

# Corporate Sustainability Report



2011-12





## Report Application Level

2002 In Accordance		C	C+	B	B+	A	A+
Mandatory	Self Declared						✓
	Third Party Checked						✓
	GRI Checked						✓
Optional	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured *
	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured *
	GRI Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured *

\* Please see GRI Application Level Check Statement page 101

## About The Report

TCS publishes Sustainability Reports annually, the last report being for Financial Year 2010-11. This is our sixth Sustainability Report, for Financial Year 2011-12 (April to March). It has been prepared in conformance to the G3.1 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI). The report addresses the key sustainability topics gleaned through interactions with the different stakeholder groups, based on the core principles of materiality and stakeholder inclusiveness. These topics cover the full range of material economic, social and environmental impacts of the organization. The report boundaries and exclusions are provided below:

Data	Basis	Exclusions
Financial	TCS' Consolidated, Global Operations	None
Human Resources	TCS Ltd's global operations, including wholly owned subsidiaries	Subsidiaries not wholly owned by TCS (accounting for 11.7% of consolidated headcount).
Environmental	Delivery centers in India and UK, Hungary, China, Philippines, Chile, Uruguay and Mexico.	Delivery centers outside India (accounting for <5% of rev)

Data measurement techniques and the bases of calculations and estimates are furnished in the relevant areas of the report. We don't believe there is any substantial divergence from the GRI Indicator Protocols.

There have been no significant changes from the last reporting period in the scope, boundary, or measurement methods applied in the report. There has been no restatement of information provided in earlier reports. The data is sourced from Ultimatix, our core enterprise platform which runs all internal processes in HR, Finance and Project Management and is also the portal for employees to provide their opinions and feedback. All the data is audited by relevant third party auditors as part of ISO and financial audits.

This report has been externally assured by KPMG. The scope and basis of the assurance are described in the assurance letter issued by KPMG. No other relationship exists between TCS and KPMG.



## Contents

About the Report .....	3
CEO's Message .....	6
Organizational Profile .....	10
Corporate Governance .....	20
Sustainability of Business Performance .....	28
Financial Sustainability.....	35
Supplieside Sustainability.....	36
Occupational Health & Safety.....	46
Community Engagement .....	50
Corporate Social Responsibility.....	54
Environmental Impact.....	66
GRI Index .....	84
External Assurance.....	99
GRI Certificate .....	101
Contacts .....	102



**N. Chandrasekaran**, CEO & Managing Director

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## CEO's Message

The year, 2011-12, has been exciting for TCS – a journey full of learning experiences, a year which has taught us to operate with strength and conviction in a volatile global environment. As an organisation, we have taken significant strides, crossed many milestones - the most memorable landmark being the USD 10 billion mark in revenue – as well as won multiple awards and recognition from our customers, analysts and the media globally.

Our strategies for long-term growth – close focus on the customer, an integrated suite of domain-rich solutions, our global delivery network, strategic acquisitions as well as new, non-linear business models – continue to align the organization to the needs of our clients and the fast evolving technology landscape.

TCS is now poised for its next phase of growth. Our key focus continues to be on our customer-centric business model -- taking ownership and delivering value for our clients. Our integrated services capabilities continue to be leveraged by customers. Evolving technologies like cloud and big data, smart devices like iPhones and tablets, together with unfettered bandwidth are creating new services and operating models for business and consumers alike.

As IT professionals, we are all privileged to work in a dynamic industry that has been at the vanguard of India's success in the world of global business. From government to citizen's services; from education to health; from urban planning to smart cities, technology can have a tremendous impact on the growth of the country and prosperity of the people.

Going forward, we will continue to maintain the intensity of performance and rigour in project execution. Our customers expect us to play the role of a strategic partner in their business and bring our transformation capabilities to help them succeed in their business objectives. "Staying Close" and "Staying Relevant" to our customers and the market is the key to successfully sustain our growth momentum.

We have made a consistent effort to invest in our people and holistic development as professionals. The energy and motivation displayed by our 2,38,583 strong workforce has played a crucial role in the exponential growth in the past year. We are entering new markets as well as setting up new delivery capabilities. In this environment, it is extremely critical for each of us to live our values everyday and also ensure that they remain at the core of everything we do at TCS.

Our values in turn also drive our commitment to the communities in which we operate as well as the wider society. Corporate sustainability speaks of how an organization can operate in a manner which aligns its own growth and development to that of markets, organizations, employees, communities and the environment.

While we remain relevant to our customers, we acknowledge that uncompromising adherence to the norms of corporate governance underpins the current business climate. During FY 2012, TCS released its Anti Bribery and Corruption Policy and updated current policies to align with international legislation.

Communities constitute a real and potential demand as well as the larger human resource pool that feeds into future labour markets. TCS continues to invest in communities through its flagship adult literacy program and multiple skilling program for graduates from weaker sections of society. This year, mKRISHI, our mobile agro-advisory service was identified as one of only 30 world beating projects supported by UK Government's Department for International Development.

Our focus is to provide a safe and healthy work environment to our associates. Our workforce is our key asset and knowledge bank. The final objective is to make safety an organizational culture where Safety First shall be the TCSer's way of life, empowering associates by making them aware of the risks to help them drive the change.

In FY 2012, TCS launched Fit4Life – a multi-faceted program to instil the importance of wellness and exercise among its young employee base. The Fit4Life program creates an environment of competitive fun and brings with it, a culture of fitness and it is exciting to see TCSers around the world enthusiastically participating to improve health and spread awareness.

This year our employees volunteered 58,362 hours of their personal time to support Health, Education and Environment initiatives in the community. I would like to applaud Team TCS for their passion, dedication and effort that are contributing towards empowering the socio-economic fabric of the regions of our operation, while also helping us sustain our successful journey.

In line with our strategic objective to be a responsible corporate citizen, our constant endeavor is to reduce the impact from our operations to the environment. TCS' vision is to decouple business growth and ecological footprint from its operations to address the environment bottom-line. The green approach is embedded in our internal processes and services offerings. We strongly support the theme of the government of India's 12th Five year plan – Low Carbon Growth, and we intend to make it the inherent principle in our growth trajectory as well. From green buildings to green IT to a green supply chain, our mantra is to grow sustainably and help our customers achieve sustainable growth through our green solutions and service offerings. We want to cascade the sustainability approach upstream as well as downstream to drive TCS' Sustainable Value Chain.

I invite you to accompany us on our ongoing journey to sustainability with the launch of our sixth Corporate Sustainability Report in FY 2012.

**N Chandrasekaran**

*Chief Executive Officer and Managing Director*



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# Organizational **Profile**





## Organizational Profile

Tata Consultancy Services Limited (TCS) is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, with a high level of certainty. TCS offers a consulting-led, complete and integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model (GNDM™), recognized as an industry benchmark of excellence in distributed software development.

Founded in 1968 as part of the Tata group, TCS is headquartered in Mumbai, India and is a public limited company<sup>1</sup>, listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. In FY 2012, TCS reported consolidated revenues of USD 10.17 billion.

### Mission and Values

TCS has built a global reputation for its ability to help customers achieve their business objectives – by providing innovative, best-in-class consulting, IT and IT-enabled solutions and services. TCS' core set of values underpin all activities in the Company and these include leadership with trust, integrity, excellence, respect for the individual and learning/sharing.

### Business Overview

TCS is an Information Technology (IT) services, consulting and business solutions company that delivers measurable results to global enterprises. The Company's full services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance Services, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset leveraged solutions. In addition, the Company has launched several new service offerings around Mobility, Social computing, Big Data and the Cloud.

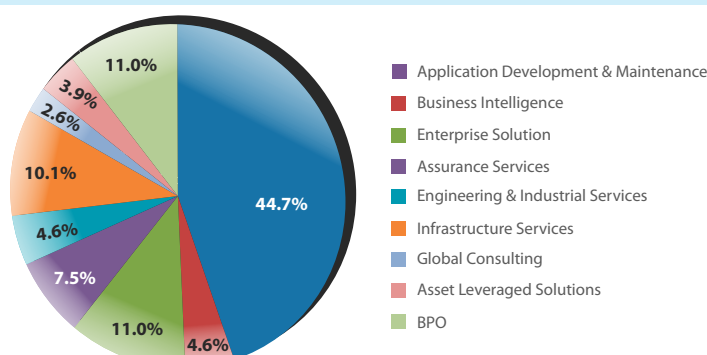


Figure 1: Revenue Breakup by Service Offering

The Company has built strong domain capabilities in a range of industry verticals, positioning itself as a strategic partner capable of reliably delivering innovative technology-led solutions to business problems. Key industry verticals serviced by the Company are: Banking, Financial Services and Insurance (BFSI), Retail and Consumer Packaged Goods, Telecom, Media and Entertainment, Hi-Tech, Manufacturing, Life Sciences and Healthcare (LSHC), Energy, Resources and Utilities (ERU), and Travel, Transportation and Hospitality (TTH).

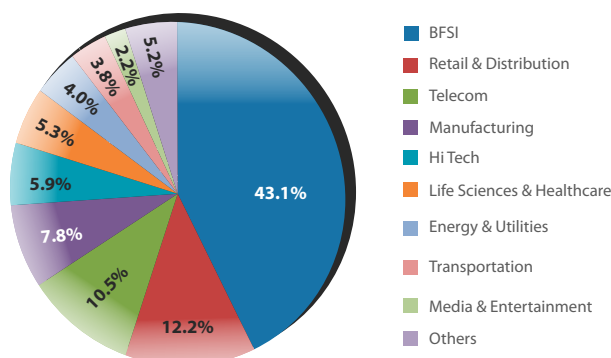


Figure 2 Revenue break-up by industry vertical

<sup>1</sup> Please refer to our FY2012 Annual Report for details of the shareholding pattern (Page 71), changes in the capital structure during FY2012 (Page 83) and the complete list of Subsidiaries (Pages 96-97). Our Annual Report can be accessed from our website. The URL is: [http://www.tcs.com/investors/Documents/Annual%20Reports/TCS\\_Annual\\_Report\\_2011-2012.pdf](http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2011-2012.pdf)

## Global Footprint

The Company has also been steadily expanding its geographic footprint. In addition to the traditional markets for its services – namely, North America, United Kingdom and Continental Europe, the Company has been expanding its presence in emerging markets like Asia-Pacific, India, Latin America and Middle East & Africa.

As of March 31, 2012, TCS had 183 offices across 44 countries, catering to some 1076 active clients. The break-up of offices by geography is as below:

- 21 offices across USA and Canada
- 15 offices across 8 countries in Latin America
- 19 offices across UK and Ireland
- 22 offices across 12 countries in Europe
- 19 offices across 12 countries in Asia Pacific
- 8 offices across 7 countries in the Middle East and Africa
- 79 offices across India

In addition, our Global Delivery Network Model (GNDM™) consists of a network of 117 delivery Supporting centers located in 21 countries (See Figure 3) that uniquely positions us to deliver our world class services seamlessly to any location in the world.



Figure 3: TCS' Global Network Delivery footprint



The revenue breakup by geography is provided in Figure 4.

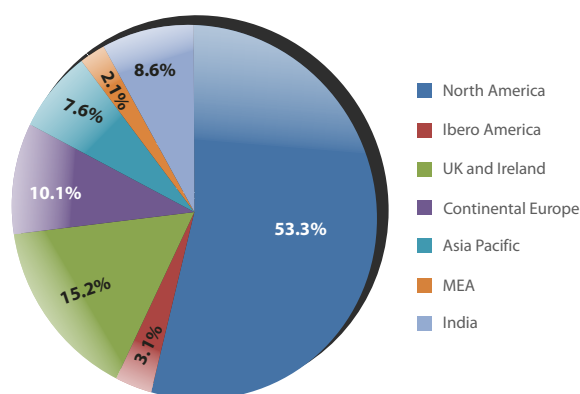
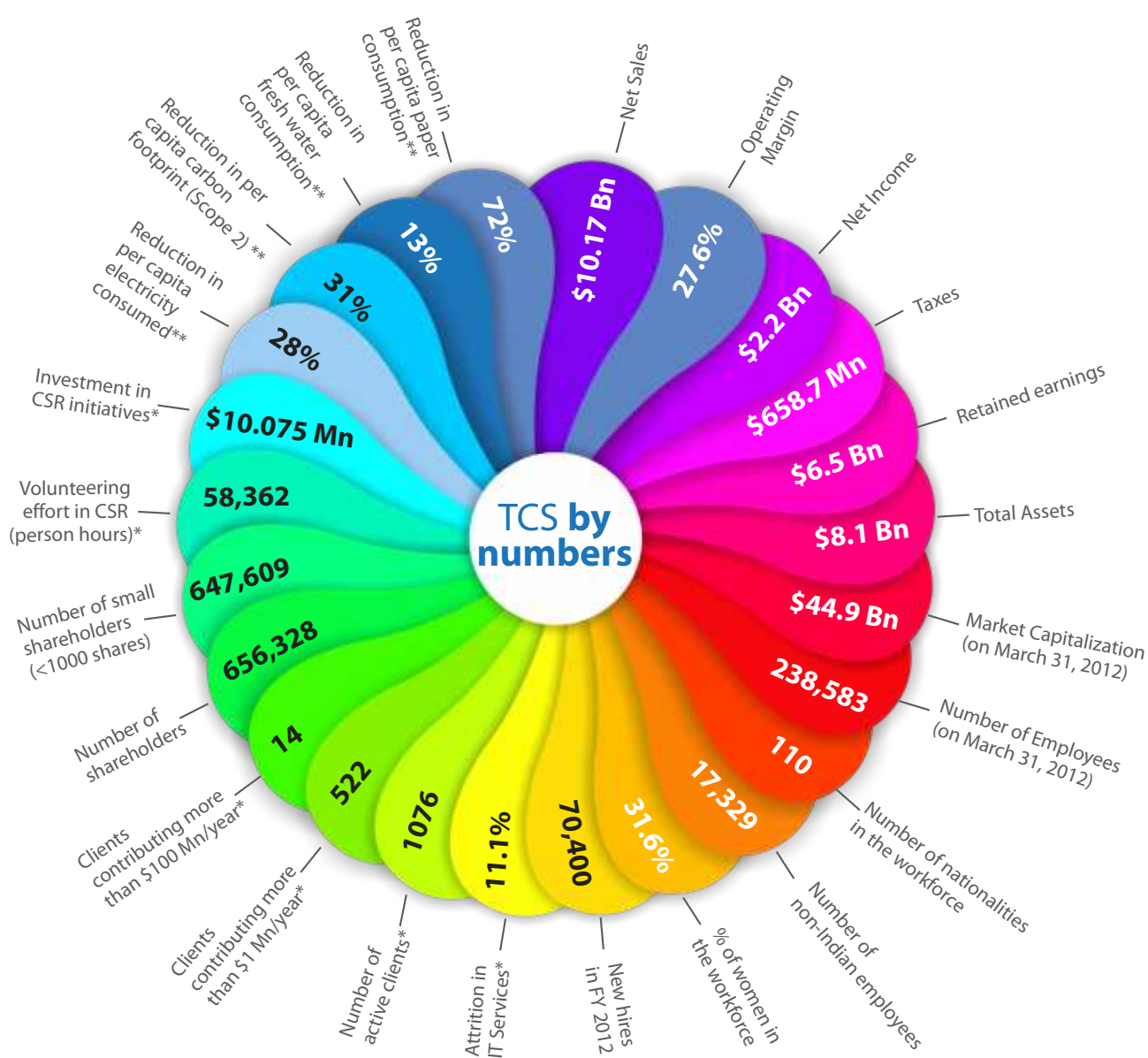


Figure 4: Revenue Breakup by Geography



\*Excl subsidiaries

\*\* Reduction given is over baseline year 2007-08 Coverage as per Annexure A

## Awards

Key awards and accolades received by TCS in FY 2012 are listed below.

### CORPORATE

- Ranked among “Asia's Fab 50 Companies” by Forbes 2011
- Named ‘Indian IT Company of the Year 2011 – Large Enterprise’ at the Bloomberg-UTV CXO Awards 2011
- Named “Outstanding Company of the Year 2012” by CNBC TV 18
- Awarded “Gold Shield” for Excellence in Financial Reporting by Institute of Chartered Accountants of India
- Awarded the “Industry Excellence Award 2011” by the Institute of Engineers (India)
- Received the “Management Consulting Award for Operational Performance” from Association of Management Consulting Firms
- Recommended for enterprise-wide recertification for Triple ISO Certifications

### LEADERSHIP

- CEO named “Business Leader of the Year 2012” by NDTV
- CEO chosen “IT Person of the Year 2011” at Dataquest Awards
- TCS BPO Head Abid Ali Neemuchwala awarded Top Honour by SSON 2012
- TCS ANZ Head Deborah Hadwen selected as a finalist in Telstra Business Women's Awards 2011
- TCS Latin America Head, Henry Manzano, COO TCS Latin America, Ankur Prakash, Delivery Head TCS Latin America, Sridhar Venkataraman, in the 2011 Power 50 Annual Ranking List published by Nearshore Americas
- TCS wins Gold SABRE for Executive Leadership Communications 2011

### INVESTORS

- Ranked the Best Investor Relations Company (India) and Best CFO – Investor Relations (India) in the 2nd Asian Excellence Recognition Awards 2012 given by CorporateGovernance Asia
- Received top rankings in the 2011 Thomson Reuters Extel India IR Survey: Best CEO for Investor Relations in India (Ranked #1), Best CFO for Investor Relations (Ranked #3) and Best Investor Relations Professional (Ranked #2)
- Ranked the Best Investor Relations Officer (IRO) in India in Asiamoney's 2011 Corporate Governance Poll.
- Won four top rankings from sellside respondents in the Institutional Investor magazine's 2011 All-Asia Executive Team rankings: Best CEO (Ranked #1), Best CFO (Ranked #1), Best Investor Relations Professional (Ranked #2) and Best Investor Relations Company (Ranked #2)

- Ranked the Best Managed Company in FinanceAsia's 2011 Asia's Best Managed Companies Awards, in addition to awards in the Best CEO (Ranked #1), 'Best Corporate Governance' (Ranked #5) and 'Best Investor Relations' (Ranked #6)
- TCS' Investor Relations (IR) website ranked among the Top 5 IR Websites in India in 2011 by IR Global Rankings ("IRGR")

## PARTNERS

- Received the "Impact Award 2012" at the SAP Asia – Pacific conference
- Named "Supplier of the Year 2011" by Owens Corning and at NXP Semiconductors' Best Supplier Awards
- Received the ICT Team Excellence- Technical Support Award at the SiFT Awards 2011
- Received "Partner Recognition Award" by Informatica Corporation
- Received "Partner Excellence Award" for Excellence in Market Development by Pegasystem
- Named "Diamond Level Partner" by Oracle Partner Network 2011
- Named "Best Solution Partner of 2011" by Microsoft
- Awarded for "Best Offsite Facility 2012" by Microsoft

## TALENT MANAGEMENT

- Named "Best Company to Work For" by Business Today
- Won the Star Talent Leadership & HR Awards for 'Best Use of Technology for Recruitment' and 'Best Recruiting Evaluation Technique', 'Best Overall Recruitment & Staffing Organization of the year', 'Recruiting and Staffing Industry Leader of the Year', 'Global HR Excellence Award 2012', 'Innovation in Recruitment' and the 'Edward de Bono award for Innovation in HR' at the World HRD Congress 2012
- TCS BPO awarded the Golden Peacock National Training Award 2011 by the Institute of Directors (IOD)
- Won the Exemplary Talent Practices Award 2011 for Partnering with Academia from NASSCOM
- Received IEEE Educational Activities Board Award 2011
- Won the "Best Employers Award" from AON Hewitt 2011
- Certified as Britain's 'Top Employer' for 2011 by the CRF Institute
- TCS BPO received Asian Leadership Awards 2011 for Best Talent Managed Company, Best Diversity and Impact Management and Best Corporate Social Responsibility Practice
- TCS BPO received the 'BestPrax Compass 2011 Award & Certification' for its human capital development practices at the BestPrax Conclave

## CAPABILITY AND INNOVATION

- PowerIT and iON win eWorld Public Choice Awards 2011
- Ranked #1 in Canadian SAP Implementation Ecosystem in the IDC MarketScape Report 2012
- Ranked #1 in Application Outsourcing in Capital Markets by Everest Research Group 2012
- Ranked #1 in Life Science R&D IT Outsourcing Market by IDC Health Insights
- Ranked #1 in Analyst Firm's Magic Quadrant for International Retail Core Banking 2011
- Ranked #3 in the FinTech100 international listing of global providers of financial technology
- Ranked #1 service provider in the Nordic Region in KPMG/EquaTerra's Nordic Region Service Provider Performance & Satisfaction Study 2011
- Conferred the 'Largest Systems Integrator' award at CMAI's 5th National Telecom Awards ceremony
- Wins two Gold Awards at the WOW Event & Experiential Marketing Awards 2011
- Received the "BPO Service Provider of the Year 2011" at the Frost & Sullivan Asia Pacific ICT Awards ceremony
- Best e-Governance Implementation Award' for the Online Voting System in Gujarat at the Bloomberg-UTV CXO Awards 2011

## COMMUNITY AND ENVIRONMENT

- Ranked #1 in the Carbon Disclosure Leadership Index 2011
- Ranked World's 7th Greenest Company in Newsweek's Green Rankings Global 500 List
- "Platinum +" Status globally in the Corporate Responsibility Index 2011 in an external review carried out by BITC
- Achieved the BBBEE (Broad-Based Black Economic Empowerment) level 2 certification by the Government of South Africa
- "Platinum Label" in Low-carbon Office Operations Program (LOOP) from World Wildlife Fund for TCS Hong Kong
- Highly commended at the Coffey International Awards in the Community Awards for Excellence Category for Adult Literacy Programme
- 'Certificate of Appreciation' from the American Red Cross for TCS' support to relief efforts in Japan after the March 2011 earthquake and tsunami
- TCS Yantra Park, Thane, India awarded first prize in Safety, Health and Environment (SHE) initiative in the 'Service Sector' category, conducted by Confederation of Indian Industry for the year 2010-11
- Won IDG's InfoWorld 2011 Green 15 Award for TCS' PowerIT initiative
- "Energy Conservation Award 2011" for Lowest Carbon Footprint in the large IT & ITES Company category by the Centre for Sustainable Development and Integrated Green Ventures
- Certificate for Remarkable Performance from ICC Environment Excellence Award 2012 for Kalinga Park, Bhubaneswar
- CII 12th National Award for Excellence in Energy Management 2011 for TCS Seruseri, Chennai
- 2nd prize in CII WR Safety, Health and Environment (SHE) Award 2011 to TCS Kensington, Powai, Mumbai
- Special Jury Award 2012 of ITs AP Green Company Award 2012 to Deccan Park, & Synergy Park, Hyderabad
- Garden Award 2011 from The Mysore Horticulture Society - Lalbagh Bangalore to TCS L-Center Office Bangalore
- Greenest Office Award for TCS Hungary in 2011

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## Stakeholder Engagement

TCS engages with a broad spectrum of stakeholders, internal and external to understand their concerns and priorities and use those inputs to guide policy formulation and decision-making. Business (or, in some cases, policy) considerations largely govern the decision on what stakeholders to engage with and in what manner and periodicity.

While Customers, Employees and Shareholders are obvious stakeholders, the supply-chain of our people-centric business consists of various academic institutions, engineering colleges, staffing agencies and other vendors. Staying at the cutting edge of technological developments requires us to partner with leading technology firms to develop and market industry-specific solutions.

TCS is a member of a number of industry bodies like NASSCOM and CII and works closely with these bodies in shaping policy. We interact with governments in the course of regulatory compliance and also in implementing e-governance initiatives or as part of government-facilitated community betterment initiatives. Lastly, we work with local communities directly or through various NGOs as part of our CSR initiatives in different parts of the world, and with the larger society.

Described below is TCS' stakeholder interaction framework. Some other stakeholders that we closely engage with, such as Industry Analysts, Equity Analysts and the media have not been mentioned here because they are proxies for other named stakeholders – customers, shareholders and the larger society respectively.

Stakeholder	Interfacing Group	Engagement Types by Frequency
Customers	Sales/Pre-Sales, Marketing, Delivery Teams, Senior Mgmt	<p><b>As needed:</b> Project-related Calls and meetings, PMRs, Relationship Meetings, Visits, Responses to RFI/RFPs, Sponsored Events, Mailers, Newsletters, Brochures</p> <p><b>Continuous:</b> TCS website, Customer portal</p> <p><b>Half-yearly:</b> Customer Satisfaction Surveys<sup>2</sup></p> <p><b>Annual:</b> Customer Summit, Innovation Day</p>
Employees	HR , Senior Mgmt	<p><b>As needed:</b> Town Halls, Roadshows, Project / Operations Reviews, Videoconferences, Audio conference calls, PEEP, PROPEL (associate forum), One-on-one counseling</p> <p><b>Monthly:</b> @TCS (Inhouse magazine)</p> <p><b>Continuous:</b> TCS website, Ultimatix Notice Board, CEO Connect, CTO Blog, Corporate Corner, JustAsk, IdeaMAX, Dipstick surveys, mPower (quick grievance redressal)</p> <p><b>Annual:</b> PULSE (employee feedback survey), Hats Off (Long Service Awards), Velocity (Sales meet), Blitz (Business Planning meet)</p>
Shareholders	Investor Relations, Company Secy, Senior Mgmt	<p><b>As needed:</b> Press Releases and Press Conferences, Email advisories, Facility Visits, In-person meetings, Investor Conferences, Non-Deal Roadshows, Conference Calls</p> <p><b>Quarterly:</b> Financial Statements in Indian GAAP and US GAAP, Earnings Call, Exchange Notifications, Press Conference</p> <p><b>Continuous:</b> Investors Page on TCS website</p> <p><b>Annual:</b> Annual General Meeting, Analyst Day, Annual Report</p>
Academic Institutions	HR, Senior Mgmt, CTO	<p><b>As needed:</b> Academic Interface Program, Co-Innovation Network meetings</p> <p><b>Continuous:</b> TCS website, Academic portal</p> <p><b>Annual:</b> Sangam (High-level academic conference), Campus recruitment</p>
Head Hunters, Staffing Firms, Other Suppliers	HR, ISUs Procurement	<p><b>One time:</b> RFI/RFPs, Empanelment process</p> <p><b>As needed:</b> Transactional meetings, Periodic Reviews, Surveys</p>
Partners and Collaborators	Alliance Mgmt, CTO	<p><b>As needed:</b> Meetings / Calls, COIN meetings, Visits, Partner Events</p> <p><b>Monthly:</b> Conference Calls</p> <p><b>Quarterly:</b> Business Reviews</p> <p><b>Annual:</b> Partner Events</p>
Industry bodies	Corporate Affairs, Finance, Senior Mgmt	<p><b>As needed:</b> Conferences and seminars, Working Committee Meetings, Surveys, Meetings</p> <p><b>Annual:</b> Conferences, Summits</p>

<sup>2</sup> The Survey is done at an account-level and measures TCS' performance on various parameters across multiple dimensions. In FY 2012, performance ratings showed improvement across attributes. Areas where clients showed maximum satisfaction were: 'Responsiveness to emergencies', 'Adherence to security norms' and 'Collaborates effectively to accomplish Mutual Goals'



#### Governments

Govt ISU, Corporate Affairs, HSE / Finance, CSR Team, Senior Mgmt

**As needed:** Governance RFIs / RFPs, Presentations, Project Meetings, Reviews, Calls and Meetings, Surveys, Consultative sessions

**Continuous:** TCS Website

#### NGOs, Local Communities, Society at large

CSR Team, Volunteers, Corp Comm, Senior Mgmt

**As needed:** Field visits, Due Diligence, Calls and Meetings, Conferences and seminars, Surveys, Press Releases, Press conferences, Media interviews and quotes, Sponsored events

**Continuous:** TCS Website

## Definition of Content

The content for this report is arrived at by applying a materiality filter on the various topics that come up in the course of stakeholder interactions described in the earlier section. A team of senior managers evaluated these topics for materiality to the business to arrive at the key sustainability topics for coverage in this report, summarized in the table below:

Stakeholders	Material Topics
Customers	Business knowledge, Delivery capability, Quality, Data privacy and security, Ethical behavior, Fair business practices
Employees	Safe and comfortable workplace, Engaging assignments, Learning opportunities, Career development, Compensation structure
Shareholders	Continued revenue growth, Profitability, Cashflows, Corporate Governance, Transparency and Disclosure, Dividend payouts
Academic Institutions	Job creation, Curriculum enhancement, Internship opportunities, Faculty development
Vendors, Partners and Collaborators	Ethical behavior, Fair business practices, Governance, Sustainability of Demand, Credit-worthiness
Governments/NGOs /Local Communities	Good governance, Ethics and Compliance, Support for developmental programs, Job opportunities, Responsible Citizenry
Society at large	Environmental impact



# Corporate Governance















## Corporate Governance

Strong corporate governance that oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders, creates all the conditions necessary to foster sustainability. Being part of the 144-year old Tata group which epitomizes sustainability, TCS has inherited a strong legacy of fair, transparent and ethical governance, as embodied in the Tata Code of Conduct<sup>3</sup> (TCoC). This is aligned with the ten principles articulated in the UN Global Compact to which TCS is a signatory.

At the top of the governance structure is the Board of Directors representing the shareholders, and various Committees on the Board, overseeing the Executive Management. TCS has a unitary board structure consisting of 12 members of whom 10 are Non-Executive Directors<sup>4</sup> (including the Chairman and Vice-Chairman) and 6 are Independent Directors<sup>5</sup>. The composition of our Board and detailed profiles of Board Members are available on our website<sup>6</sup>.

Different aspects of TCS' Corporate Governance are addressed below:

Non-Executive Board Members					
					
<b>Ratan N Tata</b> Chairman	<b>S Ramadorai,</b> Vice Chairman	<b>Ishaat Hussain</b>			
Independent Board Members					
					
Laura Cha	Prof. Clayton M Christensen	Aman Mehta	Dr. Ron Sommer	Venkatraman Thyagarajan	Dr. Vijay Kelkar
Executive Board Members			<b>1 N Chandrasekaran,</b> CEO and MD		
<b>1</b> 	<b>2</b> 	<b>3</b> 	<b>2 S Mahalingam,</b> CFO and Executive Director		
			<b>3 Phiroz A Vandrevala,</b> Executive Director and Head, Global Corporate Affairs		

<sup>3</sup> The full text of the Tata Code of Conduct is available on our website. (URL: [http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS\\_CodeofConduct\\_Oct-2008.pdf](http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf))

<sup>4</sup> A Non-Executive Director is defined as a Director who is not involved in the day-to-day operations of the Company and is not a full-time employee of the Company.

<sup>5</sup> An Independent Director is a Non-Executive Director, who (a) does not have any material relationship/ transaction with the Company, its Directors, Promoters, senior management, holding company and its subsidiaries, (b) Is not related to Promoters/Board/Senior Management, (c) Has not been an executive of the Company in the past 3 years, (d) Has not been a partner/executive of the Company's statutory audit/ internal audit firm, legal/consulting firm in the past 3 years, (e) Has not been a material supplier, service-provider or customer or a lessor or lessee of the company, (f) Is not a substantial shareholder i.e. owning 2% or more and (g) Is not less than 21 years of age.

<sup>6</sup> [http://www.tcs.com/about/corp\\_facts/board\\_directors/Pages/default.aspx](http://www.tcs.com/about/corp_facts/board_directors/Pages/default.aspx)

## Different aspects of TCS' Corporate Governance are addressed below:

**Aspect**   **How**

### Avoidance of Conflict of Interest

Conflict of interest between the Board's executive function and the supervisory function is minimized by making the Chairmanship of the Board a non-executive role, and keeping it separate from that of the Chief Executive Officer and Managing Director.

TCS has a Code of Conduct for Non-Executive Directors, requiring them to always act in the interest of the company and ensure that any other business or personal association, which they may have, does not involve any conflict of interest with the operations of the company and their role therein.

Similarly, all employees including the Managing Director and Executive Directors are prohibited from freelancing or accepting any position of responsibility with or without remuneration with any other company without TCS' written approval. For Executive Directors and the Managing Director, such approval must be obtained from the Board.

### Intra-group Transactions

TCS does not derive any material revenues (~0.8% of revenues in FY 2012) from other Tata group companies. There is no intermingling of employees and resources including cash amongst the Group companies.

Independent Directors make up half the Board. Any dealing with Tata Sons or with a group company is done on an arms-length basis and has to be approved by the Board. Such transactions are reviewed closely by the Board to ensure that all shareholders' interests are protected before they are approved. All transactions with Tata group companies are disclosed in our Annual Report (Page 103-107).

### Board Oversight of the Sustainability Agenda

To ensure that business sustainability gets adequate governance focus, TCS' Board of Directors meets 7 to 8 times a year instead of the statutory 4 times. While four of these meetings are for review and approval of financial results, the remainder is for more detailed oversight of business, strategy and sustainability matters.

This ensures that the Board's focus goes beyond financial performance alone and covers various operational and strategic issues including sustainability aspects, budgets, industry performance, peer review and competition analysis, overall risk assessment, performance of subsidiaries, opportunities for organic and inorganic growth etc.

The CEO oversees the Company's sustainability strategy and reports on the initiatives and progress at the Board meetings. He is supported by dedicated teams for Corporate Social Responsibility and Environment, each headed by highly-qualified specialists in their respective domains. Their goals are determined by Senior Management in line with the Company's overall sustainability objectives, and performance on these two specific aspects of our sustainability agenda is reviewed by the Board on an annual basis. There are currently no processes in place for evaluating the Board's own performance with regard to sustainability matters.



### Fiscal Oversight

An Audit Committee, consisting entirely of independent, non-executive Directors, oversees TCS' disclosure process to ensure that sufficient and credible information is disclosed, and that the published financial statements reflect a true and fair position of the company's finances.

The committee meets four times a year to approve the quarterly accounts and another three to four times for an in-depth consideration of internal audit reports. The Audit Committee also actively ensures that the internal audit processes provide adequate support in improving the Company's business processes, i.e., making the Company more efficient and cost-effective.

As an additional governance control on access to the Company's cash, TCS has a Bank Account Committee of Directors which approves the opening and closing of bank accounts of the Company and to authorize persons to operate the bank accounts of the Company.

### Independent and Effective Validation

TCS has an independent third party, M/s Ernst and Young, to oversee and carry out internal audits of the Company's operations as per an internal audit plan which is reviewed annually by the Audit Committee in consultation with the Statutory Auditors. In line with international practice, the planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The external auditors of the Company are Deloitte Haskins and Sells, who do not have any undue dependence on TCS.

### Disclosure and Transparency

Benchmarked against global peers, TCS discloses significantly more operational and financial metrics on a quarterly basis. The quarterly, half-yearly and annual results are published in leading Indian newspapers, emailed out to analysts and investors who subscribe to that service and posted on our website [www.tcs.com](http://www.tcs.com). Half-yearly results are sent to shareholders along with a message from the Managing Director on the Company's performance.

The Earnings Release every quarter is accompanied by a press-conference which is video webcast live through our website. There is also a conference call where Management briefs investors and analysts on the quarter gone by, and takes questions.

In addition, there is a robust investor outreach program as part of which the TCS Management meets investors at our premises or at investor conferences and addresses their queries and concerns.

### Ethics and Compliance<sup>7</sup>

The Tata Code of Conduct, which every employee signs at the time of joining the company, contains 25 clauses that make up a governing framework for responsible corporate citizenship and ethical behaviour. TCS has established procedures to deploy the TCoC and to enable employees, customers, suppliers and partners to understand the code and follow it in letter and spirit.

The leadership team personally conveys TCS' values and the importance of the TCoC at employee events. There are Local Ethics Counselors at every Company location to advise and guide employees on ethical matters.

Customers and suppliers are made aware of the TCoC through specific clauses in proposals, contracts, contract discussions, and through the TCS website.

In addition, senior managers with access to privileged information, have to comply with an additional code for the Prevention of Insider Trading. TCS also has a global policy to address Sexual Harassment at the work place.

At the Board level, the Ethics and Compliance Committee oversees TCS' compliance to the Codes of Conduct to be followed by the Directors, Officers and other employees. Monthly Reports are sent to the Committee on matters relating to the Insider Trading Code and the CoC. One meeting of the Ethics and Compliance Committee was held during the year.

### Board Composition and Selection of Board Members

The Nominations Committee, consisting of two independent Directors and the Chairman, makes recommendations regarding the composition of the Board, identifies suitable individuals who can be inducted as Independent Directors and takes steps to refresh the composition of the Board from time to time.

The supervisory capability of the current Board has been significantly boosted by the inclusion of highly capable individuals with global management perspectives, broad corporate experience and specific expertise in corporate governance and compliance as independent, non-executive directors.

<sup>7</sup> No significant legal or regulatory non-compliance in general or specifically in relation to the Company's products and services was brought to the Company's attention in FY2012.

## Aspect How

### Protecting Minority Shareholders' Interests

The Corporate Governance philosophy at TCS, based on the Tata Code of Conduct, emphasizes fairness and transparency to all stakeholders. The Company also has a variety of channels through which minority shareholders can interact with the Management / Board to express their concerns.

There is a year-round, global investor outreach program where investors can interact with Management. Minority shareholders can move their private resolutions for discussion by the Board of Directors, or even requisition a General Body Meeting.

Small shareholders can interact with the Board of Directors in person at the Annual General Meeting and have their queries/grievances resolved. They can also communicate any grievance to the Company Secretary's office where complaints are tracked to closure. At the Board level, a Shareholders/Investors Grievance Committee of Directors consisting of two Independent Directors and one Non-independent Director oversees the redressal of these complaints.

### Employee access to the Board

Employees at TCS are highly empowered and the Company's culture encourages open communications and offers various channels for communicating concerns and grievances. Larger concerns are represented to the Board by the Executive Directors. In addition, individual senior-level employees are also invited to present to the Board on specific topics under discussion, from time to time.

Lastly, we have a Whistle Blower Policy, with the necessary mechanism for employees to directly report concerns about unethical behavior to the Chairperson of the Audit Committee, without fear of reprisal or victimization.

### Sustainability and risk management

TCS has an Enterprise-wide Risk Management (ERM) process administered by a Risk Office that continually identifies and the various risks threatening the Company's continued sustainability, as grouped under:

(1) Strategic      (2) Operational      (3) Financial and      (4) Compliance related risks

The Risk Office maintains a Risk Register and draws up suitable risk mitigation plans for each of the risks identified therein. These risks are reviewed by the Board periodically.

### Succession planning

Business sustainability requires consistency in management vision and minimization of impact when there is a leadership change. Therefore, succession planning is an important element in ensuring smooth transitions. At TCS, succession planning occurs at every level – at the corporate level, at the business unit level, at the account level and even at the project level.

At the highest level, succession planning of senior management is directly reviewed by the Executive Committee of the Board. Business/Unit Heads are invited to Board Meetings from time to time to give presentations to the Board to update them. This provides an opportunity for the Board to interact with Senior Executives periodically and assess values, competencies and capabilities to help them identify suitable internal successors and provide feedback.

In these last four decades, TCS has gone through two CEO-level transitions, the last one in October 2009. The seamless manner in which that transition took place is evidence that the Company's succession planning is working well.

### Remuneration Policy

The Company follows a compensation mix of fixed pay, benefits and Economic Value Added Analysis based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

Compensation for Non-Executive Directors on the Board consists of:

- Sitting Fees for attending Board meetings and meetings of Committees of the Board, to the tune of Rs 10,000 per meeting.
- Commission, as decided by the Board of Directors and approved by Members at the Annual General Meeting, within the ceiling of 1% of the net profits of the Company as computed under the Companies Act, 1956. The commission is distributed amongst the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings.

Reimbursement of any out-of-pocket expenses incurred by the Directors for attending meetings.

Remuneration of the Managing Director and Executive Directors consists of a fixed component (salary, benefits, perquisites and allowances) and a performance-linked variable component (commission).

The Remuneration Committee decides the annual increments within the salary scale approved by the Members, and the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under law. The commission amount is based on the company's performance as well as that of the Managing Director and each Executive Director, measured along several sustainability-linked criteria discussed in this report.

Details of the compensation paid out to Members of the Board in FY 2012 are disclosed on Page 62-63 of our Annual Report.







# Sustainability of Business Performance



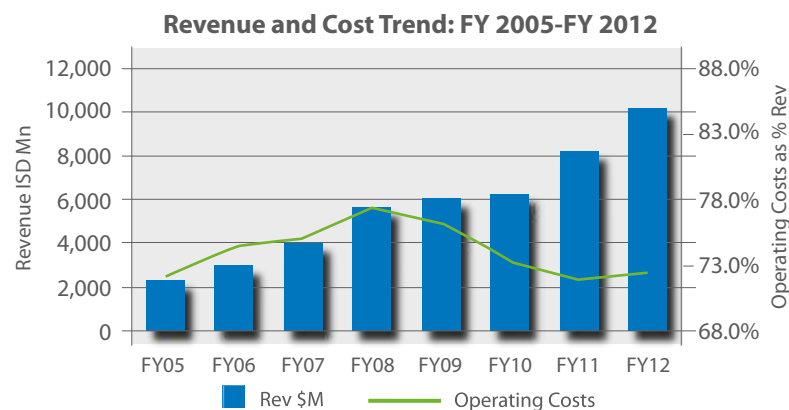
## Sustainability of Business Performance

Key stakeholder concerns around the sustainability of our business performance are centered around five major areas: whether there is sufficient headroom for continued growth, whether the Company's size could impede agility, whether supplyside constraints could hamper growth or impact margins, whether macroeconomic uncertainties or new technologies might impair business and lastly, whether the company is investing sufficiently in innovation. Some of these concerns are addressed in this section of the report.

Key strategic risks faced by TCS and our approach to mitigating them are summarized on Page 28 of our FY 2012 Annual Report.

### Demand-side Sustainability

TCS has had a consistently stellar track-record of revenue growth. Our 8-year CAGR is 23.1% and we closed FY 2012 with revenue of USD 10.171 Bn (up 24.2% YoY).



**Figure 5: Revenue Growth in USD (FY 2005-2012)**

Other highlights of FY 2012:

- 98.4% of revenues from existing customers
- Volume growth of 23.1% YoY
- Gross Margin of 45.8%, EBIT margin of 27.6%
- Gross headcount addition of 70,400
- Net headcount addition of 39,969

Despite a certain moderation of growth observed since the second half of FY 2012, linked to heightened global macroeconomic uncertainties, TCS believes that the longer term growth trajectory is sustainable because (a) the global market for IT services is growing, (b) offshore outsourcing is today a mainstream strategic option, (b) TCS has the strong foundational elements needed to partake of this growth and (c) TCS' strategy for longer-term growth is delivering results.

### Global market: Headroom for growth

According to NASSCOM's Strategic Review 2012, global spend on IT Services and BPO was estimated to be \$758 Bn in 2011, i.e. 3.4% higher than in 2010. This is a highly fragmented market in which our marketshare is ~1.3%, suggesting significant headroom for growth.

Going forward, technology spending is expected to further increase as the technology intensity of businesses increases and lagging verticals as well as geographies play catch up. The 5-year CAGR for the period 2011-2015 is expected to be 4% according to Gartner. Historically, TCS' growth is far higher than the growth in global spend on IT services due to shifting customer preferences favoring greater offshore outsourcing – a shift that became even more pronounced in the last few years of global economic dislocation and drift.

## Foundations for growth

The pre-requisites for sustaining our growth are (a) maintaining the same high quality of service that our customers have come to expect from us, (b) continuing to invest in innovation so we remain at the cutting edge of technological and business evolution, (c) ensuring that we remain agile despite the size and (d) creating a strong brand that creates customer loyalty.

In the next few sub-sections, we explore these four foundational elements in further detail.

### Best-in-class Quality

The TCS Quality Management System is a complete set of documents, tools, methods and practices built on and around the business model, with a focus on service & solution delivery, customer management, security management and people processes. It also includes suitable measurement protocols to continuously monitor the effectiveness of the quality system. It focuses on all aspects of project management, knowledge management, technology management, customer management, product and service delivery, security management, business continuity, career development and competency management, associates and other parameters of diversity; thus, ensuring that customers experience a level of certainty that no other organization can match.

Every project executed by TCS goes through a three-tier quality check to ensure that the customer receives a deliverable of the highest quality:

Product Quality	Internal Quality Assurance	All work items, products or deliverables undergo peer review / independent review / self review / code walkthrough.
	External Quality Assurance	Competent associates external to the project verify each work item or deliverable.
Product Quality & Process Compliance	Final Inspection	<p>An external reviewer does the final quality check to ensure completeness and usability of the package before delivering the final product to the client. In addition, the external reviewer periodically verifies that the team is complying with all quality process.</p> <p>The Project Leader also does a final inspection before delivery.</p>

In addition, Project Management Reviews (PMR) are conducted every quarter by senior managers to check the overall health of the project and identify potential risks. Project audits are performed by an external quality controller (representative of TCS Quality Assurance Group or a senior team member from another project) to verify compliance with customer-specific processes and TCS iQMS.

#### Information Security and Data privacy

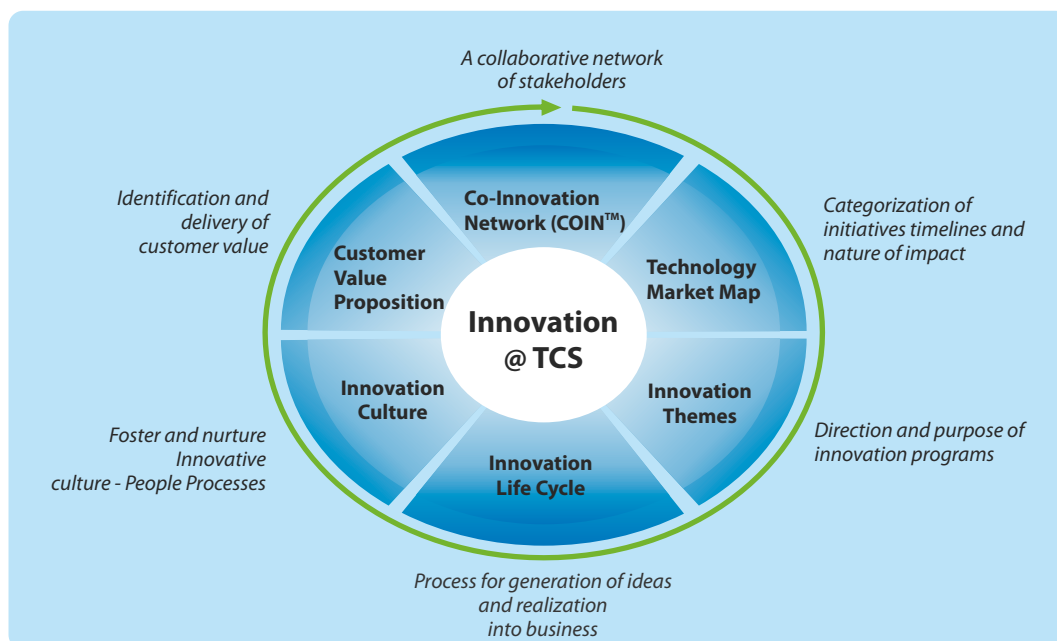
Information security and data privacy is critical to our business. Our Security Vision statement is: "To make TCS reliable, resilient and immune to the existing and evolving volatile environment of constant changes, accidents, attacks and failures so as to enable all our stakeholders experience certainty."

In pursuit of this vision, TCS has implemented a comprehensive Information Security Management System (ISMS) framework based on the globally recognized ISO 27001:2005 ISMS standard, covering network controls, network privacy, internet security, patch management system and controls against malicious software. Our Information Security is managed by a team of security professionals having industry-recognized credentials such as the CISA, CISM, CISSP, CEH, CBCP etc, and hailing from varied backgrounds and experience, such as application development, Infrastructure services, Networking, Forensics, Legal and Compliance.

We consider all client information as confidential and have rigorous processes in place to protect the same. Our security policy has been framed to comply with all international privacy laws and information security laws as applicable. Collection, processing and dissemination of any personal data is done under highly controlled conditions<sup>8</sup>.

#### Investing in Innovation

Constant innovation is important for business sustainability, ensuring as it does, the continued relevancy of the Company to its customer's needs. Innovation is an important part of the organizational DNA of TCS and a key enabler of the 'Experience Certainty' proposition. The Company has well defined processes and a framework to drive innovation across its diverse businesses.



**Figure 6 Framework for driving innovation across TCS**

<sup>8</sup> No breach of customer privacy or loss of customer data was brought to our notice in FY 2012.

TCS has established a strong organizational locus for innovation - the Corporate Technology Organization (CTO) – which governs innovation processes, sets benchmarks, guides creation of Intellectual Property and facilitates Innovation diffusion. Innovation is delivered through:

- Structured Innovation Engine: TCS Innovation Labs
- Innovation Ecosystem: Co-Innovation Network, (COIN)<sup>™</sup>
- Culture of Innovation: Knowledge Portals, Awards and People Practices

Apart from bringing big benefits to customers, TCS has, in the last couple of years, created over a hundred product patents and its innovative products have won several awards from industry.

	<b>Continuous Improvement</b> (Sustaining Innovation - Derivative)	<b>Transformations</b> (Sustaining Innovation - Platform)	<b>Disruptions</b> (Disruptive Innovation - Radical)
How	Standard Methodologies Six Sigma Metrics and KPIs	Investments by TCS	TCS and Client joint Innovation Lab TCS Ecosystem
What	Productivity improvement Product standardization Centres of Excellence D-7 Digital Dashboard	Technology Consumption Management IS Optimization of applications Advanced modelling and simulation	Leverage Innovation Ecosystem Enterprise Architecture Domain & Technology Next Generation Development Utility Computing, 'IT Plan' Management
Who	Engagement Team with Support from Practices and CoEs	Engagement Team with + CTO Organization (Practices and R & D)	TCS CTO Organization, TCS Innovation Network

**Figure 7 An Overview of TCS' innovation effort**

TCS R&D continues to attract top research talent from India and across the world. The Company continues to support sabbaticals, internships and PhD sponsorships in research areas relevant to the Company, in premier academic institutions. Research based competencies have been introduced in the Company's learning portal.

Details of the Company's focus areas for R&D are provided on Pages 18-20 of our Annual Report. In addition, TCS has been innovating in its service and product offerings as described on Page 24 of the Annual Report. In FY 2012, TCS filed 460 patent applications and got 4 patent grants. Cumulatively, TCS has filed 855 patent applications, of which 72 have been granted.

TCS' R&D expenses increased in FY 2012, in absolute terms as well as a percentage of revenue. R&D centers have been set up at various locations all over the world. Out of these, the R&D centers at Pune, Chennai, Bengaluru, Delhi- NCR, Hyderabad, Kolkata and Mumbai have been recognized by the Govt's Department



of Scientific & Industrial Research (DSIR). In addition to the R&D centers, the Company has set up innovation labs, product engineering groups and groups engaged in path-breaking technologies at multiple locations all over the world.

Expenditure incurred in the R&D centers and innovation centers of TCS during FY 2012, excluding expenses incurred by individual business units investing in building frameworks, products, platforms and other intellectual property, went up 37% YoY as can be seen below:

	FY 2011-12 (\$ Mn)	FY 2010-11 (\$ Mn)	% Increase
R&D Expenses	84.7	61.8	37.05%

### Structured for Agility

A key concern that sustained growth engenders is the potential loss of agility in an organization that has outgrown its structure. Another concern is around whether and how the organization will be able to focus on the right sectors for future growth.

Both these concerns are addressed by TCS' organization structure which is designed to enhance customer focus, accountability and agility. TCS is organized into many small operational units, each with 4,000-15,000 employees, aligned to the different industry verticals. Each market-facing Business Unit owns its own resources and pursues growth in its respective domain at the best possible pace that the domain can support, with all the agility and focus of a smaller company (See Figure 8).



**Figure 8 Organization Structure designed for agility**

### Brand-building

The Company continued to implement global marketing initiatives to promote the TCS brand. All our marketing communications – including advertising, promotions and sponsorships – tend to understated, designed to strengthen the trust our clients repose in us when they outsource the development and upkeep of key mission-critical systems to us, along with other key attributes they most appreciate in our work: high quality, reliability and dependability. Our tagline, "Experience Certainty" captures the essence of these attributes.







TCS evaluates the health of the corporate brand at regular intervals in select markets. The evaluation is benchmarked against a pre-defined competitive set, and along specific image and personality parameters that include attributes such as 'ethical' and 'trustworthy'. The Company's marketing and communications strategy is fine-tuned based on findings from this brand survey.

TCS participated in leading industry and business events around the world and held key customer summits world-wide reaffirming its commitment to delivering a complete brand and organizational experience.

Apart from its regular branding activities, TCS also continues to invest in building the brand in the digital space using premium business and technology channels as well through focused branded properties and sponsorships. These include events and activities in sports such as motor sports, cricket, marathons and distance running events. Lastly, TCS continued to articulate the brand promise internally using the various channels and internal marketing assets and leveraged them to activate the brand amongst the associates as well as our other important stake holders.

Some of TCS' sponsorships in FY 2012 are as below:

	<p>TCS is the official technology partner for Team Garmin-Cervelo, a top-ranked powerhouse in professional cycling for the racing season 2011</p>
	<p>Tata Consultancy Services is the first Indian company to have its logo featured on the scarlet Ferrari raced by the legendary Michael Schumacher. TCS has been Ferrari's technology partner in 2005, giving technical support services across Ferrari's major product lifecycle processes.</p>
	<p>TCS is the technology partner of the Rajasthan Royals, the Jaipur franchise cricket team in the Indian Premier League. TCS provides IT expertise to help the team analyze the players' performance, simulation and other areas. In turn, TCS enjoys greater visibility among cricketing fans, with the RR players sporting the TCS logo.</p>
	<p>Building awareness around the TCS brand amongst school children and sparking an interest in IT amongst them is important for future supply-side sustainability. One way we do this is by sponsoring and organizing TCS IT Wiz, India's first and biggest IT quiz for schools, conducted in 12 cities. This event, now in its thirteenth year, has become a benchmark in the inter-school quizzing circuit for the level of research, the intensity with which teams compete and the sheer participation numbers it draws.</p>



To reinforce TCS' brand attribute of commitment to excellence, we sponsor various marathons across the world in order to support the commitment to excellence of the participants.

These sponsorships also serve to reinforce our commitment to wellness, because they give us an opportunity to engage with runners, their friends and family, and the broader community to drive home the importance of fitness and health. In FY 2012, TCS sponsored five major marathons:

- Standard Chartered Mumbai Marathon
- World 10K Bangalore
- Boston Marathon
- Bank of America Chicago Marathon
- ING New York City Marathon
- TCS Amsterdam Marathon

## Sustainability in Marketing

We are a business to business services company, as such the environmental and health and safety impact of our products and services is minimal

Likewise, product labeling requirements do not apply to our business. Documentation of the custom applications we build for clients is as per mutually agreed specifications. System documentation is not governed by any regulation or industry code and therefore, the issue of non-compliance does not arise. All our marketing communications including advertising, promotions and sponsorships comply with the relevant laws of the countries that we operate in. No instance of regulatory non-compliance in this area was brought to our attention in FY 2012.

The related issue of sustainable consumption also does not arise because our clients are sophisticated consumers – mostly large Global 2000 corporations that consume our services rationally, in accordance with their business requirements, staying within the vendor concentration limits specified by their risk oversight policies.

## Strategy for long-term growth

TCS' revenue growth comes from following a multi-pronged strategy built around (i) expanding our addressable market by geography, by industry and by service-line and (ii) deepening our relationships with existing clients. Key elements of this strategy for sustainable, longer-term growth are summarized in Figure 9 and explained in greater detail on Pages 21-23 of our FY 2012 Annual Report.



Figure 9 Five point strategy for long term growth

## FINANCIAL SUSTAINABILITY

Successful execution of our strategy for sustainable growth requires investments in building capacity, in people and in new business initiatives. The ability to fund these investments either through internal accruals or from the outside is critical to business sustainability. TCS' business model has a financial profile characterized by strong cash generation, low capital needs, low working capital requirements, negligible debt and very attractive Return on Equity. TCS is a near zero-debt company, funding its growth entirely through internal accruals. We did not receive any significant governmental financial assistance in FY 2012.<sup>9</sup>

These are structural attributes of our business model, and sustainable going forward. Equally important, we have a robust risk management framework using which we scan the environment for potential risks to this sustainability and take mitigative steps. Some of the key attributes of our financial sustainability are further explored in this section.

### Strong Cashflows

The Company's growth is financed by cash generated from operations. As of March 31, 2012, Total Shareholder's Equity stood at \$6,492.2 Mn of which Retained Earnings made up \$6,515.1 Mn. As at March 31, 2012, the Company had cash and cash equivalents of \$391.4 Mn (FY11: \$348.5 Mn) and Bank Deposits of \$1,294.8 Mn (FY11: \$1,319.3 Mn). Net Cash generated from Operations was \$1,539.8 Mn.

The Company believes that it has sufficient cash from operations to meet its working capital requirements. In addition it has short term working capital facilities with various commercial banks. As at March 31, 2012, the Company had available lines of credit with multiple banks aggregating \$ 821.4 Mn interchangeable between fund-based and non fund-based limits (\$ 471.9 Mn as at March 31, 2011).

### Independent Credit Ratings

Although we have historically never used debt to fund growth, that option is always available given our strong credit-worthiness. An independent assessment of the Company's financial strength and sustainability is the credit rating assigned to TCS by various global rating agencies.

Credit Rating Agency	Rating	Comments
Moody's Investor Services	A3 Investment Grade Issuer Baa1 indicative foreign currency debt rating with stable outlook	The rating is not for an specific debt issuance by the Company.
Standard and Poor's Ratings Services	BBB corporate credit rating	Outlook: Positive
Dun & Bradstreet	5A1 (Condition-Strong)	The rating is assigned on the basis of tangible net worth and composite appraisal of the Company.

### Shareholder Value delivered, year after year

After going public, TCS has consistently paid out dividends to its shareholders every year, maintaining a payout ratio of around 30%. In FY 2012, the Company paid a total dividend of \$0.5 (Rs 25) i.e. a payout ratio of 43.7% of the consolidated profits under IFRS.

TCS' market capitalization as of March 31, 2012 was \$44.9 Bn.

<sup>9</sup> Excluding tax incentives applicable in specific locations

## SUPPLYSIDE SUSTAINABILITY

The largest factor that goes into our business is human capital and therefore sustainability of revenue growth in the IT Services industry is directly dependent on the organization's ability to attract the right talent in the right quantity and thereafter, upskilling, motivating and retaining them in the organization<sup>10</sup>.

Ours is a highly educated, highly aware workforce whose technical skills are much valued globally and consequently, many of the labor-management imbalances found in traditional industry (or the corrective measures sought through collective bargaining) are largely absent here. Employment is at will with one month's notice period from either side for termination, but employees have significantly higher bargaining power in this industry, so workers' interests are largely protected by the free market and less than 0.01% of the workforce is unionized.

Recognizing the criticality of human capital to the business and its sustainability, TCS has mature processes devoted to attracting, retaining and developing this human capital, assessed at PCMM Level 5.

The total number of employees including subsidiaries as at March 31, 2012 was 238,583 (End-FY11: 198,614). It is a predominantly young workforce, with an average of ~28 years. A break-up of the workforce by employee category and age is given below:

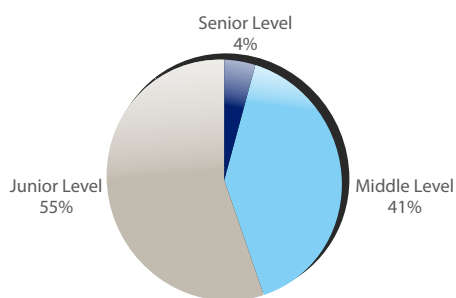


Figure 10 Break up of workforce by category

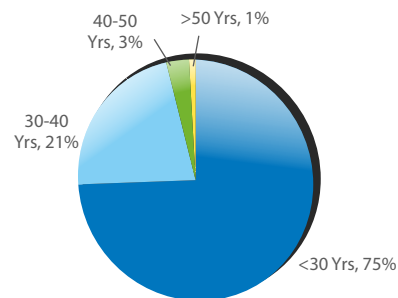
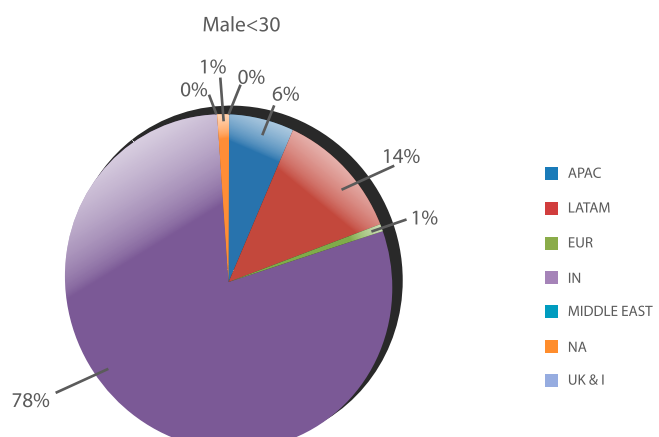
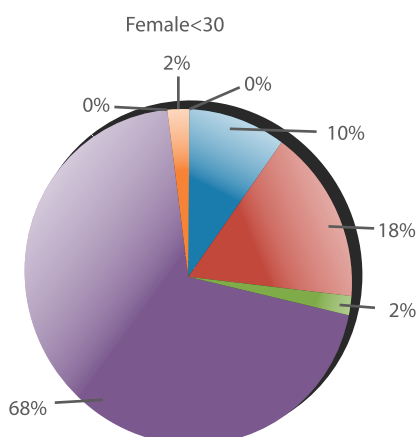


Figure 11 Breakup of workforce by age



<sup>10</sup> The supplyside part of our business is largely around human capital. In addition, we procure various pieces of equipment and software that make up the Company's IT infrastructure, largely sourced from the local offices of leading global technology providers. Office supplies and consumables are all locally sourced by individual operating units in the different regions where we operate.

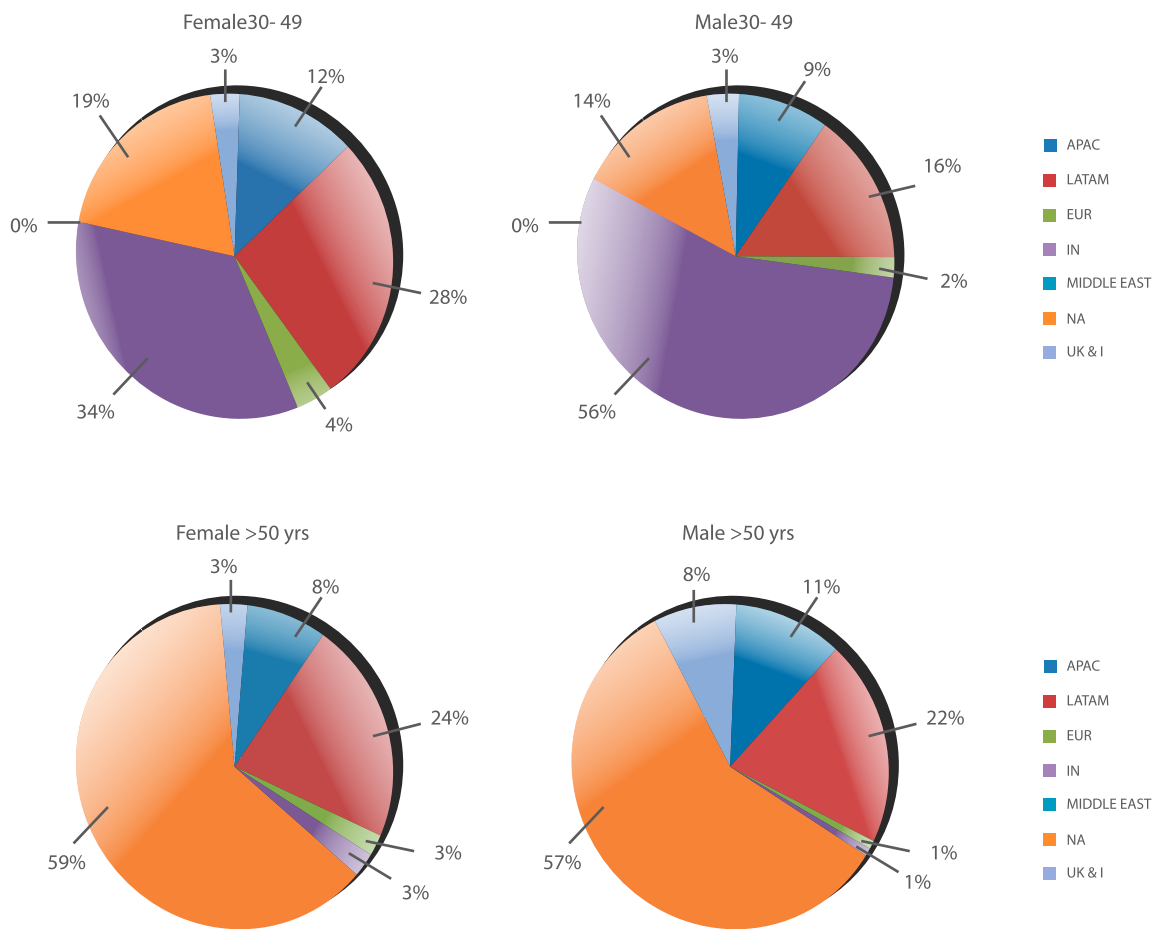


Figure 12 Total workforce by region, age and gender

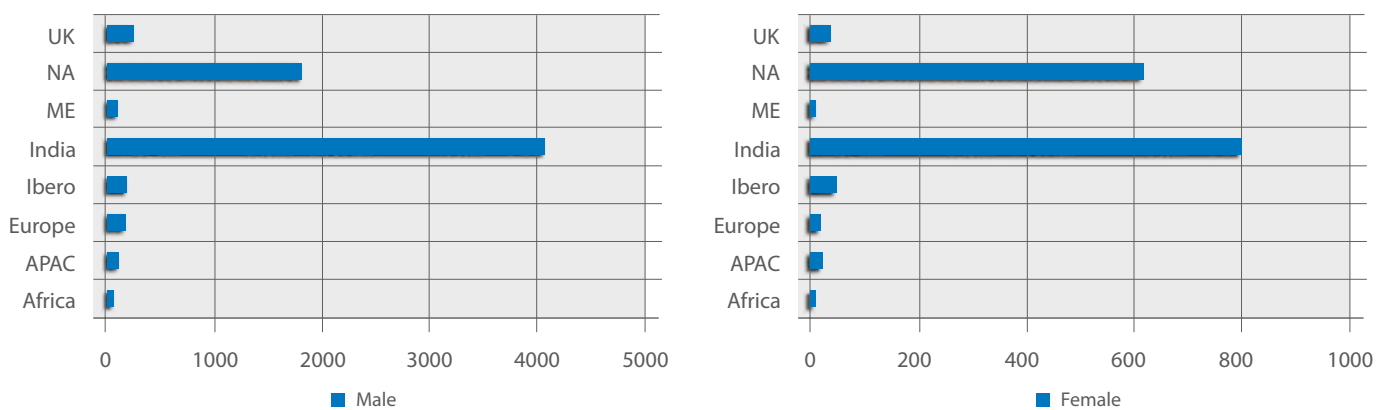


Figure 13 : Contract staff by region and gender

## Talent Acquisition

A most critical component of sustaining the Company's growth trajectory has been the company's ability to attract good talent in sufficient numbers and to successfully scale up the talent acquisition process.

The capacity and capability needs to meet short, medium and long-term business plans drawn up by business units and corporate functions serve as the basis for our global workforce planning. The consolidated requirements are part-fulfilled by re-skilling / up-skilling existing unallocated associates and the balance fulfilled through focused drives by the Talent Acquisition Group. Experienced professionals are recruited through online jobsites, head-hunters, recruitment agencies and through employee reference schemes. Other sources of experienced talent include strategic initiatives like M&A and In-sourcing.

On-campus recruitment of fresh engineering graduates plays a very significant part in the Company's talent acquisition strategy, so the Company is invested in building strong relationships with universities across the world and in improving the quality of academic training at engineering colleges. In FY 2012, TCS recruited 70,400 employees on a gross basis (FY 2011: 69,685). Of this, 32,263 i.e. 48.4% of the gross hires were fresh graduates.

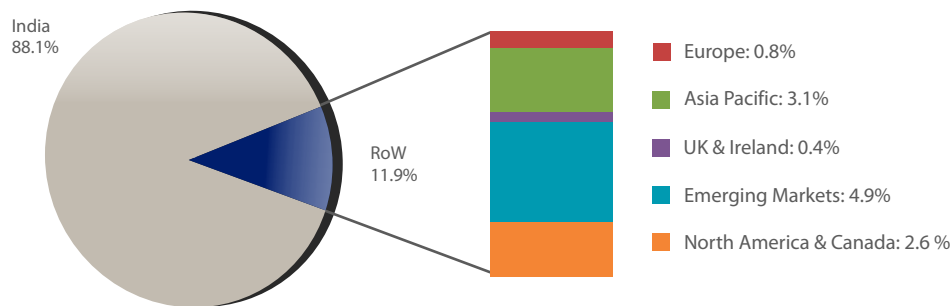


Figure 14 Breakup of new employee hires by region

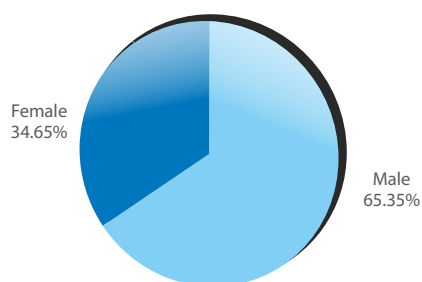


Figure 15 Breakup of new employee hires by gender

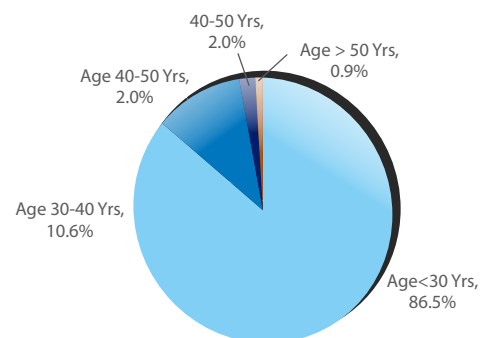


Figure 16 Breakup of new employee hires by age

## Academic Interface Program

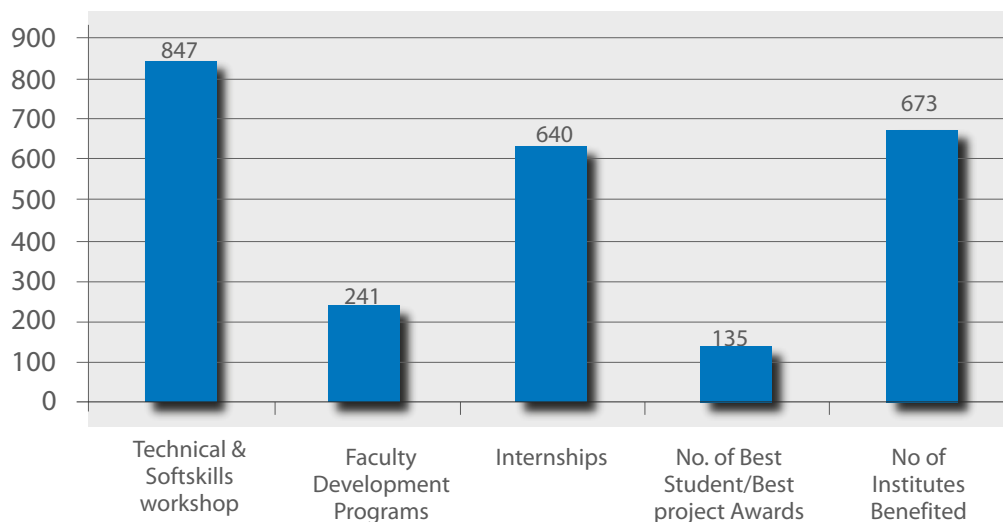
TCS has always fostered close relations with academia and is acknowledged as a pioneer in India for having provided a direction and perspective to IT education. The Academic Interface Program (AIP) helps build a robust high-quality, long-term relationship between the Company and academic institutions. Key highlights of our AIP are:

- Faculty Development Programs (FDP): TCS' senior consultants conduct training programs for faculty, to keep them abreast with technology developments and provide them with an industry perspective.
- Student Workshops: Training sessions for students on technical, managerial or soft-skills topics to enhance competitiveness and workplace-readiness.
- Membership of Board of Studies (BoS) / Curriculum Committees: TCS representatives participate in Curriculum Committees or Board of Studies of select academic institutes, to help shape the curricula and make it more industry-oriented.
- Project Support and Internships: TCS provides internship opportunities for students from Indian and overseas institutions and sponsors the Best Student and for the Best Student Project awards.
- Sponsorship of Academic Events and hosting professors on sabbatical in TCS.
- Dedicated portal for academia: TCS maintains a web portal linked to TCS website for continuous dialogue with academia on the performance of their alumni and on the curriculum, with useful resources for students deciding on their career.
- "Sangam", an annual meet with academic leaders from major engineering and management institutes
- TCS offers higher education programs for its associates in partnership with prestigious Institutes in India like Anna University – Chennai and Jadavpur University – Kolkata.

### AIP in FY 2012: A snapshot

No. of students who directly benefited from the programme: **1,28,407**

No. of faculty members who benefited from the programme: **9,298**



**Figure 17: AIP in FY 2012: A snapshot**

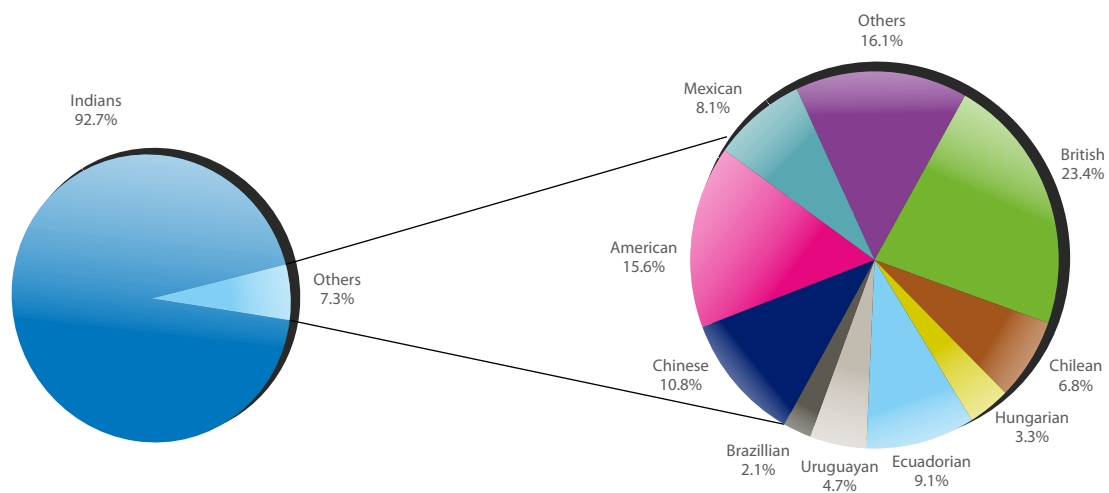
## Diversifying the talent pool

With custom-tailored training programs and greater gender / cross-cultural sensitization, TCS has been able to expand the talent pool from which to recruit, in terms of gender, geography and academic discipline.

TCS is an Equal Opportunity Employer and subscribes to the Tata Code of Conduct in embracing diversity in race, nationality, religion, ancestry, marital status, gender, age, ethnic origin, physical ability and sexual orientation. Compensation levels are merit-based, determined by qualification, experience levels, special-skills if any and performance. Gender and any of the other diversity parameters don't play any part. Nevertheless, a formal Diversity and Inclusion policy is currently under preparation.

TCS participates in the Tata group's Second Career initiative which offers job opportunities to women returning to the workplace after a break in their careers. We also have an initiative called DAWN (Diversity and Women's Network), a support group for women and minorities, that fosters inclusivity through collaborative dialog. DAWN organizes leadership-connects, mentoring, discussion forums, sensitization workshops, wellness sessions and reorientation programs for associates returning to the workplace after long-leave. 'Culture Meter' aims to build appreciation in the workforce for different cultures and practices across the globe through mailers, quizzes and other online resources.

As at March 31, 2012, women constituted 32 % (Consolidated) of TCS' workforce. The number of non-Indian nationals in our workforce stood at 13,766 (excluding subsidiaries), representing 110 different nationalities (FY 2011: 101 nationalities). The breakup by nationality is provided in Figure 16.



**Figure 18 Break up of non-Indian workforce by nationality**

## Ignite – from Science to Software

Ignite is our pioneering initiative to help science graduates transform into software professionals, allowing us to tap into the large stream of science graduates in India. Designed as an intensive seven-month training program covering computing, core technology skills, TCS processes and tools, communication and team skills, business literacy, and cultural awareness along with live project experience, Ignite equips science graduates with the skills necessary to pursue a career in the IT industry.



### Local Recruitment outside India

TCS is a multinational company with operations in 42 countries. Local recruitment is an integral part of our staffing strategy in each of these countries, spanning every level in the local organization. In FY 2012, TCS recruited 7,317 employees outside India. The percentage of senior-level employees amongst local recruits was 5.6% (FY 2011: 4.8%), higher than the enterprise average of 4.2%.

Fresher recruitment is facilitated by the relationships built up with empanelled universities through our University Outreach / Academic Interface Programs in different parts of the world. The brand awareness created by those programs helps attract quality talent when we formally participate in their placement programs and conduct on-campus interviews. Recruitment of experienced professionals is done through our empanelled recruitment agencies and head-hunters.

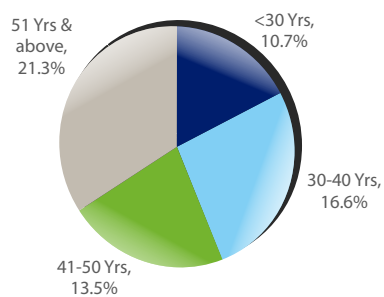
### Local Subcontractors

A key element of the manpower demand fulfillment strategy is the need-based use of local contractors, especially for assignments which are of a short-term nature or which require skills not readily available or in sufficient numbers internally. For this purpose, TCS maintains strong relationships with a network of empanelled vendors – staffing agencies and head-hunters – in every country that we operate in. We tap into this network to find suitable candidates whenever the need arises. In case those skills are needed on a longer term basis, TCS looks to build equivalent capabilities internally and eventually replace these contractors with employees. In FY 2012, TCS spent \$454.2 Mn (4.5% of Rev) on subcontractors (FY11: \$309.1 Mn, 3.8% of Rev).

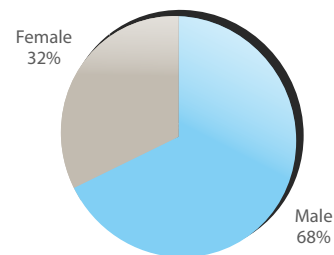
## Talent Retention

ATCS views talent retention as another critical success factor – as important as talent acquisition – and has invested heavily in building an employee-friendly culture and developing mature people-processes towards improving it. We have been assessed enterprise wide at PCMM Level 5 and our retention programs are considered best-in-class in the industry. Employee retention has been enhanced through a wide range of competency enhancement and career growth options, role mobility, challenging assignments, competitive and differential compensation, flexible working hours, a collaborative work environment, rewards, recognition and benefits.

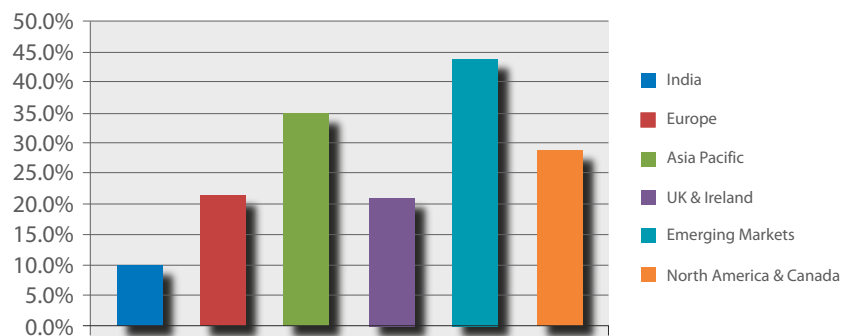
The outcomes of these retention programs have also been best in class. The return to work and retention rates after parental leave are high, at 93%. Although the majority of parental leave was taken by female associates, adoption leave was opted for primarily by male associates. 15 out of the 28 employees who opted for adoption leave were men. Our attrition figures have historically been, and continue to be, the lowest in the industry. In FY 2012, attrition in IT Services was 11.1% (on a LTM basis) while overall attrition, including BPO, stood at 12.2%, which is the lowest in our peer group. Of this, attrition caused by departures of new hires within the same year was 3.7%. Attrition amongst female employees was 32.5 %. Attrition levels are higher at junior levels – at 13%.



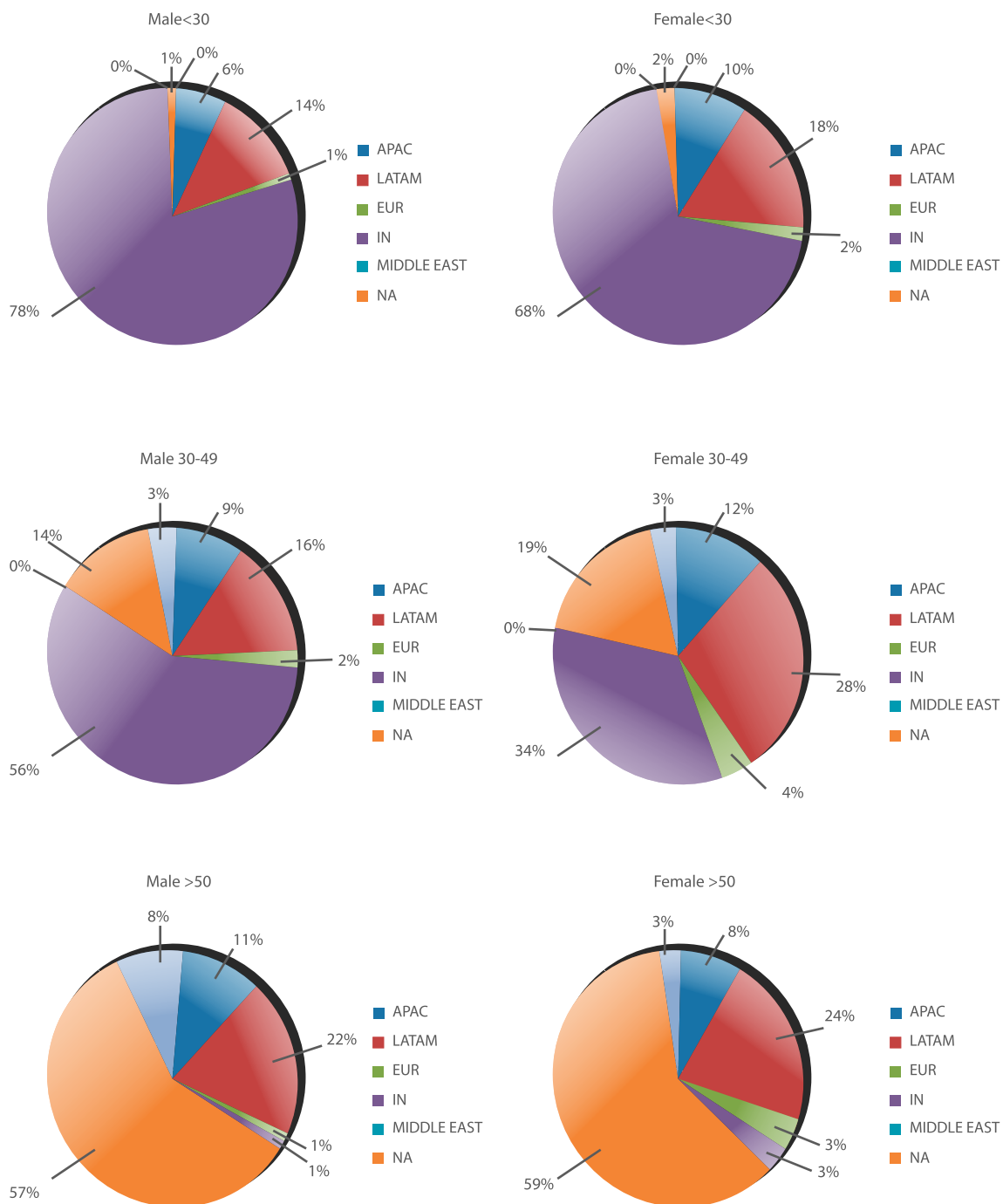
**Figure 19 Breakup of departures by age**



**Figure 20 Breakup of departures by gender**



**Figure 21 Breakup of departures by region**



**Figure 22 Total new employee turnover by age group, gender and region**

## Learning & Development

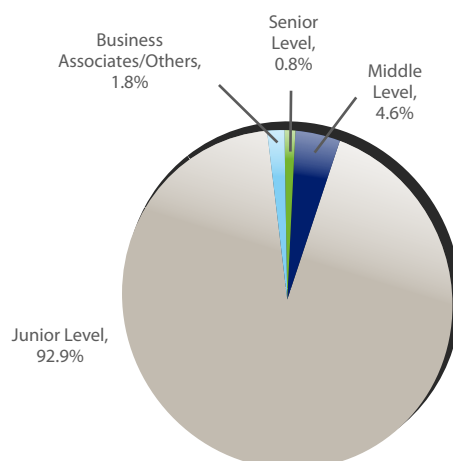
Continual skill updation is a key motivator for knowledge-workers, giving them the intellectual satisfaction of being on top of their game. To enable systematic tracking of the training roadmap of a large workforce, TCS has an integrated competency management system in which the various systems for learning, competency management, skill assessment and individual development are integrated and which provides employees with an end-to-end view of their learning and competency development needs, as well as their progress against the plan.

At the start of the year, every employee in consultation with her/his supervisor, works out a learning and development plan for the year, based on their interests and aspirations as well as the needs of the specific project / Business Unit. Thereafter, the employee goes through various training sessions and workshops as outlined in the plan. These could be through e-learning sessions on our in-house Learning Management System, external certifications, classroom sessions conducted by various technical centers of excellence within TCS or Management Development Programs (MDPs). Each associate is assessed biannually on the progress made against this plan.

**Average per capita training hours in FY 2012**

Category	Male	Female
Senior management	33.0	29.9
Middle	37.1	33.1
Junior management	86.4	97.0
Business Associates/Others	17.3	15.1

In FY 2012, overall 2,492,907 learning days were invested towards competency development including training in thrust technology areas. The breakup of this is as below:



**Figure 23 Breakup of learning days by employee category**

Of this, some 152,472 learning days went into developing management skills and leadership qualities amongst employees identified for managerial and leadership roles.

Training programs at the entry level as well as the continuous learning programs that cover technology, domain and project management practices have been enhanced during the year to ensure that TCS develops the right competencies in its workforce that can deliver and meet customers' business needs. This process, in turn, helps individuals drive growth in their careers and realize their potential in different ways.

TCS places significant emphasis on training and grooming employees at all levels with a long term perspective that develops the right competencies which help individuals drive growth in their careers and realize their potential in different ways to support their continued employment and post retirement phase. In addition, HR also organises multiple programs on financial management, health and other areas that assist them in managing career endings.

### Career Development

Every individual aspires for career progression, so catering to these aspirations, motivating employees to realize their potential and providing them with a predictable roadmap and necessary tools for personal growth is key to retaining employees.

Personal Development Planning for all employees, male and female, forms a central part of our annual appraisal and goal-setting process, and is linked to the competency development and learning plans described in the earlier section. Apart from technical competency development, there is also tremendous focus on soft skills development including team building, innovative and creative thinking, cross cultural adaptation etc.

TCS keeps employees engaged and motivated by providing opportunities for continuously upgrading competencies by rotation across roles, technologies, customer and industries and geographies. With an explicit linkage to competency and performance, career progression becomes a highly transparent experience and serves as a powerful motivator.

### Competitive Compensation Model

TCS has to attract and retain talent in a highly competitive labor market. The workforce consists of mainly software engineers who hold engineering graduate and post-graduate degrees and even entry-level wages of engineers in any country tend to be several times higher than the minimum wage in that country. Our employee costs over the last three years is given below:

	FY 2010	FY 2011	FY2012
Employee Costs in USD Mn	3193.8	4127.6	5147.2

To ensure competitiveness in the pursuit of talent, TCS regularly benchmarks its compensation plans and benefits<sup>11</sup> with those offered by peers to ensure that competitiveness. There is also a skill-based allowance for employees possessing niche skills, designed to motivate employees to acquire marketable skills thereby benefiting themselves as well as the company.

Compensation structures are driven by prevailing practices in the different countries we operate in. But across the enterprise, remuneration is the same for men and women working at the same location and in the same grade<sup>12</sup>. In India, in addition to a fixed component of the salary, there is a variable component linked to the Economic Value Added (EVA). Payout of that component depends on organizational performance as well as individual performance. This alignment of the Company's interests and the individual's interests has the effect of strengthening team spirit and improving collaboration amongst teams.

<sup>11</sup> TCS offers gratuity, a defined benefit retirement plan for eligible employees in India and in certain overseas locations. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Total benefit obligation at the end of FY2012 stood at \$195.9 Mn. More details are provided on Pages 209-213 of the IFRS Annual Report.

<sup>12</sup> Remuneration for men and women at the same location and grade is in the ratio 1:1

## Reward and Recognition

TCS has several schemes for recognizing and rewarding employees. In addition to a formal online reward and recognition system called GEMS, there are various rewards like Star of the Month, On the Spot Award, Faculty awards, Young innovator award, long service award and appreciation certificates that recognize and reward good performance.

Other forms of rewarding outstanding performance include fast-track promotions, sponsorship of external training and certification programs, assignment to key positions, membership to professional bodies, sponsorship to international conferences, public announcements of individual/team achievements on the intranet, internal magazines, town hall meetings and so on.

## Challenging Assignments

The importance of work content and an individual's quest for self actualization can never be overstated. By virtue of its broad footprint across geographies, across industries and appetite for executing large complex projects, TCS offers plenty of opportunities for ambitious individuals who seek challenging assignments and exposure to different kinds of roles, technologies and geographies. This has been an important aspect of TCS' best-in-class ability to retain high performers.

## Employee engagement and motivation

Employee retention and motivation are greatly facilitated through closer engagement with employees and by fostering a spirit of community, through shared activities outside of work. TCS sponsors picnics and social gatherings at every location so employees and their families get together under informal settings. Another forum for employees and their families to participate in and develop sense of camaraderie is Maitree, which harnesses their energy and enthusiasm to undertake activities for the betterment of the local communities and the environment.

Wellness is the other side of the same coin. TCS actively supports athletic and sporting activities at the national, regional and local level and encourages employees to participate. On TCS campuses, the focus on wellness translates into a myriad of activities, from yoga to aerobics; from tennis and badminton coaching to cricket and football tournaments. Our sponsorship of the Mumbai Marathon and other long-distance events across the world has sparked widespread interest in fitness and running.

## Occupational Health & Safety

TCS is committed to providing a healthy and safe work environment to all associates and partners on TCS premises. Occupational Health and Safety Management System as per OHSAS 18001:2007 has been deployed and enterprise wide certification from external certification agency has been received for 67 facilities (including 7 overseas facilities). We will continue to include more locations under the certification in a phased manner.

To ensure deployment, monitoring and continual improvement in the safety standards, TCS has instituted HSE committees across all its offices. Fire and other emergency preparedness drills are conducted as per defined frequency. TCS facilities located in various geographies track and comply with all local legal and statutory requirements related to occupational health and safety.

The occupational risks related to associate activity in the facility are low and mainly consist of workplace environment issue like slips, trips and falls, vision-related issues associated with display screen equipment (computer monitors), ergonomic issues related to long sedentary hours and work station design, illumination, thermal comfort, indoor air quality, food and water hygiene-related issues, etc.



TCS has addressed all the above issues in the design stage itself through appropriate infrastructural facilities. In addition, there is periodic monitoring, periodic upgrades, training, awareness campaigns and mock drills.

Employee workstations and chairs are ergonomically designed, sufficiently spacious and well-lit, as per BEE (Bureau of Energy Efficiency, India) standards. Other features include: thermal comfort monitoring, slip-resistant flooring, training on correct ergonomic postures, low radiation display screens, indoor air quality monitoring and fire drills. Apart from these, trainings on preparedness in natural and other emergencies are also imparted. Other proactive initiatives include camps for periodic medical checks, visiting doctors, first aid facilities, employee assistance program and counselors for stress management.

The risks related to contractor activities in the facility are addressed through engineering and administrative controls, use of PPEs, etc.

Guidelines and manuals are in place to ensure road safety, incident, injury & illness reporting, food hygiene and canteen safety, etc. In FY 2012, over 220,000 man-hours of classroom sessions, floor-walks, induction trainings and web based training on Health, Safety and Environment.

We continue to use the online incident and near-miss reporting system to sustain an improved level of reporting of incidents including appropriate incident investigation and closure through corrective and preventive actions.

## Occupational Health & Safety Campaigns

In order to inculcate a safety culture in our organization and emphasize that “Safety is everyone’s responsibility”, we observed Fire Safety Week (April 2011), Nutrition Week (September, 2011), Road Safety Week (January 2012), Ergonomics Awareness Campaign (through the year) and Safety Week (March 2012) across the year. Activities included onsite and online diet consultation for TCS employees, educative information mailers and tips, floor-walks to engage with associates on ergonomic awareness, display of office fire safety equipment to create awareness amongst associates.

### Road Safety Week (January, 2012)



Associates commute to the workplace in company-provided or private transport like two wheelers and four wheelers. The safety of our associates on the road is a key area of focus for us to create awareness on road safety. Acknowledging Road Safety as key area of concern for TCS, Road Safety Week was observed across various TCS offices in January 2012 with the objective to make the associates sensitive to the risks on the roads and be completely conscious and aware while on the road. The awareness campaign covered a diverse spectrum of topics from two wheeler safety, four wheeler safety, pedestrian safety to vehicle management, road ethics, hazards of drunk driving, etc. The various activities held across TCS locations included –

- Road Safety Pledge campaign
- Road safety awareness movie screening
- Classroom and practical two wheeler road safety demo in association with expert agencies
- Special training programs for TCS and contractor cab/bus drivers
- Vehicle health check-up
- Distribution of road safety booklets
- Medical fitness test for TCS cab drivers
- Quizzes and competitions



1. Classroom training for cab/bus drivers
2. Vehicle health check-up camp
3. Display of posters made by associates on Road Safety

The campaign to commit to be a safe road user saw over 18,000 associates signing the pledge across various TCS offices.



Road Safety pledge signed by TCS associates

TCS Mumbai went one step further by going out of the office and taking proactive action to promote road safety messages among road users by performing a road show on road safety at a public bus depot in Mumbai near one of TCS offices. This road show was organized in association with the Mumbai City Traffic Police.



Moments from the road show organized by TCS Mumbai associates

## Injury Data

Typical to any service sector company operating out of office-based premises, most common injuries occur due to slips, trips and falls or being struck by stationary objects, etc. Through deployment of the online incident reporting tool, the focus is on capturing the all the incident data including near-misses and ensuring 100% closure of the reported incidents with proper corrective and preventive actions.

The online safety incident management system continues to facilitate tracking and effective management of all incidents. This could be partly responsible for the decrease in the number of lost time injuries in the current year on account of ensuring effective preventive actions along with timely closure.

### Lost Time Injury Frequency Rate

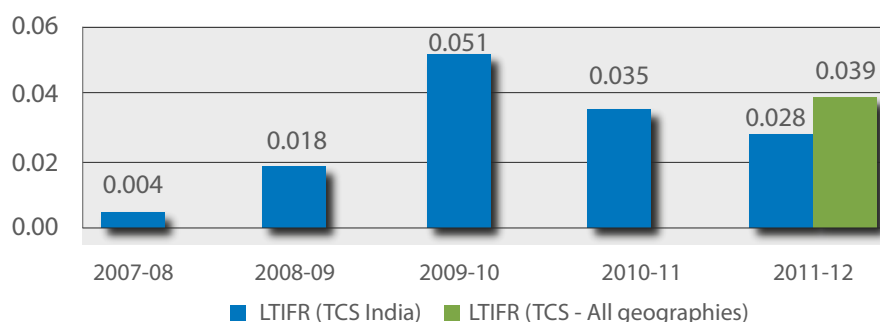


Figure 24 Lost Time Injury Frequency Rate

Figure 17 gives the Lost Time Injury Frequency Rate (LTIFR) - number of lost time injuries per million man-hours worked for TCS associates including the contract staff working in TCS offices. The increase in FY 2012 is due to inclusion of the incident reporting from overseas geographies.

TCS is also proactively monitoring the safety at the seven new facilities that are coming up at various locations across India. Deployment of safety processes and systems is mandated with effective tracking of lead as well as lag safety indicators. High level of focus is maintained on legal compliances, audits & inspections and safety orientation & training for the site staff. During financial year 2012 there were no lost time injuries at any of these sites with an encouraging trend of lead safety performance indicators like safety trainings, safety observations, inspections, etc. TCS has appointed independent safety managers at all these locations in addition to the safety personnel from the project management consultants (PMC), main contractors and other contractors. This is to ensure a comprehensive oversight of safety deployment and performance.

### Supply Chain HSE Engagement

As part of its corporate responsibility (business sustainability) TCS has embarked on a journey of extending its health, safety and environmental responsibility to its supply chain with an expectation that its vendors and contractors conduct their business in socially and environmentally responsible manner. TCS values the contributions from its existing and potential supply chain partners in its current and future business growth. The supply chain sustainability program is directed towards engagement and capacity building where required for our supply chain partners to attain our expected level of HSE performance.

A three-year road map has been drawn up to build the supply chain HSE capability and eventually use HSE performance as one of the selection criteria to ensure sustainability of TCS vendor-related operations and reducing business risks due to non-performance of vendors on the HSE front. Key critical vendors were identified as a first step and engagements and evaluations have been initiated for these critical vendors.

Over the first year of the supply chain HSE initiative the number of key vendors complying with mandatory requirements has increased significantly due to the increased awareness and introduction of structured management systems in their operations. TCS has communicated its HSE expectations to all of its vendors and is currently actively engaged with the vendors to help them build their HSE performance to align with TCS. Vendor HSE audits have been conducted for high risk vendors and the expected improvements have been communicated to them. It is expected that in the second year (2012-13) the percentage of the vendor aligned with the TCS's expectations will increase further.

## COMMUNITY ENGAGEMENT

Being part of the Tata group, TCS has a unique relationship with society at large, the ownership structure ensuring that shareholder interests are fully aligned with society's. In this section, we examine this relationship further, look at the direct and indirect impact that TCS' operations have on the local communities and TCS' global CSR initiatives – through volunteering, funding and pro bono leveraging of our IT capabilities – in the areas of Education, Health and Environment.

### Shareholder Interests aligned with Society's

While the traditional corporate mandate of maximizing shareholder returns has been gradually replaced with a more enlightened, more inclusive and therefore more sustainable concept of stakeholder value, there is always the question of whose interests gets primacy when the interests of individual stakeholder groups are not fully aligned.

The unique ownership structure of TCS ensures that the interests of shareholders and those of local communities as well as that of the larger society are fully aligned, allowing the organization to perform greater social good by just focusing on running the business well.

Tata Sons Ltd, the holding company of the Tata group, owns close to 75% of TCS. Around two-thirds of the equity of Tata Sons Ltd is held by various philanthropic trusts – the largest being the Sir Dorabji Tata Trust

and Sir Ratan Tata Trust – which have created and nurtured leading national institutions for science and technology, medical research, social studies and the performing arts.

These trusts also provide aid and assistance to various non-government organizations working in the areas of education, healthcare and livelihoods. More details of the work funded by these trusts can be found on their websites ([www.dorabjitatatrust.com](http://www.dorabjitatatrust.com) and [www.srtt.com](http://www.srtt.com)).

Thus, nearly 49% of the dividend paid out by TCS every year goes towards funding the philanthropic work carried out by these trusts. It is a source of tremendous pride and motivation to our associates that their efforts and contribution to the company's success results in tangible benefit to society on a scale much larger than what any standalone CSR program could hope to achieve.

## Direct and Indirect Economic Impact

The most significant, direct economic impact we have is the productivity benefits that our clients gain from the automation of their various business processes using the IT applications we build for them and also from plain vanilla IT outsourcing. According to one recent study of labor productivity in the credit union industry spanning 1992-2005, the first wave of productivity improvement (at a time where the IT function was largely managed in-house) mainly came from computerization of hitherto manual processes and thereafter, the largest benefits came from outsourcing. The authors found that credit unions which outsource IT incurred 30% lower costs than if they performed the function in-house. Greater cost-efficiency and productivity at a firm-level translates into higher productivity at the level of the larger economy and thus, we can claim a role in a transformational phase of the global economy, marked by significant productivity gains from the deployment of IT.

The productivity benefits from our IT-related work directly translate into community benefits when we engage with various governments to digitize their operations, that too in the area of citizenry services. The level of transparency, access and empowerment that these initiatives can create in communities can never be overstated. We do not believe that any part of our operations has a potential or actual negative impact on the communities we work in.

Secondly, our profitable global operations result in payment of the applicable corporate taxes in multiple countries, helping fund the governments there and thereby improving the quality of civic services in those jurisdictions. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled and provided for.

In FY 2012, TCS provided for a total tax expense of \$656.9 Mn, distributed across over 50 countries. Based on NASSCOM's figures for the entire sector, it is estimated that TCS contributed 0.75% to India's GDP and our share of India's exports in FY 2012 is over 3%.

## Direct and Indirect Employment

TCS' strategy of a distributed delivery capability, tapping into the local talent in each of our delivery locations has resulted in a largely balanced, positive economic impact in each of those locations through employment generation – direct and indirect. Direct employment results in the creation of a few tens of thousands of high-paying, white-collar jobs, broadening the tax collections at the local, state and central levels.

And then there is indirect employment. Each of our delivery centers, housing a few thousand employees are massive and their construction employs architects, engineers and hundreds of construction workers. Once the facility is commissioned, the center opens up tremendous local employment opportunities for workers with all kinds of skills as our vendor-partners begin to hire housekeeping staff, security guards, drivers, gardeners, maintenance workers, chefs, cafeteria staff etc.

The creation of all these jobs, direct and indirect, at one location, creates a massive demand for local housing there, sparking a secondary real-estate boom in residential properties with multiple projects coming up, employing hundreds of skilled and unskilled construction workers.

Moreover, the beneficiaries of these net new jobs are often young (median age of the workforce: 28 years) and therefore tend to display high consumption patterns, benefiting local businesses



and by extension, the local economies. The spending behavior and consumption patterns of our employees open up tremendous business and entrepreneurial opportunities. Banks set up branches or ATMs to service this highly attractive demographic. Small businesses come up in the vicinity to supply all varieties of services and products – restaurants, grocers, departmental stores, gyms, pharmacies etc. These in turn generate even more local employment and opening up new tax revenues for the government.

All in all, it is conservatively estimated that we generate 4 indirect jobs for every 1 direct job<sup>13</sup>. Taking these indirect jobs into account, TCS' consolidated, global employment generation footprint is estimated at over 800,000.

### Infrastructure Development

The coming up of new communities around our delivery centers is also accompanied by development of the local infrastructure. Local municipalities and utilities respond to the needs of the growing community by improving existing roads and building new ones to improve connectivity, extending the grid to supply electricity and laying pipelines for water and sewerage. Public and private transport providers begin catering to the commuting needs of local residents. Telecom companies set up towers nearby for mobile connectivity and cables for voice and data services. The blooming of physical infrastructure is accompanied by development of educational and healthcare infrastructure, resulting in a vibrant, standalone township.

### Broadbased Regional Development

Historically, Indian IT industry came up mainly in the four metros (New Delhi, Mumbai, Chennai and Kolkata), Bangalore and Hyderabad, taking advantage of the availability of engineering talent and supporting infrastructure.

Recognizing the multiplier effect that the IT-BPO industry has on the local economy, various state governments are encouraging IT companies to establish centers in smaller cities in order to broadbase the resultant economic development beyond just the Tier I cities – a geographical trickledown of sorts.

Consequently, the IT industry has started establishing centers in Tier II and Tier III cities, taking advantage of lower costs and the highly motivated local workforce. TCS has been leading this foray into the hinterland, with headcount in Tier II/III cities\* steadily growing as a percentage of our total India headcount over the last 3 years.

Year	FY 10	FY 11	FY12
Tier II/III Headcount	8.4%	9.7%	10.3%

\* Ahmedabad, Lucknow, Pune, Kochi, Bhubaneswar etc

### Intangible benefits

TCSers comprise a set of highly educated, highly visible young professionals, almost a third of them women, working out of campuses on the outskirts of the cities and increasingly in the smaller cities. This has other intangible influences on the more traditional communities in which our campuses might be located.

The evidence of social progress and individual prosperity resulting from college education influences parents in these communities to invest in their children's further education. Traditional biases against the girl-child weaken and girls in the community find inspiration to overcome traditional barriers and seek higher education and pursue careers. These changes in behaviors and outlooks have a positive impact on the overall developmental metrics of nearby communities.

### Serving as an Ethical Exemplar

Another impact of TCS' operations in the community is the superior moral environment we help foster through our values-driven behavior. TCS regards integrity as a core value that underpins all business

13 Source: NASSCOM Strategic Review 2012



activities. Our reputation of trust has been earned through several decades of such consistent, value-driven conduct.

We have adopted the Tata Code of Conduct (TCoC) which every employee of TCS signs up on joining the company and which serves as an ethical roadmap in our daily activities. Training on Tata Code of Conduct (TCoC) is a mandatory part of the induction of all associates. Awareness is heightened by organizing road-shows, compliance workshops and an annual Ethics Week featuring quizzes, awareness sessions, essay-writing contests etc. There is also a Whistleblower Policy through which instances of malfeasance can be reported directly to the Board without fear of reprisal.

The outcome of this corporate-wide emphasis on ethical behavior, integrity and individual accountability is a very high level of employee awareness of the Company's values<sup>14</sup>. In the 2011 employee satisfaction (PULSE) survey, 93.3% percent of associates expressed satisfaction with the level of awareness of the Tata Code of Conduct and with TCS' adherence to it in spirit and letter.

The fact that the Company has been able to build a strong, highly successful, global business without compromises on the ethical front makes TCS a moral exemplar worthy of emulation, spreading our culture outside the organization's boundaries. In all our contracts we explicitly mention the TCoC clause to our Customers, Partners and Suppliers. We also participate in international and group forums as part of the learning and sharing mechanisms.

To comply with the new laws enacted on Anti Bribery, notably the UK Bribery Act 2011, our policies, training, have been reviewed and updated. A new policy on Anti Bribery and Corruption has been released and a training module on Anti Bribery has been created. To further strengthen our approach on this head, we have retained a reputed consulting firm to independently assess our practices and the risks and recommend approaches which we will implement in due course.

Since our primary business is Information Technology (IT), we have created special training on IT Ethics in co-operation with Prof Don Gotterbarn, Professor Emeritus from Tennessee State University, a world-renowned professional expert on Computing Ethics who has been recognized by three different professional organizations for his contribution to promotion of computing ethics. In FY 2012, several sessions were held in multiple locations based on Prof Gotterbarn's training.

#### Apolitical Stance

While TCS works closely with consultative bodies and working committees of various industry associations in advising governments on policy formulation or advocating changes to policy, the Company does not spend on lobbying and maintains an entirely apolitical stance in line with the Tata Code of Conduct. We do not support any specific political party or candidate for political office. Nor do we offer or give any company funds or property as donations to any political party, candidate or campaign.

#### Commitment to Human Rights

A strong commitment to human rights is an integral part of the Tata Code of Conduct. TCS follows a rigorous screening process before entering into a business relationship with its vendors. All the contracts that we enter into, representing 100% of our operations, in every part of the world, require the counter-party to comply with the relevant laws safeguarding labor rights and human rights in the respective jurisdiction. All employees, including security personnel, are sensitized to human rights as part of their orientation program. The nature of our business precludes operations which are especially at risk of human rights violations. The conventional checks and balances in our HR system, and grievance redressal systems have been deemed sufficient for our purposes and so we do not carry out formal human rights reviews or impact assessments. No incident of discrimination or non-compliance with relevant labor laws by any of our business partners was brought to our notice in FY 2012. No grievance related to human rights violation was filed in FY 2012.

<sup>14</sup> The Company analyzes all business units for risks related to corruption. No instance of involvement of TCS employees in the giving or taking of bribes was brought to the Company's attention in FY 2012.

## Corporate Social Responsibility: Nurturing People and Planet

TCS has created process documents which use specific indicators to identify significant communities in the geography within which they operate. The Strategic Planning document and the Community Locator identifies generic steps leading to a customized and strategic CSR plan for developing and deploying an initiative in a particular geography. We do not believe we have any significant negative impact on any community where our operations are based, so our community initiatives are largely promotive or preventive in nature, rather than curative.

The core areas of focus for TCS' CSR initiatives are: education, health, affirmative action and environment. The choice of education as a theme flows from TCS being in the knowledge domain while attention to the cause of health acknowledges that health is a vital precondition for promoting well being of people. Affirmative action is a natural extension of TCS' core belief of helping individuals overcome historical constraints of class and marginalization and realize their potential. In addition, TCS focuses its efforts on preserving and protecting the environment in support of this as a global cause.

TCS has chosen the following channels to drive its CSR initiatives:

Developing innovative solutions to address large-scale societal problems through the utilization of its IT core competence

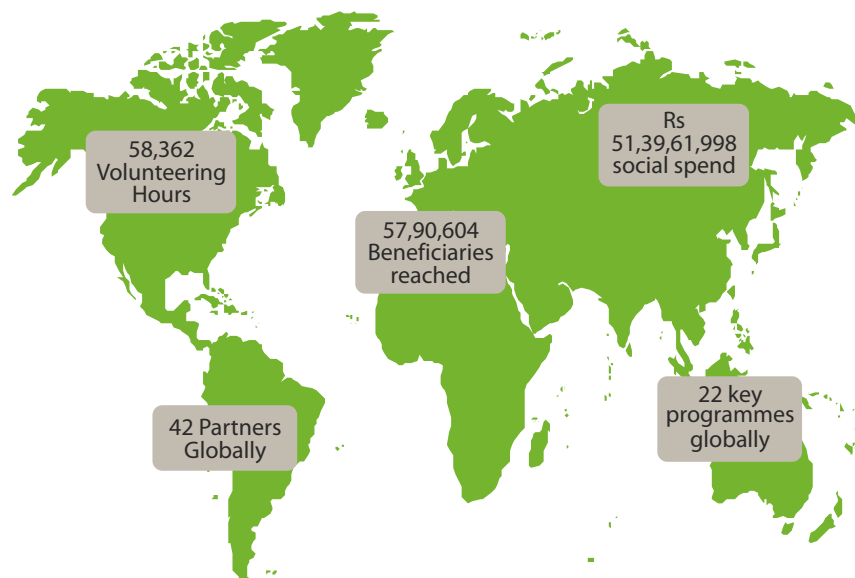
Volunteering on projects which address the felt need of communities in which TCS operates, while aligning with the core themes of TCS CSR

Participating in community development programmes championed by its clients

Partnering with select Non-Government and Civil Society Organisations and government bodies

Support of large scale relevant causes such as disaster relief

The guiding principle of "Impact through Empowerment" was applied in programmes across all geographies. Through our flagship programmes, we sought to deepen our connect with communities globally. This year TCS associates volunteered 58,362 hours on CSR initiatives and through these initiatives reached out to 57,90,604 beneficiaries.





**Figure 25: A CBFL class in progress in rural Andhra Pradesh**

population in Andhra Pradesh to learn Urdu. This development allows interoperability between languages to accelerate the literacy rate for Urdu. The uniqueness of this software is that it allows teaching of one language through the medium of another.

TCS is committed to developing a unique connect between languages through the replication of this approach for all other Indian languages.

Continued collaboration with the Directorate of Adult Education (Ministry of HRD, Govt. of India) has helped to increase the reach of the programme within the country. In this financial year, the Literacy Camps were convened in November 2011 and imparted literacy through TCS' Computer Based Functional Literacy method to 11,141 people.

September 8, 2011: TCS' Adult Literacy Program showcased in New Delhi on the International Literacy Day by the Government of India's National Literacy Mission Authority (NLMA)

The Adult Literacy Programme impacts the Millennium Development Goals specifically MDG 1, MDG 2, MDG 3 and MDG 8.

TCS offers our UK clients the ALP to help make literate those at the end of their supply chain. This software is offered free of cost and all users are requested to provide feedback on the number reached through this offering.

	Location	Target audience	Reach in FY 11-12
Government related ALP	State Resource Centres across India	Adult men & women	500 camps in 8 languages, benefiting ~9000 participants
NGO related ALP	SanatKada- Lucknow	Women from weaver class	14 batches; 219 participants
Jail related ALP	Central Jail (Tihar) – New Delhi; Lucknow	Men & women in 10 Jails in New Delhi	10 jails
ALP for internal staff - Empower	Lucknow; Hyderabad	TCS support staff	14 participants



**Figure 26 Support staff undergoing ALP at Hyderabad**

## Empowering People

At Tata Consultancy Services, we are strongly committed to reaching out to communities within every region of our operation. In FY 2011-2012, TCS strengthened its support to communities through the launch of new initiatives and through the continued support to existing programmes.

Our flagship Adult Literacy Programme is now also available for reading, writing and numeracy in four additional Indian languages: Bengali, Odiya, Marathi and Tamil. An interesting development with respect to this programme was the creation of language software to help the Telugu-speaking



**Figure 27: Graduates and Officials in West Africa**

On 9th April, 2011, the first CBFL class was conducted in Burkina Faso, West Africa. After the completion of the training, a grand ceremony was convened during which certificates were awarded to the learners. The ceremony also broadcast by the National Television on June 25th 2011 was attended by prominent entities like Naba Kiba, King of Yatenga among others. Thereafter, Moore Language version 2.0 which incorporates writing modules has been released for Burkina Faso. Stern Stuart Institute in association with partner organizations in Burkina Faso is now scaling up the programme to train approximately 500 people

Education is one of the important areas through which TCS engages with the community. Through its University Alliance Programme, TCS connects with a number of academic institutions in India and in other countries to fund research in basic and applied sciences. TCS Associates are often encouraged to take sabbaticals and work in university departments across the world while researchers from universities are invited to work as interns on projects in TCS' Innovation Labs. This program is now in its fourth cycle, with over 80 PhD scholars enrolled from more than 26 institutions across the country, including top institutions such as IIT Bombay and IISc Bangalore. TCS also supports research and development in colleges and universities in the US through major charitable contributions. Universities supported by this programme include Massachusetts Institute of Technology, University of California Berkeley, Stanford University and University of Wisconsin, Milwaukee.

In UK, TCS has been a significant donor to the Queen Elizabeth Prize for Engineering, a £1M international engineering prize to recognise an individual with an innovative engineering solution. The prize also motivates students to pursue engineering as a career.

TCS also participates in parliamentary discussions on university policy in the UK which include the department of Business Innovation and skills, Foreign and Commonwealth Office and the Department of Science and Technology

TCS is a signatory to the UK Cabinet Office's Education, Social Mobility Compact.

In 2011, TCS became a key partner in the UK India Education Research Initiative's (UKIERI) Study India Programme (SIP) through its support with work placements and funding. SIP is a three-week summer programme that gives undergraduate students in UK the opportunity to visit India on a one-week engagement with TCS among other Tata companies. TCS coordinated 30 such engagements with various Tata group companies in India, including Tata Steel, Tata Motors and Tata Chemicals.

In the last three years 525 students have benefitted from SiP. For 2012, on their return to the UK, the students will be asked to share their knowledge and expertise with secondary school pupils by giving talks and presentations as well as using social media.

In the North America, TCS' CSR activities focus on skill building and STEM (Science, Technology Engineering and Math) awareness among school children in local communities. TCS's goIT program provides students with in-school IT career workshops, technology awareness workshops, and a three-day hands-on technical summer camp aimed at getting these students interested in IT careers. Students work with the latest programming languages, get exposure to the global IT environment, and work with programmable robots in a relaxed and informative environment.

In FY 2012, 1250 students participated in our goIT In-School Workshops and 70 students participated in the goIT Summer Camp.



- 4 Schools assisted through Curriculum reviews
- 1500+ Students reached by in-school workshops and Summer Camp
- 185+ Parents reached through awareness creation
- 75% of parents request second year participation of their children in goIT
- 4 College Business Advisory Boards
- 3 Government Agencies in active dialogue



**Figure 28: Mr. N. Chandrasekaran with the winning team**

In India, technology awareness among school children is created through an IT quizzing platform: TCS IT Wiz, an annual event organised and executed by TCS associates. Now in its 11th edition, TCS IT Wiz has become the benchmark in school quizzing. The event reaches out to over 200,000 school students from 5000 schools in 12 cities across India.

The First International edition of the was held in Dubai in April 2011.

Another program directed towards building IT awareness among school children is Insight. An IT Camp for students of class 11, this programmes aims at providing an overview of the IT industry so as to encourage students to explore IT as a career. In FY 2011-2012, Insight reached 1352 students in 15 schools across India. This programme was also deployed in Australia in association with the Smith Family Foundation.

In Singapore, the TCS-SINDA Computer Lab I initiative is aimed at enhancing IT education of high-school students from the marginalized sections. In support of this initiative, TCS donated has computer hardware and other peripherals, conceptualized the IT education syllabus and developed learning materials.



**Figure 29: Associates conducting training as part of the TCS-SINDA Computer Lab**



**Figure 30 Participants in TCS' Employability Program**

#### Skill Development and Enhancing Employability

TCS conducts several programmes to improve employability through skills enhancement. The TCS Employability Programme aims at providing rural graduates from marginalized sections of the Indian society, training in English Speaking, soft skills and computer skills. Students who participate in the training and pass TCS' standard of proficiency are then offered positions within the company.

In FY 2011- 2012, TCS trained 7828 candidates of which 717 were inducted into TCS.



In an effort to improve employability for visually impaired individuals, TCS set up the Advanced Computer Training Centre at Mumbai in 2008. At this center TCS runs IT-enabled vocational courses that are in sync with the industry requirements. The program aims at imparting industry-relevant computer skills to individuals with visual impairment and creating suitable employment opportunities for these individuals.

**Advanced Computer Training Centre.**  
In less than 4 years, 99 trained, 66 employed (14 with TCS)



**Enabling society through IT**

TCS uses technology as a key enabler to assist and resolve business challenges faced by Organizations through pro bono end to end consultancy and architecting comprehensive IT solutions. TCS empowers these organizations by providing tools which enable them to be more efficient and accountable.

Through these IT solutions, TCS addresses a variety of health related issues and social causes.

Organization	System Developed	Benefits	Beneficiaries
Cancer Institute (CI) at Chennai, India 	Med Mantra A web-based integrated Hospital Management System	Several benefits across Clinical and Operational areas	36,000 patients (since December 2010)
Smile Train 	A comprehensive MIS to enhance patient care	Leverages mobile technology for Speech Therapy  Reduces need for patient's presence at hospital  Patient centric, enhances speech via intuitive sing along game  Captures data, diagnosis, correction, rehabilitation	600,000 surgeries to date
Impact India-Community Health Initiative (CHI) 	MIS to improve traceability and accountability	Quantification of beneficiaries in each Area,Block,PHC. Effective reporting for both the management and donors.	Addressing 2 million lives in Thane
Mumbai Mobile Crèches 	Inventory Solution Donor Management system	Assistance in capturing monthly quarter spend per centre  Provision for tracking repeat donations	650,000 children across Delhi, Mumbai and Pune.



Organization	System Developed	Benefits	Beneficiaries
Childline 	ChildLine/ChildNet application (software covers 200 cities/districts in India)  Donor Management System	Captures call details of children in distress  Provided trend analysis  Effective management and collaboration with Donors	Reaching 2,264,838 children
WebHealth Centre 	Healthcare portal offering online medical consultation and comprehensive healthcare information	Online medical and health services  Virtual home for patients and doctors to store information & record databases  Health calculators, drug information, disease details	More than 50000 registered users  Completed 35000 online consultations  26,000 tele-consultations

## Health and Wellness



Cancer awareness and diabetes prevention are two health-related causes that TCS has supported for several years. TCS runs the 'Today is a Good Day' health campaign which has supported the Tata Group's 47,000 employees in the United Kingdom for five years. This programme has four components:

- Promoting Healthy Lifestyle
- Providing information that could lead to timely diagnosis
- Employee fund-raising for research at the Institute for Cancer Research
- Lifesaving through bone marrow registration\

TCS UK is part of an early stage initiative to help improve health outcomes at the workplace. It includes the National Directors for Cancer and Health & Work at the Department of Health.

In Australia, the City2Surf initiative was convened in support of the cause of Cancer. TCS Associates in Sydney and Perth raised funds through the 14km run for the Children's leukaemia & cancer fund.

In North America, TCS has had a strong association with the American Diabetes Association, the American Heart Association, City of Hope, the American Cancer Society and the Juvenile Diabetes Research Foundation. We continue to support these organizations through various initiatives such as fundraising, walkathons, marathons etc. TCS has associated with the Canadian Breast Cancer Research and has participated in a 5km annual run for two consecutive years. The National Junior Disability Championship in Michigan was supported through a silver sponsorship as well as employee volunteering and support.

In the Middle East and Africa, TCS supported the cause of Diabetes by participating in the 'Beat Diabetes' Walkathon.



In Singapore, TCS associates have actively volunteered with the NUSS Transport Connect as drivers and caregivers for chronically ill patients from financially disadvantaged sections of the society.

In China since 2009, TCS through its volunteer support has reached out to Operation Smile. TCS associates volunteer to visit hospitals in rural areas to provide assistance to patients suffering from cleft lip and cleft palates. In addition, translation services, collected patient information, assisted in anamnesis classification and provided help in operation, recovery rooms and wards are also offered

### **TCS' support to Marathons**

TCS was a proud sponsor of the 2012 ING NYC Marathon in November 2011. In addition, TCS continues to sponsor the TCS Amsterdam Marathon, the Boston Marathon and the Bank of America Chicago Marathon, building on our existing support of the Mumbai Marathon.

TCS was the associate sponsor of the Mumbai Marathon for the 5th year in a row. 1250 TCSers ran the event and leading from the front was Mr. N. Chandrasekaran. After completing his half marathon, Mr. Chandra announced the commencement of the Fit4Life campaign. The campaign involves employee commitment to their fitness by pledging a certain number of kilometers. TCS has also encouraged employee to contribute to social causes through these pledges and has pledged to pay INR 10 for every kilometer run by a TCS Associate.

In sponsoring these events, TCS engages with runners, friends and family, and the broader community to share our commitment to health and fitness, and in support of a variety of health concerns such as cancer, diabetes and heart related illnesses.

### **Community Development through Volunteering**



**Figure 31: The Women Empowerment Programme in Panvel, India**

TCS is working to deploy a sustainable model to improve education, healthcare and the environment within 5 villages across India. For example, in Panvel India, TCS associates through the Women Empowerment Programme teach 45 women screen-printing to enhance their livelihood options. 550 children in the village are benefitting through the provision of an infrastructure for clean drinking water at the Primary School.

More than 190 people benefitted from the activities conducted by TCS associates in Nainar, Tamil Nadu.

Associates also volunteered time to help 300 children in Challeria, New Delhi to improve their academic performance.

### **mKRISHI**

TCS developed a novel approach to helping rural farmers throughout India have better access to information through a cell phone application. mKRISHI, a mobile based agro-advisory service, provides personalised information and expert advice to rural farmers in their local language using sensor technology.

This year, mKRISHI reached 20,800 farmers in 8 states.

mKRISHI is a comprehensive technology solution for farmers using mobile phone technology and agricultural experts. mKRISHI



**Figure 32 mKRISHI deployed in 14 Indian States**

uses sensors in the ground, information from farmers and provides agricultural feedback to increase product yield. It also helps to reduce pesticide use which has a positive impact on the environment at the same time reducing farming costs. mKRISHI also has a social networking facility for collaborative learning and links to financial services.

TCS profiled mKRISHI at the launch of the Department for International Development 'Business Innovation Facility' in the UK, as an example of identifying needs in society and based on those needs, working out the commercial model.



**Figure 33 A Farmer using the mKRISHI technology**



Through mKRISHI, TCS is sharing its experience of large scale programme management with organisations such as the United Nations to help build collective knowledge and wisdom. TCS is also working with its UK clients to offer mKRISHI as a product to help increase the crop yield in their supply chain.

mKRISHI impacts Millennium Development Goals, specifically MDG 1, MDG 7 and MDG 8

**Figure 34: Increased product yield for farmers**

## Disaster Relief

In the aftermath of the March 2011 earthquake and pacific tsunami, TCS in North America, provided extensive support to the victims of this natural calamity. TCS Associates across North America contributed to the American Red Cross' relief fund, matched equally by TCS. The funds were used in the relief and assistance efforts, including provision of basic necessities, emergency healthcare, social welfare services. TCS partnered with the American Red Cross to set up a TCS micro site and channel voluntary contributions from employees.

In recognition for its efforts in Japan TCS received a commendation from The American Red Cross.

## Case Studies



The borough of Tower Hamlets in East London, has a demographic profile that is largely poor, with low educational attainment and high levels of unemployment. Young people within this demographic profile have few opportunities and lack exposure to the right kind of experiences. When TCS was approached by the Tower Hamlets Councillor and Stepney FC honorary president, Abdal Ullah, about the possibility of using its skills and resources to make a difference in the lives of young people in the borough, TCS found it a natural fit with its ethos and commitment to community. The effort began with the

sponsorship of Stepney FC, an East London football club, established in 1993 to engage with disadvantaged young people. The main aim of the club is to provide a positive alternative to passing time on the streets. As the education partner, it is TCS's goal to affect the young people involved in a positive manner. Councillor Abdal Ullah, the driving force behind the Safer Neighbourhood Tournament, a part of the East London football calendar, says, "The football team is a catalyst to attract students. Through the comradeship, we guide them towards the kind of opportunities that we had."

In 2007, a conversation between Councillor Ullah and Malcolm Lane, Director of Corporate Affairs at TCS, led to the idea of taking the under-18 footballers to India to train at the Tata Football Academy in Jamshedpur. TCS volunteers coached the students on presentation skills at the TCS office in Grosvenor Place, London, engendering a sense of responsibility and building confidence in them. 20 boys flew to Jamshedpur to train at the Tata Football Academy. The boys also witnessed that the young people at the Tata Football Academy had a far more disciplined and professional approach to their training and games than they had, despite lacking expensive equipment.

Since then the team has gone on to participate in many matches and tournaments, winning several trophies and championships. TCS itself has instituted the TCS Education Achievement Award. In addition, the Stepney Football Club has initiated under-16, under-14 and under-12 teams to spread the message of empowerment to a larger group of young people. Through this partnership, TCS has opened up a host of new opportunities for the young people at Stepney FC, taking the Tata ethos from the football field into the classroom and the workplace.

### **Passport to Employability**

From the established link with the Stepney Football Club, TCS built links with the local school that many of the boys attend. TCS now supports the Stepney Green Maths, Computing and Science College. Incidentally, Councillor Ullah is himself an alumnus of the school.

As part of the Passport to Employability programme, TCS employees volunteer to mentor and coach the students. TCS has taken a whole year group through their four years at senior school. Since 2008, 700 pupils have participated and 104 staff have volunteered 680 hours.. The number of volunteers has been steadily increasing over the years. Jane Hodgen (TCS) says, "We try and match volunteers with skills required because we have people who are used to training and others who just want to join in. Our endeavour is to have a reasonable mix of people who have volunteered earlier and those who never have. It's been very rewarding for our employees." Intending to link the programme to the students' BTech qualification, in 2008 TCS began a series of workshops spread over four days to help 180 students understand the IT, banking and financial industries, hone their business skills and give them an orientation to corporate life.

The interaction was taken forward for three days in the second and third years with the same group of students as they moved up through the school. James Mattingly, the deputy head of the school, has been enthusiastically driving the programme. "TCS's representatives helped the pupils to develop their confidence and team-building skills. As a result of the programme, 124 pupils, out of 138 who took BTech, have now passed their BTech Work Skills Level 2 which is equivalent to a B grade at GCSE."

**Mr Mattingly, Deputy Head of Stepney Green Maths, Stepney Green Computing and Science College comments "TCS expertise contributes at least 20% towards the final (BTEC) certification".**

Besides opening up the business world to students, TCS also sought to make them aware of ways through which the corporate world could positively affect the community. This was done by inviting students on



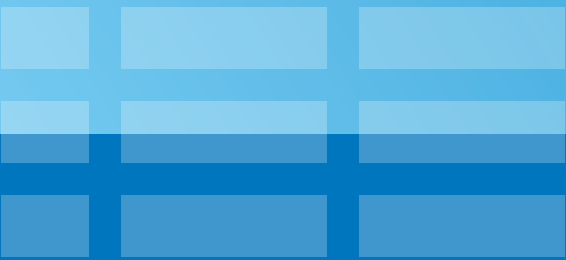
work placements. Students got a chance to shadow employees in different departments, thus learning about the workings of the entire organisation. They were also given assignments such as defining a vision and developing a strategy for TCS for 2020 and then making presentations to senior managers. The company's efforts have evoked the appreciation of participating students. The students who have participated in these sessions have not only excelled at school but also gone on to enrol themselves at universities and colleges. Encouraged by the efforts of TCS, the students have begun to aspire for greater things. Their

success stories could inspire the entire neighbourhood to dream bigger.

"I have been volunteering for three years with the Passport to Employability programme, and look forward to it every year. The experience is very rewarding. As a volunteer, you have the potential to really inspire them. You can see the twinkle in their eyes very often when you share a story or experience with them. In your mind, when you go back home and think of your day, you know that you have touched a lot of lives. And you hope that by the time you meet them again the next year, they would have matured to another level and may be really successful at whatever they are doing. The drop-out rate is minimal. The head teacher has really turned the entire school around. I think there is a lot of credibility now,"

**Kerry Chapman**, Marketing,  
Volunteer

TCS



# Environmental Impact





## Environmental Impact

Being an IT consulting firm, TCS does not consume non-renewable resources nor generate process wastes and emissions on scales comparable to conventional manufacturing industries. However, we do acknowledge our impacts on the environment in terms of consumption of resources like energy, water and other secondary resources and have put in place robust processes and systems in order to identify, quantify and reduce its impacts on the environment, including the carbon footprint. Information Technology and automation in general, drives efficiency and cuts down manual processes thereby leading to concomitant environmental benefit. TCS also views the growing cognizance of the risks of climate change as an opportunity to use our consulting services and green IT methodologies for driving eco-efficiency across our supply chain and use this capability to draw revenues.

TCS is committed to measure, report and continually improve its overall environmental performance by optimizing its resource consumption, minimizing its ecological impact and in line with the precautionary principle espoused by Article 15 of the Rio Declaration, working to reduce its carbon footprint.

We have an Environment Policy<sup>15</sup> that guides key activities designed to minimize our ecological footprint and mitigate the impact of our operations. The pillars of the Policy are:

- Leadership, going beyond mere compliance
- Climate change mitigation through commitment to reduce GHG emissions and corresponding carbon footprint
- Green Procurement
- Reduce, Reuse, Recycle
- Resource Efficiency
- Green Infrastructure – Green Buildings
- Green IT

All TCS sites are compliant to all relevant environmental laws, acts, rules and guidelines. No instances of non-compliance to environmental laws and regulations were brought to our notice in FY 2012. We engage with regulators through industry forums<sup>16</sup> to advocate policies on environmental regulations and related issues. 67 TCS delivery centers are certified for Environment Management System (EMS) under ISO 14001:2004 with an ongoing commitment to bring additional development centers under scope of certification.

Being a services company, we do not consume any materials in our operations. All resources like electricity, water, physical infrastructure and office information & communication technology equipment are auxiliaries which support our operations. Hence there is no direct material consumption. At TCS, environmental initiatives are seen as part of the overall operational improvement and the expenditure is not tracked separately. Running expenses incurred – such as, monitoring and measurement costs, investment in energy efficiency projects, fees paid to the state and central pollution control boards for consent/NOCs, etc. – are met through operational budgets since we believe that such activities are part of the regular business and not external to it. Further, green infrastructure changes like setting up of Sewage Treatment Plants (STPs) or incremental cost incurred for green building projects are accounted for under the capital expense budget. However, going forward, we intend to start capturing all relevant environmental expenditure through our existing Management Information System.

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<sup>15</sup> Full text of TCS' Environmental Policy is downloadable from our website. The URL is:  
[http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS\\_environment\\_policy\\_dec\\_2009.pdf](http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_environment_policy_dec_2009.pdf)

<sup>16</sup> We engaged with the State Pollution Control Boards on the draft E-waste regulation, 2011 to provide our inputs and comments to make the regulation more practical and effective through forums provided by Confederation of Indian Industries (CII) and few other organizations and NGOs like Toxics Link.

## Environmental Performance

TCS' environmental performance from TCS delivery centers<sup>17</sup> housing over 96% of the total TCS workforce is summarized in the table given below. TCS is proactively working to optimize its environmental footprint across all geographies to ensure sustainable business growth year-on-year.

KPI	Performance <sup>18</sup>
Electricity consumption (kWh/FTE/month)	231
Carbon Footprint (Scope 1 + Scope 2 emissions) (tCO2e/FTE/annum)	2.12
Paper consumption (Reams/1000 FTE/month)	65
Water consumption (Ltrs/FTE/month)	1073
Carbon Emissions from (Business Air Travel – Scope 3) <sup>19</sup> tCO2e/FTE/annum	0.42

## Environmental Targets and Performance<sup>20</sup>

Our FY 2012 performance against our long term environmental targets is as given below:

Environmental Parameter	Target	Timeline	Status	Performance Level
Electricity	5% YoY reduction in per capita electricity consumption	FY 2012	Achieved	5.8% reduction
Scope 2 Carbon Emissions	50% reduction in per capita Scope 2 emissions over baseline year 2007-08	FY 2020	On track	30% reduction
Freshwater consumption	20% over baseline FY 2008	FY 2015	On track	11.5% reduction
Rainwater harvesting	Zero groundwater depletion (i.e. become groundwater neutral) by replenishing water drawn from bore-wells through rainwater harvesting	FY 2015	On track	34% of groundwater used being recharged
Wastewater management	100% zero-discharge facilities	FY 2015	On track	All new offices built for zero discharge. Existing offices taken up for refurbishment
Solid waste management	To ensure that less than 5% of solid waste generated goes into landfill	FY 2015	On track	Better waste management practices and measurement metrics being put in place
Paper consumption	10% YoY reduction in per capita paper consumption	FY 2012	Achieved	21% reduction

<sup>17</sup> Delivery centers across India, Europe (UK, Hungary), Asia Pacific (China, Philippines), Latam (Uruguay, Chile, Mexico) accommodating over 40% of the overseas workforce. With environment management system deployed, these locations are also committed to work towards improving the ecological footprint with initiatives to reduce resource intensity and proper waste management practices.

<sup>18</sup> Please refer to appendix A for the country-wise performance

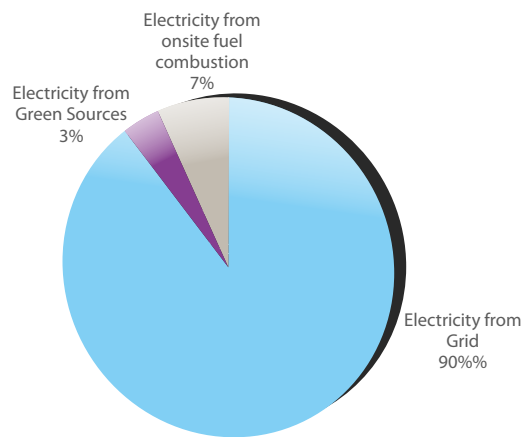
<sup>19</sup> Business air travel reported is including all TCS Geographies

<sup>20</sup> Since FY2012 is the baseline year for overseas geographies, the comparison against targets is given only for India geography. The environmental targets are presently under revision and shall be finalized shortly.

## Energy Performance


Energy efficiency has been identified by TCS as a major area for improvement and the objective is to reduce the energy footprint through various measures like green IT, green infrastructure, operational energy efficiency, etc.

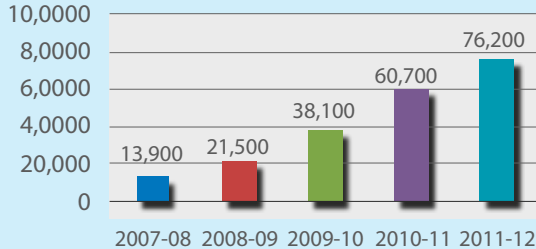
The primary source of electricity at TCS is grid electricity, which has a mix of energy sourced from thermal power plants, nuclear power plants, hydroelectric power plants or other green sources, varying from country to country. For India, an estimated 59% is from thermal power plants and the balance is from hydroelectric, other renewable and nuclear power sources. Backup support – during power outages – is through diesel generator (DG) sets maintained at each location. In addition, some TCS facilities procured 'green power', from sources like hydroelectric power and wind power farms. Some overseas locations use fuel for space heating. A source-wise breakup of the 436,694 MWh (1,572,100 GJ) of electricity consumed by TCS in FY 2012 is given in Figure 35.



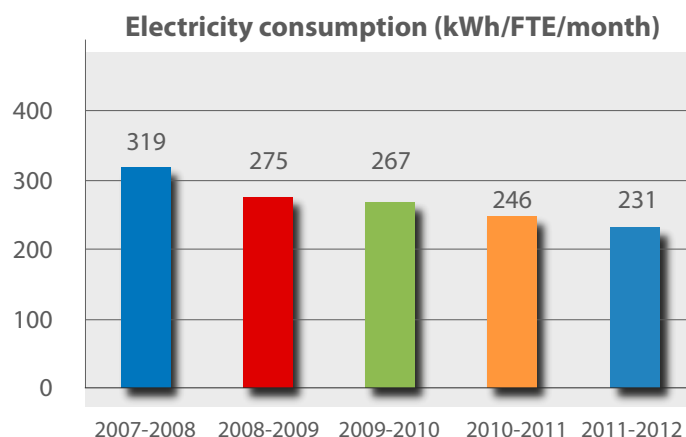
**Figure 35 Electricity Consumption by Source (%)**

TCS strives to manage its energy footprint through a series of initiatives including infrastructure to operational changes, the highlights of which are summarized below.

Area	Action
Green office infrastructure	<p>TCS views green infrastructure as a key tool in the drive to reduce energy footprint, material footprint and carbon footprint. All new offices coming up are designed as per LEED Green Buildings - Gold rating. TCS already has 3 LEED Certified Green Buildings; at Chennai (Siruseri – Gold Rated), Bhubaneswar (Kalinga Park – Platinum Rated) and Trivandrum (Peepul Park – Silver Rated). The other facilities designed at higher efficiency level include Synergy Park at Hyderabad and Sahayadri Park at Pune.</p> <p>Solar PV-based peripheral light system at L-Center, Bangalore</p> 

Area	Action												
	<p>Some key features of the TCS green buildings include onsite renewable energy (solar photovoltaic panels), solar thermal installations, improved energy efficiency, chiller waste heat recovery units, solar PV based peripheral light systems, etc.</p> <p>Other initiatives include setting up of solar water heaters for generating hot water. In FY 2012, TCS increased its solar heater capacity by 26% over 2010-11 (Figure 36), thereby helping reduce the energy used in heating water for use in kitchens, gymnasiums and washrooms.</p> <p style="text-align: center;"><b>Solar water heater capacity (litres/day)</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Capacity (litres/day)</th> </tr> </thead> <tbody> <tr> <td>2007-08</td> <td>13,900</td> </tr> <tr> <td>2008-09</td> <td>21,500</td> </tr> <tr> <td>2009-10</td> <td>38,100</td> </tr> <tr> <td>2010-11</td> <td>60,700</td> </tr> <tr> <td>2011-12</td> <td>76,200</td> </tr> </tbody> </table> <p style="text-align: center;"><b>Figure 36 Solar Water Heater Capacity (ltr/day)</b></p>	Year	Capacity (litres/day)	2007-08	13,900	2008-09	21,500	2009-10	38,100	2010-11	60,700	2011-12	76,200
Year	Capacity (litres/day)												
2007-08	13,900												
2008-09	21,500												
2009-10	38,100												
2010-11	60,700												
2011-12	76,200												
Green IT	<p>TCS has undertaken a series of initiatives to reduce the energy footprint of our data centres and computer workstations, such as server virtualization and consolidation, data center power management, server cooling load management, shift to blade server, procurement of energy-star rated equipment, remote desktop control, desktop virtualization projects to help reduce the energy consumption further by consolidating individual CPU loads on a single server for load optimization, etc.</p>												
Energy audits	<p>TCS has taken up the internal energy audit projects at various locations to identify potential energy efficiency projects to come up with all possible innovations and ideas to improve the energy performance of the older buildings.</p>												
Operational energy efficiency	<p>Operational controls that have been put in place include:</p> <ul style="list-style-type: none"> <li>■ Optimization of HVAC operating hours to ensure energy saving without compromising on employee comfort</li> <li>■ Meticulous temperature regulation at optimal comfort levels (24+1o C)</li> <li>■ Rationalizing of illumination levels and realignment of luminaires where possible and replacement of tube-lights with CFL luminaires and LED lighting for common areas</li> <li>■ Installing Variable Frequency Drive in air handling units</li> <li>■ Power Factor Management</li> <li>■ Minimizing use of halogen and other energy intensive lighting</li> <li>■ Switching off monitors when not in use through central programming</li> <li>■ Employee Engagement through awareness drives and visual communication methods, etc.</li> </ul>												

All these initiatives have helped TCS reduce its energy consumption by 6.4% over FY 2011 and 28% over baseline year FY 2008 (Figure 37).



**Figure 37 Electricity Consumption (kWh/FTE/month)**

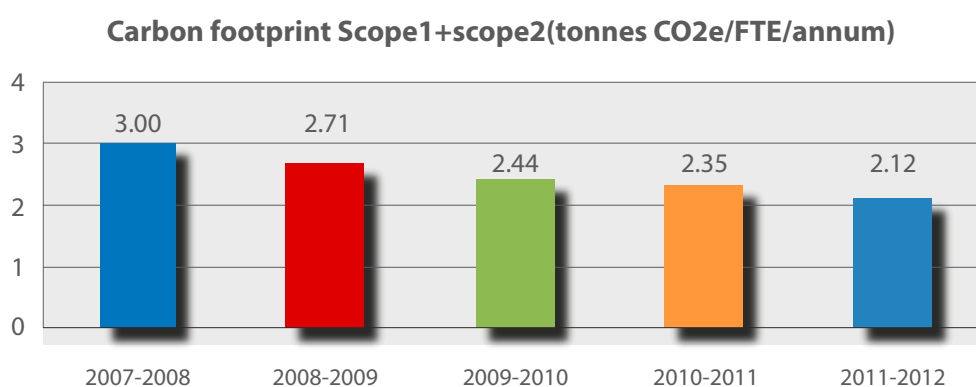
Total fuel consumption by company owned vehicles in FY 2012 was 123,773 litres of petrol and 163,806 litres of diesel. The total direct energy consumption by primary energy sources is 367,886 GJ (from fuel consumption in owned vehicles, diesel consumption in diesel generators (DG), LPG/natural gas combustion in canteen kitchens and space heating).

### GHG Emissions (Carbon Footprint)

The sources of GHG emissions contributing to TCS's carbon footprint<sup>21</sup> are:

- Scope 1: Diesel-run Generator sets, Company-owned vehicles, Refrigerant gas (fugitive) emissions, cooking gas combustion, fuel combustion for space heating
- Scope 2: Purchased Electricity
- Scope 3: Business Air Travel & mobile fuel combustion in company hired vehicles

The combined GHG emissions (Scope 1 + Scope 2) was 2.12 in FY 2012 as compared to 2.35 in the last financial year, 29% less than the baseline year 2008 (Figure 38).



**Figure 38 Carbon Footprint (Scope 1 + Scope 2) in tCO2e/FTE/annum**

<sup>21</sup> Scope 1 and Scope 3 emissions have been calculated using the emissions factors published by the Green House Gas protocol. For Scope 2 emissions for India i.e. purchased electricity related carbon emissions, the source is the emissions factor published by the CO2 Baseline Database for the Indian Power Sector, User Guide, Version 7.0, January 2012 published by Central Electricity Authority of India.



Scope 2 GHG emissions per capita have reduced by 31% over baseline year as against the target to achieve 50% reduction by 2020. TCS plans to achieve this carbon target by maximizing energy efficiency in its offices (as detailed in the earlier section) and building robust renewable energy sourcing capability gradually. The year-on-year carbon (scope 2) performance is summarized in Figure 39.

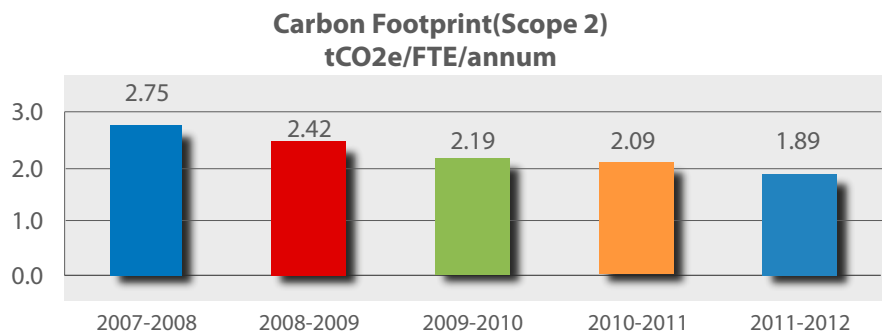


Figure 39 Carbon Footprint (Scope 2) in tCO<sub>2</sub>e/FTE/annum

The GHG emission from business air travel (Scope 3)<sup>22</sup> has reduced by 48% over baseline year and is 0.42 tCO<sub>2</sub>e/FTE/annum. The reduction achieved has been possible due to the organization’s commitment to optimize the business air travel by encouraging audio and video conferencing. The year-on-year trend is given in Figure 40.

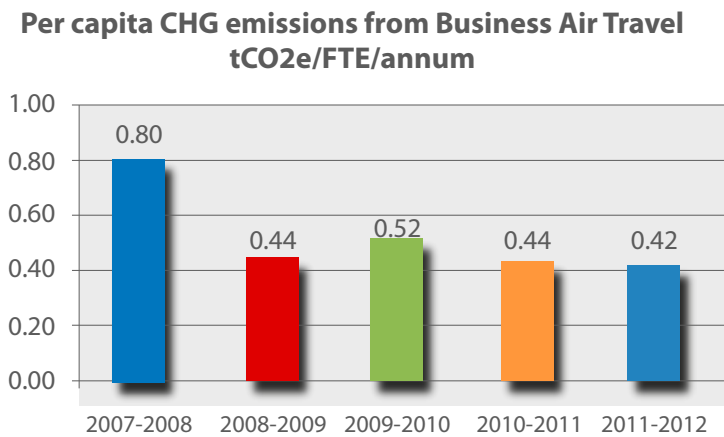


Figure 40 Carbon Footprint (Scope 3-Business Air Travel) in tCO<sub>2</sub>e/FTE/annum

Scope 3 emissions, due hired vehicles, have increased from 0.11 tCO<sub>2</sub>e/FTE/annum to 0.18 tCO<sub>2</sub>e/FTE/annum, due to improved reporting from hired buses used for employee commuting. This data is not included in the above Figure in order to maintain year-on-year data comparability.

### Ozone Depleting Substances

Some of the refrigerants like R-22 used in the HVAC systems have an Ozone Depleting Potential (ODP). All the ozone depleting refrigerant gases as per the Montreal Protocol will be phased out and replaced with ODP free refrigerants in line with the country-specific timelines agreed as per the Montreal Protocol and country regulations. The new facilities coming up at TCS have HVAC systems based on non-ozone depleting refrigerants. ODS emissions occurring are primarily in the form of fugitive emissions. During HVAC maintenance the refrigerant gas is extracted in sealed containers and recharged back into the system thereby ensuring that there is no significant release of refrigerant to the atmosphere. The ODP of the total refrigerant emissions to the atmosphere in FY 2012 is 0.21 tonnes.

22 The Scope 2 carbon emissions have been restated for all the reporting years since 2007-08 (the baseline year) based on the region-wise grid emission factors published by Central Electric Authority of India in order to ensure uniformity and comparability across all reporting years. The carbon footprint from business air travel has been restated since it includes whole of TCS and the comparison is given accordingly.

## Other Emissions

Emissions of SO<sub>x</sub> and NO<sub>x</sub> gases from the diesel generator sets (used as standby source of power during power outages) are as given below:

Emissions	Quantity (tonnes)
SO <sub>x</sub>	5
NO <sub>x</sub>	615

## Water Performance

Fresh water consumed at TCS comes from municipal supplies, bore-wells, tanker supply and a small fraction of packaged drinking water procured at some sites. The source-wise breakup of the 2.03 million kL of water consumed in FY 2012 is given in Figure 41. Groundwater is used only for landscaping<sup>21</sup>.

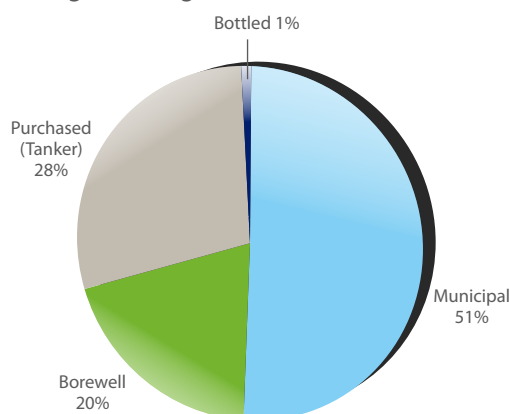


Figure 41 Freshwater consumption by source

Some of the steps taken to reduce fresh water consumption include:

- Dual flushing system in toilets
- Taps with variable output and sensors
- Drip irrigation system
- Optimization of water flow rates through faucets
- Regular maintenance of water pumps
- Sewage treatment plants where feasible; treated sewage water for A/C cooling tower make-up, toilet flushing and gardening
- Employee engagement and education through awareness drives

As an outcome, water consumption per capita has decreased by 13% over baseline year FY 2008 (YoY by 2.8% in FY 2012). See Figure 42.

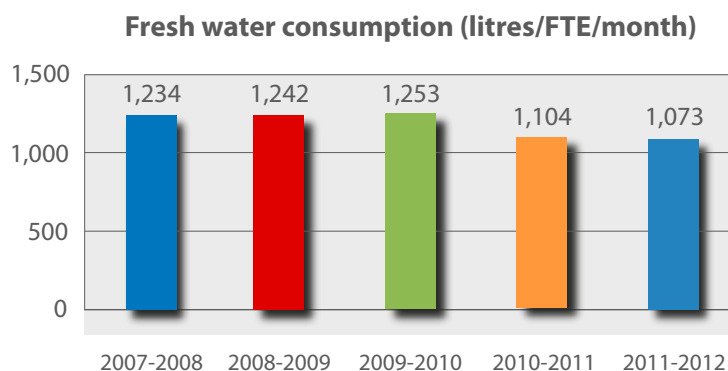


Figure 42 Fresh Water Consumption (litres/FTE/month)

## Sewage Treatment and Reuse

Many TCS facilities have sewage treatment plants (STP). The treated effluent from the STP is tested regularly against applicable effluent disposal standards and recycled for use in HVAC cooling tower, toilet flushing and gardening. The recycled treated sewage quantity has increased from 306,652 kL to 525,729 kL with the commissioning of new TCS projects designed for zero water discharge (Figure 43).

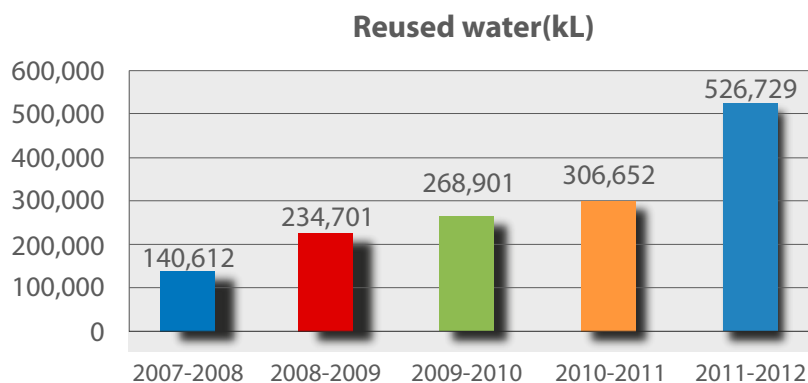


Figure 43 Recycled water after treatment (kL)

The percentage of the total sewage recycled to the total water consumption has increased from 18.8% in FY 2011 to 26% in FY 2012. All new TCS facilities have STPs designed for 100% recycling of the treated effluent<sup>23</sup>. For the existing campuses, we are working on refurbishment plan to provide sewage treatment plants to achieve our target of zero water discharge from TCS campuses by 2015.

## Rainwater Harvesting

Many TCS owned campuses have rainwater harvesting systems which collect the rain water during the monsoons, stored in storage tanks and/or used for groundwater recharging (through recharging pits), bore-well recharging or for creating surface water storages (lakes) within campuses. There has been 40% increase in the rainwater harvesting potential created at TCS sites in FY 2012 over the prior year (Figure 44). The current rainwater harvesting potential is 34% of the total groundwater consumed for TCS operations (as compared to 26% in FY 2010-11). Our target is 100% by 2015.

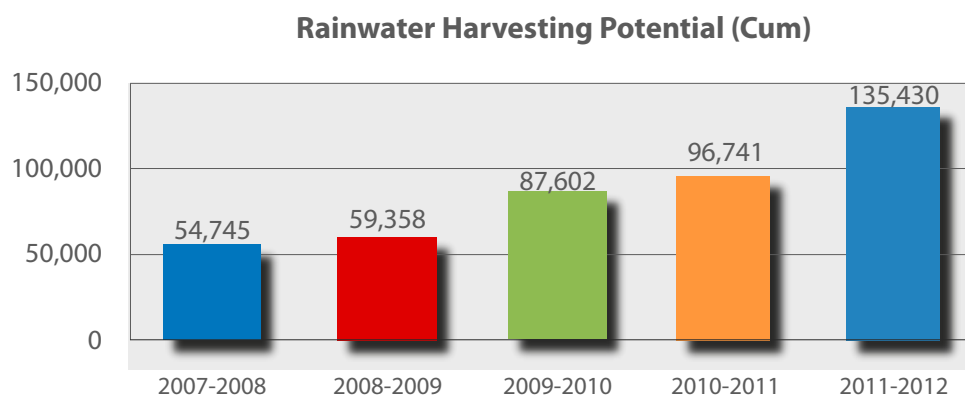


Figure 44 Rainwater Harvesting Potential in cubic meter (cum)

<sup>23</sup> No significant impact on biodiversity of water bodies or related habitats by discharged water and runoff.

## Waste Management

Being an IT services and consulting organization, there are no significant primary emissions or process wastes. In this section, we discuss the various emissions and wastes generated by our operations and the steps taken to mitigate their impact.

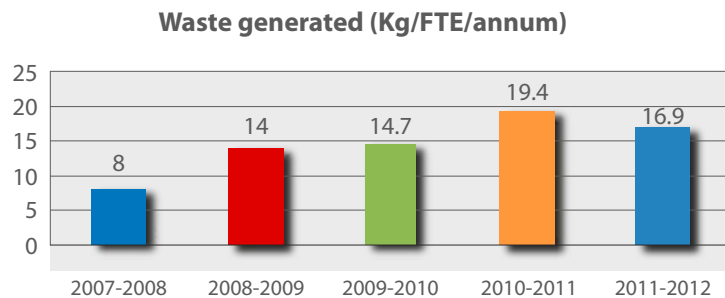
Due to the nature of our business, waste generation is fairly limited and restricted primarily to municipal solid waste (MSW). Other wastes include e-waste and a small proportion of wastes like lead-acid batteries, electrical waste, waste lube oil, etc.. Our waste management practices seek to reduce the environmental impact of this limited waste to the extent possible by reduction in generation, segregation at source and proper management to achieve the goal of <5% waste to landfill. For each category of waste in our offices the management practices are summarized below –

- Waste lube oil, UPS batteries, E-waste – disposed through government authorized recyclers
- Waste office paper - Sent for recycling
- Printer and toner cartridges - Sent back to the manufacturer under product take-back arrangement
- Bio-degradable garden waste - Vermicomposting
- Bio-degradable food waste - Generation of biogas / composting or sent to piggeries as feed
- Other mixed dry waste - Sent to scrap dealers or municipal disposal

### Biodegradable waste

The wet and dry waste generated by the canteens at various TCS facilities reduced on a per-capita basis in FY 2012 (Figure 45), due to rigorous associate awareness campaign and training cafeteria staff to minimize waste.

The first step to any waste management practice is waste segregation at source. The hierarchy for disposal of biodegradable waste is biogas recovery through bio-digesters (methane avoidance) followed by vermicomposting, disposal as feed to piggeries and, as the last resort, to the municipal waste collection system where no other options are feasible. In FY 2012, 12% of the total wet waste generated was treated through vermicomposting or bio-digester treatment.



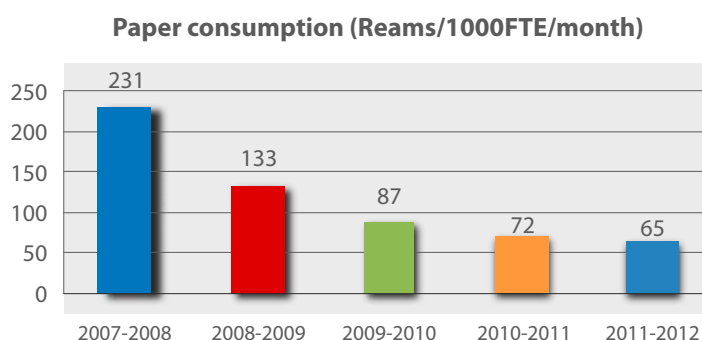
**Figure 45 Waste Generated (Kg/FTE/yr)<sup>25</sup>**

TCS has four bio-digesters, at Mangaldas (Pune), Yantra Park (Mumbai), Peepul Park (Trivandrum) and Kensington (Mumbai). The methane generated from the bio-digesters is used as fuel in the kitchens. More bio-digesters and organic waste composters will be installed at all our new campuses and various other locations, where feasible. Vermicomposting initiative continues to progress well with 36 tonnes of compost generated from garden waste in FY 2012 which is used for landscaping within our campuses.

<sup>25</sup> Data given is only for India geography since most overseas locations are multi-occupancy facilities where waste handling and disposal are handled by the building authority

## Paper management initiative

Paper management at TCS is based on the waste management hierarchy with waste reduction at the pinnacle. Our success in paper consumption reduction initiative is evident from the reduction achieved in the per capita paper consumption; 10% reduction over last year and 72% reduction over the baseline (Figure 46).



**Figure 46 Paper consumption (Reams/1000 FTE/month)**

Paper waste which is generated is carefully segregated, shredded and sent for recycling. In some cases, they are sent to NGOs which also supply stationery (notepads, files, etc) made of recycled paper to TCS. In FY 2012, the recycling initiative was strengthened with 74%<sup>26</sup> of the total paper waste being recycled.

## E-waste Management

The E-waste generated at the various TCS facilities includes defunct computers, monitors, servers, etc. and specified electronic and electrical items. Management of E-waste is as per TCS' E-waste Management policy which complies with the WEEE directive and the Government of India's E-waste (Management and Handling) Rules, 2011.

In FY 2012, 7650<sup>27</sup> numbers of equipment were disposed of through government authorized handlers / recyclers. In addition, computers which were deemed obsolete for TCS's purposes but are in working condition, are donated to charitable institutions which have use for such equipment. Recipients of such donations are advised to return the hardware to TCS once it reaches end-of-life for proper disposal through government authorized E-waste vendors.

## Hazardous Waste Management

Hazardous wastes<sup>28</sup> are disposed of as per the Ministry of Environment and Forests' (MoEF) Hazardous Waste Handling and Management Rules, only through MoEF-authorized agencies. This is overseen in some states by the local pollution control boards.

Hazardous Wastes Disposed <sup>29</sup>	FY 2012
Lube oil from DG sets (litres)	16,596
Used batteries from UPS systems (nos.)	7147

Additionally, all the used printer cartridges and photocopier toner bottles are sent back to the manufacturer under product take back arrangement to ensure proper disposal.

<sup>26</sup> Data given is only for India geography since most overseas locations are multi-occupancy facilities where waste handling & disposal is handled by the building authority

<sup>27</sup> Data given only for India geography We are building capability to include reporting on this indicator from overseas geographies.

<sup>28</sup> There were no reported spills of hazardous wastes in FY 2012. Zero percent of our wastes are shipped internationally and none are deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII.

<sup>29</sup> Data only for India geography. We are building capability to include reporting on this indicator from overseas geographies.

## Case Study: Waste to Wealth

**Garbage to Gold- Vermicomposting @ YantraPark,Thane** - Entire garden waste produced (12-15 trucks/month) is recycled through establishing Vermicomposting and manure generated is used as organic fertilizer for landscaping. This avoids pollution due to landfilling, transportation, emission of green house gases, among other benefits.



**Use of Organic Wastes Converter @ L-Center ,Banglore** - The Organic waste Converter was installed to to convert food waste into bio-fertilizer/manure. This manure is used within the campus for landscaping.



**Waste Wood from refurbishment used for making Nest Boxes for birds @ Yantra Park, Thane**



**Used Carpet donated to NGO for controlling soil erosion of bunds at Bhavale forest areas in Thane district near Mumbai**





### Used milk packets for rearing of saplings in Nursery/Green Houses in large campuses



### Replacement of Thermocol bowl by Palm leaf plates for serving food items at Deccan Park, Hyderabad



## Employee Engagement

A mandatory module on environmental awareness has been deployed as a part of induction training to all new joiners. The module is designed to create awareness on key environmental issues like pollution, deforestation, global warming, depletion of non-renewable resources, as well as on the environmental issues specific to the IT industry. In addition, a web based training module educates the employees on environment impacts and communicates tips to mitigate them. Various environmental awareness campaigns are planned and carried out throughout the year for associate engagement.

### Environment Awareness Campaigns

Various environment related employee engagement campaigns were conducted at various TCS offices with activities like competitions, quizzes, classroom trainings, display of green products, etc. to increase awareness on environmental issues. Awareness mailers were circulated on various themes to educate the employees. Some of the days observed include World Earth Day (April 2011), World Bio-diversity Day (May 2011), World Environment Week (June 2011), Green Consumer Day (September 2011), World Wildlife Week (October 2011), Pollution Control Day (December 2011), Energy Conservation Day (December 2012), World Water Day (March 2012), Earth hour campaign (March 2012).

### Environment Week @ TCS 2011

Like every year, TCS reached out to its associates during the World Environment Week to enhance their sensitivity towards the environment and its resources. The campaign saw various events and activities being held across various offices with the week being observed as Zero Print Week. Vignettes from the week are included below–



Planting of saplings

Sapling distribution

Vehicle PUV check



World Environment Week  
Pledge campaign

Eco-walk at TCS Hyderabad

Competitions and quizzess

### Case Study: TCS Hungary wins Greenest Office Award, 2011

TCS Hungary received the Green Office Award from KÖVET, the Hungarian member organization of INEM (International Network for Environment Management), CSR Europe and Global Footprint Network for its environment sustainability initiatives in 2011. With policies outlining guidelines on environment, climate change, e-waste, waste management (3R approach) green procurement, health and safety, TCS Hungary is committed to be a leader in environment management.

TCS Hungary has a 25-point action plan in place to promote greening initiatives including removal of plastic cups, creating bicycle storage locations, providing motion sensor lighting common areas, powering off the computer park at 10 pm every Friday; developing green areas within the office; promoting eco-friendly transport modes amongst associates and procurement of environment friendly cleaning materials for use. All these initiatives have helped reduce the energy footprint, reduce waste generation at source and make TCSers sensitive towards the nature and its resources.



**Tree Plantation at TCS Hungary Office   Awareness session in progress, at TCS Hungary**

### Case Study: TCS Hong Kong receives WWF LOOP Platinum Label, 2011

TCS Hong Kong received the 'Platinum Label' certification in the Low-carbon Office Operations Program (LOOP) in December 2011. LOOP is a Hong Kong government recognized initiative driven by WWF.

TCS Hong Kong was the only IT organization to receive this recognition from the 92 participating companies and the 16 certified organizations. TCS Hong Kong's broad approaches to the carbon reduction initiative included: reduction and reuse of paper, decrease in travel frequency and usage of greener means of public transportation, reduction in electricity consumption by adopting energy efficient lighting and alternate sources of energy, implementation of green procurement processes and adoption of waste classification and green disposal processes.

TCS Hong Kong began this program in 2009, as an integrated part of our corporate sustainability commitment. A small cross-functional group called 'Green team' carries out this initiative also befitting of TCS' corporate sustainability practices.

## Biodiversity Conservation and Enhancement

TCS perceives biodiversity conservation as an integral part of its environment philosophy. A few of our facilities have a relatively higher biodiversity value and TCS has various initiatives for conserving and enhancing the flora and fauna in those ecosystems. Taxonomically, the flora present in select TCS campuses are of 221 plant species belonging to 135 genera and 106 families. The diversified flora supports a variety of fauna. There are 123 animal species identified, including birds, butterflies, mammals and amphibians<sup>30</sup>.

In FY 2012, TCS took up an extensive project to enhance the biodiversity at its Kalinga Park campus in Bhubaneswar, Orissa in India and successfully converted degraded shrubby land into biologically diversified lush green landscape. Extensive plantation of ecologically significant tree



**The rich biodiversity at TCS Kalinga Park, Bhubaneswar, India**

species (860) has been carried out since 2007. The floral wealth of Kalinga Park currently constitutes of 104 plant species, belonging to 86 genera and 49 families.

To enhance the aesthetics of the campus, the landscape is designed by selecting various ornamental trees and arranging them in species-specific lanes. The establishment of ecosystem from a degraded, barren and shrubby land to a green habitat is evident through appearance of a variety of fauna in the campus. The faunal wealth is represented by 53 species belonging to 45 genera & 39 families. 26 species of birds were recorded alongwith 15 species of butterflies, 6 species of mammals & 5 species of reptiles. Kalinga Park received Certificate for Remarkable Performance in the field of Environment, Environmental Excellence Award 2012 by Indian Chamber of Commerce (Eastern Region) Kolkata. The report on Biodiversity @ Kalinga Park was released by Ministry of Environment and Forests, Bhubaneswar. An exhibition on Biodiversity @ Kalinga Park was inaugurated & appreciated by the Chief Minister of Orissa.

### **Case Study: Marine Turtle Conservation Program 2012 - November 2011 – May 2012**

TCS began this initiative in 2011 as a part of its marine turtle (Olive Ridley - *Lepidochelys olivacea*) biodiversity conservation theme. The program consisted of sponsoring a conservation program run by an NGO – Sahayadri Nisarga Mitra and using the Turtle Festival as an opportunity for creating awareness on biodiversity conservation among TCS employees. It was continued in 2012 and extended at the marine turtle breeding beaches at Harihareswar and Maral, in Raigad district of Maharashtra (around 200 km south of Mumbai). The Marine Turtle Conservation program in 2011 & 2012 was instrumental in protecting a total number of 54 (23 and 31 nests during 2011 and 2012 respectively) nests & breeding population of female turtles was protected.

A total number of 6447 (2737 & 3710) eggs were successfully translocated to the hatchery while 3076 (1305 & 1772) hatchlings were successfully released into their natural habitat during breeding period of 2011 & 2012 respectively. A total of 120 associates participated in turtle festival in 2011 while 103 attended the event during 2012 to witness the hatchling release.

<sup>30</sup> None in the IUCN Red List or national conservation list.



This conservation program has successfully achieved the highest survival rate of 47.71 % of turtle hatchlings (which is generally 10 to 12 % in natural conditions due to predation and other natural factors) thereby contributing to protection of the depleting marine turtle population worldwide.



Protection of nest



Eggs in Nests



Hatchling



Release of hatchlings into the sea



Associate participation in Turtle Festival 2012 at Velas

## Appendix A

While TCS has presence in several geographies across the world, more than 90% of the associates are based out of India geography. We are building capacity to report the environmental performance of all overseas delivery centers<sup>31</sup> and intend to increase the scope of reporting in a phased manner. This year, we are reporting the environmental performance for three overseas geographies (for 7 countries including UK, Hungary, China, Philippines, Chile, Uruguay and Mexico).

### Geography-wise environment performance for FY 2012

KPI	India	Europe	Latin America	Asia Pacific
Electricity consumption (kWh/FTE/month)	232	284	161	175
Carbon Footprint (Scope 1 + Scope 2) (tCO <sub>2</sub> e/FTE/annum)	2.16	1.16	0.75	1.37
Water consumption (Ltrs/FTE/month)	1092	585	640	588

### TCS-UK environmental performance

TCS UK is a signatory member to HRH Prince of Wales Mayday Network convened by Business in the Community and "Green Accord accreditation scheme". The Green Accord is an accreditation scheme that helps companies implement sustainable working practices in their business and their supply chains. The intent is to set precedence for all the suppliers to operate sustainably. The environmental performance for FY 2012 for the UK geography is summarized below –

KPI	Target	Performance
Electricity consumption (kWh/FTE/month)	5% reduction	8% reduction
Carbon Footprint (Scope 1 + Scope 2) (tCO <sub>2</sub> e/FTE/annum)	2% reduction	15% reduction
Paper consumption (Reams/1000FTE/annum)	10% reduction	6% reduction

<sup>31</sup> In the overseas geographies, most of the locations are small sales offices with very small employee strength. A major proportion of associates are based out of client locations. Hence, we shall report only on the larger delivery centers where we have a significant presence.

The energy and carbon footprint has been reduced through initiatives including procurement of energy efficient IT equipment, installation of zip hydro-taps on water heaters, intelligent sensor lighting, networked multifunction devices (printer, copier, fax, scanner) to replace individual devices, multiple temperature thermostats localized temperature control and employee awareness campaigns. Per capita water footprint has increased by 2% over FY 2011. Since most of the offices in UK are leased and multi-tenanted TCS has limited control over the reducing the water consumption and hence no specific targets were taken on water footprint reduction.

## Eco-Sustainability Services at TCS

**TCS has been providing eco-sustainability services to businesses in the following areas:**

### Sustainability Strategy and Risk Management

TCS has been supporting businesses in shaping up their strategy by looking at sustainability as a lever for new growth channels and cost optimization through resource productivity. In addition, TCS helps clients identify risks for the business from a sustainability perspective, and develop approaches to mitigate these risks. We also propose IT interventions that address the challenges in executing the sustainability strategy

#### Examples:

- **For a global FMCG major TCS developed a high level renewable energy strategy & options**
- **For a global electronics major TCS conducted a feasibility study of distributed energy resources**

### Sustainable Operations

TCS understands the area of consumption efficiency and optimization across resources such as materials, energy (conventional, renewable and low carbon energy), water and waste. In addition, TCS has been working with companies to address the process challenges and enhance visibility of sustainability data to help them better manage their sustainability performance, specifically in the areas of:

- **Sustainability Performance Management** - Defining processes and systems to optimally manage sustainability data of companies.
- **Energy Management** - Integrated energy management across the entire energy management lifecycle – diagnostics, metering and monitoring, energy efficiency implementation, tracking reporting and verification.
- **EHS Compliance Management** - Defining processes and systems to optimally manage compliance requirements of companies.

#### Examples:

- **For a leading Indian Cement Manufacturer TCS conducted enterprise wide water balance mapping**
- **For a large European Utility TCS deployed energy reduction initiatives**
- **For an American Glass Fiber Manufacturer TCS is implementing Sustainability Performance Management System and conducting environment, health and safety compliance blue-printing**
- **And for a Leading Indian Cement Manufacturer TCS conducted carbon footprint validation and offsetting, & ISO 14064 certification**

## Sustainable Value Chain

To create significant impact, organizations need to consider the environmental efficiencies in their entire value chain – particularly in the areas of raw materials procurement, their manufacturing and processing, shipping and transportation, use and disposal. Towards this TCS has been offering services related to supply chain sustainability, low carbon logistics, product stewardship, and sustainable consumption

In this category our eco-sustainability services include:

- **Supplier Sustainability** - Designing supplier sustainability strategies, and implementing systems to manage supplier sustainability information
- **Product Sustainability** - Lifecycle assessments and product engineering based on DfE (design for environment) principles

### Examples:

- **For a large global process manufacturing company TCS conducted cradle to gate life-cycle assessment study**
- **For a Leading PLM software firm TCS deployed a compliance module development for Design for Environment (DfE) integration**
- **For a Consumer goods major TCS supported in migration to compostable plastic bottle leading to reduced landfill waste & GHG**

Our eco-sustainability services have provided the following benefits to our clients globally:

- **Foster growth and innovation** through market share differentiation and new products and services
- **Enhance profitability** by unlocking efficiencies through sustainable operations and supply chains
- **Manage and mitigate risk to brand and reputation** through regulatory compliance, stakeholder communication and engagement, and strategic sourcing management





## GRI Index

### 1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	Page
1.1	Statement from the most senior decision-maker of the organization.	Fully	CEO's message	6
1.2	Description of key impacts, risks, and opportunities.	Fully	Sustainability of Business Performance	28

### 2. Organizational Profile

2.1	Name of the organization	Fully	Organizational profile	10
2.2	Primary brands, products, and/or services.	Fully	Organizational profile	10
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Structured for Agility	32
2.4	Location of organization's headquarters.	Fully	Contacts	102
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Business Overview	10
2.6	Nature of ownership and legal form.	Fully	Organizational profile	10
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Business Overview	10
2.8	Scale of the reporting organization.	Fully	TCS by numbers	12
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Organizational profile	10
2.10	Awards received in the reporting period	Fully	Awards	13

### 3. Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	About the report	3
3.2	Date of most recent previous report (if any).	Fully	About the report	3
3.3	Reporting cycle (annual, biennial, etc.)	Fully	About the report	3
3.4	Contact point for questions regarding the report or its contents.	Fully	Contacts	102

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	Page
3.5	Process for defining report content.	Fully	Definition of Content	17
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	About the report	3
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About the report	3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	About the report	3
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	About the report	3
3.10	<p>Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).</p> <p>The data collection/carbon footprint calculation exercise for scope 3/Scope 2 (respectively) emissions last year revealed that data management systems with regard to business air travel and emissions directory with regard to carbon footprint calculations could be strengthened. Having progressively improved these systems the total scope 3 &amp; Scope 2 emissions arrived at for previous years has been revised and restated</p>	Fully	About the report	3
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	About the report	3

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	Page
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Index	84
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	About the report	3
<b>4. Governance, Commitments, and Engagement</b>				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Corporate Governance	20
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Avoidance of Conflict of interest	21
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Corporate Governance	20
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Corporate Governance	20
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).\	Fully	Corporate Governance	20
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Corporate Governance	20
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Corporate Governance	20
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Mission and Values	10

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	Page
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Corporate Governance	20
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Corporate Governance	20
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Environmental Impact <b>UNGC Principle 7</b>	66
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Corporate Governance	20
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Stakeholder Engagement	15
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement	15
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement	15
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement	15
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Definition of Content	17

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
G3 DMA	Description	Reported	Cross-reference/ Direct answer	Page
DMA EC	Disclosure on Management Approach EC	Fully	Sustainability of Business Performance	28
Aspects	Economic performance	Fully	TCS by numbers	12
			Competitive compensation model	45
	Market presence	Fully	Local Recruitment outside India	41
			Local subcontractors	41
	Indirect economic impacts	Fully	Direct & Indirect economic impact,	51
			Corporate Social Responsibility	54
DMA EN	Disclosure on Management Approach EN	Fully	Environmental Impact <b>UNGC Principle 7,8,9</b>	66
Aspects	Materials	Fully	Paper Management Initiative	75
	Energy	Fully	Energy Performance	68
	Water	Fully	Water Performance	72
	Biodiversity	Fully	Biodiversity Conservation and Enhancement	79
	Emissions, effluents and waste	Fully	Waste management	74
	Products and services	Fully	Sustainability in Marketing	34
	Compliance	Fully	Ethics and Compliance	22
	Transport	Fully	GHG Emissions (Carbon Footprint)	70
	Overall	Fully	Environmental Impact	66
DMA LA	Disclosure on Management Approach LA	Fully	Supplieside Sustainability	36
Aspects	Employment	Fully	Diversifying the Talent Pool	40
			Talent Retention	42
	Labor/management relations	Fully	Competitive Compensation Model,	45
			Supplieside sustainability	36



G3 DMA	Description	Reported	Cross-reference/ Direct answer	Page
	Occupational health and safety	Fully	Occupational Health and Safety	46
	Training and education	Fully	Learning & Development	44
	Diversity and equal opportunity	Fully	Diversifying the talent pool,	40
			Supplieside sustainability	36
	Equal remuneration for women and men	Fully	Competitive Compensation Model	45
DMA HR	Disclosure on Management Approach HR	Fully	Commitment to Human Rights	53
Aspects	Investment and procurement practices	Fully	Commitment to Human Rights	53
	Non-discrimination	Fully	Learning & Development	44
	Freedom of association and collective bargaining	Fully	Supplieside Sustainability	36
	Child labor	Fully	Commitment to Human Rights	53
	Prevention of forced and compulsory labor	Fully	Commitment to Human Rights	53
	Security practices	Fully	Commitment to Human Rights	53
	Indigenous rights	Fully	Commitment to Human Rights	53
	Assessment	Fully	Commitment to Human Rights	53
	Remediation	Fully	Commitment to Human Rights	53
DMA SO	Disclosure on Management Approach SO	Fully	Corporate Social Responsibility	54
Aspects	Local communities	Fully	Corporate Social Responsibility	54
			Direct and Indirect Economic Impact	51
	Corruption	Fully	Serving as an Ethical Exemplar	52
	Public policy	Fully	Apolitical Stance	53
	Anti-competitive behavior	Fully	Ethics and Compliance	22
	Compliance	Fully	Ethics and Compliance	22

G3 DMA	Description	Reported	Cross-reference/ Direct answer	Page
DMA PR	Disclosure on Management Approach PR	Fully	Brand Building	32
Aspects	Customer health and safety	Fully	Brand Building	32
	Product and service labelling	Fully	Brand Building	32
	Marketing communications	Fully	Brand Building	23
	Customer privacy	Fully	Information Security and Data Privacy	30
	Compliance	Fully	Ethics and Compliance	22
STANDARD DISCLOSURES PART III: Performance Indicators				
Economic				
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
Economic performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	TCS by numbers	12
			Demand Side sustainability	28
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Environmental Impact <b>UNGC Principle 7</b>	66
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Competitive Compensation Model	45
EC4	Significant financial assistance received from government.	Fully	Financial Sustainability	35
Market presence				
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	Competitive Compensation Model	45
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Local subcontractors	41
			Supplieside Sustainability	36
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Local Recruitment outside India <b>UNGC Principle 6</b>	41

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
Indirect economic impact				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Corporate Social Responsibility	54
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Direct and Indirect Economic Impact	51
Environmental				
Materials				
EN1	Materials used by weight or volume.	Fully	Environmental Impact <b>UNGC Principle 7 &amp; 8</b>	66
EN2	Percentage of materials used that are recycled input materials.	Fully	Paper Management Initiative <b>UNGC Principle 8 &amp; 9</b>	75
Energy				
EN3	Direct energy consumption by primary energy source	Fully	Energy Performance <b>UNGC Principle 7 &amp; 8</b>	68
EN4	Indirect energy consumption by primary source.	Fully	Energy Performance <b>UNGC Principle 7 &amp; 8</b>	68
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Energy Performance <b>UNGC Principle 7 &amp; 8</b>	68
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	EcoSustainability Services at TCS  Energy Performance <b>UNGC Principle 8 &amp; 9</b>	81  68
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Energy Performance <b>UNGC Principle 7 &amp; 8</b>	68
Water				
EN8	Total water withdrawal by source.	Fully	Water Performance <b>UNGC Principle 7 &amp; 8</b>	72
EN9	Water sources significantly affected by withdrawal of water.	Fully	Water Performance <b>UNGC Principle 7 &amp; 8</b>	72
EN10	Percentage and total volume of water recycled and reused.	Fully	Sewage Treatment & Reuse <b>UNGC Principle 7 &amp; 8</b>	73

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
<b>Biodiversity</b>				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Biodiversity Conservation & Enhancement <b>UNGC Principle 7 &amp; 8</b>	79
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Biodiversity Conservation & Enhancement <b>UNGC Principle 7 &amp; 8</b>	79
EN13	Habitats protected or restored.	Fully	Biodiversity Conservation & Enhancement <b>UNGC Principle 7 &amp; 8</b>	79
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	Biodiversity Conservation & Enhancement <b>UNGC Principle 8 &amp; 9</b>	79
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	Biodiversity Conservation & Enhancement	79
<b>Emissions, effluents and waste</b>				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	GHG Emissions (Carbon Footprint) <b>UNGC Principle 7 &amp; 8</b>	70
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	GHG Emissions (Carbon Footprint) <b>UNGC Principle 7 &amp; 8</b>	70
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Energy Performance GHG Emissions (Carbon Footprint) <b>UNGC Principle 7, 8 &amp; 9</b>	68-70
EN19	Emissions of ozone-depleting substances by weight.	Fully	Ozone depleting substances <b>UNGC Principle 7 &amp; 8</b>	71
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	Other emissions <b>UNGC Principle 7 &amp; 8</b>	72
EN21	Total water discharge by quality and destination.	Fully	Sewage Treatment and Reuse <b>UNGC Principle 7 &amp; 8</b>	73
EN22	Total weight of waste by type and disposal method.	Fully	Waste Management <b>UNGC Principle 7 &amp; 8</b>	74

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
EN23	Total number and volume of significant spills.	Fully	Hazardous Waste Management	75
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	Hazardous Waste Management	75
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	Sewage Treatment and Reuse	73
Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Sustainability in Marketing <b>UNGC Principle 8 &amp; 9</b>	34
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	Sustainability in Marketing <b>UNGC Principle 8 &amp; 9</b>	34
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Environmental Impact <b>UNGC Principle 7</b>	66
Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	GHG Emissions (Carbon Footprint) <b>UNGC Principle 7 &amp; 8</b>	70
Overall				
EN30	Total environmental protection expenditures and investments by type.	Fully	Environmental Impact <b>UNGC Principle 7 &amp; 8</b>	66
Social: Labor Practices and Decent Work				
Employment				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Supplieside Sustainability	36
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	Talent acquisition <b>UNGC Principle 6</b>	38

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Competitive Compensation Model	45
LA15	Return to work and retention rates after parental leave, by gender.	Fully	Talent retention	42
Labor/management relations				
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Supplieside Sustainability	36
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Supplieside Sustainability <b>UNGC Principle 3</b>	36
Occupational health and safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	Occupational Health and Safety <b>UNGC Principle 1</b>	46
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	Injury Data <b>UNGC Principle 1</b>	49
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Occupational Health and Safety <b>UNGC Principle 1</b>	46
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Occupational Health and Safety <b>UNGC Principle 1</b>	46
Training and education				
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	Learning & Development	44
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Learning & Development	44
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Career Development	45



Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
Diversity and equal opportunity				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Diversifying the talent pool <b>UNGC Principle 6</b>	40
Equal remuneration for women and men				
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	Competitive Compensation Model <b>UNGC Principle 6</b>	45
Social: Human Rights				
Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	Commitment to Human Rights <b>UNGC Principles 1-6</b>	53
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	Commitment to Human Rights <b>UNGC Principles 1-6</b>	53
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Commitment to Human Rights <b>UNGC Principles 1-6</b>	53
Non-discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken	Fully	Commitment to Human Rights <b>UNGC Principles 1-6</b>	53
Freedom of association and collective bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	Commitment to Human Rights	53
Child labor				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	Commitment to Human Rights <b>UNGC Principles 1,2 &amp; 5</b>	53

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
Forced and compulsory labor				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	Commitment to Human Rights <b>UNGC Principles 1,2 &amp; 4</b>	53
Security practices				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Commitment to Human Rights <b>UNGC Principles 1 &amp; 2</b>	53
Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Commitment to Human Rights	53
Assessment				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	Commitment to Human Rights	53
Remediation				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	Commitment to Human Rights	53
Social: Society				
Local communities				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	Corporate Social Responsibility	54
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	Corporate Social Responsibility	54
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Corporate Social Responsibility	54
Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Serving as an Ethical Exemplar <b>UNGC Principle 10</b>	52
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	Serving as an Ethical Exemplar <b>UNGC Principle 10</b>	52

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
SO4	Actions taken in response to incidents of corruption.	Fully	Serving as an Ethical Exemplar <b>UNGC Principle 10</b>	52
Public policy				
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Apolitical Stance	53
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	Apolitical Stance	53
Anti-competitive behavior				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	Ethics and Compliance	22
Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Ethics and Compliance	22
Social: Product Responsibility				
Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Brand Building	32
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	Brand Building	32
Product and service labelling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Sustainability in Marketing	34
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	Sustainability in Marketing	34
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Stakeholder Engagement	15

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Page
Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Brand Building	32
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	Brand Building	32
Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	Information Security and Data Privacy <b>UNGC Principle 1</b>	30
Customer privacy				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Brand Building	32

## External Assurance



KPMG (Registered)  
Lodha Estate  
1st Floor, Apollo Mills Compound  
N. M. Joshi Marg  
Mahabaleshwar  
Mumbai - 400 011  
India

Telephone: +91(22) 2989 8000  
Fax: +91(22) 2983 8000  
Internet: [www.in.kpmg.com](http://www.in.kpmg.com)

### Independent assurance statement to Tata Consultancy Services Limited

KPMG was engaged by Tata Consultancy Services Limited (TCS) to provide independent assurance on their Corporate Sustainability Report ('the Report') for the Financial Year (FY) 2011-12. Our responsibility is to provide 'limited assurance' on the Report contents as described in the assurance scope.

#### **What was included in the scope of our assurance engagement?**

The assurance is provided on the data and information in line with agreed scope for the FY 2011-12. We have covered economic (excluding financial), environment and social indicators and carried out site visits to Siruseri and Sholinganallur – Chennai, Delta Park Eden and Lords – Kolkata, Yantra Park – Mumbai. The overseas site Redhill – UK was covered through a video conference.

#### **What were the specific limitations?**

- Data or information other than that covered in scope of work
- Data or information related to TCS's financial performance, sourced from its audited annual report for the financial year 2011-12
- Data and information outside the reporting period
- Any statement indicating intention, opinion, belief and / or aspiration by TCS

#### **Which assurance standards did we use?**

We conducted our work in accordance with:

- Requirements of 'Limited Assurance' as per International Federation of Accountants' (IFAC) International Standard for Assurance Engagements (ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information), and
- 'Type 2 Moderate Level' assurance requirements of AA1000 Assurance Standard 2008 by AccountAbility. Under this standard, we have reviewed the reliability and accuracy of sustainability performance data/information and evaluated TCS's adherence to the following AA1000 Accountability Principles 2008:
  - Inclusivity: to assess if TCS has included relevant stakeholders while developing and achieving an accountable and strategic response to sustainability
  - Materiality: to assess if the Report includes material information required by TCS's significant stakeholders to be able to make informed judgements, decisions and/or actions
  - Responsiveness: to assess if TCS has appropriately responded to stakeholder concerns in line with its internal/external policies/standards and adequately communicated these in the Report.

#### **What were the main elements of our work?**

We have obtained all the evidence, information and explanations that were considered necessary in relation to the assurance scope and to arrive at conclusions mentioned below. Our work included a range of evidence-gathering procedures including:

- Assessment of stakeholder consultation processes and methodology for determining the material issues
- Interaction with the senior management and sustainability core group at corporate office and senior and middle management at delivery centers
- Evaluating the Report's content to ascertain its application level as per the criterion mentioned in the Global Reporting Initiative's G3.1 Guidelines for Sustainability Reporting Assessment of report contents to ensure consistency with the requirements of the AA1000 AS 2008 principles
- Verification of systems and procedures used for data collection, collation, and analysis
- Review of the Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings

KPMG is India partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## External Assurance



### What are our conclusions?

Based on the review and work performed, nothing has come to our attention that causes us not to believe that:

- The data and information presented in the Report for the reporting period are fairly stated, in all material aspects, and as per reporting principles.
- TCS engages with its key stakeholders, internal and external to understand and address their concerns and also uses their feedback for decision-making, in line with the Principle of Inclusivity (AA1000APS 2008)
- TCS has identified material issues through a formal process involving participation from top management and dialogue with its key stakeholders, ensuring no material issues are missed out, in line with the Principle of Materiality (AA1000APS 2008)
- TCS has demonstrated its intentions to respond to stakeholder concerns through existing policies, management systems and structured engagement at multiple levels in line with the Principle of Responsiveness (AA1000APS 2008)

### What are our key observations?

Without affecting the conclusions, we would like to draw readers' attention to the following:

- TCS has enhanced the scope of reporting its environmental performance this year to include overseas locations across 7 countries.
- TCS has implemented various social initiatives and it may now consider conducting an assessment to evaluate the impact of social programmes.
- TCS has robust management information system to capture environmental performance data. TCS may consider expanding the scope to include the labor and society indicators.

### Independence

A multidisciplinary team including specialists in ISAE 3000, AA1000AS, stakeholder engagement, auditing environmental, social and economic information conducted the assurance. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

### Responsibilities

TCS is responsible for developing the Report contents. TCS is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This report is made solely to the Management of TCS in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to TCS those matters for which we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than TCS for our work, for this report, or for the conclusions expressed in this independent assurance report. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Arvind Sharma  
KPMG  
17 July 2012



AA1000  
Licensed Assurance Provider  
000-25



## GRI Certificate



### Statement GRI Application Level Check

GRI hereby states that **TATA CONSULTANCY SERVICES** has presented its report "TATA CONSULTANCY SERVICES- CORPORATE SUSTAINABILITY REPORT" (2011) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 2 August 2012

A handwritten signature in dark ink, appearing to read "Nelmar Arbex".

Nelmar Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because **TATA CONSULTANCY SERVICES** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organisation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 July 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

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## Contact

### **Corporate Headquarters**

TCS House

Raveline Street

Fort Mumbai 400 001

Maharashtra

India

Phone 6778 9999 Fax 6778 9000 [www.tcs.com](http://www.tcs.com)

Please email any feedback/queries to [corporate.sustainability@tcs.com](mailto:corporate.sustainability@tcs.com)



#### **About Tata Consultancy Services (TCS)**

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

For more information, visit us at [www.tcs.com](http://www.tcs.com)

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