

Indian Hotels Company Limited
Luxury Hotels Division

Communication on Progress

05-06

IHCL and the United Nations Global Compact

"We must be the change we want to see"- Mahatma Gandhi -

The concept of the Global Compact was first articulated by United Nations Secretary-General Kofi Annan in a speech delivered during the Davos World Economic Forum on 31st January 1999. This global initiative rests on the vision that the private sector can contribute to the achievement of a more inclusive world economy and to poverty eradication by leveraging the power of collective action around ten universal principles related to Human Rights, Labor Standards, Environmental Protection and Anti-Corruption.

India offers plenty of business opportunities for new players as well as for companies like ours, which have been operating for more than 100 years in the hospitality industry. Over this century we have progressively built our strength on India's fabulous cultural and historical heritage. At the same time, India remains the country with the largest number of poor people in the world. Hence, if we wish to grow further in a sustainable way, we have to tackle the challenge of seizing opportunities coming out of India's potential growth while helping this country to alleviate poverty.

During the financial year 05-06, we added 583 rooms to our portfolio by widening our presence both within India and abroad. This growing global exposure requires us to address or comply with a wider range of needs and expectations and therefore recognize that our international expansion can be successfully achieved at the sole condition that we demonstrate our commitment to internationally accepted human rights, condemn child and forced labor and guarantee the respect of the principle of equal opportunity. Additionally, maintaining a balance between the natural environment and our business imperatives assumes greater responsibility and awareness from our associates and guests as we operate in intact and pristine places and heritage properties.

Nowadays, thousands of companies all across the globe as well as labor and civil society international organizations participate to the Global Compact. So far in India, 127 companies committed themselves to respect and promote the Global Compact ten principles. This progress assessment details our view of how the ten principles of the Global Compact have been implemented through our actions during the year. Our Corporate Sustainability Report for 05-06, ***Building Sustainable Livelihoods***, can be found on our website in order to complete this ***Communication on Progress*** with more detailed and comprehensive information on our economic, environmental and social performances.

How are principles brought into life at IHCL?

Human Rights

1. **Businesses should support and respect the protection of international human rights within their sphere of influence and**
 2. **make sure their own corporations are not complicit in human rights abuses.**
- **Social Performance – Human Rights:** Following Tata group's vision of attaining *Leadership With Trust*, each and every Tata group company has institutionalized Tata Code of Conduct (TCoC) guiding clauses, which have been accepted and signed by all employees of the Company. Adherence to clauses on National Interest, Regulatory Compliance and Ethical Conduct intend to enforce the respect of Human Rights at each level of the organization and ensures that its worldwide operations are carried out in line with local and international regulations.
 - **Service Level Agreement:** Contractor audits are regularly conducted onsite and offsite to ensure that they respect national and local legislative requirements with reference to payment of wages, insurance, provident fund, etc. Immediate action is taken in case of non-compliance.
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Labor Standards

3. ***Businesses should uphold the right of association and the effective recognition of the right to collective bargaining;***
 - In the year 2005-2006, 2920 employees, i.e. over 90% of the total bargainable workforce, were members of trade unions or independent workers committees. Of these, 15.10% were members of unions affiliated to external bodies and 84.90% were members of unions and committees managed independently. The largest union, *Indian Hotel Company Employees' Union*, has been in existence since the last 25 years.

4. ***the elimination of all forms of forced and compulsory labor;***
 - Tata Code of Conduct (TCoC) requires adherence to clause on Regulatory Compliance that necessitates compliance with all applicable legislations, including non-employment of child labor and forced & compulsory labor.
 - A recent measure introduced in 03-04 intends to assess employees overall perception on the TCoC. This year, internationally, results showed that at the management level, between 75 and 98% of management staff understand the TCoC in totality and 65 to 97% declare to be confident that their company is driven by an ethical code of conduct. These results are 74 to 97% and 71 to 85% respectively for non-management staff.

5. ***the effective abolition of child labor and***
 - Indian labor laws prohibit recruitment of child labor. Our policies and recruitment process are in alignment with labor laws as well as the "ILO Convention 138" concerning Minimum Age for Admission to Employment. As a result, the youngest employees in IHCL are 18 years and age certificate has to be provided by each individual who wish to work with us.

Adoption of J.B. Petit School

IHCL has adopted the J.B. Petit School center to help out with the educational needs of 60 slum children. This project is carried out in partnership with an NGO called Ankansha. The kind of support given through this project translates into providing the children with study material, books, school uniforms and paying salaries for teachers. Without this help, those slum children may not be able to attend classes and would be very likely working or staying at home instead of learning. This initiative has been immensely enriched through the contribution of our employees who volunteer to bring even more educational material and above all human warmth to these underprivileged children.

6. the elimination of discrimination in respect of employment and occupation.

- The Tata Code of Conduct on Equal Opportunity provides the Policy Framework to address the issues. The Ethics Counselor process for raising and resolving concerns pertaining to TCOC clauses provides the mechanism for ensuring compliance and monitoring the same. As far as the table below is concerned, the 3 pending cases shall be closed by October 2006.

No. of concerns during 05-06	No. of concerns resolved in 05-06
15	12



Ms. Shirin Batliwalla, Vice President F&B and Head of the Sexual Harassment Committee:

As per the directive of the Supreme Court and the Policy formulated by the corporate office, a Sexual Harassment Committee comprising two women and two men was formed in 2002. All new employees, including contractual employees working have been made aware of the Sexual Harassment Policy during the mandatory induction training. Furthermore, all staff who was already with us when the policy came out received appropriate awareness training on the Sexual Harassment Policy, on its direct implications and on the way to refer to it.



Ms. Birgit Zorniger, Deputy General Manager, the Taj Mahal Palace and Tower, Mumbai:

Ms. Zorniger, a German national, has been working at the Taj Mahal Palace and Tower, Mumbai, for the last 3.5 years. She advocates the necessity for high quality human relationships management capabilities, subtle communication skills and never fading energy to make the hotel the best in the world. Aiding her is her strong willingness to reach her professional objectives that has never been hampered by any discrimination pertaining to gender or nationality. According to her, "it is a great gift to work for a company that provides you with an opportunity to effectively change and improve a system on the sole basis of your skills and professional experience."

Environmental Protection

7. ***Businesses should support a precautionary approach to environmental challenges;***
 8. ***undertake initiatives to promote greater environmental responsibility and***
 9. ***encourage the development and diffusion of environmentally friendly technologies.***
- The Taj Head Office initiated the annual organization of the Taj World Environment Day. This event, covering an increasing number of our luxury hotels is based on the World Environment Day (on every 5th June) and requires participating entities to launch environment oriented initiatives on their own.
 - In product planning for new hotels, the organization conducts an Environmental Impact Assessment and is guided by its Environmental Policy.
 - 3 hotels are certified ISO 14000. The targeted deadline for ISO 14000 certification of Taj Lands End, Mumbai, Taj Krishna, Hyderabad, Taj West End, Bangalore, and the Taj Mahal Palace & Tower, Mumbai, is May 2007. the remaining hotels should be certified in the next 2 years.
 - Energy efficient machines have been introduced. Additives have been used for boiler fuels. Clean fuels such as Light Petroleum Gas (LPG) and Natural Gas (NG) have been used to minimize pollution. Various energy efficient products such as CFL, T-5, tubes, etc. have been introduced to reduce the indirect energy consumption.
 - Total water consumption has been showing a consistent declining trend owing to generating awareness among employees as well as guests towards water consumption.

World Environment Day celebration at St James Court, London

This year the St James Court Hotel in London attempted to create awareness amongst all Taj employees for environment conservation through recycling and smart use of resources. Green initiatives included an “Enviro-mental Challenge” for associates to test their knowledge on environmental issues and provide some tips for the St James Court Hotel to improve its achievements in protecting natural resources. Presentations and demonstrations were held to introduce awareness for environmental issues to associates and hotel guests and to get them actively involved in environmental actions within the hotel and at home. A raffle draw enabled to raise £70.60 which have been donated to the World Wildlife Fund (WWF) charity.

- Considerable reduction in CO₂ emission was achieved with the help of efforts towards reducing fuel consumption such as furnace oil or high speed diesel, which emits CO₂. Also, air conditioning machines are fitted with Desuperheater to generate hot water free without use of fossil fuels.
 - Furthermore, initiatives promoting the use of renewable energy have been recently flourishing. For example, Taj Coromandel increasingly depends on wind energy. This year, 57.7 TJ have been produced through wind mills. Biogas plant at Rambagh Palace, Jaipur, saves approximately 6570 MJ per year from city supply. At Taj West End Hotel, Bangalore, the solar heating system enabled to save 13.87 KL of fuel this year.
 - Internal and external energy audits have been carried out for all luxury hotels. Moreover, awareness programs on environmental issues have been led for all employees of the luxury hotel division. By doing so, we attempt to cascade down our Environmental Policy from top to bottom for each employee to feel committed to the improvement of our environmental performance.
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Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery

- Tata Code of Conduct requires adherence to clauses on Gifts and Donations and Political Non-alignment that strictly prohibit taking bribes.
 - Concerns raised related to issues of bribery and corruption are subject to inquiry by our Core Committee comprising Senior Managers and headed by the Managing Director.
 - No political contributions are paid to any political outfit.
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