



Message from Executive Director, Tata Motors

Tata Motors, the flagship company of the Tata Group, is the largest integrated automobile manufacturing company in India with a market presence in Europe, Africa, Middle East and South East Asia. The Tata Group pioneered the industrial revolution in India more than a century ago. Tatas are the most trusted brand in the Country and are synonymous with values of Integrity, Trustworthiness and Excellence. Tata Motors has inculcated these values of business ethics and corporate social responsibility in all its business practices.

Tata Motors has led the automobile revolution in India for the last 60 years. Embedded as we are in the very ethos of India, we realize that our growth depends on the growth and development of the country and over the years we have constructively contributed to enhancing the Quality of Life in India.

The Group has put in place the Tata Code of Conduct, which is a guiding principle for us to conduct our business ethically and we follow the Code in letter and spirit. All the nine principles of the UN Global Compact have been already incorporated in the Tata Code of Conduct as such adherence to the Code ensures that the global principles of Human Rights and Environment Protection are never violated.

Tata Motors has built business sustainability into all its processes with keen focus on all the three bottom lines – economic, environment and social. These three bottom lines are now getting increasingly robust thanks to us adopting the Global Reporting Initiative guidelines since 2002. The Corporate Sustainability Report for the past three years has helped us identify gaps and take action in bridging these gaps.

We have a formalised stakeholder engagement process which is carried out through various initiatives like Annual general Meeting (shareholders); Investor and Financier Meets (investors); Customer fairs and customer visits (customers), dealer and vendor meets (channel partners), employee communication and welfare (employees) and community development initiatives (community).

By adopting the balanced scorecard approach, the company ensures that the needs of all stakeholders are adequately met through specific targets.

The industry accolades we have received further vouch for the robustness of actions towards sustainability in all three bottom lines. To cite but three examples:

- ◆ Our Executive Director for Finance and Corporate Affairs was adjudged to be CFO of the Year by Indian Management Association
- ◆ Tata Motors received the Golden Peacock Award for Corporate Social Responsibility by Institute of Directors, New Delhi
- ◆ Tata Motors received the Greentech Award for Environment Management instituted by the Greentech Institute, Hyderabad.

We have been signatory to the UN Global Compact since 2002 and have always adhered to the 9 principles. The UN Global Compact brings together intergovernmental organisations, governments, NGOs and companies that are all determined to play a constructive role in global developments.

Tata Motors re-affirms its commitment to take all necessary actions on a continuous basis to ensure that none of the 9 principles of the Global Compact are ever violated – either knowingly or unknowingly.


Ravi Kant
Executive Director
Tata Motors

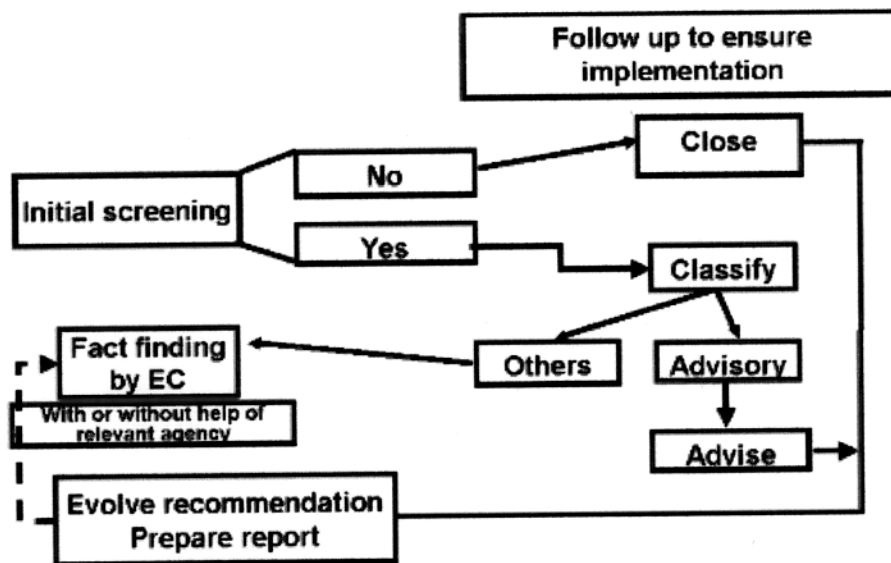
Description of Actions

Principle 1: Business should support and respect the protection of internationally proclaimed Human Rights within their Sphere of influence; and

Principle 2: make sure that they are not complicit in human rights abuses

The constitution of India and the laws enacted there under, enshrine Human Rights as fundamental rights. These are duly reflected with adequate provision for their protection in the various labour laws in the country. The Tata Code of Conduct sets out guidelines on compliance with all regulatory requirements and also on specific issues, which in sum is the articulation of Tata Motors policy on Human Rights. The Tata Code of Conduct also clearly states that wherever, the laws are more lenient than the Code, the Code shall prevail. Locational Ethics counsellors have been appointed to deal with any concerns raised pertaining to clauses mentioned in the Tata Code of Conduct. A monitoring system is in place to ensure compliance with the Code. Corrective actions are taken at process and/or system levels as appropriate.

Ethics Counsellor Process



The management of Business Ethics Process is validated every year through an independent assurance process.

Status of Management of Business Ethics

	01-02	02-03	03-04	04-05
Concerns Received	115	107	46	95
Concerns Resolved	73	98	38	65
Concerns pending	42	9	8	30

Tata Motors Limited has Supplier and Dealer assessment process to take care of issues related to social aspects before inducting them in organisation. All legal and regulatory requirements need to be fulfilled before final selection into the Tata Motors fold. The company periodically audits the job contractors for adherence to labour laws and other statutory requirement like minimum wages, PF, payment of gratuity etc. thereby ensuring prevention of violation of Human rights and employment malpractice.

Tata Motors has a special contracts cell and price panel, which conducts regular compliance audits of contractors and suppliers to ensure their adherence to legal enactment, thereby ensuring prevention of violation of Human rights and employment malpractice.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

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

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

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

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

Percentage of eligible employees covered by Unions at each location

Loc/ BU		Total membership	% Covered
JSR	Tata Motors Workers' Union	4062	88.67%
Pune	Tata Motors Employees Union, Pune	7003	94.54%
LKO	Tata Motors Workers' Union	619	100%
Mum	Tata Motors Employees' Assoc.	208	50.48%
PCBU	Tata Motors Employees Union, Pune	1156	96.09%

Procedures involving information, consultation and negotiation with employees

BU Level ED, Head (HR)	Annual Bi annual	ED- Union Committee Head (HR) – Union off. Bearers
Loc. Level Plant Head / Direct Reports / HR	Monthly Periodically	Plant Head – Union office bearers / members / HR
Div. Level Head (Mfg) / Direct Reports / HR	Monthly	Head (Mfg) – Union Office Bearers and HR
Factory/Dept. Level Div. Head/ Factory Head/ HR	Monthly Weekly	IRC / Communication/ Safety Meeting
CX CX owners / HRO		One to one interactions

Issues not resolved in lower levels are appropriately escalated to higher levels.

Principle 4: the elimination of all forms of forced and compulsory labour;

Tata Motors strictly adheres to the laws of the land with regard to forced and compulsory labour. The statutory regulations like Contract Labour Act, the Factories Act and the tripartite/ bi-partite settlement between the management and the union every three years serve as a legal binding force.

The disciplinary action process at Tata Motors is as per the applicable laws like Model Standing Orders / Certified Standing Orders that allow the process of natural justice as per statute.

Principle 5: the effective abolition of child labour; and

Principle 6: eliminate discrimination in respect of employment and occupation.

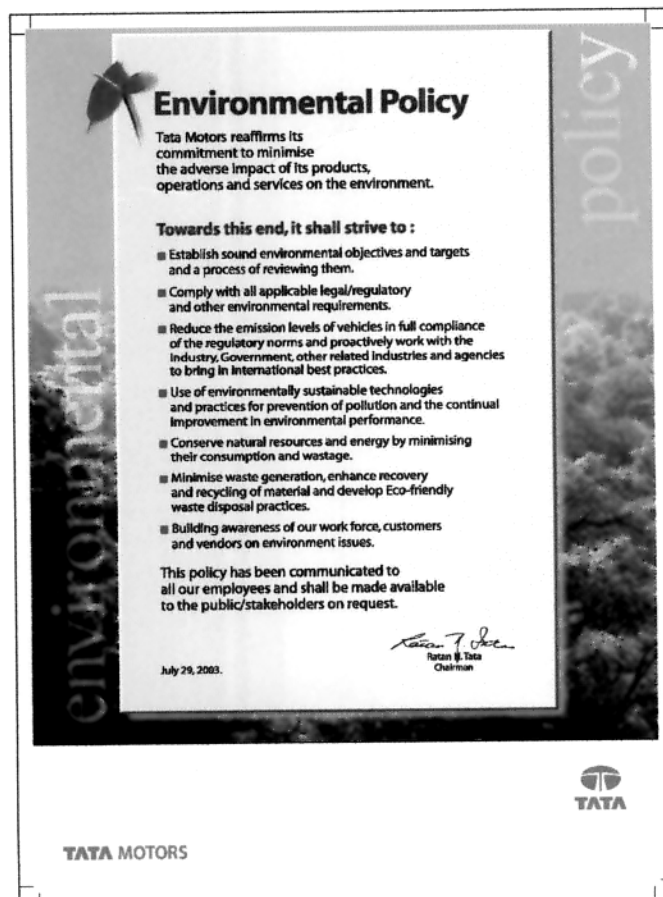
Tata Motors upholds the Tata tradition of not employing children in any of its Companies. It is bound by the statutory legislation (Factories Act, 1948) and proper records are maintained in this regard. The Certified Standing Orders of the Company expressly state that the age of an employee at the time of recruitment should be 18 years or more.

TCOC clause on equal opportunities is the basis to prevent all forms of discrimination.

In addition, Tata Motors has formalised policy statements on Human Rights, Sexual Harassment, Equal Opportunities, and Corporate Social Responsibility.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

The 'precautionary approach' to environmental protection is embodied in the 'Environmental Policy' of the Company. The Policy elaborates Top Management commitment to "proactively work with interested parties to adopt international best practices over and above full legal compliance".



The image shows the cover page of Tata Motors' Environmental Policy. It features a central white box with a black border containing the following text:

Environmental Policy

Tata Motors reaffirms its commitment to minimise the adverse impact of its products, operations and services on the environment.

Towards this end, it shall strive to :

- Establish sound environmental objectives and targets and a process of reviewing them.
- Comply with all applicable legal/regulatory and other environmental requirements.
- Reduce the emission levels of vehicles in full compliance of the regulatory norms and proactively work with the Industry, Government, other related industries and agencies to bring in international best practices.
- Use of environmentally sustainable technologies and practices for prevention of pollution and the continual improvement in environmental performance.
- Conserve natural resources and energy by minimising their consumption and wastage.
- Minimise waste generation, enhance recovery and recycling of material and develop Eco-friendly waste disposal practices.
- Building awareness of our work force, customers and vendors on environment issues.

This policy has been communicated to all our employees and shall be made available to the public/stakeholders on request.

July 28, 2003.

Rajan T. Jha
Rajan T. Jha
Chairman

The page is framed by a vertical bar on the left with the word "Environmental" and a vertical bar on the right with the word "policy". At the bottom of the page, the Tata Motors logo and the text "TATA MOTORS" are visible.

The societal and environmental aspects of products, services and operations and their related impacts have been formally assessed as a part of the installed Environmental Management System as well as the Plant Level - Environmental Risk Management Process (See Fig.) Through this process, Senior Management review is ensured which contributes to the Strategic Planning Process.

EMS (ISO-14001) Certifications: Our manufacturing facilities at Pune Jamshedpur and Lucknow have secured ISO-14001 certification.

Highlights of Plant environmental performance:

Tata Motors Pune was awarded the "**Greentech Environment Excellence Award: 2003-2004**" by the Greentech Foundation in 2004 in recognition of our performance on pollution control efforts, hazardous waste management innovative waste minimization efforts, horticulture activities and initiatives to spread awareness to Vendors, Contractors and Dealer representatives.

Tata Motors Pune also received the National Award for "**Excellence in Water Management**". Twenty nine companies from different sectors had applied for the award. Of these 14 companies were short listed for presentation and questions and answers before the panel of judges. TATA Motors, Pune and Tata Chemicals, Mithapur were two short listed Tata group companies. The criteria for the award were:

- Efficacy of water management system.
- Reduction in Specific water consumption over 4 years.
- Reduction in total pollution load.
- Deployment of water conservation efforts & structure for deployment.
- Zero discharge.
- Innovative water conservation projects undertaken & participation of employees.

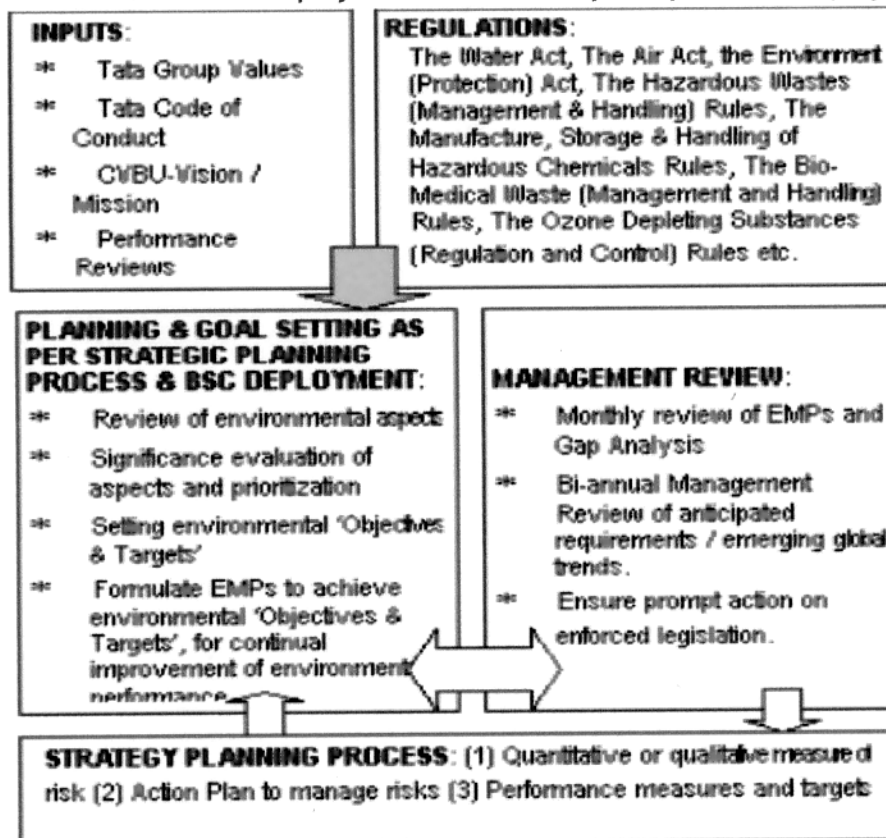


Fig. : ENVIRONMENTAL RISK MANAGEMENT (ERM) PROCESS:

Rainwater Harvesting- During the 2004 monsoon season rainwater was harvested at Car Plant, Pune and blended with water supplied to Plant for re-use in the process. 48,200m³ of rainwater was harvested - a benchmark achievement in resource conservation and cost reduction (approx. Rs. 7.83 lakhs).

Re-cycling of treated effluent- At Car Plant, Pune treated effluent is also re-cycled through a Filtration Plant and used for process after blending with incoming water supply. 28,875m³ of treated effluent was re-cycled in this manner in 2004-05.

Water Conservation- is institutionalised in the manufacturing process as a result of having a well-established Water Management System. The overall efficiency of water consumption is expressed in terms of consumption per Equivalent Vehicle Output (EVO).

Energy Conservation- activities are pursued across a wide spectrum of technologies towards resource conservation and cost saving.

Wind energy- Utilisation of wind energy has been implemented only at Pune Works. Wind Energy Power is purchased through 'Power Purchase Agreements' with generators of wind energy. The trend of this renewable energy utilization over the last three years is as follows:

Year	Wind energy units (million MJ)
2001-02	105.48
2002-03	174.96
2003-04	170.64
2004-05	206.64

Use of Ozone Depleting Substances- All existing plant equipment using R-12 refrigerant have been modified to work using alternative refrigerants such as R-134a. This phase-out was targeted in a planned manner, and has been achieved well before the regulatory deadline of 2009. All new procurements are ensured to be ozone friendly.

Re-cycling of dirty oils-In-house systems are in place to re-claim neat oils which become dirty during use. This extends the useful life of the neat oils, which are re-used in the manufacturing process. A total of 330KL of oil was re-claimed for re-use during 2004-05.

- Principle 8: Undertake initiatives to promote greater environmental responsibility:
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies:

Tata Motors is working with the Department of Science and Technology (DST) as a member of the expert panel on "Recyclability of Automotive Systems and Components" under CAR (Core group on Automotive R&D) and TIFAC (Technology, Information, Forecasting and Assessment Council). The scope of work includes studying customer requirements, national and global trends, current status of technical capabilities in India, and recommendation of R & D projects on recyclability.

Tata Motors is also working with the Society of Indian Automobile Manufacturers (SIAM) as a member of the task force on Recyclability to study and develop a policy on recyclability of vehicles in India.

Bio-Diesel program: The Indica Bio-Diesel program, jointly planned with IOC, was launched in 2004. Under this joint Bio-Diesel evaluation program, two bio-diesel fuelled passenger cars will be run for 40,000 Kms on road during which performance, emission, durability of engine and fuel system will be monitored for 5% and 10% bio-diesel blend. Subsequently it is planned to study the effects of engine durability and life of engine components with sustained use of different blends of bio diesel. Jatropha based bio-diesel will be used for this trial.

A pilot programme is also launched in 2005 to evaluate the benefits of using Bio-diesel fuel blend in our bus fleet used for employee transportation. This project is jointly undertaken with Indian Oil Corporation and a petrol pump, exclusively dedicated for Bio-diesel was also unveiled.

Tata Motors has in recent years undertaken a number of R&D projects towards adoption of environmentally friendly technology. In addition to fuel conservation and exploration of hydrogen-based fuels, the company has also stepped up its efforts to utilize renewable bio-fuels.

In the initial phase, 43 of the Company's fleet of buses plying in and around Pune will run on Bio-diesel blend. This symbolizes the next step in expanding use of Bio-diesel.

Tata Motors has been working on a Bio-diesel program in collaboration with Indian Oil Corporation. The introduction of the fleet of buses is a clearly a milestone for the Company's Bio-diesel program allowing Tata Motors to take lead in the private sector to operate a fleet of buses on Bio-diesel blend. It sets the trend for the Indian auto industry.

Bio-diesel, as a fuel source has met with significant success in the United States of America and Europe. The benefits of adopting Bio-diesel include significant reduction in pollution levels - emissions of carbon dioxide, carbon monoxide and particulate matter. In addition, reducing dependence on oil import will result in strategic benefits for the country. From a long-term perspective adopting Bio-diesel will enhance agricultural produce and create new jobs in the field of cultivating crops used in the manufacturing and processing of Bio-diesel.

Eco-friendly solid waste management-Bio-degradable solid wastes such as leftover food and kitchen waste are disposed by aerobic vermi-composting process within the premises. The plant is capable of handling up to 4.5 MT of waste per day, which is converted into rich organic manure.

- Principle 8: Undertake initiatives to promote greater environmental responsibility:

Tata Motors continues to preserve and develop the natural habitat, which has been developed over the years adjacent to its Pimpri Plant. These planned actions include increasing the tree cover, annual release of fish fingerlings and development of wetland habitat to attract migratory birds while increasing the population of resident birds.