

Business Responsibility Report

From the CEO's desk

At Tata Coffee, magical goodness of nature resides in every sip of our delicious Coffee, Tea and Pepper. In delivering the goodness of nature, Sustainability is embedded into our core values and our commitment to the core value reflects in embracing the sustainable practices followed across our Company, with regard to business, environmental, operational and social sustainability. We contribute to the well-being of our employees as well as for every stakeholder within our ecosystem.

Environmental sustainability

Water being an essential resource to our business, we have undertaken various water management practices, such as water conservation, wastewater treatment and rainwater harvesting at our plantations and manufacturing facilities. We conserve water through use of water-efficient technology, wastewater management systems, create awareness among employees about the cause. These actions have significantly reduced the specific consumption of water. The wastewater management techniques at our Theni plant is Zero-Liquid-Discharge (ZLD). We are stringently checking the discharge treated wastewater out of the Toopran plant and plan on upgrading the system to ZLD. We harvest rainwater at our plantations and have built 274 tanks across the coffee plantations with a cumulative capacity of 35 lakh cubic meter.

Considering the risks of climate change, our plantations have huge carbon sinks that help us achieve a negative carbon footprint of 1.71 lakh tonnes of CO₂ equivalent per annum. A good percentage of our energy requirement is addressed through renewable sources in our tea operations and instant coffee units.

Business sustainability

We have a comprehensive risk management framework in place. The Enterprise Risk Management process covers risk identification, assessment, development of mitigation strategy, action plan implementation, monitoring, reporting and update to Risk Management Committee.

As a strategic move, we are pursuing value addition to the customers through growing allied products to current product range such as Avocado, Dragon fruits, Apiculture (Honey Bee cultivation), Pisciculture (fish farming).

Social sustainability

In line with our commitment to the society, Tata Coffee plays its role in developing the proximate communities around its operation. We customise our community development

initiatives based on an understanding of the needs of the community. Tata Coffee continues to support Coorg Foundation, educational institutions like Akshara School, DARE school and Swastha. In addition to residential schools, Swastha conducts community-based rehabilitation in neighbouring villages. As part of our Corporate Social Responsibility (CSR) initiative, we work towards restoration of hydrological balance in the districts of Coorg and Hassan with the objective of eradicating water shortage faced by the communities there.

Operational sustainability

The 274 water tanks we have built across our plantations have a capacity of 34 lakh cubic meter. Water storage on the estates have caused us to plan for complete availability of water for blossom and backing irrigation needs. To ensure availability of solar energy, we installed a large number of solar panels in recent years. Our digitisation initiatives ensured the easing of our core operations and support functions, while helping us reschedule activities at our plantations, promptly resolving identified problems, simplifying work processes, improving staff productivity, and so on.

To ensure availability of high yield crops, we are using technique of clonal propagation. The Elite plants (i.e. high yielding, pesticide resistant plants) are identified, marked and multiplied through use of vegetative suckers. This clonal propagation ensures availability of elite plants with higher yield plants for future.

We have fixed weather stations at our plantations for real time measurement of temperature, rain, which helps the Company to reschedule the plantations operations suitably for next 2 days. The Company has also collaborated with IBM weather for the app. This app helps us to measure the soil quality, moisture content, weather conditions and rain forecast. This app helps to advance or reschedule the plantations activity to later dates.

We are equal Opportunity Employer and with philosophy of Inclusivity, we have divergent workforce in respect of gender diversity, cultural diversity, religious diversity. This helps us to have vocal employee base and culture to challenge the status quo.

As one of our core values, safety of our employees and associates is important to us and we are committed to providing safe work environment. With a vision of Zero Harm and as part of our Safety Excellence journey, we have further strengthened our safety practices over the year, creating a robust Safety governance and review structure, building awareness and capabilities across the workforce while enhancing operational efficiencies. This has enabled zero fatal incidents during the year and reduction of injury rate by 18%.

Business Responsibility Report [Contd.]

To improve and sustain performance, our operations are food safety certified, such as Halaal, Kosher, UTZ and so on. Global food safety initiatives include FSSC 22000, SQF and British Retail Consortium.

This edition of the Business Responsibility Report is a step in the direction of greater transparency and accountability of our

Company towards its stakeholders. It is our honest endeavour to lead the way in which social investments are made, by emphasising social value creation.

Chacko Purackal Thomas
Managing Director & CEO

SECTION A: GENERAL DISCLOSURES

Corporate Identity Number (CIN)	L01131KA1943 PLC000833
Company's name	Tata Coffee Limited
Register office Address	Pollibetta, Kodagu, 571215, Karnataka, India
website	www.tatacoffee.com
Email ID	investors@tatacoffee.com
Financial Year reported	2019-20
Sectors Company engaged in	Growing of coffee (SIC – 01272) Manufacturing of coffee products (SIC – 10792) Growing of tea (SIC – 01271) Growing of pepper (SIC – 01280)
Key products/services, the Company manufactures/ provides	Coffee – Green beans Coffee – Instant coffee Tea Pepper
Total number of locations where business activity is undertaken	
International locations	✓ Our Coffee business is largely global in nature where we sell instant coffee and green beans to buyers across the world. Our main markets for Instant Coffees are Russia, West Africa, Eastern Europe and South East Asia whereas for green beans our chief destinations are Italy, Germany and Middle East.
National locations	<ul style="list-style-type: none"> ✓ 17 coffee estates – in Kodagu, Hassan and Chikmagalur districts of Karnataka ✓ 1 tea estate – in Kodagu district of Karnataka ✓ 1 tea and coffee (mixed) estate – in Chikmagalur district of Karnataka ✓ 4 tea estates – in Pachamallai, Pannimade, Uralikal and Velonie in Coimbatore district of Tamil Nadu ✓ 1 coffee estate – in Valparai in Coimbatore district of Tamil Nadu ✓ 1 tea estate – in Malakiparai in Thrissur district of Kerala ✓ 1 curing works, roasting and grinding factory and pepper processing unit – in Kudige, Kushalnagar, in Kodagu district of Karnataka ✓ 1 Instant coffee plant in Theni district of Tamil Nadu ✓ 1 Instant coffee plant in Toopran in Medak district of Telangana ✓ Marketing and corporate functions are based out of Bengaluru, Karnataka
Markets served by the Company	Our coffee business provides instant coffee and green beans to buyers across the world. Our main markets for instant coffee are Russia, West Africa, Eastern Europe and Southeast Asia, whereas for green beans, our chief destinations are Italy, Germany, Middle East and India.

Business Responsibility Report [Contd.]

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up capital	₹18.68 Crore
Total turnover	₹775.75 Crore
Total profit after taxes	₹73.21 Crore
Total spending on CSR as a percentage of average Net profit for last 3 Financial Years	2.00% (₹1.36 Crore)
List of activities in which CSR expenditure has been incurred	Please refer to Annexure - D of Board's Report for details

SECTION C: OTHER DETAILS

Does the Company have any subsidiary Company/Companies?	We have 4 subsidiaries: <ul style="list-style-type: none"> • Consolidated Coffee Inc., USA • Eight O' Clock Holdings Inc., USA • Eight O' Clock Coffee Company, USA • Tata Coffee Vietnam Company Limited, Vietnam
Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary Company (ies)?	Our policies are extended to our subsidiaries and they participate in our BR initiatives in line with our policies.
Are there any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, who participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, over 60%]	Yes, we actively engage with our key stakeholders, such as supplier, communities around our operations, customers and other business partners on issues related to business responsibility. All our suppliers are expected to abide by our policies.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

Details of Director responsible for implementation of BR policy

DIN number	05215974
Name	Chacko Purackal Thomas
Designation	Managing Director & CEO
Telephone number	+91 80 23561976/81
Email ID	investors@tatacoffee.com

PRINCIPLE WISE (AS PER NVGs) BR POLICY/POLICIES (REPLY IN Y/N)

At Tata Coffee, our mission is to create distinctive long-term value for all stakeholders by embracing sustainable practices across our operations.

Nine Principles by the National Voluntary Guidelines	Principle 1: Ethics, Transparency and Accountability [P1]
	Principle 2: Product Lifecycle Sustainability [P2]
	Principle 3: Employees' Well-being [P3]
	Principle 4: Stakeholder Engagement [P4]
	Principle 5: Human Rights [P5]
	Principle 6: Environment [P6]
	Principle 7: Policy Advocacy [P7]
	Principle 8: Inclusive Growth [P8]
	Principle 9: Customer Value [P9]

Tata Coffee has adopted the Tata Code of Conduct, a Tata group level policy. Based on the operating geographies and applicable local laws, Tata Coffee has established various policies, such as Whistle Blower Policy, Safety Health Environment (SHE) Policy, Quality Policy, CSR Policy, Prevention of Sexual Harassment (POSH) Policy, Human Resource (HR) Policy, Code of Conduct for Non-Executive Directors, investor-related policies like Dividend Distribution Policy, Prevention of Insider Trading Policy, Policy for Determination of Materiality for Disclosures, Document Retention Policy, Material Subsidiary Policy and Policy on Related Party Transactions.

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have policy/policies for#	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Policies, as required by the applicable statutes, are approved by the Board/Committee, and other internal policies are approved by the Managing Director.								
Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Indicate the link for the policy to be viewed online	All our policies are made available to respective stakeholders. Some of our policies are available on the Company's website at www.tatacoffee.com								
Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	All policies undergo regular monitoring and review by respective policy owners. Our management systems are also externally certified. Our policies comply with all applicable local laws. They are also aligned with the principles of the National Voluntary Guidelines. In addition to this, we have externally certified management systems.								

PRINCIPLE WISE DETAILS

Principle 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Tata Coffee has a strong legacy of fair, transparent and ethical governance practices and it forms an integral part of our pursuit towards excellence, growth and value creation.

Corporate Governance

At Tata Coffee, we are committed to the highest standards of corporate governance based on transparency, accountability, values and ethics. We have adopted Governance Guidelines, which encompass all the aspects relating to the governance of the Company, such as composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, term of Directors, retirement age, Committees of the Board and mandates of the Board Committees, among others.

We have constituted our Board of Directors with an optimum combination of Executive and Non-Executive Directors, including a Woman Director. As on March 31, 2020, the

Company had 8 Directors, of which 2 are Executive Directors and 6 are Non-Executive, of which 4 are Independent Directors. The Chairman and 75% of the Members on the Board are Non-Executive Directors. The Board of Directors along with its committees provide leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Company has Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee.

Our strong governance mechanism ensures that the affairs of the Company are managed in the best interest of all stakeholders. The Company is following the requirements of Corporate Governance stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

Risk Management

Tata Coffee has adopted a comprehensive Risk Management Policy to ensure that there are sound practices in place to address business risks and concerns. We have constituted a Risk Management Committee, which is entrusted with the

Business Responsibility Report [Contd.]

responsibility of assisting the Board in (a) providing insights in making our risk management practices comprehensive; (b) approving the Company's Risk Management Framework; and (c) overseeing all the risks that the organisation faces, such as strategic, financial, liquidity, security, regulatory, legal, reputational and other risks that have been identified.

The risk management process covers risk identification, assessment, development of mitigation strategy, implementation of action plan, monitoring and reporting. A risk register listing the major risks to business, including social- and environment-related risks, such as climate change and health and safety, is maintained by the Company and is periodically reviewed by the Board. The risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. The Audit Committee bears additional oversight in the area of financial risks and controls.

Tata Code of Conduct

The Company has adopted the Tata Code of Conduct, which guides us on values, ethics and business principles. The Code of Conduct is extended to all our employees (including the Managing & Executive Directors), customers, the communities, the environment in which we operate and value chain partners, including suppliers and service providers, consultants, joint venture partners or other business associates, financial stakeholders and our group companies.

The Audit Committee has Board-level oversight and the primary responsibility of implementing the Code of Conduct rests with the Principal Ethics Officer. The responsibility is cascaded to the bottom through Company Ethics Counsellor, Location Ethics Counsellors and Estate Ethics Counsellors.

The Tata Code of Conduct is translated into regional languages and regularly communicated to all stakeholders. Regular trainings and knowledge sharing sessions are conducted to enhance the understanding of the guidelines among them. A 24*7 multilingual Ethics Helpline is available for all stakeholders to register their concerns, which are addressed by responsible persons within a pre-defined duration. In case the concern is not resolved within 90 days, it is escalated to Audit Committee.

The effectiveness of the Code of Conduct implementation is evaluated through Leadership Business Ethics Survey and Employee Engagement Survey, which seek employee's experience on the practices for ethical conduct and potential areas of improvement.

Tata Code of Conduct concerns for FY 2019-20:

	No. of stakeholder complaints		
	Received	Resolved	Pending
Complaints related to Tata Code of Conduct	6	5	1

To strengthen ethical conduct across the organisation and stakeholders, we have the Whistle Blower Policy, Gift Policy and POSH Policy in place. Whistle Blower Policy provides opportunities to report actual or suspected violations to the Directors and provides adequate safeguards against victimisation of employees. It is affirmed that no personnel of the Company have been denied access to the Chairman of the Audit Committee.

We have also adopted the Tata Business Excellence Model, to drive excellence in everything that we do, while upholding highest levels of values and business ethics.

PRINCIPLE 2: PRODUCTS LIFECYCLES SUSTAINABILITY

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFECYCLE

A balance of numerous environmental and social factors is critical for the sustainable production of quality coffee. Climate change is a threat to the production of coffee, thereby posing the question of business continuity of Tata Coffee. As a business, we are cognisant of our susceptibility to climate change as well as changes in environment regulations. We make tremendous efforts to ensure that our operations are sustainable. We focus on water conservation, energy efficiency, use of renewable energy and waste management at all our plantations and processing facilities.

Sustainability at our plantations

Sustainability is embedded into the agricultural practices followed at Tata Coffee. It is our constant endeavour to use eco-friendly technologies and work towards enriching the soil, water and biodiversity in and around our plantations. Our unique cultivation practices are based on scientific mapping of soil nutrition and cropping patterns, coupled with an optimal usage of valuable natural resources. This enables us to sustain the ecological balance at our locations. Integrated pest and disease management is also a part of our Standard Operating Procedures.

Sustainable agriculture

At Tata Coffee, we continue to focus on advanced agronomy across our plantations to ensure sustainability of crops to withstand changes caused by global warming.

Some of the key sustainable cultivation practices are listed here.

- We use soil nutrient analysis, leaf diagnostic analysis and the Soil Nutrient Index to maintain soil health. The results are used to optimise fertiliser recommendation and soil amendment.
- We employ intercropping – growing coffee along with other crops like pepper, vanilla, oranges and areca nuts, amid lush canopies of shade trees – to promote biodiversity and ensure optimal usage of valuable natural resources. Our estates are extensively intercropped with pepper vines, producing about 1,000 MT of pepper.
- We use the Varietal Trial Experiment of coffee, pepper and cardamom to identify a selection of location-specific, high-yielding and pest-, disease- and drought-tolerant plants for sowing in our estates.
- We implement agro-waste management and recycling, with the help of large-scale production of quality compost with improved technology. We are incorporating a beneficial microbial concoction, prepared in-house, to enhance the soil fertility status and manage soil-borne diseases.
- We are culturing beneficial fungus for integrated disease management.
- We conduct an irrigation study to understand drip and basin irrigation for our Robusta crop.
- We adopt apiculture and pisciculture practices.
- We undertake shade management, assessing light intensity that is critical to our agronomic practices. We have over one million shade trees in our plantations.
- We participate in collaborative research to develop less hazardous, environment-friendly agro-chemicals and pheromones for sustainable agriculture.
- We ensure the preservation of the environment, through surface water analysis, pesticide residue analysis and so on.
- Our coffee and pepper cultivation follow organic farming standards, such as the National Programme for Organic Production (India) and the National Organic Program (USA).

Water management

Water is very critical for our business and our sustainable irrigation practices allow us to mitigate and partially manage the vagaries of the weather. Our rainwater harvesting assets serve a complete range of pre- and post-blossom irrigation requirements.

We have adopted a structured water management programme spanning water conservation, waste water treatment and rainwater harvesting, among others. We have invested in water-efficient technologies to achieve these objectives. Our approach to water conservation also includes programmes that help spread awareness and build capacities across all stakeholders.

It is imperative to not use groundwater for irrigation and during the processing of coffee/pepper. We have installed reservoirs/tanks in the catchment areas of the plantations that are excavated/desilted or extended to meet the irrigational requirements. The present capacity is 34 lakh cubic metre, capable of catering to our entire Robusta crop for its blossom and backing irrigation needs, as well as watering our pepper vines.

We monitor and track the quantum of water used through water flow meters. Although control operations constitute a minuscule portion of our total water use, we have adopted all possible measures to optimise water consumption during the spraying of fertilisers, pesticides and weedicides. Not just the water used for spraying, we take measures as per stipulated guidelines of our certification standards in discharging the wastewater and ensuring that surface water sources around the estates are not contaminated.

Some of the other initiatives undertaken to manage water efficiently are listed here.

- We introduced the Global Positioning System (GPS) to enhance the operational efficiency of our irrigation process.
- We recycle and reuse water, completely preventing the discharge of pollutants to natural water bodies.
- We track domestic water usage to understand the water usage pattern of our employees.
- We supply all our residential colonies with septic tanks to prevent negative impact on groundwater. Wastewater from the washing of the machinery/Personal Protective Equipment (PPE) post the use of agro-chemicals is collected separately.
- We use advanced systems such as eco-pulpers and high-efficiency sprayers to minimise water consumption.

Energy efficiency and renewable energy

Sustenance of large green vegetative cover at plantations contributes to our negative carbon footprint of 1.71 lakh tonnes of CO₂ equivalent annually, making it a source of huge carbon sink.

Business Responsibility Report [Contd.]

In the last Financial Year, we procured 2 lakh units of wind power at Anamallais and we plan to scale it up to 4 lakh units in the current Financial Year. Also, we installed 200-kilowatt roof mounted solar PVs at the estate. At Coorg, we replaced diesel engines used to pump water with energy efficient motors.

We monitor electricity consumption on a monthly basis and exhibit the same to drive behavioural changes.

Theni unit added additional 500kWp solar plant capacity, increasing the overall solar capacity to 1000 kWp. This has resulted in improvement of renewable energy, including solar and wind energy to 18.4% in overall power pattern.

Use of least hazardous/organic fertilisers

We use agrochemical, of the WHO class category, which are least hazardous and do not use any prohibited chemicals.

Knowledge sharing

We conduct regular awareness sessions for the local communities on conservation of ecosystems, water, flora and fauna, and waste management aligned to Rain Forest Alliance (RFA) certification. We also conduct trainings at neighbourhood schools on topics related to environment protection.

Trainings on awareness related to critical operations at plantations are conducted for estate personnel including migrant labour on a regular basis. We issue monthly Advisory Circulars to estates and to our customers on updated current/new trends in cultivation practices, pest and disease management and post-harvest technology.

Sustainability at our facilities

Tata Coffee is committed to playing a leading role in climate change by adopting environment friendly technologies. We follow multi-fold approach in our endeavour to offset the effect of climate change in our activities.

- Measuring our carbon footprint by being pioneers in plantation industry.
- Engaging actively in advocating and shaping climate change regulations.

At Tata Coffee, we have various initiatives on environment protection and carbon reduction over short and long term to allocate resources and sharpen focus. These include rainwater harvesting, use of renewable energy like wind and solar, solid waste management and so on. There are continuous improvement projects round the year to create an eco-friendly work environment like reduction in energy consumption and reduction in specific water consumption, among others.

Our environment stewardship extends beyond our premises and we actively educate, support and encourage our vendors and partners to adopt environmentally sound and sustainable practices

A systematic approach to environment management requires a holistic view of the arena to continuously improve the same. We have institutionalised an Environmental Policy to articulate measurable targets for key environmental performance indicators – energy, emissions water and waste, among others.

Our Integrated Management Systems (IMS) adhere to international standards, combining quality assurance, environmental management and occupational health and safety into a common framework, enabling alignment across functional areas and operational aspects. Environmental aspects are governed by overarching ISO 14001:2015 standards.

Environmental management in the instant coffee division

Our goal is to establish a culture of care, demonstrating leadership through performance improvements at our award-winning manufacturing facilities in Toopran and Theni and we demonstrated consistent improvement.

The manufacturing facilities are certified for IMS which incorporates all systems and processes in one unified framework to drive excellence in sustainability. We have also implemented Sustainability Performance Management (SuPM) software, designed to capture relevant data at source and translate them into dashboard to aid decision- making at various levels in the organisation.

Both the units of instant coffee division at Theni and Toopran are certified under latest versions of Environmental Management System i.e., ISO 14001: 2015 complying with the stringent norms of the same. Focusing on environmental sustainability initiatives, the units are certified with UTZ and RFA as well.

Energy efficiency and renewable energy

As a Tata Company and an environment-friendly organisation, we are cognisant of our role in combating climate change. We have been successful in improving the efficiency of our processes and reducing the specific consumption of resources for all our product lines. We have aggressively promoted renewable energy at our manufacturing facilities, from solar and wind energy generation to biomass.

Theni Unit of Instant Coffee Division invested on Condensate Recovery System. This initiative led to an increase of condensate recovery factor from 62% to 79% with an annualized water reduction consumption of 5000KL and 900MT coal.

Managing water and waste

Effective water management is critical to the overall sustainability of our operations and we seek to progressively reduce the quantity of water consumption, expand water conservation measure at our facilities and replenish groundwater levels at our communities. Coffee processing is carried out using advanced Columbian and Brazilian pulping technologies, which ensure minimum water usage, thereby bearing a direct impact on water consumption and pulping discharge. Indigenous pulping units with low water consumption have been commissioned to reduce and recycle the treated water for irrigation. Through measures to improve water conservation and efficient use, we have reduced our specific water consumption consistently.

An on-site Effluent Treatment Plant (ETP) and a Reverse Osmosis (RO) system ensures that our wastewater and liquid effluents are effectively treated following the Reduce, Recycle and Reuse (3R) principle. Our plant at Theni is a Zero-Liquid-Discharge (ZLD) facility and has systems in place to reduce, reuse and recycle the wastewater generated. ~26 kilo litres per day (KLD) of effluent water is treated and reused in the boiler and other utility equipment at Toopran.

Waste management practices are implemented across our operations, divisions and supply chain, based on the 3R principles. We continually seek opportunities to minimise waste and conserve resources, leading to a reduction in the specific waste generated. We have installed electrostatic precipitators (ESPs) for our boiler operations to control and improve boiler stack emissions, unique to this industry.

Theni Unit of Instant Coffee Division invested on Condensate Recovery System. This initiative led to an annualized water reduction consumption of 5000KL.

Sustainable procurement

At Tata Coffee, we select our suppliers and service providers fairly and transparently and expect them to adopt ethical standards comparable to our own. Our value chain partners, including suppliers, service providers and distributors, are bound by the Tata Code of Conduct.

We expect our suppliers to adhere to environmental and social standards as mentioned in the Tata Code of Conduct. We conduct vendor/supplier meets, where we discuss the expectations of the Code of Conduct. We also prefer to source products/services, which are environmentally sustainable. For example, we procure energy-efficient motors, other electrical accessories and appliances. All IT assets are sourced from companies complying with sustainability standards.

In line with our objective of promoting inclusive development, we promote local sourcing. Some of the products and services procured locally are:

- Agri briquettes (used as a primary fuel for our instant coffee factory in Toopran)
- Agro-chemicals
- Maintenance and civil works as well as procurement of material
- Transport of green coffee from our estates to Kushalnagar and tea from Anamallais to Kochi

We also undertake business with small traders at our estates in remote areas. Personnel for security and other facility management services are sourced locally.

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Tata Coffee aims to create a working environment which supports the holistic development of its employees. We have developed different programmes to cater to the development needs of our employees.

A profile of our employees is given below.

Employee category	< 30 years	30 – 50 years	> 50 years	Total Nos.
Permanent employees	195	3266	2226	5687
Retainers	0	0	1	1
Casual/Temporary	2565	3816	985	7366
Contractual employees	172	353	44	569
Total	2932	7435	3256	13623

Employee well-being

Tata Coffee provides a host of benefits and services to its employees and most of this is well beyond statutory requirements to meet the needs of different categories of employees. Tata Coffee also has robust employee health and wellness initiatives in place, which cut across geographies and segments of workforce.

For staff and workers, periodic health check-ups, de-addiction and 'Art of Living' programmes are conducted across locations.

Talent development

Our Company focuses on welfare and improving skills and knowledge of employees by providing training and development. We study the training needs of our employees, including non-management staff at locations and business levels and provide relevant training programmes.

Business Responsibility Report [Contd.]

We train our employees on critical current operations-related matters and future strategic needs. We also devote focus on subjects like ethics and values and animal conflict management. The course includes organisation-wide behavioural training identified in the beginning of the year e.g. Food safety and workplace Safety & health, Hygiene training, among others. We also organise various trainings based on the feedback of employees and managers as part of the performance appraisal process. This includes technical, behavioural and functional trainings. We have introduced subjects like Plantation Law, amongst others, in our training calendar to address the needs of the statutory changes that can affect our business.

Employee engagement

Tata Coffee deploys robust processes fostering a culture reflecting open communication. Structured actions, such as periodic management and HR connects, review meetings, conversations and exit interviews, are implemented by the HR department in partnership with businesses. We regularly conduct engagement surveys to assess employee engagement and satisfaction levels. Based on the feedback from the surveys, programmes are planned to improve the morale of the employees. The recent YOU survey has indicated significant improvement in critical engagement factors.

Critical engagement factors (on a scale of 0 – 5)	YOU 2017	YOU 2019
Overall satisfaction	4.47	4.70
Overall advocacy	3.89	4.31
Overall loyalty	3.96	4.37
Leadership effectiveness index	3.70	4.12
Effective communication	3.52	3.95
Execution excellence – authority to do job well	3.52	4.01
Learning opportunities – learning and growth	3.90	4.35

We celebrate CSR week where all employees proactively participate in the CSR initiatives. We celebrate major festivals, where everyone comes together and have a good time.

The Company focuses on building best-in-class reward and recognition practices and has deployed a portal 'Blending Excellence' in order to encourage and foster employee engagement. Monetary as well as non-monetary rewards are provided to the employees as part of this programme.

Diversity and inclusion

We provide equal opportunities to all our employees and do not promote any unfair practices on any grounds, including race, caste, religion, colour, ancestry, marital status, gender,

sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable laws. Our policies provide clear terms of employment, training, development and performance management. When recruiting, developing and promoting our employees, our decisions are based solely on performance, merit, competence and potential.

In the fiscal year 2019-20, we onboarded one differently-abled employee, in accordance with our policy, which specifies the presence of one differently-abled representative in the talent management team.

Occupational Health and Safety (OHS)

Safety, being one of our Values and with vision of Zero Harm, TCL embarked on a journey of Safety excellence with aim that no one working in our operations gets hurt. We have a dedicated Safety, Health and Environment (SHE) Council which reviews our SHE performance every month. Also, as part of our safety management system, there are safety coordinators at each of the sites/location who ensure the required safety procedures and rules are followed, including training programmes to educate workers on how to carry out their work correctly and safely with a special focus on handling of machinery and agro-chemicals. We are the only coffee plantation company to be certified for Social Accountability 8000, invigorating our commitment to the well-being of our workforce.

We conduct regular risk assessment (Hazard Identification and Risk Analysis or HIRA), safety training, systematic trainings based on operational control plan (OCP), mock drills, first aid trainings and regular medical check-ups. All major hazards, including working at height (WAH), human-elephant conflict (HEC), and irrigation and fire hazards are identified, and we have proper mitigation plan for all of these. Chemical storage areas and locations where agrochemicals are mixed and distributed are equipped with eye-wash facilities to wash eyes in case of any emergency. All workers who apply, handle, transport or encounter agro-chemicals or other chemical substances are well trained. Welfare and safety audit is conducted annually through external agency covering workplace and labour lines to assess and ensure health and welfare facilities of workmen.

Some of the key activities undertaken during the fiscal year are listed here:

- Robust SHE governance mechanism across all locations starting with Senior leadership team
- Review and Roll out of SHE and Road & Driving Safety Policy

- 'Felt Leadership' workshop for senior leadership and certification programme for safety coordinators across locations
- Focus and roll out of Proactive Safety Indicators (PSI)
- Focus work group created on work on mitigation on risk activity
- Safety Campaigns initiated: i-Drive Safe and Zero Harm Pepper
- Executed safety audits process improvement
- Use of technology and various improvement projects on safety
- Focus on emergency planning and mock drills
- Increased safety trainings and communication on safety
- Focused awareness for employees on HEC

There has been no fatality in our operations and overall 18.8% reduction in total recordable injuries in this FY with respect to last year and ~31% increase in manhours training.

Details on key performance indicators are listed below:

Safety & Health Performance	2017-18	2018-19	2019-20
Number of unsafe situations observed – behaviours, conditions, near misses	14368	20841	21624
Total Training manhours	74238	82017	107137
Number of health awareness sessions conducted	555	690	890
Number of fatalities	4	1	0
Number of total recordable cases (TRC)	134	96	78
Number of Lost Time Injuries (LTI)	103	78	67
Number of major fires	2	0	1
Number of HIPO (High Potential) incidents	2	4	26

Details on the percentage of employees given safety and skill upgradation training last year are listed here.

Employee category	Percentage
Permanent employees (PE)	93%
Permanent women employees	92%
Casual/Temporary/Contractual employees	100%

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT:

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

At Tata Coffee, we believe in being responsible and sensitive to our stakeholders. We strive to be caring, respectful and compassionate to our employees and customers around the world, and always work for the benefit of the communities we serve. Our objective is to ensure that we return to the people much more than what they have invested in us – in every country, community and environment where we work.

Depending on a direct relationship of impact, influence and proximity or relevance, we have identified the following stakeholder groups for engagement:

- Customers
- Employees
- Investors
- Suppliers and other value chain partners
- Local communities, especially the disadvantaged and the vulnerable sections
- NGO partners

In running our businesses, we consider the interests and concerns of our stakeholders. We have different mechanisms through which we engage with them and understand their concerns. Details of mode of engagements and stakeholder concerns are discussed below.

We have developed organisation-wide processes to ensure that stakeholder interests are attended to and concerns are addressed. We regularly communicate on our policies and processes to stakeholders and have provided avenues to raise concerns or queries in good faith, or report instances of actual or perceived violations of our Code.

We also developed targeted programmes to contribute to the well-being of our stakeholders.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Tata Coffee respects human rights and upholds its highest principles.

Gender Diversity

Out of the workforce base of 13623, we have ~53% of female employees across the Company and across all the Business Units, including Corporate functions.

Business Responsibility Report [Contd.]

Child and forced labour

At Tata Coffee, child labour is strictly prohibited. We actively work towards putting children back in schools.

We do not deploy forced labour of any form in our operations and encourage our suppliers, vendors, contractors and other business partners associated with the Company to follow the principles laid out in the Tata Code of Conduct.

Once in a two-year period, we conduct welfare audits employing external agencies to assess the welfare index of the estates. These audits cover aspects like child, forced or bonded labour.

Freedom of association and collective bargaining

We recognise the right of employees to join associations or involve themselves in civic or public affairs in their personal capacities, provided such activities do not create an actual or potential conflict with the interests of our Company. We expect our employees to notify and seek prior approval for any such activity as per the Conflicts of Interest clause of the Tata Code of Conduct and in accordance with applicable Company policies and laws. 90% of our employees are part of this recognised union.

POSH

We, at Tata Coffee, have zero tolerance for sexual harassment at workplace and have adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace. The policy aims to provide protection to employees at the workplace and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. We have also constituted an Internal Complaints Committee, known as the POSH Committee, to enquire into complaints of sexual harassment and recommend appropriate action.

During FY 2019-20, the Company received 6 complaints on sexual harassment, 5 of which have been disposed of and appropriate actions taken.

PRINCIPLE 6: ENVIRONMENT

BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

Our environment stewardship extends beyond our premises and we take due cognisance of the ecosystem in which we operate. We operate in a biodiversity hotspot – the Western Ghats – and therefore, it is of prime importance for us to protect the rich heritage of the region. We identify, protect and restore existing natural ecosystems, both inside and outside our estates.

Forest and wildlife conservation

Tata Coffee's estates, along with neighbouring areas, are home to about 3,049 native species of flora and 496 species of

wildlife. As a standard practice, we do not harvest threatened or endangered plants or tree species. We established a buffer zone by planting permanent native vegetation (Acalypha) bushes in order to promote biodiversity, minimise any negative visual impact, and reduce the drift of agrochemicals, dust and other substances emanating from our agricultural or processing steps. We conduct annual surface water analysis to check the drift and erosion of chemicals to water bodies.

We maintain an inventory of wildlife and wildlife habitats found on our estates through a wildlife-sighting register. Hunting, capturing, extracting and trafficking wild animals are strictly prohibited on the estates. Our Wildlife Cells help mitigate potential HEC and create feeding sites for the animals in reserve forests.

Initiated a project for greening and planting of vetiver plant in the landslide prone areas across Coorg district as part of our CSR and volunteering program in this year.

The Company was awarded the 'Excellence in Work Place Safety' trophy for its elephant conservation project, at the Confederation of Indian Industry IQ National Safety Competition.

Water conservation

We undertake water conservation projects as part of our CSR programme. We partner with the Water Literacy Project for rejuvenating lakes, thereby maintaining hydrological balance at selected areas.

PRINCIPLE 7: POLICY ADVOCACY

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

Our Company's approach to advocacy is guided by the Tata Code of Conduct. The Code provides that any contact by the Company or its business associates with government, legislators, regulators or NGOs must be done with ethics, fairness, transparency and in compliance with applicable laws. Only authorised and appropriately trained individuals can interact with these organisations. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

Tata Coffee has been actively participating in various forums relevant to the industry, the Company and its stakeholders. We are associated with the following industry bodies.

- United Planters' Association of Southern India
- Karnataka Planters' Association and Kodagu Planters' Association

Tata Coffee is a member of the Confederation of Indian Industry (CII) that works to create and sustain an environment conducive to the Indian industry's growth, partnering industry and government alike through advisory and consultative processes. Being a member of such a prestigious industrial development wing, Tata Coffee demonstrated the best practices of effective environmental management.

We are also associated with Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) and have actively participated in the industrial improvement activities organised by the Federation.

PRINCIPLE 8: INCLUSIVE GROWTH:

BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

At Tata Coffee, we believe in inclusive growth and thus community care and development form an integral part of our agenda. We are committed to making lasting difference through our Corporate Social Responsibility initiatives.

We promote inclusive growth and equitable development by working towards the socio-economic and environmental well-being of the communities in which we operate. We focus on a multitude of areas, such as education, health care, ecosystem restoration and skills development.

Our approach

Our programmes are aligned to the critical needs of the communities where we operate. All the programmes are implemented on the ground through partnerships in different capacities with credible NGOs in the space.

CSR programmes and initiatives

Tata Coffee identified health, children with disabilities, restoration of hydrological balance and skill development as key focus areas for the Company-wide CSR programme, in line with Tata group's ideologies.

Restoration of hydrological balance

One aspect of Tata Coffee's core value, 'Responsibility' is restoration of hydrological balance. We work to restore lakes using an innovative lake-in-lake method, in which we are supported by our NGO partner – Water Literacy Foundation. The objective of the programme is to eradicate water shortage faced by the communities in selected geographies and to ensure water security. This prevents migration of local communities due to water stress and mitigates the risk of labour shortage in our business.

Skill development for women

Tata STRIVE, the first Tata group CSR programme is an initiative of Tata Community Initiatives Trust and is intended to address

the pressing need of skilling India's youth for employment, entrepreneurship and community enterprise. The programme develops skills of people from financially challenged backgrounds and acclimatises them with the changing work environment.

In association with Tata STRIVE, we work for the cause of women empowerment by skilling them to enhance their employability and bring forth positive change. This Financial Year, we provided automobile sale consultant training to women from the local community in Coorg.

Site-specific programmes

Tata Coffee implemented several community initiatives at different geographies where our plantations and factories are located. Details of the programmes are listed here.

Coorg

- Coorg Foundation: It was established in 1994 and is a separate and independent social wing to better shape and scale our community initiatives at Coorg. The Foundation promotes welfare of the local community through a host of economic, environmental and social initiatives.
- Swastha: This Centre for Special Education caters to the needs of the differently abled in the district of Kodagu. The school imparts special education and vocational training to the differently abled children in the age group of 6 through 18. Students are trained in tailoring, book binding, paper bag making, painting hoardings, Artefacts and paper cup making and are provided with placement opportunities. The community-based rehabilitation programme under Swastha evaluates the inclusion and normalisation of the differently abled by providing them services in the areas of health and education.
- Rural India Health Project (RIHP) Hospital at Ammathi: Rural India Health Project (RIHP) Hospital situated in the Ammathi village of the Kodagu district was established in 1964. Owned by a charitable trust, it is currently managed by Tata Coffee. The vision of the hospital is to provide the best possible healthcare facilities and advice round-the-clock at affordable cost to the local community by extending the facility of emergency investigations and treatments.

This hospital has 57 beds and is well-equipped with ultramodern facilities. In FY 2019-20, health awareness, health/nutrition and general health check-up programmes were conducted for various schools in and around Ammathi, Kodagu. Free off-site medical camps and first-aid awareness programmes for common accidents and protocols to shift patients were also part of 2019-20 programme.

Business Responsibility Report [Contd.]

Toopran

- Conducting an alcohol de-addiction awareness program using folk songs or street play
- Setting up an energy conservation programme using LED lamps with external cover box
- Launching of a multi-grade multi-level conceptual education project for overall development of students on various subject matters
- Providing merit-based scholarships to 5 government schools students of Class 10.

Swacha Gramam: This is a cleanliness initiative that forms part of our CSR project, which focuses on improving the hygiene and environment of Brahmanpally Panchayat (covering the villages of Venkatapur, Brahmanpally and Padalapally) in Toopran. Brahmanpally Grama Panchayat acts as the governing body that oversees the sanitation of the villages, including cleaning of drain lines, sludge removal, dustbins and other unhygienic areas. The Company provides financial support upon verification of the sanitation facilities provided by the Panchayat.

Theni

- Organising diabetes health camp, providing medicine, retinopathy check-up and general health camp for the elderly
- Providing nutritious supplement and medicine for 560 adolescent girls
- Providing amenities and tailoring machines to the women groups.
- Cleanliness campaign and volunteering around plastics waste awareness

Anamallais

- DARE Project: Developmental Activities for Rehabilitative Education or DARE was started in 1996, to work towards the well-being of children with special needs from among the workers' population. The various activities that take place at the centre include meditation, exercises, physiotherapy (for the children who need it), art and craft, stitching, embroidery, candle making, washing powder making, office covers and basket weaving, apart from games and supervised activities. Proceeds from the sale of these products are deposited into the post office accounts of the respective children.
- Uralikal Central Hospital: It is a 50-bedded hospital run by the Company in Anamallais, which provides free medical

aid to our 6,000-plus strong workforce. The hospital also extends free medical aid to the indigenous population in the settlements on the periphery of our estates and holds medical camps. Medical aid is offered to outsiders at subsidised rates. This is the main referral hospital for the 6 estate hospitals located in our estates in the Anamallais.

- Akshara Vidyasharam: This primary school opened its doors to the children of Anamallais in 2007, with the aim of providing quality education at affordable cost. The school is run on a not-for-profit basis, by Tata Coffee Wives' Association. It caters to the children from lower kindergarten to Class 5. The school adopts the CBSE Board syllabus and has smart class facilities. In addition to this, the school has a computer laboratory, besides art, yoga and music classes.

Hassan

In Hassan, we undertook initiatives to supply drinking water to the local community. A hospital and a school were provided with water purifiers, a new pump set, and pipeline was installed at a village panchayat.

Valparai

We conducted medical camp for the indigenous community and an eyecare camp for the people of Valparai. We also sponsored students belonging to SC/ST community in and around our estates to undergo training at the Unnati centre. We also supported school students from the community.

Post flood support in Kodagu

Post devastating landslides and floods on account of heavy rains and a minor earthquake at Kodagu, Karnataka, the Company's quick response prevented any loss of life in the estates. Our teams in the estate cleared blocked roadways; provided firewood, diesel and water to those displaced; and relocated them to camps when needed. Swastha operated a community kitchen and distributed relief supplies such as bedsheets, bath towels, blankets, woollen caps, clothing and food. We also raised funds to assist in the rehabilitation of school children. Our Chief Medical Officer at the Rural India Health Project Hospital, the medical Centre at Ammathi, near Kodagu, visited the relief camps and offered aid and advice.

Our employees too volunteered their time and resources with Tata Sustainability Group, to help with purchasing, packing and warehousing of relief supplies and post flood providing local support in building 2 Anganwadi in Kodagu district for children's in the region. Group-level community welfare initiatives

- Tata Engage: This is a group level volunteering programme with the objective of sensitising Tata employees to

social causes, encouraging them to get involved in the community, and providing them with the opportunity to contribute to community. As part of this programme, Tata Coffee employees contributed 14,687 volunteering hours. We remain among the top 3 in the Tata group with highest recorded hours spent on volunteering activities across sites.

Other community welfare activities

The senior leadership of the Company is involved in different community activities. We are associated with the Little Sisters of the Poor, Karnataka Association for the Blind and Karunashraya Bangalore Hospital Trust, and our leaders volunteer at these three organisations, besides supporting them financially.

PRINCIPLE 9: CUSTOMER VALUE:

BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

Customer centricity is one of the core pillars of our business and it is cascaded to every Tata Coffee employee. The intricate system that we have in place to listen to and anticipate customer requirements has helped us deliver a range of new, improved and customised products.

We have different mechanisms to build relationships with our customers and we continuously engage with them to understand their concerns and be more responsive to their needs. Key mechanisms to capture customer inputs are customer meets and the customer satisfaction survey.

Our Company has a robust system for tracking customer grievances and complaints, the Complaint Management System. Its objective is to manage feedback effectively and

convert dissatisfied customers into delighted ones. The complaint management process follows a detailed protocol involving registration of complaints, conducting a root-cause analysis under the concerned department, directly engaging with the customer via multiple stake-holders if necessary and consequently closing the feedback from the customer.

Through our customer-centric approach and quality management focus, we have achieved a continuous reduction of customer complaints year on year. For our instant coffee division, the number of customer complaints received in FY 2019-20 were 47, of which 4 complaints are pending to be resolved as of March 31, 2020. For our green coffee division, we received 6 complaints in FY 2019-20 and one complaint is pending resolution.

Our emphasis on innovation is demonstrated by the large number of new products commercialised in the last Financial Year. A total of 13 new products and 45 modified products were developed by the New Product Development (NPD) department of our instant coffee division.

Driving operational excellence through various certifications

Our food safety certifications, Halaal and Kosher, specifically address concerns of different customs. Our UTZ certification is for our sustainable farming and sourcing of beans from farms to produce soluble coffee.

Global Food Safety Initiative (GFSI) is another organisation which plays an important role in food safety systems. GFSI has benchmarked existing food safety schemes. The current list of GFSI schemes includes FSSC 22000, SQF, British Retail Consortium (BRC) and others. It does not include ISO 22000.

The Business Responsibility Report can be viewed on the Company's website at <https://tatacoffee.com/sites/default/files/collaterals/Business-Responsibility-Report-2019-20.pdf>