, all senior executives read and accept the anti-bribery and anti-corruption policy. All relevant policies are placed on the intranet for easy access to employees globally.

The company fulfils mandatory and voluntary disclosure commitments through reports such as the BRR, UNGC and CDP. This covers non-financial as well as financial performance.

**10c. Outcomes:**

The Company is in compliance with all regulatory and legal requirements and has achieved its goal to have no violations. No penalties or fines have been imposed for any breach of any directive.

In the last year, we have won several awards recognizing our commitment to transparency and good corporate governance, including the 'Best All India Investor Relations Award 2017' instituted by the Investor Relations Society India, and the CNBC-TV18 India Risk Management Awards in which we were awarded 'Firm of the Year' in the hospitality industry.

**10d. Plans for the Upcoming Year:**

Ethical and moral principles are the foundation of our business, and these practices to uphold the highest standards of behaviour will be continued and reinforced in the coming year.