

# **CORPORATE SUSTAINABILITY REPORT**

## **2008-09**

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Dear Stakeholders,

The financial crisis in 2008-09 has renewed the emphasis for focused attention on sustainability. The world has seen unprecedented economic upheaval caused by unsustainable business practices. This crisis has also demonstrated decisively to all of us that our actions are inter-related. We must consider the wider and long-term impact of the risks arising from the activities undertaken by us.

From its earliest days, Tata Steel has taken responsibility for the impact of its activities on all the stakeholders. It has been a pioneer in employee welfare measures, social and community initiatives. It has led the way in business ethics. It has broken new ground in social and community initiatives to help build our nation. And just as importantly it has ensured sound financial management, acting always as a trustee of its shareholders' wealth. Tata Steel has withstood critical times in the past and is standing strong through the current economic crisis.

The difficult times we are facing will not force us to change our approach to business. We continue to promote the ethos of our founding father, Jamsetji Tata, who believed that the real purpose of business is to improve the quality of life of the people. Therefore we further strengthen our efforts to create value through our business. Presently climate change and depletion of the world's natural resources are recognised as key challenges, the Company is seeking to go beyond its legal mandate, to be a responsible environmental citizen and conserve precious global resources.

Tata Steel Group Vision sets out our ambition to be the world benchmark in value creation and corporate citizenship. Our Vision is supported by four ambitious goals to be achieved by 2012: on safety, carbon dioxide emissions, value creation and becoming an employer of choice. Our performance on these priority issues is already encouraging. The Company's continuing focus on safety resulted in a 10% reduction in Lost Time Injury Frequency (LTIF) rate in the Steel Works and 80% reduction in the Raw Material Divisions in India as compared to the previous year. The Fatality Risk Control Programme was rolled out successfully across all the divisions during the year. More than 1168 fatality potential conditions were identified and corrected with irreversible engineering solutions.

We continued to concentrate on safety and corporate social responsibility with special focus on climate change initiatives. Tata Steel along with Tata Power is setting up a captive power plant in IJmuiden, Netherlands using waste gases as input fuel in place of fossil fuel. This will reduce the carbon footprint of the Group significantly. Similarly, in India, recently commissioned efficient 'H' Blast furnace operation will reduce specific CO<sub>2</sub> emissions in a significant way. These are just two of the many initiatives that were accomplished during the year. Tata Steel reduced its specific CO<sub>2</sub> emission by 36% in last decade. In 2008-09, direct specific CO<sub>2</sub> emission reached to a level of 2.05 t/tls by improving energy efficiency, by-product gas utilization and waste utilization.

Our ROIC (pre tax) increased to 21% in 2008-09 from 20% in 2007-08. The strategic focus of the Company has been to increase the steel making capacity in excess of 50 million tonnes by 2015 through organic and inorganic growth. One of the key enablers identified to achieve the strategic goals and to build a sustainable value creating culture is being an employer of choice. Across the Group, we will work hard in the coming years to achieve the challenging targets we have set for ourselves.

Another peak for Tata Steel during the year, was winning the Deming Application Prize, which is the highest award for quality in the world. Tata Steel thus became the first steel company in the world outside Japan to have ever won the Deming Prize. The Deming Prize is a recognition of Tata Steel's commitment and exceptional contribution to its customers, employees, business partners and to the society at large. Tata Steel's longevity bears testimony to its long-term approach and its ability to embrace change with ease.

Our performance in 2008-09 remained strong despite the global economic crisis. Whilst demand for steel reduced globally, our reputation and branded product solutions remained in demand amongst loyal customers. It was an exceptional year in which we witnessed the best of times and the worst of times. After setting records of every kind in the first half, the year witnessed a dramatic reversal in the second half.

In September 2008, Tata Steel entered into a Memorandum of Agreement with New Millennium Capital Corp, Canada to develop iron ore projects in northern Quebec, Canada. The Company has acquired a 19.9% stake in it. Further, SAIL and Tata Steel formed a 50:50 Joint Venture company, S&T Mining Co. in September, 2008 with its registered office in Kolkata. These strategic initiatives will make us more sustainable by ensuring raw material security.

In 2008-09 the Company made a contribution of Rs 76.99 Crore in India towards development of the communities around the vicinity of its operations.

In line with changes in the times, and the globalization of the Tata Group, the Tata Code of Conduct was updated, in consultation with Tata Steel Group companies around the world. The revised Code of Conduct was adopted by Tata Steel Ltd Board of Directors in October 2008. The revised Tata Code of Conduct 2008 addresses contemporary issues of concern for global business, with more focused direction for example on integrity, fraud, bribery, corruption, conflict of interest, competition and excellence. The importance of implementing a sustainability protocol is addressed for the first time. All employees have a clear responsibility to implement the Code. Additionally the Code now extends to contractors and vendors, who must agree to respect the Code.

While cyclicalities are a phenomenon of the steel industry, what caught us and everyone by surprise was the speed and intensity of the downturn. Nations across the world responded to the crisis by introducing bail out and stimulus packages. Looking into the long-term future, we see continued demand for steel as a principal base material for most industrial products. On the outlook for the steel industry and of the economy as a whole, I believe the worst is behind us. The fact that we have reached the bottom of the cycle is itself a cause for satisfaction, as things will only improve from here. The buoyancy in the global economic activity was driven by trends of urbanization and industrialization in the Asian economies, mainly of China and India.

The Indian economy remained largely on course even during this crisis, the revival of Chinese economy will be the turning point that will bring us back to the economic activity of the years 2007 and 2008.

I am delighted to present the Corporate Sustainability Report of Tata Steel for the year 2008-09. This has been prepared according to GRI G3 guidelines. Tata Steel was one of the first Indian companies to adopt the stringent guidelines under the Global Reporting Initiatives and this is our eighth consecutive report. The notion of social stewardship, integral to our business, together with our continual improvement philosophy has been driving our excellence orientation for over a hundred years of our existence. From the onset, more than a century ago, Tata Steel has been governed by principles put into practice through policies and systems that later became the law of the land. Our commitment to workforce issues is evident from the vision of the Founder which guides us. These pursuits encourage us to seek partnerships such as the United Nations Global Compact (UNGC) and together we work to improve compliance to corporate governance aspects. The UNGC commitment to labor standards, environment and anti-corruption aspects is covered and implemented through cross-functional initiatives of the company. Working conditions for employees and supply chains are primarily managed through compliance to SA8000, which is based on principles and conventions such as the Universal Declaration of Human Rights and International Labour Organization Conventions.

We have made every effort to report effectively to our stakeholders about our economic, environmental and social performance and we welcome your feedback on this report.

Date: 2009  
Place: Jamshedpur

B Muthuraman  
Managing Director

## MAJOR OPERATIONS

Tata Steel Limited (Tata Steel) began operations in Jamshedpur, more than 100 years ago. Among Asia's first integrated steel manufacturers, the Tata Steel Group has grown to be a global corporation with a crude steel production capacity of about 30 million tonnes per annum (mtpa).

Tata Steel has its registered headquarters in Mumbai. It now is the world's second most geographically diversified steel producer and a Fortune 500 Company.

Through the acquisition of Corus- the second largest steel company in Europe - and investments in NatSteel Holdings, Singapore- the top steel maker in the Asia Pacific region and Tata Steel Thailand (formerly called Millennium Steel) - the largest long steel producer in Thailand, the Company has created a manufacturing and marketing network in Europe, South East Asia and the Pacific-rim countries.

Tata Steel is the first integrated steel

company outside Japan to have won the Deming Application Prize for Excellence in Total Quality Management.

The Tata Steel Group recorded a turnover of Rs 1, 47, 329 crore (US\$ 28,962 mn) for the financial year 2008-09 generated by a spectrum of brands, which feed markets in nine principle segments covering construction, automotive, engineering and agriculture.

Tata Steel has created a presence in markets across geographies and the steel value chain, which has given it an assured customer reach.



Tata Steel Group is geographically spread over 5 continents with manufacturing units in 26 countries and a commercial presence in over 50 countries. The Company's major steel making operations are in:

- Jamshedpur, India
- IJmuiden, Netherlands
- Port Talbot, Scunthorpe, Rotherham and Teesside, UK.
- Thailand
- Singapore

Tata Steel produces steel using an integrated steel-making concept, utilising raw materials like iron ore, coal, limestone etc. to produce hot metal (liquid iron). This hot metal is converted into steel through a steel-making process. The liquid steel is then cast and rolled into a variety of products.

Tata Steel's Jamshedpur (India) Works has a crude steel production capacity of 6.8 mtpa. The Company also has proposed three Greenfield steel projects in the states of Jharkhand, Orissa and Chhattisgarh in India with and a Greenfield project in Vietnam.

The Steel Works in India is in the process of expanding its capacity to reach 10 mtpa by 2011. On November 3, 2008 the ground breaking ceremony for 'I' Blast Furnace of Tata Steel took place; which will enhanced its crude steel making capacity by 3.05 mtpa. The furnace is expected to be commissioned in FY'11. The state of the art I-Blast Furnace

will be among the most energy efficient furnace in the world.

In addition to Steel Works, the Group has significant operations to support its steelmaking activities, including mines and collieries. It has in-market steel processing facilities and distribution and transportation operations, as well as a sophisticated Research, Development and Technology Centre in Rotherham, UK.

The iron ore mines and collieries in India give the Company a distinct advantage in raw material sourcing. Tata Steel is also

striving towards raw materials security through joint ventures in Thailand, Australia, Mozambique, Ivory Coast (West Africa) and Oman. Tata Steel has signed an agreement with Steel Authority of India Limited to establish a 50:50 joint venture company for coal mining in India. Also, Tata Steel has bought 19.9% stake in New Millennium Capital Corporation, Canada for iron ore mining.

Tata Steel is also developing joint ventures as part of its collaborative growth strategy.

### Major Operational Divisions in India

- Steel Works, Jamshedpur (Jharkhand)
- Tubes Division, Jamshedpur (Jharkhand)
- Tata Growth Shop, Jamshedpur (Jharkhand)
- Agrico Division, Jamshedpur (Jharkhand)
- West Bokaro Division, West Bokaro (Jharkhand)
- Jharia Division, Dhanbad (Jharkhand)
- Ore Mines & Quarries Division, Noamundi (Jharkhand) and Joda (Orissa)
- Ferro Alloys & Mineral Division, Joda, Sukinda and Bannipal (Orissa)
- Bearings Division, Kharagpur ( West Bengal)
- Wire Division, Mumbai (Maharashtra)
- CRC (West), Tarapur (Maharashtra)

Brief details of other significant operations of Tata Steel Group are provided below. More information on these operations and a full list of subsidiary companies, associates and joint ventures is supplied in Tata Steel Annual Report 2008-09, available to download from the investor relations section of <http://www.tatasteel.com/investors/performance/annual-report.asp>

## PRINCIPAL SUBSIDIARY COMPANIES:

### CORUS

Corus is Europe's second largest steel producer with production of around 20 million tonnes per annum (mtpa) and annual revenues in 2008-09 of around £12 billion. Corus' main steel making operations are located in the UK and the Netherlands with other plants located in Germany, France, Norway and Belgium. Corus produces carbon steel by the basic oxygen steel making method at three integrated Steel Works in the UK at Port Talbot, Scunthorpe and Teesside, and at one in the Netherlands at IJmuiden. Engineering steels are produced in the UK at Rotherham using the electric arc furnace method. Corus has three divisions; Strip Products, Long Products and Distribution & Building Systems.

The Company has commercial operations across the world and supplies demanding global markets including construction, automotive, packaging, mechanical and electrical engineering, metal goods and oil & gas.

### NATSTEEL HOLDINGS

NatSteel Holdings Pte. Ltd. (NSH) is a leading long-product player in the Asia Pacific region with an approximate capacity of 2 mtpa. It has operations and joint ventures in Singapore, Malaysia, Thailand, China, Australia, Philippines and Vietnam. Its Singapore based operations serve as a hub for the NSH group, providing engineering, logistics, sourcing information technology and other support services.

NSH Singapore has upstream facilities for billet making, rolling bars and wire rods. The group produces construction grade steel which includes rebars, cut-and-bend, mesh, precast, bore pile, PC wire & PC strand. In Xiamen, China, the group has rolling operations, while in Australia manufacturing activities are focused on downstream production (cut & bend, mesh). In Thailand and China, the group has manufacturing facilities for wire drawing.

### TATA STEEL (THAILAND)

Tata Steel (Thailand) Public Company Limited (TSTH), the largest long steel producer in Thailand, with an installed capacity of 1.7 million tonnes per annum. The company was established in 2002 as a holding company consisting of NTS Steel Group (NTS), The Siam Iron and Steel Company (SISC) and The Siam Construction Steel Company (SCSC). The company produces long products, which include rebars, wire rods, small sections, special bars and cut and bend products.

## PRINCIPAL JOINT VENTURES

### TATA BLUESCOPE STEEL

The 50:50 Joint Venture agreement with BlueScope Steel Limited to form Tata BlueScope Steel Limited became effective from May 30, 2006. The Building Solutions facilities at Pune, Bhivadi and Chennai have been operational since 2006-07. The construction of the Coated Steel manufacturing facility at Jamshedpur is in progress and expected to open in 2010. The Company offers a comprehensive range of branded steel products for building and construction applications.

### DHAMRA PORT COMPANY

The Dhamra Port project is a Joint Venture with Larsen & Toubro Limited, building an all weather modern deep-water port in the state of Orissa on the Eastern Coast of India. The bulk cargo berths are being designed to accommodate up to 180,000 DWT vessels. A 62.7 km (route distance) rail link connecting the Port to the nearest railway station at Bhadrak on Chennai-Howrah line is included in the project scope.



## TATA NYK SHIPPING

In a joint venture with Nippon Yusen Kabushiki Kaisha (NYK Line), the Company has commenced shipping activities for Tata Group companies and other clients with five ships. Tata NYK handled around 2.4 million tonnes of dry cargo and projects, to service more than 20 million tonnes per year within five years through a fleet of owned and chartered ships.

## VIETNAM STEEL PROJECT

Tata Steel signed a Joint Venture Agreement on August 13, 2008 with Vietnam Steel Corporation (Vietnam's largest steel company) and Vietnam Cement Industries Corporation (Vicem) for a 4.5 million tonne per year steel complex to be set up in Ha Tinh Province. The first phase of the complex will be a Cold Rolling Mill. Tata Steel will have a stake of 65% in the Steel project.

## IRON ORE PROJECT IN IVORY COAST

Tata Steel and SODEMI entered into an agreement in December 2007 for the development of Mount Nimba iron ore deposits.

## COKING COAL PROJECT IN MOZAMBIQUE

Tata Steel entered into a Joint Venture (JV) with Riversdale Mining Limited, Australia in 2007 for a 35% stake in two coal tenements in Mozambique at Benga and Tete. The agreement gives the Company off-take rights to 40% of the coking coal produced from these mines.

## OMAN LIMESTONE PROJECT

In January 2008 a joint venture was agreed with members of the Al Bahja Group for mining limestone in Salalah province of Oman.

## CARBOROUGH DOWNS COAL MINE, AUSTRALIA

This is a joint project with Vale and other partners, for expanding a coking coal mine in Central Queensland.

## TATA STEEL – STEEL AUTHORITY OF INDIA (SAIL)

Four medium coking coal blocks in Jharkhand are under assessment for coal mining. On allotment of the blocks, the Joint Venture will develop and carry out mining operations for captive use by both SAIL and Tata Steel.

## SCALE OF THE ORGANISATION - FACTS AND FIGURES

- u In 2008-09, Tata Steel produced 6.8 million tonnes of crude steel in India at Jamshedpur.
- u In March 2009, 34,918 people were employed by Tata Steel (India.)
- u In 2008-09 consolidated net sales revenues stood at Rs. 147,329.26 crore.

Financial Performance (Tata Steel India)		
Item	2008-09 (Rupees Million)	2007-08 (Rupees Million)
Gross revenue	271,520.0	224,323.5
Profit before taxes	73,156.1	70,663.6
Profit after taxes	52,017.4	46,870.3
Capital employed	581,650.4	469,204.1
Net worth	295,995.3	271,456.2
Borrowings	269,461.8	180,216.9
	As on 31.3.09 (Rupees Million)	As on 31.3.08 (Rupees Million)
Total assets	587,417.7	470,755.2
	Ratio 2008-09	Ratio 2007-08
Net debt : Equity	0.78	0.81

Note: 1 USD = 50.87 INR as at 31.3.09



## NATURE OF OWNERSHIP AND LEGAL FORM

Tata Steel is a Public Limited Company. The Company had 857,041 different shareholders as at 31st March 2009, with the vast majority being individuals. Tata Sons Limited is the largest single shareholder with just under 29.27% shareholding.

Around 66% of all profits received by Tata Sons through its shareholding are invested

in philanthropic activities to benefit society, through the Sir Dorabji Tata Trust, Sir Ratan Tata Trust and other trusts.

During the year, Tata Steel raised US \$500 Mn through a Global Depository Receipt (GDR) issue. The GDRs have been listed in the London Stock exchange (The GDR issue size was equivalent to issue of

65410589 Ordinary shares).

The Cumulative Convertible Preference Shares (CCPS) were also converted during the year into 91211136 Ordinary shares as per the provisions of Rights Issue made in FY07-08. For more details on the distribution of shares and the changes in category of shareholders, please refer to Page 211 of the Annual Report 2008-09.

## MARKETS SERVED AND PRIMARY PRODUCTS & SERVICES

Tata Steel is a global steel producer with a balanced presence in developed European and fast growing Asian markets. In India, Tata Steel mainly serves the domestic market. The production is segmented into two main categories - Flat and Long Products - at a

balance of approximately 67% and 33% of production, respectively. Whilst the focus of business is steel making, the Company also seeks to maintain control of downstream and upstream operations and control its business environment, with raw material production, transportation and processing

operations.

The de-commoditisation of steel and the development of specialised and differentiated products through branding have been important elements of business strategy in recent years.

### MARKETS, PRODUCTS & SERVICES IN INDIA

Products	Descriptions	Market segment	Key customers
Long Products	Rebars	Large construction projects, Individual houses	L&T, AFCONS, DLF, Gammon, HCC, individual house builders
	High and Low Carbon Wire Rods	Wire drawing industries for applications like fasteners, tyre beads, construction, electrodes, springs etc	Wire Division, Bansal, ESAB, Miki Wires
Flat Products	Hot & Cold Rolled Sheets, Hot & Cold Rolled Coils, Galvanized Coils & Sheets, Hot Rolled Plates	Auto, Construction industries, General Engineering, Appliances, Industry and housing applications	Tata Motors, Ashok Leyland, Toyota, Honda, Ford, Maruti, Hyundai, Bajaj, TVS
Semi Finished Steel Products	Billets, Slabs		
Tubes	Standard Pipes, Precision Tubes, Closed Structural		
Bearings, Wires	Rolled Rings, Forged Rings, Machines Rings, Bearings Plain and Coated Steel Wires		
Minerals	Coal & Coke, Iron Ore, Dolomite, Chrome Ore & Chrome Concentrate		
Others	Ferro Alloys, Agriculture Implements, Services like project studies, design & engineering, personnel and technical training, automation, Information Technology, power and water.		
Branded Products	Tata Shaktee GC Sheets, Tata Steelium Cold Rolled Steel, Tata Tiscon construction rods, Tata Pipes, Tata Bearings, Tata Wiron and Tata Agrico, Tata Structura		

The Flat Product business in India is dominated by five big companies. Tata Steel ranks second in terms of size with about 18% market share. The Long Product business, in contrast, is highly fragmented. In this market, Tata Steel has positioned itself to meet the needs of quality conscious, discerning customers. They comprise large reputed infrastructure project companies

and individual house builders. Tata Steel's market share in this target segment is the highest at 23%.

Tata Steel constantly strives to provide high quality products to the high-end market segment. It also differentiates its offer by tailoring the product and service to meet the exact needs of customers. While Tata Steel

has established itself as a national leader in addressing the needs of customers with cutting edge technology in auto and construction industries, it also penetrates deep into rural India, with over ten million customers for galvanised corrugated sheets across the country. The Company believes in building relationships with its customers and over 70% of its sales are through long-term contracts.



## SIGNIFICANT CHANGES SINCE PREVIOUS REPORTS

## NEW FACILITIES

In line with its growth and development strategy, the Jamshedpur Steel Works in India is increasing its capacity from its earlier 5mtpa to 10 mtpa by the end of 2011. The

new H Blast Furnace which was formally blown in on May 31, 2008 was a major step in this expansion process, increasing production capacity at Jamshedpur to 6.8

mtpa. The 'H' blast furnace, despite the delayed startup, surpassed its FY' 09 target by 0.3 million tonnes in its very first year of operation.

The following major facilities were commissioned under the 1.8 MTPA Expansion Project:-

Major Facilities	Amount (Rs.Crores)	Month/Year of Commissioning
H Blast Furnace	1438.00	May, 2008
Sinter Plant #4	388.00	May, 2008
Power Distribution System	261.00	June, 2008
Widening of Roads (Town)	34.00	June, 2008
Augmentation of LD shops (LD#1 & LD#2)	335.00	July, 2008
CC#3	280.00	November, 2008
7 <sup>th</sup> Lime Kiln	61.00	September 2008
Utilities	109.00	September 2008
Water system	32.00	July 2008
RMHS	214.00	July 2008

## AWARDS AND RECOGNITION IN 2008-09

- From September 22, 2008 Tata Steel is one of only two Indian companies (along with Tata Consultancy Services) to feature on the composite Dow Jones Sustainability World Index (DJSI World). DJSI World comprises leaders in sustainability - the top performing 10% of companies, selected on the basis of long-term economic, environmental and social criteria, from the largest 2500 companies in the world. A systematic corporate sustainability assessment identifies the sustainability leaders in 57 separate industry groups. The analysis considers general as well as industry-specific sustainability trends and evaluates companies based on a variety of criteria, including climate change strategies, energy consumption, human resources development, knowledge management, stakeholder relations and corporate governance.
- Tata Steel India was awarded the Deming Application Prize 2008 for excellence in Total Quality Management. It is the first integrated steel company in the world outside Japan to receive this award.

- Economic Times Award for the Company of the Year 2008 was awarded in January 2009 by Dr. Manmohan Singh, Prime Minister of India. This award is recognition of the Company having consistently set clear performance benchmarks for the rest of the industry and striven to become a world leader.



- Selected amongst Forbes 'Fabulous Fifty' – as one of the best Asian companies – on 17<sup>th</sup> December 2008

The award looks for continual commitment by business to ethical behaviour, to economic development and to improving the quality of life of employees and their families, as well as to engagement with local communities and society at large.

- TERI Corporate Award (in collaboration with GTZ) for Business Response to HIV/ AIDS, awarded in May 2008



- CII – ITC Sustainability Award for sustainable development from Confederation of Indian Industry (CII), 2008
- Managing Director of Tata Steel conferred with Jamsetji Tata award by Indian Society for Quality, 2008
- Think Odisha Leadership Award for Corporate Social Responsibility for 100 years of Service to the Nation, awarded in 2008
- Most Admired Knowledge Enterprise (MAKE) Asia Award from World Knowledge Forum 2008. 1st position as overall Asian winner
- Commercial Taxes Jewel Award presented in January 2009 by the Commercial Tax Department, Government of Bihar
- JIPM TPM Excellence Award for JUSCO in 2008 - the only company in the Utility Services domain in the world to achieve this award
- The 5th Asia Water Management Excellence Award was conferred on JUSCO on April 1, 2008. JUSCO is the first Indian Water Company to receive this prestigious award.
- Tata Steel won 16 prizes in the 46th Annual Mines Safety Week Celebrations 2008 for Chaibasa region, organised under the aegis of the Directorate General of Mines Safety (DGMS), Govt of India, including the most prestigious Innovation Award bestowed upon Joda East Iron Mine (JEIM).

Tata Steel's Sustainability Reports are produced annually and this report covers the Company's financial year 1<sup>st</sup> April 2008 – 31<sup>st</sup> March 2009. The last Corporate Sustainability Report was published for the year 2007-08.

The report is produced to communicate to stakeholders:

- Tata Steel's approach to corporate sustainability
- Its management of sustainability issues
- Performance on Global Reporting Initiative G3 indicators and on reaching Company goals

We hope that this report meets the needs of the majority of our stakeholders. Many of our stakeholders such as employees and local communities receive communication on relevant issues primarily through other sources.

### Contact Person

The Company is delighted to hear stakeholders' views on this report, the Company's approach to sustainability and its performance. Please email [sustainability@tatasteel.com](mailto:sustainability@tatasteel.com) or contact:

Mr. Sanjay Choudhry  
Chief, Corporate Affairs and Communications  
TATA STEEL Limited  
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Tata Steel seeks to develop and improve its reporting process and will be considering all feedback received to ensure that the report meets stakeholder needs.

### Additional information

Additional information on economic, environmental and social performance of the organisation can be made available on request from the contact person indicated above. This report will also be made available on Tata Steel's Internet website [www.tatasteel.com](http://www.tatasteel.com).

### Report Scope & Boundary

In 2009, we reviewed our sustainability reporting process in line with our assessment of stakeholder requirements and the growth of the Tata Steel Group to encompass varied international operations. For this purpose, it was decided to report globally through a Corporate Citizenship Report which will be published separately.

This report boundary is limited to the operations of Tata Steel India.

### Report Content

This report uses the Global Reporting Initiative (GRI) G3 guidelines. The information has been compiled through a dedicated committee with representatives from different departments within Tata Steel.

As far as possible, all relevant disclosures and performance indicators set out in the GRI G3 guidelines are supplied, with additional reference to Company goals and targets where appropriate. While prioritisation of materiality issues was undertaken in this reporting period, we endeavour to employ a more formal methodology in the coming year's Sustainability Report.

### Boundary of the Report

- The intent of this report is to cover all major operational divisions of Tata Steel India in a progressive manner.
- The disclosures are largely limited to the Jamshedpur Works as the major operations of steel-making are carried out from this location.
- Subsidiary activities of companies in Europe, South East Asia and elsewhere are not included in this report
- All other associated companies, subsidiaries, ancillary industries, have been excluded
- Most of the community development initiatives are implemented through wholly owned subsidiaries/ societies/ trusts promoted by Tata Steel. Since they are relevant, they are reported in some of the sections of this report.

## Significant Changes in Boundary

As compared to the previous year's CS Report (FY'08), we have limited the boundary as above and it does not contain

disclosures related to NatSteel Holdings and Tata Steel (Thailand). The 2007-08 report included separate sections on NatSteel

Holdings and Tata Steel (Thailand) and hence will not impact the trending of the performance data reported this year.

## DATA MEASUREMENT TECHNIQUES

There has been no change in the data measurement techniques from last year's reporting.

Financial & Economic data are reported as per the guidelines provided in the Company Law of India and Indian GAAP Standards. USD (US dollar) conversion rates used are, as at noon 31<sup>st</sup> March 2009:

1 USD = 50.87 INR (Indian Rupee; Rs.)

Monitoring, measurement and calibration is carried out as per relevant Indian standards. Documentation and communication are undertaken as per the requirement of ISO 9001 & ISO 14001, OHSAS 18001 & SA8000.

Tata Steel follows the norms and procedures prescribed for workplace Safety and Environment by Ministry of Environment, Ministry of Labour & Welfare (Factories Act). In 2008 the LTIF measure was brought into line with global industry guidelines to become more stringent than Indian Factories Act requirements. The calculation methodologies are explained in their relevant sections.

## INDEPENDENT ASSURANCE

Tata Steel continues to seek independent assurance for its Corporate Sustainability Report. Accordingly in 2008, Tata Steel

appointed Det Norske Veritas AS (DNV), as the independent assurance provider. DNV has conducted a moderate level of assurance

against their VeriSustain protocol. Their independent assurance statement has been included at the end of this report.

## AUDITING PROCESSES

### Economic Performance Assurance

The Quarterly, Half Yearly and Annual books of account are audited by internal and external auditors. The 2008-09 accounts were audited by Deloitte Haskins & Sells, Chartered Accountants, Mumbai. The scope of external audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The audit is undertaken in accordance with auditing standards in India.

### Environment, Health & Safety

The independent third party audits are conducted by M/s. IRQS for Divisions certified to Environmental Management System, ISO 14001:2004 and Occupational Health and Safety Management System, OHSAS 18001:1999 once a year.

### Society

Social audits are conducted once every 10 years by a bench of external, independent auditors comprising eminent individuals from the judiciary, social organisations and financial institutions, appointed by Tata Steel's Board of Directors. The last audit was conducted in 2004.

The Steel Works at Jamshedpur and Sukinda Chromite Mines were certified to SA8000 in 2004. M/s. Det Norske Veritas conducted the external audit of the system in 2008-09 for the Jamshedpur Steel Works.

Tata Steel's Resettlement and Rehabilitation programme 'Parivar' is to be independently audited to provide an objective assessment of how families displaced by the Company's greenfield projects - and therefore assisted by the Parivar programme - are affected over the years.

“In a free enterprise, the community is not just another stakeholder in our business, but in fact, the very purpose of its existence.”

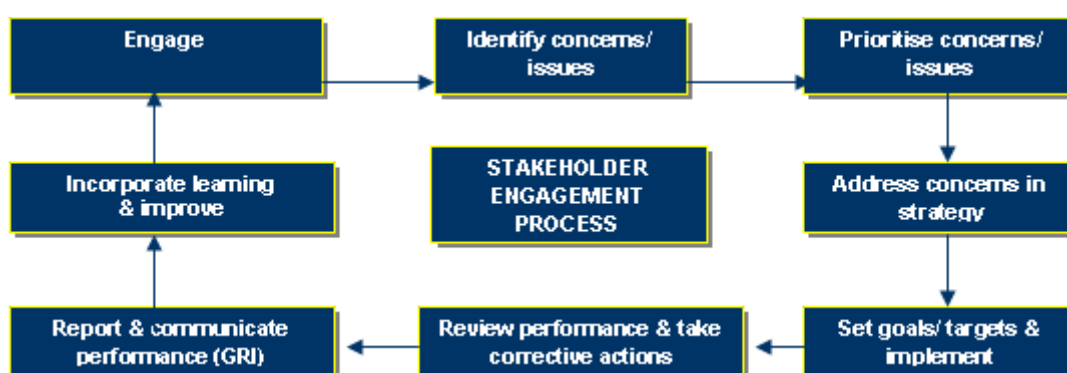
- Jamsetji Nusserwanji Tata

Our stakeholder engagement process emanates from the above belief of our Founder, Jamsetji Nusserwanji Tata. This belief is the guiding principle for all companies in the Tata Group and Tata Steel follows it in letter and spirit. The same has also been incorporated in all our strategic

planning and business practices.

Stakeholder engagement at Tata Steel happens at various levels and functions. The engagement process is undertaken through both formal and informal modes. Some of the formal processes employed by us are-

investor and brand surveys, customer satisfaction surveys, employee satisfaction surveys, community need analyses, social audits, media reviews, press meets etc. Informal feedback is gathered through interactions and dialogues across multi-stakeholders.

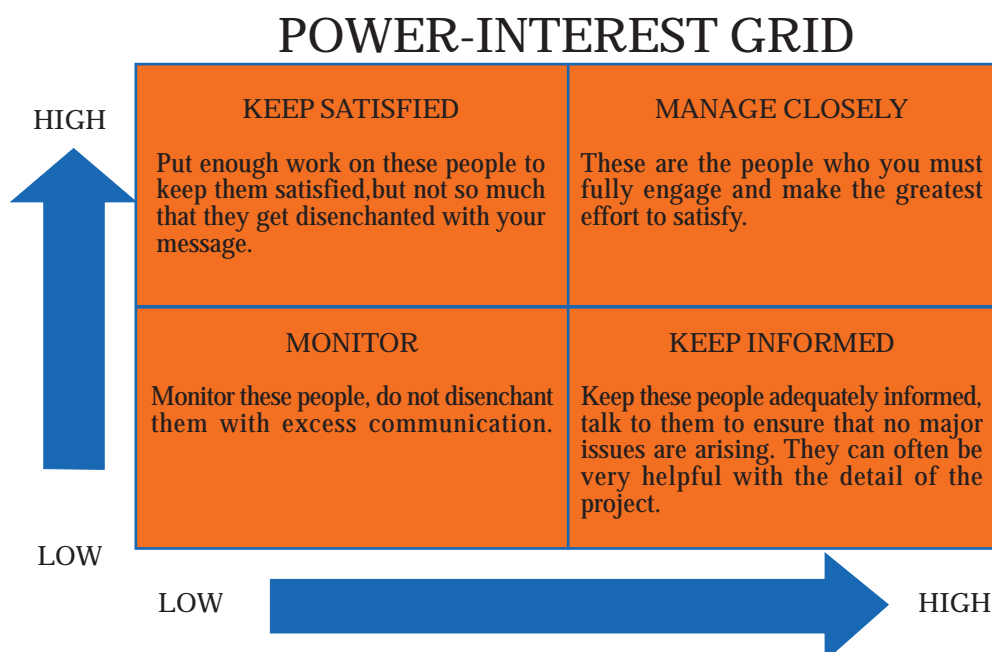


## STAKEHOLDER ENGAGEMENT STRATEGY

The identification of stakeholders, whom to engage with, is primarily determined if they belong to the following:

- Those who are affected by our activities
- Those who have influence or control over our activities
- Those who have an interest in the Company's success or failure and help in defining its value proposition

The level of interaction with the stakeholders is derived out of the Power- Interest Grid, as depicted below:





## STAKEHOLDER ENGAGEMENT – APPROACH, ISSUES AND COMPANY USE/ RESPONSE

Stakeholder	Approach	Issues	Use/Response
Shareholders & Financial Community	Annual General Meeting Investors meet - across the globe Updating major shareholders Shareholder Relations Meet Shareholder Committee meetings Investor Satisfaction Survey Performance reports and Sustainability reporting Investor calls	Strong financial management, strategic planning and business performance: overall performance and its implication on market capitalization and creation of shareholder value. Corporate governance Business ethics Sustained value creation Remaining an EVA + company Seizing new opportunities to grow Risk management Sustainability performance Complaint/conflict handling	Objective & Target settings, investment decisions, diversifications/ merger /acquisition, company perception with analysis, emerging strategic issue identification. Initiatives: Optimising assets Differentiation of product in market place Continuous improvement from acquisitions Capacity expansion at greenfield locations Investments and joint ventures for raw material security R&D and innovation Improving Triple Bottom-line performance Managing business ethics and the principles of UN Global Compact
Customer	Customer meets Customer visits Customer Service Team Retail Loyalty programme Retailer meets Cross-functional teams for Product Groups Customer Satisfaction Surveys Customer Contact Programme Steelium LINKS – ‘Learning Interaction Networking Knowledge Sharing’ – engagement programme	Trust to supply what is needed in efficient and ethical way. User needs, customer satisfaction, product quality and functionality. Product features Product value Product quality Cost and delivery Product development Quality of service	Product improvement, product development, customer retention, market penetration, emerging demand scenario and price sentiments, development of short and long term business plans, identification of customer related issues. Initiatives: New steel grades and advanced products for the automotive market Enhancement of in-shop experience; exclusive shops Loyalty programmes Product and service enhancements Due Date Performance System (DDP) Steel N Style
Suppliers & Partners	Vendor Dialogues Vendor Meets & Recognition Meetings with Key Suppliers - as per plan Safety awareness programmes SA8000 Awareness programmes and audits Joint improvement initiatives with key suppliers Supplier Relationship Management Centre	Trust to procure fairly and reliably, communicate clearly and develop ongoing supply relationship. Identification of areas for improvement. Health and safety of workers Fairness in pricing Fair business practices Value creation Compliance with statutory requirements	Supplier relationship management: Initiatives: Safety training Supplier Value Management Monitoring compliance to SA8000 Standard Registration of vendors after fulfillment of statutory requirements Monitoring payments of minimum wages, ESI, PF of contractor workmen
External Public / Government / Media / Industry / Society	As needed, meetings with: Government, Steel Ministry, Trade Bodies, Industry Associations, NGOs, Ministry for Environment & Forests, etc. Press Briefings & Releases Participation in networks Events Contact mechanisms with prospective employees Sustainability Report and Annual Report	Corporate responsibility, business ethics and global citizenship. Requirements under statutes Compliance status Threats to business Licence to operate Environmental impacts Issues raised in relation to specific operations New operations and collaborations Innovations Contribution to Millennium Development Goals and triple bottomline	Management programs for compliance and resource conservation, management programs for community development. Initiatives: Brand research and corporate identity development Understanding of external business environment and issues Review policy and process Public policy development and participation in collaborative initiatives e.g. with IISI



Stakeholder	Approach	Issues	Use/Response
Community	<p>Senior Citizens Forum - Half-yearly</p> <p>Spouses' Dialogue - Yearly</p> <p>Joint Community Meeting</p> <p>Community Needs Survey/Analysis</p> <p>Village level institutions e.g. Village Development Committees and Self Help Groups</p> <p>Informal dialogue through activities of JUSCO, Sports centres and social clubs, Tata Steel Rural Development Society, Tribal Cultural Society and Tata Steel Family Initiatives Foundation.</p> <p>Sustainability Report</p>	<p>Managing operations in balance with the needs of the community, seeking to enhance quality of life and contribute to nation-building.</p> <p>Feedback on business impacts and performance</p> <p>Feedback on community and civic infrastructure e.g. Tata Main Hospital</p> <p>Needs of local peoples in greenfield project areas</p> <p>CSR project developments</p> <p>New initiatives</p> <p>Awareness of Initiatives towards community</p>	<p>Impact management and CSR Plan for development of community.</p> <p>Initiatives:</p> <p>Sustainable Livelihood through land and water management, rural enterprise development and vocational training</p> <p>Health and sanitation- Preventive promotive and curative health initiatives. Drinking water, Disability Management, Life line express, HIV/AIDS prevention programme, Projects on mother and child health</p> <p>Education – Early childhood education, Adult Literacy, Camp School and financial assistance for higher education</p> <p>Empowerment – empowering youth through sports</p> <p>Preservation and promotion of ethnicity of primitive tribes like Birhor and Sabar</p> <p>Environment- Renewable Energy Project and afforestation</p> <p>Reporting and documentation of the same CSR initiatives</p>
Employees	<p>All:</p> <p>MD Online - monthly</p> <p>Hotmail – intranet suggestion/comments</p> <p>Management:</p> <p>Senior, General &amp; Ladies Dialogues - 4-6 per annum</p> <p>Unionised employees:</p> <p>Dialogue with Union Committee Members (JCCM, JWC, and JDC) - (3,6,2 per annum)</p> <p>Monthly Department/Section Communication Meetings</p> <p>BE Facilitators Meet - 6 per annum</p> <p>Joint Works Quality Committee - quarterly</p>	<p>Workplace issues and employment pay and benefits.</p> <p>Health &amp; safety</p> <p>Diversity, human rights and equal opportunity inc gender equality</p> <p>Freedom of association</p> <p>Collective bargaining</p> <p>Participative management</p> <p>Benefits and welfare</p> <p>Quality of life</p> <p>Learning, development and individual growth</p> <p>Respect, reward and recognition</p> <p>Transparency, fairness and equity</p> <p>Learning</p> <p>Labour relations and employee satisfaction</p> <p>Plant/Company performance</p> <p>Vision, values, policies and strategies</p> <p>Continuous improvement</p> <p>Employee suggestions</p>	<p>Employee Satisfaction Index, identification of employee related issues.</p> <p>Initiatives:</p> <p>Du Pont safety programme for zero accidents</p> <p>Monitoring of quality of life with targets</p> <p>Training</p> <p>Management of Business Ethics activities - employee conduct and protection</p> <p>Remuneration benchmarking</p> <p>Small group activities</p> <p>HIV/AIDS awareness</p> <p>Knowledge management</p> <p>ASPIRE – quality system</p> <p>Community initiatives – employee involvement planning and volunteering e.g. disaster relief</p>

## GREENFIELD PROJECTS

The expansion plan of Tata Steel is underway, with Memoranda of Understanding signed for three Greenfield steel plant projects in the states of Jharkhand,

Orissa and Chhattisgarh. The issues being faced by Tata Steel relate mainly to land acquisition from villagers and allotment of mines by the state government. The

Company has been facing some opposition from villagers and also from local governing bodies, political leaders and influencers.

Tata Steel's approach:

- Communicating the CSR initiatives of Tata Steel to involved stakeholders
- Creating awareness about the advantages of industrialisation and employment opportunities to the beneficiaries
- Regular meetings and interactions with the local bodies and the political leaders to tell them about the importance of industrialisation and the impact on the standards of living and levels of income
- Initiating and conducting coaching and training sessions in various trades to improve employability at the project sites and for the project affected families for all age groups, including women
- Publicising the concept of Tata Steel Parivar, which is Tata Steel's Resettlement and Rehabilitation programme that includes livelihood options along with land, housing and employment opportunities for the beneficiaries.

## DHAMRA PORT

Interested stakeholders have expressed concern that the construction of the Port would affect the nesting of Olive Ridley Turtles.

Tata Steel's approach:

- The Company has re-iterated that all precautions are being taken to ensure that there is no damage done to the nesting and breeding ground of the Olive Ridley Turtles
- Tata Steel has tied up with the International Union for Conservation of Nature (IUCN) to ensure that the port operations do not get impacted. IUCN is the world's oldest and largest global environmental network - a democratic membership union with more than 1,000 government and NGO member organisations and almost 11,000 volunteer scientists in more than 160 countries.
- Social awareness campaigns are being undertaken to protect the turtles
- Turtle extruding devices have been installed in the dredges as well as popularised in their use the fishing trawlers
- Special port lighting is being installed which will not impact or disorient the turtles

## KALINGANAGAR PROJECT- CASE STUDY

Manasi Mahanta has set a benchmark in micro-enterprise entrepreneurship by establishing the brand of Maa Pickles in Jajpur. Manasi, a member of Tata Steel Parivar, is the Secretary of Dibyajyoti SHG group which has created the 'Maa Pickle' and have made it a household name in Jajpur. This SHG group has started as Dibyajyoti Griha Udyog in 2008 with a loan of RS 1,070, 00 from a nationalized bank. They have reached an annual sales turnover of Rs 2,306,67 and also have been able to repay the bank loan. All this has happened due to exceptional entrepreneurial skills and initiative shown by 12 members of the SHG

including Manasi Mahanta.

Manasi and many others like her relocated after getting assurance of Company officials of a bright future. They were provided with 10 decimal land and Rs 1.5 lakh for construction of their homes. Financial assistance for house construction has been enhanced from Rs 1.5 lakhs to Rs 2.5 lakhs this financial year. In addition, they were paid monthly maintenance allowance of Rs 2,300.

Tata Steel Resettlement & Rehabilitation (R&R) officials motivated these women to

start a SHG group and created a structured training programme on day-to-day management of the SHG. The motivation culminated in the formation of the 12-member Dibyajyoti SHG. The group members showed interest in starting a small business venture independently. Manasi and majority of the members suggested that the R&R officials train them on modern techniques of pickle making. Today Manasi is not only a Secretary of this SHG she has also become a teacher in Sri Ganesh Siksha Mandir. Her husband Akhila Mahanta is also undergoing mechanical training at CTDC, Bhubaneswar.

We undertook a materiality mapping exercise in 2009.

The most crucial issues were plotted in the report by combining matters that are intrinsically material to the organization and its stakeholders as well as those that received particular attention in the reporting period.

Our core Sustainability Reporting team comprised Heads and experts from departments of Safety, Environment, Corporate Sustainability Services, Finance & Accounts, Legal, Marketing and Sales, Procurement etc with proficiency in all areas of sustainability. In the near-term, we would be looking at stream-lining and improving our materiality assessment process.

The key indicators covered in the report were shortlisted on the basis of the following factors by the core team:-

- Tata Steel's Vision, Mission, Values and Policies
- Future challenges, risks and opportunities
- Inputs from stakeholder engagements
- Relevant laws and regulations and strategic partnerships
- Key initiatives significant for organizational success

## MATERIAL ISSUES

The representation below indicates the most material issues impacting the Company and its stakeholders as derived by the materiality mapping exercise undertaken by the core team.



## ADDRESSING MATERIALITY

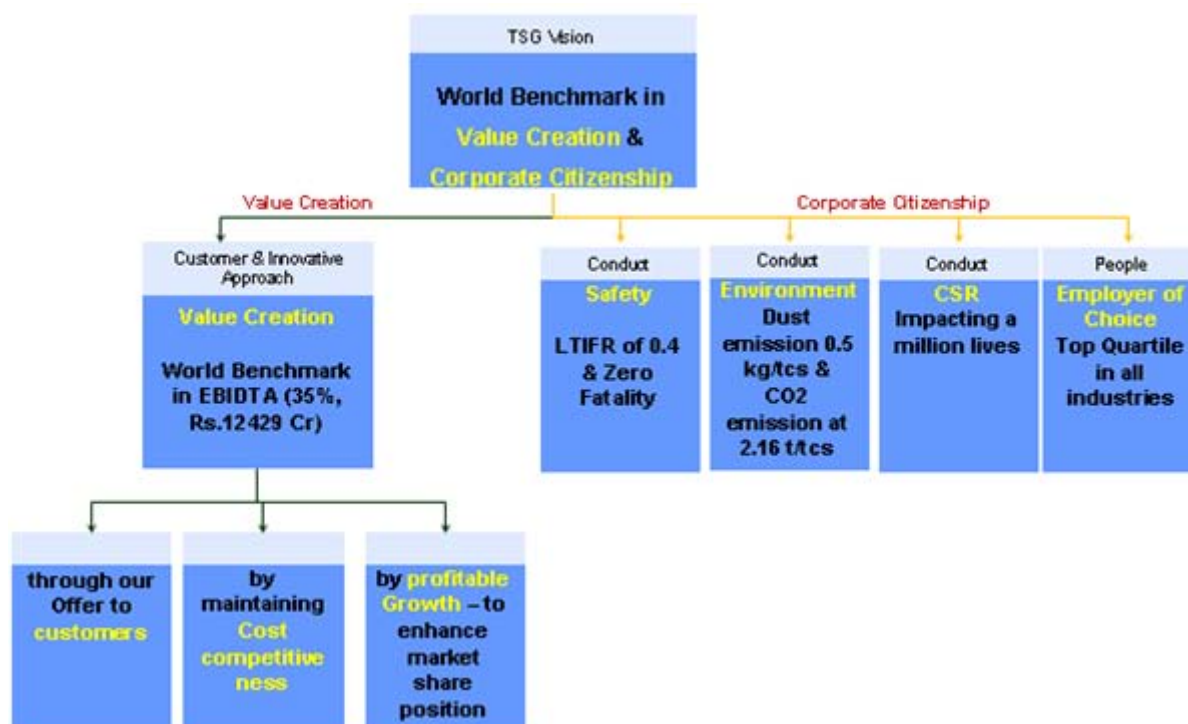
To address all material issues faced by us and our stakeholders, is understood as one of the most significant tasks by the Company.

We realize that it is only through gauging the perceptions of the stakeholders, can we be familiar with the issues of importance throughout the organisation.

## TATA STEEL GROUP VISION, GOALS AND PERFORMANCE CULTURE

## TATA STEEL GROUP VISION

“We aspire to be the global steel industry benchmark for Value Creation and Corporate Citizenship”



The two fundamental ideas of Value Creation and Corporate Citizenship make up the Vision for the Group. The Vision which was agreed upon in early 2008 emphasises upon the Triple Bottom-line approach- integrating economic, social and environmental performance with corporate citizenship.

Value Creation will help the Group thrive commercially in a testing and competitive climate, enhance customer relations, and contribute to economic development in the areas of operation.

Corporate Citizenship is innate in the character and the way we run our business. It is anchored in our , our Tata Code of Conduct and, ultimately, it is reflected in the actions of our people. From being an ‘Employer of Choice’ to our environmental stewardship, Tata Steel strives to make a difference in the long-term prosperity and quality of life of people and communities around the world.

Sustainability management is considered within the Company's strategy-setting, risk analysis and business planning. Tata Steel's financial performance and risk management assurance is provided by an in-house Internal Audit function, reporting to the Managing

Director and the Audit Committee of the Board.

In recent years, Tata Steel has been on a path of growth and development and, associated with this, there has been a change

in the risk profile. The Company today faces greater complexities and challenges and even greater expectations from its stakeholders. Given the complexity of these needs, a new risk assessment process, termed Enterprise Risk Management (ERM), is being implemented in 2008-09.

Some of the key risks the Company has been monitoring, reviewing and managing in 2008-09 are:

### Industry Cyclicalities:

The steel industry is subject to cyclical swings arising from factors such as excessive capacity expansion, volatile demand swings etc. The current global economic crisis, which accelerated during the second half of the financial year, resulted in a sharp

contraction in global steel demand, especially in the construction and automotive sectors of the developed economies of UK, Europe and United States. To align with significantly lower demand, Tata Steel India turned its attention to the need for cost

efficiency as well as streamlined operations and assets with a view to positioning the operational readiness for eventual market recovery.

### Raw Materials Security and Price Volatility:

During the first half of FY` 09 strong economic growth experienced by the global economies, led by China and India resulted in strong demand for steel worldwide. Even as the mining and shipping industry struggled to respond to the massive growth in demand, prices for iron making materials like iron ore, coal, ferroalloys, scrap and freight climbed relentlessly. Notwithstanding the fact that the economic downturn has dampened short-term sentiments, the underlying demand for scarce resources is expected to resume once the world economies progressively recover.

The Group has therefore identified it as a priority to increase its overall raw material security threshold from its current level of 25% to 60% within the next few years. To this end, the Group's 35% stake in the Benga Coal Project with Riversdale Mining in Mozambique is a major step. The Government of Mozambique has approved the Mining Contract for the tenements representing a significant step towards commencement of the project. Under the off-take agreement with Riversdale, the Group has rights to 40% of the mine's output. Tata Steel also holds 14.99% equity stake

in the parent company Riversdale Mining Limited. The Group is also well positioned to benefit from the Direct Shipping Ore ("DSO") project with New Millennium Capital Corp ("NML") in Canada. Operationally, the Group enters into long-term contracts and annual benchmark pricing contracts for its key raw material requirements. This approach provides price certainty and an objective basis for the recovery of cost increases from its customers.

### Growth Strategy:

The Company's growth strategy comprises of various capital expenditure programmes and/or acquisitions in different locations. Integration and project execution risks therefore exist. In light of the current economic situation, except for critical raw material related investments and approved capital expenditure programmes at the

Jamshedpur site, which are expected to deliver immediate incremental earnings on completion, all other major group investments and capital projects have been put on hold.

This prudent approach will allow the accumulation of cash resources. Its

subsequent deployment will be based on new priorities of profit contributions and quick time to market principles. The integration of TSE post 2007 is critical to achieving the promised synergies for the Tata Steel Group. It is now two years in the making and the integration process is proceeding well at all levels of interaction.



### Health, Safety & Environmental Risks:

The manufacture of steel involves steps that are potentially hazardous and which are likely to cause disruptions to normal operations if not executed with due care. The Company's businesses are subject to numerous laws, regulations and contractual commitments relating to health, safety and the environment in the countries in which

it operates. These rules are becoming more stringent.

The Group has set specific goals to be achieved by 2012 in the areas of CO<sub>2</sub> emissions (1.5 tonnes per tonne of liquid steel) and LTIF (below 0.4).

For the sustainability of its operations, the "Process Safety & Risk Management" (PSRM) programme has been started for the high hazard operations and processes, in order to ensure freedom from high consequence, low frequency process incidents. PSRM will be implemented in all facilities by FY 12.

### Technology Risks:

One of the biggest risks before the Group is to ensure that its plants are equipped with upto date technologies that can give it cost

competitiveness and R & D leadership. For this purpose, the Group has not cut back the necessary capital investments in relation to

the same and continues to enhance and deploy R & D capabilities.

### Regulatory & Compliance Risks:

Global operations require compliance with multiple and complex laws and regulations. In countries where the political systems are still evolving, frequent changes in economic policy are common, investment guarantees and property rights are secured, unforeseen

changes can expose the Group's businesses to uncertainties.

The Group operations are primarily in countries where investment flows are more unrestricted and where there are established

political, business and legal frameworks in place. There is an established due process to independently evaluate country risk exposures for investments in emerging economies.

### Financing:

The Company funded the acquisition of Corus with a significant level of debt that was assumed at the acquired company level. Sharp decline in steel demand and prices particularly during the second half of the financial year has adversely affected the cash flow generation of TSE and potentially

put a strain on its ability to meet the current scheduled debt repayment obligations under the existing Senior Facility Agreement.

The Group has successfully renegotiated specific terms relating to debt repayments and financial covenant measurements.

Unless the current economic crisis does not get protracted, these reset criteria are expected to provide TSE with the necessary space and time to work towards returning to sustainable profit levels.

### Forex, Credit, Liquidity and Counterparty Risks:

Through its global operations, the Group operates in several currency areas. The major currencies used in its sales and procurement activities are the US Dollar, Euro and Sterling Pound. Any major fluctuations or change in currency trends can greatly affect not only the Group's short-term trading

positions but the long-term economic competitive position vis-à-vis imports. The current economic crisis has also raised credit and counterparty risks, especially with the withdrawal of credit insurance.

The Group has a hedging policy in place to

protect its trading and manufacturing margins against rapid and significant movements in its major trading currencies. The Group does not enter into leveraged derivative instruments.

Tata Steel does not tolerate corrupt or fraudulent practices and expects honesty, integrity and transparency in all aspects of its business, from employees, contractors and other business counterparts.

Ethics are central to its business. Tata Steel's ethical philosophy forms part of its legacy,

set out originally by J.N. Tata, Founder of the Tata Group, who believed that business must operate in an ethical way that respects the rights of its stakeholders and creates a total sum benefit for society.

Since 1998 these ethical principles have been articulated in the Tata Code of Conduct,

which have been adopted by all Tata companies. In 2008, in line with changes in the times, and the globalisation of the Tata Group, the Code was updated, in consultation with Tata Steel Group companies around the world. The revised Code of Conduct was adopted by the Tata Steel Group Board in October 2008.

## TATA CODE OF CONDUCT 2008

The revised Tata Code of Conduct 2008 addresses contemporary issues of concern for global business, with more focused direction for example on integrity, fraud, bribery, corruption, conflict of interest, competition and excellence. The importance of implementing a sustainability protocol has been addressed for the first time.

All employees have a clear responsibility to implement the Code. Additionally the

Code now extends to contractors and vendors, who must agree to respect the Code.

Tata Steel's businesses across the world have adopted the new Code of Conduct and 2008-09 was an important year for rolling out the Code in some of the recently acquired businesses. Formal adoption was accompanied by an awareness raising programme including information through

various employee communication media and an interactive learning programme about the clauses of the Code.

All Tata Steel Joint Ventures will have a Code of Conduct based on the business principles enunciated in the Tata Code of Conduct. For example one of the elements of the Joint Venture Memorandum of Agreement with partners in Vietnam includes adoption and implementation of the Code.

## PRIORITY SUSTAINABILITY BUSINESS RISKS AND PERFORMANCE 2009

Priority	Business Risk	Key stakeholder	Performance Indicator	2007-08	2008-09
Economic	Recession/ Financial Stability	Employees Shareholders	EBITDA	8,257	9,442
Environment	CO <sub>2</sub> Emissions	Community Government Customers NGOs	Specific CO <sub>2</sub> emission excluding imported Elect + Mobile + HFC (t/tcs)	2.14	2.09
	Energy Efficiency	NGOs Community Government	The specific energy consumption of the integrated iron and steel works at Jamshedpur in GJoule/tonne of crude steel	27.86	27.58
	Water Management	NGOs Community Government	Water Consumption in Million m <sup>3</sup> / Annum	35.01	37.13
	Waste Management	NGOs Community Government	% of generation indicating the quantity of the waste generated that was utilised	85.35	89.61
Labour Practices	Safety	Employees	LTIFR	1.7	0.8
			No. of fatal accidents (Employees+ Contractors)	8	6
	Employee Satisfaction and Retention	Employees	Attrition Rate %	3.96	-34.98
Human Rights	SA 8000 Compliance	Employees Contractor-Workers Community	Re-certified for compliance to SA 8000 standard in 2007		
Social	Community Development	Community Employees Suppliers	Community Investments in Rs/ Million	960	770
Product Responsibility	Customer Satisfaction	Customers Suppliers Dealers & Retailers	Overall Customer Satisfaction index - relative score of the Company's overall score over the nearest competitor. (AC Nielson, TNS)	1.13 (Flat Products)	1.06 (Flat Products)
				1.04 (Long Products)	1.07 (Long Products)
	Innovation in product quality and services	Employees Customers Suppliers Dealers & Retailers	New innovations described on page **		



### GOVERNANCE

#### The Company's Corporate Governance Philosophy

Tata Steel follows global good practice in governing business. It has always prioritised sound corporate governance and aspires to go well beyond legal requirements to be an exemplar of good governance.

The Board considers itself a Trustee of its shareholders and has robust systems in place

to deliver its responsibilities for creating and safeguarding shareholder wealth. During the year under review, the Board pursued these objectives through monitoring major risks to the Company's business, prudent business planning, implementing appropriate corporate strategies, monitoring for compliance and ensuring that integrity and

corporate responsibility are inherent in all activities.

The Company is committed to full transparency and accountability in all transactions, in order to protect the interests of its stakeholders. A detailed Corporate Governance Report is provided in the Annual Report 2008-09.

### BOARD OF DIRECTORS

#### Board of Directors (March 31, 2009)

Mr. Ratan N. Tata - Chairman  
 Mr. James Leng - Deputy Chairman  
 Mr. Nusli N. Wadia  
 Mr. S. M. Palia  
 Mr. Suresh Krishna  
 Mr. Ishaat Hussain  
 Dr. Jamshed J. Irani  
 Mr. Subodh Bhargava  
 Mr. Jacobus Schraven  
 Dr. Anthony Hayward  
 Mr. Andrew Robb  
 Dr. T. Mukherjee  
 Mr. Philippe Varin  
 Mr. B. Muthuraman

On March 31, 2009, the Company had fourteen Directors on its Board, of which eight Directors were independent. The

Independent Directors are those who, apart from receiving director's remuneration, do not have any material or pecuniary relationship or transaction with the Company, its promoters, its management or its subsidiaries, which may affect the independence of the Director's judgment. A financial institution nominee is considered to be an Independent Director in all cases.

The Company was in compliance with the recent amendment of Clause 49 of the Listing Agreement pertaining to compositions of Directors. None of the Directors on the Board was a member of more than ten committees and Chairman of more than five committees across all companies in which he is a Director. The necessary disclosures regarding committee positions were made by the Directors. The

number of Non-Executive Directors was more than 50% of the total number of Directors.

Tata Steel has adopted the Tata Code of Conduct for Executive Directors, Senior Management Personnel and other Executives of the Company. It has also adopted the Tata Code of Conduct for Non-Executive Directors of the Company. Confirmation of compliance with the Codes during this year was received from the Executive Directors, Senior Management Personnel and Non-Executive Directors. Both the Codes are posted on the Company's website.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

### COMMITTEES OF THE BOARD

#### Audit Committee

The Audit Committee reviews compliance with internal control systems and the results of internal audits, reviews the financial results of the Company before submission to the Board and makes recommendations to the Board on audit procedures and any matter relating to the financial management of the Company.

#### Remuneration Committee

The Remuneration Committee reviews the performance of the Managing Director and the Whole-time Directors, after considering the Company's performance, and recommends remuneration and benefits.

### Shareholders' Committee

An Investors' Grievance Committee was constituted in 2000 to examine investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend, etc.

### Executive Committee of the Board

The Executive Committee of the Board approves capital expenditure schemes and donations, within the stipulated limits, and recommends to the Board capital budgets and other major capital schemes. It considers new businesses, acquisitions, divestments, changes in organisational structure and periodically reviews the Company's business plans and future strategies.

### Nomination Committee

The Nomination Committee was constituted in 2006 with the objective of identifying Independent Directors and taking steps to review and refresh the constitution of the Board periodically.

### Committee of Directors

The Committee of Directors authorises certain routine matters such as the Opening and Closing of Bank Accounts of the Company, granting limited Powers of Attorney to Officers of the Company, appointing proxies to attend general meetings on behalf of the Company, etc. The Circular Resolutions of the Committee are placed before the Board at its next meeting.

### Ethics and Compliance Committee

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board of Directors of the Company adopted the revised Tata Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, officers and other employees. The Code is based on the principle that Directors, officers and employees of a Tata Company owe a fiduciary duty to, among others, the shareholders of the Company, to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation.

The Board appointed the Group Chief Financial Officer as the Compliance Officer to ensure compliance and effective implementation of the Regulations and the Code across the Company.

### General Body Meetings

An Annual General Meeting is held each year and occasional Extraordinary General Meetings are held when necessary. The last Annual General Meeting was held on 28th August 2008.

### Linking compensation with achievement

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. Commission was paid at a rate not exceeding 1% per annum of the profits of the Company (computed in accordance with the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. Sitting fees are paid at agreed set rates for attending meetings of the Board and its various committees.

The Company pays remuneration by way of salary, perquisites, fixed allowances and variable commission to Managing and Whole-time Directors. Specific amounts payable to such directors are based on the performance criteria laid down by the Board, which takes into account the performance of the Company and annual profits earned. Such payments are made based on the recommendations of the Remuneration Committee, within the range approved by the Shareholders and the ceiling fixed by the Board, which is compliant with stipulations of the Companies Act, 1956.

The annual variable pay of senior managers is linked to the performance of the Company in general and their individual performance for the year, measured against specific Key Result Areas, which are aligned to the Company's objectives and the Vision goals. Thus compensation is linked to performance on issues of concern such as Safety.

## Managing conflicts of interest

The Tata Code of Conduct adopted by all Directors, Senior Management and Employees of Tata Steel ensures that personal interests do not conflict with the interest of the Company. The Code explains clearly when such a conflict may occur and stipulates that any such conflicts or potential conflicts must be disclosed in writing to higher management for guidance and appropriate action. Disciplinary action will be taken if management becomes aware of a conflict of interest which has not been disclosed.

Financial transactions in which Directors are interested, if any, are required to be placed before the Board for approval. The Company has a policy of prevention of insider trading in securities of the Company. Purchase or sales of shares of the Company by employees / senior management / Directors who are likely to have price sensitive information about the Company are subject to various restrictions. Such designated persons are required to make disclosures on shares purchased/sold by them or their dependents. In 2008-09 there were no materially significant related party transactions which had conflict with the interest of the Company.

## Selection of Board Members

The Board of Directors is guided by the organisation's Vision and Values. The composition of the Board of Directors is a mix of full time executives and non-executives representing business houses and financial institutions, with requisite experience in handling economic, environmental and social issues. There are guidelines for the selection of Board Members, with criteria covering the individual skills that add to the composite perspective of the Board, as well as ensuring capacity for full participation. The Nomination Committee of the Board is responsible for identifying Independent Directors to be included on the Board.

## Mechanism for providing recommendations to the Board

The mechanism for shareholders to provide recommendations to the Board is primarily through the Annual General Meeting and communication with the Shareholders Committee, as well as via Investor Satisfaction Surveys, meetings with investors and the Company website. The suggestions, comments and feedback provided by the shareholders during the Annual General Meetings are carefully recorded and discussed in the Board Meetings. After reviewing the various points raised by shareholders, the Board directs the management to integrate the results in its business decisions.

Employee suggestions can be made to the Board via the Managing Director. Employees have the opportunity to communicate directly with the Managing Director through a monthly interactive webcast 'MD Online' and an online suggestion box and indirectly through Joint Council mechanisms, regular dialogues and employee suggestion schemes.

## Internally developed Vision and Values, Code of Conduct and Guiding Policies

Tata Steel has for many years planned its operations and development in consultation with its stakeholders and produced clear statements of Vision, guiding principles and policy.

Tata Steel has five core values: Trusteeship, Integrity, Respect for Individual, Credibility and Excellence. These values guide and drive business decisions, building on the Tata Group's beliefs and ethos from the Company's earliest days. The Tata Group's commitment to ethical business and corporate citizenship have earned the Group the trust of many millions of stakeholders in a measure few business houses anywhere in the world can match.

Tata Steel's recognition of its wider responsibility towards society is demonstrated through its Articles of Association and its Social Accountability, Environmental and Corporate Social Responsibility policies. Specific guidelines on conduct are supplied through the TCOC, which applies to both the Company and the behaviour of individual employees. The Code sets a standard of behaviour on a range of salient issues including National Interest; Competition; Equal Opportunity; Health, Safety and Environment; Quality of Products and Services; Ethical Conduct; Regulatory Compliance etc. The Code of Conduct applies to all Tata Steel operations in India and during 2008-09 the Code was rolled out to other global operations of the Tata Steel Group. Many further policies guide activity on specific issues and these are referenced throughout this report as appropriate.

The policies and Code of Conduct are well publicised to all stakeholders. Full details of the Code of Conduct and these guiding policies are provided in the annexes, along with further relevant policies such as the Human Resource Policy, Affirmative Action Policy, Safety and Occupational Health Policy, HIV and AIDS Control Policy, Alcohol and Drugs Policy, Energy Policy and Research Policy.

In 2008 Tata Steel Group demonstrated its commitment to sustainability issues with the Vision for 2012 - to be the world steel industry benchmark for value creation and corporate citizenship - and the associated goals. These are integrated into operational business plans to ensure the Vision and Goals are implemented appropriately across the various operations.

#### Procedures for managing economic, environmental and social performance

Economic, environmental and social performance is managed through integrated performance improvement planning and monitoring systems throughout Tata Steel. A Total Quality Model, involving Policy Management and Daily Management, guides a planning process which cascades strategy through the organisation and embeds the associated goals and targets into business processes.

The economic, environmental and social performance of the Company is overseen by the Board. A status report on economic, environment and social performance, along with relevant Board papers, is sent in advance to all the Board Members before Board meetings for review, comments and suggestions during the meeting. The Board monitors both compliance with regulations and performance on achieving the targets the Company has set itself. Feedback from the Board members is analysed by the top management and considered for business decision-making.

## COMMITMENTS TO EXTERNAL INITIATIVES

### PRECAUTIONARY APPROACH

The Tata Code of Conduct addresses the fundamental importance to the Tata Group companies of ensuring Health, Safety and Environment (Clause 8) and Company policies, including the Environmental Policy and Corporate Social Responsibility Policy, reflect the ethos of prioritising quality of life and the protection of the environment.

The Company is a signatory to the Global Compact which stipulates a precautionary approach to environmental challenges. The precautionary approach is the underlying

spirit of every policy or guideline formulated at Tata Steel. The Company assess whether its policies and actions might cause severe or irreversible harm to the public or to the environment and adopts a cautious approach and take steps to protect from harm where scientific evidence suggests there may be a risk, even where this is not certain.

The merit of every proposed activity, project or process is evaluated for financial performance, environmental and social performance before adoption. Environmental

impact assessments are carried out for all projects to be implemented and necessary environmental management plans are integrated in the project to internalise the cost. Life Cycle Assessment has been carried out for the integrated iron and steel making route. The outputs on emissions, discharges, resource usage and global warming are analysed; targets are taken for continual improvement under the Environmental Health and Safety Management system. Only those proposals which ensure compliance with these policies are pursued.

### ADOPTION OF EXTERNAL CHARTERS AND PRINCIPLES

Tata Steel is a founding member of the United Nations Global Compact and abides by its principles. The ten principles of the UN Global Compact address Human Rights, Labour Rights, the Environment and Anti-corruption). The Managing Director of Tata Steel is a Board Member of the UN Global Compact, helping to lead this global strategic policy initiative.

Tata Steel also respects the Tata Corporate Sustainability (Group) Policy agreed on 29th July 2007.

The commitments to such external charters, principles, policies, etc are implemented by integrating the requirements into the various management systems implemented by Tata

Steel such as ISO 14001, ISO 9001, OSHAS 18001, SA8000, Total Quality Management and the annual business planning process. Thus the principles are embedded into the way things are done. The systems are meticulously reviewed on a regular basis and corrective actions are taken to meet the requirements.

Tata Steel considers it vital to work together with other organisations to learn, share and work collaboratively towards common goals. The Company is an active member of many reputed professional bodies such as the World Steel Association (previously known as the International Iron and Steel Institute (IISI)), Confederation of Indian Industry (CII), Indian Institute of Metal, etc., with Tata Steel's executives occupying significant positions in the Technical and Executive committees.

Tata Steel has been keen to participate in initiatives which seek to address climate change and has been a participant in the Steel Task Force initiatives of Asia Pacific Partnership on Clean Development and Climate under the aegis of the Government

of India, Ministry of Steel.

Tata Steel is one of the founder members of the Global Business Coalition on AIDS, and a member of the CII-Social Development Community Affairs Committee. It is an active member of the TERI Business Council for Sustainable Development, India (a regional partner of the World Business Council for Sustainable Development).

The Company has increasingly been undertaking partnership projects in collaboration with NGOs, Industry Associations and National / International advocacy organisations. Social organisations established by Tata Steel are working with a variety of partners on health, social and

cultural activities. A few examples of recent partnership initiatives are with:

- United Nations Development Programme, Ministry of New and Renewable Energy and Confederation of Indian Industry – Renewable Energy Project
- Agriculture Consultancy and Management Foundation, Chennai – project to improve agricultural productivity
- International Crop Research Institute for Semi Arid Tropic, Hyderabad – project to improve dry land farming
- Orissa State AIDS Control Society – providing HIV/AIDS treatment and counselling
- Jharkhand Education Project – camp school for girls

## MANAGEMENT APPROACH

Whilst Tata Steel is ever conscious of its role as trustee of the wealth of all shareholders, particularly in the times of economic crisis faced during the second half of this year, the Company is also at mindful of the wider issues and risks that affect and which, in turn, may affect operations. The Company believes in managing business keeping in view both the long term and short-term objectives. Two critical elements in creating value for customers and other stakeholders are the commitment to business excellence and innovative approach. Tata Steel does this by:

- producing high quality products and services in ways that demonstrate effectiveness, efficiency and continuous improvement
- developing cutting-edge solutions in technology, processes and products

The Company's Quality and Research and Development Policies guide Tata Steel in its approach and such that quality principles and practices are applied throughout the business using ISO 9001, the global quality and customer relationship standard.

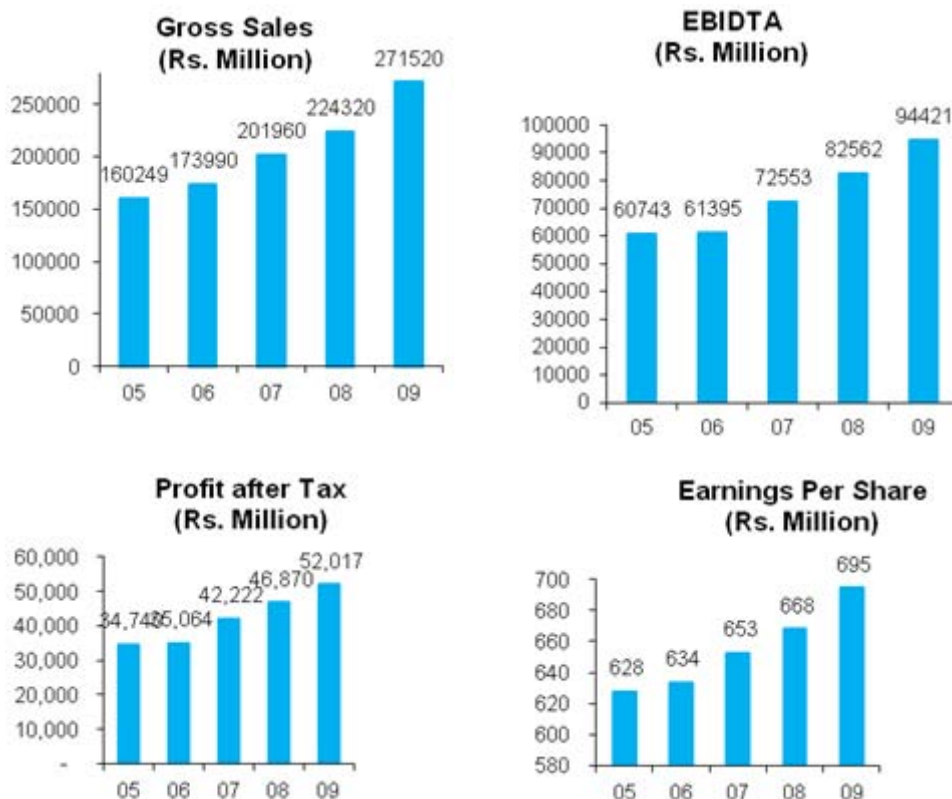
The Company seeks to increase earnings

from current operations by optimising assets, differentiating its offer in the marketplace and achieving synergies. Tata Steel's plans for strategic growth include ongoing capacity expansion projects and further integration upstream in raw material sources, with an ambition to achieve higher level of raw material security in India.

As the Company develops its operations it is ever mindful of the need for inclusive growth. It has adopted a responsible and caring approach to business planning and practice, with pro-active measures to ensure that benefits from its operations are extended to all stakeholders, including employees, local communities and society at large.

## ECONOMIC IMPACTS

### FINANCIAL HIGHLIGHTS 2008-09



NB 1 crore = 10 million



## ECONOMIC VALUE GENERATED AND DISTRIBUTED

NB following re-groupings of 2008-09 figures, some 2007-08 data sets have been adjusted accordingly and so differ slightly from those reported in 2008

### SUMMARY

	2008-09	2007-08
Revenues	271,520	224,324
Operating Costs	133,760	98,074
Employee Wages and benefit	23,058	18,160
Payment to providers of Capital	24,311	19,776
Payment to Government	64,660	55,246
Community Investments	770	960
Economic Value Retained	37,092	32,935

### PAYMENTS AND PROVISIONS TO EMPLOYEES

At the end of March 2009, Tata Steel in India employed 34,918 people as permanent employees. The Company also provide indirect economic benefits to many thousands more through contractors and suppliers.

Tata Steel pays pay fairly and entry level positions receive wages which are amongst

the best in steel industry category. This is monitored by an internal benchmarking exercise conducted annually.

Tata Steel also ensure that the contractors it engages, pay living wages as per SA 8000 to their labourers, which is beyond the minimum wages norm as laid out in government legislations.

The staff cost increased to Rs. 23,058.1 million, as compared to Rs. 18,159.50 million in the previous year, mostly on account of payment of wage arrears and also owing to the normal increase in annual increments, dearness allowance and a consequential increase in provisions for gratuity and leave salaries.

Payments to Employees (Rs. Million)				
	2008-09	2007-08	Change	Change %
Payments to and provisions for employees	20834.8	15897.7	1349.4	24
Employee separation Scheme (ESS) compensation	2223.3	2261.8	740.8	33

#### Defined Benefit:

The Company has the following defined benefit plans

- Post retirement gratuity
- Post retirement medical benefits
- Pensions to directors
- Farewell Gifts
- Packing and transportation costs on retirement

Other benefits to employees through defined contribution plans are

- Provident fund
- Superannuation fund for non unionized employees
- Employees pension scheme/Coal mines pension scheme
- TISCO employees pension scheme

Of the benefit plans, post retirement gratuity plan is funded and the others are not

Obligation under unfunded defined benefit plans as at 31st March 2009 was Rs 5,787 million

Assets of gratuity fund as at 31st March

2009 were Rs 8,099 million and the liability was Rs 10,536 million. The difference of Rs 2,437 million was recognized as a liability as at that date and discharged subsequently. Asset values are at fair value and liability is as per actuarial valuation

Gratuity Scheme is fully funded. Any

shortfall observed in funding on the date of annual valuation as at 31st March of the year is made up in the subsequent year.

Employees contribute towards Provident fund and TISCO employees' pension scheme as per statute/ scheme.



## Level of participation

All employees are members of PF & Retiring Gratuity Schemes. Employees are also the members of the other plans as provided under the respective plan.

## Donations to community, civil society and other groups

During 2008-09 Tata Steel distributed a total of Rs 769.9 million in payments for municipal, community and medical services, grants for rural activities and other grants as against Rs. 963.7 Million in 2007-08.

Community donations and grants were made to the value of Rs 35.9 Million lower by Rs.77.90 Million over previous year. The main reason being an one time donation of Rs. 70 Million to a Cancer Hospital Kolkata.

Spend on Municipal Services were also lower by around Rs.41.80 Million mainly on account of reduction in Horticulture and Town related expenditures. Similarly around Rs.51 Million less was spent on Roads, Housing and other town related projects.

SERVICE	Rs. Million Actuals 2008-09	Rs. Million Actuals 2007-08
Municipal Services	339.1	380.9
Community Services	236.3	274.5
Medical Services	77.7	97.0
TSRDS Grants	80.9	97.5
Grants & Donations	35.9	113.8
TOTALS	769.9	963.7

## Taxes paid to the Government

The total amount of taxes by way of sales tax, excise duty, wealth tax, etc. paid during 2008-09 was Rs. 64,660 Million, against Rs. 55,246 Million during 2007-08.

## Financial Assistance Received from Government

No significant financial assistance was received from the Government for Operational or Community Development initiatives.

## Return on Invested Capital (ROIC)

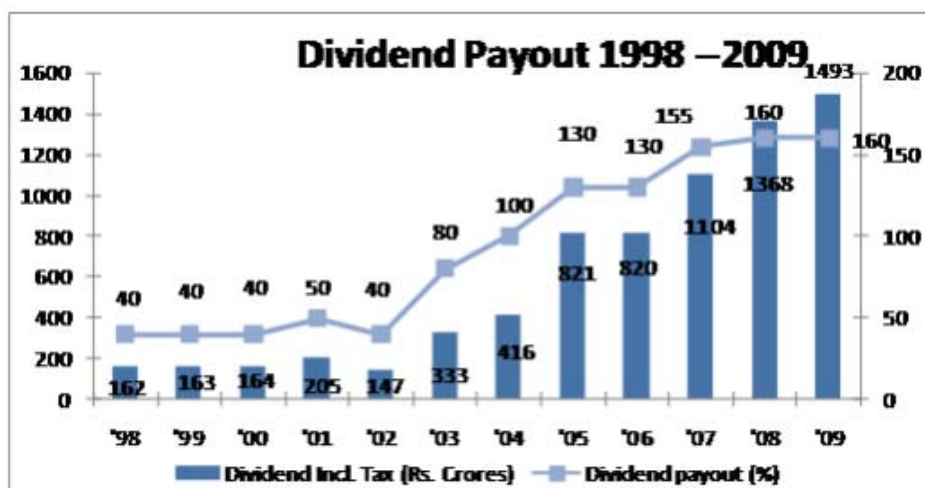
Return on Invested Capital		
Particulars	2008-09	2007-08
Return on Invested Capital	110%	106%

Performance on ROIC has been strong for Tata Steel's Indian operations. One significant contributory factor is that the Company is fully integrated in its operations, with control of raw materials contributing to better operating margins. The Company's low capital base and

improved working capital levels also assist ROIC performance. ROIC is a prime measure for value creation across the Tata Steel Group and is a key performance indicator for its financial performance towards the Company's Vision goals for 2012.

## Dividend

The Board of Directors of the Company recommended a dividend @ 160% (Rs. 16 per share) for the year ended 31<sup>st</sup> March 2009. The dividend cash-outgo (including tax on dividend) was Rs. 14.93 Billions. The dividend payout as % of Net Profit maintained at 30% as it was in the last year.



## Local Hiring

Whilst Tata Steel has a policy of hiring the best available talent in the country for its jobs, and sourcing globally according to knowledge-based and value-driven buying principles, the Company is also mindful about ensuring that local people are able to

benefit from the economic opportunities that its activities offer. Therefore local candidates for employment are considered favourably if they possess the required qualification, skills and talent. The Company's Affirmative Action Policy helps

to ensure that scheduled castes and tribal communities are given equal opportunity in employment and supply chain opportunities. Up-skilling programmes help local communities to increase their employability.

## Local Material Procurement

One of the important business drivers is procurement of supplies and services from local vendors. The proportion of spending on locally based vendors (ie vendors with an address in Jharkhand state) during 2008-09 was approximately 25% of Tata Steel's domestic buy volume.

## SOCIAL RESPONSIBILITY INITIATIVES IN PROCUREMENT

In accordance with its Affirmative Action Policy, Tata Steel encourages business entrepreneurs from socially disadvantaged communities and includes them in its supply chain on the basis of equal merit.

As a social responsibility initiative, social organisations and small-scale local industries are given preference when placing orders, whenever they are able to supply the Company to a standard which otherwise would be serviced by larger units. For example, many items are sourced from local NGOs such as AIWC, Seva Sadan, School of Hope and Bal Vihar. In order to assist social organisations and small-scale industry units to supply the Company, raw materials are issued on a 'conversion' basis for the supply of finished goods, spares, and consumables. This reduces the burden of 'working capital' management of these small units.

Only local vendors are engaged for the delivery of services, except for the tasks requiring a higher degree of specialisation and sophistication and a skill set which is not available locally.

## CONTINUOUS IMPROVEMENT

Quality is vital to the success of Tata Steel's business. Quality principles and practices applied throughout the business are aligned to ISO 9001.

### DEMING PRIZE FOR QUALITY

In 2008 Tata Steel in India was the first integrated steel company in the world, outside Japan, to be awarded the prestigious Deming Application Prize for excellence in Total Quality Management. The prize recognises the important work done not just to build value for customers, employees and business partners, but also for social causes and the community in its areas of operation.

Over the years Tata Steel has placed a continuous emphasis on improving processes, with a view to consistently increasing efficiencies, enhancing quality, and thereby achieving better performance

benchmarks in all areas. As part of the integration process of Tata Steel Group, Performance Improvement Teams and a central committee have been established to systemise Process Improvement in the Tata

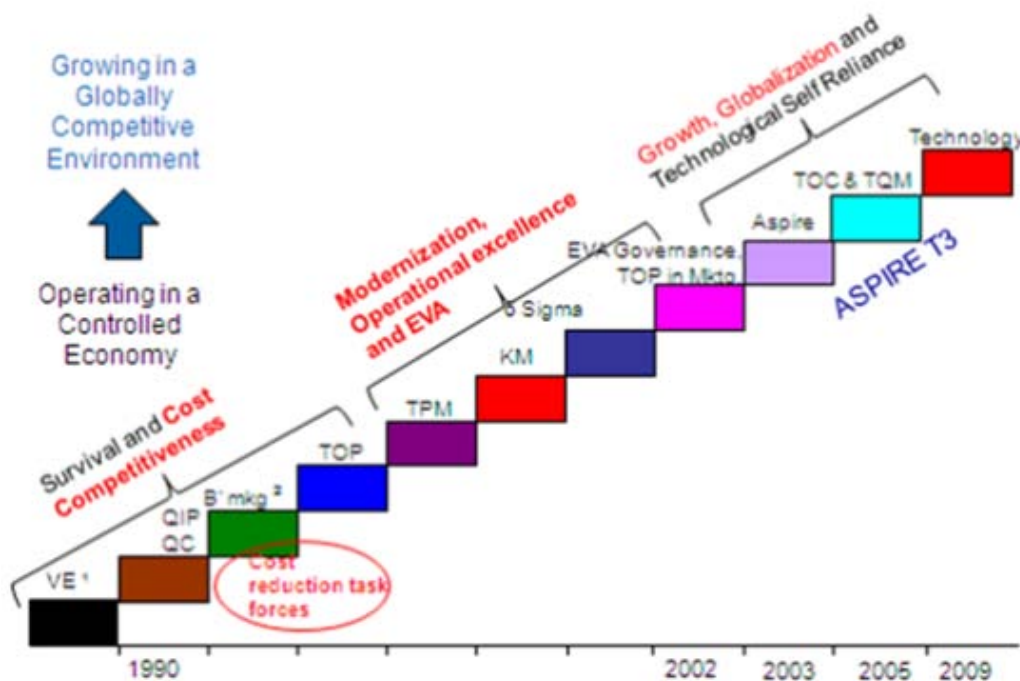
Steel Group, leverage synergies and accelerate improvement through learning and sharing.

Tata Steel has a strong improvement framework known as ASPIRE T3, which is an integration of three models:

- Theory of Constraints (TOC): develop a competitive edge based on reliable delivery service, thereby creating value for customers
- Total Quality Management (TQM): a structure for customer and quality focussed continuous improvements comprising the following key elements – Policy Management, Daily Management, Problem Solving & Task Achieving
- Technology: foster a technology mindset amongst a cross section of employees through a Knowledge Management Programme

The ASPIRE framework has helped the Company to improve its performance in many areas, including economic and environmental performance. Tata Steel has worked extensively on applying TQM the Deming way, implementing the management/improvement cycle of 'Plan, Do, Check, Act' (PDCA) through departments, leading to distinct performance improvements.

Focus on Customer and Cost has helped Tata Steel shift from:-





## IMPACT OF COMMUNITY INFRASTRUCTURE DEVELOPMENT AND SERVICES

The prospering community around the Company's operations is a testament to Tata Steel's corporate sustainability initiatives. Some highlights of the Company's contribution to local community infrastructure development and services over a period of time are provided below:

### u Municipal Services

- Provided to Jamshedpur Township through Tata Steel's subsidiary JUSCO (Jamshedpur Utilities & Services Company) - leading to a clean and green city with a substantially better quality of life. Services provided to the population of around 1 million people include water, electricity, roads and transport infrastructure, public spaces and horticulture. Jamshedpur has reliability of water and power services amongst the highest in India; Jamshedpur's tap water quality exceeds World Health Organisation norms for drinking water.

### u Educational infrastructure and services

- Tata Steel runs three primary schools, six high schools, and one college and supports nearly 500 further schools

### u Health facilities

- The 890 bed Tata Main Hospital provides quality health services to employees and citizens of Jamshedpur
- Outside Jamshedpur, medical services are extended through a - 66-bed Tata Steel Hospital at Noamundi, whose ultra modern Intensive Care Unit was inaugurated in April 2008; and a 47-bed Hospital at Joda.
- Two super dispensaries and nine dispensaries
- Sneh Kendra HIV/AIDS support centre
- TSFIF resource centre – which has the goal of improving reproductive health through integrated capacity building and development programmes
- Community health projects such as Kavach HIV/AIDS project at Jamshedpur

### u Sports Facilities

- The JRD Tata Sports Complex, an international standard stadium with an eight-lane polyurethane track and football field, was inaugurated in 1991. The complex also houses facilities for handball, tennis, volleyball, hockey, basketball, boxing, table tennis, swimming and a modern gymnasium. The Sports Hostel offers accommodation to cadets and visiting sports people. The Keenan Stadium hosts international cricket matches
- The Tata Archery Academy provides a platform for young archers to excel at the international level
- India's first football academy, the Tata Football Academy established in 1987, imparts world-class training to budding footballers
- The Tata Athletic Academy trains athletes for international events
- The Tata Steel Adventure Foundation engages employees, their families and residents of Jamshedpur in adventure sports, as well as offer manpower development programmes

### u Cultural facilities

- Centre of Excellence – town and company heritage centre
- Tribal Cultural Centre - showcases tribal culture and heritage in addition to providing facilities for tribal groups. This centre was refurbished in 2008 and inaugurated on 6th February 2009 as a centre of excellence for tribal culture, helping to provide greater equality of opportunity to local tribal people

### u Environment

- TSRDS has been instrumental in the protection of over 2000 hectares of regenerated forests
- Dimna Lake, a large manmade reservoir promotes rainwater harvesting
- Parks, gardens and green spaces
- Zoo in Jamshedpur and several Botanical Parks in locations of operations

### u Infrastructure for disaster relief

- At times of natural calamities, the Company has rushed immediate relief and offered long-term assistance to affected areas.

## INDIRECT ECONOMIC IMPACTS OF BUSINESS

Tata Steel has not valued its indirect economic impact, but by virtue of the nature of its operations and its extensive social initiatives, it makes an enormous indirect economic contribution to society. In addition to the economic opportunities offered directly by the business, the Company's activities in and around its areas of operation have promoted the economic wellbeing of people through indirect employment and business opportunities. In India, Jamshedpur has among the highest per capita income and the highest per capita expenditure by consumers.

There are many institutions and organisations in and around Tata Steel – including clubs, health services, schools, sports groups, Credit Societies, Tata Steel Zoological Society (TSZS), Tata Steel Rural Development Society (TSRDS), Tribal Cultural Society (TCS), RD Tata Technical Institute etc - which are supported by the Company financially and through the contribution of skilled manpower (employees volunteering as members, executives and directors), as well as through sourcing of goods and services. The thousands of stakeholders comprising these organisations are indirectly

benefited by the Company's products and services.

Tata Steel's CSR programme develops local economies through initiatives which enhance the health, knowledge, skills and aspirations of local communities and increases their ability to achieve sustainable livelihoods. The success of participating individuals creates further community wealth and wellbeing, beyond the immediate family, though the 'trickle-down' effects of local spending and of shared learning.

## RESEARCH & DEVELOPMENT: TECHNOLOGY AND INNOVATION

Research and Development is a vital element of the Company's plans for creating value for all stakeholders through its innovative approach. In 2008-09 Tata Steel continued to invest in R&D, focusing on major projects designed to improve efficiency and enhance product quality.

*In 2008-09 a variety of initiatives were underway to develop:*

- Economic mineral beneficiation—identify ways to maximise use of the raw materials available to the Company from captive sources
- Stretch the raw materials envelope – lower phosphorus content in the converter during steel making
- Heavy end of the future – initiatives to increase production whilst maximising efficiency of raw materials and energy used, and minimising the carbon footprint.
- New generation high strength steels – develop new metallurgical options to meet future demand
- Advanced coatings development – develop the benefits of coatings whilst minimising costs
- Producing ferro-chrome with less energy – trials to assess feasibility of a new process which reduces specific power and coke consumption.
- Hydrogen harvesting – test the potential for generating low cost hydrogen, using the heat of molten slag, which can save energy and reduce consumption of fossil fuels
- Photovoltaic coating systems – developing state-of-the-art thin film photovoltaic systems that are suitable for integration into the Company's products
- Energy efficient fluids – developing efficient coolants and lubricants for rolling steel

Further information on these areas of development work can be found in the 2008-09 Annual Report. Many of these projects involve shared working and will enhance knowledge and production across industry. Others will provide specific competitive advantage to Tata Steel, and will also benefit stakeholders in the form of improved life and qualities of the product, reduced energy and materials use (i.e. saving natural resources), reduced emissions, lower cost etc. Some examples include:

- **Hydrogen Harvesting** – Integrated steel plants are major consumers of primary energy and some of that energy is released as waste heat in slag, which requires cooling. The Company's labs have developed a new process, H2H, which is able to process the heat of molten slag to generate hydrogen rich gas. This replaces the less environmentally friendly forms of cooling and the gas created can be used as an energy replacement for fossil fuels.
- **Energy Efficient Fluids** - Coolants are required in the steel plant for rolling the steel. Tata Steel has developed a completely new technology, using nano particles suspended in an aqueous medium, to create an efficient coolant with a much higher heat transfer rate than water. The Company is using this nano-fluid in its wire rod mill in Jamshedpur and has identified many other uses for the product, both within its own operations and in other group companies. Tata Steel anticipates significant cost, energy and CO2 savings as a result of this technology.

#### Expenditure on Research & Development (Rs. Million)

	2008-09	2007-08
Capital	18.9	58.3
Recurring	397.0	363.7
<b>Total</b>	<b>415.9</b>	<b>422.0</b>
Total R&D expenditure as a % of total turnover	0.17	0.21

#### Intellectual Property Rights (IPR)

An innovative business creates valuable new products and services. The Tata Steel Group patent portfolio currently comprises over 850 patent applications at various stages between filing and grant and more than 850 valid patents granting national exclusive rights owned by the respective Group companies. The Group IPR portfolio also comprises some 250 pending trade mark applications and over 1500 registered trademarks for premium products such as Tata Shaktee®, Magizinc® and Colorcoat®.



## MANAGEMENT APPROACH

Tata Steel's approach to environmental management has been guided by the Tata Code of Conduct (Clause 8: Health, Safety & Environment), the Tata Steel Environmental Policy and the UN Global Compact Principles. The Company is absolutely committed to providing a healthy working environment and to complying with all relevant environmental regulations in its operations; seeking to improve environmental performance well beyond norms and statutory duties wherever possible.

To ensure that policy is put into practice, key performance parameters have been identified, and are monitored and reported to various stakeholders in a transparent manner, addressing the requirements of GRI and UN Global Compact. Tata Steel has adopted an ISO 14001 based Environmental

Management System to achieve excellence in environmental performance and ensure continual improvement. The divisional /departmental heads are responsible for implementation of the Environmental Management System in their respective areas. Top Management reviews the performance periodically and provides necessary guidance and resources for the implementation of improvement initiatives. Training and awareness is an integral part of the system and covers all the employees, contractors and others concerned. Tata Steel is certified to ISO 14001:2004 by M/s. IRQS. Surveillance audits are conducted by IRQS annually to ensure compliance to the prescribed standard.

Tata Steel recognises that climate change is one of the most important issues facing the world today. In 2008, the Tata Steel Group

launched its climate change strategy, recognising that the steel industry, as a sector, contributes 4-5% of all man-made CO<sub>2</sub> emissions (as estimated by the World Steel Association). The Group's Vision 2012 challenges it to reduce CO<sub>2</sub> emission from operations drastically to less than 1.7 tonnes of CO<sub>2</sub> per tonne of liquid steel, reflecting the Company's commitment to play its part in responding to the global concern for climate change. Tata Steel Group is working on setting up the longer-term target for 2015, with additional targets for individual units. The Carbon accounting methodology across the Group is being reviewed and a common methodology is likely to be adopted in the financial year 2009-2010. Tata Steel will also develop opportunities for the future in energy conservation and carbon trading and is actively exploring these options through its climate change strategy.

## EMISSIONS, EFFLUENTS AND WASTES

Reducing emissions is a top priority. Operational investments, such as the new H Blast Furnace in Jamshedpur, seek to employ state-of-the-art equipment which improves efficiency and reduces pollution.

## CLIMATE CHANGE

### RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Guided by its climate change strategy, Tata Steel is adopting a responsible and proactive precautionary approach to managing its operations, in order to reduce operational impacts which could contribute to this problem.

The consequences of climate change will impact economies and people, as well as the environment. Tata Steel's own operations could be affected through the practical impacts of climate change and there are growing political and commercial risks, as

legislation addresses the problem and stakeholders demand low CO<sub>2</sub> products and services, with consequent financial implications. However, at present the financial risks due to climate change are not being quantified.

As India is a Non Annex I Country, it currently has no Green House Gas (GHG) emission reduction targets in the first Kyoto commitment period up to 2012. However, being a part of UNFCCC, India has taken the initiative to participate in Clean

Development Mechanism (CDM) under the Kyoto Protocol. CDM has opened up new opportunities for achieving revenue from carbon trading and Tata Steel is pursuing these opportunities vigorously. The Company has registered its first CDM Project at the UNFCCC for TRT at G Blast Furnace and is also actively pursuing other CDM Projects in order to achieve carbon credits. These projects are at various stages of approval and implementation.



## CARBON REPORTING

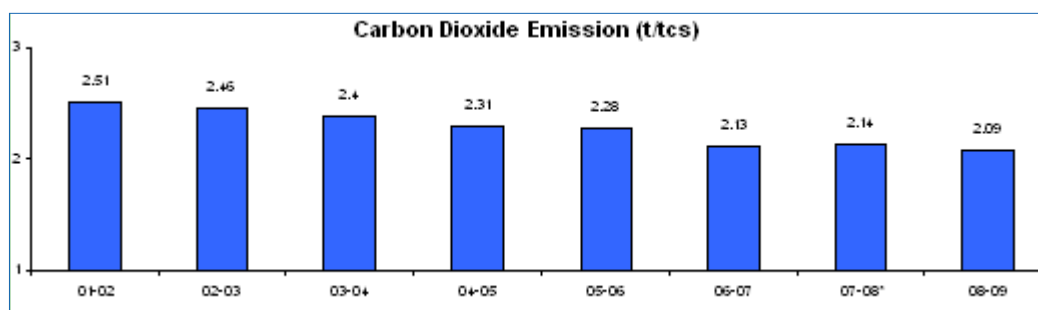
Tata Steel reports our CO<sub>2</sub> emissions by employing our Tata Steel methodology which is mainly based on carbon balance. In order to bring in similarity in reporting CO<sub>2</sub> emission, a taskforce within Tata Steel Group is working and will come out with the recommendations. In the subsequent reports, it will provide a clearer picture to all stakeholders.

## GREEN HOUSE GASES

Carbon Dioxide (CO<sub>2</sub>) emissions were reduced by 2.34% on a like-to-like basis in 2008-09, to 2.09 t/tcs.

CO <sub>2</sub> emissions as per GHG protocol					
Emissions	Unit	2005-06	2006-07	2007-08	2008-09
Process +Stationary Combustion	t	12,685,398	12,748,927	11,630,970	12,859,606
Mobile Emissions	t	18,722	21,092	20,179	21,716
HFC Emissions	t	1358	1436	2441	2845
Total Emissions	t	12,705,479	12,771,455	11,153,590	12,884,177
Crude Steel production	t	4,730,592	5,045,795	5,014,005	5,645,755
Specific CO <sub>2</sub> emission	t/tcs	2.68	2.53	2.32	2.28
Slag Credit	t	922,970	1,130,104	1,256,848	1,614,424
Emission excluding slag credit	t	11,782,509	11,641,351	10,396,742	11,269,753
Specific CO <sub>2</sub> emission excluding slag credit	t/tcs	2.49	2.31	2.07	1.99
Total emissions (imported Elect. + Mobile + HFC)	t	1,001,586	936,688	941,796	1,130,217
Total emissions excluding (Imported Electricity + Mobile + HFC)	t	11,703,891	10,727,190	10,711,794	10,139,536
Specific CO <sub>2</sub> emission excluding imported Elect + Mobile + HFC	t/tcs	2.28	2.13	2.14	2.09

\*CO<sub>2</sub> emission figures of 2007-08 revised based on like-to-like calculations, due to revision of calculation methodology



Tata Steel participated last year in the Tata Group's initiatives for Carbon Foot Print Exercise with the help of M/s. McKenzie and M/s. Ernst & Young. Tata Steel has also participated enthusiastically in the Steel Task Force initiatives of Asia Pacific Partnership on Clean Development and Climate (APPCDC) under the aegis of the Ministry of Steel, Government of India.

Tata Steel is consistently focussing on minimising its environmental footprint through a multi-pronged approach which incorporates:

- resource conservation
- waste utilisation
- pollution prevention
- increasing the environmental awareness of the workforce

### Recent initiatives reducing Green House Gas emissions

Our capacity expansion at Jamshedpur Steel Works will significantly reduce, the carbon footprint of the Company's Indian operations. Efficiency savings will be gained by replacing multiple small blast furnaces with fewer high capacity furnaces, thereby taking advantage of economies of scale. Technological advancements have also been exploited for further carbon savings, through higher rates of coal injection, blast furnace top gas recovery for electricity generation, and the recovery of waste heat to minimise fuel usage. In May 2008, Phase I was completed with the 'blow-in' of the 1.8 million tonne capacity 'H' blast furnace – India's largest blast furnace. Phase II will see steel capacity increased to 10 million tonnes crude steel production by 2011.

## Indirect GHG emissions

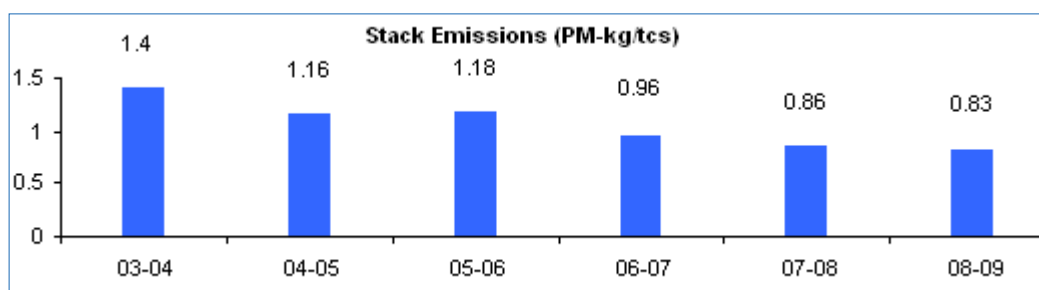
Currently Tata Steel's indirect GHG emissions are not specifically calculated or reported.

## Ozone-Depleting Substances

The Steel Works used 4.697 tonnes of refrigerant during the reporting period compared to 3.741 tonnes of refrigerant used during previous year. The organisation uses R134 and vapour absorption systems.

## Other significant emissions

The Company has undertaken several initiatives in recent years which have resulted in a considerable reduction in stack emissions. These measures are ongoing and will be developed further to improve performance and ensure absolute compliance with norms. Specific Stack emissions (PM) from the Steel Works exhibits reducing trend as indicated below. Also indicated are the Particulate Matter, Sulphur Di-oxide and Oxides of Nitrogen in absolute terms.



Total Emission load from Steel Works at Jamshedpur (Tonnes)				
Parameter (tpa)	2005-06	2006-07	2007-08	2008-09
Particulate Matter*	5570	4666	4318	4703
Sulphur Dioxide	7287	6639	4669	5333
Oxides of Nitrogen	6215	8264	5994	5603

\*The Emission loads do not include fugitive emissions.

## TOTAL WATER DISCHARGE

### Tata Steel discharges treated effluent from the Steel Works.

Wastewaters from process were treated with the best available physio-chemical methods and recycled in process. Wastewater from the coke plant is treated biologically where organic pollutants are oxidised and decomposed by micro-organisms. The absolute effluent quantities and pollution loads from the Steel Works are as follows:

Effluents & Pollutants discharged from Steel Works					
Parameter	Unit	2005-06	2006-07	2007-08	2008-09
Effluent Quantity	Million m <sup>3</sup>	11.20	13.56	14.38	14.87
TSS	Tonnes	726.20	690.60	709.18	611.21
Oil & Grease	Tonnes	23.98	19.28	18.91	22.10
Ammonia	Tonnes	103.98	64.59	70.53	88.23
Cyanide	Tonnes	1.20	1.33	1.25	1.35
Phenol	Tonnes	1.24	1.38	1.00	1.27

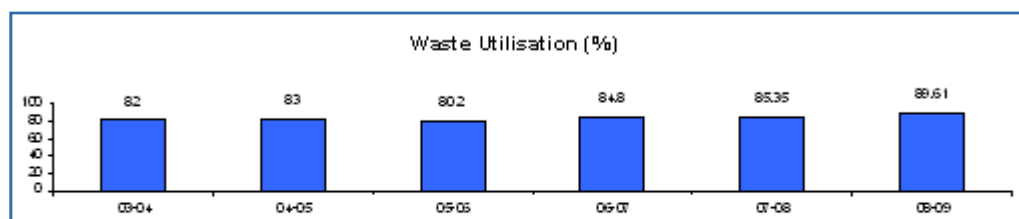
Treated domestic sewage from the township of Jamshedpur join the rivers Subarnarekha and Kharkai. Two Sewage Treatment Plants provided in the township of Jamshedpur have adequate capacity to treat the entire sewage of the town.

Studies carried out by NEERI in the years 1993 and 2000 at Jamshedpur to assess any impact on eco-systems/habitats of rivers, found no significant impact on the aquatic eco-system.

Noamundi and Joda Iron Mines and West Bokaro and Jharia Collieries do not discharge any overflow from the Slime/Tailing Dams.

## SOLID WASTE MANAGEMENT

Integrated steel plants generate considerable solid by-products such as slags, dusts and sludges, which can impact the environment. Utilisation of solid by-products, either by upstream processes or by alternate uses is, therefore, an important performance indicator for the Company. Tata Steel generates around 634 kg of various kinds of solid wastes (excluding fly ash) for every one tonne of crude steel produced. About 89% of these wastes are utilised, either through recycling and reuse in its own processes, or sold as input materials to other industries. Remaining wastes are sent for safe land-filling.



The detail of various types of wastes and its utilisation are shown below.

### Major Hazardous and non-Hazardous Waste Utilisation at Steel Works, Jamshedpur\*

Item	Usage Details	2006-07		2007-08		2008-09	
		Tonnes Utilisation	% of generation**	Tonnes Utilisation	% of generation**	Tonnes Utilisation	% of generation**
B F Slag	Cement making	1307719	84.92	1453921	94.27	1716925	96.38
L D Slag	Sinter making	1046073	77.18	912587	74.13	923015	78.49
B F Sludge	Domestic fuel	46465	90.6	47240	84.32	51903	71.95
L D Sludge	Sinter making	184927	136.8	107737	69.09	151965	82.90
Mill Scale	Sinter making	65106	96.41	67743	92.38	70619	109
Flue Dust	Sinter & dom. fuel	76536	81.36	75883	83.46	84747	87-85
Lime Fines	Sinter making	101747	100	125800	100	150768	102
Dolo Dust	Sinter making	9947	100	4301	100	18388	100
Ref. Waste	Sale	8326	100	4348	100	21710	100
Tar Sludge	Coke making	4507	100	4633	100	2995	100
BOD Sludge	Coke making	248	100	-	-	148	100
U/S Lime Stone	Sinter making	12730	100	10392	100	5117	100
Mill Sludge	Sinter making	11193	100	9329	96.34	9160	100
TOTAL		2875524	84.77	2823914	85.35	3207460	89.61

\* These major waste types are typically generated and utilised at Steel Works, Jamshedpur. Some of this waste is also utilised by non-Tata Steel entities.

\*\* % of generation indicates the quantity of the waste generated that was utilised in the given year.

Hazardous wastes generated at the mines and collieries were auctioned to registered recyclers and oily waste/sludge is buried in secured landfills.

Improving the utilisation of LD slag remains a challenge; this accounts for a major portion of the non-utilised solid wastes. LD slag use in sinter base mix stood at an all-time high of 26.9kg per tonne of sinter in 2008-09, which made a significant contribution to the overall improvement in waste utilisation.

### Significant spills

There was no reported incidence of any oil spill or chemical spillage in the organisation during the reporting period.

## Water bodies and related habitats significantly affected by discharges of water and run-off

There are no significant impacts on water bodies and nearby habitats from Company operations. The impacts have been assessed in the Environmental Impact Assessments undertaken by independent consultants and water quality is regularly monitored by the Company.

## MAKING MINING MORE SUSTAINABLE

### MAXIMUM USAGE OF FINITE RESOURCES

Many of the input materials for Tata Steel's steelmaking are sourced from captive mines and collieries. The Company follows 'scientific mining' methods in order to maximise the output of these operations, using a variety of technologies and process improvements to achieve optimum yields and minimum waste.

Five key environmental principles deployed are:

- Continuously stretching the life of the reserves available
- Water conservation and management
- Waste utilisation and energy conservation
- Pollution control
- Land reclamation

Some examples of these principles in action:

Tata Steel collieries use Surpac, a state-of-the-art mine planning software that estimates the volume of coal in every seam. This is coupled with qualitative detailing that focuses on output consistency. To maximise productivity and utilisation, a voice and data equipped Global Positioning System is used, which helps to supervise mining activity for machine movement and engine status.

#### Beneficiation -

- To reduce the ash content of coal in order to achieve better usage, coal of various grades is beneficiated, stretching the reserves. Going beyond standard washing processes, Tata Steel's Research, Development and Technology department is working on methods to reduce the ash content in coal to levels of 8% and below.
- A chemical beneficiation process is used to beneficiate the concentrate from physical beneficiation of low grade iron ore and plant rejects in order to reduce alumina to a level of 1.5%.

#### Water -

Closed loop systems are deployed to recover water and avoid the need to discharge wastewater.

#### Pollution control -

Coal at the Company's Jharia Division is conveyed underground to minimise air pollution. Air quality is monitored at all mines and collieries and measures to suppress dust are deployed, such as water spraying, dust extraction systems, etc.

#### Land reclamation and afforestation -

The Noamundi iron mine reuses displaced topsoil. Land has been reclaimed in areas such as Hills no. 1 and 2 and the Western Pit. The Company has planted more than 18 lakh (1.8 million) saplings within its mining leasehold since 1986. It has also afforested areas beyond its mining leasehold and created an in-house nursery to meet the plantation needs in and around the area, which raises 43 species of plant and 1 lakh (100,000) saplings per year.

## INPUT MATERIALS

### MATERIALS USED

The Indian activities of Tata Steel use a variety of materials for producing steel and other related products. The major materials consumed are indicated in the table below:

- 2 2005-06, M/s. M N Dastur & Co. EIA Jamshedpur; 2006-07 & 2008-09, M/s. Minmec Consultants EIA Noamundi and Joda Iron Ore Mines; 2006-07, M/s. CMPDIL EIA West Bokaro.

Major Input Materials across India operations			
Materials consumed (Tonnes)	2006-07	2007-08	2008-09
Iron Ore	8,724,458	8,681,492	9545665
Coal (used to manufacture coke)	713,982	706,076	751972
Coke	3,133,450	3,088,582	3315206
Limestone & Dolomite	1,729,070	1,865,223	1949523
Ferro Manganese	15,824	16,165	18895
Input materials (for manufacturing ferro-manganese)	195,765	234,830	2282034
Zinc and Zinc Alloys	19,299	17,903	22137
Spelter, sulphur, and other materials	784,802	1,161,517	1200105
Total	15,316,650	15,771,788	19085537
Crude Steel Production-tpa	5,046,000	5,014,000	5645755

## RECYCLED INPUT MATERIALS

Steel is a recyclable material and iron/steel scraps are used in Steel Melting Shops as an input material. During the year 2008-2009, approximately 8% of iron/steel scrap from internal sources was used in production. No scrap was purchased from external sources. In addition to iron/steel scrap, other wastes such as slag, sludge, fines, flux dust, etc. are reused in the Steel Works, details of which are provided in the 'Solid Waste Management' section of this chapter.

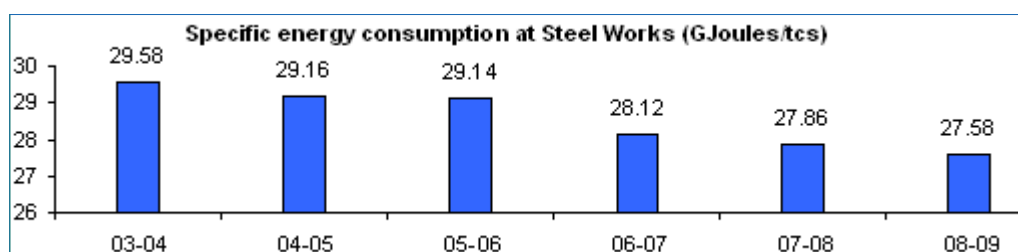
## ENERGY

### DIRECT AND INDIRECT ENERGY CONSUMPTION

Tata Steel is committed through its Energy Policy to conserving scarce energy resources. Details of energy consumed in Tata Steel are disclosed in the Annual Report of the Company. The direct and indirect energy consumption values are provided below:

Energy consumption at Tata Steel, India						
Particulars	2006-07		2007-08		2008-09	
Power and Fuel Consumption	Quantity	Joules (10 <sup>15</sup> )	Quantity	Joules (10 <sup>15</sup> )	Quantity	Joules (10 <sup>15</sup> )
Electricity (M KWH)						
Purchased Units	1980	7.128	2031	7.312	2195	7.902
Own Generation	978	3.52	1011	3.64	1082	3.90
Coal						
Coking Coal (Million tonnes)	3.15	90.65	3.37	96.41	4.75	135.89
Injection Coal (Million tonnes)	0.42	12.31	0.39	11.43	0.52	15.24
Middling Coal (Million tonnes) *	0.34	6.34	0.2	3.73	0.14	2.61
Furnace Oil (Kilo litres)	12079.17	0.473	12701.73	0.497	12520.19	0.490
Others						
LDO (Kilo litres)	9238.63	0.335	7920.11	0.287	6221.55	0.225
LPG (Tonnes)	3835.4	0.494	4292.69	0.553	3837.75	0.494
NG (Tonnes)	2814.56	0.106	2217.4	0.084	2204.84	0.840
* Middling coal is predominantly used for power generation at Steel Works						

The specific energy consumption of the integrated iron and steel works at Jamshedpur was 27.58 GJoule/tonne of crude steel during 2008-09, down from 27.86 the previous year. The specific energy consumption has been calculated as per the World Steel Association's balanced energy model, which takes into account all forms of energy brought within the Steel Works boundary.



## Energy saved due to conservation and efficiency improvements

Tata Steel is continually developing and implementing conservation and efficiency measures. Energy conservation achievements in 2008-09 include:

- Highest ever LD gas recovery (38131 Nm<sup>3</sup>/hr in 2007-08 to 38595 Nm<sup>3</sup>/hr in 2008-09)
- Lowest ever BF fuel rate (577 kg/thm in 2007-08 to 575 kg/thm in 2008-09)
- Higher by-product gas utilisation for power generation (94.03%)
- Reduction in specific power consumption (by approximately 1%)
- Higher combined boiler efficiency (83.77% in 2007-08 to 84.76% in 2008-09)
- Top Recovery Turbine at H Blast Furnace (14.5 MW)
- Application of fuel catalyst in diesel locomotives has resulted in a saving of high speed diesel to the level of 13-15%

Initiatives implemented to reduce energy consumption this year include:

- Top Recovery Turbine commissioned for H Blast Furnace, able to recover waste energy of approx 13-14MW. Installation of Top Recovery Turbine at G Blast Furnace (ongoing).
- Recovery of sensible heat of coke by installation of Coke Dry Quenching system in Batteries 5, 6 & 7 at Coke Plant (under implementation)
- BF Gas fired re-heating furnace at Hot Strip Mill
- 120 MW electrical power unit based on by-product gases, ie BF gas, Coke Oven gas and LD gas, installed and commissioned to improve the by-product gas utilisation
- Old and inefficient Blast Furnaces phased out to reduce coke consumption
- Modifications in logics implemented to enhance BOF gas recovery
- Enhancement of waste heat recovery at Sinter Plants (planned)

## Producing ferro chrome with less energy

Tata Steel has developed a new process technology which reduces the specific power and coke consumption in either the direct production of stainless steel or the production of ferro chrome in submerged arc furnaces (SAF). In 2008 scale-up trials were carried out to establish the technical and economical feasibility of the process.

Two variants of this process are being developed for the production of pre-reduced chrome for use in production of ferro chrome in the existing SAF process and chrome nuggets that are used as alloying addition in stainless and alloy steelmaking. The novel process uses non-coking coal as a reducing agent and energy source, thus reducing the need for low ash, low phosphorus (imported) coke.

## Hydrogen Harvesting

Integrated steel plants are significant consumers of primary energy (coal and electricity generated by coal-fired plants) and part of that energy is released as waste heat. A novel H2H technology has been developed at our Research, Development and Technology department, which overcomes the barriers to recover thermal energy from steelmaking waste. The technology generates hydrogen rich gas by utilising the waste heat of molten steelmaking (LD) slag.

This is a step towards cleaner steelmaking. As an environmentally friendly resource, hydrogen is considered an alternative source of energy. Whilst most methods of generating hydrogen use fossil fuels, Tata Steel's technology will produce the gas by 'recycling' existing waste energy.

## RENEWABLE ENERGY



In the main steel making process, use of renewable energy is highly limited due to techno-commercial non viability. However, the Company actively encourages and promotes the use of renewable energy in the form of solar electricity, biogas, etc in the social activities that it undertakes in the communities around its operations.



Conscious of the link between human development and energy access, in 2006 we launched a two year pilot project on Renewable Energy for Rural Livelihoods (RERL) in five villages of Saraikela Kharswan District of Jharkhand, India, in collaboration with the United Nations Development Programme (UNDP); Ministry of New and Renewable Energy (MNRE) and Confederation of Indian

Industry (CII). The project provides villagers with easy access to cheap clean fuel which will not harm the environment and will enable farmers to switch from fertilisers to biogas manure. 240 biogas plants and five woody biomass gasifiers have been established, preventing wood burning and, it is estimated, thereby reducing CO<sub>2</sub> emissions by more than 385 tonnes. After successful implementation, the project has

been replicated in ten more villages of the district covering 843 households. In the year 2008-09, 130 biogas plants have been constructed in three villages.

The project also establishes photovoltaic panels for lighting: 255 solar home lights and 21 street lights had been set up by the end of 2008-09.

## Product energy efficiency initiatives

Tata Steel considers energy sourcing and energy efficiency very carefully in its product development. The Company is developing and producing a range of high specification product solutions with attractive, more sustainable qualities – for example products which are lighter, stronger and more durable. These products meet customer needs and will allow them to develop better, cheaper and more environmentally friendly products for the end user. Stronger and more durable products will facilitate more advanced uses and less frequent replacement (reducing further impacts of production) whilst other features, such as lighter weight, can mean the end product is more energy-efficient or effective. For example light-weight steel designed for cars allows the automotive customer to produce a lighter-weight vehicle, which will have greater fuel efficiency and will be less polluting throughout its life.

Some examples of products with specific sustainability benefits can be found in the 'Creating Value' section of this report.

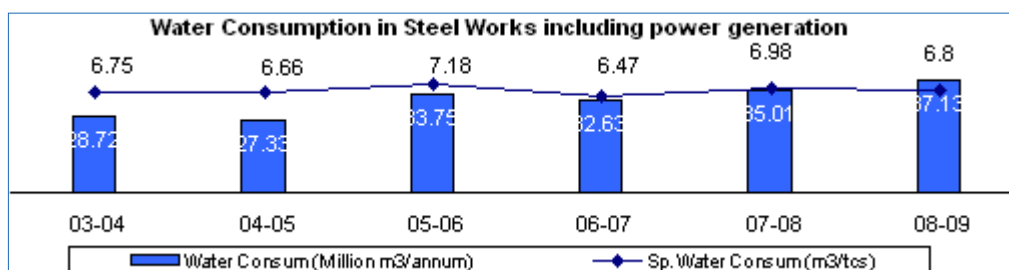
## WATER

### Water withdrawal by source

Water for industrial and domestic usage at Jamshedpur and other units is mainly drawn from surface water resources as indicated in table below. The other source of water at Jamshedpur is a captive reservoir at Dimna having a capacity of 34.224 million m<sup>3</sup>, covering 92.6 sq. km. It is situated on the North-Eastern end of the Jamshedpur at a distance of about 10 kms and is meant for emergency water supply during the lean season.

Details of Water Sources		
Name of location	Water source	Purpose
Steel Works Jamshedpur	Subarnarekha river/ Dimna	Industrial & Domestic
Noamundi	Baitarni River	Industrial
	Jojo Nalla	Domestic
Joda	Kundra Nalla	Industrial & Domestic
Gomardih	Nakati Nalla	Domestic
	Mine Drainage	Industrial
Jharia	Damodar River	Industrial & Domestic
Sukinda	Mines Drainage	Industrial & Domestic
West Bokaro	Mines drainage + Raw River	Industrial & Domestic

The total water withdrawal during the period was 37.13 Million m<sup>3</sup> for Jamshedpur Steel Works, which also includes water used for expansion activities. Water re-circulation and conservation efforts are in place at process units and the new processes that will come online in the coming years are likely to reduce specific water consumption.



In addition, the entire domestic consumption of the city of Jamshedpur, that is 63.05 million m<sup>3</sup>/annum of water (63.15 million m<sup>3</sup>/annum in 2007-08), is supplied and managed by JUSCO (a 100% subsidiary of Tata Steel).

## Reducing water use

Tata Steel's Research, Development and Technology department has developed a new technology known as 'Coolfast', which suspends nano-particles in a fluid to create a coolant which is more efficient than water. Its superior cooling qualities will allow the Company to reduce water consumption in the Steel Works. This new technology has a wide range of potential applications, saving money and energy and reducing Carbon Dioxide emissions, and is currently being deployed for cooling in the Wire Rod Mill and Hot Strip Mill.

## Water sources affected

As indicated above in the table, the main water source for the Steel Works is the Subarnarekha river, a perennial surface water source at Jamshedpur. As per the REIA report by NEERI, water abstraction is not known to have any significant adverse impact on the ecosystem.

## RECYCLING & REUSE OF WATER

Approx 900,000 cum/day of water remain in circulation in the steel manufacturing processes through the closed circuit system provided at the various units in the steel plant and cooling ponds.

## BIO-DIVERSITY

### NATURE OF LAND OWNED, LEASED OR MANAGED

The Steel Works is situated at Jamshedpur in the state of Jharkhand, India. The lease areas for various units and the details of forest and non-forest land are provided below.

Units	Land owned, leased or managed		
	Lease area (hectare)	Forest area in lease (hectare)	Non-forest area in lease (hectare)
Jamshedpur	5094	Nil	5094
West Bokaro	1740	910	830
Jharia	2230	Nil	2230
Noamundi	1160	762	398
Joda East	671	522	149
Gomardih	373	Nil	373
Khondbond	978	837	141
Katamati	403	199	204
Sukinda	331	74	257
CRC West	10	2	4
WIRE Div	32	-	32

There are no World Heritage sites, sensitive areas or Biosphere Reserves or Protected areas within the operational areas of the company. No sensitive areas, as defined by the Environment Protection Act 1986 in India, fall within a 10 km radius of the Company's operations. However, the mine leases are in unprotected areas rich in biodiversity and Dalma Wildlife Sanctuary, which is a protected area, is situated relatively close to Jamshedpur (at a distance of 10km). The Regional Environmental Impact Assessment (EIA) and carrying capacity study conducted by NEERI in May 1995 and 2000 and EIA studies conducted in 2005-06 and 2007-08 indicate that there is no significant environmental impact on Dalma Wild Life Sanctuary.

### Impact on protected and sensitive areas and habitats of protected species

Noamundi and Joda mining lease areas contain habitats for the following species from Schedule-I and II of the Wildlife Protection Act 1972:

Schedule-1 – Sloth Bear

Schedule-2 – Indian Python

Some occasions of incidents of elephants passing by at Noamundi and Joda mining areas have been reported. At this point Tata Steel has not formally ascertained the actual presence of IUCN Red list species at our sites.

When undertaking significant new activities or expanding operations, the Company undertakes Environmental Impact Assessment studies, conducted by independent consultants. These have reported no significant changes to the natural habitats of protected species resulting from its activities.

## Managing impacts on biodiversity

Through its Environmental Policy, Tata Steel is committed to:

- Identifying, assessing and managing environmental impacts
- Developing and rehabilitating abandoned sites through afforestation and landscaping
- Protecting and preserving biodiversity in the areas of operation

Bio-diversity is assessed during the preparation of Environmental Impact Assessment Reports and forms part of the Environmental Clearance Process. Recent studies have assessed the impact of plans for development and expansion at Jamshedpur and Noamundi, Joda and West Bokaro mine<sup>3</sup>.

## The recommendations given in EIA Reports are implemented during the construction and operation of projects.

Tata Steel takes measures to minimise any eventual damage to nearby habitats resulting from activities like mining. A reclamation and afforestation programme ensures that habitats are restored and improved with extensive tree plantation. Where appropriate new reclamation and afforestation programmes are implemented at greenfield

developments. More than 240 hectares of mined out areas have been reclaimed with plantations so far. The Company has developed a total capacity of raising 400,000 saplings every year across various locations, with an 85% survival rate. 135,000 saplings were planted at various locations during 2008-09. Mass plantations were organised

in many of the company's operational areas in India, including Joda, Noamundi, Bamnibal and Sukinda, with local people helping to plant the trees. Tata Steel also conducted awareness raising campaigns alongside the planting projects to increase the understanding of local people about environmental issues

## RAISING ENVIRONMENTAL AWARENESS

Tata Steel Rural Development Society has created and supported many 'Save Forest Groups' in Noamundi and Joda, to safeguard existing forests and encourage local people to protect the forest as a valuable sustainable resource. The Company has trained groups of local people on the development of orchids, saplings and other forest products to encourage sustainable use of the forest as a source of livelihood, and thereby protect the habitat.

Amongst its employees and in local communities promotes Tata Steel respect for the environment and a love of nature. The Company established and runs a zoo at Jamshedpur to protect animals and to create awareness about wildlife among the citizens of Jamshedpur and the surrounding community. To showcase and protect flora, Sir Dorabji Botanical Parks have been developed by the Company at Jamshedpur, West Bokaro, Dhanbad, Noamundi and Joda

over the last few years. These parks house ornamental plants, fruit trees, rare flowering plants, rock gardens, spices, condiments and medicinal plants along with more than 300 varieties of cacti, and 100 varieties of roses.

Many of its employees and their families are keen environmentalists and Tata Steel encourages this interest, for example supporting the first Annual Flower Show at West Bokaro Division in January 2009.

## Celebrating World Environment Day

In June Tata Steel celebrated World Environment Day involving employees and the local communities. This is an occasion to celebrate the environment, carry out mass sapling plantations and consider how everyone can help to respect and protect the environment. Awareness raising takes place through quizzes and competitions involving many local schools.

## PRODUCTS & SERVICES

### Initiatives to mitigate environmental impacts

As a product, steel does not have any adverse environmental impacts. Steel products are 100% recyclable in their life cycle and this quality is promoted. Tata Steel recycles all scrap steel generated in the plant.

3. 2005-06, M/s. M N Dastur & Co. EIA Jamshedpur; 2006-07 and 2007-08, M/s. Minmec Consultants EIA Noamundi and Joda Iron Ore Mines; 2006-07, M/s. CMPDIL EIA West Bokaro.

## Life Cycle Assessment

An exercise in Life Cycle Assessment some years ago which considered the potential impacts of all stages of manufacture<sup>4</sup>, allowing Tata Steel to benchmark several issues related to raw material consumption, energy consumption, solid waste utilisation and green house gas emissions. The implementation of the recommendations from this life cycle study has led to improvements in performance on various parameters disclosed in this report.

## Percentage of products sold and their packaging materials that are reclaimed

Most of the Company's products are dispatched without any packing material. A small quantity of gunny bags, wooden blocks, steel straps etc. are used in packaging and transportation whenever essential or desired by the customer. These packing materials are not recycled by Tata Steel as the quantity is not significant.

## TRANSPORT

### Significant environmental impacts of transporting products and other goods

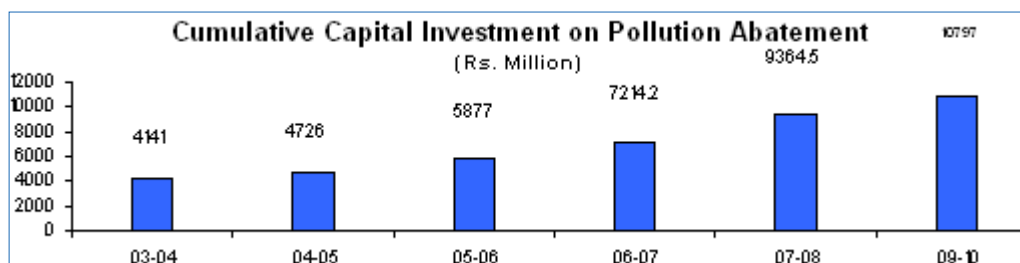
Diesel and Petrol consumed for transport of raw materials and by in-house vehicles are accounted for in the calculation of CO<sub>2</sub> emissions as per the GHG protocol. The Company is promoting the use of fuel-efficient vehicles and contractors are encouraged to use fuel efficient and safe vehicles.

Company vehicles including locomotives are monitored for vehicular emission (CO, HC for Petrol and smoke density for Diesel vehicles) every six months. All the contractors' and suppliers' vehicles are checked for Pollution Under Control Certificates at the Factory's entry gate.

## ENVIRONMENTAL PROTECTION EXPENDITURE

### Capital Investment on Pollution Abatement

Under different phases of modernisation several state-of-the art pollution control systems have been installed to prevent and control pollution. Expenditure during the reporting year on pollution abatement includes facilities provided under the 6.8 mtpa development at Jamshedpur Works.



## ENVIRONMENTAL COMPLIANCE

During the reporting period no monetary penalty, fines or non-monetary sanctions were imposed for non-compliance with environmental laws and regulations.

4 The study was limited to the factory gate and did not cover product use and end-of-life as this can be extremely difficult to track with a product such as steel.

## MANAGEMENT APPROACH

Tata Steel people are its biggest strength. With this approach the Company endeavours to hire and retain the best talent in the industry.

Tata Steel aims to achieve transparency, fairness and equity in all its interactions with employees, to create an enthused and happy workforce. The Company treats all its employees with dignity and respect and take care of their wellbeing. These principles are set out in its Human Resource Policy. Tata Steel is certified to ISO-14001 and OHSAS-18001 standards, in order to ensure continual improvement in safety, health and environment in the work place.

Even, in these times of recession, the Company's Indian operations were able to make the necessary adjustments without significant lay-offs and reductions in working hours, and by the end of March 2009, there were encouraging signs that the Indian economy was beginning to recover.

The Company has been successful in retaining and binding together its employees over the years:

- By demonstrating its commitment to health and safety
- By maintaining a level of apprentice and graduate recruitment
- By demonstrating the value of its culture of innovation and improvement by delivering value creation and cost reductions
- By working towards an enviable Union-Management relationship for the best working symphony possible
- By enhancing its employee mind-bank through relevant training and development initiatives

## SAFETY

“At Tata Steel, nothing is more important than Safety”

- B Muthuraman, MD Tata Steel, 2006

The Company Belief:

1. Safety is Line management Responsibility
2. All Injuries can be prevented

Tata Steel's Goal is to achieve a Loss Time Injury Frequency rate to 0.4 (excluding First aid cases) with zero fatality by 2012.



Tata Steel recognises its people as the primary source of its competitiveness and makes every effort to help them excel in their performance and unleash their true potential. This is facilitated by a robust management system which encourages free thought and creativity, as well as through leveraging technology. The Company believes that a motivated workforce will

help in delivering customer value and superior financial results. In this way the Human Resource function plays a strategic partnership role in business sustainability. It focuses on constantly updating and challenging intellectual capabilities to enable employees to excel in their performance. Special efforts are made to enhance the strategic thinking skills and analytical

abilities of managers and workers. The department ensures that the full potential of Tata Steel's workforce is realised by designing work systems and processes which are conducive to achievement orientation, providing opportunities to employees for development and career growth and by motivating its people through recognition and reward.

## Performance

The Company is continuously striving to reach the world benchmark in safety performance by institutionalising world-class systems and processes and promoting safe behaviour. Its efforts have led to a significant reduction in the Lost Time Injury Frequency (LTIF) rate, a reduction in first

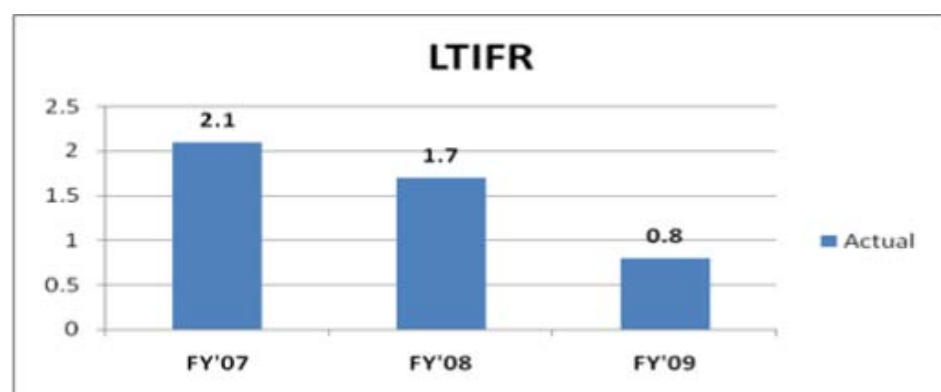
aid cases and an improved health and safety awareness amongst employees.

With six fatalities this year, fatalities remain a significant concern for the Company. Five fatalities occurred this year from separate incidents at the integrated Steel Works at

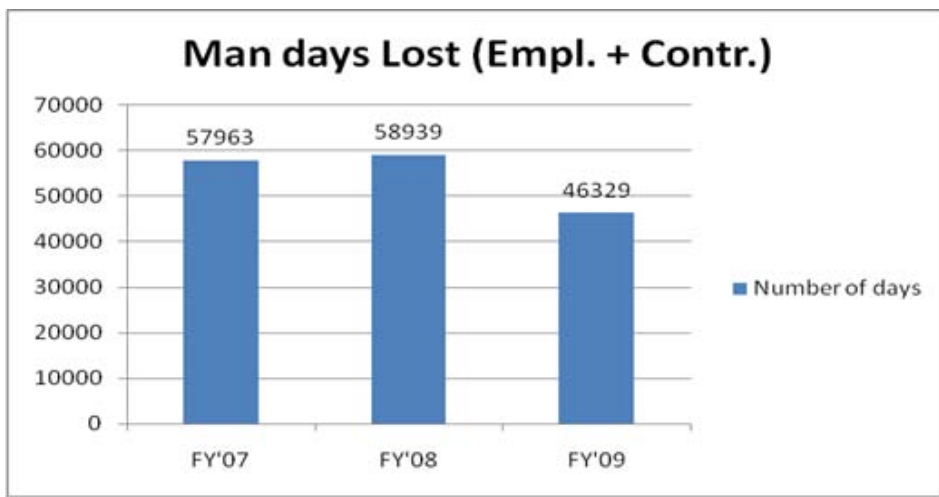
Jamshedpur and one was due to a roof fall at the Jamadoba colliery. Each of these incidents has been thoroughly investigated and every possible measure is being and will be taken to prevent similar tragedies from occurring in the future.

The figures for Lost Time Injury Frequency rate, Fatalities and Man Days Lost are shown in the charts below.

Loss Time Injury Frequency rate			
Divisions	FY'07	FY'08	FY'09
Flat Product	2.80	1.39	1.11
Long Product	1.54	0.75	1.89
Coke Sinter Iron	2.28	1.72	2.33
Raw Material	0.89	1.97	0.51
Shared Services	1.08	1.8	1.01
Engg Project	1.29	0.88	0.2
General Group	1.01	0.39	0.80
Tata Steel	2.1	1.7	0.8







(Including fatal man days lost: for one fatality 6000 man days lost is considered as per American National Standards Institute (ANSI) System.

### Safety Initiatives

Tata Steel aims to achieve safety excellence with the ongoing guidance of DuPont, a world-class leader in safety. The safety programmes which began at the Steel Works have been rolled out across all locations, including the mines. These initiatives have led to a perceptible change in the behaviour of employees - including that of contractors - within and outside the place of work.

The following key initiatives in 2008-09 are helping the Company to improve safety:

- Skill development training in areas like Mechanical Fitter, Electrical Fitter, Welder, Rigger etc was imparted to contractors' employees, with more than 1500 contractor employees up-skilled.
- A comprehensive campaign to identify and eliminate Commonly Accepted Unsafe Practices (CAUP) was run throughout the organisation. It was an eye-opener for senior executives who were made aware of these unsafe practices. The campaign triggers the process to develop safe alternative practices.
- Fatality Risk Control Programme: this initiative has been rolled out to all the divisions, in phases. The programme identifies and corrects potential conditions for fatalities with irreversible engineering solutions. In 2008-09, 1348 such conditions have been rectified through this initiative.

#### Procedure for FRCP identification and elimination



- Process Safety and Risk Management (PSRM): this has been implemented in phases with a continued focus for this year.
  - § PSRM training was provided to 21 executives at IIT Kharagpur.
  - § Basic PSRM Awareness was provided to more than 800 line managers and supervisors.
  - § Process Safety Information collection commenced in all departments.
  - § Process Hazard Analysis was undertaken for WRM, LD2 & Slab Caster, and FMD for their critical process.

### Process Safety Risk Management Cycle



Systematic improvements were brought about in road safety through the introduction of a free bus service, the implementation of helper-Less driving and by strengthening consequence management for road safety violations. For example, we are currently running 16 free bus services (including those provided by contractors) per day for contractors' employees to enable them to reach their place of work on-site safely.



- “Centenary Safety Park” was developed to impart safety induction training and supply personal protective equipment to visitors. The Safety Standard Park, an integral part of Centenary Safety Park, provides the practical training on safety standards to employees. So far this centre has assisted 2667 visitors and trained 1876 employee on safety standards.



- Safety Awareness Mass Meetings have been initiated, organised jointly by top management and union representatives, focusing on potential hazards like road, gas, working at height and energy isolation. So far, more than 12 such mass meeting have been organised, covering high hazard departments like LD1, FMD, CP, LD2, PS etc.



Tata Steel is committed to reducing the severity as well as the frequency of accidents and this is addressed in the Safety Management System.

#### Safety Structure of Tata steel

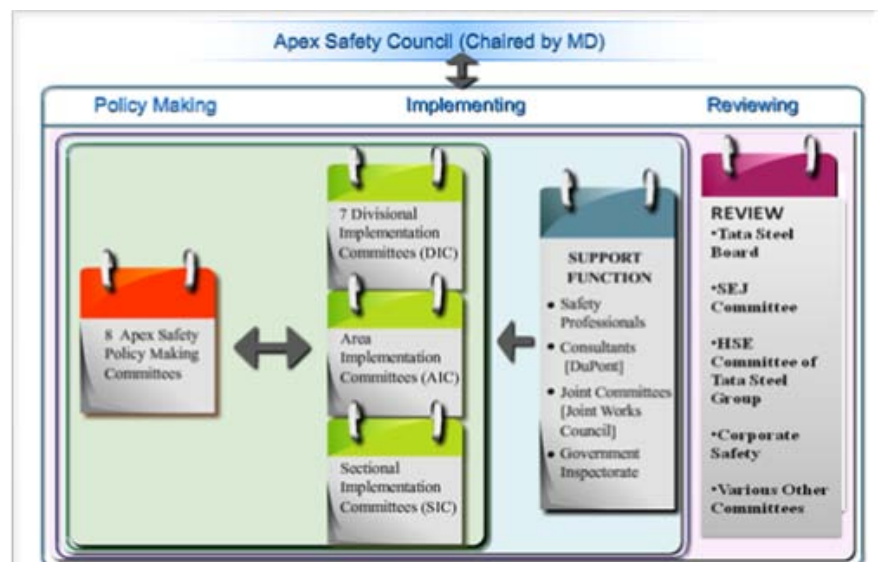
Apex Safety Council--Our workforce is represented in the Apex Safety Council. The Chief Operating Officer of the Company is the Chairman of the Council and Members include management representatives and five representatives from Tata Workers' Union.

The Apex Safety Council is assisted by eight apex level safety sub-committees focusing on different thrust areas:

1. Apex Rail & Road Safety sub-committee
2. Apex Occupational Health sub-committee
3. Apex Contractor Management sub-committee
4. Apex Safety Audit and Observation sub-committee
5. Apex Safety Training & Communication sub-committee
6. Apex Incidence Analysis sub-committee
7. Apex Safety Standards sub-committee
8. Apex Process safety sub-committee

The committees are responsible for

1. Setting strategic decisions for the Company.
2. Arranging resources for implementation of the plans through the various functioning bodies.





- Safety Awareness Mass Meetings have been initiated, organised jointly by top management and union representatives, focusing on potential hazards like road, gas, working at height and energy isolation. So far, more than 12 such mass meeting have been organised, covering high hazard departments like LD1, FMD, CP, LD2, PS etc.

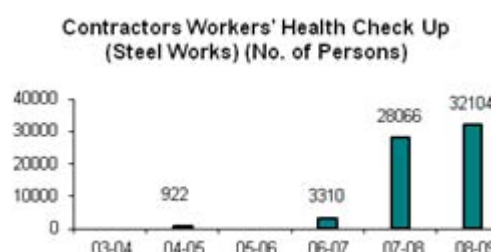
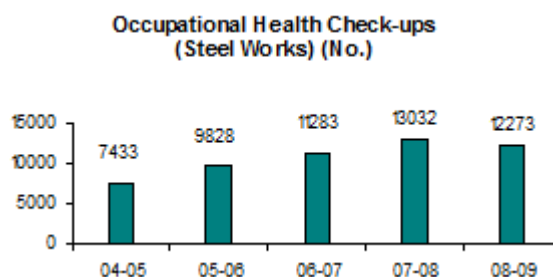


## OCCUPATIONAL HEALTH

Tata Steel aims to promote the highest degree of physical, mental and social well-being amongst its workers. The Occupational Health Services protect the health of workers against potential health hazards, including stress, within the work environment and

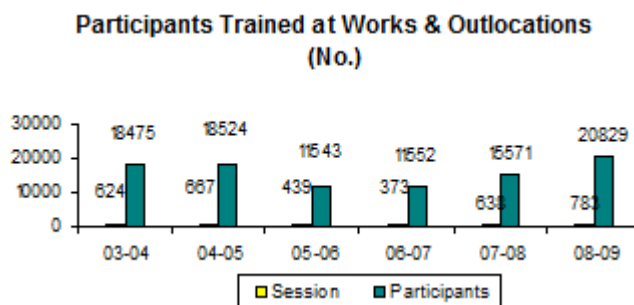
place employees in work commensurate with their physical and emotional capacities. For specific health issues, such as HIV/AIDS and Alcohol and Drugs, the company has developed policies to guide its approach. The health of the company workers is

promoted through awareness-raising, individual and group counselling and other preventive health measures, including fitness and wellness programmes and regular health check-ups.



### Education, Training, Counselling & Prevention

Health education and awareness is one of the major preventive tools used for improving the occupational health of the Company's employees.



Health Awareness & Training 2008-09		
Topic	Sessions taken	Employees Covered
CPR and First Aid	138	5606
CPR and First Aid (Contract emp.)	54	2121
Health and Healthy lifestyle	31	803
AIDS awareness	02	64
Counselling	27	516
Noise Hazards	12	175
Cardiac Risk Reduction	02	58
Stress Management	03	141
Gas Hazards	12	241
Ergonomics	02	56
OHSAS 18001	08	122
Heat stress	39	641
EHSMS	25	392
Life Style Management	10	259
Total	365	11195

## HIV/AIDS

Tata Steel is committed to contributing to the global effort towards halting and reversing the course of HIV/AIDS. In accordance with its HIV/AIDS Policy the Company:

- Seeks to prevent the spread of HIV and AIDS by actively disseminating information and education, both within the workplace and amongst local communities
- Ensure a safe working environment, confidentiality and non-discrimination of affected employees
- Provide appropriate medical facilities for affected employees and their families, both for physical and emotional wellbeing

Tata Steel's HIV/AIDS programme extends beyond direct employees to wider stakeholders. The programme covers the local community and suppliers and contractors, for example truck drivers, who were identified as a high-risk community in terms of contracting and spreading the disease in operational areas. Tata Steel has volunteered to take on the responsibility of promoting AIDS awareness in the district of East and West Singhbhum as part of the UN Business Coalition against HIV/AIDS.

## RISK CONTROL PROGRAMMES

### Occupational Health Surveillance

Employees undergo routine clinical examination and medical investigations like lung function tests, chest X-rays and blood tests for haemoglobin, blood sugar, white blood cell count and cholesterol levels.

### Hearing Conservation

- Audiometric examination of employees is conducted with a state-of-the-art Madsen computerised audiometer. 3,876 employees exposed to high noise level were examined, counselled and motivated to wear PPE.
- Impedance Audiometry (Tympanometry) has been introduced for early identification and segregation of non-occupational, treatable hearing / ear problems
- The Noise Dosimeter survey has been introduced to monitor and control individual noise exposure
- Software on 'Hearing Conservation' has been developed with the help of ITS for effective monitoring, analysis and follow-up.
- Workplace visits performed by OHS team to control Noise Hazard and raise awareness.
- 12 sessions on 'Noise Hazard Prevention and Hearing Conservation'

### Preventive Health Screening of Food Handlers

There was 100% coverage of 261 Food handlers of the Works and Tube Division canteen for Special Medical examination.

### Proactive Health Screening

Proactive Cardiac risk assessment by Cardio Profiler, which measures the atherosclerotic process in blood vessels, was undertaken for 1360 officers and employees. They were counselled and educated on lifestyle to prevent the most common killer diseases, heart disease and stroke.

### High Tech Health Screening

An epidemiological study of Oven-top workers and control group of Coke Plant, consisting of bio-toxicological analysis, was conducted to assess the impact of hazards.

### Counselling

Individual and group counselling was undertaken for employees who were detected as diabetic and hypertensive during routine health surveillance, to ensure proper medication and lifestyle modification.

## New Initiatives in 2008-09

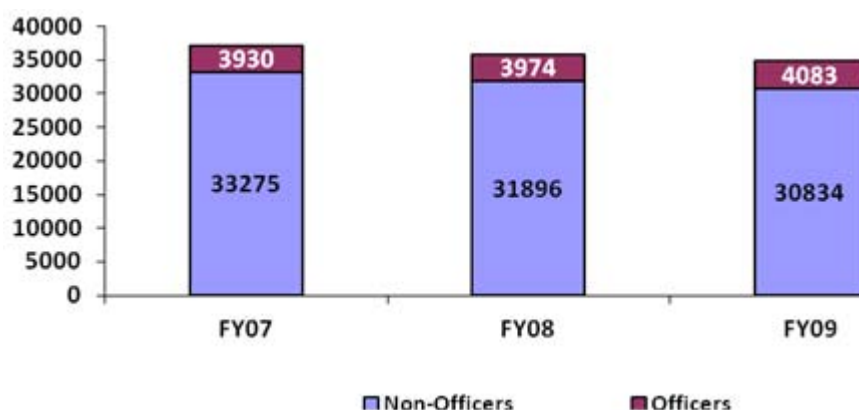
Various new initiatives commenced this year including:

- 2008 Theme: Healthy Heart, Healthy Life
- Wellness Clinic for contract employees providing on-the-spot checking and monitoring of diabetes and hypertension, covering 2,240 contract employees
- Special Medical Examination of 4,477 persons working at height
- Epidemiological study of Oven Top workers by estimation of 1 – OHP (Bio-marker)
- Audiometry for contract employees exposed to high noise
- Workplace monitoring by Apex OHS team
- Special Projects to reduce / control occupational hazards
- Health checks of 32,104 contract employees exposed to occupational hazards
- Ten sessions of Life Style Management Programme for executives, employees and spouses, covering works departments and out-locations

## EMPLOYMENT

### Workforce

On 31st March 2009, Tata Steel had 34,917 permanent employees on roll in the Company, compared to 35,870 on 31st March 2008. The trend of manpower over the last three years and its distribution and make-up is provided below. The majority of the Company's workforce in India is located in the states of Jharkhand and Orissa.





	FY 2007-2008	FY 2008-2009	Increase/ Decrease (%)
<b>Total Manpower (Nos.)</b>	<b>35870</b>	<b>34918</b>	<b>-2.65</b>
<b>Part-time Employees</b>	<b>Nil</b>	<b>Nil</b>	<b>NA</b>
<b>Full-time Employees</b>	<b>35870</b>	<b>34918</b>	<b>-2.65</b>
<b>Male-to-female Ratio</b>	<b>19.78</b>	<b>19.97</b>	<b>0.92</b>
<b>No. of New Joinees</b>	<b>555</b>	<b>654</b>	<b>17.84</b>
<b>No. of Separations</b>	<b>1890</b>	<b>1606</b>	<b>-15.03</b>
<b>Attrition Rates (%) (Officers)</b>	<b>6.09</b>	<b>3.96</b>	<b>-34.98</b>
<b>Average Length of Service Per Employee</b>	<b>21.34</b>	<b>21.56</b>	<b>1.03</b>
<b>Salary Bill (Rs. Crores)</b>	<b>1816</b>	<b>2306</b>	<b>26.98</b>

Tata Steel Workforce, India (1st April 2009)			
Location	Officers	Non-Officers	Total Number
Jamshedpur (including Tubes)	2491	15969	18,552
Noamundi (Iron Mines)	293	1629	1922
Jamadoba (Collieries)	210	6282	6492
West Bokaro (Collieries)	183	3368	3551
Kolkata (M&S)	327	493	820
Mumbai (Head Office)	48	22	70
CRC West & Wire Division	203	1086	1289
Adityapur	75	498	573
Kharagpur	41	483	524
FAMD	102	991	1093
CRE Offices- Delhi, Bhubaneshwar, Ranchi & Raipur	72	12	84
Greenfield Projects	38	1	39
<b>TOTAL</b>	<b>4083</b>	<b>30834</b>	<b>34917</b>

### Special benefits provided to Employees

Tata Steel provides many special benefits to its employees to ensure that they and their families are well looked after:

- Medical facilities** : Free medical facilities for the employee and their family, which continues for employee and spouse after retirement.
- Housing facilities** : Subsidised electricity, water and housing facilities to all employees.
- Higher studies** : Monetary incentives to employees acquiring higher qualifications in a related field. The Company also provides study leave, scholarships etc.
- Holiday Homes** : Tata Steel has four holiday homes for the benefit of workers, supervisors and their families. These holiday homes are located in Puri, Haridwar, Gangtok, Jamshedpur and now also in Goa.
- Tata Steel Officers' Beach Club** : All officers of Tata Steel are eligible to be members of the Beach Club. The Club offers holidays in selected Taj Hotels, ITDC Hotels, Sterling Resorts and other branded hotels across the country. The Beach Club also provides a horse riding school and water sports facilities at Jamshedpur.
- Family Benefit Scheme** : In the tragic case of a fatality in the Works, a monthly pension equal to the amount of the last drawn salary of the deceased is given to the legal heir until the time the deceased would have attained the age of 60.

## DEVELOPING PEOPLE

Tata Steel's people are a major asset and the Company is committed to their development, both in order to benefit the individual and to benefit the Company through increased knowledge and skills. The Company is aware that it must leverage the maximum potential of its human resource in order to achieve its business objectives. Tata Steel also recognise that developing its people will help it to retain a motivated workforce in a competitive environment.

### Managing Training and Development

Managers have responsibility for the development needs of those they supervise.

Tata Steel's management of training and development is now centred on needs and outcomes, with a focus on technical and managerial competency building. Tata Steel recently adopted the Toyota concept of the 'Four Quadrant Method' across the organisation. In this process, the critical skills required to perform a job are identified and the employees are mapped against those skills by the Positional Training Facilitators, mentors or immediate supervisors. Based on the gap between the desired skill level and the existing skill level of employees, training needs are identified and training is imparted accordingly. The process also provides a managerial tool for reviewing training effectiveness. An illustrative example of documentation on 4Q method may be seen below:

Skill Pass Mill, CRM Head: A K Gupta Assessors: Vivek, C Prakash		Training Modules	ROLLING PHILOSOPHY / A SPM	MECH. CHEM. PROPERTIES OF CRCA COILS AND ITS TESTING	TPM	SPC Study	SHAPE AND RA CONTROL	TS - 10349 AND CUSTOMER MANUAL TRAINING	ENTRY PULPIT OPERATION	EXIT PULPIT OPERATION	ANNEALING CYCLES AT BAF	SA-006, ERS, OHSAS	Average Skill Index
Name	P.No.												
Ravi Krishna	149423												0.53
A N Ray	128681												0.78
B K Pandey	149225												0.65
Suvendu Sen	503005												0.45
Average Skill Index													0.60

4 Quadrant Visual Chart

	Newly joined. The person does not know anything
	Undergoing training / Basic training given
	Can perform the job under expert guidance / supervision
	Has complete knowledge of the job and can work independently
	Can be a mentor for the job and handle any kind of emergency related to it

4 Quadrant rating scale

### Identifying needs

The training and development needs of the workforce are assessed regularly, for officers with a Personal Development Plan (PDP) and for non-officers with a Training Needs Survey (TNS). The development needs of individuals are classified under behavioural and functional or technical headings and the key inputs needed to improve the worker's effectiveness and to help them perform better in future are agreed upon.

### Implementing training and development

The process for addressing training and development needs follows this method:

- 70% - On-the-job inputs
- 20% - Conversations, Mentoring and Coaching
- 10% - Classroom training

These ratios have been designed for maximum effectiveness and efficiency. Tata Steel has learned that the most effective method to learn is with inputs “on the job”. The best developmental input is regular interaction, guidance and feedback from one’s immediate superior. It is therefore not necessary to identify classroom training for all workers.

Tata Steel has in-house training facilities both for technical and managerial training, through the Technical Training Institute and Tata Management Development Centre (TMDC), respectively. Advanced level training requirements, both technical and managerial, are met through external programmes.

The table below provides data on employee training in Tata Steel in the last two years:

Employee Training			
Subject	2006-07	2007-08	2008-09
Average number of employees on roll	37,205	35,870	35394*
No. of employees trained	15,088	16,762	11,550
Training man-days	429,767	394,383	288,846
Man-days per employee per annum	11.36	10.85	8.16
Total man-hours for non-officers at SNTI	1,468,750	2,401,053	796178 **
Total man-hours for officers at TMDC	57,186	57,486	38,898
Programme days	13,687	13,698	11,982
Total number of new programmes	54	83	83
Programme Quality index (5 point scale)	4.68	4.68	4.69
Faculty Quality index (5 point scale)	4.71	4.61	4.81
Training expenditure per employee	Rs.5408	Rs.6462	Rs.7027
No. of summer trainees	343	996	523
No. of officers nominated for external training programme	452	500	276
No. of participants in one year Foremanship programme	55	55	54

\* Average MOR = 35394. The average MOR is calculated by averaging the number of people employed on 1st April 2008 (35870) and the number of people employed on 31st March 2009 (34917)

\*\* Training Man-hours = Man-days X 6.25 (Since one day programme means 6.15Hrs of active training)

For the last two years the focus in the area of training has changed. Instead of focusing on total man-days trained, the focus was on the quality of programs delivered. For this new programs were prepared after interacting with the customers, in the case the plant operation people, which would have had impact the KPI of the department. This required extra effort by the trainers. The Company hopes the man-days figure will increase again in the coming year.

### Skills development for non-officer employees

Skills enhancement for the Company’s non-officer employees is a continuous process. Skills training begins at the time of an employee joining the Company and continues throughout his or her career. Employees work in clusters of multi-skilled workers and move across and within clusters on improving their skills levels. The Technical Training Institute imparts vocational and basic skills; the departments impart on-the-job training.

In order to promote self-directed learning, the Company has introduced e-Learning whereby employees can access electronic courses from their departmental e-Learning centres.

### Skills development for officers

Tata Steel Management Development Centre conducts a number of managerial and functional competency based programmes for officers and supervisors. The objective of these programmes is:

- to build individual capability by enhancing managerial and functional competencies which are critical to operations, service and support functions
- to build a leadership pipeline in the organisation to prepare its people to meet the challenges of growth, globalisation and change

Directed Learning was introduced in July 2008 in order to bridge any functional skill gaps of officers and to identify candidates for focused learning in line with the current and future needs of the Company. Directed Learning programmes could include, for example, workshops, project work under the tutelage of an expert, modular and doctoral programmes.

Salary, allowances and benefits are maintained whilst officers selected by the Company undertake courses under Directed Learning Initiatives. In addition, the Company pays for tuition and other charges as applicable.

### Monitoring Training Effectiveness

Training effectiveness measurement is institutionalised for all training programmes to suit the ISO 9001: 2000 requirement. The training effectiveness process has been evaluated and improved over the years from man-days to skill ratio and now the Four Quadrant scores.

### Towards greater expertise in steel making technology

The one year full time Post Graduate Diploma in Steelmaking Technology, developed in collaboration with IIT Kharagpur, was an important step towards making Tata Steel self reliant in Technology. The programme was developed so that the Company would no longer need to rely on external technical expertise in steelmaking. It was introduced in 2005.

In 2008-09, the Company focussed its communications on the positive benefits of the programme, as collected from the feedback received from previous students. 38 applications were received this year, many more than in the previous year.

## PERFORMANCE AND CAREER DEVELOPMENT

### Performance management

Tata Steel's Performance Management System is deployed throughout the organisation with the following aims:

- Align the activities and behaviour of the workforce with Company values and objectives
- Assess the performance of individuals comprehensively and fairly
- Develop the capabilities of employees to enhance performance
- Develop corporate culture
- Enhance line management relationships

The system comprises an annual cycle of performance management, commencing with the development of personal Key Result Areas and specific targets linked to business planning, safety and quality initiatives. Each worker has a mid year review and annual evaluation which provides feedback on his or her performance.

### Meeting the career aspirations of non-officer employees

The qualified talent in the non-officer category sought further growth opportunities in line with the industry growth. The Company is concerned that, whilst attrition is currently negligible at this level, with more industries being set up in the region, it might start to lose this talent if proactive measures were not initiated. To address this issue Tata Steel decided to create a new Officer's level (IL-6) to which its employees could progress. This new level handles transactional jobs where the majority of the responsibility is routine in nature and so can be performed by Diploma holders who have some experience in the organisation.

In order to strengthen the managerial capability of selected candidates, each of them undergoes a two week training programme at TMDC before being placed in respective departments.

In order to help officers to achieve personal work/life balance, Tata Steel introduced sabbaticals in February 2009. Officers can take sabbatical leave of up to one year in total and if required, this can be taken in two instalments. The sabbatical, which is composed of paid and unpaid leave, allows officers to take time out to complete projects and personal activities, whilst remaining in its employment.

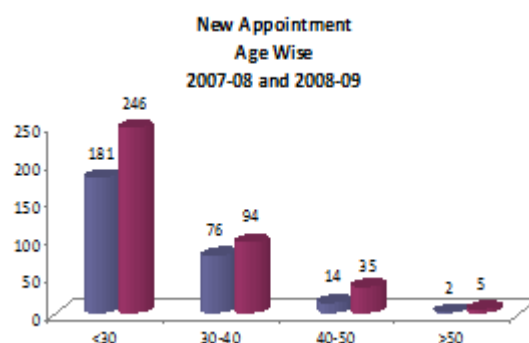
## ATTRACTING TALENT

The Company makes sure its jobs are attractive and fairly paid through its Talent Acquisition teams who carefully prepare detailed job descriptions using a compensation fact sheet so that compensation is appropriately fixed. All candidates are communicated the status of their application and any doubts are clarified.

The formation of campus relationship teams and selections through the Pre Placement Offer route has ensured increasing numbers of young professionals joining the Company.

In previous years recruitment was through press advertisement, which was expensive and time consuming. In the last couple of years Tata Steel started to attract applications through its website, through internet employment portals and via telephone interviews.

It also helps to attract and develop talent through the Company's work with students. The HR function helps students, especially in engineering and management streams, to undertake summer training at Tata Steel's premises through two training institutes, SNTI and TMDC.



## RETAINING TALENT

Over recent years, employee turnover has slowly increased, however the rate of turnover is less than 10% and is therefore not of significant concern. Turnover is highest among officers and although that is on a decreasing trend, Tata Steel continues with its efforts to manage attrition and retain its valued workforce. The attrition rate for the non-officer category is monitored regularly and is found to be not significant.

Tata believes that the factors which help it to retain talent include good job content, development opportunities, comparable compensation and benefits and a decent work environment and, as described previously, the Company has initiatives in place to make sure that it offer these to its employees.

In addition it is important to have effective channels of communication and these are well established at Tata Steel. Employees can voice their opinion through facilities such as hotmail, personal interviews with superiors, dialogue sessions with the top Management and use of the Tata Steel blog. It also conduct exit interviews, both in cases of resignation and superannuation, to discover any issues which the Company can address to improve its practices.





We believe that employees from different backgrounds and of different genders, ages etc, bring unique sets of capabilities for improved performance of the team and encourage the formation of a diverse and cosmopolitan workforce. The tables below show the age and ethnic mix of employees:

• Age	• 0>30	• 30>40	• 40>50	• 50>62
• <b>Officers</b>	• <b>548</b>	• <b>1192</b>	• <b>1243</b>	• <b>1100</b>
• Non-officers	• 1885	• 7533	• 11692	• 9724
• <b>TOTAL</b>	• <b>2433</b>	• <b>8725</b>	• <b>12935</b>	• <b>10824</b>
• Ethnic origin	• Scheduled caste	• Scheduled tribe	• Other	• Not known
• <b>Officers</b>	• <b>29</b>	• <b>36</b>	• <b>3267</b>	• <b>751</b>
• Non-officers	• 2632 (9%)	• 2876 (9%)	• 25,326 (82%)	• -
• <b>TOTAL</b>	• <b>2661</b>	• <b>2912</b>	• <b>28,593</b>	• <b>751</b>

### Equal opportunity practices

Tata Steel is an equal opportunity employer and does not discriminate on the basis of race, caste, religion, colour, ancestry, marital status, sex, age or nationality. The Company has an Affirmative Action Policy which promotes equal access to employment and supply opportunities. The Company's policy

and practices are administered in an equal and fair manner and its decisions are merit based. Tata Steel aims to have a discrimination-free workplace so that the Company's employees can thrive and therefore, it has established measures to address workplace harassment. Respect for

equal opportunities as set out in the Tata Code of Conduct, the Company's HR Policy and Affirmative Action Policy are monitored by the Ethics Counsellor and may be addressed through the Grievance Redressal mechanism.

### Addressing gender issues

A small percentage of Tata Steel's workforce is female at 5%. This rate is higher among officers. The Company does not differentiate between male and female employees in terms of remuneration: for the same work or work of similar nature, male and female employees are paid equally. Remuneration is linked to responsibility levels and performance.

The Company, thus encourages its female employees to advance their careers with dedicated initiatives both to promote the personal development and career advancement of female employees and to facilitate the combination of career with family. For example, 15 days of additional leave is given to female executives with children aged under five, to enable them to take care of their children in case of sickness.

The Women Empowerment Cell (WEC) was founded in 2006 in order to examine and address the issues and concerns of female employees. WEC strives to ensure that female employees in the Company do not miss out on growth opportunities available in today's global scenario.

Tejaswini is one such programme aimed at empowering female employees and providing development opportunities to them. Women employees who were would have been declared surplus due to Automation have been trained in skills such as mobile equipment operation and maintenance, welding and gas cutting, fitting and rigging and other maintenance related jobs. To enable the women expand their



mindset and behaviour, they participate in adventure programmes with Bachendri Pal, the first Indian woman to climb Mount Everest. Continuous support and guidance from executives and the Union has gradually brought the realisation in these women that

have the power to change their lives.

Today Tejaswinis are working shoulder to shoulder with their male counterparts in the areas of maintenance and mobile equipment operations; for example, locomotives are now driven by female operators, a women operator manages one of the heaviest bulldozers to move raw materials to the steel plant, etc. This empowerment has lifted the women from the unskilled levels of the organisation to the core working group of skilled workers.

Three Tejaswinis have been recognized by the Government of India, with the Prime Minister's 'Shram Veerangana' and 'Shram Devi' awards.

Another innovative scheme undertaken by Tata Steel in the past few years is the introduction of a Female Trade Apprentice course. Selected candidates are trained in various trades such as fitter, machinist (metal cutting) and electrician. On successfully completing the course, these young women are deputed to the various departments in the Works in Cluster-C, which is equivalent to a Junior Technician post.



## Labour-Management Relations

Tata Steel has an impeccable record of industrial harmony: in 2008 the Company celebrated 80 years of industrial harmony and mutual co-operation, coordination and understanding between the Management and the Union.

## Freedom of Association and Collective Bargaining

Tata Steel respects the employees' right to exercise freedom of association and collective bargaining and provides appropriate support for this. There is an established system of joint working and collective bargaining, which ensures that every employee is able to exercise this right without any fear.

The Company believes that a healthy Union is an asset for it. Trade Unions are therefore present and encouraged at all locations. All the non-officers (~88% of the total workforce) are represented by independent Trade Unions.

Collective bargaining issues are discussed with the recognised unions at the various locations on a regular basis. The issues for

measures are identified, discussed and implemented at joint working committees. Worker representatives are respected and involved in discussions and consultations on various issues concerning production, productivity and welfare.



Collaborative relationships and strong employee engagement have been integrated into Tata Steel's culture and the performance culture specifically encourages independent expression and fearless debate.

collective bargaining with the Union are clearly identified and many other welfare

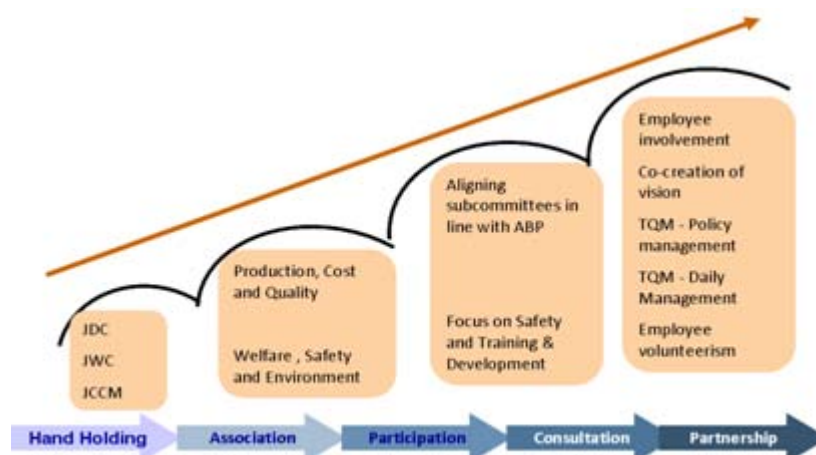
During 2008-09 industrial relations remained normal at all locations.

## Joint Consultation

Tata Steel is a pioneer of Joint Consultation in India: a system of Joint Consultation has been in place in Tata Steel for more than 50 years. This is a unique system in which both management and employee representatives consult each other at all levels on matters relating to the progress and prosperity of the organisation. It is a three-tier system, which fulfills the need for self-expression of the Company's employees. Through this

system employees discuss various issues related to production, productivity, quality, safety, welfare, training etc. (excluding issues of collective bargaining and individual grievances). The three-tier system is made up of the Joint Consultative Council of Management, Joint Works Council and Joint Departmental Councils, supported by various sub-committees as shown in the figure.

The Joint Consultation system has matured over the years to align with the current business imperatives. It has graduated from a consultative mode to a partnership mode where participants collectively strive to achieve the desired business results as explained below.



## Minimum notice period(s) regarding operational changes

The organisational changes are in line with the policies of the Company, agreements with the various Unions and Works Standing Orders. In all cases, minimum notice periods are provided as specified. The Company has a 'No- retrenchment' policy. The manpower declared surplus due to technological and work-practice changes are retrained and redeployed in other suitable jobs in the expansion units of the Company. Due to such change in status of an employee, no reduction in the benefits or incentives is done at any point of time. All such changes in the status are suitable communicated / notified to the employees either directly or through the Union within the specified time.

## Contributing to Society

### MANAGEMENT APPROACH

“No success or achievement in material terms is worthwhile unless it serves the needs or interests of the country and its people”

- JRD Tata

Tata Steel's goal of Corporate Citizenship extends beyond the responsibility for its own business operations, towards a larger commitment to Inclusive Growth, to nation building and to addressing global socio-economic and environmental issues. To this end, the Company is always mindful of the national interest in all that it does (TCOC

Clause 1) and is guided by international frameworks such as the UN Millennium Development Goals (see) which are advanced through its social initiatives. Many of these are conducted in partnership with government and non-governmental agencies. These programmes are discussed in more detail in the Caring for Our Communities

section.

The Company endeavours to comply with all laws and regulations in its areas of operation, and its internal standards and goals often require Tata Steel to go well beyond mere compliance.

### Compliance

Tata Steel is committed to complying with all applicable laws and regulations and insists that Company employees follow these, both in letter and in spirit, through its Code of Conduct (Clause 18).

On obtaining confirmation from the various units of the Company of compliance with

all the statutory requirements, a declaration regarding compliance with the provisions of the various statutes is made by the Managing Director at each Board Meeting. The Company Secretary ensures compliance with SEBI regulations and provisions of the Listing Agreement. The Group Chief Financial Officer, as the Compliance Officer

for the prevention of insider trading, ensures compliance with the Tata Guidelines on Insider Trading.

In 2008-09 there were no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.

### Compliance with the Tata Code of Conduct

During the year, a total of 105 concerns were received by the Ethics Office, out of which, after investigation, 36 were found to be valid, a rate of approximately 35%.

Valid concerns received against TCOC Clauses				
		Concerns		
Clause No.	TCOC Clause	2006-07	2007-08	2008-09
4	Equal Opportunity Employer	3	3	3
5	Gift & Donation (Bribery & Corruption)	-	-	-
8	Health, Safety and Environment	-	-	1
13	Third Party Representation	20	12	7
17	Ethical Conduct	9	5	23
18	Regulatory Compliance	-	1	-
19	Concurrent Employment	-	-	-
20	Conflict of Interest	-	-	-
22	Protecting Companies Assets	-	2	2
Others	Other clauses (1,2,3,14,16,19,21,24,25)	-	2	-
	TOTAL	32	25	36

## Integrity

Integrity is a core value of the Company. Tata Steel has put in place a number of mechanisms to ensure that the Company demonstrates integrity throughout its business. In particular the Company focuses on measures to address corruption.

## Corruption

There are 84 Departmental Ethics Co-ordinators, who promote the TCOC and monitor compliance in their own department. They are active across the value chain from the Raw Materials to the Marketing departments, as well as in support services such as Corporate Sustainability Services. The Ethics Counsellor monitors the performance of the departmental co-ordinators.

As set out in the TCOC, the Company and its employees have responsibilities to avoid and expose bribery, fraud and corruption. They must neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits, which are intended to or perceived to obtain business or un-competitive favours for the conduct of its business. Employees must report any cases in which they suspect such rules have been broken. The Company undertakes to participate in the efforts of governmental authorities to eliminate such forms of bribery, fraud and corruption.

All business units have been analysed for risks related to corruption and the Company's anti corruption measures as indicated in Tata Code of Conduct, are applicable to 100% business units. All employees have been trained in anti corruption policies and procedures as described in Tata Code of Conduct. The training on the same is included in the joining of the employee through Induction sessions.

Some forms of nominal gifts are allowed and Tata Steel has established a detailed Gift Policy, which clearly articulates to employees the gifts which are permitted, their values and the required procedures.

The Company's Whistle Blower Policy exhorts employees, suppliers and partners to report any misconduct they observe, without any fear of retribution. The identity of whistle-blowers is protected to encourage them to come forward, with a third party ethics helpline and intranet based reporting system if they do not wish to take concerns

to their managers or the Ethics Counsellor. The concerns raised are investigated and appropriate actions are taken for any found to be valid. In 2008-09 a new initiative, the Whistleblower Reward Policy was established, which will enable the management to reward employees for ethical behaviour.

Tata Steel takes a very serious view of any involvement of its employees and associates in bribery, fraud and corruption. Concerns raised are thoroughly investigated and punitive action is taken in cases of such conduct. The Vigilance Group deals with bribery and corruption issues. In 2008-09 strict actions were taken against 12 vendors and 13 employees, with actions including termination of service and black-listing for the most serious offences.

The table attached indicates the action taken against the employees and vendors for different corrupt practices as well as violation of Code of Conduct.

## Cases and Action taken against Employees

Against Employees:			Action Taken	
S.No.	Types of Misconduct	Clause of TCOC	Termination	Reduction in Salary
1	Fraud	17, 19, 20, 22, 24	3	3
2	Illegal Gratification	2, 5, 17	5	Nil
3	Theft	5, 13, 17, 24	1	1
	Sub Total		9	4
	Grand Total			13

## Cases and Action taken against Vendors

Against Vendors			Action Taken		
S.No.	Types of Misconduct	Clause of TCOC	Suspension	Contract Termination	Black Listing
1	Theft	13, 17	1	Nil	3
2	Profiteering	13, 17	Nil	Nil	2
3	Non-compliance of labour laws	13, 17	1	Nil	Nil
4	Fraud	13, 17	Nil	Nil	1
5	Collaboration with employee to take advantage from the Company	13, 17	3	Nil	Nil
6	Illegal gratification by an out-sourced agency employee	5, 13, 17	Nil	1	Nil
	Total		5	1	6
	Grand Total				12

## FAIR AND RESPONSIBLE TRADING

### Competition

Tata Steel fully supports the development and operation of competitive open markets and promotes the liberalisation of trade and investment in each country and market in which it operates. It does not engage in practices or activities that generate or support the formation of monopolies, dominant market positions, cartels or other similar unfair trade practices (TCOC Clause 3).

There is no case pending in any Court pertaining to anti-competitive behaviour or violation of anti-trust and monopoly regulations.

### Marketing Communications

The Company markets its products and services on their merits and does not make unfair or misleading statements about competitors' products and services. Any collection of competitive information is made only in the normal course of business

and is obtained only through legally permitted sources and means.

Tata Steel advertised to promote its corporate image and undertook product promotion during this year. The advertising agencies

the Company used subscribe to the ethical standards advocated by the Advertising Standard Council of India (ASCI). No breach of advertising and marketing regulations was brought to the notice of Tata Steel during the reporting period.

## Customer Privacy

The Company values the rights of its customers and takes all appropriate steps to protect their data and ensure their privacy. Confidentiality of consumer information, such as the specifications of special products

developed for customers, is protected through confidentiality agreements. Customer information confidentiality, especially in cases of 'Early Vendor Involvement', is ensured through non-

disclosure agreements with the customer. There was no substantiated complaint regarding breach of consumer privacy against Tata Steel in 2008-09.

## Product Information and Labelling

Tata Steel provides appropriate labelling on product packaging.

product Tata Shaktee, at the point of purchase.

queries. It operates Monday to Friday from 8:30 am to 9:00 pm with a call register facility available beyond the operating hours, for follow-up the next day.

Flat Products sold to retail consumers have standard labelling, packaging and information, whilst the products sold to institutions and original equipment manufacturers have customised labelling, packaging and information, according to requirements. For example, a standard booklet containing the proper handling, storage and maintenance methods is provided to the consumer of the branded

Information about Long Steel Products is provided through the product brochures, point of sales materials etc. For enhanced and new products, multiple channel/ touch points are used. The Long Products team ensures that distributors, dealers and area sales officers are well equipped to communicate product features. The Company has set up a customer helpdesk to address product and service related

Packaging materials and product branding also help to distinguish the product and its features. Long Products manufacture different categories of rebars, which are embossed on each item so that the customer can easily identify the product even at congested sites, thereby minimising the chance of using the wrong product.

## CUSTOMER HEALTH & SAFETY

Steel products are environment friendly and do not pose any health or safety hazard as a result of their use. There were no instances of non-compliance with regulations related to health and safety of products and there were no complaints on this issue during the reporting period.

### Galvano™

Tata Steel's new brand of zero spangled, galvanised, plain sheet steel, Galvano™, is produced through lead-free coating chemistry, making it an eco-friendly steel. Unlike ordinary galvanised steel, it does not need additional lead in its bath chemistry, so it is a safer product and ROHS compliant.

To enhance health and safety awareness amongst Tata Steel's customers, the Company's Flat Products department has established a unique Safety Excellence Programme called "Suraksha" for the key customers of TATA Steelium brand. The objectives of this programme are two-fold: to prevent the occurrence of accidents and injuries at customers' premises, which would lead to loss of productivity and profit and to strengthen customer relationships. Through this programme, one day workshops are organised where trained safety experts brief and explain the

importance of safety to employees of key customers. The safety experts, accompanied by Tata Steel officials, visit customers' premises the following day and assess the safety situation on the ground. Besides distributing safety equipment such as hand gloves on that day, Tata Steelium team also prepares a safety work plan for its customers and monitors subsequent compliance. The success of Suraksha lies in instilling the business value of safety – particularly the consequent savings in time, money and human resource.

In 2008-09, Suraksha programmes were conducted in eight distributor locations, covering around 300 customers altogether. The programme was extended in early 2009 to cover Kolkata, Hyderabad and Ludhiana.

Longs Products partnered with the National Institute of Disaster Management to promote safe construction practices in high seismic zones. The Company conducted joint seminars for Engineers and Architects on best construction practices and materials, including Tata Steel's earthquake resistant rebars.

Tata Steel, in accordance with the TCOC (Clause 7), does not support directly or indirectly any specific political party or candidate for political office and does not make donations to specific political parties, candidates or campaigns. The Company specifically avoids any conduct or activity that could be interpreted as mutual dependence or favour with any political

body. However, in accordance with the Group initiative, Tata Steel contributed to the Tata Group Trust, which makes contributions to political parties.

Tata Steel, as a responsible corporate citizen, holds views on public policy. Where there is a link with business interests and no conflict of interest, the Company sometimes

engages with governments and with trade associations and other bodies, including social service groups, which seek to influence public policy. On a case-by-case basis, the Company provides appropriate technical input into governmental policy development in the national interest.

## INDIGENOUS COMMUNITIES

The Company respects the rights of indigenous people and seeks to ensure that its operations do not negatively impact these communities. In India indigenous people are officially referred to as "Scheduled Tribes" and more commonly known as Adivasi; this Sanskrit word means "original people". There are more than 30 distinct Adivasi communities listed as "Scheduled Tribes" living in Jharkhand and many more in the areas of the Company's Greenfield operations.

It is Tata Steel's policy to respect and promote Adivasi communities. In order to help it do so, it has established an independent Tribal Cultural Society and a Rural Development Society, to address the needs of the local communities in and around rural sites of operations.

These organisations have established community grievance management systems. Local representatives from the community are involved and consulted through various

stakeholder engagement systems such as the Senior Citizens Forum, Spouses Dialogue, Joint Community Meetings and Community Needs Analysis. The concerns of members of society are discussed, prioritised and addressed appropriately.

There were no significant issues relating to violations of the rights of indigenous people in 2008-09.

### Affirmative Action

In areas of existing operations, Tata Steel's policy of Affirmative Action helps address inequalities and ensure that people from Scheduled Castes and Scheduled Tribes in India are treated fairly and equally, particularly in relation to employment rights within the Company.

In greenfield projects, the needs of indigenous communities are integral to the planning and development of the project. From the early stages of planning the Company engages with local communities in appropriate ways to discuss their situations and needs. Where it is required, the Company has developed programmes to improve healthcare and the employability

of individuals from communities who currently lack good access to facilities and opportunities, as part of its philosophy of 'Inclusive Growth'.

The Company actively promotes and enhances the wellbeing of tribal peoples through carefully developed business planning and community initiatives which

seek to protect tribal culture, whilst encouraging appropriate economic development and opportunities for a sustainable future. More information can be found in the community section of this report and from the Tribal Cultural Society: [www.tribalculturalsociety.org](http://www.tribalculturalsociety.org)

### Respecting and promoting the cultures of tribal peoples in India through Tata Steel's Tribal Cultural Society

The Company undertakes a number of social initiatives with a particular focus on tribal communities, such as healthcare, sports, livelihood development and education, in order to foster aspirations, promote ability and create opportunity.

In 2008, four tribal hamlets of the Birhor and Savar tribes in Singhbhum (East and West) and Saraikela Kharsawan have benefited from special targeted socio-economic development programmes.



## Identity and Empowerment

- **Tribal Cultural Centre**

Recently Tata Steel's Tribal Cultural Centre in Sonari, near Jamshedpur, was renovated. The centre was re-opened in February 2009 by the Managing Director of Tata Steel. The Heritage Hall in the centre showcases the cultures of local tribal peoples the centre also provides facilities for cultural and development activities to these groups. The Company hosts regular cultural events and promotes tribal sport, dancing, art and languages; for example in 2008-09 Tata Steel celebrated many anniversaries and special events for tribal peoples, such as Sarhul Milan Samaroh and World Indigenous Day.

- **Santali language**

A learning package for learning the Santali language was launched on 27<sup>th</sup> December 2008. The software, produced in conjunction with the Santali Engineers' Welfare Association, aims to improve communication between the Santali people and representatives of development agencies, both governmental and non-governmental.

- **Sports**

The Company encourages SC / ST cadets in all its academies. The number of SC / ST sportspersons trained has risen from 50 in 2007 to more than 150 in 2009. More medals are being won by these sportspeople, serving to encourage not only the individual but also their community. More than 20 of these sportspeople were also successful in finding employment through the sports training provided to them.

## Education

- **Literacy**

The Sakshar Samaj programme is designed to improve literacy for people aged 16+. In 2008-09, Tata Steel completed two courses in more than 100 centres in Savar and Birhor tribal villages, the urban slums of Jamshedpur and villages of Rajnagar Block. Over the year it has assisted a total of 3830 adults to achieve functional literacy.

- **Coaching**

The Company assists students from Scheduled Castes and Tribes with coaching for competitive exams and for entrance examinations to professional courses, to help them access quality employment opportunities. In 2008-09, 23 students received six months' coaching for competitive exams and 27 youths received coaching for professional course entrances. [Of these, by Spring 2009, six had qualified for the written test in the exams for government services, three had secured employment and nine were placed into professional streams, including trade apprenticeships and polytechnic courses.]

The students included Chandan Ram, who wished to continue with his studies and secure a good job, although his family did not have the necessary resources to support him in realising his dreams. As a consequence of the coaching he received last year, Chandan Ram successfully took the selection exam for Trade Apprenticeship of Tata Steel and is now a Trade Apprenticeship in the Automobile Trade in Jamshedpur.

- **Employability Training**

21 women completed training and 45 are undergoing training as Community Health Providers, through a one year course. Eight women went on to undertake an additional one year course to become Operation Theatre Assistants. 40 candidates trained in Tally and 33 undertook advanced computer training. Another 17 people trained in skills such as Pathology Lab Assistants, Automobile Mechanics and Electrical Technicians.

Kajal Kumari Verma, from a large rural family, first trained as a Community Health Provider and then completed her Operation Theatre Assistant training in January 2009. She was subsequently recruited by Apollo Cancer Research Hospital in Ranchi.

- **Self Help Groups**

At present 20 active Self Help Groups are being facilitated by TCS, with a total membership of 216. In 2008-09 Tata Steel ran four training programmes to develop skills in the groups, including a new training programme for 15 women in sanitary napkin production. The groups are involved in entrepreneurial activities which include stone carving, decorative candles, jute crafts, as well as making sanitary and paper products.

- **Gramshree Mela**

To promote indigenous crafts and provide a platform to link rural craftsmen and women with potential markets and customers, Tata Steel hosted the 17th Gramshree Mela in March 2009 in collaboration with the Council for Advancement of People's Action and Rural Technology (CAPART).

A total of 209 stalls displayed artefacts created by artisans from 20 states of India and the total sales amounted to more than Rs. 800,000.

Confident that sport leads to a healthy mind and body, and that it promotes self-esteem and interpersonal skills, Tata Steel Group companies have actively encouraged and supported sport in multiple ways, from corporate sponsorship of promising sportspersons, to making available sporting facilities to people across socio-economic groups.

The Company provides a range of excellent sports facilities which benefit employees and the local community. These include the

JRD Sports Complex and Keenan Stadium in Jamshedpur, within which are located facilities for a wide range of sporting activities. There is an 8 Lane Polyurethane Track; separate playing fields for cricket, football, hockey; archery range, two courts each for basketball and tennis; an Olympic size swimming pool and a badminton stadium. The Company has created centres of Sporting Excellence - its academics for Football, Archery and Athletics. It also hosts important sporting events. Jayant Talukdar, V Pranitha and many others from the

Archery Academy have already made a mark in international archery and cadets from Tata Football Academy go on to play for top league clubs.

Tata Steel's Sports Department and out locations also run sports programmes to encourage the community to take part in sport, particularly those from disadvantaged communities so that this involvement may enable them to achieve sporting success.

### Catch them young

Coaching/talent hunt camps are held regularly and training centres have been established to help promising youngsters to excel in sports at the international/national level in athletics, basketball, boxing, chess, cricket, tennis, handball, golf, archery, football and volleyball. Tata Steel Feeder Centre (TSFC) was set up in April 2008 to harness and train young sports talents in Orissa. It provides both basic and advanced training in football and archery. Graduates of TSFC are often sent to Tata Football Academy and Tata Archery Academy in Jamshedpur for better exposure.

### Overcoming challenges

Tata Steel encourages people who face challenges and barriers to realise their potential through sports. Recently the Company sponsored Dilip Mahato, a promising cyclist who comes from Badpose in Manoharpur. Village boy Dilip had been participating in district and state level competition with ordinary cycles. However, after recognising his potential and talent, Jharkhand Steel Project team of Tata Steel presented him with a world-class sporting bicycle to enable him to compete at national/international level competitions.

Sponsorships and services help people with disabilities to take part in sport and develop their talents as well as their personal success. Achal Gaurav and Alpana Kumari of Special Olympics Jharkhand Chapter, supported by Tata Steel, were selected to represent India in Floor Hockey at the Special Olympics World Winter Games held in Idaho, USA in February 2009. Their teams were successful in winning the Gold and Silver medals, respectively.

### Adventure Foundation

Tata Steel Adventure Foundation aims to develop the spirit of adventure and enterprise among children, young people, corporate employees and senior citizens - men and women of all age groups and from all walks of life, including deprived rural groups, people with sensory impairments and with mental health disabilities.

In 2008-09 TSAF led expeditions to Mount Kilimanjaro, and Mount Rudragaira in the Himalayas, engaging with 27 participants in total, including nine women who successfully climbed Mt Kilimanjaro. It also conducts programmes such as the Outdoor Leadership Course for corporate groups. About 400 individuals from 14 different companies took part. TSAF also ran outbound programme for nearly 400 management students and conducted 19 tailor-made wilderness adventure programmes at camp sites near Jamshedpur for nearly 600 participants. A further 250+ people took part in water sports activities such as water surfing and 235 people participated in parasailing.

As part of Corporate Citizenship, Tata Steel Group companies support cultural, social, educational and sporting activities in the local community, which contribute to the wellbeing of local people and society in general.

It responds to local requests for support and provides assistance for events such as conferences and training programmes, camps and sporting and cultural events. In addition to providing financial support the Company often assists the local communities by providing volunteers and lending its expertise and resources.

## The Tata Crucible Quiz

The Company has been running this successful Corporate Quiz in various regions of India for five years. The Tata Crucible Quiz covers the entire gamut of the world of Indian and international business, and pushes the contestants' knowledge to the limits in a fun and competitive atmosphere.

## Professor of Metallurgy at Cambridge University

The Chair of Professor of Metallurgy was inaugurated in Cambridge in November 2008. The holder will be known as the Tata Steel Professor of Metallurgy. Based in the Department of Materials Science & Metallurgy, the first Tata Steel Professor of Metallurgy is Dr Harry Bhadeshia, a world renowned expert on the physical metallurgy of steels. The endowment recognises the commitment of the Tata Steel Group and the University to world-leading research in the field, particularly in steels, as well as Professor Bhadeshia's distinguished work in the subject.

## CARING FOR LOCAL COMMUNITIES

### MANAGEMENT APPROACH

Tata Steel believes that its operations must positively impact the communities in which it operates and therefore, the Company strives to make a positive contribution. It's philosophy is based on that of the Founder of the Group, J.N. Tata, and subsequent leaders who believed that the Company has an important role to play within the local community.

“In a free  
enterprise the  
community is  
not just  
another  
stakeholder  
in the  
business, but  
is in fact the  
very purpose  
of its  
existence”

This commitment is set out in the Corporate Social Responsibility Policy. CSR is an integral component of business strategy and supports the Group's Corporate Citizenship goals. The Company works to create a favourable and conducive social environment by improving the health, education and economic status of the communities in its areas of operation. In addition to complying with regulations, the Company's plans and monitors activities to ensure that any negative impacts on communities are addressed. It goes even further, by proactively engaging with local communities to identify their needs and develop initiatives to enhance community wellbeing and strengthen society for the future. Tata Steel assesses the need for its intervention based on factors including local Human Development Index scores, contribution to Millennium Development Goals, the expressed needs of local communities and the priorities of the Company. From 2008 Tata Steel is focussing its activities on sustainable livelihoods, health and education.

Today, the Company's social activities encompass the Steel Works, iron ore mines and collieries, the city of Jamshedpur, its peri-urban areas and over 800 villages in the states of Jharkhand, Orissa and Chhattisgarh. Tata Steel works in partnership with the government, national, international development organisations, local NGOs and the community to ensure sustainable socio-economic development of the communities. It implements its social initiatives primarily through the Corporate Sustainability Services Division and three independent not-for-profit organisations established by it: Tata Steel Rural Development Society (TSRDS), Tribal Cultural Society (TCS) and Tata Steel Family Initiatives Foundation (TSFIF). Many other departments of Tata Steel, such as Sports and Medical Services Division, are also involved in Company initiatives to benefit local communities. The many and varied activities address the broad range of needs that have been identified in collaboration with local communities, and enhance the economic, environmental and social well-being of the communities.

- JN Tata

Tata Steel considers the effects of its activities when entering, operating within and leaving communities, and makes plans to manage associated risks and any adverse impacts. In changing and developing its operations, the Company considers the impacts on the local community as well as employees and their families.

## GREENFIELD DEVELOPMENT

In areas of new operations Tata Steels seeks to ensure that it acts in the national interest and also brings benefits to the local community. Often these areas are poor and have low levels of infrastructure and services. The Company, therefore focussed its efforts in two main areas:

- Resettlement and rehabilitation: resettling and rehabilitating local residents affected by the project; providing a fair compensation package and support; and monitoring to check that Company activities really do bring genuine long-term economic benefits.
- Environment: ensuring that the environment is not adversely affected by the new operations.

The Company does its best, within the limits of business requirements and applicable laws, to ensure that local people are able to participate in its new operations, for example through employment or supply opportunities. As part of its policy of Inclusive Growth, where it is needed, the Company takes proactive steps to build the capacity of local communities so as to be able them to benefit from industrial development.

During the year under review there was development on several capacity expansion plans in greenfield sites. Many of the communities living near these sites are tribal communities. To address the sentiments and concerns of the people living in the vicinity of these sites and the families that may get displaced by the projects, and to ensure that negative impacts are minimised and positive impacts created, the Company is implementing the progressive Tata Steel Parivar programme.

### Tata Steel Parivar

#### 4 Rs:

- Reassuring communication
- Resettling the displaced population with care
- Rehabilitation – ensuring better quality of life, income and happiness
- Recheck implementation through self and independent social audits

This Rehabilitation & Resettlement programme is one of India's most pragmatic. The programme is designed to help increase income levels and create opportunities for sustainable livelihood, improving people's quality of life while preserving and promoting their culture. The focus of the programme is on creating 'a better tomorrow' and reassuring relocated families that life will not only be the same, but much better. Parivar members can benefit from training, self help group membership and loans, as well as improved housing and better facilities in their new neighbourhoods. Tata Steel Parivar also necessitated tracking of each affected family to monitor their income and quality of life for at least five years.

Activities under the Parivar programme include:

- fair and just compensation packages in lieu of land given for the Project
- managed move to rehabilitation colonies which have been developed in collaboration with villagers - with basic civic amenities, drinking water, power, street lights, sewerage, schools, dispensaries, access to education, community areas and places of religious worship
- psychological and emotional impact management
- self-help groups
- employment opportunities for one nominee of each displaced family in the Company plant or associate companies
- tailor-made training programmes to improve the employability of local youths
- micro-credit and micro-enterprise projects, especially for women
- basic health and hygiene services
- cultural preservation schemes and educational scholarships

Independent social audits will be conducted annually in affected communities to monitor and report developments in the socio-economic status achieved through Tata Steel Parivar.

Under the programme in 2008-09 the Company provided health services to approximately 22,000 patients in the Kalinga Nagar area through clinics and mobile health units at the resettlement areas and peripheral villages. Another 1500 schoolchildren were treated at monthly health check-up camps in the four tribal residential schools. Five Sanjeevani Health Camps were organised where doctors from Hi Tech Medical College

BBSR treated around 1400 patients with various ailments and provided free medicine. TSRDS ran a three day residential training programme on safe birth practices in Chhattisgarh, training 25 Traditional Birth Attendants to provide safe delivery support to mothers.

During the year 670 young people were trained in Kalinga Nagar, of which 316 have found employment. In Chhattisgarh 110 youths were trained in at the Company's Employability Training Programme. Of these, 63 have been employed in fields such as Customer Relations, IT, Hospitality and Automobile Industries. Around 60 women

were also enrolled for skills development programmes such as beautician training, screen printing and stitching classes to create an avenue for self-employment.

Medical camps were held at 12 coastal villages around Dhamra Port through which more than 100 patients were treated. A computer centre established at Kharinasi, in collaboration with Microsoft Corporation, will train unemployed youths in basic computer skills. Three tourist boats were constructed to improve tourism in Hookitola island and provide a livelihood for nine local families.

## Individual Case Studies:

### - Mangal Bage

As a member of Tata Steel Parivar, Mangal Bage was trained in Welding Technology under the 'Prerana' programme specifically launched to boost employability opportunities for displaced families. Now Mangal has found employment in the fabrication yard of Tata Steel at Duburi.

Previously at his village in Champa Koila, Mangal had been earning less than Rs. 1500 per month. With this small income he was living in dire poverty and was unable to educate his children. He did not have any landed property of his own and the family was living in a thatched house on a small piece of encroached Government land. Now Mangal is the proud owner of a house in Trijanga resettlement colony of Tata Steel and with his enhanced income he can afford to educate his children.

### - Pandu Gagarai

The Gagarai family were living on encroached land, subsisting on income from a small agricultural plot in Sanachandia Village, Chandia Mouza. Under the Parivar programme their household was designated as two families, one headed by Widow Turi Gagarai aged 40 and one by son Pandu Gagarai, aged 27. They received a total of Rs. 57,500/- as compensation for the land and housing, as well as two plots of 10 decimal each and other benefits.

Pandu, who was working as a labourer and driver, trained as a mason with the help of Tata Steel and is now working with a construction partner. With his wife Chandu, he has also established a poultry farm, using training and a Self Help Group loan from Tata Steel. His mother has also started a poultry farm. The family's livelihood is now much more secure and they are living happily in Trijanga Colony. The children are enjoying good school education and expect a bright and secure future.

The entire income of the Gagarai family pre-displacement was Rs. 22,600 per year. Post displacement the family has an annual income of Rs. 1,50,000. Tata Steel incurred a one off expense of a total of Rs. 7,21,600, for temporary accommodation, infrastructure development, technical and Self Help Group training, and annual costs of medical services, to help the family achieve a more prosperous and sustainable future.

### - Jamuda family

The Jamuda family was among several tribal families displaced by the development of the steel plant at Kalinganagar Industrial Complex. Through Tata Steel, Ramachandra Jamuda undertook ITES training in Bangalore, improved his language skills, and subsequently gained employment with TBSS, a voice based BPO in Hyderabad as a 'call services attendant'. This BPO handles the calls addressed to Tata Sky, Tata Indicom and other leading companies.

Other members of the family are also enjoying new opportunities, with younger brother Laxman Jamuda securing employment at Tata Growth Shop in Jamshedpur and mother Sabita Jamuda becoming self-sufficient, running a sewing unit at Danagadi in Jajpur district. Tata Steel had successfully gained the confidence of local tribal ladies and encouraged them to become independent. The Company provided training and sewing machines and now the women are supplying school uniforms to several residential schools in Jajpur district.



Where the Company has identified need, Tata Steel companies invest in society and in the local community. It does not consider it a philanthropic gesture, but believes that as a corporate citizen, it has a duty to do so. In turn, the Company's investment in the community helps it to develop positive relationships and to build trust in the locations around its operations, strengthening its business.

### Sustainable livelihoods

In developing and developed economies, demand for unskilled and semi-skilled labour is reducing. Even where agriculture is the main economic activity, trends such as globalisation mean that simple subsistence farming is becoming less viable and social problems arise from migration caused by the inability of agriculture to support a large workforce.

To address these problems Tata Steel works with local people in rural and urban areas to harness resources and skills that are available to develop opportunities for sustainable livelihoods.

### Case studies:

#### • **Agricultural productivity**

Tata Steel focussed many of its efforts on agricultural productivity. This year two major pilot projects were initiated:

- In the first collaborative project with Agriculture Consultancy and Management Foundation (ACMF), Chennai, interventions in approximately 20 acres resulted in increased productivity of 2.25 tons per acre.
- The second pilot project on dry land farming with International Crop Research Institute for Semi Arid Tropics (ICRISAT) Hyderabad, developed nearly 22 acres of land, resulting in increased yields. In addition, 2800 acres of wasteland has been developed. Second and third Cropping in about 3300 acres of land was facilitated through 65 water harvesting structures.

The Company also initiated a project in Ganjam district of Orissa. In the first year of the project, Tata Steel Rural Development Society commenced the revival of 29 non functional lift irrigation systems of which 22 were completed by April 2009, covering over 720 acres of land and benefiting 1400 families.

#### • **Motor Driving Training for Rural Women at Joda**

31 women from rural areas near Joda were trained free of cost to drive. The training is intended to provide them with the means of earning a good income and thereby empowering them and assisting their families. Four of these women are now employed as professional drivers in one of the mining companies operational in the area.

#### • **Vocational Skills**

Many young people have been trained in different kinds of vocations, to build skills such as Community Health Providers; Training on Tally; Advanced Computers; Pathological Laboratory Assistant; Automobile Mechanic, and Electrical Technician. Of 3000 youths trained, many have gone on to secure further training opportunities and employment. Of the 80 people trained under the Urban Services initiative, 31 have found employment so far.

#### • **Raimati Hansdah – awarded Bhanumathi Neelakanthan Award for “Woman Entrepreneur”**

Raimati Hansdah of Karandih Dharamtola comes from a very poor tribal family and is the eldest of five children. Her mother had died and her father Jadu Handha, a daily wage worker, struggled to make ends meet. In order to help support her family, Raimati started working as an agricultural labourer, also on a daily wage basis. Despite working, she managed to complete her school education and hopes to continue her studies and get a better job.

With the guidance of Tata Steel's Tribal Cultural Society, Raimati formed a Self Help Group in her area. She became a TCS member and received training in different marketable skills, including six months of training in tailoring and nine months training in making jute artefacts at the Tribal Cultural Centre.

Following her training, Raimati started taking tailoring orders from local people and then subsequently trained others in her skills. She mobilised 15 women to form a Self Help Group in Karandih and has trained them in jute-work.

Today Raimati is earning a good living. She plans to set up her own tailoring and jute artefacts training centre along with a sales outlet.

## Promoting good health

Where community health is poor and local facilities are lacking, Tata Steel extends much needed preventive and curative healthcare facilities in its areas of operation.

In 2008-09 through its basic health services in India, Tata Steel immunised 7750 children, carried out approximately 8400 antenatal check-ups, conducted over 1640 cataract operations and assisted more than 2600 people with disabilities, providing certificates, aids and appliances.

- **Sexual health and family planning**

The Company has worked with approximately 24,000 youths through project 'RISHTA' to raise awareness and promote sexual health in young people aged 15 to 24. Young people in this age category, who form 33% of India's population and a significant 29 % of the world's youth, are at risk of teenage pregnancy, sexual disease and abuse.

Over 7000 younger couples were protected in 2008-09 through permanent methods of family planning, which included Laparoscopic Tubectomy in females and Non Scalpel Vasectomy in males. Encouraging and facilitating male participation in Family Planning - which has traditionally been viewed as a woman's responsibility - during the year, resulted in over 640 men undergoing non scalpel vasectomy.

- **Smile!**

The cleft lip and palate is a congenital deformity which has been neglected in India because of the social stigma is attached to the condition. Cleft lip/palate deformity is a relatively common problem, with nearly 1 in 700 births or 35,000 children every year born with this deformity.

Tata Steel extended its medical infrastructure facilities to support initiatives to transform this conditions since 2002 when it first collaborated with the Smile Train. It now works in partnership with US charity Operation Smile. As a result more than 3000 children have undergone surgical procedures to rectify their condition. In 2008-09, 284 children benefited from corrective treatment.

- **HIV/AIDS:**

In India 2.5 million people are living with HIV/AIDS. Jharkhand state has a prevalence of HIV/AIDS infection which, whilst currently lower than the national average, is unlike the rest of the country on an upward trend. As a economic and industrial hub, Jamshedpur and also other locations of Tata Steel in Jharkhand and Orissa, have a large floating population. This puts these locations at risk with the danger of the disease spreading via migrant workers and transport workers such as lorry drivers.

Tata Steel recognised the importance of undertaking a HIV/AIDS intervention in the 1990s and since then a complementary spectrum of activities has been designed to address the problems faced in these locations. Its preventive, promotive and curative measures to prevent infection and development of the disease have been recognised with several awards. In addition to general awareness programmes for employees and the local communities, Project Kavach holds awareness events, treatment clinics and offers counselling to minimize the risk of HIV/AIDS among truckers. Sneh Kendra a counselling centre at Jamshedpur, has helped over 1440 people 'at risk' in 2008-09. Project 'Sathi', a residential community care centre located in Ganjam, a partnership project with Orissa State AIDS Control Society, Bhubaneswar, has provided treatment and counselling to 376 people this year.

## Investing in education

Education is a basic human right, vital to personal and societal development and well being. All children deserve quality education given a rights-based approach and rooted in the concept of equality, including gender equality. Tata Steel supports the right to free and compulsory education for all children up to the age of fourteen years and supports initiatives to improve literacy levels amongst adults.

The Company also wishes to promote the study of science, to promote understanding of its product and help to develop qualified people for industry in the future.

## Case studies: >>>

### • Elementary education in India

The Government of India aims to achieve universal primary education by 2007 and universal elementary education by 2010. This means achieving access, enrolment, retention and quality of education universally.

A number of Tata Steel's activities are designed to support these goals:

- Early Childhood Education: Interventions in early childhood education are vital preparatory grounds to formal schooling in both rural and urban areas. In the urban areas, out of about 570 students who were enrolled in 12 centres, Tata Steel successfully integrated more than 380 students into formal schools. In rural areas the Company had a 100% success rate last year with 550 children from 22 centres moving into formal education.
- Camp School: To help underprivileged girls enter the mainstream, Tata Steel initiated a camp school programme with the help of Jharkhand Education Project. The nine-month intensive learning course is offered to students aged 9-14 to complete their education up to 5<sup>th</sup> standard and allow them to qualify for admission to class VI. In 2008-09, 200 girls enrolled in the two camp schools.
- Schools: The Company supports many schools in its areas of operation. For example twelve primary schools have been identified for support near Dhamra Port in 2008-09. Twenty-four teachers will provide academic support to 480 students.

### • Scholarships

In May 2008 Tata Steel offered annual scholarships to promote the talent and knowledge of students from Scheduled Castes and Scheduled Tribes. These awards encourage students, often from families who have not previously had access to education beyond elementary levels, and who would not otherwise be able to afford to study further.

The Jyoti Fellowship was instituted in 1990 and the total value of fellowships awarded this year was Rs. 2.5 M per annum. It reached out to 550 students (246 at school level and 304 at college/university level). The Moodie Endowment encourages youths pursuing studies in pure science in various districts of Jharkhand and West Bengal. The total grant is Rs. 1.1 M annually for 110 awards.

## BUILDING COMMUNITIES >>>

### Developing infrastructure

Tata Steel understands that economic development is not only about working with people; there are practical barriers which cause deprivation and prevent people from taking up economic opportunities – for example lack of access to water and electricity, poor roads and communications, inadequate health and educational facilities, etc. Tata Steel worked with local communities to identify appropriate areas to develop infrastructure and services which benefit local people.

## Case studies: >>>

### Community infrastructure in Orissa

In Orissa, where the Company is developing new operations, it has worked with local communities to create many much-needed facilities. For example:

- 44 tubewells were installed in 2008-09 to provide drinking water
- Irrigation was provided to villages such as Kalarangi and Kakudia villages enabling the farmers to achieve harvests three times a year
- A bridge at Mutuda and drains at Bichakundi villages were built to enable access all year round
- Electricity and bio-gas plants have been supplied in a number of villages

Tata Steel's model villages' are illustrative of the kind of initiatives the Company regularly undertakes:

### Sitalbasha

This village was experiencing a number of problems due to poor infrastructure. Villagers did not have good water hygiene; they lacked proper toilet facilities and used water from a nearby canal and pond for drinking, as there was no other source of fresh water. Consequently water-borne diseases were a common problem during the rainy season. Tata Steel constructed 35 low cost toilets and raised awareness amongst villagers on the need for hygiene and sanitation. It also constructed a hand pump and a ring well for the villagers to provide safe access to drinking water.

A school building was also built by the Company at the request of villagers to enable the children to where attend school adequate facilities are available. Six electric fans, as well as a ring well and hand pump, were also provided to the school, as were cashew nut trees for a plantation on-site.

Three Self Help Groups have been established in the village with the help of the Company undertake activities such as pisciculture, vegetable farming and providing mid-day meals.

Individuals such as Sharat Nayak have constructed bio-gas plants by their homes with the Company's assistance. This has provided him with fuel for illuminating his home and cooking, a necessity he did not have before as the area has no electricity. All 90 families in the village now have their own bio-gas units to cook food, illuminate their houses at night and produce bio-fertilisers for cultivation purposes.

### Chingudiapal

This village near Sukinda Chromite Mines lacked several important facilities including drinking water and electricity. There were also access problems for the children travelling to school when the path became water logged during the rainy season. Consequently the villagers experienced problems with water borne diseases, were restricted to day-time activities and the children were prevented from studying.

Five hand pumps were provided by the Company so that villagers could have safe drinking water. It has also built the Damshala Bridge so that the students could access Sourik High School and Sebashram School during the rainy season. A sub-station for electricity was provided enabling children to study at night and adults to continue to work beyond daylight.

## EMPLOYEE VOLUNTEERING

Tata Steel's philosophy of contributing to society is shared by the Company's employees and many individuals choose to contribute their time and efforts to help strengthen the local communities in which it operates.

Many of Tata Steel's employees assist Tata Relief Committee's disaster responses. Tata Steel is also developing a volunteering programme for employees. Now in its early stages, the Company already has a few volunteers working in dedicated activities in its community programmes.

## TATA RELIEF COMMITTEE

Whilst most of Tata Steel's community activities are geographically focused in its areas of operation, as part of its Corporate Citizenship, the Company is also committed to providing assistance in the event of natural disasters wherever they occur in India. The Company spearheads the work undertaken by Tata Relief Committee (East)

### Disaster relief:

The Tata Relief Committee provides donations and volunteer support in the event of disasters, to help those affected get back on their feet and to rebuild local infrastructure.

In 2008 the floods in Bihar left many hundreds of thousands of people homeless and devastated. Tata Relief Committee sent volunteers to assist in the relief work, including a team of doctors. These special efforts were co-ordinated by a dedicated committee led by a senior manager. Following consultation with the Chief

Minister of Bihar, the Company supplied 441.52 M.T. of Tata MS pipes in various sizes, free of cost, for building temporary shelters and constructed 27 Flood centres. Tata Steel also took on the responsibility of assisting in the relief and rehabilitation work in the villages on an ongoing basis and supplied additional materials for the re-construction effort at concessionary rates. Tata Relief Committee has built 44 earthquake resistant houses for poor villagers, with another 100 planned.

The Company also assisted in the floods in Orissa in 2008, supplying 27,550 tarpaulins

for temporary shelters and 1960 pieces of Tata Shaktee roofing for new housing. When flooding affected Jamshedpur in June 2008 Tata Steel moved 3000 people to safety using 15 life boats and rafts. It set up 10 relief camps and dispatched emergency supplies and medical teams to affected areas. Tata Steel is justifiably proud of its extensive community programmes and welcomes opportunities for collaborative working to develop activities in the future. More information on the extensive range of activities and achievements can be found in the annual reports of TSRDS, TCS and TSFIF.

## MANAGEMENT APPROACH

Tata Steel competes in the open marketplace on the basis of the benefits and quality of its products. Its reputation and passion for innovation and customer service are what make the difference and enable it to gain the trust of consumers and loyalty of customers.

Tata Steel's approach towards product and service management has been guided by the Tata Code of Conduct (Clause 8: Health, Safety & Environment, Clause 9: Quality of products and services), the Tata Steel Environmental Policy and the UN Global Compact Principles.

The Company is absolutely committed to providing products and services complying with all the relevant customer health and safety regulations prescribed under law. It also tries to improve its product and service performance well beyond the prescribed norms and statutes, wherever possible. Tata Steel has developed products like Super-Ductile Rebars, being sold in Seismic zones of India, for better Earth-quake protection and lead-free coating on Galvano™, manifesting them into health and environment friendly products.

The quality standards of Tata Steel's goods

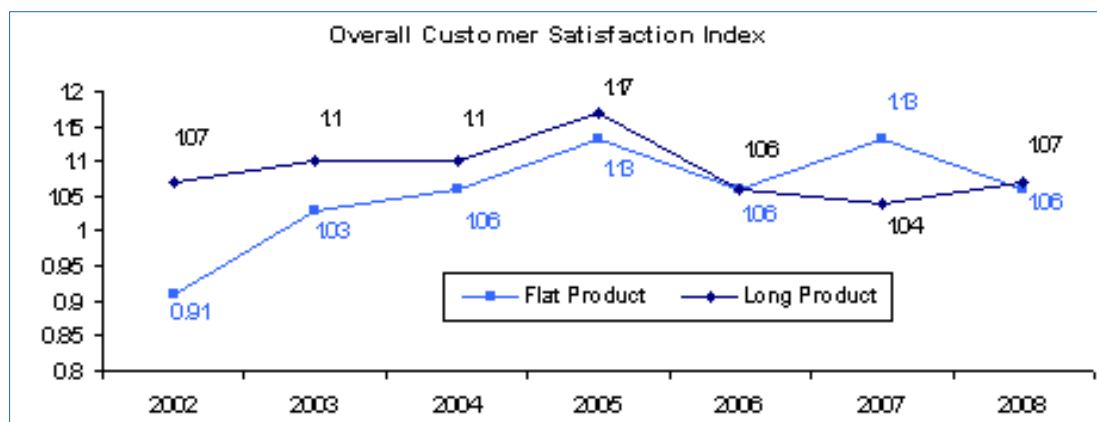
and services meet the required national standards and the Company endeavours to match world-class standards. Its manufacturing processes are designed in a robust manner to deliver consistent quality products that meet the required specifications. Customer complaints with regard to product quality are properly investigated in the shortest possible time and are resolved to the customer's satisfaction.

All prime products (more than 95% of sales) are labelled for identification. Products are also delivered with Test Certificates. Brand embossment/ labels are done for product differentiation for Retail consumers.

## CUSTOMER SATISFACTION

The key processes for determining customer satisfaction and building relationships for retention are undertaken through the "Manage Customer Accounts" and "Measure Customer Satisfaction" processes.

The determination of customer satisfaction is established by conducting annual surveys, using a segment-wise approach, with products/service attributes as parameters. The surveys are conducted by external agencies (M/s A C Nielsen, TNS for Year 2008). The overall customer satisfaction is captured through a designed questionnaire - both quantitative and qualitative - during the field survey. The satisfaction index is a relative score of the Company's overall score over the nearest competitor.



\* Flat Products CSI score is the overall OE score

\*The Target for CSI Index is 1.06 for both long and flat products

In 2008, the CSI Index got impacted due to lower score in Delivery attributes. Due to the downturn, customers were more frequently revising their monthly indent and in turn the Company had to re-schedule its despatch plans more often. Owing to this, the overall delivery performance took a hit. In contrast, the score was higher in earlier years when due to higher demand, availability was an issue at the market place and Tata Steel held its prices. Further on, corrective action was taken by launching SFS initiative with important customers for improving the delivery compliance.

Theory of Constraints: Tata Steel applies the Theory of Constraints as part of the ASPIRE improvement programme, to develop a competitive edge based on reliable delivery, creating value for customers. So far, Tata Steel has rolled out the following offers under TOC:

- Stabilisation in Steel Division with Solution for Sales (SFS) offers- Based on the Theory of Constraints (TOC) concept, the replenishment module of this offer was extended to cover 100% of the retail channel of TATA TISCON, achieved 90% coverage in TATA SHAKTEE and 60% in TATA Steelium. This resulted in a reduction of stock outs in retail shops and more significantly, a reduction in channel stocks.
- Supply Chain Improvement Initiative- For the Construction Projects segment, an S-DBR (Simplified Drum Buffer Rope) mechanism was implemented which improved the availability of rebars at the warehouses, thereby reducing instances of delays and loss of orders.
- Reliability Solutions- The solutions were extended to direct customers in the Steelium distribution.

## HUMAN RIGHTS

### MANAGEMENT APPROACH

Tata Steel is proud of the reputation it enjoys as a fair and caring employer. It is indeed an upshot of the respect and apt initiatives towards human rights both within and outside the workplace. Working conditions for employees and supply chains are primarily managed through the standard Social Accountability (SA 8000), which is based on the Universal Declaration of Human Rights and International Labour Organisation conventions. The Company works in collaboration with Social Accountability International, the human rights organisation and the guardian of the SA8000 standard, to manage ethical workplace conditions throughout its supply chains. Tata Steel's Works attained SA8000 certification in 2005 (and was re-certified in 2007). The Company's Sukinda unit is the first mine world-wide to be SA8000 certified.

A study by Center for International Private Enterprise (CIPE) and Social Accountability International (SAI) published in February 2009, which examined Tata Steel's application of the SA8000 standard, concluded that significant gains have been realised in the areas of contract work and supply chain social compliance.

"Tata Steel has long been India's front-runner in good corporate citizenship, making the concerns of workers and of the community an integral part of its business operations. Given its history, size, and reputation, Tata Steel has significant potential to demonstrate the beneficial influence of adopting SA8000 in India and beyond. Improvements to its vendor management system, as well as contract workers' safety, health, and training prompted by implementation of SA8000, offer examples and guidance for other companies seeking effective approaches to meeting workplace standards."

Tata Steel implementation case featured in SA8000: The First Decade (Greenleaf: London, 2009).

The standard is applied to both the Company's employees and to contracted labour. For example, in 2008-09 more than 18,000 contract labourers were provided initial health check ups at the time of starting work and routine annual check-ups.

Systems in place to ensure that human rights are upheld include the Employee Grievance Redressal System, through which employees can safely register issues relating to their employment, and the Whistle Blower Policy, through which they can raise concerns over other people's conduct. Both systems encourage and protect the individual.



## Human Rights in Investment and Procurement Practices

The Company's commitment to human rights extends to all its significant investment decisions. Major capital expenditure, for example machinery and technology, is sourced from reputed suppliers who follow internationally accepted norms and standards on human rights.

The Procurement Division of Tata Steel has designed and deployed a robust process for ensuring human rights by suppliers and contractors, using the SA8000 standard. Amongst other measures:

- Suppliers and contractors must accept Tata Steel's Code of Conduct
- Vendors must comply with various clauses of SA8000
- At vendor registration, a Vendor Assessment Form<sup>©</sup>, developed by Procurement to check the vendor, contractor or subcontractor for mandatory legal clearances, also includes a checklist for system review for SA8000
- An independent vigilance report may be obtained before registration to verify the credentials of the vendor
- Sample audits are undertaken at vendors' premises to check compliance

The Company regularly conducts refresher training on SA8000 for contractors, meets with vendors to discuss issues and holds sessions of the Supplier Value Management programme. The Ethics Counsellor and Procurement Division closely monitor adherence to the Tata Code of Conduct by suppliers and take appropriate action in cases of non-compliance.

In 2005-06 the Company initiated third-party audits on SA8000 clauses for its principle vendors and suppliers. Audit of over 100 major vendors has resulted in coverage of 75% of the contract workers engaged through them at the Steel Works. In 2008-09 twelve third party vendor audits were conducted, incorporating feedback aimed at enhancing working conditions for the Company's employees and its supply chains.

The Procurement Division has created a "single window" system to address any vendor concerns.

### No Child Labour

Tata Steel does not employ child labour. The minimum age required for employment in Tata Steel is 18 years and proof of age must be supplied at recruitment.

The Company also makes it very clear to its business partners that, as stipulated by its SA8000 system, no persons below the age of 18 years may be engaged by contractors, suppliers or vendors at any point, within or outside the Company premises. To help ensure that no child labour is engaged, in 2007 a process was created at the Rotary affiliated Labour Training Centre for age certification of contract labour, which specifies the required documentation for proof of age.

In the event of discovery of any child labour being used by contractors, liabilities for the education of the child until completion of high school would accrue to the defaulting party. Additionally state penalties under the Child Labour Abolition and Control Act of 1986 would be enforced.

### No Forced or Compulsory Labour

Tata Steel does not permit any form of forced or compulsory labour in its operations. The Grievance Redressal Committee and Ethics Counsellor monitor this requirement.

### Non-Discrimination

No cases of Discrimination were received by the Ethics Counsellor's Office during this reporting period.

## Indigenous Communities

The aim of Tata Steel is to respect and protect the rights of indigenous communities at its business locations. This is often particularly relevant for new operations and in developing countries. In addition to respecting the legal rights of indigenous communities, it also considers social, cultural and economic rights. The Company's Affirmative Action policy and philosophy of Inclusive Growth attempt to help indigenous communities - Scheduled Castes and Scheduled Tribes in India - to reach the standards of human development which will help them to benefit from economic opportunities, whilst respecting and promoting the social norms and cultural practices which are important to their communities. Tata Steel Rural Development Society and Tribal Cultural Society help the Company to achieve this through various activities in India. Further information about these activities is supplied in the Communities chapter.

### Employee training on relevant aspects of human rights

All new recruits in Tata Steel sign the Tata Code of Conduct and SA8000 training forms part of their induction programme. In 2008-09 more than 300 new recruits were trained on human rights.

Security workers are trained on human rights relevant to security procedures, such as Right of Search, Right of Arrest, Safety, Weapon Handling, Rescue, etc. Additionally workers are trained in SA8000, OHSAS, Works Standing Orders, customer orientation, motivation and positive attitude.

Human rights training also formed part of regular staff training sessions on ethics conducted on a departmental basis.

DESCRIPTION
Tata Code of Conduct & Code for Non-Executive Directors
Tata Steel Policies
United Nations Global Compact Principles
Tata Corporate Sustainability (Group Policy)
Glossary



### Foreword

The values and principles which have governed the manner in which the Tata Group of Companies and their employees have conducted themselves have never been articulated. It was therefore considered worthwhile to prepare a clearly defined document which could serve as a guide to each employee on the values, ethics and business principles expected of him or her.

I urge each employee to read this document and take pride in upholding the high standards of corporate and personal behaviour on which the Tata Group's reputation and respectability have been built over the past 120 years.

Ratan N. Tata

## Clause 1: National Interest

The Tata Group is committed to benefit the economic development of the countries in which it operates. No Tata Company shall undertake any project or activity to the detriment of the wider interests of the communities in which it operates. A Tata Company's management practices and business conduct must benefit the country,

localities and communities served to the extent possible and affordable, and shall be in accordance with the laws and economic development policies of the government of each country.

A Tata Company, in the course of its international business activities, shall respect

the culture, customs and traditions of each country and region in which it operates. It shall conform to international trade procedures, including licensing, documentation, and other necessary formalities as applicable.

## Clause 2: Financial Reporting and Records

A Tata Company shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business affairs.

Internal accounting and audit procedures shall reflect, fairly and accurately, all of the

company's business transactions and disposition of assets, and shall have internal controls to provide assurance to the Company's Board and shareholders that the transactions are accurate and legitimate. All required information shall be accessible to company auditors and other authorized parties and government agencies. There shall be no willful omissions of any company transactions from the books and records, no advance income recognition and no hidden

bank account and funds.

Any willful, material misrepresentation of and / or misinformation on the financial accounts and reports shall be regarded as a violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws. No employee shall make, authorize or collude in an improper payment, commission or bribe.

## Clause 3: Competition

A Tata Company shall fully support the development and operation of competitive open markets and shall promote the liberalization of trade and investment in each country and market it operates in. Specifically, a Tata Company shall not engage in restrictive trade practices and

activities that generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

A Tata Company shall market its products and services on its own merits and shall not

make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

## Clause 4: Equal-Opportunities Employer

A Tata Company shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality, disability and veteran status.

Human Resource policies should promote diversity and equity in the workplace, as well as comply with all labour laws and international best practices. Employees of a Tata Company shall be treated with dignity and in accordance with the Tata policy to

maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

## Clause 5: Gifts and Donations

A Tata Company and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations, or comparable benefits, which are intended to or perceived to obtain business or un-competitive favours for the conduct of its business and shall participate in efforts to eliminate such forms of bribery, fraud and corruption. However, a Tata Company and its employees may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events.

## Clause 6: Government Agencies

A Tata Company and its employees shall not offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties. A Tata Company shall comply with government procurement regulations, and shall be transparent in all its dealings with government agencies as applicable.

## Clause 7: Political Non-Alignment

A Tata Company shall be committed to and support functioning democratic constitutions and systems with transparent and fair electoral systems. A Tata Company shall not support directly or indirectly any specific political party or candidate for political office. The Company's conduct shall preclude any activity that could be interpreted as mutual dependence / favour with any political body and shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

## Clause 8: Health, Safety and Environment

A Tata Company shall strive to provide a safe, healthy and ergonomic working environment for its people. It shall comply with all health, safety and environmental regulations in each jurisdiction, in which it operates.

practice in minimizing its impact on the environment, prevent the wasteful use of natural resources, and properly and safely control any hazardous aspects of its business.

a disaster management system to address any natural calamities or business contingencies that may arise.

A Tata Company shall be committed to best

A Tata Company shall have policies and processes in place to address issues of safety, health and environment, and shall also have

A Tata Company, in the process of production and sale of its products and services, shall strive for economic, social and environmental sustainability.

## Clause 9: Quality of Products and Services

A Tata Company shall be committed to supply goods and services of the highest quality standards backed by efficient after-sales service consistent with the requirements of customers to ensure their total satisfaction. The quality standards of the Company's goods and services should meet the required national standards and the Company should endeavour to become world-class.

A Tata Company shall illustrate adequate labels, caveats and other necessary health and safety information on its product packaging.

## Clause 10: Corporate Citizenship

A Tata Company shall be committed to be a good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities, in which it operates with the objective of making them self reliant. Such social responsibility would comprise, to initiate and support community

initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities. The Company would also not treat these activities as optional but would

strive to incorporate them as an integral part of its business plan. The Company would also encourage volunteering amongst its employees and collaboration with community groups. Tata Companies are encouraged to develop social accounting systems, carry out social audit of their operations, and support public policies that promote social and economic development.

## Clause 11: Cooperation of Tata Companies

A Tata Company shall cooperate with other Tata Companies by sharing knowledge, physical, human and management resources as long as this does not adversely affect its business interests and shareholder value. In the procurement of products and services, a Tata Company shall give preference to another Tata Company, as long as it can provide these on competitive terms, relative to third parties.

## Clause 12: Public Representation of the Company and the Group

The Tata Group honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders, a Tata Company or the Tata Group shall be represented only by specifically authorized directors and employees. It will be the sole responsibility of these authorized representatives to disclose information on the Company.

## Clause 13: Third Party Representation

Parties which have business dealings with the Tata Group but are not members of the Group such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc shall not be authorized to represent a Tata Company, if their business conduct and ethics are known to be inconsistent with the Tata Code. The third parties are expected to abide by the Code in their interaction with the company.

## Clause 14: Use of the Tata Brand

The use of the Tata name and trademark owned by Tata Sons shall be governed by manuals, codes and agreements to be issued by Tata Sons. The use of the Tata Brand is defined in and regulated by the Tata Brand Equity and Business Promotion Agreement. No third party is expected to use the Tata brand to further its interests without specific authorization.

## Clause 15: Group Policies

A Tata Company shall recommend to its Board of Directors the adoption of policies and guidelines periodically formulated by Tata Sons.

## Clause 16: Shareholders

A Tata Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of a Tata Company shall duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information, in accordance with the respective regulations and agreements.

## Clause 17: Ethical Conduct

Every employee of a Tata Company, which shall include whole-time directors and the chief executive, shall deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair and	transparent and be perceived to be as such by third parties.	Every employee shall be responsible for the implementation of and compliance with the Code in his / her professional environment.
	Every employee of a Tata Company shall preserve the human rights of every individual and shall strive to honour commitments.	Failure to adhere to the Code could attract the most severe consequences including termination of employment.

## Clause 18: Regulatory Compliance

Every employee of a Tata Company, in his / her business conduct, shall comply with all applicable laws and regulations, both in letter and in spirit, in all territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations fall short of the Code, then the standards of the Code shall prevail.

## Clause 19: Concurrent Employment

An employee of a Tata Company shall not, without the prior approval of the chief executive of the Company accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide "free-lance" services to anyone. In the case of a whole-time director or the chief executive such prior approval must be obtained from the Board of Directors of the Company.

## Clause 20: Conflict of Interest

An employee or director of a Tata Company shall not accept a position of power / responsibility / board nomination in any other non Tata Company or not for profit organization.



The above will not apply to-

- Nominations to the Boards of Tata Companies, joint ventures or associate companies
- Memberships / positions of responsibility in professional bodies wherein such association will benefit the employee / Tata Company.
- Nominations / memberships in Government committees / bodies or organizations.
- Exceptional circumstances as determined by the competent authority.

Competent authority in case of an employee shall be the chief executive who in turn shall report all such exceptional cases to the Board of Directors on a quarterly basis. In case of the chief executive and directors, the Group Corporate Center shall be the competent authority.

An employee of a Tata Company shall not

engage in any business, relationship or activity which might detrimentally conflict with the interest of his / her Company or the Group. A conflict of interest, actual or potential, may arise where, directly or indirectly, (a) an employee of a Tata Company engages in a business, relationship or activity with anyone who is party to a transaction with his / her Company, (b) an

employee is in a position to derive a personal benefit or a benefit to any of his / her relatives by making or influencing decisions relating to any transaction, and (c) an independent judgment of the Company's or Group's best interest cannot be exercised.

The main areas of such actual or potential conflicts of interest would include the following:

- Financial interest of an employee of a Tata Company or his / her relatives including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Tata company. (The ownership of up to 1 per cent of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)
- An employee of a Tata Company conducting business on behalf of his / her Company or being in a position to influence a decision with regard to his / her Company's business with a supplier or customer of which his / her relative is a principal officer or representative resulting in a benefit to him / her or his / her relative
- Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of a Tata Company where such an individual is in a position to influence the decision with regard to such benefits.
- Acceptance of gifts, donations, hospitality and / or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other

business dealings with his / her Company.

Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his / her immediate superior who shall forward the information along with his / her comments to the person designated for this purpose by the chief executive and / or the Board of Directors / executive committee appointed by the Board and, upon a decision being taken in the matter, the employee concerned will be

required to take necessary action as advised to resolve / avoid the conflict.

If an employee fails to make a disclosure as required therein and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management would take a serious view of the matter and consider suitable disciplinary action against the employee.

## Clause 21: Securities Transactions and Confidential Information

An employee of a Tata Company and his / her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the company, Group or client which is not in the public domain and thus constitutes insider information.

An employee of a Tata Company shall not use or proliferate information which is not available to the investing public and therefore constitutes insider information for making or giving advice on investment decisions on the securities of the respective Tata Company on which such insider information has been obtained.

Such insider information might include the following:-

- Acquisition and divestiture of businesses or business units
- Financial information such as profits, earnings and dividends
- Announcement of new product introductions or developments
- Asset revaluations
- Investment decisions / plans
- Restructuring plans
- Major supply and delivery agreements
- Raising finances

An employee of a Tata Company shall also respect and observe the confidentiality of information pertaining to other companies, their patents, intellectual property rights, trademarks and inventions; and strictly observe a practice of non-disclosure.

## Clause 22: Protecting Company Assets

The assets of a Tata Company should not be misused but employed primarily for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as information technology and systems, proprietary information, intellectual property rights, relationships with customers and suppliers, etc.

## Clause 23: Citizenship

An employee of a Tata Company shall in his / her private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company or the Group.

## Clause 24: Integrity of Data Furnished

Every employee of a Tata Company shall ensure at all times, the integrity of data or information furnished by him to the Company.

## Clause 25: Reporting Concerns

Every employee of a Tata Company shall promptly report to the Management when she / he becomes aware of any actual or possible violation of the Code or an event of misconduct, act of misdemeanour or act not in Company's interest, which could affect the business or reputation of his / her or any other Tata Company.

Any employee can make a protected disclosure under the Whistle Blower Policy. The Protected Disclosure should be forwarded under a covering letter, which shall bear the identity of the Whistle Blower.

### Code of Conduct for Non Executive Directors

Non-Executive Directors of a Company will 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 his role therein.

Non-Executive Directors will comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities.

Non-Executive Directors will safeguard the confidentiality of all information received by them by virtue of their position.

This Code was approved by the Board of Directors on 23<sup>rd</sup> January 2006.

### TATA STEEL SOCIAL ACCOUNTABILITY POLICY

Tata Steel, in accordance with its founding principles, will continue to improve the quality of life of its employees and the communities it serves.

Tata Steel will conduct its business ever mindful of its social accountability, respecting applicable laws and with regard for human dignity.

Tata Steel will positively impact and influence its partners in fostering a sense of social commitment for their stakeholders.

December 20, 2003

### TATA STEEL CORPORATE SOCIAL RESPONSIBILITY POLICY

Tata Steel believes that the primary purpose of a business is to improve the quality of life of people.

Tata Steel will volunteer its resources, to the extent it can reasonably afford, to sustain and improve a healthy and prosperous environment and to improve the quality of life of the people of the areas in which it operates.

February 1, 2003

### TATA STEEL ENVIRONMENTAL POLICY

Tata Steel's Environmental responsibilities are driven by our commitment to preserve the environment and are integral to the way we do business.

1. We are committed to the efficient use of natural resources & energy; reducing and preventing pollution; promoting waste avoidance and recycling measures and product stewardship.
  - We will identify, assess and manage our environmental impact.
  - We will regularly monitor, review & report publicly our environmental performance.
  - We shall develop & rehabilitate abandoned sites through afforestation, landscaping and shall protect & preserve the biodiversity in the areas of our operations.
  - We will enhance awareness, skill and competence of our employees and contractors so as to enable them to demonstrate their involvement, responsibility and accountability for sound environmental performance.
2. We are committed to continual improvement in our environmental performance.
  - We will set objectives-targets, develop, implement and maintain management standards and systems, and go beyond compliance with relevant industry standards, legal and other requirements.
3. We will truly succeed when we sustain our environmental achievement and are valued by the communities in which we work.

May 21, 2005

## TATA STEEL SAFETY & OCCUPATIONAL HEALTH POLICY

Tata Steel's safety and occupational health responsibilities are driven by our desire to ensure zero harm to people we work with and society at large and is integral to the way we do business.

1. Our fundamental belief is that all injuries can be prevented. This responsibility starts with each one of us.
  - We will identify, assess and manage our Safety & OH hazard/risks.
  - We will regularly monitor, review the progress and report.
  - We will ensure WILL & SKILL buildup among employees/ contractors partner to demonstrate their involvement, responsibility and accountability to achieve sound Safety & OH performance.
2. We are committed to continual improvement in our Safety & OH performance.
  - We will set objectives – targets, develop, implement and maintain management standards and systems, and go beyond compliance with relevant industry standards, legal and other requirements.
3. We will truly succeed when we achieve our Safety & OH goals and are valued by the communities in which we work.

May 21, 2005

## TATA STEEL HUMAN RESOURCE POLICY

Tata Steel recognizes that its people are the primary source of its competitiveness.

It is committed to equal employment opportunities for attracting the best available talent and ensuring a cosmopolitan workforce.

It will pursue management practices designed to enrich the quality of life of its employees, develop their potential and maximize their productivity.

It will aim at ensuring transparency, fairness and equity in all its dealings with its employees. Tata Steel will strive continuously to foster a climate of openness, mutual trust and teamwork.

October 1, 2001

## TATA STEEL HIV (+) & AIDS CONTROL POLICY

Tata Steel is committed to contribute to the global effort towards halting and reversing the course of HIV/AIDS. The Company would take measures to actively disseminate information and education regarding HIV/AIDS within our workplace and surrounding communities, with the objective to reduce its transmission.

The Company would ensure a safe working environment, confidentiality and non-discrimination of affected employees, if any.

The Company would provide appropriate medical management for all affected employees and their families.

September 1, 2005

## TATA STEEL ALCOHOL AND DRUGS POLICY

Tata Steel believes that the loyalty and commitment of its employees depend upon the quality of life they are offered at work and at home.

We recognize that indiscriminate use of alcohol and drugs is injurious to the well being of individuals, their families and the community as a whole. We acknowledge that the misuse of these psychoactive substances is a major health and safety hazard. Tata Steel, is therefore, committed to creating an alcohol and drug-free environment at the work place. This would be achieved through the involvement of all employees and the Joint Departmental Councils in spearheading appropriate initiatives. The initiatives would include:

- Raising awareness, through the dissemination of information, education and training and by promoting healthy life styles among our employees and their families.
- Motivating those employees who have an alcohol/drug problem, to seek assistance, while maintaining confidentiality about such cases..

October 1, 2001

## TATA STEEL AFFIRMATIVE ACTION POLICY

Tata Steel recognizes that diversity in the workplace positively impacts business. The Company will ensure equal employment opportunities and provide training to develop the socially disadvantaged.

Tata Steel will volunteer its training resources to the extent possible to improve employability of disadvantaged sections of society. The Company will encourage business entrepreneurs from socially disadvantaged communities through monitoring and inclusion in supply chain on the basis of equal merit.

Tata Steel will assist in upward mobility of talented youth from marginalized communities by increasing their access to quality higher education.

Tata Steel will report Affirmative Action initiatives in its annual sustainability report.

November 21, 2006

## TATA STEEL ENERGY POLICY

Tata Steel reaffirms its commitment to conserve scarce energy resources and shall endeavour to

- Comply with national and international regulations.
- Adopt best available technology for energy efficiency.
- Implement world-class operating practices.
- Conduct regular Energy Audit for continual improvement.
- Promote energy efficiency through mass awareness.

April 1, 2004

## TATA STEEL RESEARCH POLICY

Tata Steel believes that research provides the foundation for sustained, long-term, stakeholder delight. Tata Steel shall nurture and encourage innovative research in a creative ambience to ensure that the competitive advantage in its overall business is retained and surpassed. Towards this goal, the Company commits itself to providing all necessary resources and facilities for use by motivated researchers of the highest caliber. Research in Tata Steel shall be aligned to the technological initiatives necessary to evolve and fulfill the overall business objectives of the Company.

January 1, 2002

## TATA STEEL QUALITY POLICY

Consistent with the Group purpose, Tata Steel shall constantly strive to improve the quality of life of the communities it serves through excellence in all facets of its activities.

We are committed to creating value for all our stakeholders by continually improving our systems and processes through innovation, involving all our employees.

This policy shall form the basis of establishing and reviewing the Quality Objectives and shall be communicated across the organization. The policy will be reviewed to align with business direction and to comply with all the requirements of the Quality Management Standard.

April 17, 2002



At the World Economic Forum, Davos, on 31st January 1999, UN Secretary-General Kofi A. Annan challenged world business leaders to “embrace and enact” the Global Compact, both in their individual corporate practices and by supporting appropriate public policies. These principles now cover human rights, labour, environment and anti-corruption.

### Human Rights

The Secretary-General asked world business to:

- 1 support and respect the protection of international human rights within their sphere of influence; and
- 2 make sure their own corporations are not complicit in human rights abuses.

### Labour

The Secretary-General asked world business to uphold;

- 3 freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour, and
- 6 the elimination of discrimination in respect of employment and occupation.

### Environment

The Secretary-General asked world business to:

- 7 support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.

### Anti-corruption

The Secretary General stressed that:

- 10 business should work against all forms of corruption, including extortion and bribery.

We continue to encourage our Companies to:

- Demonstrate responsibility and sensitivity to biodiversity and the environment in which they operate by being proactive to conserve, restore and enrich it systematically and continuously.
- Comply with regulations relating to environment, constantly upgrade technology and apply state-of-the-art processes and practices with institutional arrangements that will comprehensively address larger issues and goals on climate change and global warming.
- Continually illustrate performance in preventing pollution, ensure the optimum use of resources and minimize harmful impacts of products and production processes, materials movement and its delivery throughout its supply chain.
- Create sustainable livelihoods and build community through social outreach programs in Health, Education, Empowerment of Women and Youth, Employee Volunteering; that can be measured in terms of their having more lasting benefits, serving a larger national or regional purpose, and also making it more meaningful to all involved in the endeavor.
- Find ways to enhance human, social, natural capital as complementing financial growth of the enterprise with explicit goals and processes to sustain the effort.
- For this purpose the Companies shall adhere to our core values, deploy appropriate approaches; demonstrate leadership, train, position key professionals; and create consciousness among employees, suppliers, contractors, customers and the community at large through a process of continuous dialogue, initiatives and collaboration.

Kishor A. Chaukar  
Chairman, Tata Council for Community Initiatives

29th July 2007



AFCONS	Afcons Infrastructure Limited
AGM	Annual General Meeting (of Shareholders)
AIDS	Acquired Immune Deficiency Syndrome
AIWC	All Indian Women's Conference
ASEAN	Association of South East Asian Nations
BaP	Benzo[a]pyrene – the most toxic of the PAHs
BE	Business Excellence
BF	Blast Furnace
BMI	Body Mass Index
BOD	Biological Oxygen Demand
CAB	Cut And Bend
CaO	Calcium Oxide (lime)
CARES	Certification Authority for Reinforcing Steel
CCPS	Cumulative Convertible Preference Shares
Cd	Cadmium
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CII	Confederation of Indian Industry
CO	Carbon Monoxide
CO <sub>2</sub>	Carbon Dioxide
CPR	Cardio Pulmonary Resuscitation
Cr	Chromium
CRC (W)	Cold Rolling Complex (West)
CRE	Chief Residential Executive
Crore	One crore equals ten million
CRPC	Criminal Procedure Code (India)
CSR	Corporate Social Responsibility
Cu	Copper
DLF	Delhi Land & Finance
DO	Dissolved Oxygen (in water, mg/l)
DWT	Dead Weight Tonnage
EAF	Electric Arc Furnace
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EIA	Environmental Impact Assessment
ERM	Enterprise Risk Management
ERW	Electric Resistance Weld
ESH	Environment Safety & Health
ESI	Employees' State Insurance
ESS	Employee Separation Scheme
EU	European Union
EVA	Economic Value Added - defined as the excess of Return On Invested Capital (ROIC) over weighted average cost of capital
FAMD	Ferro Alloys & Minerals Division
Fe	Iron
FeSi	Ferro-silicon

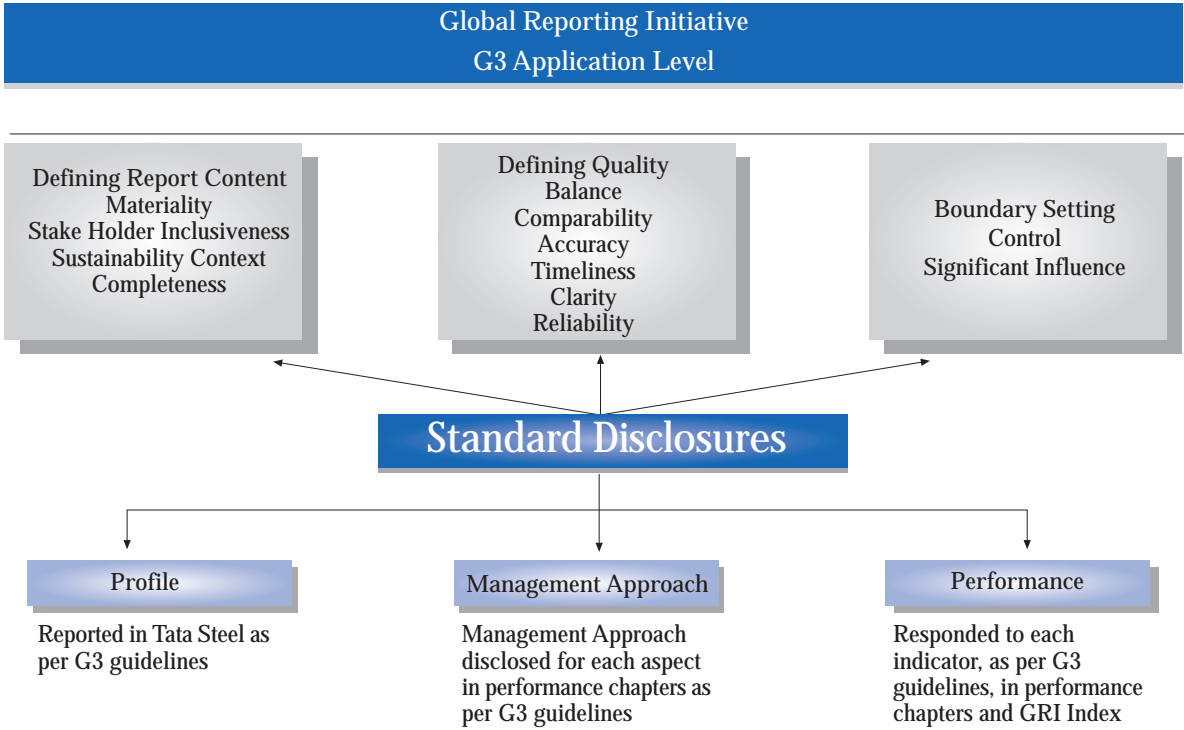
FY	Financial Year
g	grammes
GAAP	General Accounting & Audit Protocol
GBP	Great Britain (United Kingdom) Pound
GDP	Gross Domestic Product
GHG	Green House Gas (CO <sub>2</sub> , Methane, etc.)
GRI (G3)	Global Reporting Initiative – guidelines for reporting on sustainability performance (G3 is latest version)
HC	Hydrocarbons
HCl	Hydrochloric acid
HFC	Hydrofluorocarbons
HIV	Human Immunodeficiency Virus
HR	Human Resources (department)
HSM	Hot Strip Mill
IISI	International Iron & Steel Institute - now known as World Steel Association (Worldsteel)
ILO	International Labour Organisation
INR	Indian Rupees
IRQS	Indian Register Quality Systems – certify safety and environmental standards
ISAE3000	International Standard on Assurance Engagements
ISO 14000/1	International Standards Organisation Environmental Management Standard
ISO 9000/1	International Standards Organisation Quality Management System
IT	Information Technology
IUCN	International Union for Conservation of Nature
JCCM	Joint Consultative Committee of Management
JDC	Joint Departmental Council
JUSCO	Jamshedpur Utilities & Services Companies Limited
JWC	Joint Works Council
kg	Kilogramme
km	kilometre
kWh	Kilo Watt Hour
l	Litre
L&T	Larsen & Toubro
Lakh	One lakh equals one hundred thousand
LD	Linz Donawitz steelmaking vessel
LD#1 / # 2	Steel Melting Shop#1 or #2
LDO	Light Diesel Oil
LPG	Liquid Petroleum Gas
LTIF	Lost Time Injury Frequency (rate)
M	Million
M&S	Marketing and Sales
m <sup>3</sup>	Cubic metres
MBE	Management of Business Ethics
MBM	Merchant Bar Mill
mg	milligramme
Mg(o)	Magnesium (Oxide)
MQC/QA	Metallurgy Quality Control / Quality Assurance

MSP	Meltshop
mtpa	Million Tonnes Per Annum
MWh	Mega Watt Hour
NEA	National Environment Agency (Singapore)
NEERI	National Environmental Engineering Research Institute
NG	Natural Gas
NGO	Non Governmental Organisation
Ni	Nickel
Nm <sup>3</sup>	Normal cubic metre
NML	National Metallurgical Laboratory
NO	Nitrogen Monoxide
No(s).	Number(s)
NO <sub>3</sub>	Nitrogen Tri-oxide
NO <sub>x</sub>	Oxides of Nitrogen
NSAU	NatSteel Australia Pty Ltd
NSH	NatSteel Holdings
NTS	NTS Steel Group Public Company
OHSAS 18000/1	Occupational Health and Safety Management System Specification
PAH	Polycyclic Aromatic Hydrocarbons
PAN	Permanent Account Number
Pb	Lead
PC	Pre-stressed concrete
PF	Provident Fund
pH	Measure of acidity
PM	Particulate Matter
PPE	Personal Protective Equipment
ppm	Parts per million
R&D (RD&T)	Research & Development (& Technology)
ROIC	Return On Invested Capital - defined as net operating profit before tax and extraordinary items ÷ fixed assets (exc WIP) + net current assets
Rs.	Indian Rupees
SA8000	Social Accountability International Management Standard assuring international workplace norms compliant with ILO conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child
SAIL	Steel Authority for India Limited
SAM	Steel A Moment
SAP	Enterprise resource planning system
SC/ST	Scheduled Caste/ Scheduled Tribe
SCSC	Siam Construction Steel Company
SEBI	Securities and Exchange Board of India
SGD	Singapore Dollar
SHE	Safety, Health & Environment
SiMn	Silico-manganese
SISC(O)	Siam Iron and Steel Company
SNTI	Shavak Nanavati Technical Institute



SO <sub>2</sub>	Sulphur Dioxide
SODEMI	State Owned Company for Mineral Development
SPM	Suspended Particulate Matter
SSMS	Siam Steel Mill Services
t	Tonnes
TCOC	Tata Code of Conduct
tcs	Tonne of Crude Steel
TCS	Tribal Cultural Society
TERI	The Energy and Resources Institute (previously Tata Energy Research Institute)
TISI	Thai Industrial Standards Institute
tls	Tonnes of Liquid Steel
TMDC	Tata Management Development Centre
TOP	Total Operational Performance
tpa	tonnes per annum
TQM	Total Quality Management
TSFIF	Tata Steel Family Initiatives Foundation
TSG	Tata Steel Group
TSRDS	Tata Steel Rural Development Society
tss	Tonnes of Saleable Steel
TSS	Total Suspended Solids
TSTH	Tata Steel (Thailand) Public Company Limited
U/S	Undersized
UK	United Kingdom
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UOM	Unit Of Measure
USD	United States Dollar
VLB	Virtual Lancing Burner
WBCSD	World Business Council for Sustainable Development
Zn	Zinc





A+  
Report Externally Assured by Det Norske Veritas AS



## Introduction

Det Norske Veritas AS ('DNV AS') has been commissioned by the management of Tata Steel Limited ('Tata Steel' or 'the Company') to carry out an assurance engagement on the Company's 2008-09 Sustainability Report ('the Report') in its printed format against the Global Reporting Initiative 2006 Sustainability Reporting

Guidelines Version 3.0 (GRI G3) and DNV Protocol for Verification of Sustainability Reporting (VeriSustain) \*.

Tata Steel is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to

the management of Tata Steel only and in accordance with terms of reference agreed with the Company. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

## Scope of Assurance

The scope of work agreed upon with Tata Steel included the verification of the content, focus and quality of the information presented in the Report, against the requirements in VeriSustain, covering the period April 2008 to March 2009. In particular, this assurance engagement included:

- Review of the policies, initiatives and practices described in the Report as well as references made in the Report to the Annual Report and corporate website;
- Review of the Report against Global Reporting Initiative Sustainability Reporting Guidelines Version 3.0 (GRI G3) and confirmation of the Application Level;
- Review of the processes for defining the focus and content of the Report;
- Verification of the reliability of information and performance data presented in the Report;
- Site visits to the Tata Steel Jamshedpur Steel Works, West Bokaro Colliery and Marketing and Sales Office, Kolkata.

## Verification Methodology

This engagement was carried out between September and November 2010 by a multidisciplinary team of qualified and experienced DNV sustainability report assurance professionals. DNV states its independence and impartiality with regards to this engagement. DNV confirms that throughout the reporting period there were no services provided which could impair our independence and objectivity. DNV also maintained complete impartiality towards

people interviewed during the assignment. During the assurance process, we did not come across limitations to the scope of the assurance engagement.

The Report has been evaluated against the principles of Materiality, Stakeholder Inclusiveness, Completeness, Responsiveness, Reliability and Neutrality, as set out in VeriSustain, and the GRI G3 Application Levels.

During the assurance engagement, DNV has taken a risk-based approach, meaning that we concentrated our verification efforts on the issues of high material relevance to Tata Steel's business and stakeholders. As part of the engagement we have challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by Tata Steel;
- Visited the manufacturing facility at Jamshedpur Steel Works, West Bokaro Colliery and Marketing and Sales Office at Kolkata, for the purpose of verification of qualitative and quantitative information presented in this Report;
- Conducted In-person and On-line interviews with Senior Management at Tata Steel Jamshedpur Works, West Bokaro Colliery and Kolkata Marketing and Sales Office, including data owners and decision-makers from different divisions and functions of the Company;
- [www.dnv.com/services/assessment/corporate\\_responsibility/services\\_solutions/sustainabilityreporting/order/](http://www.dnv.com/services/assessment/corporate_responsibility/services_solutions/sustainabilityreporting/order/)
- Performed sample-based reviews of the mechanisms for implementing the Company's own sustainability-related policies, as described in the Report, and for determining material issues to be included in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report;
- Reviewed the process of acquiring information and economic-financial data from the 2009-10 certified consolidated balance sheet.

## Conclusions

In DNV's opinion, the Report is a fair representation of the Company's sustainability-related strategies, management systems and performance. The Report meets the general content and quality requirements of the GRI G3, and DNV confirms that the GRI requirements for Application Level 'A' have been met. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

**Materiality:** Acceptable. The process developed internally has not missed out any significant, known material issues, but the process should be validated with more specific inputs for each business area to bring out material issues that reflect short, medium and long term impacts.

**Completeness:** Acceptable. The Report covers performance against the GRI G3 core and additional indicators that are material within the Company's reporting boundary. The Report gives explanation to the limitations in scope and boundary. The Company may consider increasing the scope and boundary progressively in future reports.

**Neutrality:** Good. The Company has reported sustainability related issues in a balanced manner, in terms of content and tone.

**Reliability:** Acceptable. No systematic or material errors have been detected for data and information verified within the scope and boundary as set out in the Report. The minor discrepancies identified were corrected.

**Responsiveness:** Needs Improvement. The Company has responded to stakeholder concerns through its policies and management systems, and this is reflected in the Report. However, the reporting process need to be strengthened so that the Report is published in regular schedules and is available in time for stakeholders to make informed decisions.

**Stakeholder Inclusiveness:** Acceptable. The Company demonstrates an active commitment towards stakeholders and has also demonstrated the engagement through various channels. The engagement process may be further strengthened by formally documenting the expectations on sustainability expressed by stakeholders through these different engagement channels.

## Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported back to the management of Tata Steel. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- To address the overall sustainability goals of the organisation, more performance indicators specific to the individual business areas should be identified based on the materiality assessment of each different business area;
- Implementation of systematic internal review and auditing of internal data management system will help further improve the reporting process by increasing the reliability of reported data.

For Det Norske Veritas AS,



Prasun Kundu  
Lead Verifier  
Det Norske Veritas AS, India



Dr Helena Barton  
Global Manager, Corporate Responsibility Services  
Det Norske Veritas AS, Norway  
29th November 2010, Kolkata, India



## GRI G3 Disclosures and Indicators

	Indicators	Page Number	Comments/ Information
1	Strategy and Analysis*		
1.1	Statement from the most senior decision-maker of the organization		
1.2	Description of Key impacts, Risks and Opportunities		
<b>2. ORGANISATIONAL PROFILE</b>			
2.1	Name of the organization		
2.2	Primary brands, products, and/or services.		
2.3	Operational structure of the organization		
2.4	Location of organization's headquarters.		
2.5	Number of countries where the organization operates		
2.6	Nature of ownership and legal form.		
2.7	Markets Served		
2.8	Scale of the reporting organization		
2.9	Significant changes during the reporting period		
2.10	Awards received in the reporting period.		
<b>3. REPORT PARAMETERS</b>			
3.1	Reporting period		
3.2	Date of most recent previous report (if any)		
3.3	Reporting cycle		
3.4	Contact point for questions regarding the report or its contents.		
<b>Report, Scope and Boundary</b>			
3.5	Process for defining report content		
3.6	Boundary of the report		
3.7	State any specific limitations on the scope or boundary of the report.		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities		
3.9	Data measurement techniques and the bases of calculations		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods		
3.12	Table identifying the location of the Standard Disclosures in the report.		
<b>Assurance</b>			
3.13	Policy and current practice with regard to seeking external assurance for the report.		
<b>4. GOVERNANCE, COMMITMENTS AND ENGAGEMENTS</b>			
4.1	Governance structure of the organization		
4.2	Indicate whether the Chair of the highest governance body is also an executive office		
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		Not reported
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		Not reported
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance		

	Indicators	Page Number	Comments/ Information
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body		
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.		
4.9	Procedures for managing sustainability performance, risks and opportunities		
4.10	Processes for performance of the highest governance body		
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization		
4.12	Externally developed economic, environmental, and social charters to which the organization subscribes or endorses.		
4.13	Memberships in associations		
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization.		
4.15	Basis for identification and selection of stakeholders with whom to engage.		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		
4.17	Key topics, concerns and responses through stakeholder engagement,		
5. ECONOMIC PERFORMANCE			
MANAGEMENT APPROACH			
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.		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		At present the financial risks due to climate change cannot be quantified
EC3	Coverage of the organization's defined benefit plan obligations.		
EC4	Significant financial assistance received from government.		
Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.		
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		
6. ENVIRONMENT PERFORMANCE			
MANAGEMENT APPROACH			
Materials			
EN1	Materials used by weight or volume.		
EN2	Percentage of materials used that are recycled input materials.		

Indicators		Page Number	Comments/ Information
Energy			
EN3	Direct energy consumption by primary energy source.		
EN4	Direct energy consumption by primary energy source.		
EN5	Energy saved due to conservation and efficiency improvements.		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		
Water			
EN8	Total water withdrawal by source.		
EN9	Water sources significantly affected by withdrawal of water.		
EN10	Percentage and total volume of water recycled and reused.		Approximate volume of recycled water provided
Biodiversity			
EN11	Location and size of land owned, leased and managed in or protected and outside protected area impacts of activities in protected areas and high outside protected areas.		
EN12	Impacts of activities, in and outside protected areas.		
EN13	Habitats protected or restored		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		
Emissions, Effluents, and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.		
EN17	Other relevant indirect greenhouse gas emissions by weight.		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		
EN19	Emissions of ozone-depleting substances by weight.		
EN20	NO, SO, and other significant air emissions by type and weight.		
EN21	Total water discharge by quality and destination.		
EN22	Total weight of waste by type and disposal method.		
EN23	Total number and volume of significant spills.		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention and percentage of transported waste shipped internationally.		Not reported
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.		



Indicators		Page Number	Comments/ Information
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		Most of our products are dispatched without any packing material. A small quantity of gunny bags, wooden blocks, steel straps etc. are used in packaging and transportation whenever essential or desired by the customer. These packing materials are not recycled by Tata Steel as the quantity is not significant.
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		
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.		
Overall			
EN30	Total environmental protection expenditures and investments by type.		
8. LABOUR PRACTICE PERFORMANCE			
MANAGEMENT APPROACH			
Employment			
LA1	Total workforce by employment type, employment contract, and region.		
LA2	Total number and rate of employee turnover by age group, gender, and region.		
LA3	Benefits provided to full time employees that are not provided to temporary or part-time employees, by major operations.		
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements.		
LA5	Minimum notice period(s) regarding operational changes' including whether it is specified in collective agreements.		
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.		Not reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		
LA9	Health and safety topics covered in formal agreements with trade unions.		
Training and Education			
LA10	Average hours of training per year per employee by employee category.		

Social Performance Indicators		Page Number	Comments/ Information
Human Rights*			
MANAGEMENT APPROACH			
Investment and Procurement Decisions			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		
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. Non discrimination		
HR4	Total number of incidents of discrimination and actions taken.		
Freedom of Association and Collective Bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		
Child Labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.		
Forced and Compulsory Labour			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.		
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.		
Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		
SOCIETY PERFORMANCE INDICATORS			
Society*			
	Disclosure on Management approach on Society		
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		
SO4	Actions taken in response to incidents of corruption.		
Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying.		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		
Anti-Competitive Behaviour			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		

Social Performance Indicators		Page Number	Comments/ Information
MANAGEMENT APPROACH			
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.		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and ices during their life cycle, by typef outcomes.		
Product & Service Labeling			
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		
Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		
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.		
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		
L11			
	Indicators	Page Number	Comments/ Information
LA12	Percentage of employees receiving regular performance and career development reviews.		Not reported
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		
LA14	Ratio of basic salary of men to women by employee category.		Not reported