

Responsible Procurement Policy

The Tata Steel vision & sustainability principles

The Tata Steel vision is to be the world steel benchmark for value creation and corporate citizenship.

In order to achieve this vision, we have implemented a group-wide sustainability policy. In line with the Tata Values of integrity, understanding, excellence, unity, and responsibility our sustainability policy principles are to:

1. Conduct our business with responsibility, integrity and respect, maintaining high ethical standards;
2. Provide a safe, healthy and fair workplace;
3. Generate economic value through enhancing what we offer to our customers;
4. Respect the environment, working with our customers and our suppliers to improve the environmental profile of our products over their full life cycle;
5. Make a positive impact on the communities where we operate.

We recognise that to have the maximum benefit we must seek to apply these principles throughout our supply-chains.

Responsible Procurement

Responsible Procurement is an important element in delivering the Tata Steel Vision.

The Tata Steel Responsible Procurement Policy explains how we will work with suppliers to ensure that our supply chains share our values.

The Policy will become an integral part of our procurement processes. It will drive for transparency, adherence to laws, regulations, minimum standards and continuous improvement. It will ensure that Tata Steel procures its raw materials, goods and services in a responsible way, in line with our Values.

Responsible Procurement will be given systematic consideration alongside factors such as price and quality. We encourage our suppliers to work with us and to improve continuously with respect to the Policy.

This Policy applies to all goods and services as supplied by all our suppliers and their supply chains.

Our Responsible Procurement Policy has the following principles which are detailed in the annex:

- **Health & Safety** – we expect our suppliers to adopt management practices in respect of Health & Safety which provide a high level of safeguarding for their workers.
- **Fair Business Practices** – the Tata Code of Conduct outlines the ethical standards and fair business practices by which Tata Steel conducts business and we expect our suppliers to adopt similar principles.
- **Environmental Protection** – we expect suppliers to maintain effective policies, processes and procedures to manage their environmental impact.
- **Human Rights** – we expect our suppliers to develop and implement policies and procedures to ensure all human rights in their business and to encourage their suppliers to do likewise.
- **Local Community Development** – we expect our suppliers to contribute to the social, economic and institutional development of the communities in which they operate.



Tata Steel requires its suppliers to abide by all local applicable laws and regulations and to have systems in place that prove they are doing so. In addition, Tata Steel expects its suppliers to adhere to the specific requirements of the Policy and to apply these expectations in dealings within their respective supply chains.

The supplier must always comply with the most demanding requirements, whether relevant applicable laws or the Policy.

Suppliers staff working on Tata Steel sites will abide by all relevant laws, regulations and standards which will, in many cases, differ from the requirements of the Policy.

Tata Steel may take a specific position on supplies from particular global regions on the basis of ethical concerns. Tata Steel will not knowingly purchase so-called 'conflict minerals' which originate in conditions of armed conflict and human rights abuses.

We expect our suppliers to be open and to collaborate with Tata Steel to further improve responsible practices in the five principles of the Policy. Suppliers can expect Tata Steel to carry out our business following these principles too. If any supplier suspects that this is not so, we have an anonymous 'whistleblower' process to report this.

Tata Steel expects suppliers to also apply the requirements of this Policy within their own supply chain and will give recognition to suppliers who do this.

How the Responsible Procurement Policy will work

Tata Steel recognises that there are differences in the supplier base in terms of their scale, scope and operations. The Policy is designed to work for the whole supplier base, although aspects of auditing, meetings, discussions and review sessions will vary both in terms of timing and areas of focus. In covering our entire supplier base, the Policy will be implemented in such a way to maximise our impact on improving sustainability issues.

Tata Steel will require documentary evidence of compliance with the Policy and in some cases will carry out audits and/or site visits of suppliers. We will work with suppliers to identify issues that do not match our expectations and help to support and collaborate with suppliers in addressing any gaps identified. We will disengage from suppliers that do not meet the requirements of the Policy and who cannot commit to an improvement programme.

Tata Steel will report in its annual Corporate Citizenship Report on progress of the implementation of the Responsible Procurement Policy. We will periodically review the Policy to ensure that it continues to meet our targets and moves us towards our vision to be the world steel benchmark for value creation and corporate citizenship.

Signed by:

H.M. Nerurkar
Managing Director
Tata Steel Limited

Dr. K. Köhler
CEO and Managing Director
Tata Steel Europe Limited

K.H.L. Gerretse
Group Director Procurement
Tata Steel Group

Annex to the Responsible Procurement Policy

Detailed Requirements

The Tata Steel Responsible Procurement Policy is based on five principles blocks. All suppliers are required to demonstrate compliance to all five principles or to demonstrate a plan to move to compliance over a period of time. Compliance will be assessed by Tata Steel through audits and/or site visits. It is recognised that compliance with these principles may mean very different things across our range of suppliers.

The five principles

1. Health & Safety

We expect our suppliers to adopt management practices in respect of Health & Safety which provide a high level of safeguarding for their workers.

We are committed to ensuring zero harm to our employees and our contractors. This means that we will not willingly allow practices within our supply chain which we feel could result in harm to workers and contractors.

To satisfy our requirements under Health & Safety, we require that our suppliers adopt suitable and robust management practices for Health & Safety. Suppliers who have management systems accredited to OHSAS 18001 or equivalent will be deemed to satisfy this requirement.

In the absence of other frameworks, we recommend that Health & Safety policies and practices follow the 15 principles laid out within the Tata Steel Framework Policy for Health & Safety, as outlined in Figure 1.



Figure 1.

The Management system framework and 15 Health & Safety principles of the Tata Steel Health & Safety Policy.

In addition to the requirements detailed here, all personnel working on Tata Steel sites must operate under the Health & Safety requirements of that site, even if these differ from the practices of the suppliers' company. In some cases, this will require further certification.

2. Fair Business Practices

The Tata Code of Conduct outlines the ethical standards and the fair business practices by which Tata Steel conducts business and we expect our suppliers to adopt similar principles.

The Tata Code of Conduct defines the ethical behaviour of all Tata employees. Our aim is that our supply chains should share the relevant principles. To demonstrate compliance with this requirement, suppliers should be able to provide documentary evidence that these principles, or similar, are included in their policies and/or work practices.



The full Tata Code of Conduct can be found on the Tata website. The salient points for suppliers are as follows:

3. **Competition** – to desist from unfair trade practices against competitors.
5. **Gifts & Donations** – to neither receive nor offer or make any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of business. In particular, all suppliers to Tata Steel must make every effort to eliminate all forms of bribery, fraud and corruption.
6. **Government agencies** – no donations are to be made to government agencies, directly or through intermediates, in order to attain any favourable performance of official duties.
17. **Ethical conduct** – to conduct business in a fair and transparent manner, displaying honesty, integrity and high moral and ethical standards.
18. **Regulatory compliance** – to comply with all relevant and applicable laws and regulations.
20. **Conflict of interest** – to not take advantage of any family, social or political connections to gain advantage within business dealings and to notify any potential conflicts of interest.
21. **Confidential information** – to not disclose any confidential information of Tata Steel.

Tata Steel will conduct our business with suppliers in a fair, objective, transparent and professional manner. Suppliers' employees working at our premises are being treated with the same considerations as our own staff.

If any supplier suspects that either an employee of Tata Steel or another supplier to Tata Steel is not abiding by these principles, they should notify Tata Steel through the anonymous whistleblower process, details of which can be found on the Tata Steel website.

3. Environment

We require suppliers to maintain effective policies, processes and procedures to manage their environmental impact.

Tata Steel is committed to meeting the requirements of relevant legislation in the countries and regions in which it operates, to the efficient use of natural resources and energy, and to reducing continuously the environmental impact of its operations and products through the adoption of sustainable practices. These commitments are integral to the way Tata Steel does business and we expect our suppliers to share this commitment.



To satisfy our requirements under Environment, we require that our suppliers adopt suitable and robust management practices for environmental protection. Suppliers who have management systems accredited to ISO 14001 or equivalent will be deemed to satisfy this requirement.

In the absence of other frameworks, we recommend that environmental protection policies and practices follow the relevant policy principles laid out within the Tata Steel Framework Policy for Environment, namely:

- **Management systems** – implementation of effective environmental and energy management systems to ensure the environmental awareness of the workforce, encouraging every employee to act in an environmentally responsible manner.
- **Continuous improvement** – the environmental impact of processes and products will be assessed and continuous improvement objectives and targets will be established.
- **Climate change** – adoption of practices to monitor and minimise greenhouse gas emissions.
- **Responsible use of resources** – make efficient use of energy, raw materials and water.
- **Product stewardship** – consideration to be given to re-use and recycling and the environmental effects of products throughout their life-cycle.
- **Monitoring and reporting** – environmental and energy performance will be monitored and reported publicly.
- **Biodiversity** – wildlife habitats in and around suppliers' sites will be respected and, where opportunities arise to do so in a way that is conducive to business operations, they will be progressively enhanced for the benefit of nature.

We recognise that the nature of the operations of our suppliers vary widely and so that the emphasis of environmental management may vary between suppliers.

4. Human Rights

We expect our suppliers to develop and implement policies and procedures to ensure all human rights in their business and to encourage their suppliers to do likewise.

Tata Steel respects all human rights of employees and the communities in which we operate and we are committed to promoting these principles to our suppliers. In practice, we require that suppliers develop and implement policies and procedures to ensure all human rights in their business and those of their suppliers.



Companies operating solely in regions denoted within the Maplecroft Human Rights Risk Mapping as low or medium risk are deemed to satisfy the requirements of this Policy on human rights. For companies operating in other regions, to satisfy our requirements under Human Rights, we require that our suppliers adopt suitable and robust policies and procedures which will prevent human rights abuses. Suppliers who are accredited to SA 8000 will be deemed to satisfy this requirement.

If no suitable accreditation exists, a supplier is required to provide documentary evidence that policies cover the relevant key elements of the SA 8000 standard:

1. **Child Labour** – No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working.
2. **Forced Labour** – No forced labour, including prison or debt bondage labour; no lodging of deposits or identity papers by employers or outside recruiters.
3. **Health and Safety** – Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water.
4. **Freedom of Association and Right to Collective Bargaining** – Respect the right to form and join trade unions and bargain collectively; where law prohibits these freedoms, facilitate parallel means of association and bargaining.
5. **Discrimination** – No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment.
6. **Discipline** – No corporal punishment, mental or physical coercion or verbal abuse.
7. **Working Hours** – Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement.
8. **Compensation** – Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions.
9. **Management Systems** – Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

Where local laws prohibit the supplier from upholding certain aspects of the Policy the supplier should comply with local laws while seeking to respect human rights.

5. Local Community Development

We expect our suppliers to contribute to the social, economic and institutional development of the communities in which they operate.

Our philosophy is that the community is not just another stakeholder in business, it is in fact the very purpose of it's existence. This philosophy is based on that of the founder of the Tata Group, Jamsetji Tata, who believed passionately that a company should play a significant and beneficial role within the local community and society in general. Since its foundation more than a century ago, the Tata Group has retained that legacy and strives to make a positive social contribution, as well as a major economic one, wherever it conducts business.



We recognise that the influence of our operations extends beyond our own local communities to those touched upon by our supply chain and so to adopt the philosophy detailed above, we expect our suppliers also to contribute to the social, economic and institutional development of the communities in which they operate.

We also recognise that the operations of our broad range of suppliers and the communities in which they are present vary widely and so compliance with this building block will vary from supplier to supplier, but should be based on case studies and, where relevant, the adoption of suitable policies.

Where relevant, we expect that our suppliers will:

- Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts of their operations and ensure that appropriate systems are in place for ongoing interaction with affected parties. This process must also ensure that minorities and other marginalised groups have equitable and culturally appropriate means of engagement.
- Contribute to community development from project development through closure in collaboration with host communities and their representatives.
- Encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education, local business development) are well designed and effectively delivered.
- Enhance social and economic development by seeking opportunities to address poverty.

Signed by:



H.M. Nerurkar
Managing Director
Tata Steel Limited



Dr. K. Köhler
CEO and Managing Director
Tata Steel Europe Limited



K.H.L. Gerretse
Group Director Procurement
Tata Steel Group

www.tatasteel.com

Care has been taken to ensure that the contents of this publication are accurate. Tata Steel Europe Limited and its subsidiaries do not accept responsibility or liability for errors or information that is found to be misleading.

Copyright 2011
The Tata Steel Group

Tata Steel
Procurement
P.O. Box 10.000
1970 CA IJmuiden
The Netherlands
Europe

T: +31 (0) 251 497 495
E: responsible-procurement@tatasteel.com