

Sustainability Report 2006-2008

About the Report

At Tata Chemicals we believe that sustainability and stakeholder engagement are the very core of our organization. At the heart of our Leadership System lies the concept of proactively understanding and responding to the needs and expectations of our stakeholders namely community, shareholders, customers, employees and the Government. This drives the organization towards sustainable business practices.

Sustainability reports for internal use have been prepared since last four years. These reports have been used for continual improvement of sustainability approaches and, deployment of processes that drive sustainability within the organization.

This report is the first one to be in the public domain. Limited to our India operations, it provides detailed information on all the three dimensions of Sustainable Development. The report has been prepared using the Global Reporting Initiative 2006 guidelines (GRI-G3) as per application level A. We have engaged Ernst & Young (EY) for providing independent assurance. This report is for the period 2006-08 and covers the operations in India. We plan to continue reporting every two years. In future, in a phased manner we would include the operations in geographies outside India.



The Leadership System which is structured as a PDCA cycle illustrates the process by which senior leaders set and communicate directions, plan and execute, drive performance, while developing people and encouraging learning and sharing of experiences, for future directions. The senior leaders evolve & improve the Leadership System, defining the beliefs & behaviors to be reflected by all leaders. This System centered on each leader's stakeholder requirements and expectations, includes activities that a leader must accomplish, activities a leader cannot delegate and the personal attitudes, habits (cultural pillars) and beliefs. (values) which form the foundation of the leadership system.

Information on earnings and financial data is based on the Consolidated Financial Statements of the Company as published in our Financial Report. All information is derived from official Tata Chemicals Limited documents.



For more information about Tata Chemicals visit our official website: www.tatachemicals.com

Contents

02. CEO Statement

06. VMV & Cultural Pillars

10. About Us

16. Responsible Chemistry

24. Our Stakeholder Engagement

30. Our Governance & Ethics

38. Our Commitment To Safety

42. Our Product Responsibility

46. Our Care For The Environment

56. Our People

66. Our Commitment To Society

70. Our Economic Performance

76. Our Achievements

77. Annexure

85. Disclosure On Management Approach (DMA)

94. Glossary

96. Assurance Certificate



“Our Corporate Sustainability Policy recognizes that sustainability encompasses Environmental Stewardship, Adding Economic Value, Promoting Human Rights and Building Social Capital, all of which are in keeping with a ‘Triple Bottom-line approach’.”

- H. R. Khusrokhan
(Managing Director)



CEO's Statement

Social responsibility has been central to the Tata group's core values for over a century. In Tata Chemicals, Corporate Social Responsibility programs extend well beyond compliance and incorporate some benchmark practices, now adopted by others within and outside the Tata Group.

It gives me great pleasure to present this Sustainability Report, which endeavors to put together a snapshot of several of our ongoing efforts to date in the creation of a sustainable enterprise strategy that is in consonance with the Vision of the Company viz. **"To Enrich the quality of life, by offering products and services that meet the essential needs of the people"**. It is a vision that not only describes the value the company seeks to deliver wherever it operates around the world, but also, conveys the essence of what guides the future growth and direction of the company.

Our Corporate Sustainability Policy recognizes that sustainability encompasses Environmental Stewardship, Adding Economic Value, Promoting Human Rights and Building Social Capital, all of which are in keeping with a 'Triple Bottom-line Approach'. In order to further strengthen the Company's efforts in sustainability, this year, sustainability goals have been established that cover systems, people and programs in a manner that combine the four essential dimensions of *'human'*, *'social'*, *'environmental'* and *'financial'* benefit. These four dimensions are further sub-divided into *'risks'*, *'opportunities'* and (in recent years) *'innovation'*.

Furthermore, a Sustainable Enterprise Strategy has been developed for the Company that focuses on ensuring a greater proportion of its portfolio of offerings, are produced from Green / Sustainable technologies & Clean Development Mechanism projects. In fact, at the Company's Innovation Centre, started about 4 years ago, all new product ideas have to pass through a "green" screen. The Company's entry into Bio-fuels is just one example of this attempt to green our business offerings. Several of the new offerings that come out of the Innovation Center in future years will also be "green" and will thereby add to the sustainability of the enterprise.

In order to embed the Corporate Sustainability (CS) Policy, CS Values & Goals into all processes and operations, and to have a clear framework for decision-making, this year, we have created a formal CS structure within the organization. The Managing Director together with a Non-executive director at the Board level will drive sustainability programs, providing strategic direction and retain an oversight on sustainability at the enterprise level.

One of the greatest global sustainability challenges today is the challenge of Climate Change.



Recognizing the harsh reality of what humans have been doing to planet earth over the last century, this year we and the Tata Group have embarked on a pan-company initiative on Climate Change. A Climate Change Task force has been formed with significant representation from Tata Chemicals and this Task Force will address two distinct sets of activities:

- a. Measuring the Carbon Footprint of all major companies in the Group and thereafter setting aggressive targets for reduction / containment, as appropriate.
- b. Creating an abatement strategy for the Group and looking at Climate Change not just as a problem but also as an opportunity.

The recent spate of acquisitions has put the Company into a different orbit and has created a new set of challenges. Starting with the acquisition of HLCL in 2004, followed by taking a 1/3rd stake in IMACID (a Joint Venture in Morocco) in 2005, acquiring in quick succession the Brunner Mond Group in 2006 (with manufacturing sites in UK, Netherlands and Kenya) and General Chemicals Industrial Products (GCIP) in 2008, one of the principal challenges for the company has been to effectively integrate the operations of these entities

Into the Company's and to ensure that synergies are captured that meet the desired acquisition objectives. One of the key objectives of all the integration exercises has been to ensure that the Corporate Values of the Group are uniformly adopted by all the Companies that have now come into our fold and yet, at the same time, the uniqueness and individuality of each company's culture is preserved and respected.

Besides these acquisitions and successful integrations the Company's other major achievements include being awarded at different fora for Business Excellence, Responsible Care, Safety Management Systems, Environmental Sustainability, Corporate Social Responsibility and Corporate Communications.

Our plant operations are certified with ISO 9001, ISO 14001 and OHSAS 18001 and the Mithapur site has implemented Hazard Analysis Critical Control Points (HACCP) systems for the Bi-carb plant.

Although we have made great progress in SHE over the last year, we feel a lot needs to be done to raise the bar on safety concerns. This year, besides issuing Safety Guidelines and conducting safety training for non-plant locations, we have also instituted a process for identification and

development of 'safety stewards' from among the contract employees. We have also introduced new monitoring measures based on the Du-Pont Safety system at all three sites of our operations in India.

We strongly believe that people are central to company's transformation agenda and a crucial enabler in its journey of becoming a truly responsible global citizen. With this objective in mind, the year 2007-08 was christened as the "Year of People" and a series of initiatives were launched to make Tata Chemicals a "Great Place of Work". These initiatives have been well received and have created a positive impact in the minds of employees.

Social Responsibility has been central to the Tata Group's core values for over a century. In Tata Chemicals, Corporate Social Responsibility programs extend well beyond compliance and incorporate some benchmark practices, now adopted by others within and outside the Group. The establishment of the Tata Chemicals Society for Rural Development (TCSRSD) emphasizes the company's commitment in this regard.

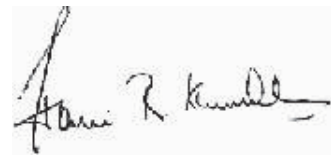
From a humble beginning 26 years ago, TCSRSD has successfully created an impressive network spread over Gujarat, Uttar Pradesh and West Bengal, constantly endeavouring to further the TATA philosophy of good corporate citizenship. With the spread of our operations now extending beyond India, we have commenced several Social Responsibility programs in our overseas locations.

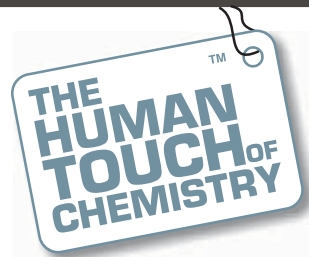
Despite the year being full of new business challenges, we have retained a strong focus on sustainability and we feel we have been able to mee

stakeholder expectations across several areas.

We are committed to serve our customers with better & newer offerings. While most of the Company's existing products are in the maturity phase, a conscious attempt is continuously made to promote a culture of innovation & democratize it across the organization, so as to be able to maintain a healthy pipeline of new offerings. The Innovations Center (IC) is one example of how this has been institutionalized. Another is the business model innovation currently taking place in the Fertilizer business, which we now call the Crop Nutrition Business. Attention is being turned from merely selling fertilizers to improving soil health, educating farmers about better farming practices and assisting the farmers with better market access and price-discovery, so that the company also makes a contribution to the Country's need for "inclusive growth" and helps to improve rural prosperity, albeit in a small way, initially.

Every year brings with it a new set of business challenges. However, our endeavour has been to continuously improve through a structured analysis of our processes and past performance. We constantly evaluate where we are and raise the bar each year, while remaining firmly rooted to our core value systems. Our continuing focus on the "Human Touch of Chemistry", will I feel, differentiate us from others and make us a unique Chemicals Company that will create value, not only for itself but also for the communities it works with.





“Tata Chemicals has had a long history and a tradition of “looking beyond”. It is this ethos which guides us even today in terms of “Sustainability being a core issue of our businesses”. We have now carried this beyond the shores of India into other parts of the world wherein we have started establishing our presence.”

- R. Mukundan
EVP - Global Chemicals Business



UMU & Cultural Pillars

Vision

Enrich the quality of life
by offering products & services that
meet the essential needs of people.

Mission

We shall be the most respected company
in the businesses and geographies we operate in.

Our growth and success will be achieved by:

- Enhancing the value we deliver to our customers
 - Being globally competitive
 - Internationalisation of our business
 - Improving shareholder value
- Commitment to corporate sustainability
- Strengthening stakeholder relationships
- Providing new and innovative offerings

Employees are our strength,
and we will create an environment
that fosters achievement, learning and teamwork.

Values

Excellence, Integrity, Innovation, Fairness, Care

Cultural Pillars

Proactive Cost Focus

Agile Execution

Inclusive Collaboration

Enduring Care

Corporate Sustainability Policy

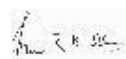
Tata Chemicals Limited will consistently strive to enrich the quality of life of people, positively impact the communities that we operate in and care for the environment, while generating economic benefit.

We respect the needs of both the current and future generations and are committed to Sustainable Development as a core business practice.

As a member of the Global Business Community, we shall conduct our activities with integrity and fairness, to the highest standards of Corporate Social Responsibility, while engaging with, understanding and respecting the interests of all stakeholders.

Specifically, the principles we follow are:

- Upholding the highest standards of Business Ethics and Corporate Governance.
- Respecting the universal declaration of human rights and the International Labour Organization's fundamental conventions on core labour standards
- Conducting all our operations in a manner that is protective of the environment, health and safety of our workforce, customers and the community.
- Striving to develop new products and improve existing ones to consistently enhance the value proposition to our customers while taking care of the environment, throughout their life cycle.
- Advocating with, encouraging, and supporting our partners and others to embrace similar ethical and social responsibility standards.
- Encouraging diversity of culture, experience and expertise while creating an environment that fosters achievement, innovation, learning and teamwork in our workforce.
- Setting targets, measuring and reporting our performance across Human, Social, Environmental and Financial dimensions



(Homi Khusrookhan)
Managing Director

19th December, 2007

Safety, Health and Environment Policy

Tata Chemicals shall uphold its position as a leader in the chemical industry by conducting all its operations in a manner that is protective of the environment and health and safety of employees, customers and the community.

In fulfillment of this commitment, we shall maintain a continuing effort to:

- Comply with all applicable safety, health and environment laws and regulations.
- Enhance Safety, Health and Environment (SHE) awareness among employees and associated stakeholders through effective communication and training.
- Investigate all workplace accidents and illnesses in order to promptly correct any unsafe conditions or practices.
- Integrate SHE considerations into business planning and decision making.
- Champion SHE responsibility among our employees in their practices, and promote and value their involvement in achieving the goals of this policy.
- Increase shareholder value through SHE excellence.

Community Development Policy

Tata Chemicals pledges itself to care for and serve the community by:

- Designing, evolving and implementing sustainable, replicable and scalable development models, that leads to measurable socio-economic development of the community and ecological development in its area of influence.
- Involving the community in all stages of the process, in the true spirit of participatory development.
- Having focused and transparent processes, that provides for equal opportunity, while improving the quality of life.
- Partnering and networking with government, development agencies, corporate bodies and NGOs to implement appropriate community development programs.
- Creating knowledge resource centers to transfer and share information and help build capacities of partners and the community.
- Involving the employees in volunteering for community Development programs.

Quality Policy

Tata Chemicals Limited commits itself to become the company of choice by providing products and services at competitive costs. We will continually enhance product quality, process performance and skills of our employees leading to customer delight.

Quality Objectives

- Develop Employee skills to meet internal and external customer requirements.
 - Improve systems and processes in line with changing customer needs.
 - Upgrade product quality by process improvement.
- Adhere to specified requirements (internal and external) on quality and deliveries.
 - Strengthen the Supplier / Partner relationship.
 - Meet cost targets.
- Improve satisfaction index of Channel Partners (Dealers, Distributors, C&F agents, etc) through support and development.
- Improve Customer Satisfaction Index and reduce customer complaints and dissatisfaction.



THE HUMAN TOUCH^{OF} CHEMISTRY

“Excellence is not just a value at TCL. It is engrained at all levels. We endeavor to aim higher and our continuous evaluation and improvement programs not only help us meet our current objectives but also ensure long term sustainability.”

- P.K. Ghose
EVP & CFO

About Us

Tata Chemicals Limited is India's leading manufacturer of inorganic chemicals, fertilizers and food additives. Incorporated in 1939, today the company is a global player in chemicals and is a member of India's foremost business conglomerate.



Since our inception, we have been continuously raising the bar in technological competence and gaining recognition as a leader and an innovator. We have an enduring commitment to protect and enhance the environment, serve and improve the communities in which we function, and adhere to the highest ethical standards of corporate behaviour.

We operate the largest and most integrated inorganic chemicals complex in India, at Mithapur in Gujarat, a state in western India. We are a pioneer and market leader in the branded, iodised salt segment. And we are also among the largest producers of synthetic soda ash in the world.

Our head office is located at the following address:

Tata Chemicals Limited

Bombay House,
24, Homi Mody Street,
Fort, Mumbai 400001, INDIA.

For any further information please contact :

corporate_communications@tatachemicals.com

across Asia, Africa, Europe and the USA. It also comprises of Consumer Products Business in India.

2. Businesses in the Agri-space; comprising of agri inputs like Fertilizers, Crop Nutrition Business and Fresh Produce Business.

The product portfolio of the Chemicals Business in India consists of Soda Ash, Sodium Bi-Carbonate, Cement, bulk chemicals like Sulphuric Acid, Phosphoric Acid, and Sodium Tri Poly Phosphate (STPP).

Our Consumer Products Business (CPB) currently comprises predominantly of Tata Salt; branded iodized edible salt. We have also launched a new refined salt I-Shakti. With 15% lower sodium than ordinary salts, Tata Salt Lite is a new offering for the niche market of low sodium salt users. Topp Salt is a brand of edible salt created for export. Tata Samunder cooking soda completes the CPB offerings.











We have a presence across all three key agro-nutrients; viz. Nitrogen (N), Phosphorus (P) and Potassium (K). The Tata Paras portfolio comprises of nitrogenous fertilizers, Urea, DAP and complexes.

Business Structure

We are structured around two predominant business units;

1. Global Chemicals Business with operations

From the Sun and Sea a dream is born.....

1927-49					
1927	1939	1942	1943	1946	1949
Kapil Ram Vakil set up Okhamandal Salt Works.	Tata Chemicals Limited incorporated on January 23.	First unit of chemical works – a bromine plant – is completed. It is the only plant of its kind in India.	Soda ash production starts in February.	Hospital and medical facilities set up in Mithapur.	Production of sodium bicarbonate starts.
					
1950-63					
1953	1956	1957	1958	1962	1963
Soda ash capacity increases from 50 to 100 tonnes per day.	Production of benzene hexachloride, a pesticide, to utilise surplus chlorine.	Production of copper oxychloride, an insecticide started.	Major expansion programme launched to increase capacity of products.	Production of dense soda ash starts.	Significant breakthrough as technical staff succeed in using treated sea water in place of fresh water.
					
1964-90					
1964	1974	1979	1980	1983	
Soda ash capacity touches 400 tonnes per day.	Tata Energy Research Institute set up, for undertaking research and development of alternate forms of energy.	Relief and rehabilitation programmes undertaken for those affected by Morvi floods.	TCSR established to improve quality of life in Okhamandal villages.	Tata Salt, India's first iodised, vacuum evaporated, branded salt launched.	
					



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

1991-99

1992

Regional development programme for Okhamandal villages started.



1993

New cement plant started in Mithapur.

1994

Fertiliser plant at Babrala commissioned in 36 months, a world record for setting up a fertiliser plant.



1996

First Tata Kisan Kendra Launched. Tata Chemicals receives ISO 9001 certification.



1998

Relief and rehabilitation programmes undertaken for those affected by the cyclone in Gujarat.



2000-05

2000

Babrala Fertilizer Division awarded ISO-9001 (1996) and OHSAS 18001 (1999).

Tata Chemicals launches 'Desh Ko Arpan' programme, committed to help transform the quality of life of the underprivileged girl child.



2002

Mithapur is awarded ISO-14001 certification. The Chemicals Division at Mithapur is awarded the ISO-9001-2000 Migration certificate. TCL acquires Hind Levers Chemicals Limited.



2003

OHS 5 Star rating for Fertilizer SBU. Mithapur becomes the first industrial township to be awarded the ISO 4001 certificate. Sword of Honour - OHS Mgmt systems for Fertilizer SBU. The fertiliser plant gets Integrated ISO-9001, 14001 and OHSAS-18001 certified.

2000-05

2004

Tata Chemicals acquires stake as an equal partner in Indo Maroc Phosphores S.A. (IMACID), Morocco. Tata Kisan Sansar Launched. Project 'Whale Shark' launched.



कृषि आय के सभी उपाय

Fertilizer SBU, first in the world to get Environment 5 Star Rating. OHS 5 Star rating for Chemicals SBU. ISO 14001 certification for the Babrala Township. Sword of Honour - OHS Mgmt systems for Fertilizer SBU.

2005

Tata Chemicals acquires Brunner Mond, which manufactures, soda ash and sodium bicarbonate, and has manufacturing locations in three countries – the UK, the Netherlands and Kenya.



Tata Chemicals Haldia factory awarded the ISO 9001, ISO 14001 and OSHAS 18001 certifications, Green Governance Award.



“The Tata philosophy of management has always been and is today more than ever, that corporate enterprises must be managed not merely in the interests of their owners, but equally in those of their employees, of the consumers of their products, of the local community and finally of the country as a whole.” - J.R.D. Tata





We help farmers enhance their harvest by providing end-to-end solutions through our network of Tata Kisan Sansar (Tata Farmers' World). These are one stop shop resource centers that:

- Stock seeds, pesticides and fertilizers
- Lease out farm equipment and implements to farmers who are unable to afford to buy expensive modern machinery
- Provide agronomy services like soil testing, soil mapping and fertilizer testing; extend credit finance, arrange crop insurance and even provide buy back facilities.

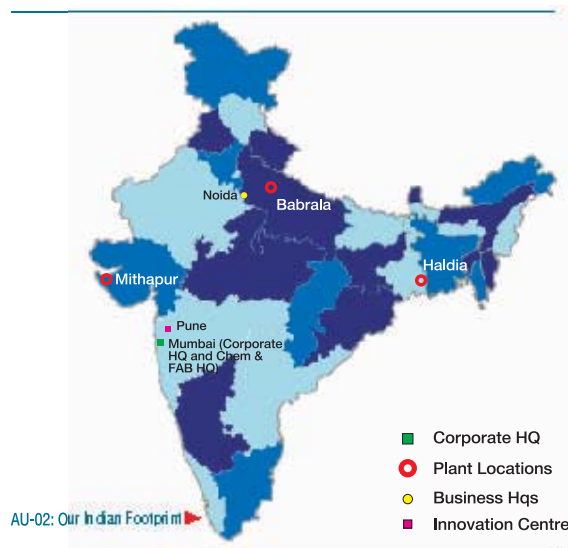
Operational Structure

The acquisition of an equal partnership in Indo Maroc Phosphore S.A. (IMACID) along with Chambal Fertilizers and the global phosphate major, OCP of Morocco in the year 2005 was the first step that we took towards internationalization. In early 2006, we completed the acquisition of the UK based Brunner Mond Group (BM). In 2007, we entered into a 50:50 joint venture with Total Produce, Ireland, the third largest fruits and vegetable distribution company in the world and Europe's largest and most

accomplished fresh produce provider, to set up a fruits and vegetables distribution business in India.

We also plan to leverage its expertise in Chemistry and Agriculture, together with its inhouse research capabilities in biology and crop genomics, to develop a significant presence in Bio-fuels space. Our Innovation Centre was created in mid 2004 to develop a world-class R&D capability in the emerging areas of nanotechnology and biotechnology.

In early 2008, we successfully completed yet another acquisition of General Chemical Industrial Products, (GCIP). General Chemical's subsidiary, General Chemical (Soda Ash) Partners (GCSAP), is one of the largest Soda Ash producers in the USA with a capacity of 2.5 million TPA of natural Soda Ash. The Company's mining and manufacturing facilities located at Green River Basin in Wyoming, USA, are assets of a very high quality, providing access to some of the world's largest and most economically recoverable trona ore deposits that are then converted to Soda Ash. The acquisition of GCIP takes TCL's Global Soda Ash capacity to around 5.5 Million Tons per annum and makes us the 2nd largest producer of Soda Ash in the world.



The scope of this report is limited to our Indian operations.

Markets catered by us

We have three core lines of business: chemicals, which are industry-centric; crop nutrition, which are farm-centric; and consumer products, which are our interface with domestic India.

Soda ash plays a crucial and commanding role,

catering to diverse categories like detergents, glass, textiles and dye chemicals, paper and newsprint, petroleum refineries and construction.

Soda Ash is exported to various countries across Asia, Europe and Africa.

Fertilizers are predominantly supplied across the Eastern and the Northern part of India. Tata Kisan Centers are present in the states of Uttar Pradesh, Punjab, Haryana, and Uttaranchal. During 2007-08, we strengthened our network in West Bengal and Jharkhand and established a footprint in Bihar.

Tata Salt in India is available at approximately 13 million retail outlets in metros, mini metros and Class-I towns across India.

Our Shareholders funds for the reporting period as on 31st March 2007 and 31st March 2008 were Rs.2392.84 Crores and Rs.3571.68 Crores respectively.

Total sources of funds amounted to Rs. 6195.19 Crores as on 31st March 2008 as compared to Rs. 3725.83 Crores as on 31st March 2007.

We have 3324 employees in India and 1559 employees overseas totaling to 4883 employees as on 31st March 2008.

PRODUCTS

Fertilisers

- Nitrogenous Fertilisers (Urea 'Shudh')
- Phosphatic Fertilisers (DAP 'Paras')
- Potassic Fertilisers
- Complex Fertilisers (NPK)

Phosphatic Fertilisers

- Paras SSP
- Tata Shudh DAP (Imported)

Value Added Fertilisers

- Tata Shudh Calcium Nitrate
- Tata Shudh Zinc Sulphate
- Tata Shudh Micro Booster

Services

- Farm Management Services (FSM)
- Tata Kisan Sansar (TKS)

Soda Ash

- Light
- Dense
- Medium Dense
- Granular

Sodium Tri Polyphosphate (STPP)

Sodium Bicarbonate

- Technical
- Refined
- Pharma

Cement

- OPC
- PPC

Others

- Caustic Soda
- Liquid Chlorine
- Hydrochloric Acid
- Vacuum Evaporated Salt
- Pure Salt
- Liquid Bromine
- Hydrochloric Acid
- Sodium Bromide
- Gypsum
- Sulphonic Acid
- Sulphuric Acid
- Phosphoric Acid

Salt

- Tata Salt
- I-Shakti Powder Salt
- I-Shakti Crystal Salt
- Tata Salt Lite
- Topp Salt

Cooking Soda

- Samunder Cooking Soda





“ The story of TCL has been about harnessing fruits of science for goals that go beyond business; of care and commitment towards all its stakeholders. Further, with products and services that touch human lives every day, whether by means of Salt that makes food tastier or Soda Ash that goes into the manufacturing of Glass and detergents or crop nutrients that make crops grow healthier while maintaining soil health, making a farmer smile, TCL products continue to subtly touch lives, as 'Ingredients in Excellence', each and everyday spreading joy and cheer to the users.”

- K. Mehan
EVP - Crop Nutrition & Agri Business

Responsible Chemistry

The Materiality Aspects

Tata Chemicals has identified six drivers of sustainability that are aligned to the vision, mission, values and policies on sustainability, quality, SHE, community development; and our key materiality issue derived out of the value chain analysis.



“The Human Touch of Chemistry” the statement reflects our sensitivity towards sustainability. Our values, our vision for a greener tomorrow, our effort towards enriching the quality of life all together helps us integrate sustainability into our business strategy.

As a multi-product and multi-location enterprise, involved in the manufacture of commodity chemicals

with a supply chain extending to several economic activities, our activities have the potential to impact significantly on environmental, economic and social systems. Indicated in RC-01 are the impacts associated with major stages of our value chain. Our key stakeholders are identified based on the analysis of impacts across the Value Chain.

	ECONOMIC	SOCIAL	ENVIRONMENTAL
INBOUND LOGISTICS	Freight / Transport Cost Raw Material Price & Quality Raw material Securitization	Safety & Health Issues for Employees / Vendors/Transporters Safety and Health Issues for surrounding community Scarcity issues for communities using the same resources	Resource Depletion Pollution risk due to leakage / improper handling of raw materials
MANUFACTURING	Impact on Cost and Quality of the product Impact on opportunities for livelihood of the surrounding communities	Employee Satisfaction Safety and Health of employees and local community Employee issues due to level of automation	Issues related to emissions Disposal of hazardous waste Usage levels / Depletion of resources like water
OUTBOUND LOGISTICS	Warehousing Freight / Transport Cost	Safety & Health Issues for Labour / Transporters Working standards of 3rd party employees	Pollution risk due to leakage / improper handling of goods
MARKETING AND SALES	Impact on Customer Demand and Market Position Impact on Brand Value / Positioning	Impact on Customer due to Quality & Service Safety & Health of Employees same resources	Impact on proper / Improper handling of Goods (Responsible Care principles) Issues due to dust emissions



Issue Assessment and Response

We define material issues as those that have significant current or potential impact on our organization, are a concern to external groups, and over which we have reasonable control.

We have clustered the key findings of the Value Chain Analysis and of the Tata Corporate Sustainability Protocol Assessment into five key baskets of:

- **System** : Improvement in Process, Policies, Structure
- **People** : Sensitization, Training, Awareness of our Employees towards Sustainability
- **Human & Social** : Social Goals
- **Natural** : Environmental Concerns
- **Economic & Financial**: Economic Goals

These clustered findings are then prioritized using the Materiality test. The 5 part Materiality Test looks at the following aspects:

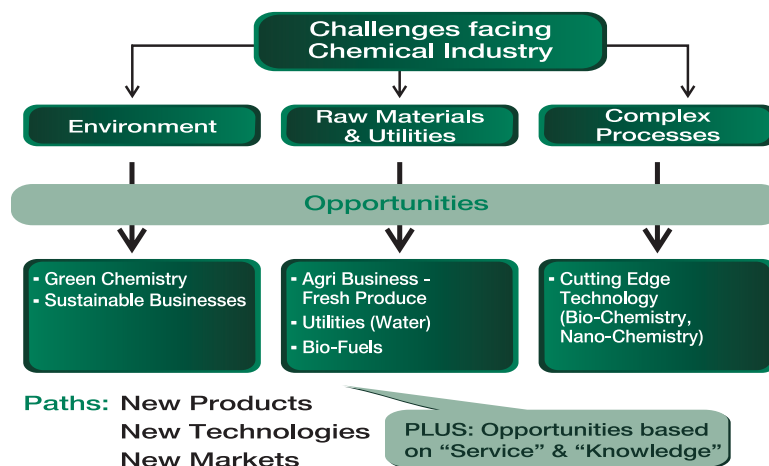
- Issues that have direct short-term financial impact
- Issues where the company has agreed policy

statements of strategic nature – these are often in the form of commitments to key stakeholders

- Issues that comparable organizations consider within their sphere of materiality, i.e. peer based norms
- Issues that stakeholders consider important enough to act on (now or in the future)
- Issues which are considered social norms (as indicated by regulations, likely future regulations or institutionalized norms and standards

Central to our leadership system is the process for engaging and understanding the needs of the stakeholders. This engagement is through various means detailed in the section "Engaging with the stakeholders".

Our Strategic Planning Process besides having inputs related to changes in technology and market place, changes in competitors' actions and regulations, also takes into consideration sustainability inputs including risk assessment and feedback from stakeholder engagement. (Refer - RC 02)



RC-02

As issues are interconnected, changes in one part impact others across the value chain. Our effort is to systematically understand sustainability aspects of the various stages of our value chain and increase stakeholder engagement to identify opportunities that meet 'essential needs' relating to economic, environmental and social aspects. In the process the following aspects are taken care of:

- The technologies used for production of needed goods are not harmful to the environment or to human health
- Renewable resources (such as biomass, solar energy and wind etc) are used rather than those, like fossil fuels, that will eventually run out

Materials that are not biodegradable are recycled at the end of their use. Manufacturing processes are either designed so as not to produce waste products or to recycle them or they are biodegradable.

The analysis of all these inputs helps us in revisiting and if need be, redefining our Vision, Mission and Values. This leads to the SWOT analysis, which helps us to identify our strategic challenges and

advantages including those that pertain to sustainability concerns.

The current challenges faced by us are:

- Customized and diverse requirements from customers
- Global markets
 - Product commoditization
 - Increase in the pace of technology change
 - Increase in cost threats from our competitors Rising cost of raw materials and energy Competitive job market
- Attraction and retention of talent

Our Global Customer Base, Community Equity / Trust, Tata Brand Equity, commitment to Responsible Care, preferential access to raw materials and a committed workforce are our key strategic advantages that helps us to effectively address the challenges.

As we look into the future, we find new ways of responding to the continually changing and emerging needs of our stakeholders. Innovation is therefore an important Value that is a guiding light to

our focus on the future.

We have established an Innovation Centre in Pune, India in 2004. The Centre was set up with the objective of developing world class R&D capabilities in new knowledge-based products, cutting edge technologies and emerging areas of nanotechnology and biotechnology.

The Centre would thus help develop a wider range of value added products and build new business lines for the future. With Sustainability and wellness as the mantra and nanotechnology & Biotechnology as the focus, the foundation is strong for Innovation center to deep dive. The efforts have not just been in innovations catering to TCL and Tata Group companies but also for and in collaboration with other industries, academic institutions and research organizations.

We have recruited scientists with high levels of capabilities in their field of specializations. The Centre has built a state-of-the-art infrastructure with latest equipment for development work.

Our efforts around Agri-Business, Fresh Produce, Bio-fuels (the 3 major new initiatives) are significant drivers to sustainable agriculture and our aim is to achieve premier positions in the respective fields in a short time.

The acquisition of the Kenyan Soda Ash facility (Magadi Soda) and GCSAP, gives us natural Soda Ash plant, which is the strategic direction that we have taken for growth in the Soda Ash business.

As we integrate with our new national and international entities, we learn from each other, creating synergies that help us multiply our strengths and increase our global competitiveness. An apt example of this is Manthan* (our flagship and most effective transformation initiative), which has now been adopted at the European operations of Brunner Mond as Structured Total Excellence Program (STEP). Yet another example is that of taking the immensely successful Watershed Development Program being run in the villages around Mithapur by

the Community Development function to the Masai community in the vicinity of the Kenyan operations of Magadi Soda Company.

The Six drivers for sustainability aligned to the materiality issues

Tata Chemicals has incorporated sustainability objectives in the strategic planning process and have evaluated the various external and internal factors in a workshop held in November 2008 and identified the sustainability objectives for the strategy planning process. The objectives, our six sustainability drivers are around following key materiality factors:

1. Climate Change GHG Emissions
2. Green Manufacturing Index Energy Consumption, Water Consumption, Solid Waste Reuse, Green Cover- Afforestation, Renewable Energy
3. Workforce - Safety, Health & Engagement
4. Community CS Protocol Index
5. Product Stewardship
6. Sustainability Focuses Investments





Strategic Objectives towards sustainability

Focus Areas	Measure	Long Term Goals
Social	Workforce Safety & Health	Fatalities-0, TRIR < 1 LTIR<0.5, OHI>95% (by 2015)
	Community	CSPI > 850 by 2015
Climate Change	Mt.CO2/mt of total products	20% lower over 0.72 mt/t (India Ops-2007-08) by 2020
Sustainable Manufacturing	Green Manufacturing Index(Solid Waste Reuse, Water Consumption, Green Cover, Renewable Energy Use)	5% improvement yoy
Product Stewardship	Life Cycle Assessment	LCA for all major products on websites by 2015
Sustainability focused investments	Investments in Carbon offsets renewable raw materials and energy, biofuels, low carbon products, water, agribusiness, Green Chemistry Innovations	>20% of investments by 2020 in carbon offsets and innovation green chemistry
Sustainability Reporting	UNGC-GRI Reporting	Public Report every two years from 2009

RC-03

These key sustainability objectives are drawn out with specific goals and ownership considering the associated risks, opportunities and innovations with the prioritized issues. These goals are then used as inputs during the business strategy deployment workshops across the enterprise. Action plans are

integrated and included in the Enterprise Balance Score Card(BSC) / Business BSC / Strategy Deployment Matrix(SDM) / employee goal sheets. The strategic objectives and the targets related to sustainability in the organizations are given in table no: RC-03

Green Manufacturing Index: We have developed a unique “Green Manufacturing Index to drive sustainable manufacturing at all sites”. Aspects such as Energy Consumption, Fresh Water Consumption, Afforestation, Green Cover, Reuse of Waste, Renewable Energy are the key ingredients of this index. (Annexure AN-1 0).

We follow the Tata Business Excellence Model to drive holistic improvements in all the business perspectives and use the Design, Measure, Monitor and Improve (DeMMI) cycle aligned to the famous Deming PDCA and the six sigma DEMAC method for evaluation and improvements.

Management Framework and Internal Reviews

Tata Chemicals reviews the strategic objectives and the performance against targets and revisits the same every year as part of strategic planning process. It has been proposed that a review for setting long-term goals for sustainability shall be done in 2008-09 and included in the long term strategy planning process of the organization to cover the various materiality aspects outlined above.

All issues related to the economic, environmental and social aspects are reviewed across the organization . At the locations, the review forums include the environment steering committee, safety steering committee, HR council review, Apex quality council review, SBU council review and at the corporate level these are reviewed at the MRC(EXCOM) , CGRM and TCSR board meetings.

Our operations follow the quality framework of ISO 9001. The Environment Management Systems are certified to ISO 14001, Safety Management Systems comply to OHSAS 18001. Our sites are audited against the British Safety Councils 5 Star rating for Safety and Environmental Sustainability and we have taken steps to evaluate our safety performance against ISRS. We are signatory to Responsible Care and the Indian Chemicals Council has awarded us the use of RC logo. All of these are integrated

within the Enterprise Process Model (EPM), which includes process that are level 1, level 2 and level 3. Our approaches towards implementing economic, environmental & social goals are detailed in the DMA (Pg- 18).

We were also a recipient of the ICC Aditya Birla Most Committed Responsible Care Company Award twice in the past.

We are also committed to following national and global voluntary commitments:

- GRI-G3 - Corporate Sustainability Reporting (www.gri.org)
- TERI-CoRE-BCSD (www.teri.in.org)
- World Safety Declaration (www.worldsafetydeclaration.com)
- SAFETY ACTION GROUP
- UNEP Sustainable Production and Consumption initiative
- Global Roundtable on Climate Change The Earth Institute, Columbia University
- UN Global Compact Joined 23/09/2002
- UN Millennium Development Goal
- Responsible Care (www.responsiblecare.org)

We are participating in the Tata Groups initiative on Climate Change guided by TQMS. As we move forward we shall be doing the Carbon Footprint of all our operations as per ISO 14064 and WBCSD/WRI GHG Protocol. Our work would involve identifying the abatement levers and cost curves which shall be taken up in 2008-09. Our aim is to strengthen sustainability network within the organization ensuring awareness, knowledge , action and internalization.

“Integrating sustainability, innovation and technology development is really making a business case and managing inclusively the climate change issues and social connects in our businesses. We need to investigate and correct the gaps in normal business processes and strategies for sustainable business. We need to extend our creativity to the entire value chain which offers the first and often the easiest step ‘outside the box’.”

- Sanjay Choudhary
Head - Technology & SHE

Addressing Climate Change Concerns

There has been an increasing awareness and understanding of the adverse impact of high emissions of greenhouse gases on global climate change. Developing countries in particular are faced with the challenge of meeting the growing demand for energy. This is bringing focus onto improvements in energy efficiency and clean and efficient energy generation technologies.

We are working on technologies that can mitigate changes through 'Green Chemistry' and product offerings that will make a difference like flue gas treatment, carbon absorption and nano glass-coatings for insulation. We have already been issued carbon credits for the registered projects at UNFCCC (United Nations Framework Convention on Climate Change) mostly related to energy reduction and methane reduction. We are also working on availing carbon credits for Biomass Fuel for Hot Air Generators, Coated Urea, Biofuels and Natural Soda ash Projects. We are a member of the steering committee and working Group of Climate Change formed by Tata Quality Management Services for the Tata Group.

We are actively involved in the advocacy forums on Climate Change and are a member of TERI-CoRE-BCSD, signatory to Global Roundtable on Climate at Earth Institute, Columbia University. We actively participate in the activities of CII, Bombay Chamber of Commerce, FICCI, FAI and AMAI and IFA etc. on Climate Change.

Response to Climate Change

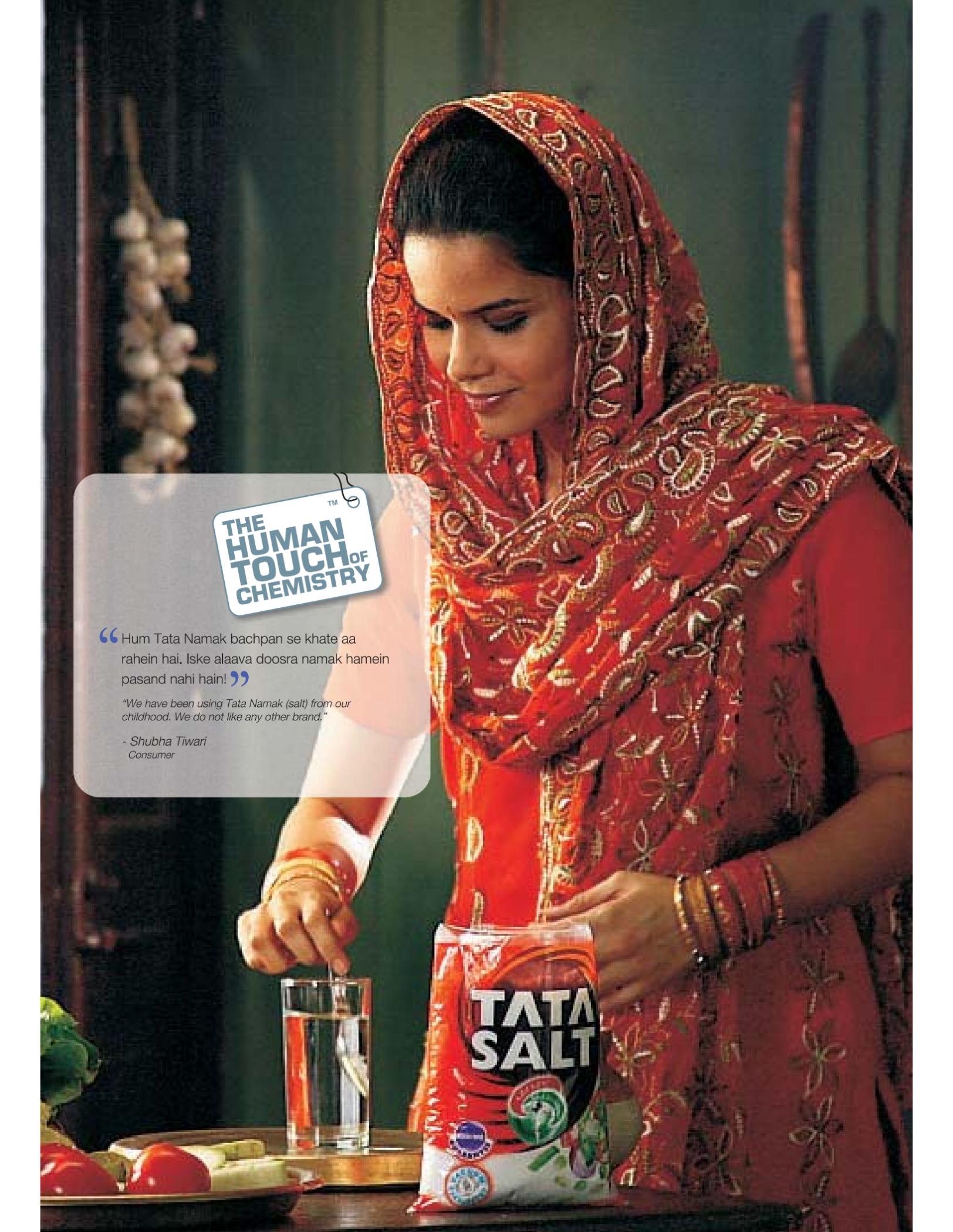
Sustainable energy supply while addressing Climate Change is one of the most urgent environmental issues the world faces and is a key to sustainable manufacturing. We are leveraging the strength of our people in the plants, facilities and laboratories to achieve technological breakthroughs that will help address climate change, energy efficiency, conservation and security of supply.

As a premier chemical producer and one of the large industrial energy users, we have a considerable stake in the solution as well as the ability to have an impact on the conjoint issues of energy supply and climate change. We are uniquely positioned to continue innovating concepts that lead to energy alternatives, less carbon-intensive raw material sources, products and solutions.

We are continuing our effort that started way back in 1940, through exploiting solar energy in our salt pans to produce salt for our soda ash plant, to investing in natural soda ash in Kenya and USA for the reduction in our energy intensity profile. The fertilizer plant at Babrala is benchmarked as one of the lowest in the world in specific energy consumption. We have utilized our knowledge of chemistry and agriculture to build capacities in bio-fuels by using alternative and environment friendly feed stocks like Sweet Sorghum.

Moreover, with the establishment of Innovation Center in Pune, we plan to work on the cutting-edge processes in Bio and Nano field for Green Chemistry and Alternate Energy.

We have started monitoring our GHG emissions and have formed a **"Climate Change Cell"** to implement various initiatives for managing climate change. The Cell has successfully developed CDM projects and has registered four projects. In April 2008, we undertook internal assessment of the CO₂ emissions across its operations and the value of within the fence CO₂ emissions is around 5 million mt per year. This shall be verified through the Carbon Footprint, GHG abatement levers and strategy projects being done by TQMS for the Tata Group Companies with guidance by EY and McKinsey in accordance with WBSCD Protocol and ISO 14064. We hope to complete this by December 2008. The strategy for carbon neutral operation shall be developed based on the outcomes of the study.



THE
HUMAN
TOUCH^{OF}
CHEMISTRY

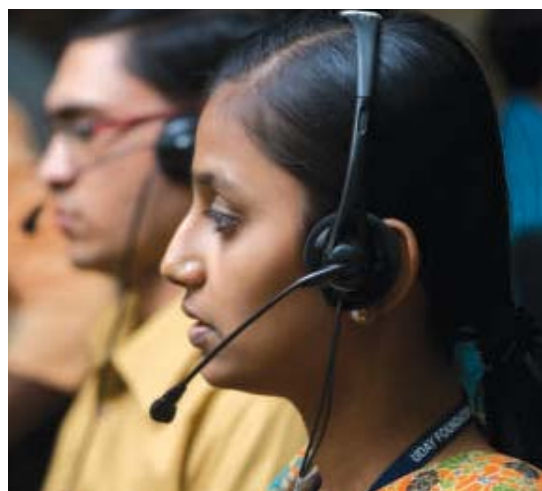
“Hum Tata Namak bachpan se khate aa
rahein hai. Iske alaava doosra namak hamein
pasand nahi hain!”

*"We have been using Tata Namak (salt) from our
childhood. We do not like any other brand."*

- Shubha Tiwari
Consumer

Our Stakeholder Engagement

Our commitment, both in principle and practice, is to maximum transparency consistent with good governance and commercial confidentiality.



Tata Chemicals has established for itself a Leadership System and central to this system is 'Stakeholder requirement and expectation.' Stakeholder engagement for understanding their needs has always been crucial to our organization's performance. Furthermore, the imperatives of sustainable development have reinforced the need to engage with stakeholders to realize specific organizational goals, as well as to meet broader social, environmental and economic challenges such as the Millennium Development Goals.

We also commit ourselves to the practice of 'inclusivity', which means giving stakeholders the right to be heard, and accepting the obligation to account to them. We engage with our stakeholders providing opportunities for two-way communication through various means. These means include communication meetings, feedback survey, information through newsletters, reports to name a few.

Openness and accountability

We conduct our business in an accountable and transparent manner, reflecting the interests of our shareholders, employees, host communities, regulators, governments and customers as well as

others affected by the Group's activities.

Tata Chemicals commits accountability to all stakeholders and defines 'accountability' as being made up of:

- **Transparency:** accounting to stakeholders.
- **Responsiveness:** responding to stakeholder concerns.
- **Compliance:** complying with legal requirements, standards, codes, principles, policies and other voluntary commitments.

These aspects of accountability may have very different drivers, such as legal compliance, stated policy commitments, reputation, risk management, and the company's sense of moral and ethical duty.

Our commitment, both in principle and practice, is to maximize transparency which is consistent with good governance and commercial confidentiality.

Shareholders

The Company follows the Indian GAAP and all accounting is done as per the Indian Accounting Standards. Any change in accounting policy is first cleared with the Audit Committee, before being rolled out. An Accounting Policy manual spells out



the Standard Operating Practices (SOPs) thereby ensuring uniformity in accounting across various business units. Any deviations from standard policy are brought out either by the Statutory or Internal auditors and discussed at the Audit Committee meetings.

In keeping with its philosophy of transparency in disclosure, our communication program with investors is designed to encourage accountability, transparency and enhanced participation. This is done in order to enable them to take informed decisions with regard to the Company's business, operations and strategy.

These communication initiatives include:

- Business Report
- Press Releases
- Corporate Presentation
- Annual Reports
- Website

We also participate in and organize forums that encourage stakeholder participation and serve as a platform for discussing company strategy and initiatives. These include:

- Conference calls
- Investor and Analyst Conference
- One to one interactions
- Annual General Meeting (AGM)
- Quarterly results
- Presentation by the Managing Director and CFO to Investor groups and Bankers

In order to determine the satisfaction level of the investors and to explore and address avenues for improvement, we have been sending out a Questionnaire to all the members of the meetings, together with the Annual Report. This practice was started in 2003-04 and has become well entrenched as part of the system since. More than 75% of the responses received from the shareholders were indicative of "Satisfied Investors" and the initiative taken by the Company in seeking such feedback was highly appreciated by the members.

Walking the Talk

Our senior leaders including the MD communicate to employees through communication meets, video conference and letters, on key organizational changes such as acquisitions, status of projects,



improvements and breakthroughs. Also, mass communication via House Magazines, intranet, hoardings, posters, pocket cards and theatre workshops are used to communicate directions and values. The effectiveness of communication is verified from Communication Effectiveness Index (CEI). Employee inputs are gathered through Employee Engagement survey, TBEM assurance and MBE assurance surveys. This provides actionable feedback to improve Stakeholder Engagement Process and the Leadership System.

Senior leaders create an environment for performance improvement by setting stretch targets through the Balanced Score Card (BSC), which is cascaded down to individual goals. They provide stewardship for performance improvement initiatives like Manthan, Unnati, suggestion scheme (Prerna) User Forums, All Ideas Matter (AIM), adoption of National and International Standards, Systems and Award criteria, which systematically impact all levels of the organization.

Customer Touch Points

We have created various platforms to contact customer and capture their inputs. Customer inputs/

feedbacks are obtained through various interventions such as Listening and Learning approaches, Customer Satisfaction Surveys, Customer Contact Programs, e-Customer Care, COO's Club etc. Feedback is also taken separately from internal employees. At the beginning of the year customer contact plan is made, in consultation with senior leaders and customers, and communicated. This contact plan is reviewed by our senior leaders who visit the customers and capture their feedback.

The key customer requirements, as captured by Listening and Learning (L&L) approaches are segregated using Customer Requirements Determination Process. This process helps us to further identify key contact/ access requirements for each segment of customers which are addressed through customer access mechanisms for seeking information, conducting business, giving feedback and lodging complaints. Consumers are also provided the contact numbers/ e-mail id / address of the customer care cell on the packs/ bags and also contact details are included in invoices.

Review fora take stock of the feedback and recommendations on the existing L&L posts / approaches. Based on these, suitable modification /



addition/ deletion are carried out to keep L&L posts current with the business needs & directions.

Key supplier and partner relations

Our key raw material requirements are limestone, coal and coke for the Mithapur complex, natural gas/ regasified LNG for Babrala and Phosphoric acid for Haldia . Much of the limestone requirements are met from captive mines and from nearby private mines. Coal is mainly imported from two suppliers in South Africa and Indonesia. Long-term partnerships are in place with GAIL and IOCL for supply of feedstock (natural gas / naphtha) for the Babrala plant. We have long, close partner relationships with all our key suppliers of material and services. They have contributed to our business success and we have nurtured long-term relationships with them. For example, we have a long-term contract with the suppliers of critical inputs like limestone, coal, coke, natural gas and naphtha. Technology suppliers, OEMs and Process licensors like Snam Progetti, Haldor Topsoe, L&T, BHEL, GE and Tata Honeywell have close relations with us and share innovations. We work closely with Bankers, Auditors, Research Institutes (like Cornell University, CSMCRI, NCL, IIT's) and with Railways and Transporters. We have also

acquired a stake in IMACID- Morocco for critical phosphoric acid supplies to Haldia.

Support of Key Communities

As a member of the Tata Group, the Tata Corporate Philosophy of trusteeship has been a motivating factor towards our commitment to our key communities. We follow a systematic process to understand the needs and expectations of the community. We have defined the community at two levels those in our neighbourhood and the community at large.

In the neighbourhood, we have established formal communication meets with senior leaders that are a open house session, wherein, members of the community and community leaders can raise their concerns, and request us for support, and we in turn can keep them informed about our policies, processes and activities. The community also can raise their issues with us through letters, verbally and the same is captured by us through the community concerns management mechanism. We also have informal means of communication through social and other interactions. At the end of each year we take a feedback through a community satisfaction survey that is tracked in a community satisfaction index



(CSI), (Annexure Table AN 8).

Our senior leaders are active members of different industrial, business, environmental, and social fora, where they capture expectations and also inform about our policies and activities, (Annexure Table AN 9).

Organizational Learning

We have a structured Knowledge Management (KM) program, which captures the tacit and explicit knowledge residing with the employees (past and present), customers and suppliers by way of stories through audio, video and interviews. The organization believes in critical mass training that converts employee learning to organisational learning

and behavioural change. In addition, memberships of senior leaders in professional institutes, plant visits and conferences (domestic and international) bring in external perspectives and catalyse the learning cycle. The adoption of Business Excellence models like TBEM, IMC-RBNQA, and CII-EXIM promotes and drives organizational learning. “Opportunities for improvement” arising out of these models are used as learning for future improvements. The Fact and Information Based Reverse Engineering process (FIBRES) is used to proactively address the future emerging business trends and market dynamics. It also serves as a long-term performance improvement tool.





TM

THE HUMAN TOUCH^{OF} CHEMISTRY

“As a socially responsible organization, Tata Chemicals is bound to the highest ethical standards in our operations and our behavior. We have earned the trust of all our stakeholders and we believe that Ethics and Integrity are the building blocks of our business success. Good ethics and governance are not just "moral" or "compliance" issues. In the long term, they are essential behavioral traits for the organisation that strengthen brand equity and help ensure stable growth.”

- T. Vinod Kumar
Head Corporate Audit

Our Governance & Ethics

We believe that every employee has a role to play in fostering an environment in which controls, assurance, accountability & ethical behaviour are given high importance.



We relentlessly pursue Good Corporate Governance by ensuring regulatory compliance, transparency in our disclosures, Efficient Operational Practices, Strong Internal Controls, Risk Management Systems, Management of Business Ethics (MBE) and by engaging, operating with fairness and integrity with all our stakeholders namely shareholders, customers, employees, suppliers, regulatory authorities and general public.

Registered under Indian Companies Act, 1913, we are a widely held Company. The shareholding pattern is depicted in table GE1 & GE2 .

Category	Percentage
Tata Companies & Trusts	29.15
Resident Individuals	23.70
Foreign Holdings	11.34
Public Financial Institutions	17.79
Government / Government Companies	00.03
Other Companies, Mutual Funds	17.80
Nationalized Banks	00.19
Total	100.00

GE - 01

Organizational Structure

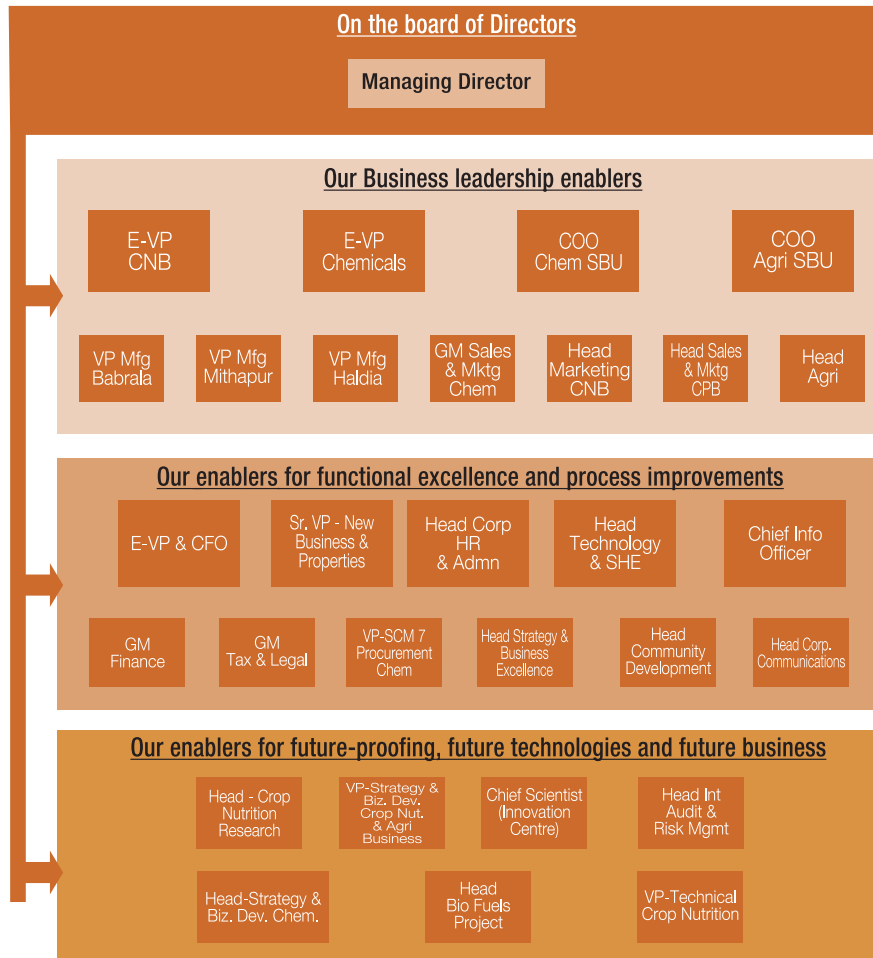
At the Apex is the Board of Directors headed by a non-executive director. The Board provides guidance & support to management in terms of broad strategy, direction, long-term growth guidelines, governance, compliance and ethics.

The Company's Board of Directors has four standing committees –

- Audit Committee
- Remuneration Committee
- Shareholders' grievance Committee
- Committee of Directors (investments & growth proposals)

Category No of Shares	Percentage Shares	Percentage Shareholders
1 - 500	9.26	88.94
501 - 1000	3.91	6.03
1001 - 2000	3.59	2.87
2001 - 3000	1.97	0.91
3001 - 4000	1.15	0.37
4001 - 5000	0.95	0.24
5001 - 10000	2.34	0.38
Greater than 10000	76.83	0.26
Total	100.00	100.00

GE - 02



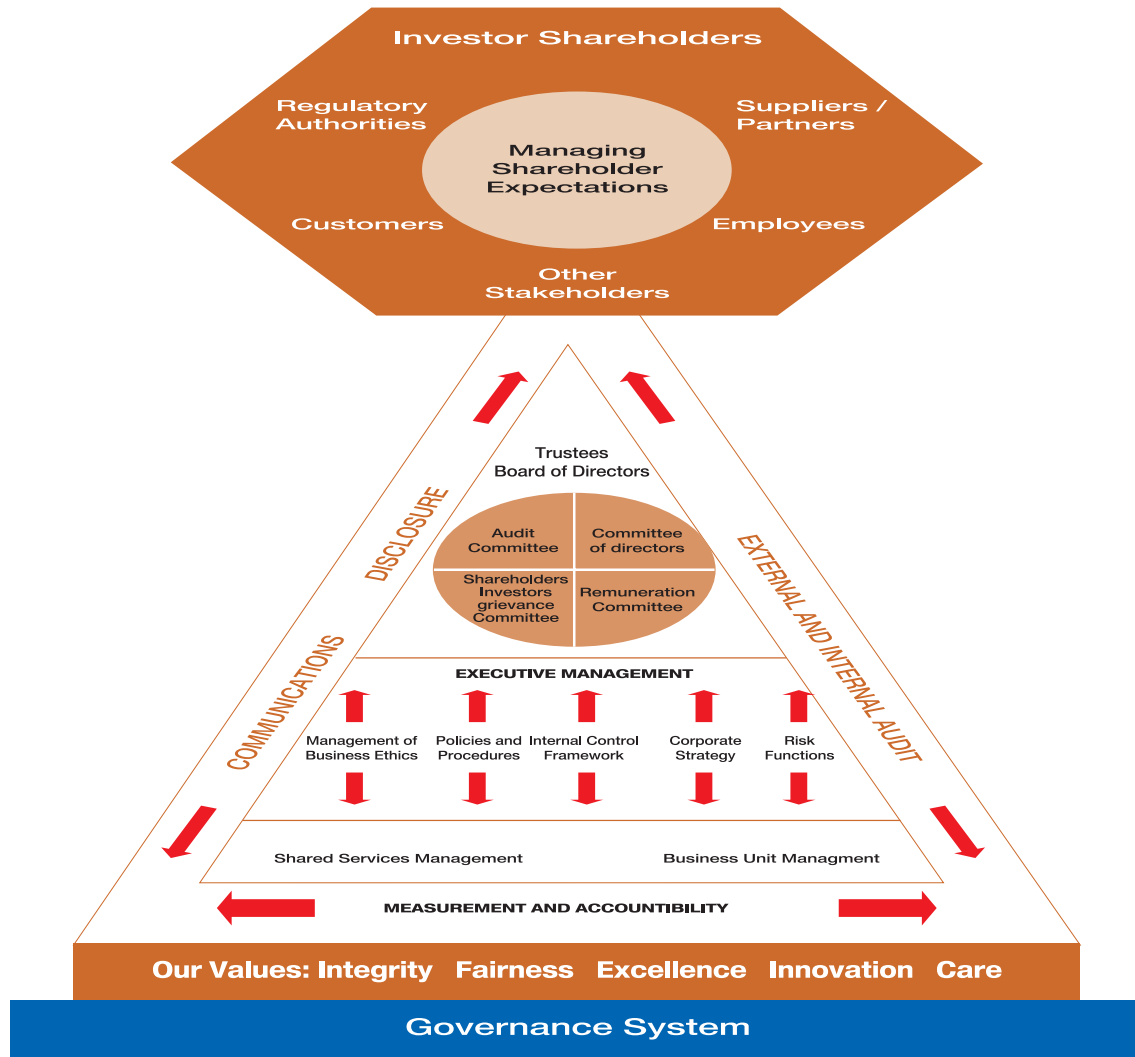
GE - 03: Organisation Drivers

They monitor and provide direction to the senior leadership team. This ensures greater focus on specific aspects of Corporate Governance and expeditious resolution of issues of governance, as and when they arise (Annexure Table AN 7).

The first 3 committees are statutory; the COD is a non-statutory committee, which was constituted in 1998. These Committees have clearly defined areas of operation and they operate as empowered agents of the Board. A Chairperson who is nominated by the Board heads each of the Committees.

A Group level Business Review Committee (BRC) comprising of the Group Chairman, The Vice Chairman of TCL and one Non-Executive, Independent director, periodically reviews and corroborates the Strategies and Policies formulated by Management. In order to ensure overall compliance and adherence to the ethics guidelines and Tata Code of Conduct (TCoC) our Chief Ethics counselor reports to the Group Ethics Counselor.

The Company has various committees to monitor and review Organizational performance at Strategic, Tactical and Operational levels such as Apex Policy



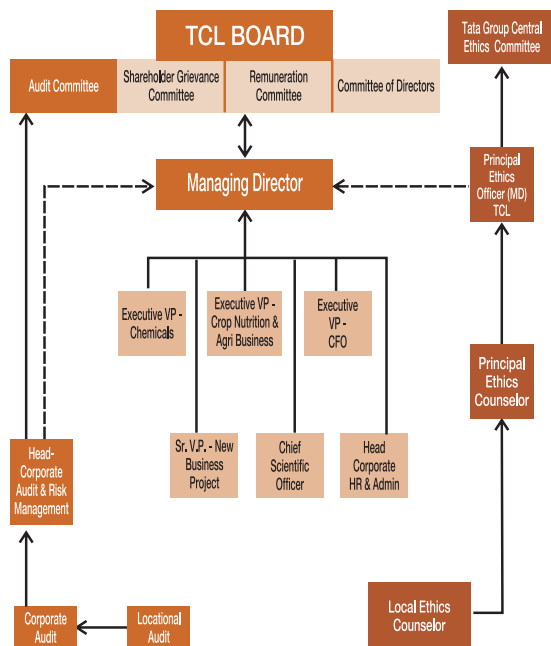
GE - 04

committee, MRC (now known as the ExCom), OSC, SBU Council, Apex Quality Council, CGRM, and CIMC etc.

Within the Company, at the highest level of the governance structure, there is a Management Review Committee (MRC) (Now called the Executive Committee (EXCOM). Supplementing the MRC at the corporate level is an Apex Policy Committee (APC), which focuses primarily on policy, particularly HR and HR Policies and a Corporate Governance Committee, whose functions are described subsequently. At the operating level, since the

Company is organised in SBUs, there are SBU Councils responsible for monitoring and controlling day-to-day operations.

Corporate Governance Review Meeting (CGRM) is held periodically. The meeting is chaired by the Managing Director and includes the EVPs of the businesses, the CFO and Heads of HR, Technology, Audit and Innovation. The review covers the legal compliance framework, including immediate concerns if any, status of risk assessment & mitigation of identified risks and also the Code of Conduct issues raised during the quarter .



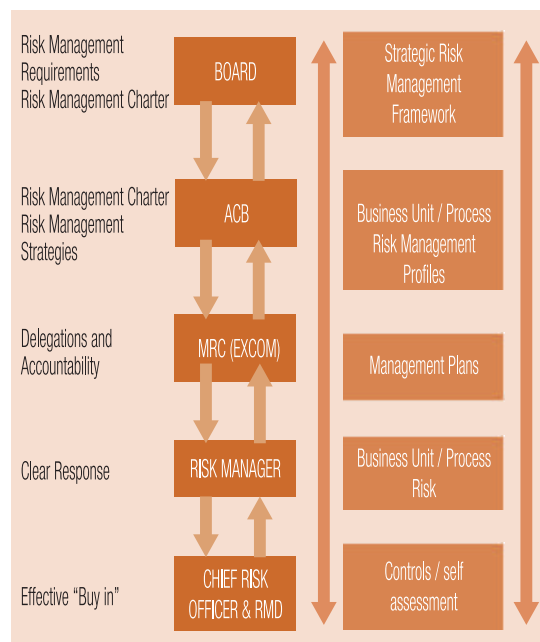
GE - 05: Audit Committee And Ethics Counselor ▲

Regulatory Environment

We comply with all central, state and local laws that are applicable to our diverse lines of business, and strive to go beyond compliance. Our voluntary assessment through Corporate Sustainability Protocol Index, Responsible Care, GRI, CORE etc. are indicative of this direction.

Our fertilizer business operates in a regulated environment. The Govt. of India fixes the sale price to farmers. Company's price is determined by GOI under its Group Pricing Scheme. The difference between Company's Group Price and farmers' sale price is paid to us as subsidy. We engage with FICC and DoF with respect to our fertilizer business on regulatory aspects.

TCL continuously strives to go beyond environmental compliance. The Mithapur plant is located along the Gulf of Kutch and discharges the treated effluent as per Gujarat Pollution Control



OG - 06: Management of Enterprise Risk ▲

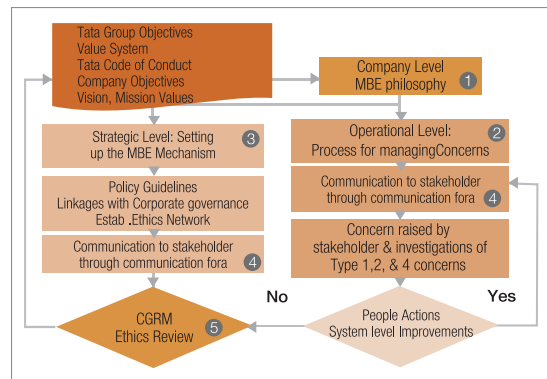
Board guidelines applicable since 1980. In 1982 government issued notification and declared certain forest areas on the coast where our waste water channels join the sea as Marine Sanctuary, which subsequently were declared as forest areas in 1999. The sensitivity of the location demands excellent Environment Management and Pollution Control.

The company has innovated and pioneered special filtration techniques to separate the solids for use in cement production.

To achieve excellence in safety, we follow the guidelines of the world-class British Safety Council. (Annexure Table AN 5).

Beyond Compliance - Risk Management

As an intrinsic part of the overall Governance process, the Company has in place a well established Internal Audit & Risk Management framework which covers all aspects of financial and operational controls. The head of the Internal Audit



GE - 07: Promotion Of Ethics ▲

Department reports directly to the Chairman of the Audit Committee of the Board of Directors, thereby ensuring total independence. (Ref GE5).

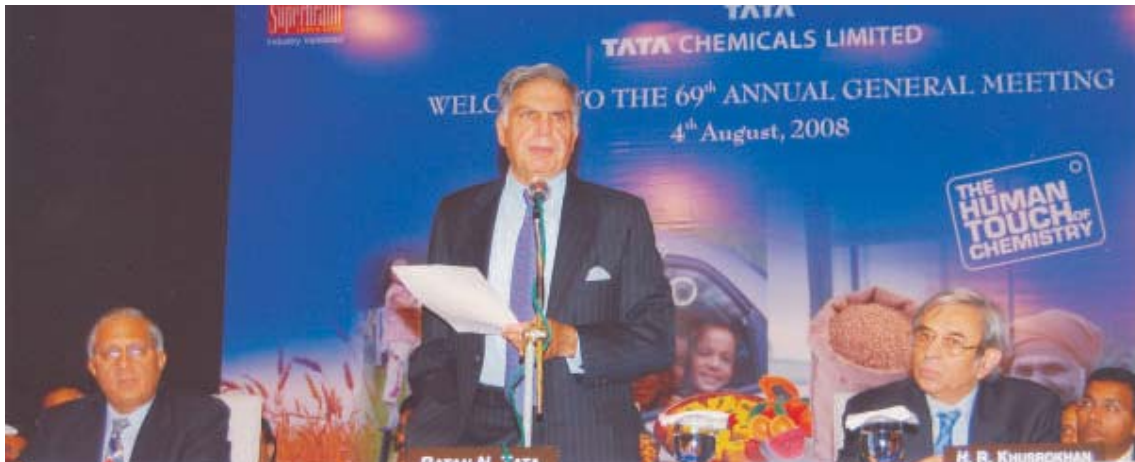
Internal Audits are performed by an inhouse team of multi-disciplinary professionals. Reviews are conducted on an ongoing basis, based on a risk-based audit plan, which is approved by the Audit Committee at the beginning of the year. Audit findings & recommendations are presented by the Head-Audit to the Audit Committee on a quarterly basis. Emphasis is laid on closure of agreed actions and root cause analysis of issues, ensuring that issues are addressed in a comprehensive manner.

We believe that every employee has a role to play in fostering an environment in which controls, assurance, accountability & ethical behaviour are given high importance. To supplement the reviews carried out by the internal audit teams, we follow an elaborate system of Control Self Assurance (self-audit), which is carried out through the year. Besides coverage of all critical departments in the organization, this exercise has also been extended to our CFA's & Salt Packing Centers.

Risk

At Tata Chemicals, a formal Risk Management framework was established in 2003, well before Clause 49 mandated it. Over the years, Enterprise Risk Management has evolved into a robust exercise entailing a balanced bottom-up and top-down approach, covering all units, functions and departments. The basic framework followed is based on the international standard AS/NZS 4360:1999. The ERM process entails: Identification, Analysis, Assessment, Treatment (mitigation) and Review.

Risk Management as a process is embedded in the Strategic Planning Process of the enterprise and our emphasis is on identifying and managing key operational and strategic risks which includes risk of corruption. Through this approach, the Company strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact its future performance. The risk management framework comprises regular review of risk status and risk exposure by designated senior management committees. The Board of the Directors and the Audit Committee are also periodically apprised of the risks and the initiatives taken by the Company to mitigate



material risks.

The Company has set high standards in this area and benchmarks its processes in Internal Audit & Risk Management with the global best in the industry.

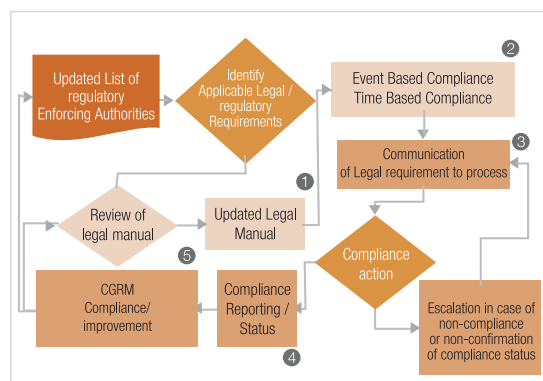
We conduct Environment Impact Assessments (EIA) periodically and also for any major modification or addition. More stringent internal targets are set to prepare future norms. On-Site and Off-Site Emergency Plans help prepare the company and identify control procedures for any eventuality arising out of our industrial operations. Mock drills are conducted periodically by simulating the most credible scenarios to rectify, that we can follow in the prescribed procedures.

We have adopted various means for continual improvement, where the focus is to transcend mere compliance of current norms and achieve benchmarks in processes that address the impact of our current & future products, services and operations. These include the adoption of resource sustaining processes/ systems like ISO 14001, OHSAS 18001, HACCP, BSC & DuPont safety guidelines and Responsible Care.

Ethics

We promote legal and ethical behavior in the organization by showing high-level commitment to legal compliance, exceeding the standards required by law, Corporate Social Responsibility, Responsible Care and high levels of ethical conduct. Commitment to ethical behavior in all stakeholder transactions and interactions is included in the Vision, Mission & Values and the Tata Code of Conduct. All our employees are signatories to TCoC and implement, improve the process through participation and involvement. Promotion of ethical behaviour is through the company Level MBE philosophy. Senior leaders review the legal and ethical behaviour through EWRM, Quality systems, CGRM and MBE. All legal requirements for plant operations are drawn in our ISO 14001 as departmental objectives and proactively set targets beyond compliance levels.

We seek and welcome constructive criticism. We use face-to-face and written communication and formal grievance procedures within our workplaces. We also have an additional independent and confidential means of communication and feedback for ideas or concerns about any aspect of our



GE - 08: Legal Compliance Process ▲

company or about the behaviour of individuals, without fear of recrimination, through the Concern Raising mechanism. The MBE assurance survey, and the number of concerns raised, are measures we use for the monitoring and improvement of our Ethics effectiveness. (Annexure AN 6).

Ethics training is a part of new employee orientation and periodic ethics refresher communication is made to all employees. Communication through theatre and quizzes helps to understand the ethical requirements and standards.

Ethics councilors at all locations report directly to the principal Ethics councilor, the Principal Ethics Officer and the Tata Group central ethics committee. (GE5). The CGRM reviews ethical conduct and identifies action plans for improvement. (For the Role of Ethics councilor please refer Annexure pg 80).

We have established an Anti-Sexual Harassment policy and associated redressal mechanism. Proactively, gender sensitivity workshops and communication meetings are conducted.

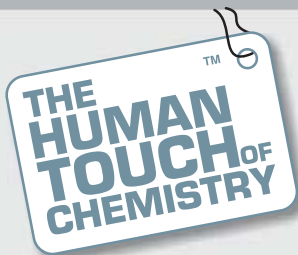
Documented, fair and transparent processes are in place for selection of suppliers, partners, employees and community development beneficiaries. During

distributor, supplier and community meets, senior leaders emphasize on the importance of ethical behaviour.

Our commitment to ethical business conduct is communicated regularly in the various fora like customer meets, supplier meets and community contact meets. Information about TCoC is also given through a signed letter to franchisees/dealers and channel partners and through printed clauses in the MOU/Agreements/POs.

We have adopted a legal compliance process, (GE8), wherein the legal department continually monitors events that might potentially affect the Company. The comprehensive legal compliance manual covering all applicable laws for our manufacturing sites is considered as a best practice. There have been no fines or penalty levied for non compliance. Monthly compliance report of legal & regulatory processes is prepared and the MD submits a duly signed copy of the Compliance Report to the board.

For further information please refer to our Annual Report 07-08 and our website www.tatachemicals.com



“ At TATA Chemicals, we institute industry-leading safety practices to support a safe and healthy work environment. We believe that all accidents are preventable by providing training, remedy unsafe acts and conditions, implement robust management systems and enduring care for our employees.”

- Kairas Parvez
Head - SHE, Chemicals Business



Our Commitment To Safety

Regular health check-ups tailored as per work area hazards are carried out to monitor all aspects of health including occupational parameters.



The safety and health of our people is the principal consideration of all our policies and business activities. We invest large amount of resources to reduce workplace accidents and ensure a safe working environment. We protect the interests of our employees by providing them with appropriate and up-to-date training and access to development programs. By adhering to world safety standards, promoting product and operational safety, and encouraging the active participation of every employee, we have strived to create a healthy work environment that compliments our superior product line. We place high emphasis on health and safety of our employees, their families and the larger surrounding community, guided by a well-articulated Safety, Health & Environment policy. (Annexure Pg.85).

Safety committee

We have established various Safety Committees both formal and informal to oversee safety practices and procedures. These committees are formed to operate at different levels in the organization.

The Apex Committee now known as EXCOM-SHE committee meets monthly to review the safety performance for each site. EXCOM-SHE is an Apex

Council comprising of executive members. The committee balances the diverse needs, with Organization & Group imperatives and guidelines to design and finalize various safety programs.

The Works Safety Committee at Mithapur/ SHE Committee at Babrala/ Central Safety Committee at Haldia are formed at facility (site) level as per Government guidelines. It's a joint forum of Management and Non-management employees with inclusion of contract workmen to understand the safety issues and facilitate the implementation of Best Practices to adopt the Culture of Safety. Chaired by the site-head, the committee meets monthly to review safety and health inspection reports and helps in correcting safety hazards, evaluate accident investigations to determine the cause of the unsafe situation. Based on this corrective-preventive measures, are taken, discussions are conducted related to the best practices and action plan for implementation is formulated. The minutes of meeting are prepared and circulated to track the improvements and effectiveness.

Additionally, informal Plant Safety Committee meetings are conducted on monthly basis headed

Our Commitment To Safety

Location	(% of total Management & Non-management employee)		
	2005-06	2006-07	2007-08
Mithapur	0.91	0.90	0.92
Babralla	29.02	27.90	27.90
Haldia	9.16	8.75	9.76

CS - 01

by Plant Manager to review and resolve the plant related issues. Departmental SHE representatives have been nominated to act as facilitators to comply with various SHE initiatives.

Safety Management

The safety requirements implemented are in line with Chemical and Fertiliser industry standards, driven by our SHE policy.

Process safety and workplace safety management has been implemented to strengthen the safety systems, under SHE management. Safety process has been made robust by adapting British Safety Council (BSC) in Babralla, DuPont Safety System in Mithapur and Dupont Behavioural Audit (Haldia, Mithapur and Babralla).

Benchmarking studies are carried out with the help of PSI (USA), FAI, and IFA for Facilities Management and SHE Management. Various support processes are improved by RCA, ISO /SHE audits. New ISRS guidelines are being implemented at Babralla this year.

We carry out, on a periodic basis yearly safety audits, HAZOP studies, risk assessment exercises and disaster management drills. Employees participate in near miss reporting, any incident / accident / near miss is investigated and communicated to all employees by e-mail.

To monitor the safety performance, safety statistics viz: no. of injury, injury frequency rate, severity rate, and incidence rate etc. are captured. The reports, records, and notification of workplace accidents, are

in line with the prevailing national laws (The Factories' Act and Rules), which are in line with the ILO Code of practice.

The total workforce is categorized as permanent (Management and Non-management) and contract employees of all the three locations viz. Mithapur, Babralla and Haldia. The SHE guidelines are developed considering equal importance for permanent and contract workmen. Safety statistics shown are the compiled results of all the 3 locations.

While reporting the number of injuries, minor first aid level injuries are also included along with medical treatment, restricted work, lost work time cases including fatalities. The fatal injuries were 1 in 2005-06 (Mithapur), 3 in 2006-07 (Mithapur) and 2 in 2007-08(one each at Mithapur and Haldia). The necessary steps to improve the work conditions and training and awareness of contract workers have been taken up to avoid any fatal injuries in the workplaces. There has not been any significant concerns on occupational health at all the sites.

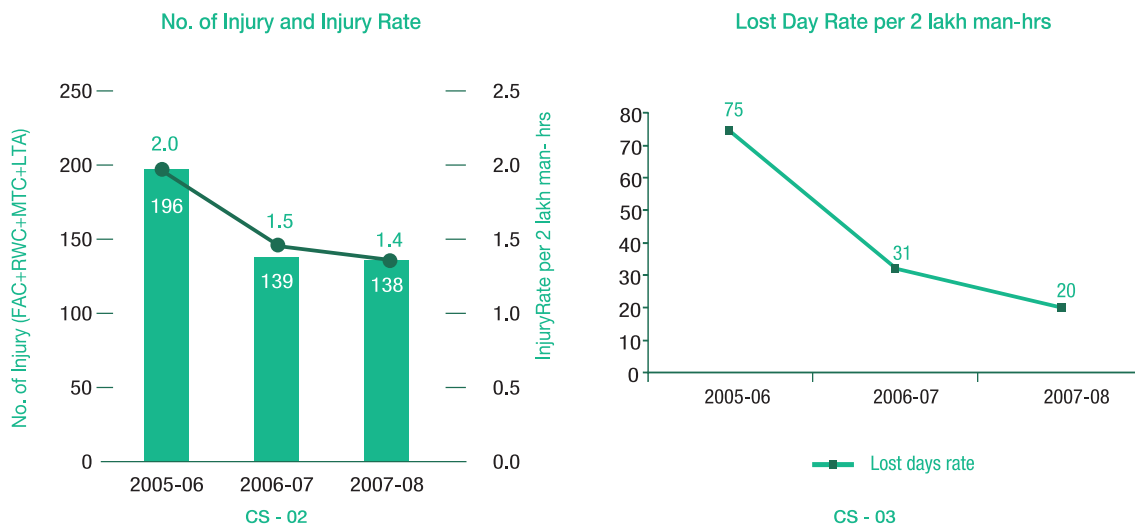
With respect to 2005-06 (CS-02) of injury has been reduced by 29.6% and Injury rate 29% in 2007-08.

For Lost time accidents, the lost days counting starts the day after the accident(disabling and non disabling taking into account equivalent mandays lost for disabling injuries including fatalities as per Indian Standard IS 3786) and days are counted as per calendar days. In 2007-08 there is 33% reduction in lost day rate over 2006-07(CS-03).

Health Monitoring

Regular health check-ups tailored as per work area hazards are carried out to monitor all aspects of health including occupational parameters. Employees working in hazardous areas undergo health check ups twice a year while others under go the same once a year. Eye tests for the drivers and VDU users, audiometry tests for workers in high noise area and PF test for employees working in dusty areas, are done. Ergonomic surveys are conducted from time to time for ergonomic issues

Our Commitment To Safety



like work place lighting and safe working postures. Actions plans are finalised based on the survey finding and are tracked and reviewed for effective closure. Training and workshops on 'Positive Health Options', yoga classes, stress management, first-aid etc. are conducted to make employees aware of better approaches to good health and well-being.

Tata Chemicals' Mithapur & Babrala sites have own hospitals within the premises, while at Haldia Occupational Health Centre a full time appointed Medical Officer is available. Haldia site has tie-up

with other hospitals for medical facilities. The employees and their families are reimbursed for medical health treatments.

No worker involved in occupational activity is found with HIV/AIDS at any locations.

Safety and Trade Unions

There is formal agreement between management and trade unions at Mithapur and Haldia locations, which covers relevant Safety & Health topics, guidelines at local and global level.

Assistance / program provided by company at different location ▼

Location	Program Recipient	*Education / Training Yes / No	Counseling Yes / No	Prevention / Risk Control Yes / No	Treatment Yes / No
MITHAPUR	Workers	Yes	Yes	Yes	Yes
	Worker's Family	Yes	Yes	Yes	Yes
	Community Members	Yes	Yes	Yes	No
BABRALA	Workers	Yes	Yes	Yes	Yes
	Worker's Family	Yes	Yes	Yes	Yes
	Community Members	Yes	Yes	Yes	Yes
HALDIA	Workers	Yes	Yes	Yes	Yes**
	Worker's Family	No	Yes	Yes	Yes**
	Community Members	Yes	Yes	Yes	No

**Facilities are not in the company premises. Reimbursement is provided after the submission of bills.

*Notifiable diseases as per the third schedule of the Factories Act 1948.

CS - 04



“We would like to appreciate the business partnership with Tata Chemicals which has helped us in strengthening the win-win business partnership & earn respect in the Indian market on Soda Ash supply, also appreciate continuous improvement and innovation process in material supply chain.

Tata Chemicals is an integral part of P&G family & we wish this relationship grows to premier height.”

- Manoj Sharma
Customer - Chemicals Business

Our Product Responsibility

We have adopted the Product Stewardship Code with the purpose to make health, safety and environmental protection an integral part of designing, manufacturing, distributing, using, recycling and disposing of products.



Our flagship offerings are Tata Soda Ash, Tata Salt and Tata Paras (Urea, DAP, NPK). Product information about the key chemical composition is provided through our product labels. Round-the-clock information of our products is available on the company's website. The retail / bulk packages contain product information including product manager's address to enable consumers to correspond. The information provided is mainly voluntary with various branding elements, with no comment on competitors or religion bias statements.

We believe in advertising our products and improving the market image on our own merit, without encroaching on others by any unethical means. We engage only reputed advertising agencies that are members of ASCI and hence all our advertising is as per codes prescribed by ASCI. Procedure to be followed and adherence to applicable standards codes is under the control of Ethics Counselor. There have been no cases of non-adherence of regulations.

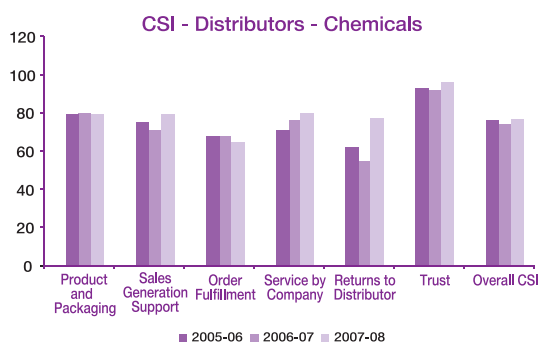
We have adopted the Product Stewardship Code with the purpose to make health, safety and environmental protection an integral part of designing, manufacturing, distributing, using,

recycling and disposing of products. Product safety encompasses selection of safe raw material, use of safe process and adopting appropriate practices for handling the products. In other words, product stewardship is driven by the entire life cycle of the product. The product stewardship code impacts nearly every segment of the company including manufacturing, distribution, sales and marketing. We are in the process of implementing this in each of these segments. In product packaging we have initiated recycling of Jumbo bags used for large orders. We also recycle liners and tarpaulins used in trucks and rail wagons. The Code mandates sharing of health, safety and environmental information about the use, storage, and disposal of products, with customers, suppliers, distributors and contractors.

Product safety starts from the selection of raw material. These are handled, stored and used in accordance with SHE guidelines. Selection of material suppliers comprise following critical criteria:

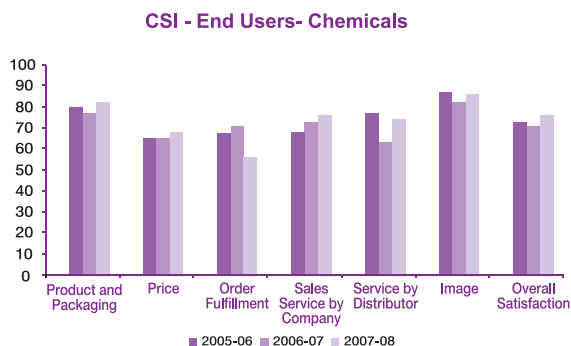
- Registered & reputed organization
- Complying all applicable statutes
- Following best SHE management practices at site

Our Product Responsibility



CSI Distributors for Chemicals: Sales Generation Support, Service by Company, Returns to distributor and Trust showed an upward trend in 2007-2008. Order fulfillment needs improvement, whereas there was an increase in the overall satisfaction level for distributors.

PR - 01



CSI for End Users (Chemicals): CSI for Product and packaging, Price, Sales service by company, Product image has seen an increase in the year 2007-2008. Service by distributor has seen a decline in 06-07 in comparison to 07-08. All in all there was an overall increase in satisfaction scores.

PR - 02

- Certified for ISO-9001 / ISO-14001 / OHSAS-18001 system

Post selection, suppliers' SHE management practices are re-evaluated through site visits and interaction at the shop floor to ascertain if they are in accordance with the SHE practices as stated in Supply Chain Questionnaires (SCQ). This enables in gap identification for further improvement in their management systems. We also share our expertise and experience with them for dealing with the SHE issues related to their operation and practices.

For final product safety, SHE training and awareness are the key tools for supply chain members involved in handling, storage, transportation and distribution. Supply chain members are trained for communicating the right and safe information on handling and storage. Transportation is the critical aspect of distribution safety, which depends on the selection of right transport and route. Knowledge and awareness of transporter on product safety and their role in case of emergency plays a vital role in accident management. Regular checks and training programs help in the safe distribution of product. We advise the suppliers and vendors to provide MSDS, along with all materials and chemicals, for complete

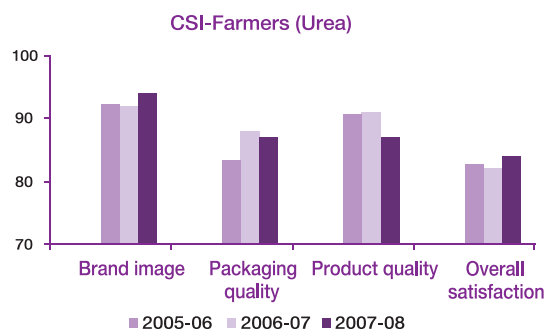
information and use of right PPE, while handling any unwanted emergencies.

Incidents related to product spills, transport accidents, bad product & packaging quality are tracked and assessed by the supply chain and field staff. The Suppliers & Distributors Meet platform is used to express the company's expectation from distributors and transporters. This forum is used for providing all relevant information & training on handling, storage, transportation and distribution of product.

Customer Requirement and Satisfaction

Customer requirement and company's reputation is determined primarily through Customer Satisfaction Surveys, Customer Contact Programs, E-customer Care and COO's Club customized for each customer group. Kano model helps us in identifying parameters, which dissatisfy, satisfy and delight the customers. Their feedbacks and complaints provide an opportunity for improvement. Avalon Consulting and IMRS (Integrated Marketing & Research Services) conducts customer satisfaction studies on a quarterly basis, submitting 2 half-yearly reports, covering all Indian territories and where required international markets. We also track Brand Equity

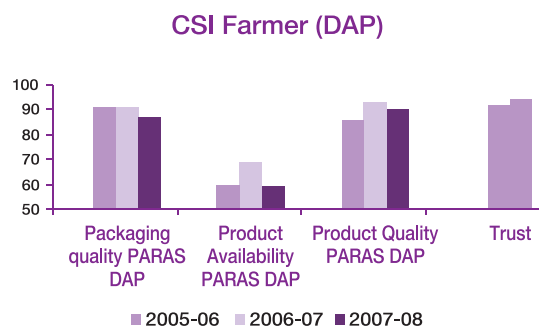
Our Product Responsibility



In case of UREA as revealed by our Customer satisfaction survey, brand image has seen a prominent increase in 07-08 as compared to the previous years.

Packaging quality has been on a rise over the years with a decline in 07-08 as compared to 06-07.

PR - 03



We have been consistently working towards improvement in our product quality over the years & hope that the satisfaction level of this parameter will also show an upwards trend in the coming years. On an average our overall performance has been better than previous years.

PR - 04

index to measure the satisfaction levels of the consumers of Tata Salt.

A written undertaking is given to all customers about non-disclosure of their responses received for CSI surveys. 100% primary data with respect to customers is on ERP (SAP in the form of master data), which is fully secured and no unauthorized access is available to anyone. Changing/creating options are given only to key authorized individuals. We do not share or sell this information until and unless required under any govt. regulations, but only after the consent from the concerned person. As such there is no standard procedure to monitor the compliance with legal statutes but for voluntary codes our approach is to maintain brand equity index, monitoring GRP at the time of campaigns,



market studies like monthly retail audit by AC Neilson or by IMRB Consumer panel.

No incidence has been reported since the last three years with regards to non-compliance with regulations and voluntary codes concerning health & safety impacts of our products & services, product and service information, labeling, marketing communications, promotion and sponsorship. There are no substantiated complaints regarding breaches of customer privacy & loss of customer data.

We comply with the applicable laws in relation to the use of product, packaging and labeling. There are no convictions or fines levied against the company. For all legal cases filed, the judgement has been decided in our favour.





**THE
HUMAN
TOUCH^{OF}
CHEMISTRY**

“At Tata Chemicals, we are committed to operate our facilities in a manner that protects the environment, health and safety of our associates and the community around us. Resource conservation, recycle and reuse are critical consideration in our day to day operations. In pursuit of our environmental excellence we encourage our stakeholders to improve their environmental performance by providing them awareness and knowledge on Environment. We champion environmental responsibilities among our employees in their practices and promote and value their involvement and achieving the organizational environmental objectives. Our environmental strategies are driven by our policies, vision and mission to achieve sustainable environmental performance and reducing our ecological footprint.”

- V. S. Mathur
Head - Environment, CNAB

Our Care For The Environment

Resource conservation through reuse, recycle, reduction of wastes and treatment at source has been our concept on Environment Management and we strive to go beyond the statutory compliances.



Integrating environmental sustainability principles in overall operations and planning is the philosophy followed by us. We try and ensure that all employees and associates understand their responsibilities towards protection of environment and sustainable business with appropriate training and support. Our corporate strategy has considered Climate Change as one of the major environmental challenge and has established a corporate strategy cell on climate change to respond to the challenge and to develop action for a low carbon economy.

An Innovation Centre has been established to develop new products based on Nano-technology and Green Chemistry which is helping us in moving towards being a “Green Company”.

We are signatory to “Responsible Care” and have adopted environment sustainability standards of British Safety Council in our journey towards environmental excellence and sustainability. ISO 14001 : 2004 Environment Management System framework supports us towards this.

Resource conservation through reuse, recycle and reduction of wastes and treatment at source has been our concept on Environment Management and we strive to go beyond the statutory compliances.

Resource Conservation

With growing industrialization across the world, demand of industrial resources is also growing and an increase in extraction of materials and other natural resources is leading to a demand supply gap.

Thus the imperative to improve efficiencies in operations becomes even more urgent. At Tata Chemicals, resource conservation and efficiency improvements is the philosophy in operations and strategy is to optimize the consumption and minimize the losses of raw materials and other resources.

We are one of the major manufacturers of inorganic chemicals like Soda Ash, Food Additives like Edible Salts, Soda Bi-carb, Nitrogenous Fertilizers like Urea, Phosphatic Fertilizers & chemicals like DAP, various grades of NPK, SSP & STPP in India. The main raw materials used are Limestone, Natural gas, Naphtha, Ammonia, Phosphoric acid, Potassium Chloride, Soda Ash, Rock Phosphate and Sulphur for the manufacture of our wide product range. In addition, packaging materials like HDPE bags and various lubricating oils are also being used (Annexure EN level -1)

Environmental Performance Evaluation (EPE) – A Tool for Continual Improvement

In pursuit of excellence in environmental performance, the company adopts many world class standards like ISO-14001, OHSAS-18001, and ISO-9001-2000 and BSC Environmental Sustainability guidelines. During the implementation of sustainability guidelines, one of the level requirements is the assessment of organizational environment performance as per the ISO-14031 standard for environmental performance evaluation.

EPE is an internal management tool based on PDCA that uses selective performance indicators suggested in ISO-14031 standard, which compares an organization's past and present performance with its set performance criteria.

Identification & Selection of Indicators

A systematic & focused evaluation process is adopted in identifying the key indicators based on significant environmental aspects like usage of raw materials & energy, emissions to air & water and ambient air quality to which organization subscribes. Based on significant aspects following three basic types of EP indicators are: Key **Management Performance Indicators (MPI)** identified to demonstrate the organizations' efforts in improving the overall environmental performance e.g. Sp. Energy, Water Consumption, Environmental Expenditure, Environmental Training, etc.

Various **Operational Performance Indicators (OPI)** are selected from list of KPMs to measure the sectional environment performance of each operating units e.g. Ammonia, Urea or O&U, DAP, SAP, SSP plants at Babrala & Haldia e.g. Chemical consumption per unit of water processed, CPP efficiency, Ammonia energy, Sp. Material consumption, Stack Loss, etc.

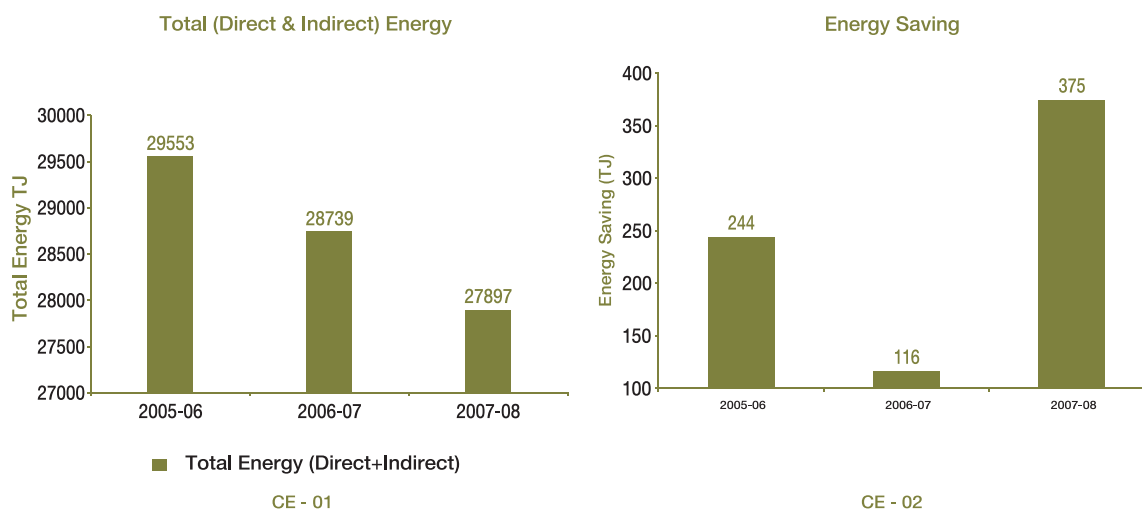
Finally Environmental Condition Indicators (ECI) are selected on the basis of impact of organizational environment conditions on local, regional or national, due to its operations e. g. quality of ambient air, water body receiving the discharges, ambient noise level, temperature & etc.

Assessment & Monitoring of Indicators Performance

Data for key indicators are collected & plotted to convert into information in terms of performance improvements and finally results are shared to all concerned for further decision making. For analysis of data, various quality tools like histogram, scatter plots, control charts and process capability analysis etc are used and performance is assessed on the basis of comparison between performance of indicator and targets set by the organization based on regulations, internal limits, or benchmarking data.

EPE results are reviewed periodically to identify opportunities for improvements in environmental performance.





Along with material conservation, energy and water conservation are also of prime importance for future sustainability. Energy sources for various manufacturing processes include pet coke, coal, natural gas, naphtha, furnace oil, diesel, coking coke and grid power (CE-01).

Manufacturing processes depend on Arabian Sea Water, ground water (wells), surface water (rain fed lakes) and PHE supply water (CE-03). All manufacturing processes are part of highly integrated inorganic chemical complexes, which facilitates conservation as a main environment management tool.

In pursuit of environmental excellence, we have adopted policies on Corporate Sustainability, Safety, Health & Environment, Responsible Care and Energy Management. Resource conservation is achieved by implementing the concept of 'What gets measured gets improved'.

All manufacturing processes operate with the basic philosophy of resource optimization, use of alternative sources and maximization of "recycle and reuse" by innovating.

In this context, we have initiated various programs

that include periodical technical audits, operational efficiency initiatives like 'Manthan', 'Udaan', Benchmarking, Six Sigma, Suggestion Schemes etc, which focus on enhancing technical efficiencies, resource optimization and operational improvements.

This has resulted in the maximizing of recycling of materials such as Limestone, ESF cake, NFC, etc. , energy savings, water & treated effluent recycling [Annexure AN-11 (EN-2),(EN-5) & (CE-0), (EN-10) of Table ENV 1]

The total energy saving of 735.45 TJ has been achieved over the last three years by conservation, process modifications; retrofitting of equipments, waste heat recovery. The consumption in specific energy has reduced by 11% over the last three years from 2005-06 to 2007-08.

Manufacturing of Chemicals & Fertilizers are energy intensive processes and primarily depend on the non-renewable energy sources. We use solar energy for salt evaporation at Mithapur & domestic water heating at Babrala.

We have used alternative materials in order to conserve energy inclusive of maximization of use of pet coke in the boilers and anthracite coal in their

Environmental Issues

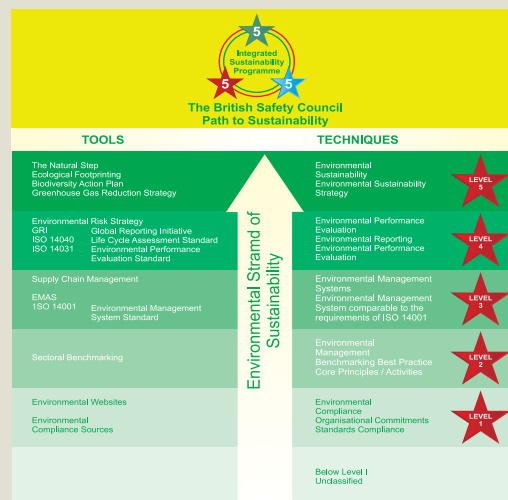
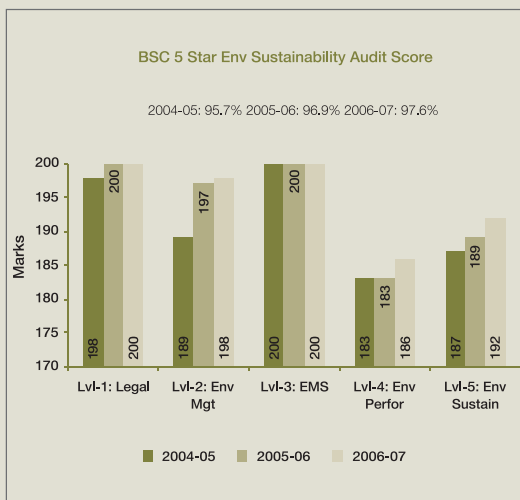
With increased public awareness of environmental issues, stricter national and international legislation, and significant liabilities for non-compliance, the next five years may require all organizations to proactively manage their environmental impacts. Considering future challenges and after achieving a level of excellence in environmental performance through institutionalization of environment management system as designed during the inception of plant and further strengthening through implementation of ISO-14001 system, TCL decided to achieve next level environmental excellence i.e. environmental sustainability. Therefore, institutionalization of 5 Star Environment Sustainability Audit Rating System (FSSESARS) developed by British Safety Council, UK (BSC) was initiated and existing EHSQ management systems were reviewed and further developed.

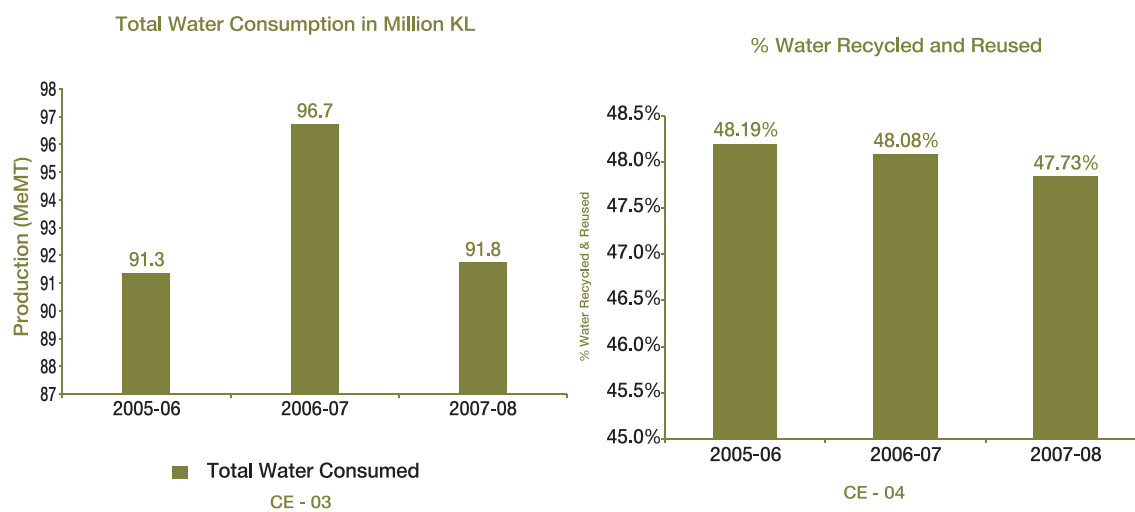
Environmental Sustainability Model was designed and developed through cross functional teams,

awareness classes and walk the talk were arranged for all employees including contract workers. To assess the effectiveness of the system implementation, internal audits were carried out by trained CFT members. British Safety Council conducted a five days comprehensive audit. Tata Chemicals Limited, Babrala became the first company in the world to achieve the FIVE STAR RATING on Environmental Sustainability by British Safety Council UK.

This magical achievement was replicated next two years again by the Babrala Team and maintained its position in the world. In the year 2007-08, to recognize the achievement, British Safety Council awarded "First Nakheel Business Sustainability Award" to Tata Chemicals, Babrala.

Following the footprint of Babrala achievement, Haldia unit also achieved the Five Star rating on Environmental Sustainability in 2007-08 with 94.2% score.





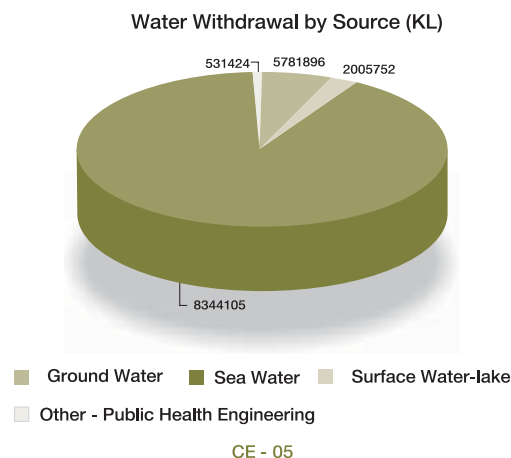
soda ash lime kiln at Mithapur. Over the years, Haldia site has achieved good reductions in the specific energy consumptions by implementing Energy Conservation initiatives like installations of VFDs, Energy Efficient Plant Illumination and Utilization of Waste Heat Steam in plant processes and in Turbo Generator for electricity.

Mithapur has achieved 99% reduction in dependence on ground water in the last 3 years by adopting various in-house water conservation measures, sea water desalination as well as management of the rain water harvesting and capture in lakes. At the urea-manufacturing process in Babrala despite the availability of river water, use is made of deep aquifer groundwater which does not affect the ground water level and the specific water consumption is a benchmark amongst the Nitrogenous Fertilizers' manufacturers in India. Periodic water table and quality measurements are the part of Environment Management System at Babrala. In view of partial availability of surface water from the Haldia Water Board supplement is done using deep aquifer ground water. At all the plants efforts are on to recycle and reuse waste water and install rain water harvesting schemes. Haldia has put up a condensate recovery system in 2007-08, which

will be fully operational in 2008-09 leading to further reductions in total water withdrawal.

Our Operations philosophy enables us for continual improvement in environmental performance and compliance to regulatory and other voluntary standards. Limestone mining, manufacturing and associated activities affect the environment with potential impact on land, water, ambient air and surrounding habitats.

Our pollution prevention programs include periodic measurement of various emissions and inventorization of GHG's, maintaining the process

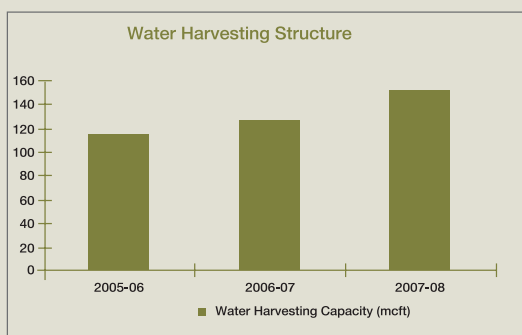


Water Management

Mithapur Chemicals works unit revamped the entire technology of water usage by conserving fresh water and substituting fresh water with sea water and reusing the same water again and again for different purposes thereby reducing the fresh water required by the company to virtually Zero dependency on external sources.

Salient features of Process Design for Water Management

- Recovery of condensate from vapor / gas in Soda Ash Weak Liquor Distillate System
- Steam Jet Refrigeration System
- Recovery of fresh water from various rotating equipments like Steam Turbine, Compressor & Pump Sealing Water
- Complete utilization of Make up Water plant discharge for Bromine Production
- Utilization of Ion Exchange Unit regeneration effluent
- Cation Bed Effluent for Sea Water Treatment used for Cooling Towers
- Anion Effluent for Soda Ash cake washing
- Monitoring for Water Management
- All consumption and cost benefit analysis are accessible online through SAP
- Daily, Weekly, Monthly & Customized reports through SAP

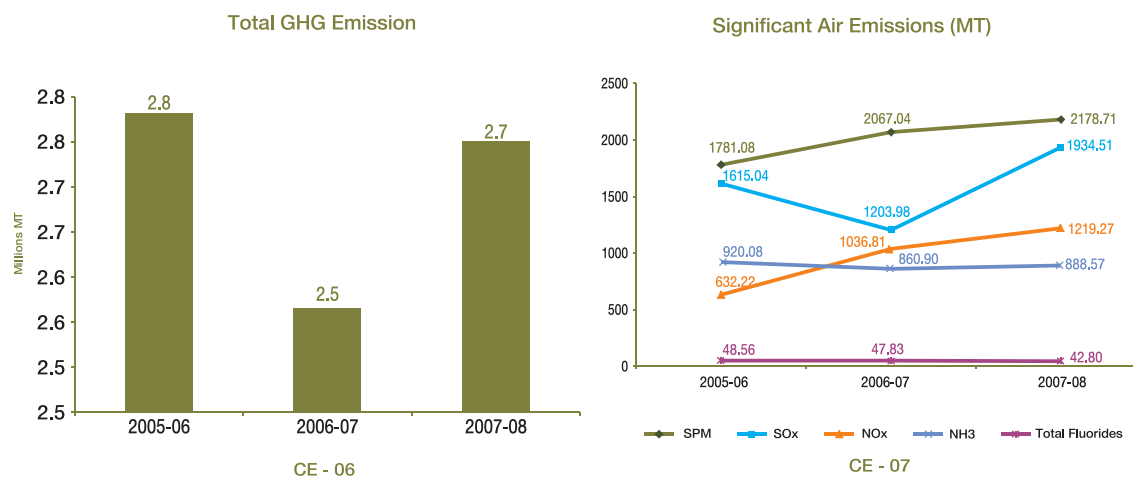


- Standard costing is done based on raw material consumption
- Condensate from Desalination & Make Up Water plants are given credit of DM water cost
- Condensate from other processes are given credit of Fresh Raw Water
- Drinking water is debited on each cost centers at the cost of treated water
- Boiler Feed Water cost is included in variable cost of steam

Efforts for Water Conservation

- Rain Water Harvesting Capacity of approx. 152 million cft in neighboring area
- Underground water storage tanks at the Town ship
- Recharging of Bore well & Lakes in the surrounding community
- Various Watershed Projects undertaken by TCSR
- Dry Day concept for drinking water distribution in the Town ship





emissions well below the statutory requirements, reduction in solid waste generation, efforts towards zero water discharges, restoring ecological balance in the surrounding habitats and continuous engagement of stakeholders.

Sustainability guidelines comprise tools for excellence in Legal Compliance, Environment Management, Environmental Performance Evaluation, Life Cycle Assessment, Corporate Sustainability Reporting, GHG Emission Reduction, Ecological Footprint, Biodiversity, and The Natural Step for Funneling & Back casting.

Towards our concern for global warming, we have begun our efforts for inventories and measurement of the GHG emissions at all manufacturing sites, taken leadership by looking into CDM opportunities among our class of industries. Mithapur site has, as a commitment to Montreal Protocol 1987, stopped producing Methyl bromide - identified as an Ozone Depleting Substance (ODS). The site has achieved zero consumption of Carbon Tetra Chloride (CTC) and Freon-12 (also classified as ODS). We are complying to the GOI directive on the phase out of ODS.

All sites for the last three years have achieved 100%

legal compliance in all the environmental norms. Periodic monitoring and installation of on-line analyzers has ensured the quality of flue gas emissions as per the statutory requirements laid down by State & Central Pollution Control Board. There has been no significant spills nor levy of any penalties or fine.

Treated effluent quality in final discharge has been maintained well below the statutory norms at all manufacturing sites. Specific effluent generation at all sites has been reduced from 21.7 to 18.8 KL per ton of production since 2004-05 to 2007-08.

Waste management has become the part of plant operation and disposal of various types of wastes have been done as per the guidelines documented in ISO system and as per prevailing waste management rules. We manage our Hazardous Wastes by proper collection, handling, storage and disposal to authorized TSDF (Treatment, Storage & Disposal Facility) or registered recyclers to ensure they are disposed off safely.

We have carried out comprehensive environmental impact assessment studies, aspect & impact assessment of all activities. It covers the possible impacts of major activities starting from procurement

Conservation Programs

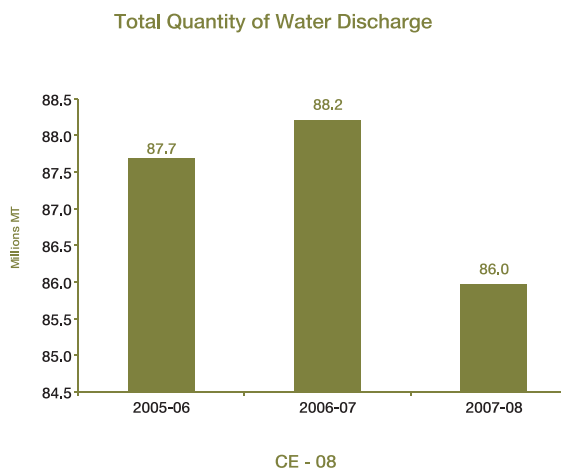
Conserve **'Whale Shark'** is conceptualized and implemented all along the Gujarat coast with the help of various voluntary organizations. This project helps to generate a strong awareness among the people and Whale Shark is adopted as a daughter of fishermen families all along the coastal area. The response of the fishing community has been very encouraging and they have started adopting measures to stop fishing of this endangered creature. Today this innocent giant fish is fully protected even in the high seas with the help of coast guards and navy personnel.

Bio-diversity parks are being developed at all manufacturing sites. In Okhamandal because of climate change and ever increasing human interventions, the biodiversity of adjacent habitats are continuously under pressure to preserve the native species and conserve the biodiversity. At Mithapur site coastal waste land highly infested with an exotic weed called the Gando Bawal (*Prosopis Juliflora*) was completely cleared off and converted into a Biodiversity Park. By the year 2007-08, this plantation project is spread over an area of 75 acres and shelters 18 species of native plants and over 114 species of ephemerals (herbs, grasses & other monsoon growth). This project is an ex-situ (outside forest area) effort for the conservation of the native flora. At Babrala site, soil was totally alkaline (Usar) and there were only less than thirty trees,

since inception of plant, land reclamation and topsoil treatment resulted in about 34.1% area of total land having lush green belt comprising about 2.6 lakhs of trees and plants of various species. At Haldia about 65% of available area (excluding built-up area) is under greenbelt.

Gir Lion Conservation- The Gir Forest National Park and Wildlife Sanctuary (also known as Sasan-Gir) is the sole home of the pure Asiatic Lions (*Panthera Leo Persica*). The area of Gir Forest National Park is considered to be one of the most important protected areas in Asia due to its supported species. Even though the Gir Forest is well protected, but the Gir lions travel outside park boundaries to find food and water. While doing so they fall in open wells in the park. "Open wells" are now a major well documented grave threat to the last 359 odd wild Asiatic Lions living at Gir Forest, presently their only home in the whole world. Every year the farmers dig more and more illegal open wells. There is an "urgent need" to build a parapet wall around the wells and fence them in. We have extended our support for Gujarat State Lion Conservation Society. As a part of this effort and looking into this "urgent need" we have decided to build 1000 parapet walls around the wells and fence them, out of which 250 are completed. The project is estimated to cost about sixty lakh rupees.





of raw material, fuel and water to the final dispatch of product till the factory gate.

Adequate financial resources were provided for treatment and disposal of wastes, treatment for emissions, emission certificates and insurance costs etc. A cumulative amount of Rs.413.82 Million during the year 2007-08 across the three locations was spent towards environmental protection. [Annexure AN-11 (EN 30) of Table ENV 1].

Conservation of Biodiversity

We operate in about 161.64 sq. km area since 1939, out of which 0.39 sq. km area at Mithapur has been categorized under Marine Sanctuary (MS) and forests in 1999. In Mithapur plant, brine is transferred through pipeline, which passes through MS, and treated effluent is discharged into sea through an open channel. Industry has been conducting EIA studies to assess the impacts of its operation on nearby biodiversity and surrounding environment. The findings of study illustrates that no significant impact has been observed till now on the native flora and fauna and the proposal to convert the open channel discharge to scheme of filtration of solids and discharge through pipelines with proper submerged marine outfall at suitable point as per

scientific studies will further reduce the impact. The proposal for the conversion is with the government authorities for approval which is awaiting the outcome of the decision of the court of law on the pre-existing rights of the company on the land through which wastewater channels were flowing. The company shall take all necessary actions in accordance with the decision of the court of law and the environmental authorities.

While operating in harsh ecological conditions/semi-arid conditions at Mithapur site, highly alkaline soil conditions at Babrala site, TCL has reclaimed waste land in the nearby area by converting it into a green belt covering an area to the extend of 2.22 sq. km. By the year 2007-08, 2.65 lakh trees are being maintained. Our commitment towards continual improvement is triggering new programs such as Grassland Development, Mangrove Conservation and Regeneration, Increasing Waste Utilization and greening of our products.

The Romance of Salt Works

The most significant observation was high concentration of a total of 1745 Black-necked Grebes (*Podiceps cristatus*), a rarely seen migrant, in the Charakala salt works, thus showing its importance as an abode for some rarely occurring migrant and resident water fowls. During summer the salt pans of the Charakala salt works serve as breeding ground for Caspian Tern (*Hydroprogne caspia*) and Indian River Tern (*Sterna aurantia*). During the water fowl count in Charakala salt work in winter a total of 4958 lesser and 881 Greater flamingos were counted. During summer count the population increased to 5635 and 4179 birds respectively. The abundance status clearly showed that some of the habitat specialists were in good numbers in these wetlands as there were five species, which were abundant, and ten species that were common. In addition, this salt work also provides income to some of the local villagers who do fishing in the salt pans.

A man wearing a white hard hat and a light blue button-down shirt is crouching on a sandy beach. He is smiling and looking at a young girl standing in front of him. The girl is wearing a white sleeveless top with 'Dance' written on it, a white skirt, and white sandals. She is reaching out to the man's hand. The background shows the ocean and a clear sky.

**THE
HUMAN
TOUCHTM
OF
CHEMISTRY**

“Employees are our core strength. Our approach has always been to provide opportunities that build capabilities of our employees to handle current and future requirements of our business.”

- B. Sudhakar
Head - Corporate HR & Administration

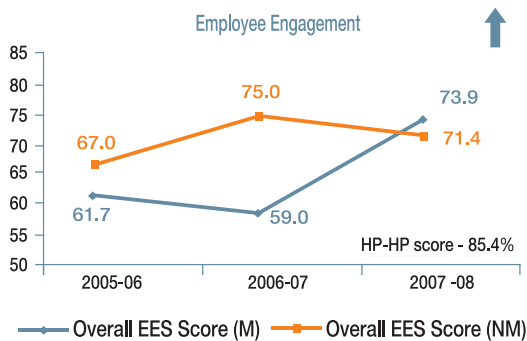
Our People

The year 2007-08 was christened as the 'Year of People' and an array of innovative initiatives were launched to make TCL a 'Great Place to Work'. These initiatives have been very well received and have created a considerable impact on the employees.

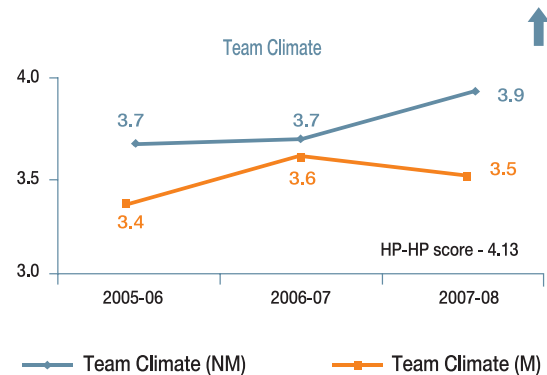


We strongly believe that people are central to our transformation agenda and a crucial enabler in our journey of becoming a global organization. We have always tried to align HR strategies around workforce attraction, retention and workforce development with the company's overall strategy. In line with this, the year 2007-08 was christened as the 'Year of People' and an array of innovative initiatives were launched to make TCL a 'Great Place to Work'. These initiatives have been very well received and have

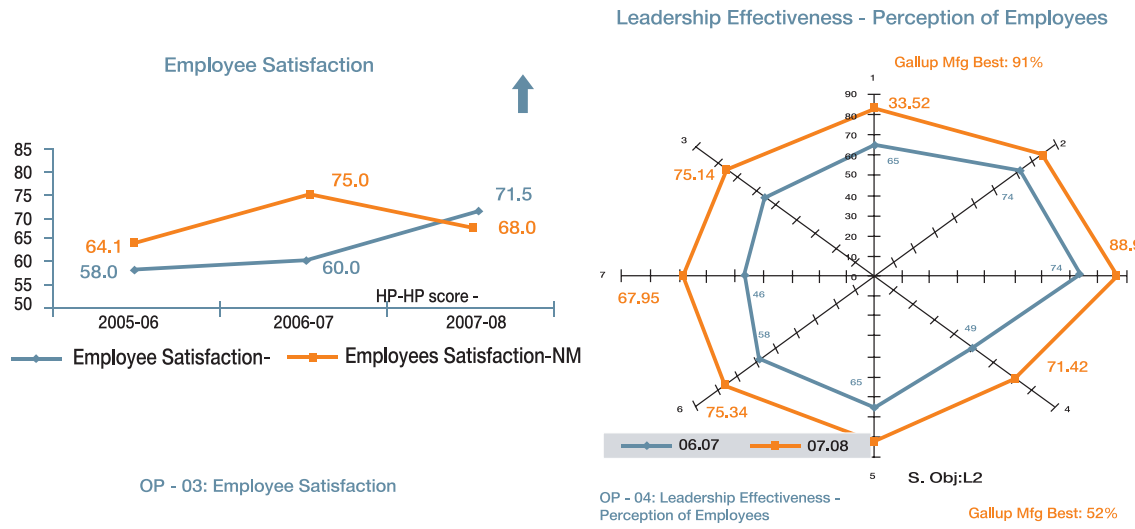
created a considerable impact on the employees. The employee engagement scores have shown positive trends in overall measures, team climate (Refer OP-1 and OP-2), leadership & culture amongst others (Refer OP-4 and OP-5). The committed workforce at TCL is a strategic advantage we build our present and future businesses on.



OP - 01: Emp. Engagement - (Satisfaction + Loyalty + Advocacy)



OP - 02: Team Climate



Our People

TCL had 3324 employees in India and 1559 employees overseas totaling to 4883 employees as on 31st March 2008. (Annexure OP-07).

We have segmented our employees as management and non-management. Additionally, to further understand specific requirements and expectations, they have been further segmented into management, officers, field staff, workmen, scientists, and management / graduate engineer trainees.

Their needs and expectations are prioritized for action based on the QFD technique.

Recently, from amongst the contract workmen, we have identified a special segment of "Other Directly Supervised Contract Employees" (ODSCE). We are in the process to understanding their needs and expectations so as to improve their skills, improve performance and provide for their career growth.

We have recognised unions covering all workmen at Mithapur and Haldia and no union at Babrala. Most of the employees at Babrala are in the Management segment. We have established policies, programs and facilities that are common across segments here.

Child Labour, Forced & Compulsory Labour

We do not employ child labour in any of our operations across all geographies. We maintain all necessary documentation regarding age and conduct medical tests, as a part of the recruitment process. In case of indirect employment, we have controls built into our contracts with third parties on non-employment of child labour, as a part of the terms and conditions.

We follow all Government statutes thus ensuring that none of our operations are at risk of Child, Forced and Compulsory labour. We have mechanisms to take care of any violations, like the Grievance Redressal Committee and Ethics Counselors.

We support "Fundamental Human Rights" in all our operational activities and comply with the law of the land. There has been no incidence on Human Rights violation.

Although we do not have any specific policy / procedure to evaluate and address human rights performance, we ensure that our suppliers, contractors abide by the terms and conditions laid out in the Purchase Order. The Purchase Order also mentions about TCoC, which needs to be signed by

Perception on Culture of Organisation (Non-Mgmt)

Fig. OP - 04: Leadership Effectiveness - Perception of Employees

- 1 Bright future
- 2 Can manage the emerging challenges
- 3 Effective in setting direction
- 4 Has created positive frame of mind amongst employees
- 5 Communicates effectively
- 6 Actively invites feedback from other managers
- 7 Created a competent next rung of leadership
- 8 Can handle the growth that is being planned

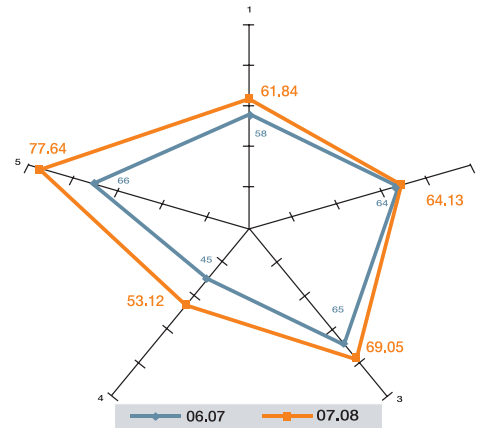
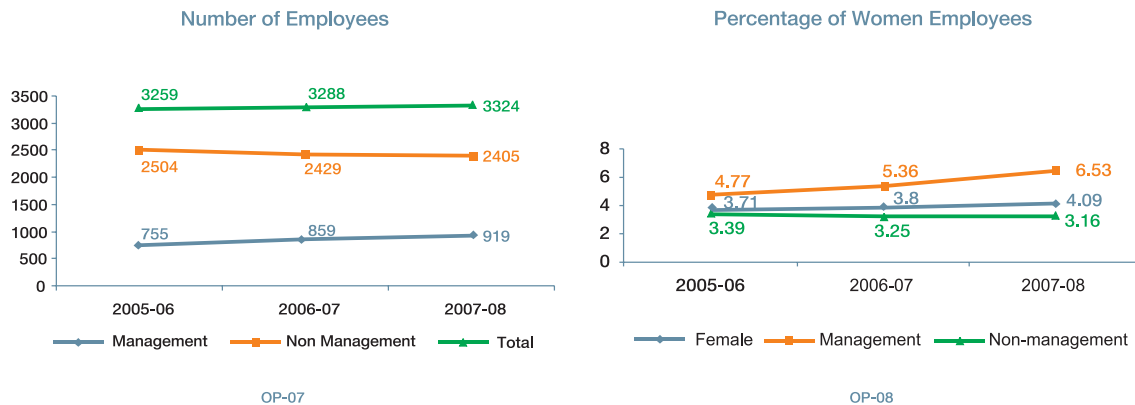


Fig. OP-05: Perception on Culture of Organisation(Non-Mgmt)

- 1 Transparent
- 2 Systems & Process Driven
- 3 Open to new Ideas
- 4 Non-hierarchical
- 5 Customer oriented

OP-05: Perception on Culture of Organisation(Non-Mgmt)

Employee Profile	Performance Evaluation System	Supporting High Performance	Supporting Workforce Engagement	Career Progression & Method
Management	e-PMS	Stretch Goals, Offline discussions & Feedback, PLVP Compensation corrections	Alignment of individual goals to BSC, Achievement Goals, Joint goal setting, Rating System, Training & Development	Succession Planning, Talent Review, Competency mapping, EGS, Promotions, Job Rotations, Deputations
Scientists	e-PMS	Do	Do	Talent Review, Support to develop IP & patents, Cross Speciality Projects, major project milestones
Officers	Group Performance based on yearly targets	Group Based PLVP, Increments, Promotions	Team Goals Setting, Targets R & R for safety, Productivity	Promotions, Skill Enhancement, Sup-EGS Fast Track, SPUR SDP
Field Staff	Annual Performance Appraisal	PLVP, Increments, Promotions	Sales Targets R & R for targets	Job Rotations
Workmen	Based on productivity increase mobility, Absenteeism,	Increments, team incentives based on cost, quality, safety and attendance, Long-term settlement	Provision of resources to achieve Targets on Cost, Quality, Safety and attendance, R & R for safety, Productivity	Multi-skilling, OCP, Trade Tests leading to promotion based on performance & Organisational Needs
Trainees (GET/MT)	Project Based Assessment	Confirmation based on review, Learning Incentives	Challenging assignments & Projects	Confirmation to management cadre. Opportunity to work with Functional heads
ODSCE	Performance Evaluation based on Quality, Safety, House keeping and Time targets	Piece-rated payouts	Performance Dialogue Output Targets, R & R for safety, Productivity	Continuity of employment; Confirmation based on Performance & Organisation Needs



the supplier or contractor agreeing to abide with it. Our employees are given adequate training inclusive of providing sufficient information and notice time, in case of any significant technical or operational changes in our business. We do not discriminate amongst our employees based on compensation, and workforce payment details are adequately documented. In 2008-09, we plan to get the SA 8000 certification for our manufacturing sites.

Building a High Performance Organization

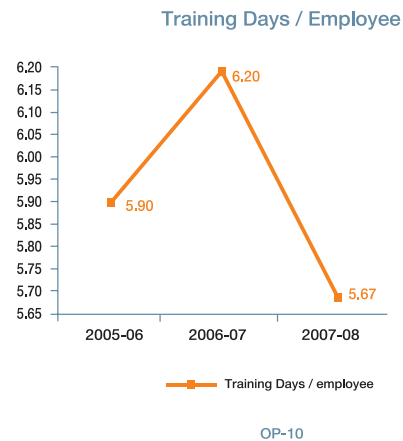
We have a robust PMS to foster a high performance culture across the organization. During the cascade of BSC to individual goals, stretch goals are factored in to stimulate high performance. The SDM projects and team targets at Company and Business level, supported with SLA/SPL, CFT's, COP facilitate co-operation within and across sites. Over the years, our workforce across all segments, have moved towards increase in performance orientation. This is evident from the increase in PMS effectiveness (Perception) from 60.4% in 2004-05 to 75% in 2007-08. The Value Added per Employee (VAPE) has improved from 0.19 Crores in 2004-05 to 0.34 Crores in 2007-08. The coverage of employees under Performance Linked Variable Pay (PLVP) has

increased from 31% in 2004-05 to 53.1% in 2007-08.

In this direction, the Officer cadre has moved away from the 'bargainable' category to performance based culture across the work units. As a part of the 3 year plan for Officer Cadre employees, goal based performance appraisal system and migration to CTC model would be rolled out in the coming years. The LTS for workmen is also productivity linked. "Performance Dialogue", under Udaan initiative, is a system of daily morning review and planning by groups of workmen/ ODSCE and their supervisors to resolve performance related issues and ensuring co-operation at the shop-floor level, which builds a sense of belongingness and inspires them to perform better.

Developing Capabilities

Over the years, we have worked extensively on developing the functional skills of employees, while preparing the organization to develop a global mindset, which is a high priority for the top team. Our Management Development Program (MDP), Supervisory Development Program (SDP), Operator Certification Program (OCP) and Leadership Development Programs have been evolved to



develop future capabilities amongst employees.

The Talent Management process identifies key talent based on potential and performance. Job rotation, Deputations, International assignments, EGS, Sup. EGS, SPUR, Multi-skilling and Promotions are used to develop capabilities of our employees. (Refer OP-09 & 10).

Securing Skills for the Future

We use a combination of top-down and bottom-up approach to identify training needs. The organization's competency gaps emerge from the LTSP and BSC processes. These are then collated along with individual needs emerging from the PMS process and Competency Mapping.

To take ahead the transformation agenda, we had specific interventions like Achievement Motivation, DISHA, PIPE, Finance for Non Finance, SAP Training, SHE, Michigan and Harvard Programs rolled out. Platforms like the B-School, IGNOU, and tie-up with BITS, Pilani have been developed to promote continuous education for our employees. Sabbatical and Professional Education Assistance policies provide the necessary aid and helps build motivation.

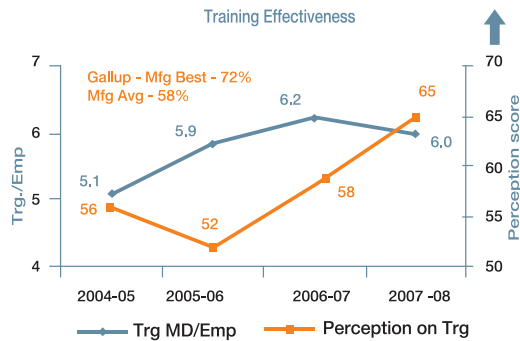
To promote skill development in the nearby community, we have MOU's with local ITI's. To provide training to employees' children, we have our Apprentice Training School at Mithapur which places students to the best companies. We support them by roping in Group Companies like Voltas, who come for placement.

Our three year plan for the ODSCE workforce will ensure upgrading their skill sets and increase our operational efficiency.

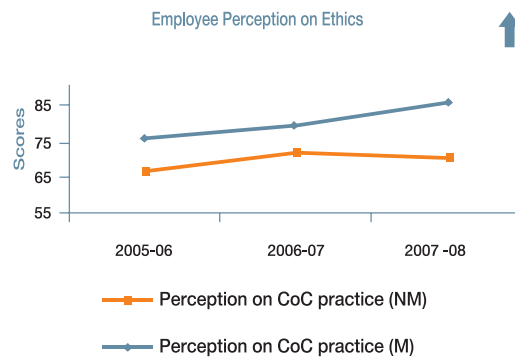
Diversity and Human Rights:

A training program focused on behavioural aspects, human rights was organized for security team. The program covered 25% of company employed security personnel & 37% outsourced security personnel. We have conducted gender sensitivity workshops across our sites to improve awareness of gender issues amongst employees.

As part of the TATA Group guidelines on Affirmative Actions, we have decided to sponsor FAEA scholarships for three students of the under privileged community in the year 2008. We are in discussion with the Director of Training at Haldia to chart out an action plan to implement affirmative actions.



OP-11: Training Programme Effectiveness



OP-12: Employee perception score on CoC

Presently we do not include human rights clauses in our investment agreements, however we plan to do so in the coming years.

Diversity among the composition of our Board of Directors, EXCOM, Promotion Board, Remuneration Committee, Apex Team, Audit Committee promotes the culture of innovation in our Company.

Incidents of Discrimination:

Our policies on Anti-Sexual Harassment and Clause 4 of Tata Code of Conduct (TCOC) ensure non discrimination of employees. The MBE process

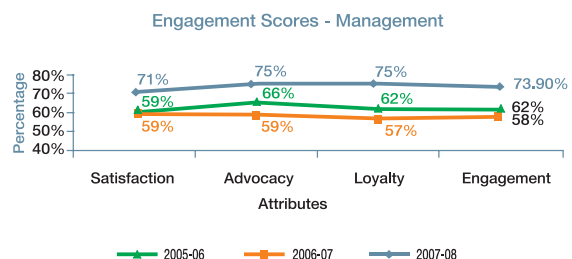
which details processes to raise incidents / concerns on violations of Code of Conduct is widely communicated among employees and contract workmen.

Effective deployment of the TCOC across stakeholders is seen in changing the trend in sources of concerns raised. The % of anonymous concerns has come down from 48% in 04-05 to 8% in 07-08. A decrease in anonymous concerns reflects an increasing reliability in our systems and processes and shift of proportion towards those by outsiders (20% in 04-05 to 58% in 07-08) reflect greater trust.

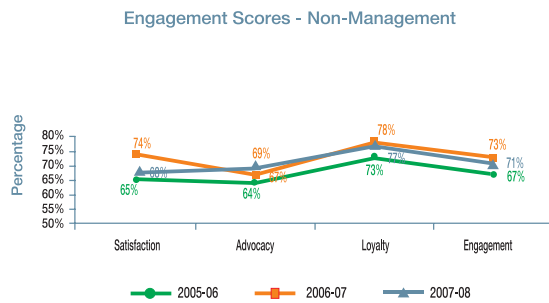
The consistent high employee perception score on



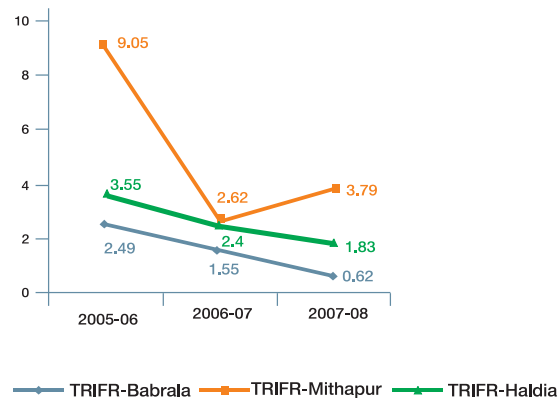
OP - 13



OP - 14



OP - 15



OP-16: TRIFR

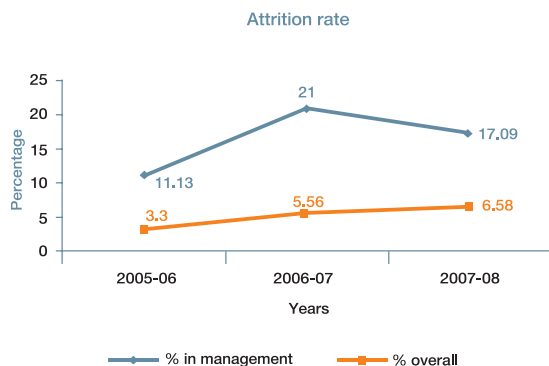
ethics is a reflection of overall alignment of our employees to the norms and behavioural dimensions prescribed by the TATA Group. (Refer OP-12).

Engaging the Workforce

Feedback from various fora and a formal Employee Engagement process helps assess the overall engagement levels. Pre-discovery exercise and QFD tools are used to identify and prioritize workforce needs. AWAAZ is a benchmarked process to identify action plans to make TCL a 'Great Place to Work.' (Refer OP-13). The results in 2007-08 have

shown a marginal drop over the previous year since we were in the process of negotiating wage settlements at our sites and as the discussions with the unions got prolonged it impacted the scores. We have since then expedited and completed the agreement and also launched a few initiatives at our townships (focusing on School, Housing and Hospital) to help improve engagement scores.

The closure of AWAAZ action plans is tracked and reviewed at the SBUC and EXCOM to provide high focus and priority. Team Climate scores are communicated to the HOD's and action plans are charted. Increase in levels of participation in



"Attrition does not include Superannuating employees or caused by death."

OP - 17





Facilities, Policies & Services	Segments
Housing Facilities	M, O, W (at Townships)
Annual Medical check-ups	All
Emergency Support - Infrastructure Support, Hospital	All
Educational - Primary and Higher Secondary School, Library	M, O, W (at Townships)
Recreation Facilities - Clubs, Gyms, Sports & cultural events	M, O, W (at Townships)
Canteen Services	All
Ergonomic Surveys	All
Transport - Bus / Car Services / Travel Reimbursements	M, O, W (at Townships)
Counseling for employees opting for ESS, Outplacement service	All Employee Segments
Perks / Business - Housing, Car, Mobile, Laptop, AC	All Employee Segments
Retirement Benefits - Gratuity greater than statutory requirement	All Employee Segments
Health Insurance	All Employee Segments
Leave Fare Assistance	M, Sc, O, FS
Uniform	M, O, W (at Townships)
Loans - Finances at discounted rates	All Employee Segments
Children Education - Scholarship & grants for +2 students	M, O, W (at Townships)
Ethics - CoC Guidelines, Anti-Sexual Harassment, AIDS Policy	All
Location & Profession based allowances	All Employee Segments
Safety, Health and Environment	All

initiatives like Unnati, Udaan, Oorja reflects increasing engagement levels of employees. The % absenteeism has dropped significantly from 2.31% in 04-05 to 1.22% in 07-08. Communicated to the HOD's and action plans are charted.

Employee Policies, Benefits & Support Practices:

All our facilities have been certified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001. In our journey towards rendering world class SHE excellence, we derive approaches and measures from Du-Pont and British Safety Council 5 Star Models. We undertake ergonomic surveys to take care of safe working postures / workplace lighting. The safety training man days per workforce has risen from 1.49 in 04-05 to 3.07 in 07-08 and the employee perception on safety from 59% to 79%, due to increased thrust on behavioural safety training, resulting in improved TRIFR (Refer OP-16).

We have several customized policies in place for all segments of our workforces. The table (Refer OP-18) shows the overall approach.

Oorja

OORJA, was introduced as a Quarterly event for the employees as an exciting and participative programme that creates a platform to bring out the latent talents of the employees and builds a culture of Learning & development. It corroborates one of our cultural pillars of collaborative responsiveness and encourages teamwork.

Objectives:

- To boost healthy competitive spirit
- To create a platform for recognition
- To create a fun environment
- To break from the monotony of daily job
- Generate a creative thought process, leading to efficient and productive activities

- Flexible & forward looking mindset
- Sharpening or honing of skills
- Better understanding of peers & seniors leading to transparency within the employees
- Free flow of ideas
- Freshness in approach towards work

OORJA has already completed four cycles. Each year the identified theme is of organisational importance. The past predominant themes were “Innovation and Globalisation”, “Values & Cultural Pillars” and “Safety” whereby employees created skits based on their understanding of the themes and presented them at the regional and the final event.



A woman wearing a red sari with a gold border and traditional gold jewelry, including a large earring and a necklace. She has henna designs on her hands and arms and is smiling while working on a craft with a green thread.

**THE
HUMAN
TOUCH^{OF}
CHEMISTRY**

“Support to our key community is not an activity we do only during good times, or as a sporadic one time activity. The process followed is similar to that in business; with long term goals, annual plans, rigor in monitoring and regular evaluation for improvement. We work in partnership with the community and also with other organizations including the Government, wherein each one of us bring our own special skills to the table for the benefit of all.”

- Alka Talwar
Head - Community Development

Our Commitment To Society

The process of engagement with the community starts with the identification of key community, their needs and prioritizing interventions. The participation of the stakeholders is vital to the success of all the programs and forms the basis of all project designs.



“What support comes from the people must go back to the people many times over.” – this principle is an inheritance from the founding fathers of the Tata Group. Tata Chemicals Limited (TCL) honours its legacy through various means and has established trusts and societies such as:

- Tata Chemicals Society for Rural Development (TCSRDR)
- Golden Jubilee Trust (GJT)
- UDAY Foundation

These bodies take up development work, and supported programs such as 'Save the Whale Shark', 'Lion Conservation Project', 'Desh ko Arpan' etc. Acknowledging the need to balance the needs of all stakeholders and the fact that business and society are interdependent, has led the organization to articulate for itself a “Corporate Sustainability Policy” that guides the organization towards long-term sustainability. Community is our key stakeholder and we believe that development of the community is only possible through inputs and partnerships from all stakeholders. We partner with other agencies (NGOs, Govt. etc.) and the communities to take up programs that enrich the quality of life of the rural populace in a sustainable

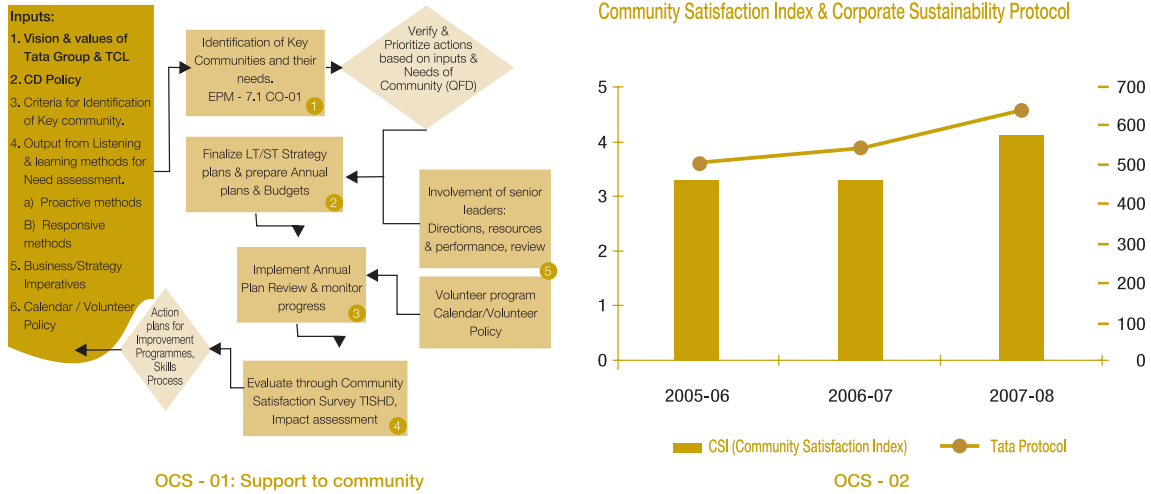
manner. The guiding principles for engagement with the community are enshrined in the “Community Development Policy”. These principles are: sustainability, participatory approach, transparency, networking & partnership, resource center and volunteering.

The process of engagement with the community starts with the identification of key community, their needs and prioritizing interventions. The participation of the stakeholders is vital to the success of all the programs and forms the basis of all project designs.

The development programs are location specific catering to the needs of the area. Identification of key communities is done through a selection criteria that includes parameters such as our values, strategy and business needs, proximity to our plant sites, underprivileged/neglected status, national needs etc; and their needs are identified through various listening and learning methods. Prioritization of interventions and action planning is done based on various parameters including the QFD matrix. This then translates into LT/ST and annual plans that are implemented.

Projects are continuously monitored and evaluated to measure impact. The quality of community

Our Commitment To Society

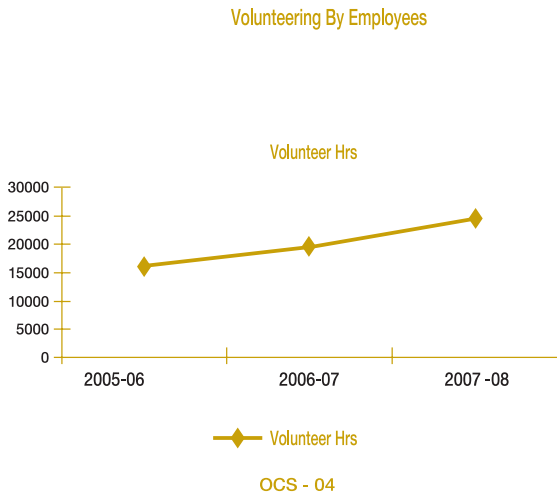


development programs has helped create partnerships with organizations such as the PFI, DRDA, SRTT, SDTT, WASMO, NABARD, CAPART, GRIMCO and increased mobilization of funds. Representation in the district level as lead NGO, membership in the advisory committee and the Coastal Salinity Cell has helped in advocacy and

sharing of best practices. The Best practice sharing with other organizations has yielded a lot of new learnings. Benchmarking with others and Internal and external assessment (Social Audit and Tata Protocol) are conducted regularly for evaluation and improvement of interventions and processes.

Key community	Need assessment	Programs	Outcome
Neighbourhood of the manufacturing Plant sites	Conducted through Survey, contact program and Participatory appraisals. (NRM) Income Generation (IG) Health, education & Infrastructure (HEI)	NRM Integrated watershed development program, WASMO, Salinity Ingress mitigation, Animal Husbandry development, Integrated Agriculture growth program, Biodiversity plantation.	Community Satisfaction, Regional Development, Human Development.
		IG Self-help groups, Vocational training, Rural enterprise development program, Handicraft promotion "OKHAI", Uday (BPO), Karjobi.	Livelihood, Education, Health.
		HEI Intensive Family welfare, Eye camps, lifeline express medical camps, Adult education, Infrastructure Dev (school buildings, roads etc.), ECO Clubs, Tejaswini, Spandan.	Improving the quality of Life.
Larger community	Human development WDG, focus on education & Support during natural calamities, Conservation programs	Sponsorships for education, support for health, Dosh ko arpan Earthquake, Cyclone and drought relief and rehabilitation programs through TCSR and Tata Relief Committee Conservation programs Mangrove plantation, Save the Whale Shark Project.	Education for the underprivileged. National interest.

CS - 03



Comprehensive evaluation for improvement of process is done through Tata Corporate Sustainability (CS) Protocol guidelines and tracked as Tata CS Protocol index (Refer OCS-02). During times of stress extensive relief & rehabilitation work is undertaken. A robust volunteering process driven by the volunteer policy sensitizes employees and their families to community concerns and provides them opportunities to actively support them. Volunteer programs include helping in Bal Utsav, Medical camps, Capacity building training, Impact assessment, Education and Eco Clubs to name a few. (Refer to OCS-03).

The Company has established Uday Foundation, a

rural BPO to generate employment for the educated local youths. The rural BPO is boosting the economy of the local area. It is not only creating jobs for the local populace, but also exposing them to a hi-tech industry where they can eventually grow and build careers. Presently 90 local youth are employed under Uday Foundation. In the coming year, Uday will be establishing another center at Babrala for the rural youth there.

Tata Chem Golden Jubilee Foundation (TCGJF)

We have created TCGJT to provide medical and educational assistance to needy people in all walks of life. The trust distributes scholarship to students for pursuing higher studies abroad and for study in Indian institutions. Trust also provides assistance to people in need to meet their medical expenses.

Desh ko Arpan Programme (DKAP)

For us, the DKAP is a part of its continuing commitment to the nation. DKAP enters its fourth year which was launched to champion socially relevant causes. The DKAP contributes 10 paise for every kilogram of Tata Salt sold during particular a month, to a social cause. This initiative is one of the ways in which our flagship brand, Tata Salt, finds connect with improving the quality of life of the underprivileged children.



For further details please refer our website:
www.tcsrd.org and www.okhai.org





“The Company has rewarded the shareholders well both in terms of dividend and value, by creating and sharing wealth legitimately and ethically.”

- Dr. Arun Kumar Boppana
Shareholder Tata Chemicals

Our Economic Performance

Besides direct employment generation, in our areas of operations, we also indirectly impact opportunities for income generation. Ancillary activities such as: civil and other contract workmen, transporters, goods and services that service these people etc. provide livelihoods to thousands of people.



Being one of the biggest private sector organisations its economic sustainability is surely going to impact the national economy and also that of its operating areas. In the reporting period the Company had employed 3324 employees. Extensive capital exchange took place in the form of various payments, dividends, taxes, donations / grants etc. (Annexure AN-02).

Finance and Value-Based Management: Tata Chemical's business developed very successfully in 2007-08. We have further consolidated our leadership position by becoming the 2nd largest soda ash player in the world after GCIP acquisition and have opened up new markets in North & South America. Despite higher raw material prices and the setback due to floods during the monsoon, we increased our total income to Rs. 569.05 Crores (and income from operations by Rs. 90.60 crores). This earnings growth compared with the previous year is primarily due to price increase of many products in our portfolio and higher realization on sale of investments.

Sales in 2007-08 rose by 2.3 percent compared with the previous year to Rs. 4036.31 crores. (1crore = 10 million)

Income before taxes: Compared with the previous year, income before taxes rose by Rs. 523.26 crores to Rs. 1157.10 crores in 2007-08. Beside this, the return on capital employed as a percentage of profit before tax (plus interest) increased to 18.9% compared with 17.2% in the previous year.

Earnings per share: Earnings per share (basic) in 2007-08 were Rs. 42.82 compared with Rs. 37.89 in the previous year.

Appropriation of profit: We achieved a net profit after tax of Rs. 949.18 crores (higher by 113.67% as compared to PY). Including profit carried forward from 2006-07 of Rs. 967.07 crores, profit retained was Rs. 1916.25 crores. At the 69th Annual Meeting on 04 Aug '08, the shareholders approved a dividend payment of Rs. 9 per qualifying share. The total dividend payable (including dividend tax) on qualifying shares, as of March 31, 2008 for the financial year 2007-08 was Rs. 247.15 crores.

Balance sheet structure: Our total assets increased by Rs. 2469.36 crores due to increase in investments and current assets as compared to PY. Inventories increased by Rs. 151.16 crores to Rs.



For further information please refer to our Annual Report 07-08 & website: www.tatachemicals.com



657.64 crores as a result of the expansion of business. Trade accounts receivable was Rs. 639.50 crores (as compared to PY of Rs.668.55 crores). On liability side, share capital is increased by Rs.18.9 Crores due to conversion of FCCBs into ordinary shares. Loan liabilities also increased by Rs. 1303.51 crores to Rs. 2345.28 crores. The increase in financial indebtedness is a result of External Commercial Borrowing.

Net cash from operating activities at Rs 478.81 crores has declined in 2007-08 significantly because of increase in inventory level and trade receivable.

Statement of cash flows: In 2007-08, net cash used in financing activities was Rs. 1499.29 crores compared with Rs. 612.68 crores in 2006-07, increase is on account of External Commercial Borrowing. Further decrease in investing activities is due to investments in subsidiary.

Employment Benefits: An employee relies on future benefits such as the pension plans of the organization in which they work. 100% of our employees are covered through a well-planned pension plans that includes provident fund, pension schemes, gratuity; superannuation etc. For the reporting period, total expenditure towards

employees' pension plans was 13.26 crores for year 2007-08. Other benefits provided to employees are detailed in "Our People" section.

Wages to be offered to an employee are mentioned in respective State Factory Rules. We have fixed minimum entry-level wage as the full time wage offered to an employee in the lowest permanent employee category. During the current year Rs.169.73 Crores were incurred over payment and provision for employees (14% higher as compared to PY).

Being an equal opportunity provider, organisation has a diverse workforce in the management cadre and there is no specific practice of preferring local residents for the management cadre in specific locations of operations. Same principle of equal opportunity is applicable to selection of suppliers too irrespective of local or not. Here local supplier is the one where there is no trans-national payment involved. All suppliers of material or services are selected based on selection criteria defined in the Vendor Qualification Form. Key selection criteria are confirmation of regulatory, legal compliance, availability, cost and quality of materials supplied, OEM Suppliers, and ISO Certifications etc. However



in both the cases preference is given to the local candidate, all other criteria being equal. .

Government Subsidy: In the year 06-07 & 07-08, total sum of 1079.35 crores & 1240.89 Crores was the total amount received from the government in the form of subsidies for our fertiliser business.

Indirect Impact: Besides direct employment generation in our areas of operations, we also indirectly impact opportunities for income generation. Ancillary activities such as: civil and other contract workmen, transporters, goods and services that service these people etc. provide livelihoods to thousands of people.

We are also equally concerned with the overall upliftment of the nearby community especially the underprivileged. Either directly, or through TCSR, we help in improving infrastructure such as roads, brick paved tracks, construction and repair of schools, piped water supply, rural electrification, construction of cattle sheds to name a few. Through our watershed development and water management programs we have impacted approx. 100,000 people helping them get water for drinking and irrigation.

Recently, we have established 'Uday', a rural BPO, set up in partnership with Tata Business Support Services at Mithapur to help bridge the digital divide between the rural and urban population and provide employment to more than 100 educated rural youth.

'Okhai', promoting rural handicrafts, is now becoming a well-known brand for handicrafts and garments made by communities around Mithapur. Going forward, the company aims to set up exclusive shops for selling Okhai products in selected cities - the first being in Ahmedabad.



For more information, visit our website:
www.tcsrd.org and www.okhai.org



Rural Enterprise Development Programme

Okhamandal taluka is situated at the tip of Saurashtra peninsula in Gujarat state. The main occupation of the people is agriculture. The region is drought prone and receives less than 250 mm of rainfall. Issue of alternate source of livelihood has always been a concern for the people in this region.

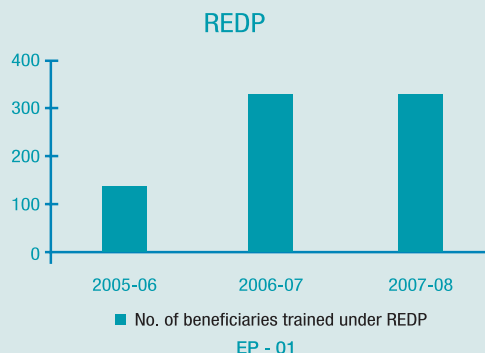
The constant clamour of the community for employment opportunities for improving their quality of life, made the company realise, that alternate options for increasing the income of the surrounding community needs to be seriously explored. The rural entrepreneurship development programme was born as a result of this reflection. The project aims to tap the latent skills for entrepreneurship in individuals and guide them in their endeavour to become successful entrepreneurs. The specific objectives of the Rural Enterprise Development Programme (REDP) are to promote rural entrepreneurship and self-employment in the area and to make the rural youth self-reliant. The Rural Entrepreneurship Development Project was initiated with a need assessment survey by International Centre for Entrepreneurship and Career Development (ICECD). A month long training was provided to trainers in general business management, marketing research and

achievement motivation, sourcing raw materials, linkage with financial institutions et al. These trainers are given the responsibility of selecting potential entrepreneurs from the community and training them in all aspects (both technical and general) of setting up and running a successful enterprise. A separate team monitors the progress of each entrepreneur after he/she starts his/her enterprise.

Since Tata Chemicals had facilitated the formation of self help groups in the area, the network of self help groups helped the acceptance of the REDP project in the area. The trust and confidence of the community in the development activities of the company helped in getting a brilliant response to the project.

A total of 817 youth have been trained and have undergone the REDP training, of which 117 have successfully set up enterprises till date. In the year 07-08, 326 of which 30 trainees have upgraded/ started their enterprises and as a result doubled their minimum household income.

The Rural entrepreneurship development project aims at developing entrepreneurs in the region. This directly contributes to improvement in the quality of life of the surrounding community and thereby, sustainability of business.





Rambha V. Manek ▲

Mr. Rambha V. Manek, the eldest of two sons of the Manek family is living in the village of Arambhda along with his family consisting of his parents, wife, two kids and his younger brother.

Before joining the REDP program, Rambha was living in a rented house and used to carry out his cycle repair business in a small wooden cabin. There was no electricity, neither in his house nor in his shop. This was because he could not afford the expenses for the same. He earned merely Rs. 1500/- per month. As there was no electricity in the shop, the time he could spend in his shop was less.

The training under the REDP Program proved to be an angel in disguise for the Manek family. He received a loan from Bank Of Baroda for Rs. 24,000/- to develop his venture. With the loan amount that Rambha received, he arranged for electricity for his shop and house as well. He slowly developed his shop & now has a well-constructed shop instead. Along with repairing the cycles he also sells the spare parts of the cycle to earn more money. Apart from this, he keeps chocolates, biscuits, wafers & few other eatables in his shop for sale. His monthly income has now doubled to Rs. 3000/-.

With great satisfaction and relief in his eyes Rambha says, "Now I have savings and money



Jethabhai Raimalbhai Hathiya ▲

on hand that I can spend in times of emergency & I need not require running here and there for it."

Mr. Jethabhai Raimalbhai Hathiya, one of our REDP trainees has established himself as an entrepreneur after completing the training. Before joining the REDP training program, he worked as a helper in a truck garage earning as little as Rs. 70/- as daily wages for his livelihood. He was very enthusiastic and full of confidence to establish himself as an entrepreneur.

Mr. Jethabhai says "Through the years, though I had gained technical skills, I was not aware about the commercial aspects of entrepreneurship. After joining REDP training program I came to know how to earn profit, how to deal with customers, how to run a business and other many more things regarding entrepreneurship." With the help of TCSR, he got finance in the form of bank loan of Rs. 25000/- and started his own truck service garage, which he named as Gopal Truck Garage. Now he is running his garage very smoothly earning Rs. 5,000 to 6,000 per month.

He also had employed his two brothers in his garage. He regularly pays his bank loan installments.

Our Achievements

Key awards & recognition



2006-07

Environment

- BSC five star rating in Environment Management Sustainability
- Environment protection award from Fertiliser Association of India

Plant Performance Award

- Overall plant performance award from Fertiliser Association of India

Safety

- Sword of honour from British Safety Council
- Safety gold award from Green Tech Foundation for four consecutive years
- The Sarva Shreshtha Suraksha Puraskar (Golden Trophy and Certificate) from National Safety Council of India (NSCI)

Quality

- Accreditation by the National Accreditation Board for Testing & Calibration Laboratories (NABL), New Delhi

Communications

- 10 national awards for excellence in Organisational Communications

2007-08

Quality

- International Asia Pacific Quality Award (IAPQA) from Asian Pacific Quality Organization.
- JRD QV Award for TBEM 600+ score to TATA Chemicals Ltd.

Energy and Water Management

- CII-National Energy Management Excellence Award 2007
- CII-National Award for Efficient Water Management 2007
- Five star rating in Environment Sustainability

SHE (Safety Health and Environment)

- Aditya Birla Award for the "Best Responsible Care Company" and "Corporate Social Responsibility Award" for the year 2005-06
- The Sarva Shreshtha Suraksha Puraskar (Golden Trophy and Certificate) from National Safety Council of India (NSCI) for year 2006-07.
- Sword of Honour from British Safety Council consecutively four times in a row

Innovation

- The Best Technical Innovation Award (2006-07) from Fertilizer Association of India (FAI)

Communications

- 13 national awards for excellence in Organisational communications

Economic Data

Rs. In Crores		
Sources of Funds	2006-07	2007-2008
Shareholders' funds		
(A) Share Capital	215.16	234.063
(B) Reserves and Surplus	2177.68	3337.619
	2392.84	3571.682
Loan funds		
(A) Secured	60.63	47.96723
(B) Unsecured	981.14	2297.309
	1041.77	2345.276
Deferred Tax Liability (net)	291.22	278.2343
TOTAL	3725.83	6195.193

Fig.: AN 1

Contribution To Funds

(Rs, in crores)

Nature of payments	2006-07	2007-08
	Rs.	Rs.
Company's Contr to Providend Fund - Singapore	0.01	0.03
Company's Contribution to Providend Fund	4.13	4.37
Company's Contr. to Employees Pension Scheme-1995	2.19	2.15
Company's Contribution to Superannuation Fund	4.20	4.09
Company's Contribution to Pension Fund	0.31	0.05
Company's Contribution to Gratuity Fund	6.87	2.61
Sum Total	11.15	13.29

Fig.: AN 3

Component		2006-07	2007-08
Direct Economic Value generated			
a) Revenues	Net sales	3945.64	4036.31
	Revenues from financial investments	162.15	640.53
	Sales of assets	1.23	0.27
DEV generated		4109.02	4677.11
Economic Value Distributed			
b) Operating Costs	Payment to suppliers	2572.7	2611.17
	Non-Strategic investments	251.87	252.97
	Royalties	1.67	4.16
	Depreciation	150.35	148.76
	Facilitation Payments	305.58	309.66
c) Employee wages & benefits	Employee salaries	148.98	169.73
d) Payments to providers of Capital	Dividends to all shareholders	172.08	211.25
	Interest payment made to providers of loans	12.8	8.24
	Interest on debts & borrowings	29.93	12.94
e) Payment to the government	Company Taxes	218.88	243.82
	Penalties (if any)		
f) Community Investments	Voluntary donations	1.3	2.38
	Infrastructure Investments		
EV Distributed		3866.142	3975.077
Economic Value retained	DEV generated- EV Distributed	242.88	702.03

Fig.: AN 2

Subsidy income accounted during the year: (Rs, in crores)

Nature of payment	2006-07	2007-08
Subsidy Income	1079.35	1240.89

Donation to political parties - Nil

Fig.: AN 4

Governance & Ethics Data

Applicable Regulations & Act

Business Area	Area of Focus	Regulatory Agency's	Applicable act's	Beyond Compliance
Corporate (Shared Services)	Accounting process	Registrar of Companies	Companies Act ' 56	Corporate Governance, COC, ISO 9001 -2000, Benchmarking, Enterprise Risk Management, Apex Policy
	Information Technology, Intellectual Property	SEBI, Registrar of Copy rights	IT ACT 2000, Copy rights Act 1957, Patents Act 1970, Trade Marks Act	Data Security management, Legal Audits by 3rd party, ISO 9001-2000, Risk management, User declaration on pirated s/w
Fertilizers Business	Fertiliser Registration Certificate (selling license), Product Quality	Department of Agroiculture, Department of Fertilisers	The Essential Commodities Act - 1955 / 1986 and The Fertilizer (Movement Control) Order -1973 / 1995 & The Fertilizer (Control)	ISO 9001-2000, Internal Legal Audits, Risk management, Award Application assessments, Benchmarking, SPC, Six Sigma
Food Additives Business	Product Quality	Food & Health Authority Product Licensing Authority	Prevention of Food Adulteraion Act 1954	BIS, HACCP certification, ISO 9001-2000, ISO 14001 - 2001 and OHSAS 18001
Chemicals, Fertilisers and Food Additives Businesses	Labour Laws	Chief Labour Commissioner Central Board for EPF	Chief Labour Act 1970, EPF Act 1884 / 83, Factories Act 1948 / 1963, Gas Cylinder Rules -1981 / 2004	ISO 9001 - 2000, ISO 14001 - 2004, OHSAS 18001, BSC 5 Star, Dupont Safety management, Risk mgmt, Contract Grievance Cell
	Industrial Laws	Industries Commissioner Chief Controller of Explosives, Chief Inspector of Factories	Industrial Act 1951, Explosives Act 1884, 83, Factories Act 1948, 1963, Gas Cylinder Rules - 1981/2004, Indian Boiler Act 1923	ISO 9001 -2000, ISO 14001-224, OHSAS 18001, BSC 5 Star, Dupont Safety mgmt, Risk mgmt, Safety audits, Structural Audits, Ergonomics Audit
	Environmental Laws	Min. Of Env't. & Forest, Central Pollution Control Board and State Pollution Control Boards, International Standard Organisation (ISO)	Water Act-1975 and Rules-1975, Wales Cess Act 1977 and Rules 1978, Air Act 1981 and Rules 1982, EPA 1986, MSIHIC Rules 2000, Hazardous Waste Management Rules-2003, Bio-Medical Rules-1998	ISO 14001-2004, Responsible Care, GRI, BSC - EMS 5 Star, Dupont Safety mgmt, OHSAS 18001, ISO 14031 (EPE), Benchmarking, Life Cycle assessment, Awareness to Community on SHE, Biodiversity and Conservation of Natural resources, Support to Green causes, Community Development

Fig.: AN 5

MBE Process

	2006-2007	2007-2008
No. of concerns on corruption	2 cases	3 cases
Percentage of concerns on corruption	19%	15%
Percentage of employees trained in TCL's anti corruption policies & procedures	100%	100%
Actions taken in response to incidents of corruption	Dismissal 1	Dismissal -1
		Contract not renewed -1
No of incidents of discriminations and actions taken	Nil	Nil

Fig.: AN 6

Board & Committee members

Board Members	Category	Audit Committee	Investor Grievance Committee	Remuneration Committee	Committee of Directors
Mr. R. N. Tata (Chairman)	Promoter, Non-Executive			✓	✓
Mr. R. Gopalakrishnan (Vice-Chairman)	Promoter, Non-Executive	✓		✓	✓
Mr. Nusli N. Wadia	Independent, Non-Executive			✓	✓
Dr. D. V. Kapur (Ceased to be a Director w.e.f. July 27, 2007)	-do-				
Mr. P. R. Menon	Non-Independent, Non-Executive				✓
Dr. T. Mukherjee	Non-Independent, Non-Executive				
Mr. Homi R. Khusrokhhan	Managing Director		✓		✓
Dr. Vijay L. Kelkar (Ceased to be a Director w.e.f. Dec. 31, 2007)	Independent, Non-Executive	✓			✓
Mr. Nasser Munjee	Independent, Non-Executive	✓			
Dr. Yoginder K. Alagh	Independent, Non-Executive	✓	✓		

Fig.: AN 7

Role of Ethics Counselor

The MBE process at Tata Chemicals is deployed through a structure having the MD as the Principal Ethics Officer of the Company overseeing implementation of the TCoC. The PEO reports to the Central Ethics Committee at the Tata Group.

He is supported by the Company Ethics Counselor who is responsible for the documenting the systems and processes to be adopted, training and creating awareness, reporting compliances, concerns and ensuring corrective and preventive actions are implemented, undertaking assurance surveys etc.

The LECs are appointed through a systematic evaluation process where a team of senior leaders rates possible candidates on the following factors:

1. Person known to be of high integrity.
2. Person who is respected in the system.
3. A person who has demonstrated the courage of conviction.
4. A person who has the ability to take stances and who does not succumb to the pressures of the seniors / peers.
5. The ability of the person to keep things confidential.
6. A person who has the ability to differentiate between what is right and who is right.
7. A person having good analytical background.
8. A person with good documentation skills.
9. A person who is known for his fairness.
10. A person who has good listening skills.

The LEC are responsible for the following in his / her area :

1. Disseminating information about the Code of Conduct to employees of his/ her Location/ unit
2. Receiving concerns/ queries/ feedback pertaining to the CoC from employees of his/ her location
3. Processing concerns this includes classification & routing, engaging relevant investigators, documentation of the concerns and recommending action on the concern to the Company Ethics Counselor.
4. Ensuring closure and feedback to the person raising the concern.
5. Reporting to the CEC on the status of CoC implementation in the location in the prescribed format.
6. Ensuring timely submission of relevant declarations to the Company Ethics Officer.
7. Maintaining confidentiality of the identity of persons raising a concern
8. Ensuring that business processes in the location/ unit are in adherence to the CoC and providing assistance to the line managers in practicing the principles in their work areas.
9. Ensuring the efficiency and effectiveness parameters are tracked.
10. Co-ordinate the MBE Assurance Survey and taking actions based on the findings from the survey.

TCL has appointed Local Ethics Counselors (LEC) at each of its unit. These LECs are the first point of contact at the site for stakeholders at the site and they report in to the CEC on MBE.

TATA CHEMICALS LIMITED



DECLARATION UNDER TATA CODE OF CONDUCT

National interest

A Tata Company shall not undertake any project or activity to the detriment of the interest of the communities in which it operates. A Tata company's management practices and business conduct shall be in accordance with the laws of the land. It shall conform to trade procedures, including licensing, documentation and other necessary formalities, as applicable.

Financial reporting and records

A Tata Company shall maintain fair and accurate accounts, have internal controls, provide accessibility of required information to authorised parties and government agencies. There shall be no willful omissions from the books and records or willful misrepresentation of financial information. No employee shall make, authorize, collude in an improper payment, unlawful commission or bribing.

Competition

A Tata Company shall not engage in activities of unfair or restrictive trade practices. It shall market company products and services on their own merits, not make misleading statements about competitor's products / services in the market. Any collection of competitive information shall be made only in the normal course of business and through legally permitted sources and means.

Equal opportunities employer

A Tata Company is committed to equal opportunities to all employees and qualified applicants for employment; treating employees with dignity while maintaining a work environment free of all forms of harassment. HR Policies shall promote merit-based decisions, diversity and equity in the workplace while complying with labour laws and international best practices including respect for the right to privacy and the right to be heard.

Gifts and donations

A Tata Company and its employees shall not receive or offer to make any illegal payments, remunerations, gifts, donations or comparable benefits with an intention to obtain business or uncompetitive favours and shall strive to eliminate all such forms of bribery, fraud and corruption. However nominal gifts may be accepted/given under full disclosure.

Government agencies

Neither the Company nor its employees shall offer or give funds or property as donation to the Government with an intention of obtaining favourable performance of official duties. It shall ensure compliance with regulations and transparency in all its dealings.

Political non-alignment

A Tata Company shall not support nor donate company funds or property to any political party, candidate or campaign.

Health, safety and environment

The company shall be committed to provide safe, healthy, clean and ergonomic work environment. It shall prevent wasteful use of natural resources and be committed to improving the environment. It shall endeavour to offset the effect of climate change in all spheres of its activities. A Tata company shall strive for Economic, Social and Environmental stability.

Quality of products and services

A Tata Company shall commit to supply good and services meeting the required National and international standards, efficient after-sales service consistent with customers' requirements to ensure their total satisfaction. It shall illustrate adequate labels, caveats and other necessary health and safety information on its Product packaging.

Corporate citizenship

The Company ensures compliance with relevant laws and regulations; active assistance in improvement of quality of life of communities it operates in; and incorporates these activities in its Business Plan. Tata companies encourage volunteering by its employees in collaboration with community groups. They conduct management reviews to set strategic direction for social development activity.

Co-operation of Tata companies

Cooperation by sharing of physical, human & management resources, ensuring that this does not adversely affect its business interests and shareholder value; preference to a market-competitive Tata company in procurement of products and services.

Public representation of the company and the Group

The Tata Company or the Tata Group in all public appearances shall be represented only by those directors and employees, who are authorized to disclose information on the Company / Group.

Third party representation

Parties having business dealings with the Tata Group, but which are not members of the Group (such as consultants, agents, sales representatives, distributors, channel partners, contractors and suppliers) are not authorised to represent a Tata company without the written permission if their conduct & ethics are inconsistent with the Code. Third parties are expected to abide by this Code in their

Name: _____

Signature: _____ Date: _____

interaction with, and on behalf of the Company. Tata companies are encouraged to sign a non-disclosure agreement with third parties to support confidentiality of information.

Use of Tata brand

The use of the Tata name and trademark shall be governed by manuals, codes and agreements to be issued by Tata Sons. The use of the brand is defined and regulated by the Tata BE-BP Agreement. Third party shall not use the Tata brand to further its interests.

Group policies

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

Shareholders

The company shall comply with all regulations and laws governing shareholders' rights, including disclosure of relevant information in accordance with regulations and agreements.

Ethical conduct

Every employee (including full-time directors and chief executive) shall be responsible for the implementation of the Code. He / She shall deal on behalf of the company with professionalism, honesty and integrity, while conforming to high moral and ethical standards, fair and transparent conduct. Employees shall preserve Human Rights of every individual and the community and strive to honour commitments.

Regulatory compliance

Every employee of a Tata company shall comply with applicable laws and regulations in his / her business conduct. If the standards of the applicable laws and regulations are below that of the CoC, then the standards of CoC shall prevail.

Directors of a Tata company shall comply with applicable laws and regulations of all the relevant regulatory and other authorities and shall safeguard the confidentiality of all information received by them by virtue of their position.

Concurrent employment

A Tata employee shall not, without the requisite, officially written approval of the company, accept employment or a position of responsibility with any other company, nor provide freelance services to anyone, with or without remuneration.

Conflict of interest

A Tata employee shall not engage in any activity, which might conflict with the interest of his company or the Group. If such activities or relationships do exist due to historical reasons, a complete disclosure to that effect must be made with respect to the employee and his / her immediate family. A employee, including executive directors shall not accept position of responsibility in any non-Tata Company or not-a-profit organisation without specific sanction.

Securities transactions and confidential information

A Tata employee shall not derive any benefit or assist others to derive any benefit, from access to and possession of information about the company or Group or its clients or suppliers that is not in the public domain. He/She shall not use or proliferate "Insider information" for making or giving advice on investment decision about the shares of the respective Tata company. Employee shall respect and observe confidentiality of information pertaining to other companies.

Protecting company assets

The assets of the Company(both tangible and intangible), including intellectual property rights and proprietary information shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorised.

Citizenship

The involvement of a Tata employee in civic or public affairs shall be with express approval from the chief executive of his / her company, subject to this involvement having no adverse impact on the business affairs of the company or the Tata Group.

Integrity of data furnished

Every employee shall ensure, at all times integrity of data or information furnished by him / her to the company. He/she shall be entirely responsible in ensuring that the confidentiality of all data is retained.

Reporting concerns

Actual or possible violations of the Code or an event of misconduct, act of misdemeanour or act not in the company's interest must be promptly reported to the management. Employees can make protected disclosure under the Whistle Blower Policy. The company shall ensure protection to the whistleblower and any attempts to intimidate him / her would be treated as a violation of the Code.

DECLARATION BY EMPLOYEE

I have read and understood the Tata Code of Conduct and agree to abide by all its provisions both in letter and spirit.

Name: _____ Emp. No.: _____

Signature: _____ Date: _____

Location: _____

Social Data

Indicator	'05-06	'06-07	'07-08
CSI (Community Satisfaction Index) (1 - 5)	3.33	3.8	4.12
Tata Protocol (1 - 1000)	499	541	641
Social Expenditure Rs. lakh	431	628	487.85
Volunteer hrs. (No. of hours)	15990	19531	24605
Water Harvesting Capacity (mcft)	115	127	152
OKHAI Sale Rs. lakh	9	14	23
No. of beneficiaries trained under REDP (No.)	137	330	326
Extension of Murrah Buffalo (No. Of HH)	28	49	58
No. of members trained in Pond management (No.)	68	200	241
No. of students using book bank facility. (No.)	93	231	155

Fig.: AN 8

Participation of leaders in Industry Form

	Sr Leaders	Organisations
MD	Homi Khusrokhhan	Indian Fert Asso, Chem
EVP & CFO	P. K. Ghose	ICMAI, CII, BCCI
EVP	Kapil Mehan	CII-Agri Council, FAI pollution
EVP	R. Mukundan	AMAI, ICC, FICCI, CII
CIO	Vikas Gadre	Bombay Chamber of Com & Ind, Narsee Monjee
Head Corporate Audit	T. Vinod Kumar	Conference Board
Head - Technology	S. G. Choudhary	TERI, ICC, Global Phosphate Forum, World Chlorine Council, Global Safety Team,
VPM - Babrala	V. K. Bhatia	International Fert Asso, Alkali Manu Asso-India FAI
Head - Bio Fuels	S. Sriram	CII Committee-Biofuels, Biodiesel Asso-India, Bombay Chamber of Com & Ind-Agri Comm, Roundtable for Sustainable Biofuels

Fig.: AN 9

Green Manufacturing Index

Location	Key Environmental Aspect	Baseline/ Target
Babrala	Energy Consumption Fresh Water Consumption Afforestation / Green Cover Use of Renewable Energy (Wind, Biomass, Solar)	<5.2 <5 >30 80000
Mithapur	Recycle/Reuse of solid Wastes Fly Ash Effluent Solids Ground Water Consumption (From Wells) Afforestation / Green Cover Use of Renewable Energy (Wind, Biomass, Solar)	>20% >20% <150000 >10% 100000
Haldia	Solid Wastes-Gypsum %Disposal by sale Fresh Water Consumption Afforestation / Green Cover Use of Renewable Energy (Wind, Biomass, Solar)	100% <1220000 >20% 50000

Fig.: AN 10

No.	Parameter	Unit	2005-06	2006-07	2007-08
EN 1	Total Lime stone (SA + Cement)	MT	1781293	1915654	1744371
	Natural Gas (as feed)	SM3	379299696	388302719	383569807
	Naphtha (as feed)	MT	424	2465	22541
	Sulphur	MT	80717	80743	72940
	Rock Phosphate	MT	213808	200485	161460
	Phos acid (purchased only)	MT	240118	251578	215850
	Ammonia	MT	118771	125478	105322
	Soda Ash / CRS	MT	41731	36213	48709
	Potassium Chloride (MOP)	MT	143619	168380	146753
	Packaging Material	No.	73610189	71469382	57934600
	Lubricating Oil	KL	275	241	185
EN 2	% Lime Stone Replaced	%	62.24	53.1	46.3
	%Strong Phosphoric Acid replaced	%	2.26%	1.29%	1.64%
EN 3	Direct Energy Consumption	TJ	29545.55	28630.33	27724.10
EN 4	In-direct Energy Consumption	TJ	7.29	108.77	172.92
EN 5	Energy Saving	TJ	244.30	116.44	374.73
EN 8	Ground Water	KL	5552136	5573304	5817455
	Surface water - lake	KL	311674	1370300	2005752
	Sea Water	KL	85023100	89410363	83441045
	Sea Water -Solar salt operations	KL	113298600	100055450	93897450
	Other - Public Health Engineering	KL	444963	346958	531424
EN 10	Total Water recycled & reused	KL	176287257.00	186240299	181573353
	% water recycled	%	48.19%	48.08%	46.16%
EN 16	Total GHG Emission - Direct & In-direct	MT	2757122.30	2536079.01	2740947.00
EN 17	Other relevant Indirect GHG emission	MT	1240.36	1769.96	3651.28
EN 18	Reduction in GHG	MT	14931.50	6762.75	20993.09
EN 20	SPM	MT	1781.08	2067.04	2178.71
	Sox	MT	1615.04	1203.98	1934.51
	Nox	MT	632.22	1036.81	1219.27
	NH ₃	MT	920.08	860.90	888.57
	Total Fluorides	MT	48.56	47.83	42.80
EN 21	Quantity	KL	87683960	88201749	85970899.00
	TSS	MT	11685.08	11919.16	12458.59
	Ammonia	MT	222.24	284.03	289.60
	Total Kjeldhal Nitrogen	MT	16.10	21.70	34.30
	Phosphate	MT	1.99	1.08	0.96
	Fluoride	MT	0.53	0.56	0.44
EN 22	Non Hazardous waste	MT	1358313.16	705268.79	2810225.72
	Biomedical waste	MT	4.49	4.49	4.36
	Hazardous Waste	MT	101.16	43.67	121.09

Fig.: AN 11

Employee Data

Training

Training	2005-06	2006-07	2007-08
Training Days/ employee	5.90	6.20	5.67

Fig.: AN 12

Training Programme Effectiveness

	2004-05	2005-06	2006-07	2007-08
Perception score(%)	56	52	58	65
Trg MD/Emp	5	6	6	6

Fig.: AN 13

Elements of Learning & Development	Example of interventions	Objective
Induction	Disha	Integration
System Documentation	EPM, DeMMI	Performance Improvement(CC)
Functional Training, Competency Mapping	Udaan Academy Competency Mapping SAP, MS Office, M S Projects, Advanced Process Controller, Plant Visits SHE Training	Performance Improvement(CC) Handling Technological Changes(CC) Enhancing SHE (CC)
Managerial/ Behavioral/ Leadership Trg dev	MDP, AMT, PIPE, IF, TITE, TOT, TCoC SDP, SPANDAN ERHWON, TRIZ Apex offsite Org. Dev, W/S, Michigan, Stanford, Harvard Programs, TGSLs, ICP	Managerial & Leadership Development Shop floor leadership capability Innovation Sr. Leadership Development
Certification Prog. Follow up projects	Six Sigma, Belp, SEDAC, DEMMI	Reinforce Learning, Performance improvement(CC)
Education	B-Schools, IGNOU, BITS, Sabbaticals, Financial assistance	Enhance knowledge, Improve Performance
On-the-Job Exposure, Special Assignment, Exposure	Guidance provided during initial few months, Completion of Projects after 1st Module Sr. Leaders driving People Initiatives	Performance Improvement(CC) Sr. Leadership Development
CFT, Overseas Projects, Secondments, Spl Assignments (Fig-7.4-8)	Project-Victoria, SAP Reimplementation, Shadow Business Council Rural Stint	Functional & Leadership Dev. At Middle Mgmt. Level Project Execution, Sensitisation to Community around facilities
Performance Dialogue/ Morning meetings	Daily Dept/Group meetings	Learning through work instructions and KSS(CC)
Coaching/ Mentoring	GET/MT projects	Learning by doing under guidance / Observation /Association
Feedback	Feedback on TLP's Multi-Rater Feed back	Managerial Dev Sr. Leadership Development
Career progression schemes	EGS, Spur	Learn & Grow
Faculty Development	Using Internal faculty	Reinforce & Retain knowledge
Knowledge Data Base	Titli - Sr. Retired employees as Udaan faculty	Capture knowledge of departing employees
KM Systems	Plan visits, Meets, Seminars, Training, Gangotri, TKC	Learning form experience/knowledge of others

Fig.: AN 14

Employee Engagement Data

Management	2005-06	2006-07	2007-08
Satisfaction	59%	59%	71%
Advocacy	66%	59%	75%
Loyalty	62%	57%	75%
Enagement	62%	58%	73.9%
Team Climate	3.64	3.65	3.93

Fig.: AN 15

Employee Engagement scores

Employee Engagement (Satisfaction+Loyalty+Advocacy)	2004-05	2005-06	2006-07	2007-08
Overall EES Score (M)	62.2	61.7	59	73.9
Overall EES Score (NM)	74.4	67	75	71.4

Fig.: AN 17

Team Climate survey

Engagement	2004-05	2005-06	2006-07	2007-08
Team Climate (NM)	3.5	3.4	3.6	3.5
Team Climate (M)	3.7	3.7	3.7	3.9

Fig.: AN 19

Attrition

Attrition rate	2005-06	2006-07	2007-08
% in management	11.13	21	17.09
% overall	3.3	5.56	6.58

Fig.: AN 21

Non-Management	2005-06	2006-07	2007-08
Satisfaction	65%	74%	68%
Advocacy	64%	67%	69%
Loyalty	73%	78%	77%
Enagement	67%	73%	71%
Team Climate	3.4	3.6	3.52

Fig.: AN 16

Employee Satisfaction

Employee Satisfaction	2004-05	2005-06	2006-07	2007-08
Employee Satisfaction-M	65	58	60	71.5
Employee Satisfaction-NM	75	64	75	68

Fig.: AN 18

Employee perception score on CoC

Employee Satisfaction	2005-06	2006-07	2007-08
Perception on CoC practice(NM)	67	72	71
Perception on CoC practice(M)	76	79	86

Fig.: AN 20

Percentage of Women Employee

Gender	2005-06	2006-07	2007-08
Total	3.71	3.8	4.09
Management	4.77	5.36	6.53
Non Management	3.39	3.25	3.16

Fig.: AN 22

GRI Application Levels

To indicate that a report is GRI-based, report makers declare the level to which they have applied the GRI Reporting Framework via the “Application Levels” system.

To meet the needs of beginners, those somewhere in between, and advanced reporters, there are three levels in the system. They are titled C, B, and A. The reporting criteria at each level reflect a measure of the extent of application or coverage of the GRI Reporting Framework.

Report Application Level		C	C+	B	B+	A	A+ ✓
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labor/Society Product Responsibility		Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

Sector supplement in final version

To know more about GRI please visit www.globalreporting.org

Disclosure On Management Approach (DMA)

Overarching Approach

At Tata Chemicals, we ensure good governance through various mechanisms that include the Enterprise Wide Risk Management Process - "Samrudhi", Management of Business Ethics and having systems and controls across the organizations that are led by a Board of Directors. We have adopted the "Tata Business Excellence Model" (TBEM), a Tata Group wide system to drive excellence within the organization. All processes across the organizations are mapped through the Enterprise Process Model (EPM) and integrated management system. Our Corporate Sustainability Policy is the guidelines for promoting and supporting sustainability programs and processes at all levels.

Economic Indicators

Various committees of board of directors such as the Audit Committee headed by an independent Non Executive Director, Shareholder Grievance Committee, Remuneration Committee and Committee of Directors monitor and effectively supervise the financial reporting, risk management, short-term and long-term business planning and sustainability. Our integrated financial accounting system has in-built controls with both internal and external audits, which ensures a reliable and effective financial reporting. Our audit mechanism periodically reviews control and compliance of legal and regulatory requirements. The Management of Business Ethics (MBE) process ensures raising of concerns by all stakeholders to control frauds and negligence.

We run and sponsor capacity, capability and skill building programs for communities around our areas of manufacturing facilities so that they improve their livelihood options and improve the quality of life. Programs such as Rural Enterprise Development and our efforts through the Apprentice Training School and Rural BPO services are some of the examples of our efforts.

Environmental Indicators

At Tata Chemicals, Safety Health and Environment (SHE) are driven by SHE policies that are both at the Corporate and site level. The

approaches are driven by our commitment to guidelines of Responsible Care, World Safety Declaration and various global and national industry forums. We have adopted some of world-class practices such as "DuPont Safety Way" and the British Safety Council Five Star Audit for Safety and Environment Sustainability. All our sites are ISO 14001 (Environment Management Systems) and OHSAS 18001 certified and some of the sites are going through ISRS rating on safety. 'SHE' is reviewed at all levels within the organization starting at the Board level and includes the MRC (EXCOM), Business Council, Apex Quality Council (AQC) and Departments. Also Risks Management Programs' compliance are monitored at all levels.

As a part of our continuous improvement cycle, the manufacturing divisions establish goals and objectives, under Environment Management Programs (EMPs), to improve their environmental performance. These EMPs are reviewed regularly at the Plant, Business and Corporate Reviews and are integrated in Enterprise Balance Score Card, Environment committees and Safety Committee meetings that are presided over by Site Heads with representation at all levels.

Labour Practices and Decent Work Indicators

We consider employees as a key stakeholder. As mentioned in our Mission - "Employees are our strength and we will create an environment that fosters achievement, learning and teamwork". Our focus is to not only improve the current skills but also to build skills for future requirement. Training plays a vital role in enhancing efficiency, productivity and performance of our employees. Programs such as Management Development Program, Supervisory Development Program, Operators Certification Program, Employee Growth Scheme and Achievement Orientation are some of the initiatives deployed across the organization that provide customized training to achieve higher skills and build capacity for future leadership and succession planning. In the organization all the employees whether directly employed by company or through contract are considered as workforce with no differentiation in the workplace practices related to safety, health and environment.

Disclosure on Management Approach (DMA)

Our manufacturing sites are OHSAS 18001-Occupational Health and Safety Management certified. As a part of our continuous improvement cycle, the manufacturing sites establish goals and objectives, under Occupational Health & Safety Management and departments have specific goals to improve safety performance. The Safety Committee that is presided by Site heads and Head of Departments review Safety and Occupational Health. This is also reviewed periodically by the MRC (EXCOM). Ergonomic study and health checks are regularly conducted.

Human Rights Indicators

Tata Chemicals has consistently worked towards strengthening the governance and legal compliance systems with regular reviews to identify gaps and improvement. We have an open work environment with clearly articulated policies for ensuring transparency and Non-discrimination. Systems ensuring equal opportunity and capturing concerns are in place, which have a direct line of sight at the group level through the Tata Code of Conduct. An anti sexual harassment policy along with its redressal mechanism that is chaired by a woman employee is also in place to ensure a safe work environment and gender equity. We are in the process of implementing SA8000. We support “fundamental human rights” in all our operational activities and comply with the law of the land.

Society Indicators

Tata Chemicals has always stood by the community around. Aligned with the goals and vision of the management, our social initiatives programs are guided by a “Community Development Policy”. The key focus is on integrated community development through a participatory approach with emphasis on sustainability and capacity building of the community. The process of engagement with the community starts with the identification of key community, their needs and prioritizing interventions. A Quality Function Deployment tool helps prioritization through correlation of identified needs with specific projects, ranks them in the order of their importance and ensures judicious allocation of resources. The prioritized needs are translated into

appropriate development/ support interventions to meet the requirements of the community. Programs include key areas of Natural Resource Management, Livelihood, Health, Education and Infrastructure. We share our resources with the neighbouring communities, providing them subsidized Medical & Health Care, building infrastructure such as roads, schools, health care centers and cattle sheds to name a few. We have established the Tata Chemicals Society for Rural Development(TCSRDP) for implementing Community Development interventions.

Product Responsibility Indicators

We have adopted the “Responsible Care” Principles and have integrated them into our processes. The Product Stewardship Code under Responsible Care drives our effort to minimize health safety and environmental impact of our products across the supply chain. Furthermore, our Innovation Center is focused on developing greener and safer products and alternatives. We adhere to all Indian laws related to marketing communications, including advertising, promotion, and sponsorship.

GRI Reference

STANDARD DISCLOSURES PART I: Profile Disclosures			
1. Strategy and Analysis			
Profile Disclosure	Description	Page Numbers	Status of reporting
1.1	Statement from the most senior decision-maker of the organization	3,4,5	■
1.2	Description of key impacts, risks and opportunities	15,16,17,37	■
2. Organizational Profile			
Profile Disclosure	Description	Page Numbers	Status of reporting
2.1	Name of the organization.	Cover page,11	■
2.2	Primary brands, products, and/or services.	11,15	■
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	14,15	■
2.4	Location of organization's headquarters.	11,15	■
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	14	■
2.6	Nature of ownership and legal form.	31, 32	■
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	15	■
2.8	Scale of the reporting organization.	31,58,71	■
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	14	■
2.10	Awards received in the reporting period.	76	■
3. Report Parameters			
Profile Disclosure	Description	Page Numbers	Status of reporting
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Cover page,1	■
3.2	Date of most recent previous report (if any).	1	■
3.3	Reporting cycle (annual, biennial, etc.)	1	■
3.4	Contact point for questions regarding the report or its contents.	11	■
3.5	Process for defining report content.	1,15	■
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	1,15	■

Continued...

3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	15	■
3.12	Table identifying the location of the Standard Disclosures in the report.	85,86,87	■
3.13	Policy and current practice with regard to seeking external assurance for the report.	1	■
4. Governance, Commitments, and Engagement			
Profile Disclosure	Description	Page Numbers	Status of reporting
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	78	■
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	78	■
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.	78	■
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	33	■
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	34	■
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	32 (GE03),37	■
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.	78,79,80	■
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	32,33,35	■
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	35	■
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	20,22,36	■
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	81	■
4.14	List of stakeholder groups engaged by the organization.	25,26,27,28,29	■
4.15	Basis for identification and selection of stakeholders with whom to engage.	17,18	■

Continued...

4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	25,26,27,28,29	■
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	25,26,27,28,29	■

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Page Numbers	Extent of reporting
DMA EC	Disclosure on Management Approach EC	85	■
DMA EN	Disclosure on Management Approach EN	85	■
DMA LA	Disclosure on Management Approach LA	85	■
DMA HR	Disclosure on Management Approach HR	86	■
DMA SO	Disclosure on Management Approach SO	86	■
DMA PR	Disclosure on Management Approach PR	86	■

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

Performance Indicator	Description	Page Numbers	Extent of reporting
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.	Annexure 2, 77	■
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	23	■
EC3	Coverage of the organization's defined benefit plan obligations.	Annexure 3	■
EC4	Significant financial assistance received from government.	73	■
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	72	■
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	72, 73	■
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	72	■
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	73	■
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	73	■

Continued...

Environmental

Performance Indicator	Description	Page Numbers	Extent of reporting
EN1	Materials used by weight or volume.	Annexure 11	■
EN2	Percentage of materials used that are recycled input materials.	Annexure 11	■
EN3	Direct energy consumption by primary energy source.	Annexure 11	■
EN4	Indirect energy consumption by primary source.	Annexure 11	■
EN5	Energy saved due to conservation and efficiency improvements.	Annexure 11	■
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives.	Not Applicable	□
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	49	■
EN8	Total water withdrawal by source.	49, Annexure 11	■
EN9	Water sources significantly affected by withdrawal of water.		□
EN10	Percentage and total volume of water recycled and reused.	Annexure 11	■
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	55	■
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		■
EN13	Habitats protected or restored.	55	■
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.	54,55	■
EN16	Total direct and indirect greenhouse gas emissions by weight.	53,82	■
EN17	Other relevant indirect greenhouse gas emissions by weight.	53,82	■
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	53	■
EN19	Emissions of ozone-depleting substances by weight.	53	■
EN20	NOx, SOx, and other significant air emissions by type and weight.	55,82	■
EN21	Total water discharge by quality and destination.	55,82	■
EN22	Total weight of waste by type and disposal method.	AN 11,82	■
EN23	Total number and volume of significant spills.	54	■

Continued...

EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not Applicable	□
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.	55	■
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	55	■
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	45	■
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	55	■
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	43	☞
EN30	Total environmental protection expenditures and investments by type.	54	■
Social: Labor Practices and Decent Work			
Performance Indicator	Description	Page Numbers	Extent of reporting
LA1	Total workforce by employment type, employment contract, and region.	58	■
LA2	Total number and rate of employee turnover by age group, gender, and region.	84, 63	■
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	77 (AN3), 62 (OP14)	■
LA4	Percentage of employees covered by collective bargaining agreements.	58	■
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	58	■
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.	39	■
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	40,41	■
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	41	■
LA9	Health and safety topics covered in formal agreements with trade unions.	41	■
LA10	Average hours of training per year per employee by employee category.	61,83	☞
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	61	■
LA12	Percentage of employees receiving regular performance and career development reviews.	60	■

Continued...

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	60, 78	■
LA14	Ratio of basic salary of men to women by employee category.	60	■
Social: Human Rights			
Performance Indicator	Description	Page Numbers	Extent of reporting
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	61	■
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	58	☞
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.	62	■
HR4	Total number of incidents of discrimination and actions taken.	Annexure 6, 78	■
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.	58,59	■
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	58	■
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	58,79	■
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	61	■
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	58,61, 79	■
Social: Society			
Performance Indicator	Description	Page Numbers	Extent of reporting
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.	35, 79	■
SO2	Percentage and total number of business units analyzed for risks related to corruption.	35	■
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	79	■
SO4	Actions taken in response to incidents of corruption.	79	■
SO5	Public policy positions and participation in public policy development and lobbying.	81 (An9)	■

Continued...

SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	77 (AN4)	■
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	79,45	■
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	37, AN2, 77	■
Product Responsibility			
Performance Indicator	Description	Page Numbers	Extent of reporting
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.	43	■
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	45	■
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	43	■
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	45	■
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	44,45	■
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	44,45	■
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	43	■
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.	43	■
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	45	■
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	46	■


Complete Disclosure ■

Partial Disclosure 

None □

AMAI	Alkali Manufacturers Association Of India
ASCI	Advertising Standards Council Of India
AMT	Achievement Motivation Training
BSC	British Safety Council/ Balanced Score Card
BELP	Business Excellence Leadership Programme
BITS	Birla Institute of Technology Sciences
CII	Confederation Of Indian Industries
CGRM	Corporate Governance Review Mechanism
CIMC	Corporate Investment Management Committee
CFA	Clearing and Forwarding Agents
CDM	Clean Development Mechanism
CORE	Corporate Roundtable on Development of Strategies for the Environment
CFT	Cross Functional Team
CSI	Customer Satisfaction Index
CTC	Cost To Company
CAPART	Council for Advancement of Peoples Action and Rural Technology
DAP	Di- Ammonium Phosphate
DoF	Department of Fertiliser
DISHA	Training Program for New Recruits
DeMMI	Design, Measure ,Manage and Improve
DRDA	District Rural Development Agency
EY	Ernst and Young
EIA	Environment Impact Assessment
EGS	Employee Growth Scheme
EPM	Enterprise Process Model
EPA	Environment Protection Act
EHSQ	Environment, Health, Safety, Quality
FAI	Fertilizer Association of India
FICC	Fertilizer Industry Coordination Committee
FMEA	Failure Mode and Effects Analysis
FICCI	Federation of Indian Chambers of Commerce and Industries
GHG	Green House Gas
GRI	Global Reporting Initiative
GET	Graduate Engineer Trainee
GRIMCO	Gujarat Rural Industries Marketing Cooperation
GOI	Government of India
GHG	Green House Gas
HLCL	Hind Lever Chemicals Limited
HDPE	High Density Poly Ethylene
IC	Innovation Center
IFA	International Fertilizer Association
IGNOU	Indira Gandhi National Open University
ITI	Industrial Training Institute
IF	Internal Facilitators
IMACID	Company Name
IMRB	Indian Marketing Research Bureau
ISO	International Organization of Standardization
LTSP	Long Term Strategic Plan
LT	Long Term
Manthan	Operational Excellence Initiative
MRC	Management Review Committee

MSDS	Material Safety Data Sheet
MDP	Management Development Program
MRP	Maximum Retail Price
MOU	Memorandum Of Understanding
MT	Management Trainee
MoEF	Ministry of Environment and Forest
NPK	Sodium, Phosphorous Potassium Based Fertilizer
NFC	Neutral filter cake
N-E	North Eastern
NABARD	National Bank of Agriculture and Rural Development
OHSAS	Occupational Health and Safety Assessment Series
OCF	Operators Certification Program
OSC	Operating Strategy Council
ODSCE	Other Directly Supervised Contract Employees
PPE	Personal Protective Equipment
PIPE	Personal Interpersonal Effectiveness
PDCA	Plan,Do,Check,Act
PFI	Population Foundation Of India
PMS	Performance Management Systems
QFD	Quality Function Deployment
REDP	Rural Entrepreneurship Development Programme
SHE	Safety, Health and Environment
SWOT	Strength, Weakness, Opportunity and Threats
STEP	Structured Total Excellence Program
SBU	Strategic Business Unit
SDP	Supervisory Development Programme
SPUR	Supervisory Upgradation Process
SSP	Review Fora
STPP	Sodium Tri Poly Phosphate
SPCB	State Pollution Control Board
SAL	Soda Ash Light
SPL	Standard Performance Level
SDM	Strategy Deployment Matrix
SC/ST	Schedule Caste/ Schedule Tribes
SPANDAN	Communication Workshop
SEDAC	Structure for Enhancing Daily Activity through Creativity
SRTT	Sri Ratan Tata Trust
SDTT	Sir Dorabji Tata Trust
ST	Short Term
TBEM JRD QV	Tata Business Excellence Model / JRD Quality Value
TCSR	TATA Chemicals Society for Rural Development
TCoC	Tata Code Of Conduct
TLP	Tata Leadership Practices
TITE	TCL's Integrated Transformation Efforts
TOT	Training of Trainer
TRIZ	Russian Acronym for "Theory of Innovative Problem Solving"
TQMS	Tata Quality Management System
UNFCCC	United Nations Federation on Climate Change Concerns
WASMO	Water and Sanitation Management Organization
WBCSD	World Business Council for Sustainable Development



Ernst & Young Pvt. Ltd.
3rd Floor, Block 'C'
22, Camac Street
Kolkata-700 016, India
Tel: +91 33 6615 3400
Fax: +91 33 2281 7750
www.ey.com/india

The Management
Tata Chemicals Limited
Mumbai, India

Independent Assurance Report
Tata Chemicals Limited (the Company) has requested Ernst & Young to provide an independent assurance on its Corporate Sustainability Report which covers its sustainability performance from 1 April 2006 to 31 March 2008. The Company's management is responsible for the content of the report, identification of the key issues, engagement with stakeholders and its presentation. Ernst & Young's responsibility is to provide "limited assurance" in accordance with International Standard on Assurance Engagements (ISAE 3000) on the report content as described in the scope of assurance. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization.

Scope of Assurance
The scope of the assurance covers sites and indicators considered relevant to the Company and include:

- Data and information related to the Company's sustainability performance for the period 1 April 2006 to 31 March 2008.
- The sustainability specific data and information related to energy, water, waste, emissions, biodiversity and accidents, covering the Company's manufacturing locations at Babrala, Haldia & Mithapur.
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data.

Exclusions
The assurance scope excludes:

- Aspects of the Report other than those mentioned above;
- Data and information outside the defined reporting period (1 April 2006 to 31 March 2008) and other than the indicators mentioned above;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Issues related to Intellectual Property Rights and other competitive issues;
- Data and information on economic and financial performance of the Company.

Methodology
The assurance was based on interaction with key personnel of the Company to identify the processes in place; capture sustainability performance data as per GRI G3 guidelines; followed by reviews of the processes for collecting, compiling, and reporting these indicators at the corporate and operating unit levels.

We conducted our review in accordance with International Standard on Assurance Engagements (ISAE 3000), "Assurance engagements other than audits of review of historical information" issued by International Audit and Assurance Standards board.

A member firm of Ernst & Young Global Limited
Regd. Office: 22, Camac Street, Block 'C', 3rd Floor, Kolkata-700 016.



Ernst & Young's multidisciplinary team of professionals visited the Company's manufacturing locations and corporate office to gain assurance on the data and information presented in the report. The team interacted with a select set of internal and external stakeholders; reviewed the Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data to arrive at the conclusions.

Site Visits to the Company's locations at Babrala, Haldia and Mithapur:

Site visits to manufacturing locations (Babrala, Haldia and Mithapur) were carried out to review the sustainability performance data. Sample data was tested for its auditability and accuracy. Assumptions made for arriving at final numbers against the sustainability performance indicators were understood and necessary clarifications were obtained. Stakeholder engagement process was reviewed through interviews with concerned personnel.

Appropriate evidences to support the conclusions in this assurance report were obtained. Most of the information and data reviewed were supported with documentary evidence; wherever such documentary evidence could not be collected on account of confidential information, our team physically reviewed the documents.

Observations

Our observations on the Report are as follows:

- The report has highlighted several initiatives, and the following merit attention :
 - Elaborates on sustainability objectives for its strategic planning process including "Green Manufacturing Index" to drive sustainable manufacturing at all sites;
 - The report mentions the Company's commitment to be a "Green Company" through development of nano-products and green chemistry;
 - Biodiversity efforts of the Company have been described in detail especially those relating to conservation of whale shark at Mithapur;
- The report covers core performance indicators and presents the triple-bottom-line performance of the Company;
- The processes are in place to ensure that performance indicators are checked for completeness and accuracy. However, the data management systems related to energy management have scope for improvement.

Conclusions

On the basis of our assurance, nothing has come to our attention that would cause us not to believe that:

- The Company has established a reasonable process to determine key sustainability issues that are material to the Company;
- The Report represents the relevant parameters of the Company's sustainability performance covering the units.
- The Company has demonstrated effort to prepare the Report on the basis of the G3 guidelines of the Global Reporting Initiative.

for Ernst & Young Private Limited

A handwritten signature in black ink, appearing to read 'Sudipta Das', written over a light blue horizontal line.

Sudipta Das, Partner
5 December 2008



Selected
Business
Superbrand
INDIA 2008
Industry Validated



TATA CHEMICALS LIMITED

Bombay House, 24 Homi Mody Street, Fort, Mumbai - 400 001. Website: www.tatachemicals.com