Towards Sustainability
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### SI Linkage to GRI Indicators
Ladies and Gentlemen:

I am delighted to make public Tata Motor’s Sustainability Report which provides a balanced and reasonable presentation of the Company’s economic, social and environmental performance.

Tata Motors, India’s largest automotive company by revenue recorded peak performance on almost all major financial parameters in FY06-07. The Company’s overall yearly sales volume crossed half a million mark for the first time and the Company witnessed 33% growth in its overall revenue. Amidst growing competition, the Company strengthened its leadership position in the domestic commercial vehicle segment with a 2.6% growth in market share to 63.8% and successfully retained its position as the second largest player in the domestic passenger vehicle segment with 16.5% market share. Tata Daewoo Commercial Vehicle Company Limited, Korea, which was acquired by us in 2004, also produced impressive performance during the year. To achieve further dominance in various segments of the Indian as well as international markets, the Company entered into joint venture arrangements with notable international automotive players like Marcopolo S.A., Brazil for manufacturing and assembling fully built buses and coaches in India and Thonburi Automotive Assembly Plant Co. for manufacturing pickup trucks in Thailand. The Company signed an agreement with Fiat Auto S.p.A, Italy for the formation of a joint venture at Ranjangaon, Maharashtra to produce cars both for Fiat and the Company as well as engines and transmissions. The Company also signed a Memorandum of Understanding with IVECO, a company of the Fiat Group to evaluate the feasibility of cooperation in the area of commercial vehicles across markets. During the year, the Company also worked towards setting up a green field manufacturing facility in Uttarakhand and a Small car plant in West Bengal.

In line with the Tata Group’s commitment of improving the quality of life of the community it serves, the Company strengthened its social development, environmental management and biodiversity conservation programmes. The Company’s heritage of returning to the society what it earns evokes trust among the consumers and other stakeholders. The Company’s research and development initiatives have resulted in conformance of all its products to the prescribed vehicle emission and safety standards. The Company is also engaged in improving the fuel efficiency of its products and develop vehicles running on alternate fuels like CNG. The Company’s CNG buses are successfully running in Delhi & Mumbai. The pilot batch of forty staff buses running on bio-diesel fuel at one our manufacturing facility is a further testimony to our promise of working towards a greener environment. The Company’s manufacturing facilities in Jamshedpur, Pune and Lucknow have been certified to ISO:14001 Environment Management System (EMS) standard. The manufacturing plants have also produced noteworthy results in re-use and re-cycling of packaging material and metal scrap and continue to pursue more aggressive targets in this direction. As a part of Clean Development Mechanism, the Company’s wind power project has been successfully registered with the United Nations Convention on Climate Change for trading carbon credits.

Tata Motors has an illustrious history of conserving and regenerating the natural environment along with the imperatives of creating jobs and selling products. The Company plays a leading role in community development, serving rural communities around its manufacturing locations. The Company has an established community service division at the manufacturing plants to
work with various societies for improving living conditions in adjoining villages. The Company encourages self-sufficiency with the aim of improving the confidence, morale and lives of its employees and their dependents. The Company has been actively engaged in programmes which encourage economic independence through self initiated cottage industries, community and social forestry, water and road projects, improving rural health and propagate family planning benefits. The Company has identified truck drivers as a key community and has undertaken pioneering work in dissemination of knowledge about AIDS prevention and fuel conservation.

Tata Motor's contribution in national development, environmental conservation and societal value creation has been acknowledged at various forums. The Company has received many awards including the coveted CII-EXIM award for Business Excellence, CII awards in Corporate Sustainability Reporting, Energy Efficiency and Energy Management, Green Governance Award by the Bombay Natural History Society and the Golden Peacock Global Award for Corporate Social Responsibility by Institute of Directors, the international body of company directors.

In coming years, as India moves on the path of economic development at a faster pace, the demand of vehicles for private as well as public transportation is expected to increase. Improvement in road connectivity across the country through various on going road development projects is also expected to trigger the demand of goods transportation vehicles. Tata Motors is confident that the wealth generated as a result of development would not only power the business but would also be ploughed back in the conservation and enrichment of environment and for greater prosperity of the community.

Ravi Kant
01 FROM THE PRISM OF SUSTAINABILITY

01.1 VISION & MISSION

Our Vision
To be a world class corporate citizenly furthering the interest of all its stakeholders.

Our Mission
To consistently create shareholder value by generating revenue in excess of Weighted Average Cost of Capital (WACC) during the period and other equal to Weighted Average Cost of Capital (WACC) during the downturn of the business cycle.

Purpose
To create economic assets for real transportation for bulk movement of goods and people and participate in managing these over the life of assets in order to create and capture economic value.

Core Values
- Integrity
- Customer focus
- Corporate citizenship
- Passion for Engineering

Towards Sustainability

01.2 SCALE OF THE ORGANISATION

Tata Motors is a fully integrated automobile company. Today, it is the only automobile manufacturer to offer the entire range of commercial vehicles for transportation of goods and passengers and also passenger cars through its two business unit viz. Commercial Vehicle Business Unit (CVBU) and Passenger Car Business Unit (PCBU).

Tata Motors Limited is a public limited company listed on 4 stock exchanges (BSE, NSE, MPSE and CSE) in India and internationally listed at Luxembourg Stock Exchange and Singapore Stock exchange. Company’s Depositary Receipt Programme is listed on the New York Stock Exchange.

Tata Motors has major operations in India with sales and marketing operations in more than 70 countries. 7.35 % revenue is earned through exports of its vehicles.

More details, including shareholding pattern are available at Tata Motors website http://www.tatamotors.com

01.3 MANAGEMENT STRUCTURE

The Board, being elected by the shareholders, is a representative of the Company’s shareholders and is a bridge between them and the executive management. The Board therefore has a fiduciary relationship and a corresponding duty to all its stakeholders to ensure
that their rights are protected. Through the governance mechanism in the Company, the Board along with its Committees endeavors to strike the right balance with its various stakeholders. The Company has a Non-Executive Chairman and the day-to-day operations of the Company are overseen by the Chairman, Mr. Ratan N Tata as a member of the Committee of Directors, comprising himself and Mr. R Gopalakrishnan. They have delegated appropriate powers to the Managing Director and Executive Directors to look after the day to day affairs of the Company. The role of the Chairman and the Managing Director (CEO) are distinct and separate.

The relationship between the Board, the Committees and the senior management functions is illustrated below:

Being a global player, Tata Motors has ensured that its corporate governance practices are compatible with the international standards. Tata Motors has adopted the Tata Business Excellence Model (TBEM) as a means of driving excellence. In order to track progress on long-term strategic goals, a Balanced Score Card methodology is used. This enables the Company to go beyond financial performance to incorporate considerations of environment and society, as well.
01.4 STAKEHOLDER ENGAGEMENT

Shareholders & Government
There are several means that have been established to facilitate two-way process of communication between the stakeholders and the Board of the Company. The Quarterly/Half Yearly/Annual results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in the newspapers and posted on the Company’s web-site. The information regarding the performance of the Company is shared with the shareholders every six months through the half yearly communiqué and each year through the Annual Report. The Company also regularly posts the information as specified under Clause 41 of the Listing Agreement on the Electronic Data Information Filing and Retrieval System (EDIFAR) launched by Securities and Exchange Board of India.

| Newspapers wherein quarterly results are published | Indian Express, Financial Express and Loksatta (Marathi) |
| Website where displayed | www.tatamotors.com |
| Whether it displays official news releases and presentations made to institutional investors or to the analysts | Yes |
| Whether MD & A is a part of Annual Report | Yes |
The Board of the Company has adopted the ‘Code of Corporate Disclosure Practices’ according to which the public spokespersons are identified who are responsible in ensuring timely and adequate disclosure of price sensitive information. This Code ensures simultaneous release of information through various mediums of disclosure/dissemination in a transparent and fair manner. This information is also available on the Company’s website, www.tatamotors.com.

The 20F Annual Report prepared as per the US regulations and the NYSE Listed Manual provides information which is not normally in the public domain vis-à-vis other listed companies, is also available on the website of the Securities and Exchange Commission and the Company. The 20-F Annual Report contains information on five-year financial data under US GAAP; risks associated with the Company’s business; investments in the Company and relating to ADRs; a business overview which includes sections on the Indian economy and the automotive market and competition; business strategy and operations; a complete product profile; production facilities and distribution network; R&D initiatives; intellectual property; legal proceedings; organisation structure; subsidiaries and affiliates; operating and financial review and prospects; capital expenditure incurred and sources of financing; details of the auditors; Board composition and management; governance structure; shareholding pattern; dividend policy; share and ADR price; rights of shareholders; exchange control policy of the Government and taxation as relevant to investors; CEO and CFO certification to the investors and audited consolidated financial statements for the last three years.

To ensure that the Company has disclosed relevant, accurate and complete information to its investors so as to ensure that the Company’s financial condition and results of operations in all material respects have been disclosed on a timely basis under the applicable laws, the Company recently constituted a Disclosure Committee comprising of the senior management as also heads of the larger subsidiary companies.

Customers
The Company is also in the midst of implementing a very comprehensive Customer Relationship management program which is reviewed by the Management Committee and the Board sub-Committees from time to time. This program ensures that the Customers are treated in the fair manner by the channel members of the Company and their needs are also captured and responded to through this programme.

Channel partners/Suppliers
A Supplier Relationship Management program and Dealer Management System are in place and the Management Committee reviews the program from time to time. The key indicators of review are the Supplier coverage and the efficiency of the transactions with the Company. The Company also organizes Supplier’s day/Vendor meets/Channel partner meets where suppliers can touch base with the Board members and share their thoughts and inputs.

Employees
The Management Committee on a very regular basis reviews the employees’ issues. The remuneration guidelines, the employee satisfaction, the employee growth plan and the organization culture are discussed in these meetings. Major employee welfare schemes are put up to the Board for approval. The Board is also kept informed of senior level changes in management, status on signing of Union wage agreements, remuneration of senior executives, etc.
Impacted Community/Community
The company has a strong CSR practice in place, which is institutionalized and driven with the commitment of our senior management and is grounded in the legacy of the Tata Group. Regular day-to-day interactions take place with the community members and all activities are designed, implemented and evaluated with the active involvement of the community members. Participatory Rural Appraisal, Social Impact Assessment through external agencies and group meetings are some of the methods in which the company engages with the impacted communities at the new plant locations.

(In addition to the information above, see stakeholder engagement chart - Annexure I)

01.5 PROVIDING MOBILITY SOLUTIONS

Through a wide range of products, right from small passenger car vehicles to heavy trucks and buses, the company caters to the free and safe movement of goods and people. The company also caters to the government institutions like the municipal corporations and transport corporations and manufactures vehicles used for defence purposes as well. In the reporting period, the company introduced the Star Bus, which ensures that public transport becomes disabled-friendly. In 2006, the company has also initiated the “small car project” which aims to provide safe transport at affordable prices. The targeted price of US $2500 would make a four wheel vehicle available to the masses, thereby making transportation personal and safer.

From 2006, Commercial Vehicle Business Unit (CVBU) has taken an initiative to conduct industry-wide syndicated satisfaction surveys through TNS, so that commonly accepted satisfaction scores are used by all players in the industry. TNS specializes in automobile customer satisfaction determination and also conducts similar syndicated satisfaction surveys for passenger cars as well as two-wheelers. In 2005-06 TNS commenced syndicated satisfaction surveys for Trucks (M&HCVs as well as LCVs). In 2006-07 syndicated survey for trucks was continued while a similar syndicated survey on buses (MCVs as well as LCVs) was commenced. In TNS approach TRI*M index is derived as a weighted average of scores on overall satisfaction, advocacy, loyalty, and competitive advantage. TRI*M index is also known as Customer Retention index and can vary between -65 and +135. The higher the index, the greater is the likelihood of retaining customers. TRI*M Indices revealed that CVBU has the highest scores in M&HCV & LCV trucks and second highest scores in MCV and LCV Buses (comparison with other players like Leyland, Eicher, M&M and Swaraj).

“The success of any product lies with its sustenance and although we have achieved some results in the areas of product safety and innovation, employee relationship management, labour practices, responsible marketing practices and community development, we believe that this journey has just started. Putting an emphasis on channel partners, suppliers and other stakeholders to move towards more sustainable practices is a challenge that is yet to be fully tackled.”

- A K Mankad
Head - Car Plant
02 ECONOMICS

02.1 FINANCIAL PERFORMANCE


02.2 RISK MANAGEMENT

The Company has a comprehensive system of control, focused on mitigation of risks to ensure achievement of objectives. The risks are assessed on an ongoing basis and controls are designed to respond to risk throughout the Company. For the purpose of review, risks are categorized into Type A and Type B and are also rated from 1-4 based on impact and frequency. The Audit Committee seriously looks into the Type A risks as also reviews the mitigation action taken against these risks on a quarterly basis. Pertinent information on risk assessment and control activities is communicated effectively to employees. The line management regularly monitors controls. Thus the risk management/internal control practices contribute to the development of robust business operations and promotes/enhances value creation. The Board regularly reviews processes and procedures to ensure the effectiveness of the internal systems of control. Management reports to the Board provide a balanced assessment of significant risks, a balanced assessment of the effectiveness of the system of internal controls in managing those risks and identify significant failings/weaknesses, its impact on the Company and actions taken to rectify them.

The Risk Management key roles and components are:

- **Business Management Plans**
- **Strategic Business Unit Risk Management Plans**
- **Controls Self-Assessment (Initiated by Internal Audit)**
- **Incident Reports/Compliance Certificates (To various levels, including the Board for significant incidents)**

- **Board & Audit Committee**
- **Chief Executive/Executive Directors**
- **Line Management**
- **Staff**

- **Risk Taking Appetite**
- **Strategic Risk Management Framework**
- **Risk Management Requirements**
- **Risk Management Policies**
- **Risk Management Strategies**
- **Clear response effective buy-in delegations & accountabilities**

- a) Enterprise Risk Management (ERM)
- b) Business Risk Management (BRM) and
- c) Self Assessment questionnaire.
Internal Audit acts as a facilitator for all these, whereas the primary responsibility remains with the process owners.

The ERM Process has been initiated in the Company as a tool to strengthen the Strategic Planning process. It aims at sustaining desired operational performance and providing a platform for rational allocation of capital across SBUs. The process maps the Strategic, Operational, Financial & Governance Risks related to the Business strategy as also on account of weaknesses in the internal processes.

The agreed risks are logged in the Company's Risk register and the respective Responsibility Centers are required to determine the risk treatment (Accept/Reduce/Transfer/Eliminate) and work out the mitigation plans accordingly. The outcomes of the Risk Mapping Process were presented to the Management Committee and the Audit Committee for review and direction. The outcomes of ERM process were also reported to the Board on March 31, 2007. The Major risks along with the mitigation actions are planned to be reviewed by the Management Committee and presented to the Audit Committee and the Board on a regular basis.

A benchmarking of ERM practices of other local and global companies has been done to ascertain opportunities for improvement. The ERM process is designed to be compliant with SOX and Clause 49 of the Listing Agreement with the Indian Stock Exchanges.

**02.3 INDIRECT ECONOMIC IMPACT**

Worldwide, Transport sector has emerged as the biggest employer *

1. Commercial Vehicle - employment for 13.3 people
2. Car - employment for 5.3 people
3. Three Wheeler - employment for 3.9 people
4. Two Wheeler - employment for 0.5 people

* Source: Automotive Mission Plan 2006-16, Includes: Direct and Indirect Employment

With a growth of 28% in 2006-07, Tata Motors recorded its highest ever sales of 580,280 (334,238 commercial; 246,042 passenger) vehicles. The Company's exports witnessed a growth of 6.5% to 53,474 numbers. The approximate indirect economic impact generated by the company in 2006-07 is summarised below

<table>
<thead>
<tr>
<th><strong>Employment through social initiatives</strong></th>
<th><strong>Employees in Subsidiaries</strong></th>
<th><strong>Employment generated through channel partners</strong></th>
<th><strong>Direct Employees</strong></th>
<th><strong>Indirect employment from passenger cars</strong></th>
<th><strong>Indirect employment from commercial vehicles</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>5000</td>
<td>10,261</td>
<td>18,000</td>
<td>22,349</td>
<td>246,042</td>
<td>668,476</td>
</tr>
</tbody>
</table>

* Includes initiatives to enhance employability (vocational and technical training, apprenticeship programmes), promotion of co-operatives and formation of Self-Help Groups
** On assumption that one passenger car sold creates employment for at least one person - driver/cleaner
*** On assumption that one commercial vehicle sold creates employment for at least two people - Driver and cleaner/helper
03 PRODUCT RESPONSIBILITY

03.1 GHG REDUCTION

A challenge for any automobile company is to ensure that their products will not have any adverse impact on the environment during its use phase. Several measures have been taken to mitigate the environmental impacts of our goods and services, which are summarized below:

Reducing CO2 emissions and increasing fuel efficiency: CO2 emissions are considered to be a primary contributing factor to global warming, making their management the most important challenge for TML. Of the total volume of CO2 emissions associated with the life cycle of an automobile, from excavation of raw materials to recycling of end-of-life vehicles, the largest portion occurs when the vehicle is on the road. Controlling these emissions is one of the most significant technology challenges TML is tackling today. While we are working in developing fuel cells and other technologies of the future, we are also working to reduce CO2 emissions today’s vehicles through highly efficient engines and technology.

a) Diesel engine emits 20 to 40 % less CO2 than gasoline engines. TML produces products which mostly uses diesel as fuel.

b) Although no regulatory standard for CO2 and fuel efficiency for different products are specified in India, care is taken to reduce the CO2 emission and increase the fuel efficiency from the product with introduction of advanced technology.

c) Use of common rail fuel injection for diesel engines has brought down the CO2 emission. The Common Rail system in particular gives engine developers the freedom they need to reduce exhaust emissions even further, and especially to lower engine noise. In the Common Rail accumulator injection system, the generation of the injection pressure is separate from the injection itself. A high-pressure pump generates in an accumulator - the rail - a pressure of up to 1,600 bar (determined by the injection pressure setting in the engine control unit), independently of the engine speed and the quantity of fuel injected. The fuel is fed through rigid pipes to the injectors, which inject the correct amount of fuel in a fine spray into the combustion chambers. The Electronic Diesel Control (EDC) controls extremely precisely all the injection parameters - such as the pressure in the Rail and the timing and duration of injection - as well as performing other engine functions.

d) Use of XETA technology has increased fuel efficiency and reduced CO2 emission in gasoline passenger car. The new Indica Xeta with 1.4 litres extra fuel-efficient torque advantage petrol engine delivers frugal fuel consumption at 14 kmpl. The 32-bit microprocessor in the engine includes a knock sensor, which helps reduce damage from adulterated fuel, and maintains efficiency.

e) Use of Integrator Starter Generator (ISG): TML is developing passenger cars with ISG, and is planned for introduction in market in about two years. ISG combines the alternator and starter motor in a vehicle into one machine. The machine is controlled such that when the vehicle is stopped, the engine is automatically switched off, to conserve fuel. The engine is started again when the vehicle needs to be moved again. The automatic shutting off of engine can save 5 - 10 % of fuel in a typical city driving cycle.

f) Use of energy efficient air conditioning system - Scroll compressor: Automotive air conditioning compressor loads the engine in order to provide thermal comfort inside cabin. Higher load on engine leads to higher emission level/fuel consumption. Scroll compressors for automotive air conditioning systems consume upto 20% less power and upto 4% less fuel than commonly used Swash Plate
Compressors. Last year approximately 6000 Indica vehicles were fitted with scroll compressors. More number of vehicles with scroll compressors is planned in current year.

**Heat exchanger & Condenser:** TML has fitted air-conditioning systems that feature smaller heat exchangers and high-efficiency condensers. These moves have helped to restrict usage of the air-conditioner refrigerant HFC-134a, which is a more potent greenhouse gas than CO2. Integrated receiver drier bottle condenser is being aggressively pursued by TML as an initiative to reduce refrigerant charge quantity. HVAC system with IRD condenser requires about 20% less of refrigerant (reduction of approximately 80 gms per vehicle).

**Reducing refrigerant leakage:** All HVAC system components of TML vehicles are 100% checked for refrigerant leakage. TML has ensured that the vehicle level leakage rates are well below the specified limit of upcoming norms of 40 gms per year.

**Refrigerant recovery mechanism:** TML ensures that no R134A refrigerant is released to atmosphere during any service, repair and maintenance. The refrigerant charge is first recovered from vehicle before the system is being serviced.

**Use of CO2 refrigerant for automobile air conditioning:** Carbon dioxide (CO2) has GWP = 1 and is being aggressively pursued as an alternative environmentally friendly refrigerant. Tata Motors is working closely with HVAC system suppliers and academic institutions to develop automotive air conditioning system using CO2 as refrigerant.

**Going Green:**
At Tata Motors, the commitment to developing environment friendly and sustainable products is in an accelerated phase. On March 29, 2005, the company announced its pilot bio-diesel programme jointly undertaken with Indian Oil Corporation. This involves using bio-diesel for Tata Motors' fleet of buses.

**Environment friendly technologies:**

**Hybrid Electric Car:** Hybrid Electric car is being developed in TML. The concept vehicle has been demonstrated while prototypes are under development. Hybrid Car consists of a mechanical and electrical powertrain. Hybrid vehicles achieve significant improvement in fuel economy by limiting the IC engine’s operating region so as to maximise the efficiency. A traction requirement outside the optimum operating region of the engine is handled by the electric motor.

**Hybrid bus:** The prototype of hybrid mini bus is under development. This diesel electric bus for intra-city transport consists of series hybrid configuration with downsized engine.

**Electric Bus:** The concept prototype of trolley bus is under development. Electric Bus has an all-electric power train using motors and inverters for driving the motors. The power source for the electric supply can be on-board, like a small diesel Genset or a fuel cell, or off-board, as in the case of a trolley bus. The vehicle will also have a bank of batteries onboard to provide high, intermittent power for acceleration and also to recover the braking energy using regeneration.
**Fuel cell Bus:** Fuel cell Bus is a derivative of an Electric Bus, in that the electric power source is a fuel cell. A fuel cell is a primary battery, which oxidises hydrogen to water through a catalyst, generating electrical energy during the process. The oxidation occurs at much lower temperature than combustion temperatures of hydrogen, resulting in no emissions other than water.

**Bio- diesel Engine:** Developing use of bio-diesel blend at various blending percentages in order to ensure that bio-diesel can be used on our vehicles with minimum engine modifications. We have completed trials in the phase-1 of the program with 10% blend and are now planning for higher blend percentages to increase the use of bio-diesel. This would result in reduced emission and conservation of fossil fuels.

**Use of Ethanol gasoline blend in Tata Vehicles:** Tata Motors is actively pursuing other alternate fuels such as using a blend of ethanol and gasoline in our vehicles. Trials with 7 & 10% blends of ethanol and tuning of the engines are in progress. TML has also joined the Indian delegation to Brazil to study the ethanol fuel vehicles in Brazil.

**Use of Hydrogen in CNG for our commercial vehicles:** In order to develop engines with lower emissions, TML is progressing on a project to use hydrogen in CNG as fuel for our commercial vehicles. This would also help in creating an understanding of the Hydrogen infrastructure for future applications. This is a joint program with IOC, co-ordinated by SIAM.

**Hydrogen Powered IC Engine:** An exploratory project along with IIT Chennai has been initiated for the use of Hydrogen fuel in engine. This project will help us develop a clear understanding of the combustion process. 697 CNG BS II engine has been taken as a base engine with a target of a possible demo bus.

**CNG Buses:** Tata Motors has already developed a wide range of CNG vehicles such as buses, Indica with CNG application and LCV-407 CNG vehicles for bus and truck applications. Today, over 6800 Tata Motors’ CNG buses are plying on Delhi roads.

**LNG trucks:** Tata Daewoo Commercial Vehicle Company (TDCV), the second largest commercial vehicle manufacturer of South Korea and a 100 per cent subsidiary of Tata Motors, has developed South Korea’s first liquefied natural gas (LNG) powered heavy tractor-trailer, an environment-friendly commercial vehicle. TDCV pioneered the design, development and manufacture of the new LNG tractor under an arrangement sponsored by the Korea Gas Corporation (KOGAS). The development work on the vehicle had begun in September 2004, and is expected to evoke encouraging response from customers with its fuel efficiency and economy of operation.

**Bus rapid transit system:** This system developed by TML based on use of low floor CNG buses with high capacity is an sustainable solution for mass transportation problems in metros like Delhi, Mumbai, Bangalore etc. It proposes use of special lanes on the routes reserved for such buses to facilitate faster movement of buses and is based on Intelligent Transportation System model (ITS). It is enabled by Information, Communication, Smart Card & GPS technologies to provide better service to commuters.

TML has successfully implemented Lead free wheel balance weights, lead free printing inks, lead free bulbs, alternate designs/coatings for hard Cr platings, cadmium platings, Lead free coatings for fuel tanks, Lead free carbon brushes for electrical motors etc.

Asbestos free brake pads & clutches have been introduced in many of our products. In addition, water based paints are being used instead of solvent based paints to avoid VOC emission. Work
is going on for reducing/elimination of hexavalent chromium for corrosion preventive coatings and development / implementation of lead free bearing shells and bushes.

**Reducing Emission levels:**
Refrigerant CFC-12 is an “Ozone Depleting Substance (ODS)”, categorized under Group I of the ODS (Regulation & Control) Rules, 2000, which is to be phased out by the year 2010. The Company is actively working to achieve this well ahead of this target, by first targeting reduction in consumption of CFC-12 for the existing refrigeration equipment. The Company has an EMP in place to convert refrigeration units using refrigerant CFC-12 to its environmentally friendly alternatives i.e. replaced with units operating on R-22 / R-134a. Due to the above proactive actions, we have been successful in containing the consumption of CFC-12 refrigerant for maintenance of existing equipment.

Tata Motors continuously strives to reduce vehicles’ emission levels and has undertaken the following initiatives:

- Pollution level reduction for Commercial Vehicles (Diesel engines) from present level (BS- II norms): CO - 4.0, HC -1.1, NOx -7, PM-0.1 gm/Kwh to target level (BS-III norms): CO - 2.1, HC -0.66, NOx -5 gm/Kwh
- Pollutant level reduction for utility vehicle (diesel engine) from present level (Euro -3 norms): CO - 0.95, NOx - 0.75, HC + NOx - 0.86 gm / km to target level (Euro - 4 norms): CO - 0.75, NOx - 0.39, HC + NOx - 0.46, PM - 0.06 gm / km
- Pollutant level reduction for passenger cars (diesel engine) from present level (Euro -3 norms): CO - 0.56, NOx - 0.50, HC + NOx - 0.56, PM - 0.05 gm/km to target level (Euro - 4 norms): CO - 0.50, NOx - 0.25, HC + NOx - 0.30, PM - 0.025 gm/km
- Pollution level reduction for passenger cars (petrol engine) from present level (Euro -3 norms): CO - 2.3, NOx - 0.15, HC - 0.20 gm / km to target level (Euro - 4 norms): CO - 1.0, NOx - 0.08, HC - 0.10, PM - 0.06 gm / km

All these targets to be met broadly through:
- Common Rail direct injection system
- Higher fuel injection pressure
- Full electronic control of FIE system for fuel delivery & timing control.
- Progressive ECU mapped exhaust Gas Re-circulation.
- Closed coupled and under body catalytic converter for exhaust gas after treatment.
- Improving the volumetric efficiency by incorporating 4 valve/cylinder instead of existing 2 valve/cylinder
- Variable geometry turbocharger for boost control.

**Ozone Friendly Refrigerants:**
Air conditioning systems in the entire product range use HFC - 134a - an ozone friendly refrigerant since 1996 itself. Use of CO2 based refrigerant, is targeted by the year 2009.

**Use of Non-Hazardous Material:**
Asbestos free brake linings are developed for the entire product range in all export products. However due to commercial consideration and market requirements many of our products continue to be supplied with asbestos brake liners in domestic market and in Third World countries.

**Reducing noise levels:**
Following measures were taken to reduce exterior noise of the vehicle as it is accelerated on road at high engine-speeds:
1. **Acoustic shields**: They were specifically developed around engine and gear-box so that roaring sound will be absorbed.

2. **Silencer redesign**: Silencers were designed to have greater insertion losses before pulsating exhaust gases would leave the tail pipe. A care was taken to see that backpressure of the engine would not increase assuring adequate power of the vehicle.

3. **Viscous or Electric Fan**: Both of them reduced fan noise of the engine at high speeds.

### 03.2 PRODUCT SAFETY

Tata Motors has been putting in a lot of effort to improve the safety (active & passive) of its products and to go beyond the safety regulations - example our model, ACE has been designed to meet more stringent crash safety norms that are not applicable to that class of products. ERC (Our Research and Development Centre) is adequately equipped with state of the art facilities to address specifically the issues of customer health and safety. It has facilities like Crash Test facility for safety and the Hemi Anechoic chamber for NVH and engine emission testing. These facilities enable development of products meeting safety and environmental regulations.

Examples of special features used in our products for preserving customer health and safety include Anti-skid braking systems; Air Bags; Ergonomically designed seating systems with lumbar support; Euro III complaint engines etc; Non-CFC based vehicle air conditioners.

Our record of compliance with regulatory requirements pertaining to emissions, safety, product labelling, competition, advertising and other clauses of the Central Motor Vehicle Rules have always been proactive and exemplary. The Company has never received any sanctions for violation of regulatory norms.
Tata Motors obtains test certificates for vehicle worthiness and other safety related issues like emission, brakes, noise etc. before the product is marketed through government authorised agencies.

Tata Motors also obtain Homologation certificates for export markets from authorized test agencies. Labelling Identification of parts that need to be labelled as per Annex II of EEC directives 2000/53/EC amended by 2002/525/EC. This directive bans the use of hazardous heavy metals - Lead, Hex-Chromium and Mercury.

03.3 NEW PRODUCT INTRODUCTION

The pace of new product development has quickened through an organisation-wide structured New Product Introduction (NPI) process. The process, with its formal structure for introducing new vehicles in the market, brings greater discipline in project execution. The NPI process helped Tata Motors create a new segment, in 2005, by launching the Tata Ace, India's first indigenously developed mini-truck. The years to come will see the introduction of several other innovative vehicles, all rooted in emerging customer needs, like the Small Car.

Besides product development, R&D is also focusing on environment-friendly technologies in emissions and alternative fuels.

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**INNOVATION MANAGEMENT**

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04 ENVIRONMENT PROTECTION

Tata Motors plans for the environment in its processes, products and services. “Facilities and Environment Management” is identified as a Business Process and is formally documented in our Enterprise Process Manual. Facilities and Environment Management” process is mapped in detail and the measures for “effectiveness and efficiency” of the process are specified. This has helped the Company to evolve a uniform approach across all manufacturing locations in the country.

Contribution towards Sustainable Environment

Tata Motors has participated in the Sustainable development (S-DEV) exhibition in Geneva through TERI showcasing the company’s contribution for sustainable development. Tata Motors is working with the steering committee of National Hydrogen Energy board to find the ways where India may harness hydrogen potential energy of future.

The company is represented on several National Committees working for improvement of environment throughout the country.

1) Technical committee for “Air quality monitoring, emission inventory and source apportionment studies for Indian cities” constituted by Central pollution control board, Delhi

2) Group on “Technical evaluation of ARAI reports on development of emission factors” constituted by Central pollution control board, Delhi

3) Technical committee for “Heavy-duty Diesel retrofit demonstration project” constituted by National environmental engineering research institute, Mumbai

4) Multi stakeholder committee to “Develop Better environmental sustainability targets for lead battery manufacturers” constituted by development alternatives, Delhi in collaboration occupational knowledge international, UK and national referral center for lead poisoning, India

5) Steering committee for “Mobile Air conditioning Assessment project” constituted by TERI, Delhi

04.1 ENERGY CONSERVATION

Tata Motors Ltd, (TML), being one of the pioneers in automobile sector in the country on its path to World Class Manufacturing has incorporated environmentally sound practices as one of its prime objective - in its processes, products and services. All manufacturing facilities at Pune, Jamshedpur and Lucknow have achieved certification to the ISO-14001 Standard.

The Company has always been conscious of the need for conservation of energy. Energy Conservation measures have been implemented at all the plants and offices of the Company. These measures are aimed at effective management and utilization of energy resources and have resulted in cost savings for the Company, aggregating approximately Rs 307.5 millions.
Company has started Energy Accounting & Energy conservation programmes: Tata Motors Ltd. considers energy conservation critical to the operation of its Plant. Apart from reducing operational costs, the energy saved amounts to environment protection by way of avoiding pollution due to power generation processes. Energy conservation is driven throughout the organization, by way of setting Division wise targets and monitoring performance on everyday basis for optimising energy consumption.

1. Introducing FRP blades for man-coolers
2. Installing variable speed drive for flow control and energy saving
3. Introduction of fuel additives in Furnace Oil to improve the combustion efficiency of the fuel
4. Soft-start energy savers for hydraulic press motors
5. Sheds designed for efficient natural lighting
6. Use of CFL sodium vapor lamps to minimize energy consumption
7. Installing portable compressors for isolated running to save compressed air
8. Harnessing natural daylight by installing translucent roof sheets in workshops
9. Use of LPG in place of LDO & Electricity for heating, wherever applicable
10. Installation of Turbo Ventilators in forge & Foundry to extract fumes which do not require energy to operate

The Commercial Vehicle Business Unit won the CII National Award for “Excellence in Energy Management - 2006” and was declared as an Excellent Energy Efficient Unit in Automobile Sector

Passenger Car Business Unit won the “Certificate of Merit-2006” in the Automobile Sector for the National Conservation Award 2006 instituted by Government of India and was declared an Energy Efficient Unit in Automobile Sector under CII National Award 2006

Energy Conservation measures at Tata Motors, Jamshedpur during 2006-07 resulted in savings of 101 Lakh kWh of electrical energy and 1430 KL of fuel oil amounting to Rs 662 Lakhs. CII-GBC- Awarded National Award for Excellence in Energy Management 2007
Use of alternate energy is also promoted in manufacturing units of the company. Taking opportunity of the Clean Development Mechanism, Tata Motors Ltd. initiated action for 20.85MW Wind Power Projects installed & commissioned at Satara & Supa. Ministry of Environment (MoEF), New Delhi, has issued Host Country Approval for the Project. The Project was validated by M/s BVQI and registered by UNFCCC. In September 2007, we successfully traded the CERs through e-bidding on the Chicago Climate Exchange.

![Graph](image)

Rainwater Harvesting:

![Photo: GREAT ROLE MODEL PROJECT - a Rain Water Harvesting (RWH) project implemented within the premises of manufacturing unit of Tata Motors at Jamshedpur]

The RWH project can meet nearly 4 to 5 months requirement of water for TML, thereby reducing its dependence on the river for its water requirements.
04.2 WASTE MANAGEMENT

The wastes are disposed by various pathways depending on their hazard characteristics. These disposal pathways include - direct incineration, direct landfill and landfill after treatment. All hazardous wastes are disposed through an Authorised Common Hazardous Waste Treatment Storage and Disposal Facility (CHWTSDF).

Tata Motors does not import or export hazardous wastes. However, Scrap Material generated in various production processes like waste or used/waste oil, non-ferrous metal and scrap lead acid batteries defined as “hazardous” in Schedule-4 of Hazardous Wastes (Management & Handling) Amendment Rules 2003 are sold to the MoEF/CPCB Registered Re-cyclers/ Re-refiners/ Re-processors only.

Tata Motors is pursuing various projects to recover energy from hazardous wastes or to recycle them into useful end products. Experimental trials to recycle paint sludge into general purpose paint have been successful and work is on to scale up trials. The possibility of energy recovery from high calorific value hazardous wastes is also being jointly explored with cement manufacturing companies.
04.3 RECYCLE AND REUSE

Recycle of Packaging Materials:
The Company’s products do not require any external packaging. Wood used in packing crates of spare parts is re-cycled from wooden scrap packaging of received material. Heavy bought out components, which were received in wooden crates, are now changed over to returnable pallets. Collapsible custom-built polypropylene (PP) boxes have been developed for bought out components that are bulky and light (e.g.: dashboards). These PP boxes can be dismantled, flattened and returned to vendors for re-use, eliminating the use of virgin packaging material each time. With a cycle time of more than 150 trips these polypropylene boxes have resulted in significant savings on component packaging.

End-of-Life (ELV) Vehicle and Re-cyclability of products:
To address the environmental impacts during disposal of vehicles at the end of its life, re-cyclability and reclaimability has been defined as one of the design objectives.
- Tata Motors is also working with the Society of Indian Automobile Manufacturers (SIAM) as a member of the task force on Recyclability to study and develop a policy on Recyclability of vehicles in India.

Re-use of treated effluent:
The treated effluent is re-used for various low-end purposes such as toilet flushing, floor washing, chemical solution preparation, gardening, horticulture, fire hydrant line testing and as make up water to various cooling towers.
04.4 PROMOTING BIO-DIVERSITY

Tata Motors, Pune had planned for environment protection even before its manufacturing facilities were completely set up. The approximately 800 acres of land, procured by Tata Motors (then-Tata Engineering & Locomotive Company Ltd – TELCO), in 1965, was a barren landscape of hard basalt rock, which is typical of Deccan Trap with practically no soil cover. The hot arid climate of the region and the rocky terrain could support only a few wild shrubs. This type of geological terrain was seen as fit only for use as stone quarries, and the rocks / murrum mined from Chinchwad region acquired a name for itself over the years. Many abandoned basalt quarries are still a prominent feature of the Pimpri-Chinchwad Industrial area.

Photos: Site of our Pimpri Works in 1965, prior to commencement of industrial activity in the area

The first major step towards the transformation of this barren landscape was the construction of a 350-meter long stone masonry dam to impound the rainwater that used to flow through it from the surrounding catchment area. Subsequently the height of the dam was raised and the lake thus created was also deepened, increasing its storage capacity to about 60 million gallons of water.

The creation of a perennial water source gave a great boost to tree plantation activities and the raising of nurseries. The lake thus became the nucleus for the transformation of the landscape. The first tree nursery was used to stock tree saplings acquired from local nurseries, and raise them to a good height. Simultaneously several fast growing trees were planted to create natural shade as quickly as possible. The saplings raised in these nurseries were the first step in the greening of the barren landscape.
Over time, the creation of the water bodies and the tree cover (approximately 1,50,000 trees) has altered the very look of the entire landscape.

The objective was to make the lake / ponds and surrounding area attractive to aquatic and other birds, which was achieved by a planned microhabitat development programme.

These microhabitats include:
1. Water bodies
2. Marshy area / Reed beds (Typha sp.)
3. Open scrub land / grassland
4. Garden / orchard area

**Water Bodies**: All the water bodies, i.e. 2 lakes and 4 ponds were originally created by excavation. These ponds and lakes are spread out over an area of approximately 40 acres. The ponds are smaller in area and also shallower, as compared with the lakes. Storm water and treated effluent flow into the lakes through the 4 ponds. These ponds are frequented by different varieties of small waders, cormorants and kingfishers. The depth and gradient of the ponds have been maintained by planned dredging activities to remove the accumulated silt. The ponds also allow for the sedimentation of the silt carried by the storm water runoff, which in turn ensures that the water entering into the larger lakes - Sumant Sagar and Lake Sharma are relatively cleaner and carry less dissolved solids. This 30-acre stretch of open water in Sumant Sagar and Lake Sharma is the preferred foraging area for ducks, geese and other paddling birds, which feed on fishes, algae, assorted phytoplankton and zooplankton, insect larvae etc. Apart from the resident bird population, the lakes are visited by a number of migratory birds, which winter in the Southern Hemisphere from October to March.

**Marshy Area / Reed Beds (Typha)**: Marshy / swampy areas were developed all along the margin of the water bodies, with the specific intention of creating secluded spots to encourage birds to nest as well as to create a habitat capable of supporting waders. *Typha* is the predominant plant species here. The reed bed areas are the preferred feeding spot for waders. Rocks and dead tree trunks have also been provided (from the beginning) in these marshy areas to provide resting spots for ducks, grebes, cormorants and other aquatic species.

The reed beds are areas of ‘still water’ where invertebrates such as snails, mollusks, crustaceans, insects, annelids, and their larval stages thrive. Vertebrates such as fishes, frogs, and reptiles are also sighted in abundance here.
The ‘marshy areas’ are interspersed with trees, which provide perches for birds feeding in this area.

Open Scrub Land / Grassland: The ‘Project Area’ (i.e.: the residential area to the south of the industrial premises), away from the water bodies, is developed as a mix of dense tree plantation and open scrub / grassland. The ‘open scrub / grassland areas’ were also developed specifically to create a habitat to promote the unique shrubby or grassland eco-system. The primary management technique used in the ‘open scrub / grassland areas’ is:

1. Prohibiting the entry of grazing domestic cattle and establishing nests and becoming permanent residents are yet another indicator that the base of the food pyramid that supports this magnificent bird is stable and well established
2. No new tree plantation in these areas

Partridges, quails, drongo’s, orioles, wagtails etc. are commonly seen in these areas. Generally birds of the Order *Passeriformes*, which feed mainly on insects and seeds, are found in such areas. Recently several pairs of peacocks have also found their way into the ‘Project Area’ and the males have been sighted displaying their distinctive plumage. The absence of grazers in these open scrub / grasslands has resulted in an abundance of herbaceous plants and shrubs.

Garden / Orchard Area: The ‘Project Area’ has also been used to develop pockets of fruit trees as orchards. The species normally planted includes different species/grafts of coconut, mango, guava, *chikoo*, *jamun*, jackfruit, cherries, fig, tamarind, *amla*, *ber*, *phalsa* etc. Such plantations are spread over approximately 80 acres of the ‘Project Area’. These pockets of fruit trees have been created only to provide a food source for birds and small animals. During the tree census of 2003, it was estimated that approximately 4000 of the full grown trees are fruit bearing and are in healthy fruiting condition. These fruit trees are also a favored nesting habitat for forest birds. All this ‘green cover’ has been sustained using the water from the water bodies in the ‘Project Area’, which today is replenished only with treated effluent. This is the best example of “Water Conservation”, as not a single drop of piped potable water from MIDC is used for this purpose.

Pisciculture: With the creation of a perennial water body by the year 1975, Tata Motors decided to push further in transforming it into a natural lake ecosystem, by introducing fish and fingerlings into the lakes and ponds. A large variety of fish, including *rohu*, *catla*, *mrigal*, *mahseer* and silver carp were obtained from Government Fish Breeding Farm. Simultaneously, this release of fish and fingerlings also started to attract water birds in the area, which have since then become residents. This practice of re-stocking of fish and fingerlings is now an annual feature to take care of natural mortality and predation. The fish are now culled annually in the presence of officers from the Fisheries Department Government of Maharashtra, who have found the fish healthy and fit for human consumption.

Current status of programme/steps taken: Currently the following Action Plans are being given importance:
- Intensive plantation of indigenous tree species
- Stocking of fish fingerlings in lakes and ponds
- Development and expansion of marshy areas surrounding the lake
- Creating awareness amongst industrial workers and community to preserve the environment

Painted Storks establishing nests and becoming permanent residents are yet another indicator that the base of the food pyramid that supports this magnificent bird is stable and well established

The species found in the Tata Motors Project Area are typically to be found in protected forests/woodlands/wetlands - indicating a stable mix of natural habitats, which today provides refuge to a multitude of animal and plant species, when their natural habitat in the Pune region is being rapidly degraded by urbanization. The frequent sighting of osprey’s fishing in the large water bodies, which form the heart of the Project Area, is an indicator of a stable and evolved lake ecosystem.
Environmental Advantages Achieved:

- Creation of an artificial lung in an area where none existed - acts as a CO2 sink and O2 generator, which modifies local microclimate positively - resulting in milder summers.
- Creation of a stopover for migratory birds and providing a safe haven from poachers and hunters
- The creation of a new habitat for wintering migratory birds is all the more important, as noted ornithologists have declared that many of the existing water bodies, wetlands in Haveli Taluka are being rapidly degraded by rampant construction activity, artificial draining, poaching and pollution
- Allows an ecologist to track ‘Indicator Species’ and gauge the health of ecosystems at macro level for the entire geographical region
- Conservation of indigenous tree species, which have medicinal value and economic importance
- Conservation of soil and rainwater and its utilization
- Control of air pollutants and improvement in overall air quality of Pimpri-Chinchwad Industrial Area

The Pune Plant of the Company was awarded the ‘Bombay Natural History Society (BNHS) - Green Governance Award - 2006’ in the “Conservation and Restoration of Habitat” category.

The Ministry of Environment & Forest (MoEF), Govt. of India has appointed Gram Vikas Kendra, Jamshedpur (GVKJ) an NGO supported by Tata Motors, Jamshedpur, as the Regional Resource Agency (RRA) for National Environmental Awareness Campaigns (NEAC) 2008 for Jharkhand State for 15th consecutive year. National Theme for the year 2007 was Solid Waste Management and for the year 2008 is Biodiversity Conservation.

04.5 ENVIRONMENTAL EXPENDITURE

Environment expenditure is increasing year after year, as the company moves towards a cleaner and greener environment. A summary of the expenditure on environment protection for the last three years is summarized in the table below. Please note that the figures highlighted are only for manufacturing related environmental expenditure and not product related expenditure.
05 EMPLOYEES

05.1 UPHOLDING ETHICAL PRACTICES

Tata Motors’ employees uphold the Tata Group’s legacy and reputation of a “business built on foundations of trust and ethics”, by adhering to the Tata Code of Conduct (TCoC). TCoC has been developed to ensure high standard of corporate and personal behaviour on which the Tata Group’s reputation and respectability has been built over the past 120 years. The Code is a set of 25 principles, adherence to which ensures ethical conduct both by the employees as well as the Company at large. The chief clauses in the TCoC are as under:

- Competition
- Equal-opportunities employer
- Gifts and donations
- Political non-alignment
- Quality of products and services
- Corporate citizenship
- Ethical conduct
- Securities transactions and confidential information
- Integrity of data furnished

As an employee at Tata Motors, it is obligatory to not only adhere to the code but also to be concerned if there is an actual or possible violation of any clause and to bring it to the attention of the Ethics Counsellor. TCoC is prominently displayed at various locations in the manufacturing plants and offices and is also available in English and two vernacular languages at the company’s internal website. Moreover, all current and new employees undergo training on TCoC.

There is robust Ethics Counsellor Process to monitor implementation of Tata Code of Conduct.

Status of management of business ethics:

For more information on Tata Code of Conduct, please visit http://www.tata.com/0_our_commitment/corporate_governance/code_of_conduct.htm
05.2 PROVIDING EQUAL EMPLOYMENT OPPORTUNITIES

At Tata Motors, there is a written policy on non-discrimination and equal opportunity for employment, which is the basis for all recruitment. The policy is as under:

“As part of its Recruitment Practices, TATA MOTORS is committed to provide Equal Opportunity to all eligible applicants for employment without any discrimination against their gender, race, religion, caste, colour, ancestry, marital status, nationality and disability.

Opportunity for employment will be solely based on eligibility and merit of the applicant. Career growth opportunities will be based entirely on individual merit.”

- Mr. S. Borwankar
Plant Head, Jamshedpur

05.3 HEALTH & SAFETY AT WORK

**Occupational Health and Safety Policy**

TATA MOTORS is fully committed to be an injury-free organisation and safeguarding the Occupational Health of its direct and indirect employees at work.

The Company firmly believes that Safety is an integral part of its operations and all levels of management have prime responsibility towards Safety.

The Company also firmly believes in proactive measures preventing occupational illness.

In achieving these objectives, Tata Motors will involve its employees and allocate adequate resources for continuous improvement in its Occupational Health and Safety performance.

Placed: Mumbai
Date: 03.07.2007

[Signature]
Managing Director
The company is committed to maintaining a safe and healthy working environment, which is an essential element of the quality of work. As a part of this commitment, a revised OHS policy was adopted on July 07. The company has clinical facilities in terms of a team of doctors and paramedics, which runs Medical Centre round the clock. Our dispensaries are well equipped to cater basic and advanced life support to employees when need arises. In addition, all company doctors/Paramedics have scientific knowledge about HIV / AIDS. They have acquired ‘counseling & training skills’ as well.

Moreover, joint management-worker health and safety committees have been established, that meet regularly throughout the year to facilitate two-way communication that aids the reduction in rates of injury, occupational diseases, lost days and absenteeism and work related fatalities.

**Safety Committee** consisting of equal number of representatives of workers and management has been formed to promote cooperation between the workers and the management in maintaining proper safety and health at work and to review periodically the measures taken in that behalf.

- Mr. A K Saxena
  Plant Head, Lucknow

The representatives of the management of Safety Committee include a Safety Officer and a Factory medical Officer, wherever available and a representative each from the production, maintenance and purchase departments.

Function and duties of the Safety Committee include:

1. Assisting and co-operating with the management in achieving the aims and objectives in the Health and Safety Policy of the occupier
2. Dealing with all matters concerning health safety and environment and to arrive at practicable solutions to problems encountered
3. Creating safety awareness amongst all workers
4. Undertaking educational, training and promotional activities
5. Deliberating on reports of safety environmental and occupational health surveys, emergency plans, safety audits, risk assessment and implementation of the recommendations made in the reports
6. Carrying out health and safety surveys and to identify causes of accidents
7. Looking into any complaint made on the likelihood of an imminent danger to the safety and health of the workers and suggest corrective measures, and
8. Reviewing the implementation of the recommendations made by it

These committees cover 100% of the workforce. The topics covered in the Safety Committee meetings during the year were:

“We continue with various benefits to the employees which are beyond the statutory requirements like Gratuity (calculated on a higher factor than what is stipulated in the Act), subsidized loan facilities for housing, car as well as amenity, subsidized electricity facility within the Colony where majority of employees reside. Our Social Security Schemes are unique like Bhavisya Kalyan Yojna, Life Cover Scheme and post retirement Mediclaim facility and the Superannuation Scheme.

On a proactive basis, we get the medical check-ups done regularly for employees working in hazardous conditions wrt smoke, noise, dust etc. We also get annual Medical check-ups done for all our Executives as well.”

- Mr. A K Saxena
  Plant Head, Lucknow
Safety Award: Distributed to all eligible workmen annually. Criteria - no work related injury in previous 2 year
Medical assistance scheme: The rate of medical assistance payable to workmen who is unable to report for duty due to prolonged illness is enhanced.

In 2006-07, no occupational diseases were recorded, man days were lost due to injuries were 1164. The rate of absenteeism was 0.17.

05.4 UNION RELATIONS
In keeping with the spirit of the Constitution of India wherein Right of Association is a Fundamental Right, Tata Motors respects the right for association of its employees and has constructive relationship with trade unions at all locations. Employees are encouraged to join the Trade Unions, as it believes that most individual and collective grievances can be resolved through bipartite forums. This has led to good industrial relations. With its collaborative approach to company union, Tata Motors has not faced legal action regarding anti-union practices.

Approximately 15000 of our permanent employees, who come under the unionised category, are covered by collective bargaining agreements. These agreements include health and safety provisions along with compensation structures in the form of a Memorandum of Understanding (MoU) between the management and the representing Union as per the provisions of the applicable labour legislations. These MoUs are signed every three years after negotiations between representing committees of the union and the Management.

While the union membership may vary from each location, all eligible employees, irrespective of his membership, enjoy the benefits as agreed in the MoU. The table below indicates the percentage of permanent bargainable employees who are members of the recognised union at respective locations.

While the existing grievance handling process takes care of issues of temporary employees, the recognised Unions also take up their issues.

Percentage of eligible employees covered by Unions at each location

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<thead>
<tr>
<th>Location/Business Unit</th>
<th>Union</th>
<th>% Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jamshedpur</td>
<td>Tata Motors Workers’ Union</td>
<td>88.67%</td>
</tr>
<tr>
<td>Pune CVBU</td>
<td>Tata Motors Employees Union</td>
<td>98%</td>
</tr>
<tr>
<td>Pune PCBU</td>
<td>Tata Motors Employees Union</td>
<td>100%</td>
</tr>
<tr>
<td>Lucknow</td>
<td>Tata Motors Workers’ Union</td>
<td>100%</td>
</tr>
<tr>
<td>Mumbai</td>
<td>Tata Motors Employees’ Association</td>
<td>100%</td>
</tr>
</tbody>
</table>
Procedures involving information, consultation and negotiation with employees

<table>
<thead>
<tr>
<th>Interaction Level</th>
<th>Frequency</th>
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</thead>
<tbody>
<tr>
<td><strong>Business Unit Level</strong></td>
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<tr>
<td>Managing Director, Executive Director,</td>
<td>Annual</td>
</tr>
<tr>
<td><strong>Plant Head Level</strong></td>
<td></td>
</tr>
<tr>
<td>Plant head-Senior VP</td>
<td>Monthly</td>
</tr>
<tr>
<td><strong>Divisional Level</strong></td>
<td></td>
</tr>
<tr>
<td>General Manager/ Direct Reports</td>
<td>Monthly</td>
</tr>
<tr>
<td><strong>Factory/Department Level</strong></td>
<td></td>
</tr>
<tr>
<td>Divisional Head / Factory Head / Human Resource Officer</td>
<td>Monthly</td>
</tr>
<tr>
<td><strong>Centre of Excellence owners / Human Resource Officer</strong></td>
<td>Need Based, one-to-one interactions</td>
</tr>
</tbody>
</table>

**05.5 CREATING A LEARNING ENVIRONMENT**

All employees are evaluated based on performance and merit. The Company has customized the PMS for the requirements of different categories of employees-managerial, supervisors and bargainable employees. In the PMS system, Individual performance plans are cascaded from the Balance Score Card down to the smallest work unit, bringing business and customer focus to all levels and teams. Monthly and mid-course half yearly reviews are held to ensure resources; targets and training are in alignment with business needs. Employees have an opportunity to develop their own view of their performance and discuss it with their supervisor. Formal evaluation ratings are assigned at the end of the year. PMS instills a high performance culture in the organisation.

Competencies of successful executives are used as input to project the ‘Pen portrait’ of the ideal incumbent. To track the state of readiness and migration paths, the succession planning process includes colour coding for potential successors. This helps in arriving at the best fit.

The process is reviewed periodically for status of successors and for process improvements. In case a successor is not identified from the Department and Talent Pool, an internal advertisement is released. If the position cannot be filled internally, a suitable candidate is selected through External Advertisement.

“We encourage our employees to upgrade their skills and develop multi-skill manpower through our Skill Versatility, Cross Versatility and Performance Benefit Scheme, which has been operational for the past 30 years and wherein the employees who have acquired additional skills are given monetary benefits.

Other motivational schemes include Employee of the Month/Year award, Best Self Directed Team Award, Gunawatta Rakshak Award (Quality Stewards) for the bargainable employees. Employee empowerment at various levels is ensured through functioning in Self-Directed Teams and Centres of Excellence.

We are also a country level benchmark in the manufacturing sector in Suggestion Management. In FY 06-07, 117951 suggestions were generated in the Plant, of which 79930 were awarded. We have been awarded the ‘Excellence in Suggestion Scheme’ by Indian National Suggestion Scheme Association (INSAAN) for three consecutive years.”

- Mr. S N Ambardkar
  Plant Head, Pune CVBU
All employees have the opportunity to advance their careers. The Company administers career progression through the PMS system for managerial employees. All employees have the opportunity of moving to higher levels. This is based on their personal preparation and desire to move, windows of opportunity and a fair selection process.

“Many of our managers and executives form part of the Managing Committees of Schools run by Shiksha Prasar and also are members of profession bodies like CII, NIPM, IIIE etc - creating platforms for transferring their learning from the Organisation to the larger community.”

IDEA MANAGEMENT ON SHOP FLOOR

- BSC Reviews
- SQDCM Reviews
- Brainstorming
- Innovative Ideas recorded on Flipchart
- Action Plans
- Daily Reviews

- Knowledge Management
- Horizontal Deployment & Sharing
- Records in standard format

More than 400/500 ideas captured at each Factory every year! Published in the form of ‘Knowledge Through Learning’
06 SOCIAL COMMITMENT

06.1 INTEGRATED RURAL DEVELOPMENT
Please refer to the Annual Report on Corporate Sustainability, available at the company’s official website at the following link: http://www.tatamotors.com/CSR-0607/index.php
Please click on the section “CS at Plant locations” on the content sheet for description on activities and impact of Integrated Rural Development. Please also refer to the section “Soul Curry” for an account of the beneficiaries of the various community development activities undertaken by the company.

06.2 PUBLIC-PRIVATE SOCIAL PARTNERSHIPS
Please refer to the Annual Report on Corporate Sustainability, available at the company’s official website at the following link: http://www.tatamotors.com/CSR-0607/index.php
Please click on the section “CS at New Plant locations” and “CS at Non Plant Locations” on the content sheet for description on public-private partnerships.

06.3 BUILDING BRIDGES TO MANAGE IMPACTED COMMUNITIES
Please refer to the Annual Report on Corporate Sustainability, available at the company’s official website at the following link: http://www.tatamotors.com/CSR-0607/index.php
Please click on the section “CS at New Plant locations” and on the content sheet for description on activities undertaken to enhance the employability of local populations to manage the physiological and psychological needs of the impacted communities.

06.4 FIGHTING HIV/AIDS
For our employees, company doctors raise awareness on HIV/AIDS through lectures to employees on the shop floor, distribution of informative booklet on AIDS, in-house articles and screening of awareness films. Also, the company does not make any discrimination, right from employment to retirement of employees:

- During pre-employment medical check-up, no HIV testing is done
- Employees having HIV/AIDS are allowed to work in our Factory until they are able to continue normal duty
- Company’s Medical Benefit Scheme extends its’ benefits (reimbursement of medical expenses) to employees who are suffering from HIV / AIDS. These benefits are at par with any other medical benefits (It is not under exclusion as most of Insurance Companies are having).
- Total confidentiality is maintained about HIV +ve status of any employee
The company, in partnership with its channel partners, organizes Mega Check-Up Camps across the country every year. The last camp was organised in February 2007. The 17965 drivers and helpers of commercial vehicles, who attended these camps in various states across the country, benefited from the HIV/AIDS awareness sessions that were included in these camps. Since drivers are categorized as “High Risk Group” for HIV/AIDS, these sessions are of great relevance and importance.

The company also carries out several community-based interventions to combat the prevalence of HIV/AIDS.

1. High-school lectures on AIDS awareness for school students
2. Village level group meeting in the villages that fall in the project area (approx. 100 villages)
3. Special programme for girls “I want to bloom” (AIDS awareness is a part of the programme) - 5000 girls covered till date
4. Village Health Workers (VHWs - foot doctors trained by the company) are made aware about the Universal precautions to take during dressings and conduction of delivery. They are provided hand gloves, disinfectants and autoclaved dressing and delivery material. The VHWs are also the channel to raise awareness on HIV/AIDS in the community at large
5. Employee volunteers organize “AIDS awareness rallies” every year on World’s AIDS Day (December 01) in Pune
6. Special programmes for “Truck Drivers” from transporters / suppliers conducted in Jamshedpur and Pune

In addition to the above initiative, please also refer to the Annual Report on Corporate Sustainability, available at the company’s official website at the following link: http://www.tatamotors.com/CSR-0607/index.php

Please click on the section “CS at International locations” and on the content sheet for description on activities undertaken to raise awareness on HIV/AIDS at international locations of the company in South Africa and Nepal.
### SI LINKAGE TO GRI INDICATORS

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Head Social Responsibility  
mparalkar@tatamotors.com |
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