

TATA TEA



DOING GOOD

Sustainability Report
2008-09



OUR GLOBAL COMPANY VALUES

The Consumer is our heartbeat

Disruptively Challenging

Playfully Professional

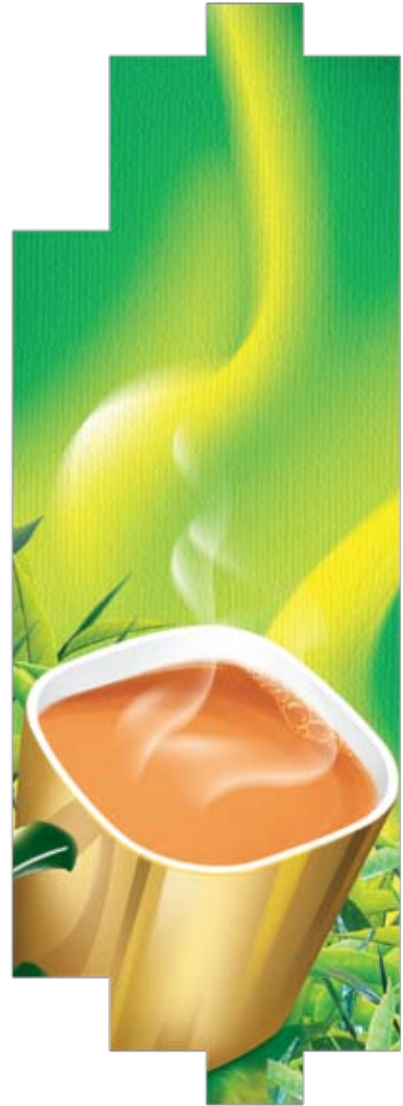
Individually Excellent Collectively Brilliant

Doing Good

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Tata Tea Sustainability Report 08-09

About the Report - Sustainability at Tata Tea

The year 2008-09 saw Tata Tea Group (“Group”) consolidating its operations, spread globally and across beverage segments. The move aimed to establish it as a leader in the \$160 billion “Good for You” beverage market. The Group has established Corporate Headquarters in the UK and Six regional Presidents oversee the business strategies within the respective regions.

This Group’s operational realignment call for renewed emphasis on the strategies that would differentiate it and give the Group an edge over its competitors. In this context sustainability has been identified as one of the top ten priority issues of the group.

Managing sustainability of business

The competitive advantage that focused on the product and quality has become progressively more inclusive and determined by a comprehensive way of doing business. It covers not only quality, but also issues related to supply chain, sourcing, processing, impact on society and environment over short and

long term. Tata Tea recognizes this and has put special emphasis on not just production of quality tea but also how its operations are affecting the society and environment.

As part of the new global strategy Tata Tea Group has identified four core issues which are material and will be shaping business in coming times. These include climate change, ethical sourcing, packaging waste and water. As part of continuous process development and improvement the Group is actively working towards setting up targets for itself that will “grow the business and help improve the world.”

Tata Tea Ltd. (“Company”), our stand-alone entity in India, has been employing several internal and external controls. Over the years, the Company has been monitoring its performance across various social, economic and environmental parameters. Metrics from globally accepted protocols like Global Reporting Initiative and United Nations Global Compact have





been employed to track performance across the operations.

Sustainability Report 2008-09

The Tata Tea Sustainability Report 2008-09 captures the Company's triple bottom line performance during FY 2008-09. It is based on 2006 Guidelines (GRI-G3) developed by Global Reporting Initiative. The previous sustainability report was released in October 2008 capturing performance of 2007-08.



Tata Tea Ltd. is also a signatory to United Nation's Global Compact (UNGC). Reaffirming its commitment towards positive change and development, the report also serves as Communication on Progress (COP) to UNGC on the progress made in 2008-09 w.r.t the 10 UNGC



principles related to human rights, labour, environment and anti-corruption. The sections showcasing the activities related to the principles have been highlighted with UNGC's logo along with the reference number of the specific principle addressed.

Scope of the report

This report covers operations of Tata Tea Limited from 1 April 2008 to 31 March 2009. The focus is on the Indian stand-alone entity covering the Indian branded tea operations- Bangalore Packeting Center (BPC), Pullivasal Packeting Center (PPC)-, 100% export oriented units of Tata Tetley division (TTD) in Kochi, Instant Tea Operations (ITO) and welfare activities associated with High Range School, General Hospital and Shrishti complex in Munnar.

The Tata Tea Sustainability Report 2008-09 prepared using GRI-G3 guidelines can be downloaded from our [website www.tatatea.com](http://www.tatatea.com)

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1- Message From Managing Director

Embarking on a global journey of transformation

The year saw significant and rapid changes allowing the Tata Tea Group to be viewed as one consolidated entity. We established a new global management structure with Corporate Headquarters in the UK, an Executive Office committed to lead strategic intent, and six consumer and customer focused regions. The Group is currently the second largest tea Company in the world with a presence in 70 countries and aspires to be a global beverage player. Continuing to increase the global spread of our business, we recently expanded into the Russian market by partnering with European Bank of Reconstruction and Development. This will help us to operate by upholding the highest principles of corporate governance, as we seek access to hydration opportunities in the Russian market.

The Group is focused on the creation of a new “Good For You” beverage strategy, on integration of the activities in the Group and its transformation into a truly global consumer and brand focused business. We have also taken the first steps towards strategic reorganization of our business in tea, coffee and water. Our Joint Venture in China is close to completing construction of a tea polyphenol and

EGCG extraction unit to develop nutritionally enhanced key component technology and beverage competency. Further, to keep meeting ever-evolving consumer needs, we have outsourced strategic R&D capability to leading edge Canadian/US based firms to develop nutritionally enhanced formulations.

As a result of these initiatives, Tata Tea Group emerged stronger, having delivered good performance, an operationally integrated business, ready to become a global leader in consumer focused “Good For You” branded beverage business. This journey of transformation is about creating value and growth through disruptive innovation and building a position in the \$160 billion “Good For You” beverages market. It will move the Group beyond tea and coffee into new product areas that appeal to those who want nutritionally enhanced and consumer relevant hydration with flavor, want to be good to themselves without a cost to the planet and smile at their choice of a Tata Tea brand.

Developing sustainability strategy for the Group

Sustainability is a key business issue for the Tata Tea Group, being part of the top ten priority issues delineated by the Executive Office. The Group has defined sustainability as Doing Good and implying making choices that grow our business and help improve the world. Accordingly, the Group’s sustainability vision is To develop a pioneering mindset. In keeping with the Group’s sustainability definition and vision, we are currently in the process of developing a Group-wide strategy and have identified four core sustainability issues relevant to

our business namely, Climate change, Water, Ethical sourcing and Packaging waste. Further information on how we plan to implement our strategy has been provided in the Strategy section.

Leading across India

In India, our stand-alone entity, Tata Tea Ltd., recorded improved operations during 2008-09 with total income increasing by 21% to Rs. 1524.64 crores. This was driven by strong performance in the branded tea segment and achieved by a combination of higher unit realization and volume growth. The Company's branded tea business continued to maintain the volume growth recorded in the previous three years. The national and regional brands recorded a volume growth of nearly 6% during the year. As per the AC Nielsen MAT survey conducted in March '09, the Company continues its volume leadership with a MAT volume share of 20.3%.

The instant tea unit at Munnar produced 40.80 lakh pounds of instant tea during the year compared with 39.59 lakh pounds in the previous year. New product development such as decaffeinated instant teas and organic instant teas are being pursued. I am happy to state that the unit continues to comply with 100% spent teas waste disposal in an eco-friendly manner and the bio-gasification plant set up in the previous year is now in operation.

The decline in bulk exports resulted in the dipping of the total exports in the year to an FOB value of Rs. 136.73 crores compared to Rs. 144.48 crores achieved in 2007-08.

The product innovations launched in the Indian market this year include t!ON, a ready-to-drink juice beverage in the Chennai market and expansion of the Himalayan water range. These products reflect our focus on water and Ready-to-drink beverages

which are at the core of our diversification into the "Good For You" beverage category.



In the Brand Equity Most Trusted Brand Survey, Tata Tea was rated as the second most trusted brand in the hot beverages category. More noteworthy has been the transition made by Tata Tea brand to transform tea from a medium of physical and mental rejuvenation to a medium of social awakening. Our award-winning 2007-08 campaign, Jaago Re, was extended to Jaago Re One Billion Votes to position the brand in an election year.

The Company continued with its support of welfare activities through the General Hospital, High Range School and Shristi complex even after the transfer of all but two estates to Kanan Devan Hill Plantation Limited. An integrated Counseling and Testing Centre for the awareness, education and testing of patients for HIV was established during the year. We recognize that the previous social contract of the Company was a plantation-based model. However, our exit from the plantations and the revised focus of our business is expected to lead to a recast of our overall priorities, social charter and environmental concerns. We shall report on them once these are fully defined.

In the current scenario when global markets are turbulent, we believe that it is all the more important to combine economic success with social responsibility and environmental protection. We remain resolute in our commitment to sustainable development and the UN Global Compact Principles and seek ways in which to further embed them across our operations.

We are confident that we can deliver against our challenging vision in a way that we believe will be exciting and rewarding for all our stakeholders.


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2. Strategy: Way Forward



As part of global realignment strategy, sustainability has been identified as one of the Top Ten Key Business Issues. The Group has developed a sustainability vision, which is, To develop a pioneering mindset (to drive us to implement predominantly leading activities and behaviours and selected pioneering initiatives). The Group has also agreed upon an expression of sustainability, which is, “Doing Good” and intends to make choices that help the business grow and are beneficial for the world.

Integrating sustainability concerns into Group’s mainstream business strategy shall address several socio-economic and environmental issues related to the business and that have the potential of improving the competitive advantage if addressed adequately and damaging in several ways, if not attended. Consequently, the Group aims to develop a business strategy that can deliver sustainability as well as profit.

Global values

To help us achieve our goals, the Group culture is based on five values that guide our actions and decisions:

1. The consumer is our heartbeat - We actively listen to what our consumers have to say about us and make our decisions keeping them in mind. Our aim is not just to make drinks, but to make special moments in each consumers day.
2. Disruptively Challenging- We do not just embrace the change, we like to drive the change. We go beyond the tried and tested way of doing things and enjoy the fact that we are continuously evolving.
3. Playfully Professional- We use humour to lighten up the workplace and encourage people in making organization a more personal space.
4. Individually Excellent & Collectively Brilliant- We encourage people to innovate and take up challenges. We see failure as a stepping stone to success. We give credit where its due and encourage individuality within team structure.
5. Doing Good- We demonstrate an awareness of wider ethical and sustainability issues and their implications for the business by making choices that grow our business and help improve the world.

Core sustainability issues

To identify the material issues affecting the Company and operationalize its sustainability vision, the Company has a well defined process, as reported in previous reports. These include structured dialogue with our stakeholders and their alignment with our VMV & SWOT analysis, followed by prioritization of core Sustainability issues. The Group has identified four core sustainability issues. These are the issues considered both the greatest opportunity if we leverage them appropriately and the greatest risk if we do not address them properly:

- Climate Change
- Ethical sourcing
- Packaging waste
- Water

Tata group is facing up to the challenge of climate change and making it integral to its processes. It has made the preservation and regeneration of the environment an intrinsic part of its culture of corporate sustainability.

The broad idea is to create awareness on the adverse effects of climate change, map the impact of our operations including supply chain activities on environment and formulate policies that can deal effectively with such issues and in particular reduction of carbon footprint.

Way forward

To internalize these initiatives within the organization and avoid any conflict with areas of current strategy that may be inconsistent with the new vision, the Group will work out an approach to managing them. It is evident that a combination of different approaches would be required to deliver sustainable outcomes.

Managing change

To aid smooth implementation of the initiatives

across all geographies, the Group is identifying the work streams and projects required to kick-start delivery sustainability programme and developing the organization/resource plan to support these;

Quantifying targets

In order to monitor the progress of all the activities, quantifiable targets are being identified, this will help in improving efficiency by measuring the performance of different units and impact of activities.

Research & Development

As a measure to inculcate sustainability at the stage of product development a toolkit is being developed to allow the assessment of new products and in future the prioritization of areas for improvement.

Packaging Material

Packaging is one of the main consumption centers, almost all of which is discarded as waste. In order to minimize the waste generation and reduce the related material consumption, materials with improved environmental impact are being evaluated.

Employee engagement

To ensure that the initiatives are truly integrated into the organization and to enhance employee engagement, an internal communication programme is being developed to share vision and engage employees.

Ethical Tea Sourcing

Assuring our tea supply chain continues to grow is an issue of importance. Through membership of Ethical Tea Partnership we contribute to the development of a tea sector that is socially just and environmentally sustainable. Apart from quality and pricing these issues are of significant importance to us and will continue to guide our buying decisions.

3. Message From Regional President- South Asia

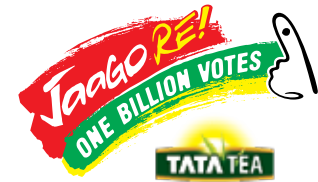
In India, the world's largest tea market, Tata Tea is the largest volume tea Company and demonstrates this leadership also through its thought leadership position in the tea industry. Our brands built on a differentiated value, are our main assets. We believe that in addition to what our brands mean our sustainability perspective is also a key component of the identity of each brand.

For instance, the Tata Tea brand has made a transition from being a medium of physical and mental rejuvenation to a medium of social awakening. In view of 2008-09 being an election year, we unveiled our marketing campaign Jaago Re One Billion Votes, encouraging India's youth to participate in the electoral process. I am delighted to state that the

response to this industry-recognized 360° integrated marketing campaign received was the largest in India, with

over 6,20,000 citizens registering to vote. It also won the Indy's 2009 award for the best advertisement with a social message. By positioning the campaign as an enablement mechanism for voting, Tata Tea has redefined the awakening attributes of tea and encouraged millions to vote for stability and progress.

In September, 2009 the Company unveiled the new Jaago Re campaign which has once again boldly focused on an issue that is endemic to our daily lives – corruption. Corruption extracts a tremendous cost on entrepreneurial activity, economic opportunity and prosperity. If in India, we are to create an open access society, leverage its diversity, our demographic dividend, our social and intellectual capital, ameliorate poverty and work towards the progress of the masses we must do something quick and drastic to remove corruption. This is the thought driving the new Jaago Re campaign.



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At Tata Tea we believe in disruptive innovation as

a means of creating value for all our stakeholders. Recently the Company has launched t!ON the only ready to drink beverage of its kind made with the goodness of fruit juice, ginseng and tea extracts. The brand has been launched in Tamil Nadu and has received an excellent response.



Another category creator is Himalayan, a brand of natural mineral water drawn from an aquifer 1200 ft below the Himalayas. Himalayan has carved a niche for itself as a premium, natural mineral water in the major markets of the country. This success, largely due to an integrated and focused marketing effort on multiple fronts is recognized by its discerning

consumers as comparable in quality to some of the best natural mineral waters in the world.

Social awakening and commitment to sustainability are integral to our business, as illustrated by our initiatives. Tata Tea Kaliyan focuses on the education and empowerment of the girl child in the rural hinterlands of Uttar Pradesh. We hope to bring about a social awakening through the girl child, by equipping them with life skills and increasing their awareness about important social issues. We have been educating and supporting children with special needs at our DARE school in Munnar. The Shrishti Welfare Centre at Munnar, which encompasses a vocational centre, fruit processing unit, waste paper recycling unit, cloth dying and printing unit, has enabled the local community to become self-reliant.

4. Profile

Global Profile

Tata Tea Ltd is currently the second largest tea Company in the world and has significant presence in over 70 countries. There is strong portfolio of products in the large successful categories of tea, coffee and water. Initiatives in 08-09 included launch of Tetley redbush and Tetley infusions liquid sachets into Canada, expansion of Green Tea Range and introduction of range of Iced teas in the USA and launch of Good Earth Coffee and Organics into the UK. A recent expansion into the Russian market through an acquisition of scale provided a new landmark for the group.

India Profile

The Indian operations are involved in production of branded black tea and instant tea for exports. The water and ready-to-drink are at the core of diversification into "Good for you" beverage category. Tata Tea recently launched t!ON, a ready to drink beverage in the Indian market. Its main ingredients are ginseng, fruit juice and black/green tea extracts. It is available in apple, peach and mango flavours. The Himalayan water range saw expansion in the distribution in the water market in India. It has carved a niche for itself as a premium, lifestyle, mineral water product in the top metropolitan markets. It has presence in over 2000 premium grocery stores in the top six metros in the country.

A. Branded Tea Operations

The branded tea business continued to maintain the



volume growth that it had recorded in the last three years. The national and regional brands of Tata Tea recorded a volume growth of nearly 6% during the financial year. Tata Tea is now market leader in terms of volume market share ahead of its nearest competitor. Growth in volume was achieved during 2008-09 across all the brands and highest growth was achieved by Tata Tea Agni. The branded tea business has grown 32% in volume and 63% in value terms.

B. Instant Tea Operations

The instant tea unit at Munnar produced 40.80 lakh during 2008-09 compared to 39.59 lakh lbs pounds

in the previous year. Powders are being developed for customers as per their requirements on an ongoing and need basis. New product development, such as decaffeinated instant teas are being pursued. The unit continues to comply with 100% spent tea waste disposal in an eco-friendly manner.

C. Tata Tetley Division

It is a 100% export oriented unit in Kochi. It is a key supply base to all Tata Tetley Great Britain Market outside India. It met the Group's requirements in Australia, Eastern Europe and Middle East and performed well during the year.





We at Tata Tea take the deep rooted disease of corruption very seriously and intend to awaken the entire nation to it. In our third Jaago Re! campaign, we begin by pointing fingers at those who give bribe. Because corruption exists when people agree to give bribe.

5. Governance

Corporate Governance

The corporate governance policies followed by Tata Tea ensure transparency in all dealings and in the functioning of Board and management. These policies focus on enhancement of long term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. As a global organization, the corporate governance

practices followed by the Company are comparable with international standards and best practices. The Company has established systems to encourage and recognize employee participation and volunteering in environmental and social conservation initiatives that contribute to organizational sustainability, systematic training, learning and personal growth, conservation of energy, and other scarce resources, promoting safety and health of its employees and of the neighboring communities etc. These actions have become integral part of the Company's operating plan.

Ethics

The Tata Code of Conduct (TCoC) is a comprehensive written code which is applicable to all employees including the Managing and Executive Directors. The code identifies climate change as area of concern and emphasizes on abating climate change impacts of Company's activities. It also covers the issue of corruption by laying down code for ethical conduct and governing gifts and donations. The Company has setup a system that enables its employees to voice their concerns openly and without any fear or inhibition. Both the Tata Code of Conduct and the Code of Conduct for non executive directors are available on the website of the Company.

www.tatatea.com/code_conduct.htm

www.tatatea.com/group_corporate.htm



TATA Tea Board:

As on 31st March, 2009 the Company had 13 directors. The Chairman of the Board is a non executive director and about 85% of the Board comprises of non executive directors. To meet the criteria of Clause 49 of listing agreement of 50% composition of non executive independent directors, the Company has appointed an additional non executive independent director with effect from 24th April 2009. Currently, there are 7 committees of the Board including Audit, Investors' Grievance, Remuneration, Executive, Ethics & Compliance, Nomination and Corporate Sustainability Reporting (CSR). The CSR Committee monitors and provides guidance on Company's policies on environment management, social responsibilities, health and safety, product stewardship, community

development, principles of managing branded operations, etc. The committee also provides guidance on welfare activities in and around Munnar.

TATA Tea Management Framework:

The Company has adopted the Tata Business Excellence Model (TBEM) as a means of driving excellence through the organization as also the Balanced Score Card (BSC) methodology for tracking progress on longer term strategic goals. This enables the organization to focus on issues beyond financial performance, vis-à-vis its employees, customers and the society at large. The senior leadership of TTL and TTGB consists of the Joint Management Board. This body sets long-term direction, in the global context for the Tata Tea Group as a whole. The leadership system, which consists of various Functional heads and Team leaders across locations, operations and projects utilizes a structured Plan-Do-Check-Act (PDCA) cycle and ensures a focus on balancing value for all stakeholders. The key requirements of stakeholders are the cornerstone and yardstick of our short-term and long-term strategies. This is the road map used to create and execute action plans, ensure fact-based business decisions, prioritize and allocate resources and drive continuous improvement.

Additionally, every unit head is engaged in appropriate monitoring and reporting of compliance issues under Clause 49 of Listing Agreement. The process considers both identification of comprehensive risks including, high risk areas and self-certification by each entity indicating compliance level from each entity. These compliances are periodically reviewed by Internal / External Auditors to look at the rigour of compliance and to suggest areas for improvements in critical processes.

6. Economic Performance: Creating Wealth

The Company delivered good performance for the financial year 08-09 by increasing the Group income by 12% at Rs 4907 crores as against last year, despite the challenging economic conditions towards later part of the year. The Company continued to grow with expansion into new categories, expanding product portfolio and opening of new market channels. The change in the input prices and exchange rates put the margins

under pressure. But the commercial team successfully implemented strategies to recover. The Company continued to invest into developing innovative products and integrating and streamlining the global business with renewed focus on processes and supply chain, to develop a strong global "Good For You" beverage Company.

The details of Economic value generated, distributed and retained are given in the table below:

Economic Value Generated and Distributed (EVG&D)	Unit	FY 2008 - 09
Economic value generated		
a) Revenues	Rs/lakhs	152464
Economic value distributed		
b) Operating costs	Rs/lakhs	101105
c) Employee wages and benefits	Rs/lakhs	9175
d) Payments to providers of capital	Rs/lakhs	15682
e) Payments to government	Rs/lakhs	9756
f) Community investments	Rs/lakhs	840
Economic value retained (calculated as Economic value generated less economic value distributed)	Rs/lakhs	15906

Table 6 a: Economic value generated and distributed

During the year the Company received subsidies worth Rs. 77.73 lakhs and incentives worth Rs. 45 lakhs from the Government.

The Company provides all benefits plans as required by statute and has a separate fund to pay the pension of the employees, where requirements are met by general resources of the Company.

7. Environmental Performance: Going Green

Climate change is one of the most important issues facing our society today. But the complexity lies in the fact that there is no single reason responsible for it and its effects are equally varied, ranging from disturbance in optimal temperatures, rainfall, increased incidences of diseases, pest attacks, sea surge etc. This has made concerted action from all sections of the society an essential condition for survival of the planet. The impact of climate change on the variation in the weather pattern is already visible. For instance, comparison of average rainfall data of last 2 decades, recorded at Pullivalal plantations, shows decline. Average rainfall received between 1990/91- 1999/00 was 177.382 inches, whereas, it was only 106.115 inches during the period of 2000/01 - 2008/09. There has also been visible change in the rainfall pattern; earlier longer spells of continuous rainfall are now replaced by few shorter spells.

Since our products are heavily dependent on natural resources both for their production and consumption, the risks posed by climate change are very



critical for our sustainability. Hence, any variation in climate change will have detrimental effect on the Company's overall business.

Thus, recognizing the need for a coordinated approach on many fronts together, Tata Tea Group is working to harmonize its operations across the world to counter climate change.

Materials Management

A total of 33.8 kilotons of raw tea and flavours were consumed by different units for producing finished products. Other materials used included 282.3 tons of chemicals. Chemicals were only used at Instant tea unit. To package the product, 310.471 tons of laminate, 16.72 tons of aluminum lid/wire/foils, 38617244 cartons and 2537742 corrugated fiber cartons were used.

The production process resulted in generation of 10.4 kilotons of tea waste, 34.294 tons of laminate and sheet waste, 1651 wooden pellets and chest. Other kinds of waste included 3243 m3 of reverse osmosis sludge produced at instant tea unit, 1218.5 litres of

spent oil from DG sets, 202 kgs of oil laden cotton waste and 5 batteries. All the hazardous wastes and waste packaging material were sold to designated dealers. The nature of raw material used and the product make recycling inapplicable. No spills were reported for any raw material and other energy sources, viz, HSD and furnace oil.

Environment Conservation

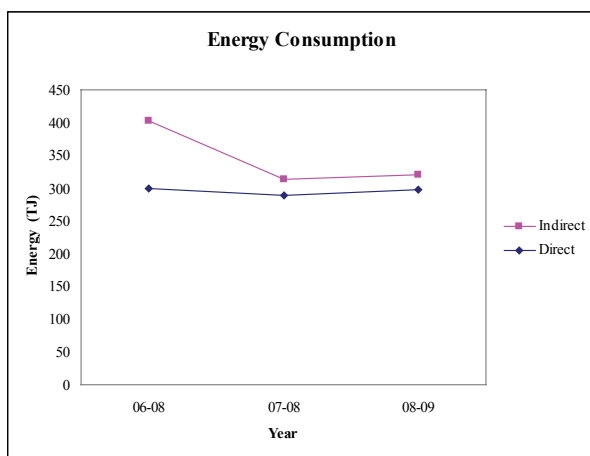


Fig 7 a: Direct and Indirect energy consumption

To reduce the carbon footprint of the Company, a bio-gasifier plant was installed at Instant Tea unit in Munnar last year that substituted furnace oil with tea waste.

The initial installation challenges of this plant are being addressed.

To reduce the pressure off the natural water sources, the packaging center at Pullivasal has proactively gone ahead with rainwater harvesting in its premises. With the tank capacity of 25000 liters, the initiative, when completed, shall reduce dependency on external sources of water during monsoon period.

The next section provides information on energy efficiency, GHG and other air emissions of the



company. The data for other air emissions do not contain information from Bangalore Packaging Center. Due to shifting of the factory premises during the financial year, monitoring of key parameter such as air emissions was delayed. The relevant systems have now been established and the company shall resume monitoring schedule to ensure timely reporting for 2009-10 onwards reporting cycles.

Energy efficiency, GHG and other air emissions

The total direct energy consumption related to various operations stood at 298.606 TJ and total indirect energy consumption was 22.863 TJ. The energy consumption was marginally higher than previous year owing to the increased production.

The GHG emissions related to energy consumption also marginally. It was 12.4 kilotons of CO2 equivalent. The location of the manufacturing plants and units increases the dependency on roadways transport. Transport of raw tea from auction centers to processing units and further to forwarding agents require use of trucks. Currently the Company is not monitoring the GHG emissions involved in transport but shall be developing strategies to capture them.

Though the nature of product and the processes do not involve use of any Ozone Depleting Substance (ODS), a small amount of 89 kgs was used in the air conditioning under maintenance at the Tetley Division, Kochi.

Other air emissions including SOx and Particulate matter were monitored at 1.6 tons and 2.2 tons respectively.

Water resource management

The total water withdrawn from different sources for production purpose was 156660 m3 which was 2096.5 m3 lesser than the water consumed for previous year for same set of activities. Additionally 5208 m3 of natural/ground water were also withdrawn by Shrishti welfare center for its dyeing activities. Instant tea unit was the only unit where recycling of 2762 m3 water was done. The total amount of water discharged to drain by various production units was 10637 m3 and 1800 m3 of water was discharged from Shrishti Welfare Center after being treated at ETP. The systems for accurate measurement and reporting of monitoring water consumption, discharge and recycling at the company are further being improved and upgraded to enable more accurate estimation.



Biodiversity

The Company is continuing to own, manage or lease 25000 hectares of total forested area and is continuing its efforts in jointly managing the Eravikulam National Park along with Department of Forest and Wildlife through the High Range

Wildlife and Environment Preservation Association (HRWEPA). Special attention is being continually given to regeneration of local flora and fauna, especially Shola regeneration, which helps in water conservation and this, has led to increase in the water availability in the region.



Environmental Expenditure

The Company spent a total of INR 46.99 Million on various environmental initiatives across the locations. No monetary or non monetary sanction or fine was levied on the Company during the financial year.

8. Social Performance: Business & Beyond

8.1 Engaging with stakeholders

In order to synchronize Company's efforts with fast changing expectations and evolving tastes of customers and stakeholders, the organization has defined a two-way communication process. Additionally proactive

Stakeholder	Forum	Frequency	Participants
Employees	Employee satisfaction survey	Regular	Members of senior leadership
End consumer	Market visits/Open channels of CCMS and unstructured face to face interactions	As per plan/ as and when required	Brand and Sales Manager and MR team
Channel partners	Stockist meet	Quarterly	MD & commercial heads, Brand and sales managers
	Launches and re-launches	As planned	Brand and sales managers, Commercial/QM representatives
Ad, Media, other Market Research Agency	Meetings, Briefs, Presentations	Regular	Commercial head, Brand Managers, MR manager
Contract packers	Own representation in packing units	Ongoing	TTL representatives, SCM & Production heads
Suppliers	Vendor meetings	Formally twice a year/ ongoing	Supply chain managers, and brand managers
Brokers	Auctions, Face to face meetings	Weekly/ Regular	MD/Head TBB/Other key personnel
Shareholders	Analyst meet	Half yearly	MD/CFO/ED/Company Secretary/ Director
	AGM	Annual	Board Members of TTL
Community and Government	Meeting with government bodies	Ongoing	MD, Head CD & SW, Welfare & Medical staff

recognition and special performances in line with stakeholder and business delivery is linked to the performance review of individuals and teams. The Company gives special emphasis to ethical behaviour in all dealings with stakeholders.

Two way communication	
Issues addressed	Feedback received on
Fair treatment and adequate remuneration,	Career growth, Grievance addressal
Requirement, needs and expectations	Products- own and competition/current and future
Pricing, discount, schemes, new opportunities, Co. directions, stockist expectations, reward/ recognition	Key Processes, Customer Feedback, Competitor activity, On time supply, Product quality
Product details, co. expectation, volumes, pricing	Strategic inputs, Market reaction, Competitor activity
Advertising theme, brand positioning	Innovative tools, consumer insight, competitor activity
Setting up facilities, standards expected, processes to be followed	Bottlenecks faced, improved processes,
Strategic sourcing, product quality and specifications, NPD rate fixation	Innovation, Competitor activity
Production, quality and price	Quality, Industry and market trends, Changing buyer preferences, Price analysis, Competitor activity
Financial performance/ future plans	Performance expectations, stakeholder concerns
Company performance, future plans, stakeholder concerns	
Welfare programs, health and hygiene, education, relief and rehabilitation efforts, infrastructure issues, Security	Regulatory issues, PLA issues, subsidies, , societal welfare, environmental issues

8.2 Our customers

The in-depth knowledge of the end-consumer requirements, obtained from various structured outreach mechanisms, help the Company to exceed them and build a long term relationship. This is primarily done by a two-pronged strategy, first to manage existing relationships by meeting the price-value requirement of established brands and second to reach out to newer segments and sections by constantly innovating the product portfolio. The launch of t!ON has been a step in this direction.

Apart from the end consumer there are various categories of “customers” within the supply chain who play a very crucial role in establishing the brand Tata Tea is. They include CFAs/CAs, Stockists, Institutions, Wholesalers and Retailers. Each of them adds value at a different level. The regular interactions with the sales team ensures that their expectations and requirements are met exceedingly. Tata Tea holds annual marketing and sales conference, where various “Listening & Learning” methods are employed to gauge the feedback and improve the relationships are discussed.

Consumer wellbeing through its products has been the driving force for Tata Tea. The Company maintains highest standards of product safety for its products and processes.

The Risk Mapping Process and Review of Risk Register annually by the Audit committee ensures that adequate checks and balances are in place to address risks in all the processes. During the evaluation of new projects, the New Product Design (NPD) process in the form of the Stage & Gate model ensures that a detailed analysis is carried out of the

impact of products and adherence to all regulatory norms, prior to their introduction. The Company has also established a Commercial Complaint Management System to listen to different types of consumer complaints. Going beyond the Company specific issues, the Company has been actively engaged in dialogue on issues associated with the industry research bodies, e.g. MRL/pesticide levels in tea, food grade certification for packing materials, waste disposal, medical health check up for workers, water quality and energy consumption in production facilities etc. All these go towards ensuring that public concerns with current and future products and operations are anticipated and addressed.

All products of the Company carry labeling and information as required by statute. We also adhere to all standards of codes and regulations for communicating with our customers. This is reflected in various advertising and media awards for our campaign.

Jaago Re!

Through its Jaago Re media campaign the Company has tried to bring a tangible change in the society on various social issues. It not only creates awareness for issues that need cognizance but has also provided a platform for active engagement of the consumers- therefore the brand has been able to move forward to active enablement. This campaign has been activated on the ground through never before online facilitation. Recognizing the fact that inaction is due to inertia to make a change or presence of procedural hurdles which make the electoral process cumbersome, the campaign

facilitated the lowering of barriers by technology and awaken them towards their responsibility. The website Jaago Re was 'one stop shop' for any voter's needs. The site along with mobile service technology and a call center support provides any user a professional service in terms of facilitating voter registration, informing voters of which ward they fall under, the address and location of their polling booth etc. This is unique because in the past any voter had to go thru a string of cumbersome procedures in order to be a part of the voting process. The IT enabled facilitation has broken the barriers and obstacles which hitherto existed. Tata Tea has partnered with various specialized agencies to provide this support. Starting with GIS mapping, Map My India, have completed constituency mapping across 35 Indian cities to enable every voter to see at the click of a button which constituency and ward they fall under by identifying their home on a geographic map. The team at ARC Worldwide, who have helped create the website have seamlessly integrated technology across various platforms, including the GIS maps, filling of online voter registration form (digitized for the first time in India) and an automated system which mails the filled in form of the user to their assigned email id (including driving directions to where the user has to go ad deposit their form) and also send them SMSs to remind them to drop off their form. Further the unique voter search algorithm software developed by Google Labs does a smart search to enable any user to check finally if they have figured on the voter's list in their area or not.



Impact

The website has over 17 lakh visitors and over 6 lakh registrations. The campaign has been able to target youth and an informed set of individuals who were indifferent to the voting process. In a nation where margin for political victories and defeat is increasingly getting reduced, the value of every informed voter who casts her or his franchisee and actively chooses the government they feel will provide good governance for the nation is of extreme importance. The impact of such an initiative would be visible over a period of time and would manifest itself in terms of better political candidates coming to fore, more responsible governments and active participation of the polity in the governance of the world's largest democracy.



8.3 Our People

Tata Tea is experiencing an accelerated transformation over the years, moving from being one of the largest employers in the private sector in India, towards a globally integrated, customer focused, more aggressive, leaner, branded beverage Company.

The centers at Bangalore, Kochi and Munnar currently employ 1125 people. The management at these centers are experienced Tateans. The senior management of the Company is primarily Indians except for the Research & Development division, which is headed by an expat.

To align the new global structure, the Company is developing “global information systems” which would help in effective globalization of the brands through realization of synergies and development of talent.

The Company uses Balanced Score Card framework to align the key metrics and tracking team and individual performance to customer and other key stakeholder requirements. This is tracked by the Performance Management System. The incentives of compensation, award and recognition keeps the motivation level in the team high. The Company encourages healthy competition among different

units - results on sales, efficiency, and productivity are communicated regularly thereby providing a means of comparison and motivating employees to improve performance. TTL training policy clearly specifies the alignment of individual training needs with training requirements. Further to this, to balance the short term and long term needs competency based training requirements are also identified. Depending upon the Company’s business plan each division/function works out their own annual plans in line with BSC and finalizes the training needs of individuals, aligned thereto.

Some of the training initiatives for different employee groups are:

Senior Management: Managerial Grid, Leadership Development, Behavioural training.

Middle Management and need based: TBEM, EWPM, Supply Chain, Project Management, Finance, Total Quality, Brand management, Innovation, Benchmarking, Team building.

Junior Management, SDOs, Officers, Staff: Selling, Computer, Packaging skills

All (Need based): Tea tasting skills, SAP, PMS, TBEM, EWPM, TCOC, Team Building, Safety.

There is 15% representation of females in the Board

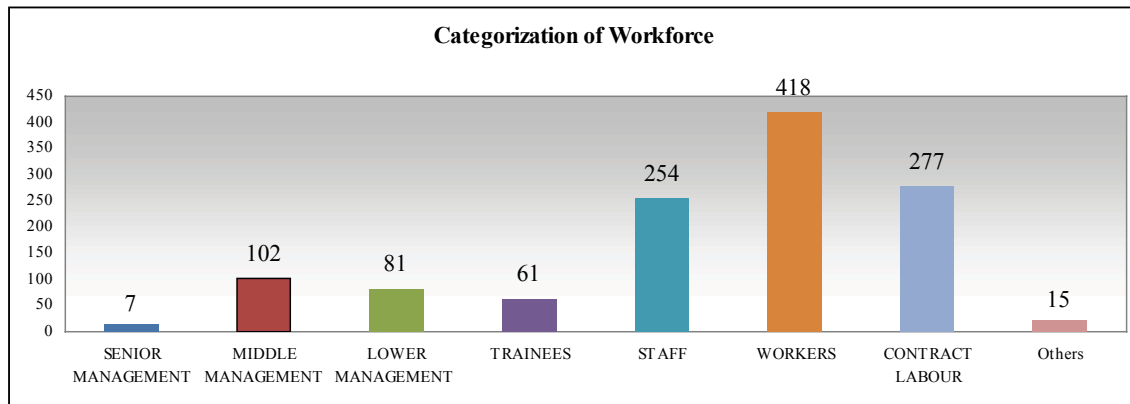


Fig 8.3 a: Workforce Categorization. The data captures workforce from units of Bangalore, Kochi and Munnar including Shristi Welfare Center.

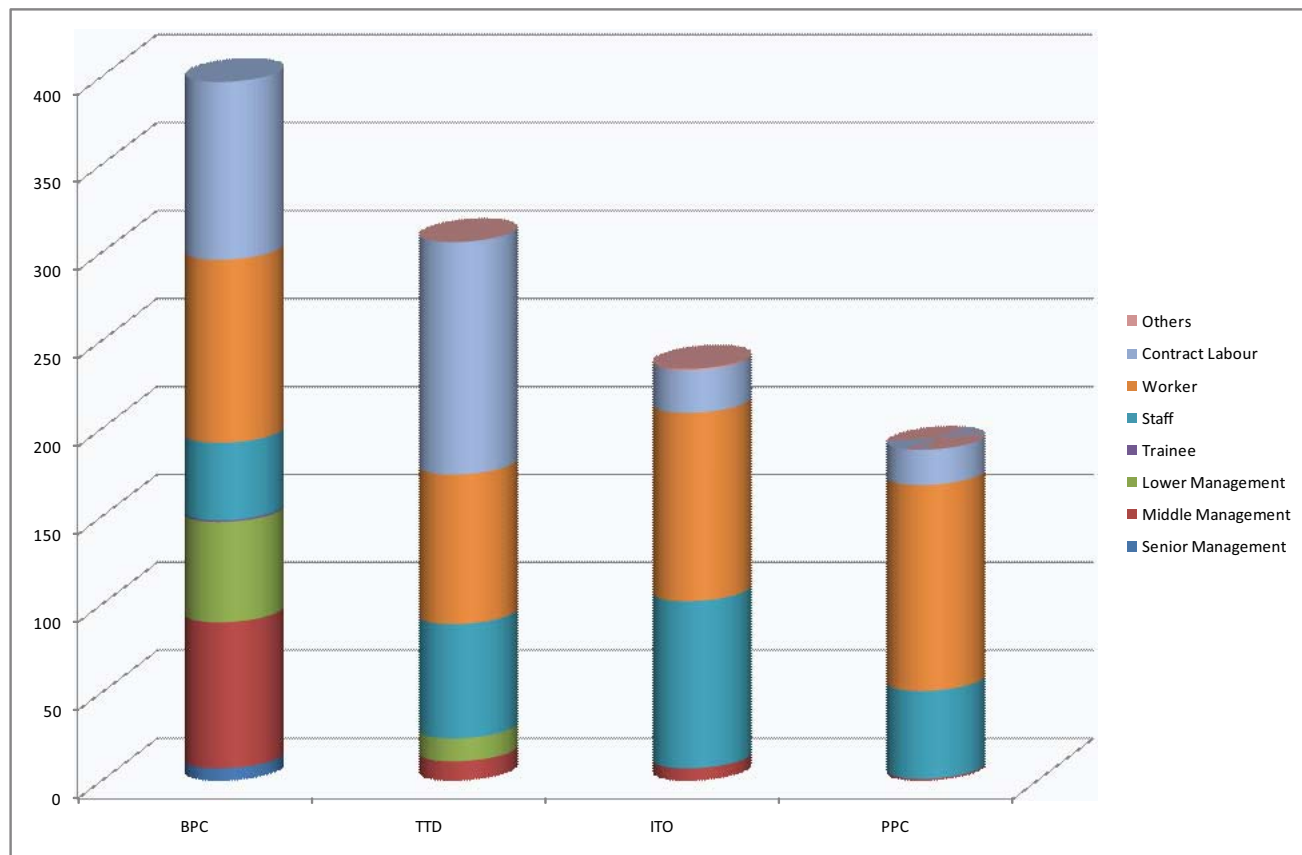


Fig 8.3 b: Workforce Strength at Bangalore, Kochi and Munnar units.

of the Company and there is no differentiation in the salaries of the employees based on their gender. Our staff has the freedom of association to establish and join trade unions. At our production centers across BPC, TTD, PPC, ITO and the Shrishti Welfare Center, 484 employees are members of various recognized unions. For the mentioned units, the employee turnover during the reporting period was 8 for management staff and 23 for workers and a total of 3 lost time injuries were reported which resulted in 50 mandays loss of work. The Company abides by the Industrial Disputes Act 1947 and gives sufficient notice period before any significant operational changes. We have also instituted affirmative action plan for affirmative action as per the group guidelines and continue to work towards it.



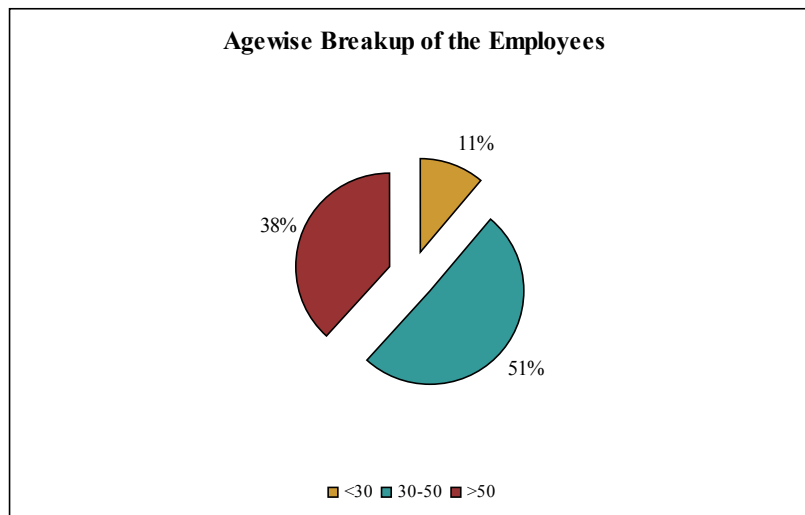


Fig 8.3 c: Age-wise breakup of workforce at the locations Bangalore Packaging Center, Pullivasal Packaging Center, Tata Tetley Division and Instant tea Operations

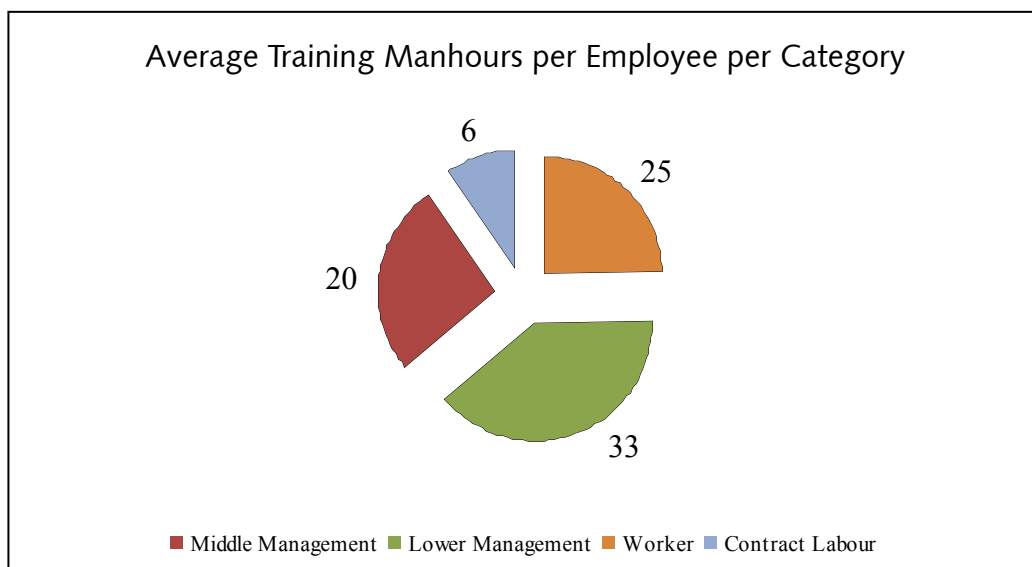


Fig 8.3 d: Training details for Tetley Division, Kochi

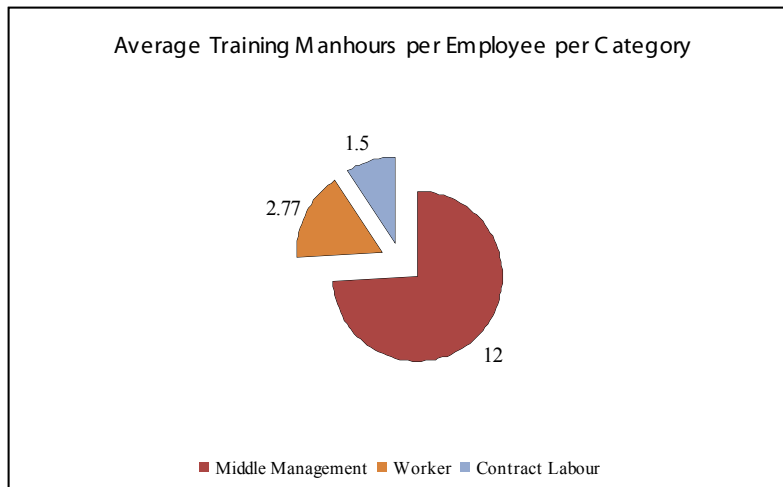


Fig 8.3 e: Training details for Pullivasal Packeting Center

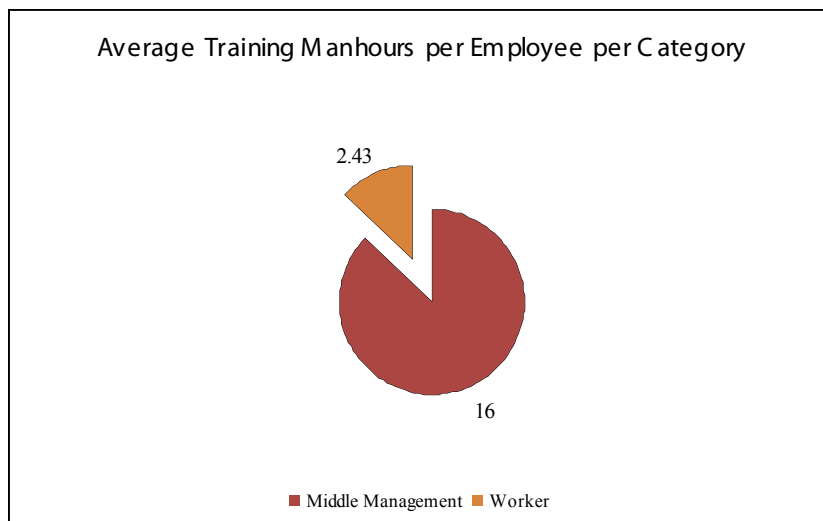


Fig 8.3 f: Training details for Instant Tea unit

* Due to shifting of the factory premises during the financial year, the annual training schedule was impacted. The training calendar for 2009-10 has been developed and training shall be conducted regularly as in the past.

8.4 Our Communities

The Company understands that the way it conducts business has profound impact on the lives of people, products, communities and the environment. Based on the plantation-based model, we have been involved in a wide range of projects to partner with the communities around our operating areas. These are aimed at ensuring continuity and self sustainability of the initiatives for up-liftment and development of society and environment through the community institutions. In south India Tata Tea Ltd continued its support of welfare activities through the General Hospital, High Range School and Shristi Welfare Center even after the transfer of most of the tea estates to Kanan Devan Hills Plantation Company Private Limited and Tata Coffee Ltd.. An



integrated Counseling and Testing Center for the awareness, education and testing of patients with HIV was established during the year. Steps have been taken to improve the quality of service in the hospital and its strength has been increased by employing new doctors including specialists. The community outreach programmes in the form of medical camps including free camp in Muthuvan Kudis were organized during the year. The High Range School which provides



quality education to nearly 500 students had 100% passing both in 10th and 12th standard students. Welfare centers under Shristi at Munnar continued to function satisfactorily, providing education and vocational





training to differently abled dependents of plantation employees.

The Company has also supported the Tapovana project, which helps in protecting the environment in Coorg district where the grass lands are under biotic pressure due to excessive grazing.



In view of our exit from the plantations and the Group's focus on branded business, a new model for engagement with communities is under consideration. We shall report on the model once the various details have been worked out.



Caring for U

The employees of Pullivasal Packeting Center along with active participation from their family members undertook voluntary community social service at Government Pre Metric Hostel for Girls belonging to Scheduled Caste in Munnar located 7 km from the factory. Every employee contributed one day's salary for raising funds for the activity. The hostel accommodates 65 girls under the age of 15 who belong to Estates in the High Range and studying at various schools in Munnar. After discussions with local administration, the team visited the hostel and carried out a variety of repair work including, providing electrical connection to newly constructed warden's room, repair of all switch boards and replacing bulbs and tubelights wherever required, repair cots, paint all chairs, gas oven and main gate, repair window frames, change broken glass, white washing of all rooms and courtyard, providing essential furniture like cupboards, book shelf etc, cleaning and white washing of water tank, repairing water supply system, providing new water purifier, four stainless steel water filters, and one wash basin. The team also planted trees in the premises with tree guards.



Disclosure of Management Approach

Economic

We continue to be responsible to our shareholders and have deployed strategies to face the challenges posed by the economic downturn. We are poised to meet the challenges of future through the consolidation and global restructuring of our businesses. We continue to stand strong to our commitment of social and economic development of the regions we operate in, by careful evaluation of our ongoing development activities including hiring from the local communities we operate in.

Environmental

Since our products are agriculture based and dependent on optimal weather conditions, environmental sustainability is one of the core business issues for us. In order to make meaningful contribution towards environment conservation, it is necessary that all the units of the Company, spread globally, make concerted effort. As part of renewed strategic focus due to organizational restructuring we have identified thematic areas of climate change, packaging waste and water to focus upon and improve our performance. Each unit of the group shall be developing initiatives to address these issues at their level.

Labor and Decent Work Practices

Tata Tea strongly believes that human resource is the most important resource of the organization and therefore seeks involvement of people across the organization. In the restructuring of the group we have ensured that all concerns of our workforce are satisfactorily addressed. Also as an equal opportunity employer we do not discriminate on basis of race, caste, national origin, religion, disability, gender, union membership, political affiliation and age.

Human Rights

We have systems in place to ensure that there is no human rights violation in our Company. Our contracts are designed in a manner through which our suppliers and contractors are bound by the laws of the country and the local statutes and thus are obliged to respect the human rights of their workers.

Product Responsibility

Customer satisfaction is very important for a consumer oriented Company like us. We have devised multi-dimensional channels for gauging customer satisfaction of our products. Product quality and safety is intricately embedded in our operations and we adhere to all applicable statutes.

Society

We continue to make efforts for the betterment of the communities around us. Even after phasing out of our plantation operations, we fully support medical facilities and various livelihood and rehabilitation efforts for differently abled children in Munnar. We accord very high significance to ethical behaviour and have established guidelines in the Tata Code of Conduct which our employees and suppliers have to adhere during conduct of the business.

Alignment with GRI G3

The Global Reporting Initiative released its new G3 guidelines for sustainability reports in October 2006. This is our third consecutive report as per GRI-G3. According to our own assessment, we achieved an A level of application of guidelines.

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

The Board of Directors
Tata Tea Limited
Kolkata, India.

Independent Assurance Report

Tata Tea Limited (the Company) has requested Ernst & Young to provide an independent assurance on its Corporate Sustainability Report for the financial year 2008 -2009. The company's management is responsible for the content of the report, identification of the key issues, engagement with stakeholders and its presentation. Ernst & Young's responsibility is to provide assurance on the report content as described in the scope of assurance. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk.

Scope of Assurance

The scope of the assurance covers sites and indicators considered relevant to the company and include:

- Data and information related to the Company's sustainability performance for the period 1 April 2008 to 31 March 2009;
- The sustainability specific data and information related to materials consumption, energy and GHG emissions, water, waste, environmental expenditure, workforce and training covering the Company's manufacturing locations at Kochi & Munnar and packeting locations at Pullivasal & Bengaluru;
- The Company's internal protocols and processes related to the collection and collation of sustainability performance data.

Exclusions

The assurance scope excludes:

- Aspects of the Report other than those mentioned above;
- Data and information outside the defined reporting period (1 April 2008 to 31 March 2009) and other than the indicators mentioned above;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Data and information on economic and financial performance of the Company.

Level of assurance

The assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE 3000) on which to base our conclusions.

Methodology

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

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

Site Visits to the Company's locations at Kochi, Munnar and Bengaluru:

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

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

Observations

Our observations on the Report are as follows:

- The report elaborates on the corporate strategy and management approach following the global restructuring of Tata Tea in 2009;
- The report includes the four key sustainability issues identified by the Company namely, climate change, water, ethical sourcing and packaging waste;
- The report covers core performance indicators and presents the triple-bottom-line performance of the Company ;
- The workforce categorization was not uniform across locations;
- The shifting of the Bengaluru packaging centre to a new location impacted the regular monitoring of certain key parameters such as air emissions and water recycle/discharge.

Conclusions

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

- The Report presents the Company's sustainability performance covering the indicators as mentioned in the scope;
- The Company has reported on material issues that are significant to its operations and are of interest to its stakeholders.

for Ernst & Young Private Limited

A handwritten signature in black ink, appearing to read 'Sudipta Das'.

Sudipta Das, Partner
16 November 2009
Kolkata

Abbreviations

BSC	Balance Score Card
BPC	Bangalore Packeting Center
COP	Communication on Progress
CD&SW	Community Development & Social Welfare
CSR	Corporate Sustainability Reporting
CFA	Carrier and Forwarding Agent
ETP	Effluent Treatment Plant
EGCG	Epigallocatechin gallate
EWPM	Enterprise Wide Project Management
FOB	Free on Board
GIS	Global Information System
GRI	Global Reporting Initiative
HRWEPA	High Range Wildlife and Environment Preservation Association
HSD	High Speed Diesel
HIV	Human Immuno Deficiency Virus
ITO	Instant Tea Operation
MPL	Maximum Residue Level
ODS	Ozone Depleting Substance
PDCA	Plan- Do- Check- Act
PPC	Pullivasal Packeting Center
PMS	Project management system
QM	Quality Management
R&D	Research and Development
TBB	Tea Blending and Buying
TBEM	Tata Business Excellence Model
TCoC	Tata Code of Conduct
TTGB	Tata Tea Great Britain
TTD	Tata Tetley Division
TTL	Tata Tea Limited
UNGC	United Nations Global Compact
VMV	Vision Mission Values

UNGC Principles Content Index

Issue	Principle	Page no.
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	13
	Principle 2: make sure that they are not complicit in human rights abuses.	13
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	24
	Principle 4: the elimination of all forms of forced and compulsory labour;	24
	Principle 5: the effective abolition of child labour; and	24
	Principle 6: the elimination of discrimination in respect of employment and occupation.	24
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	16
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	16
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	16
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	12,13

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Product Responsibility	PR1,3,6	20
	PR9	No fines have been imposed.
Disclosure of Management Approach	EC,EN,LA,PR,SO,HR	30

Awards and Recognition

Tata Tea- Second most trusted brand in the hot beverages category

-Brand Equity Most Trusted Brand Survey

Jaago Re- Best Advertisement with social message

-Indy's 2009 Award



www.Jaagore.com- Winner of Bronze medal

-Goa Ad Fest 2009

www.Jaagore.com- Official Honouree in the activism category

-13th Annual Webby Awards



www.Jaagore.com- Winner of Silver medal in Best use of Internet and New Media category

-Media Abby's 2009, Goa Ad Fest

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