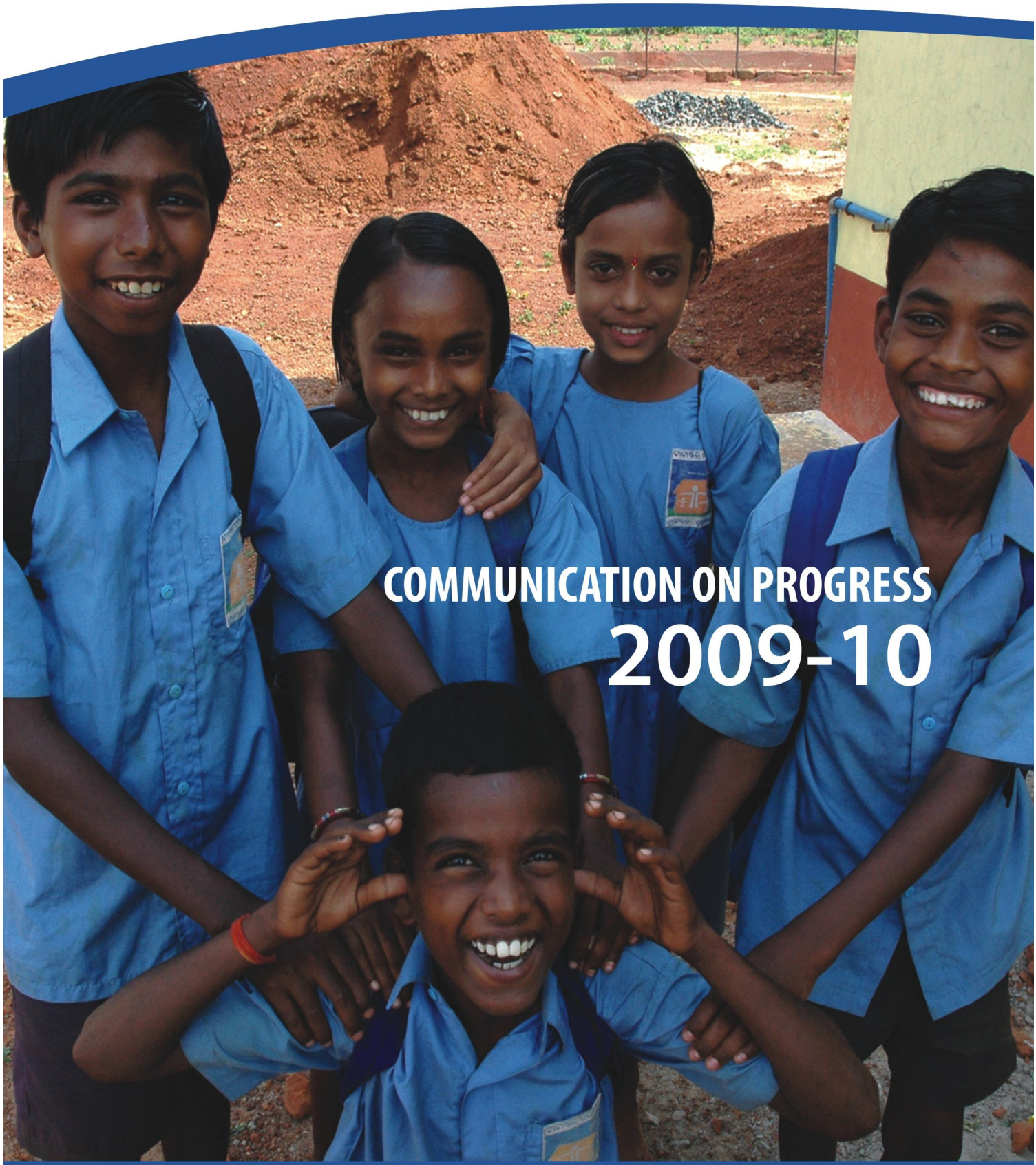
TATA STEEL

TATA



COMMUNICATION ON PROGRESS
2009-10

TATA STEEL INDIA

The Tata Steel Group is the world's second most geographically diversified steel producer with a crude steel production capacity of about 24 million tonnes per annum; presence in over 50 markets and manufacturing operations in 26 countries. It comprises Tata Steel India, Tata Steel Europe, NatSteel Holdings and Tata Steel Thailand. It has an employee strength of over 81,000 people across five continents and has a shareholder base of over 800,000 people. Its products serve customers in 11 distinct segments. The Tata Steel Group recorded a turnover of Rs 1,054,157 Million.

A public limited company headquartered at Mumbai, Tata Steel India has a crude steel capacity of 6.8 million tonnes per annum (mtpa). During the year, the Company produced 6.56 mtpa of crude steel and sold 6.17 mtpa of steel products, recording a turnover of Rs 276,116 Million. It is the second largest steel producer in India, the largest supplier to the domestic automobile industry with 48% market share and the second largest re-bar supplier accounting for 11% of the market share. It is in the process of adding another 2.9 mtpa to its steel making capacity by 2011-12.

Tata Steel produces steel at its integrated Steel Works in Jamshedpur, India, using raw materials such as such as iron ore, coal, coke, limestone & dolomite, Ferro Manganese, Zinc and Zinc Alloys, etc to produce hot metal. The hot metal is converted into steel through a steelmaking process. The liquid steel follows two routes, namely the Flat Product Route and the Long Product route to produce value added finished goods. It is one of few steel companies in the world to have backward linkages to its captive mines and collieries, owned and operated by the Company across the states of Jharkhand and Orissa in India.

SCALE OF THE REPORTING ORGANISATION

Total Employee Strength

The total workforce of Tata Steel Limited as on March 31, 2010 was 34,440 employees. All these employees are engaged as full time employees on permanent roll of the Company.

They include those employed at Jamshedpur, Tata Steel's Mines & Colliers as well as its Ferro Alloys units. All these employees are engaged as full time employees on permanent roll of the Company. Tata Steel has the main operating plants situated at Jamshedpur, Collieires at Jamadoba (Jharia) & West Bokaro, Iron ore mines at Noamundi, and Ferro alloys units at Sukinda & Bamnipal. Hence, majority of the Company's workforce in India is located in the states of Jharkhand and Orissa.

STATEMENT OF SUPPORT

Tata Steel was founded by Jamsetji Tata on the tenet that the community is to be the purpose of its existence. “In a free enterprise,” he had said, “the community is not just another stakeholder in business, but is, in fact, the very purpose of its existence.” His vision for the role this enterprise must fulfill has guided it for over a century and continues to remain integral to all its future endeavours and business actions. During the course of the last century, this ethos has become the most striking feature of Tata Steel’s identify and has remained an enduring priority even as the Vision or business strategy has evolved from decade to decade.

Tata Steel’s immediate concern in 2009-10 after the economic downturn was to safeguard our value streams. All business units of the Company were told to direct their initiatives towards critical areas of concern, in addition to the longer term objective of meeting our Goals for Vision 2012. The areas Tata Steel focused on included three profitability determinants: despatch cost at a level of 2006-07, market share at each customer/ market segment at higher than actual of 2008-09 and product price premium to be higher than in 2008-09. In addition, the Company set ourselves a goal of 25% improvement in Loss Time Injury Frequency Rate (LTIFR) with zero fatality and 15% improvement in Environmental performance, against those achieved in 2008-09.

The global recession constrained India’s GDP growth rate to 6.7% in 2008-09. However in 2009-10 the Indian economy recovered much faster than other developed economies to register a growth of 7.4%. Tata Steel’s operations demonstrated immense resilience even though the demand for steel and steel based goods had shown a sharp decline. These pressures eased by the close of the year as steel demand in India registered a healthy growth of 8% driven by the demand from the automobile and construction sectors, where Tata Steel is a dominant player. The economic meltdown has alerted Tata Steel as it has done other organisations to the need for redetermining paths, realigning attitudes and restructuring systems that define the way enterprises are managed. Over 2009-10 the Company revisited all processes for managerial oversight, its goals and related performance indicators.

In the midst of these obstacles people need to be prodded and a lot of support is needed from organizations that have global reach to inculcate the principles of Global Compact and get them firmly entrenched in the minds of everyone.

In 2009-10, Tata Steel sought to readdress this area as well and developed a new Social agenda to create a wider and deeper impact. Instead of being content with touching a million lives, it has determined that it shall IMPACT a million lives from here on. Towards the end of 2009-10 experts engaged in social change have been asked to identify/develop indicators which the Company will adopt for tracking this impact. The Company has also taken on the education and employability of tribal communities, people indigenous to its

locations, as main focus areas for the future, in addition to the rural and urban services it provides. The Company has also engaged employees in developing Personal Actions Plans on Safety, Health and Environment issues.

Tata Steel is a founder member of the United Nations Global Compact, invited by the then Secretary General to share on a global platform the philosophy which motivates the Company to strive towards creating a more inclusive society. Organizations believe in the interconnectivity of markets and geographies. Tata Steel has always believed in the interconnectivity of the enterprise, the environment and the community. The role of the enterprise, it believes, is to safeguard the environment as the organisation strives to enrich the community.

The city of Jamshedpur is one among six in the world to be chosen to participate in the UN Global Compact Cities Pilot Programme and in 2009 we hosted their review team.

HUMAN RIGHTS

The purpose of enterprise at Tata Steel is the community, its socio-economic progress through socially responsible business practices. The first company to be incorporated in India, Tata Steel founded on the belief that it must deliver economic freedom and show the way forward for its people to obtain civil liberties, equity and human dignity. Over its century long history it adopted employee welfare measure and practices, which went on to become part of the statutes in India. Several of these practices were ahead of those followed globally, including an eight-hour working day, maternity benefits and the Joint Consultation process. The latter introduced the concept of freedom of association and collective bargaining to Indian industry.

Tata Steel has, therefore, promoted Human Rights as part of its core business philosophy. It has adhered to the Universal Declaration of human rights (1948); the International Covenant on Civil and Political Rights; and the International Covenant on Economic, Social and Cultural Rights. It has more recently recent times voluntarily adopted and implemented the principles of the United National Global Compact and SA 8000. As the Company has globalised, in line with internationally accepted conventions and standards and the revised Tata Code of Conduct, it has ensured all policies, principles and clauses with respect to Human Rights are followed with uniformly across nations, without exception to any. Tata Steel has given itself an Affirmative Action Policy to act such that it ensures equal employment opportunities for the socially disadvantaged. The Company has thus taken empowerment activities into the community to facilitate education, employability training, and entrepreneurship. It has made education and employability training of the socially disadvantaged a part of its social agenda. The Company's Corporate Social Responsibility & Accountability Policy and Affirmative Action Policies are available on *the Corporate website*. It was last revisited in 2009.

PRINCIPLE 1: BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

A large number of contractor employees are deployed at the Steel Works for the 2.9 mtpa expansion programme and other capital investment activities. Tata Steel ensures that all contractors comply with the Human Rights standards expected by Company. Regular audits under SA 8000 are conducted to ensure compliance with not only human rights standards but also labour practices. New suppliers/ contractors must show evidence of compliance with these standards before being registered by the Company. Tata Steel was last recertified for compliance to SA 8000 in 2009.

In none of Tata Steel's operations is the right to exercise Freedom of Association or Collective Bargaining at risk, nor are any of them at significant risk for incidents of child labour or forced or compulsory labour. No violations with respect to rights of indigenous people were reported or grievances related to human rights filed against the Company, nor was Tata Steel subject to human rights reviews and/or impact assessments in 2009-10.

Occupational Health & Safety form a part of the Corporate Vision of the Company. It has set itself the target of 0.4 LTIFR with Zero fatality by 2012. Tata Steel's Safety Principles and Occupational Health Policy guide it in ensuring zero harm to the people it works with and society at large. Occupational Health & Safety is an integral part of Tata Steel's business processes as reflected by the Safety governance structure. Occupational Health Safety is driven at Tata Steel through the combined involvement and commitment of Management and Union representatives.

PRINCIPLE 2: BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Tata Steel's Affirmative Action Policy and Tata Code of Conduct enjoin the Company to proactively assist disadvantaged communities. All security personnel, who are employees of the Company, must adhere to the Tata Code of Conduct. Training on the Code of Conduct is undertaken periodically by the Ethics Department of the Company

LABOUR

The most striking feature about Tata Steel's labour relations is that the Company has enjoyed industrial harmony since 1928. This is because Tata Steel has always held the view that people are its greatest asset. It has therefore voluntary adopted the best international standards for employees welfare, strongly promoting workers rights to a decent workplace. It also ensures that these standards are reflected across its entire value chain. The Steel Works is the only steel manufacturing unit and the largest of its kind in the world, to adopt and enforce SA 8000 as a tool to improve workplace standards. The Company has always been an equal opportunity employer. In 2009-10 a Tata Steel Group Safety, Health & Environment Committee has been established to carry out detailed reviews globally. Tata Steel's Human Relations Policy is available on *the Corporate website*.

The Company has a loyal and committed employee base of 34440 of which 30130 are non officers. Tata Steel has a no retrenchment policy. Along with the closure of old facilities, the company has carried forward all employees despite some proportion of them having low education levels. It is expected that people with higher skills will be required as the steel industry progressively becomes very technology intensive. Based on its learnings from the past and a benchmark study, a taskforce constituted by Tata Steel identified the following strategies: (i) maximise utilization of available employees through right skilling and (ii) recruitment of technically qualified persons. Tata Steel's officers are highly skilled, technically proficient professionals. To address the diverse needs of its officers and non officers the Company has separate divisions for Human Resources and Industrial Relations. In line with the Company's Vision of being the "Employer of Choice" the HR and IR Divisions develop and implement policies for attracting, developing and retaining right talent at all levels.

To address the upcoming manning requirement with the appropriate skill mix as well as to support timely commissioning of its Jamshedpur brownfield expansion, the IR Division is implementing the strategy of maximizing the utilization of the existing unskilled base of employees through up-gradation of their skills. The reskilling programme has been designed by Tata Steel's Shavak Nanavati Technical Institute.

PRINCIPLE 3

BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Tata Steel respects the right of employees to exercise freedom of association and collective bargaining. The Company believes that a healthy Union is an asset for it. Trade Unions are therefore present and encouraged at all locations. Worker representatives are respected and involved in all discussions and consultations. All non-officers of the Company, comprising 87% of the total workforce are represented by independent trade unions. Full time workers remain a part of the Company till they achieve the age of superannuation. Tata Steel has a no retrenchment policy as mentioned in the Management Approach.

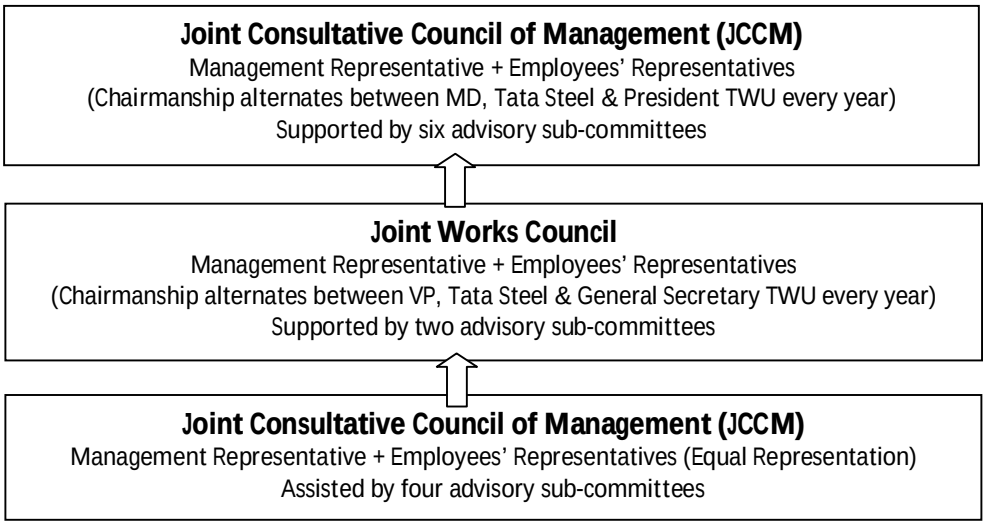
As on 31.3.10	Number of Unionized Employees	No. of Units	No. of Unions
	30130 (~87% of total workforce)	17 units	26 Unions

Joint Consultation

Issues for collective bargaining and other welfare measures are clearly identified, discussed and implemented through the three-tier consultation mechanism, comprising the Joint Departmental Councils, Joint Works Council and Joint Consultative Council of Management, which touch every employee of the Company. Collective bargaining issues are discussed with the recognized unions at the various locations on a regular basis. Through this system employees discuss issues related to production, productivity, quality, safety, welfare, training etc. (excluding issues of collective bargaining and individual grievances).

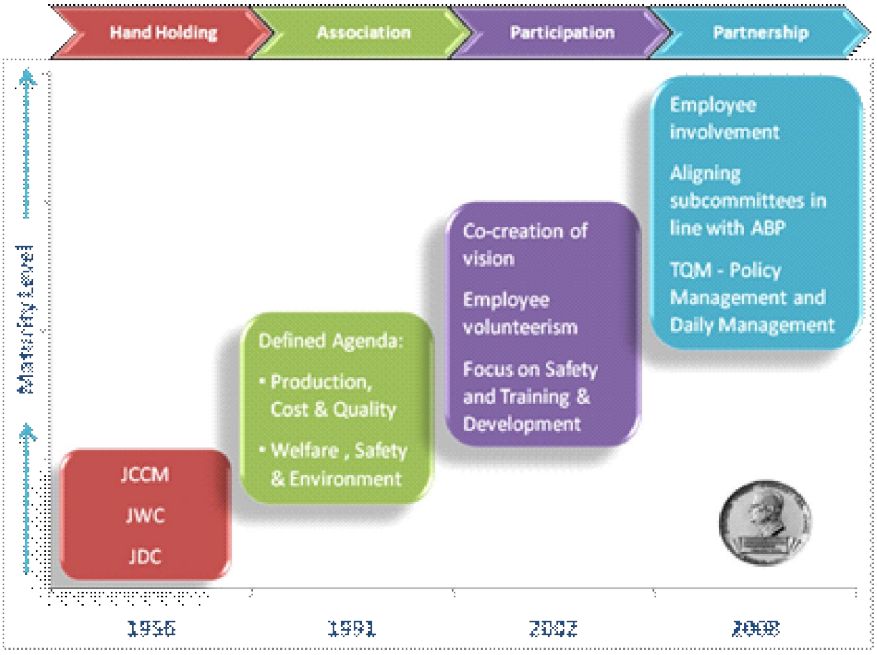
With the change in the business environment the system has matured to align itself to the need for employee engagement in meeting the Company's Vision and Goals, where the management and workers work towards a collective aspiration. Organizational changes are in line with the policies of the Company, agreements with the various Unions and Works Standing Orders. In all cases, minimum notice periods are provided as specified.

Joint Consultation Structure



Tata Steel introduced the process of Joint Consultation over 50 years ago in India. It has, however, enjoyed over 80 years of industrial harmony with no strike since 1928.

Maturity of employee engagement mechanism



PRINCIPLE 4

BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

In none of Tata Steel's operations is the right to exercise Freedom of Association or Collective Bargaining at risk, nor are any of them at significant risk for incidents of child labour or forced or compulsory labour. No violations with respect to rights of indigenous people were reported or grievances related to human rights filed against the Company, nor was Tata Steel subject to human rights reviews and/or impact assessments in 2009-10.

SA 8000 for Contractors' Employees

Contractors' employees are an integral part of the business process at Tata Steel and hence a stakeholder group that it endeavours to impact positively. It has implemented the SA8000 workplace standard as a systematic tool to improve policies and procedures for contracted workers and the vendor companies. SA 8000 is an auditable international voluntary standard developed by Social Accountability International (SAI), based on the principles of the eleven Conventions of the International Labour Organization (ILO), the United Nations Conventions and the Universal Declaration of Human Rights.

SA8000 concepts are incorporated in the Company's everyday decisions from supply chain management to workplace issues. The Company believes that ensuring adequate workplace conditions, practices, and policies to protect contract workers makes good business sense. India's Contract Labor [Regulation and Abolition] Act of 1970 applies to the Company but has limited impact on issues such as manner of paying wages or working conditions for contractors' employees. As the number of permanent employees on roll at Tata Steel is much lower than a decade ago, the Company decided to undertake voluntary action to manage and ensure proper workplace conditions for its suppliers and contractors through the implementation of SA8000 standard and SA8000 certification. The Company processes related to procurement, contractor management, training, and health and safety have been revisited and strengthened to ensure complete compliance by its contractors. The key departments instrumental for the implementation of these standards are the Procurement Division and the Contractor Cell. In the event of violations Tata Steel may take as stringent an action as blacklisting the concerned contractor, including Safety violations.

Tata Steel also supports the rights of all people to civil liberties as well as the basic amenities of life including safe water, health care, a healthy environment, education and collective bargaining. It has therefore gone beyond implementation of policies across its operations and value chain to undertake interventions within the community to foster the best labour practices and promote human rights.

Features of SA 8000 Standard

Tata Group has been a pioneer in introducing number of initiatives in labour welfare over nine decades and is committed to serving the interest of all its stakeholders.

Clause No.	Title	SA 8000 Requirements	Policies Propagated
1.	Child Labour	The company shall not engage in or support the use of Child Labour	No. Child labour
2.	Forced labour	The company shall not engage in or support the use of Forced Labour nor shall the personnel be required to lodge deposits or identity papers upon commencing employment with the company	No forced labour
3	Health and Safety	The company shall provide a safe and healthy work environment and shall take adequate steps to prevent accidents and injury to health	Adequate trainings, medical centers, ISO 14000 & OSHAS 18000 certified facilities.
4	Freedom of association and collective bargaining	The company shall respect the right of all personnel to form and join trade unions of their choice and to bargain collectively.	Management strives to create seamless organization that incubates and promotes innovation, excellence and Tata Core Values.
5	Discrimination	The company shall not engage in or support discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age	Written and documented policies which are followed and monitored thoroughly
6	Disciplinary practices	The company shall not engage in or support the use of physical punishment, mental or physical coercion and verbal abuse	Governed by Model Standing Orders and in line with Principles of Natural Justice
7	Working hours	The company shall comply with the applicable law and industry standards	Legal norms followed and monitored
8	Remuneration	The company shall ensure that wages paid meet the legal and industry minimum standards	Laws adhered to as per the legal laws.
9	Management systems	Compliance to integrate the standard into their management systems and practices	Followed in principle and spirit.

PRINCIPLE 5 BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR

No employees in Tata Steel are less than 18 years of age. Documentary evidence of proof of age (e.g. Birth Certificate, School Certificate, Doctor Certificate or any other Legal Document) is verified at the time of recruitment. (Ref Order No. 8 of Works Standing Orders). When required, these are also verified from relevant external authorities/referral doctors. Tata Steel has a "Works Standing Order" for unionized employees and "Service Rules for Officers" which are based on Industrial Employment (Standing Orders) Act, 1946 and Factories Act 1948. This policy is also in accordance with Child Labour (Prohibition & Regulation) Act, 1986 & Children (Pledging of Labour) Act, 1933. This policy is accordingly mentioned in Procedure for Recruitment (Refer Order No. 7, p. 3 of the Works Standing Orders, Rule No. 7, and p. 2 of Service Rules for Officers and Prescribed Application Form for Employment. This policy is also communicated to all its contractors and suppliers so that partners across the entire value chain adhere to Tata Steel's policies. The age for the labour engaged by the contractor is indicated in the Register of Workmen and verified before issuing gate pass employing them.

PRINCIPLE 6 BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Equality of Opportunity

Tata Steel is an equal opportunity employer. It does not discriminate on the basis of race, caste creed, religion, gender, nationality. It is a value-driven organization where decisions are merit-based. Its diverse workforce includes women and members of the local indigenous communities (Scheduled Castes and Scheduled Tribes).

Workforce Diversity

TATA STEEL LIMTED						
Affirmative Action Data - 01.04.2010	**Non Officers**		**Officers**		**Total**	
Total	30,130	100.00%	4310	100.00%	34,440	100.0%
Scheduled Caste	2,527	8.39%	34	0.79%	2,561	7.4%
Scheduled Tribe	2,810	9.33%	40	0.93%	2,850	8.3%

Number of Employees who do not wish to disclose such information	178	0.59%	712	16.52%	890	2.6%
General	24,615	81.70%	3524	81.76%	28,139	81.7%

Age Profile of employees

		Less than 30	30 - 50	Above 50	Grand Total
Officers	Female	77	214	45	336
	Male	546	2537	892	3974
Sub Total		623	2750	937	4310
Non-Officers	Female	55	677	520	1252
	Male	1049	15710	12118	28878
Sub Total		1105	16387	12638	30130
Total	Female	132	891	565	1588
	Male	1595	18247	13010	32852
Grand Total		1727	19137	13575	34440

Tata Steel has female executives in all spheres of its business – Operations, Maintenance, Projects, HR&IR, Media handling, Information Technology, Social services, Aviation, Marketing, Research or Legal to name a few. Tata Steel also has female Trade Apprentices – the first Company in the steel manufacturing sector. They are engaged in Mechanical, Electrical, Maintenance, Instrumentation and Electronics jobs and placed in departments such as Coke Plant, HSM, Blast Furnaces, Sinter Plants, and Equipment Maintenance. Ms Bachendri Pal, the globally recognized Everester and the first Indian woman to conquer Everest, is a part of Tata Steel family, spearheading the Tata Steel Adventure Foundation.

Initiatives to empower female employees

The Women Empowerment Cell of Tata Steel was reconstituted as SWATI (Steel Women Aspirational Team Initiative) to address the personal and professional requirements of women in line with the organizational challenges. The Committee has 18 Core Members which includes Lady Officers / non-officers, members of Union and Male members as well. The Core Committee is supported by Sub Committees across Tata Steel's locations.

In a first of a kind initiative Tata Steel had retrained and reskilled the female employees to be rendered Surplus due to automation, and provided growth opportunities to them. They women were retrained to take on jobs as drivers of heavy vehicles, mobile equipments etc. inside the plant, welding, gas-cutting and others. Five Tejaswinis have been recognized by

the Government of India which has conferred on them the Prime Minister's 'Shram Veerangana" and "Shram Devi" awards.

Disabled employees

Employees with disabilities are placed in departments with easy and comfortable job responsibilities.

ENVIRONMENT

Tata Steel's principle environmental priorities are to reduce its CO_2 and dust emissions. It has given itself the Vision of becoming the Indian steel industry benchmark for CO_2 emissions by 2012 through investments in equipment, technologies and facilities *(Annual Report Page 106).* In addition, the environmental issues being addressed by Tata Steel are zero discharge of treated effluent from the Jamshedpur Works and maximizing of solid waste utilization. At its mines and collieries facilities such as the Washeries are already zero discharge units.

The Company has always been a responsible corporate citizen in its approach to the management of the environment. It has adopted environment friendly technologies in its operations. While increasing its steel making capacity from 6.8 to 10 mtpa over 2005-12, it is aware that the load on environment will increase. The Company has therefore significantly enhanced it's spend on technology and hardware to address environment requirements and to realise its Vision. In 2009-10 a Tata Steel Group Safety, Health & Environment Committee has been established to carry out detailed reviews globally.

During the current period there was a visible shift in the environment landscape in India with the country voluntarily committing to reduce CO_2 emissions. Therefore environmental standards have become more stringent, legislation on environment is evolving and enforcement of restrictions is growing, with enforcement mechanisms emerging. Tata Steel's proactive initiatives as part of its Vision 2012 have ensured that the standards its sets for itself to improve environmental performance are well beyond norms and statutory duties. The boundary of measurement for emissions has been governed by Scope 1 and Scope 2.

Tata Steel's approach to environmental management is guided by the Tata Code of Conduct (Clause 8: Health, Safety & Environment), the UN Global Compact Principles and the Tata Steel Environmental Policy, which was revisited in 2009-10. The Company has a Safety, Health & Environment Committee of the Board which provides guidance and managerial oversight. The policies, which guide the Company's approach to Environment Management, are available on the Corporate website.

PRINCIPLE 7 BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

MATERIALS

Raw materials costs play a vital role in the competitiveness and future sustainability of steel manufacturers as they account for 60% of the steel making cost for companies who do not have captive mines. All raw material used for steel making such as minerals and fuels are non-renewable in nature. Therefore, Tata Steel's operations and research seek to enhance yield and maximise use of every tonne of raw material from mining to the end product. These efforts have included new technology to produce low ash clean coal, beneficiation of low grade iron ore and plant rejects to produce concentrates along with a new coal agglomeration technology to increase the use of low cost non-coking coal for coke production. The Company has given itself the challenge of increasing the life of its existing mines by enhancing its capabilities to mine and process inferior ores.

Recycled inputs

The principle waste produced at the Steel Works is Blast Furnace and LD Slag. Other wastes account for only 16-18% of the total solid waste generated. Therefore, the Company continuously drives improvements in utilisation of Blast Furnace and LD Slag to achieve higher yield from the raw materials consumed. In 2009-10, Tata Steel utilized 100% of the Blast Furnace slag, a significant amount of LD Slag along with other solid wastes leading to 91.09% of the waste generated being utilized within the Steel Works.

Several initiatives are in place to improve utilisation of LD Slag both within the plant as well as for alternate applications. The 6 million tonne pellet plant, also under construction, will improve utilisation of iron ore fines formed as a result of resizing of iron ore.

Increasing Mine Life and improving raw material security

For Tata Steel to achieve its EBIDTA objectives at 10MTPA levels as well as have assured access to material resources, which are scarce and exhaustible, the Company works continuously to enhance the life of its mines and its capabilities to process inferior grades of ore and coal. It has ensured the sustainability of its captive mines and collieries through over a century of sustainable mining practices. The Company follows an optimised mine plan and maximal extraction of ore and processing of all types of ore at minimal yield loss. The key enabler to increasing the life of the existing mineral reserve is to improve process capability.

In addition, efforts to reduce the gap between the theoretical yield and actual yield in both Company owned collieries have reduced significantly due to improvements in separation efficiency.

PRINCIPLE 8: BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Reclamation of mined out land and afforestation is a significant priority for Tata Steel. The township of Jamshedpur has a green cover of 32%, perhaps the highest among urban centres in India. This is due to the continuous investment in tree plantation along avenues, open areas and encroached areas. The Company's Mines & Collieries have regenerated 2000 hectares of forests and reclaimed hundreds of hectares of mined out land.

The Company's Tata Steel Zoological Park, Sir Dorabji Tata Parks and Butterfly Parks have been created to preserve the biodiversity of various regions. The Tata Steel Zoological Park is also used as a shelter for wounded or distressed wild animals by the Forest Department. In 2009-10 two baby elephants were nursed back to health and released into the wild.

A Butterfly Park was created by the Company at Jamshedpur to protect the number of butterfly species from dwindling as it was observed that the prevalence of butterflies was less evident. The lake at the Tata Steel Zoological Park and the cooling pond within the Steel Works have been winter homes for Siberian cranes for many years.

There are no World Heritage sites, sensitive areas or Biosphere Reserves within the operational areas of the Company. However, the mine leases areas and Dalma forest situated close to Jamshedpur Steel Works at about 10 Kms) are areas rich in biodiversity. In 2009-10, Tata Steel commissioned an Environmental Impact Assessment Study for its 2.9 mtpa expansion project, which indicated no significant impact due to this activity.

Land Reclamation

In 2009-10, Tata Steel's Ore, Mines and Quarries Division reclaimed 126 hectares of mined-out land.

Logistics

While GHG emission from transportation has not been calculated Tata Steel has fixed the maximum age of vehicles operating within the plant at 15 years or less. With the Steel Plant augmenting capacity and vehicular traffic increasing within the Steel Works and Jamshedpur, Tata Steel has introduced integrated logistics planning in 2009-10 to formulate a road map and plan holistically for the future. One of the strategies immediately adopted was to "improve the efficiency of the rail operations by reducing wagon turnaround time." Subsequently there have been many initiatives to improve out-bound logistics including the substitution of low capacity vehicles with those which can carry higher tonnages. Shipments to local customers have since August 2009 been sent by rail to a public siding from where they are redistributed by road. This has brought the number of vehicles down within the Steel Works as 30,000 tonnes per month is transported by rail.

PRINCIPLE 9 BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

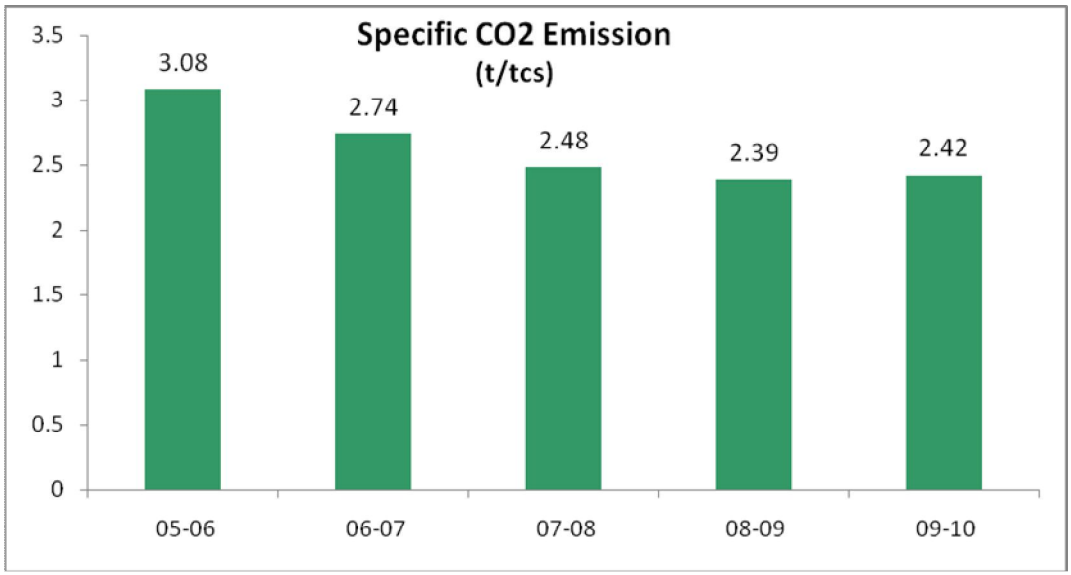
Climate Change is one of the most important issues facing the world today. Tata Steel recognises that the steel industry is a significant contributor to man-made greenhouse gas emissions as the manufacture of steel unavoidably produces carbon (CO_2). Tata Steel's Response to Climate Change therefore focuses on reduction of CO_2 emissions per tonne of steel produced. Tata Steel has adopted the methodology developed by World Steel Association (WSA) for Carbon accounting. It is also a partner in international initiatives to assess Climate Change undertaken by WSA and the Asia Pacific Partnership on Clean Development and Climate (APPCDC)

Climate Change & CO_2 Emissions

The key challenges facing the Company are identification of techno-economically feasible solutions and fitting existing plants with them for reduction of CO_2 emissions and timely upgradation of existing pollution control equipments.

While CO2 emissions at the Steel Works have dropped by 36% in the last 12 years and by 21 % since 2005, the Company continues to pursue its policy of process improvements and technological innovations to reduce use of coal and coke, the principle contributor to CO_2 emission. Improvements in by-product fuel recovery and usage, along with waste heat recovery have resulted in reducing trend in energy consumption and reduced CO_2 emission.

In 2009-10, CO_2 emissions (direct + electricity) was 2.42 t/tcs compared to 2.39 t/tcs in the previous financial year.



Energy conservation is a top priority items in Tata Steel. This is related to conservation of natural resources as well as reduction in CO2 emission.

Important initiatives in the area of energy conservation over the reporting period include:

- Commissioning of 2nd Gas holder and augmentation of L.D.Gas export system to enhance Gas Recovery
- New Power House 6 for utilization of by-product gases
- Installation of Top Recovery Turbine at H Blast Furnace
- Waste Heat Recovery from Stoves in H Blast Furnace
- Use of mixed gas firing in Lime Kiln 7
- Conversion of Coal fired boiler nos. 5 & 6 at Power House 3 to Byproduct Gas firing.
- Variable Frequency Drives in Sinter Plant 1, Power House No.3
- Phasing out of Open Top Ladles with Torpedo Ladles

In addition technologies such as CDQ at Coke Oven Batteries 5-7, Top Recovery Turbine at "G" Blast Furnace, RHF-3 at the Hot Strip Mill have been implemented to ensure environment friendly growth.

Dust emission

Substantial expenditure has been earmarked as part of the Company's 2.9 mtpa expansion project to reduce dust emission levels as a key objective for Tata Steel is to bring dust emissions down by 30% by 2012. In addition, improving its online monitoring systems for its stacks and increasing the number of stacks monitored, the Company is now monitoring various locations across the city and the Works. It has also increased the frequency at which samples are collected. It has made investments in pollution control equipment a priority in its expansion plans and has made its pollution control standards far more stringent that those required by law.

Energy

Energy consumption is the principle cause of CO2 emission for the steel industry and accounts for a third of the production cost. Both factors therefore have significant sustainability impacts. Tata Steel has implemented the technologically efficient "H" and "I" blast furnaces instead of less capital intensive options to address the need to bring down the Coke rate and CO2 emission intensity. The Company has also planned significant investments in green technologies to enhance energy efficiencies.

Tata Steel continued to record a steady decline in energy consumption per tonne of steel. Specific energy consumption dropped in 2009-10 to touch 6.125 G cal/tcs.

Conservation of energy

Energy conservation is a top priority items in Tata Steel. This is related to conservation of natural resources as well as reduction in CO2 emission.

CORRUPTION

Tata Steel's Vision is to be a global benchmark in Value Creation and Corporate Citizenship. The Company believes that the journey of Value Creation can never be complete unless its activities lead to the continued prosperity of the community, since this is the very purpose for which the Company was created. This legacy was given to it by the Founder of the Tata Group Jamsetji Nusserwanji Tata in 1907 and for over a hundred years, Tata Steel has abided by it. Today, a century later, ethics, transparency and sustainability are principles Tata Steel continues to translate into practice every day.

PRINCIPLE 10 BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

Values are the cornerstone of sustainability at Tata Steel. These principles stem from the core belief that value-driven sound and ethical practices create trust, inspiring stakeholders to continue to fuel sustainability.

These values, bequeathed by the Founder Jamsetji Tata to the entire Tata Group, determine the way Tata Steel conducts business.

Tata Values:

- Integrity
- Understanding
- Excellence
- Unity
- Responsibility

Integrity

Integrity is one of the Company's core values. It has put in place a number of mechanisms to ensure that employees demonstrate integrity throughout the business. In particular the Company focusses on measures to address corruption. Tata Steel has always been of the view that irrespective of the compulsions of growth or business the Company and its employees must uphold the highest standards. These have been enshrined in the Tata Code of Conduct.

In order to ensure that all business activities and units are assessed for any risk of corruption, the Tata Code of Conduct (TCOC) and corporate values are deployed throughout

the Company. There are 84 Departmental Ethics Co-ordinators who are responsible for promotion of the Code and monitoring compliance in their own departments, active across the value chain from the Raw Materials to the Marketing departments, as well as in the support services such as Corporate Sustainability Services. The Ethics Counsellor monitors the performance of the departmental co-ordinators.

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

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

The Whistle Blower Policy exhorts employees, suppliers and partners to report any misconduct they observe, without any fear of retribution. The identity of whistle-blowers is protected to encourage them to come forward, with a third party ethics helpline and intranet based reporting system if they do not wish to take concerns to their managers or the Ethics Counsellor. The concerns raised are investigated and appropriate actions are taken for any found to be valid. In 2008-09 a new initiative, the Whistleblower Reward Policy was established, which will enable the management to reward employees for ethical behaviour.

Contact Person:

Mr Prabhat Sharma

Corporate Affairs & Communications

Tata Steel Limited

India

Email: prabhat.sharma@tatasteel.com