Chapter 7

CORPORATE SOCIAL RESPONSIBILITY AT TATA GROUP OF COMPANIES

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7.1 Introduction

The Tata group of companies is the largest of India's business houses. The Tatas have a long history of involvement in social causes, going back to the nineteenth century and the founder of the firm, Jamsetji Tata. Over the years it has earned a reputation as being among the leaders in social responsibility, not only in India, but throughout the world. Changes in the Indian and global economies over the past decade or more, however, have led the Tata group to reflect on what corporate social responsibility mean in our changing times.

Jamsetji Tata had committed his business to modern philanthropy right from the beginning. After his death the tradition was carried forward by his successors- his two sons, Ratan and Dorab, and after them by Jehangir Ratanji Dadabhoy (JRD) Tata, who, at the young age of 34, was elected chairman of the Tata group, in 1938, a position he retained till his death in 1993. Sir Ratan and Sir Dorab were exemplary employers like their father and introduced many welfare schemes for their workers much before any one else, anticipating the later labour legislation. Jamshedpur, the flagship of the house of Tatas, was developed as a model township. But their more lasting personal legacy was in the form of two modern trusts which bear their names. Jamsethji had envisioned a new approach to dispensation of charity but had been able to fulfill his ideas only partially. The trusts founded by Sir Ratan and Sir Dorab were the first
in India to use wealth as a catalyst for development and they continue to remain in the vanguard even today.

Jamsetji Tata was ahead of his time not only in thinking about economic development but also philanthropy. In order to understand how path breaking his thinking was, one needs to appreciate the state of Bombay, and the state of charity, especially Parsi charity of the time. Jamsethji enjoyed his wealth. He was a big spender and built magnificent houses and lived well, extending liberal hospitality. He was a great traveler and an avid collector as well. But once the foundations of his wealth were secure, wealth was to him not an end in itself but a means to an end- the prosperity of India. Tata knew both how to acquire and dispose of a fortune. In the words of his biographer, Harris, "he was at once a businessman, a patriot and a thinker, whose service to India was as great as his love for her was profound."

He gave as scientific and thoughtful attention to the disposal of his wealth as he did to its creation. Though generous in his benefactions, he would not spend without foresight and a thorough investigation into the cause. He never encouraged charities which gave temporary relief or spent on traditional things which his ancestors and others patronized. Once his schemes were investigated, they were launched with generosity and without ostentation or desire for praise

1 Harris; FR; 1925/1958; p xxiii
or reward. His first philanthropic venture, the JN Tata Endowment Scheme, was launched in 1892, much before the first major foundation in America. Tata, and later his sons Dorabji and Ratan, were also in the vanguard of labour welfare for their employees, long before it was legally required. In the Empress Mills, the Tatas introduced pension fund and accident compensation; and in TISCO, an eight hour working day, free medical aid, schooling for workers' children, maternity benefits, and workers provident fund were introduced long before they were mandated by the Factories Acts. Their biggest contribution was the establishment of the Indian Institute of Science and the Taj Hotel. Jamsetji Tata set a dynastic tradition of philanthropy which has been faithfully carried forward by his heirs and the Tata companies.

7.2 Corporate Social Responsibility: The Tata Way

Economic reforms in the 1990s provided the Tata group and other corporations with the challenge of addressing what corporate responsibility means in an increasingly global economy. While economic reforms bring with them new opportunities for the business community, one must not forget that the ultimate purpose of business is not to pursue such opportunities purely for the sake of profit. This is especially so in the light of the overwhelming development challenges that continue to confront us, both here in India and throughout the developing world-challenges that many claim have been exacerbated by the economic reforms that have provided new
opportunities for business. In this context, business cannot ignore the fact that it has a larger social purpose, a purpose that in the Tata group have expressed as 'improving the quality of life'. If this notion is to be effectively implemented, however - and not just remain another marketing slogan - our understanding of corporate responsibility has to change. The challenge to corporations is to integrate corporate social responsibility into the heart of the corporation's activity and not view it merely as an appendage. This challenge involves new ways of doing business and interacting with stakeholder groups. This is the challenge that they are attempting to take up by defining themselves as a 'development-driven business'.

7.3 Corporate Social Responsibility at Tata Companies

The Tata Steel Group - across its various operations - is committed to making a positive contribution to society in a number of ways. As a policy, all the Group companies promote and encourage economic, social and educational development within their communities - while also giving active support to local initiatives.

7.3.1 Maitree

The focus of Tata Companies is on health and education together with diversity, ethical global sourcing and concern for the environment. The differentiator for Tatas is the volunteering its employees through "Maitree".

"Maitree", an association of employees and their families across the globe, is a key vehicle of CSR within the Company.
"Maitree" also addresses Tata's internal stakeholders and engages the employees and their families in a variety of meaningful activities including music, dance, trekking and sport. In addition to these activities, "Maitree" creates vehicles for community service and volunteering such as reaching out to the differently abled, AIDS education, and similar initiatives. The initiative at Waze Gram Panchayat near Panvel is now four years old and includes a children's education programme with a science lab, a computer lab powered by renewable energy, women's literacy and healthcare and life skills programme, women's employment generation through sewing programme and a water harvesting programme. New initiatives include an Advanced Computer Training Centre for the visually impaired that was set up in early 2008 along with MN Banerjee Industrial Home for the blind to provide training for the visually impaired in soft skills, BPO specific skills and infrastructure services training (Helpdesk).

7.3.2 Social Welfare

Creating employment is a first step towards societal development. By the end of March 2008, the Tata Group had directly employed 41,200 new people – and thousands more indirectly through contractors and suppliers. The Group also actively stimulates regional employment which helps to support the economic regeneration of communities affected by changes in the steel industry. Extending support to other communities as well, the modules are designed to minimize process waste to 8 per cent - of which 7 per cent is recycled.
Tatas has also very effectively participated in corporate sustenance programmes of its customers, finding common cause with the customers' employees beyond work in areas of common social concerns. Recent instances include, amongst others, the cleaning up of the De Witt Clinton Park in New York, a blood donation drive with Morgan Stanley; support of the Leukemia and Lymphoma Society of Delaware Chapter with AIG.

NatSteel (NSA), in its Singapore operations has taken vigorous initiatives in the area of social and health care. The Singapore headquarters has always played an active role in giving back to the community. These include blood donation drives, ensuring the emotional well-being of senior citizens through various social initiatives etc. During the past year, NSA further reinforced its commitment to CSR by pledging USD 1 million over three years to community initiatives under the CSR plan dubbed 'Building Beyond Borders' or B3. B3 encompasses community-giving, in particular to the disadvantaged elderly and the education of needy children and youth, and responsible environmental stewardship. It also extends to the community to which the company extends support via corporate sponsorships, plant visits and other activities. In kicking-off B3, the Company presented a cheque of USD 50,000 each to adopted charities viz the Society for the Physically Disabled (SPD) and St Joseph's Home (SJH). During the past year, over 500 TCSers participated in the "Walk of Hope" in support of breast cancer awareness campaign over seven US cities.
Believing strongly, as it does, that sport is an activity that enables a healthy mind and body, Tata Steel has always actively encouraged and supported sport in multiple ways. From corporate sponsorship of promising sportspersons, to making available sporting facilities to people across socio economic strata. Along the way, not only has the company helped create an atmosphere conducive to sporting activities, but it has built champions in different sports who have gone onto represent their countries.

7.3.3 Health Initiatives

In its Indian operations, Tatas continued to provide curative, promotive and preventive healthcare services to improve levels of health amongst the community. During the course of the year, approximately 1,45,600 persons from both urban slums and remote, rural areas were treated by the company’s mobile medical units. The Company also organised the 13th Lifeline in Joda to reach out to remote villages. This 'hospital on wheels' provides curative interventions, including surgical operations. In the year gone by, more than 2477 patients were treated and 395 surgeries were conducted and 358 aids and appliances were distributed. Taking forward its initiatives for preventive healthcare, 11,320 women received antenatal check up and 9000 children received complete immunization during the year. Recognising the need for having well stocked blood banks for emergencies, the Tata Rural Development Society collected 1312 units and conducted 14 blood donation camps during the year.
In recognition of this, The Voluntary Blood Donation Association awarded the Company for the highest collection in East Singhbhum, Jharkhand. Over 700 tuberculosis cases underwent treatment and nearly 434 cases were cured. 1900 cataract and 500 cleft lip/cleft palate operations were conducted. Over 161 drinking water structures and 6875 low cost toilets were constructed to improve rural sanitation. India’s most pressing issue being population, Tata has been a pioneer in population management in India and through the consistent use of communication media, motivational programmes and advocacy by satisfied clients, 250 Non-Scalpel Vasectomies were conducted. Approximately 6,487 couples got protected through permanent and temporary family planning methods.

HIV/AIDS: The treatment and prevention of HIV/AIDS continued to be an area of focus and priority. Tata has received much global acclaim for its interventions in HIV/AIDS. During the year, the Kavach Project, which aims to arrest the spread of HIV/AIDS among long distance truck drivers, was awarded the Golden Standard Certificate for its Khushi clinic by the Transport Corporation of India Foundation. This year Tata Steel has also received TERI Corporate award for HIV/AIDS. ‘Sneh Kendra’, a counselling initiative, provides regular counselling, referrals and support services for people living with HIV/AIDS. Almost 30,000 persons were reached through the HIV/AIDS awareness programmes during the year and roughly 31,200 youths were reached through Adolescent Sexual and Reproductive Health projects.
7.3.4 Environmental Initiatives

Recognising the fact that the responsibility for managing environmental impact goes beyond the operations, the company believes that the characteristics of products, and the information that is provided to customers, can both have a profound effect on the environmental performance of products. As a large company therefore, it uses its global scale to influence suppliers who are expected to have a high level of commitment to the environment. The company has continued its efforts towards environment care. Committed to addressing climate change issues, Tata in India has successfully brought down carbon dioxide emissions to 2.04 t/tcs in 2007-08 from a level of 2.13t/tcs in 2006-07. Its further efforts in this area, which include pursuing CDM (Clean Development Mechanism) projects are expected to further reduce CO₂ emission by more than 2 million tonnes per annum. Environment policy and Green procurement policy demonstrate the Company's commitment towards mitigation of its direct and indirect environmental impacts. They are aggressively working towards zero waste disposal, and is executing technologies like vermiculture, bio-digester plants to convert food and garden waste to manure/cooking gas. Nineteen delivery centres are ISO 14001:2004 certified by TUV NORD and three have cleared the adequacy audit. TCS is compliant with applicable and voluntarily adopted environment laws. Being an IT organisation the company is conscious of its e-waste and ensures environment friendly disposal. They calculate their
carbon footprint and takes steps to mitigate the same. The Company also has a Green Office 10-point plan. To reduce greenhouse emissions due to travel by employees to client locations for meetings, TCS promotes the use of video conferencing. TCS is constantly conducting major environment sensitisation drives amongst its employees. They are committed towards resource conservation and taking various initiatives to achieve reduction. Rain water harvesting, sewage treatment plants, etc., are being implemented efficiently. All new Tata facilities are being designed and executed to be environment friendly.

Global Warming: In an era where the threat of global warming is becoming an imminent reality, the Tata Group has taken several initiatives to counter this impact. The Group recognises the fact that the global steel industry, as a sector, contributes 4 per cent of all global man-made CO\textsubscript{2} emissions. Acknowledging this, all Tata Steel companies are committed to reducing greenhouse gas emissions and providing innovative products to help Tata Steel customers reduce theirs. In addition to several initiatives in wind, wave and product technology, the Group has committed an additional GBP 1.2 m annually to fund climate change research.

Pollution Control: Tata Steel has been an enthusiastic participant in the Steel Task Force initiatives of Asia Pacific Partnership on Clean Development and Climate under the aegis of Ministry of Steel, Government of India. Dust emission from stacks reduced by 11.5 per
cent in 2007-08 to 0.86 kg/tcs due to eliminating coal burning for power generation, improved recovery of by-product gases and stringent surveillance of pollution control equipment. During the past year, solid waste utilisation has been improved to 86 per cent. The trials of LD slag as soil conditioner were found successful. Reclamation and tree plantation measures continued at Steel Works and other divisions of the steel company.

Afforestation: Afforestation is an important aspect of Tata’s environment policy. In its efforts to prevent environmental degradation, they have also encouraged the development of renewable and non-polluting sources of energy in the rural areas. A relatively new initiative, this will gradually reduce dependence on firewood and deforestation. 25,000 saplings were planted during the year. 21 solar street lights and 255 solar home lights were installed and 110 bio-gas plants were created.

Energy Saving Solutions: Harvesting rainwater on a large scale, ensuring that 90 per cent of the steel is recycled, instituting ‘green buildings’ with energy saving solutions, various waste management programmes, purifying emissions through treatments – these are among the various initiatives being taken on a continuous basis by the various operations across the globe.
7.3.5 Rural focus

In the Indian operations, inclusive growth has meant several initiatives that help employees directly - as well as communities who are impacted either directly or indirectly by Tatas. In areas where Tata has a presence, it has benefited marginalised farmers through land and water management and agriculture extension strategies. The Company shifted its focus from mono-cropping to second cropping in 1,763 acres, and wasteland development from horticulture production in 2,177 acres. Approximately 63 community based organisations, such as watershed committees were formed to build a sense of ownership among the village community. Skill development and resource building among farmers is an important part of company's strategy for rural income generation. 3000 farmers benefited from the distribution of farm implements and equipment and over 2000 farmers participated in agriculture training and demonstrations. Enterprise development has been encouraged to create sustainable development within the village. Approximately 1200 persons received training in allied activities, including animal husbandry and nearly 500 persons assisted in enterprise development such as pisciculture, small business, etc. An important strategy in rural enterprise development is the establishment of Self Help Groups (SHGs), the majority of which comprise of women from poor families. Regular training is imparted to develop the necessary skills for various enterprises including vermicompost, rice processing, nursery raising,
jute products, stone carving and artificial jewellery. 500 SHG's have flourished and 216 SHG's were linked to micro-enterprise during the year. There was a total cash inflow of more than Rs. 1 crore and approximately 700 SHG members received skill development. Training is regularly conducted to develop relevant, marketable skills within the community. 900 persons benefited from vocational training in varied trades including motor driving, welding, computer hardware and software, tailoring, handicrafts, etc. In 2007, 44 Scheduled Caste/ Scheduled Tribe Community Health Provider trainees graduated; 10 were selected for Operation Theatre Assistant training and 16 secured employment. Through its Tribal Cultural Centre, Tata promotes indigenous art and culture. The preservation and upliftment of the Birhor and Sabar tribes has been identified as a CSR strategy for the following financial year. The Company's Rehabilitation and Resettlement initiative has been designed to adopt all families affected by the Greenfield projects, under the 'Tata Parivar' programme. The commitment is to create opportunities for sustainable livelihood, increase their income level, improve their quality of life and also preserve their culture. Nearly 100 youths from the Greenfield areas in Orissa and Chhattisgarh received vocational training under the bespoke programme 'Prerna'.

7.3.6 Education and Literacy Focus

The Company's efforts at improving the literacy rates in the operational areas have been promising. This year, the Company
continued several initiatives to attain 'education for all' with a specific focus on rural and urban slum children, the girl child and SC/ST youths. Affirmative Action was declared Company Policy in 2006 and this forms an important part of company's interventions in education. The Early Child Education Project operates 49 rural centers involving approximately 1200 children, to inculcate a school-going habit. In an effort to encourage school drop outs to continue their education, Tata enrolled 200 rural children in camp schools during the year. The Computer-based Functional Literacy Programme which has served over 1,00,000 learners all over India with its offerings in eight Indian languages. The offering in the ninth language (Kannada) is expected to be completed by end 2008. TCS IT Wiz, India's largest IT Quiz for urban school students with more than 12,000 students participating across 11 cities. Insight, a 72 hour IT and soft skills camp for students of Class 11 (students out of high school studying their pre-university course). TCS has been expanding its CSR initiatives within the United States and has participated in projects along with charitable organizations like the United Way and The American Heart Association, and supports educational causes like First Book.

7.4 Awards/Recognition

During the year, the Company received various awards and recognitions, significant amongst which are the following:

- National Award for Excellence in Corporate Governance - 2007 from the Institute of Company Secretaries of India
• Dataquest Best IT Employer for 2007

• Most Admired Knowledge Enterprise (MAKE) Award 2007

• Most Valued Partner - awarded by Ciscos Worldwide Sales Processes and Systems IT

• BEST Award from The American Society for Training and Development, for the third time.

• Dataquest Best e-Governance Vendor Award

• Silver Band in UKs BITC Corporate Responsibility Index

• Three Business Partner Excellence Awards at IBM Partner World 2007

• SAP Pinnacle Award in the Industry Solution Go-To-Market category

• Excellence in Education Award from Life Office Management Association
• Corporate Citizen of the Year - 2007 from the Rotary Club, Chennai

• Securities Strategist Award

• 2007 Eaton Premier Supplier Award in the Indirect Supplier for Information Technology Services category

• The TERI Corporate Award was awarded to Tata Steel for its HIV/AIDS initiatives

• Tata Steel's Corporate Sustainability Report was hailed by the UNEP (United Nations Environment Programme) and Standard and Poor as the strongest submitted by any corporate house for emerging economies.

• The 7th Annual Greentech Safety Award in the Metals and Mining Sector was awarded to the Noamundi Iron Mine.

• NatSteel Xiamen won the Outstanding Award for Corporate Social Responsibility from the China Association of Enterprise with Foreign Investment.
7.5 Corporate Governance

7.5.1 Company's Philosophy

The Company adheres to good corporate practices and is constantly striving to better them and adopt the best practices. It is believed that adherence to business ethics and commitment to corporate social responsibility would help the Company achieve its goal of maximising value for all its stakeholders. By combining ethical values with business acumen, globalisation with national interests and core business with emerging ones, the Company aims to be among the largest and most respected global corporations. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global software company, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the Tata Group. As a part of the Tata Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Whole-time Directors and the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. The Company's corporate governance philosophy has been further strengthened through the Tata Business Excellence Model, the Tata Code of Conduct for Prevention of Insider Trading, as also the Code of Corporate Disclosure Practices. The Company has in place an Information Security Policy that ensures proper utilisation of IT resources. The Company is in compliance with the requirements of the
revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges. With the adoption of a Whistle Blower Policy and the setting up of a Nominations Committee and an Executive Committee of the Board, the Company has moved further in its pursuit of excellence in corporate governance.

7.5.2 Board of Directors

The Company has 11 Directors with a Non-Executive Chairman. Of the 11 Directors, 7 (i.e. 63.63 per cent) are Non-Executive Directors and 6 (i.e. 54.54 per cent) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges and exceeds the percentages prescribed in the said Agreements.

7.5.3 Committees for the Compliance of Corporate Governance

1. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee include financial reporting, financial information and financial statement position of the company. It also speaks in matters related to auditors. Lastly, it works on various accounting practices and principles followed by the company.

2. Remuneration Committee:

The Company has constituted a Remuneration Committee of Directors. The broad terms of reference of the Remuneration
Committee are to approve various remuneration plans and related issues for Managing Directors and Board of Directors.

3. Shareholders/Investors Grievance Committee:
The Company has constituted a Shareholders/Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend/notices/annual reports, etc. The Company has always valued its customer relationships. This philosophy has been extended to investor relationship and an Investor Relations Department (IRD) was set up in June 2004, prior to the Company’s Initial Public Offer of shares. The IRD focusses on servicing the needs of investors, analysts, brokers and the general public.

4. Ethics and Compliance Committee:
In terms of the Company’s Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (Insider Trading Code) to be followed by directors, officers and other employees, the Company has constituted a committee called Ethics and Compliance Committee. The Committee considers matters relating to the Insider Trading Code and also considers matters relating to the Company’s Code of Conduct (CoC). Monthly reports are sent to the Members of the Committee on matters relating to the Insider Trading Code and the CoC.

5. Committee of Directors for Bank Accounts:
The Company has constituted a Committee of Directors for Bank Accounts to approve of the opening and closing of bank accounts of

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the Company and to authorise persons to operate the bank accounts of the Company.

6. Nominations Committee:
A Nominations Committee of the Board has been constituted on January 15, 2007. The Nominations Committee shall be responsible for making recommendations regarding the composition of the Board and in this regard shall identify Independent Directors to be inducted to the Board and take steps to refresh the composition of the Board from time to time.

7. Executive Committee:
An Executive Committee of the Board has been constituted on January 15, 2007. The Executive Committee's role covers a detailed review of matters like: business and strategy review; long-term financial projections and cash flows; capital and revenue budgets and capital expenditure programmes; acquisitions, divestments and business restructuring proposals; senior management succession planning; any other item as may be decided by the Board.

8. Committee for Issue of Redeemable Preference Shares:
During the year, a Committee of the Board was constituted on January 16, 2008, in connection with obtaining shareholders approval for Alteration of the Memorandum and Articles of Association of the Company and for issue and allotment of Redeemable Preference Shares to Tata Sons Limited, the Promoter of the Company. The Committee passed resolutions by circulation. With the allotment of the Redeemable Preference Shares, this Committee has ceased to exist.
7.6 Conclusion

As its operations have expanded to new geographies, the Tata Group has retained a collective focus on the various areas of corporate social responsibility that impact the environment; people and their health; and society at large. The Tata Group's focus in the area of corporate social responsibility includes social; environmental; social welfare; sport; and inclusive growth. This last ensures that the Group's successes are shared by all its constituents and stakeholders.

Tatas can thus be rightly termed as the philanthropers in true sense not only because they were the pioneers in the field of corporate charity and social responsibility but also because of their immense contributions as stated below:

The major Institutions established include-

1. Indian Institute of Science
2. Tata Institute of Social Sciences
3. Tata Memorial Rural Cancer Project
4. Tata Agriculture and Rural Centre for Blind, Gujarat
5. Tata Memorial Centre for Cancer Research
6. Tata Institute of Fundamental Research
7. National Centre for Performing Arts
8. Tata Energy Research Institute
9. National Institute of Advanced Studies
10. Management Centre for Human Values

The various trusts and foundations established by Tatas include:

1. Lady Tata Memorial Trust
2. Lady Meherbai D Tata Trust
3. JRD Tata Trust
4. Jamsetji Tata Trust
5. Sir Dorabji Tata Trust
6. Sir Ratan Tata Trust
7. JN Tata Endowment Fund for Higher Education

In this manner the Tata’s supported various fields such as, scientific research, education, health and community services, social work, art and culture, medicine, energy research, rural development, etc.

After the individual study of the corporate social responsibilities of the two business groups the next chapter involves an in depth study of a comparison of the two.

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