

## Tata Steel Europe Responsible Procurement Policy

### Vision and Sustainability Principles

The Tata Steel vision is to be the global steel benchmark for value creation and corporate citizenship. To achieve this vision, a group-wide sustainability policy has been implemented. Aligned with the core Tata Values of Pioneering, Responsibility, Excellence, Unity and Integrity. Our sustainability policy principles are:

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.

To achieve and sustain the maximum benefit, we must seek to apply these principles throughout our supply chains.

### Responsible Procurement

The Tata Steel Europe mission is to build the leading European steel business that is sustainable in every sense. Responsible Procurement is an important element in fulfilling that mission and therefore we need to ensure that our supply chain is transparent and meets our minimum Health and Safety, Human Rights, Ethical and Environmental standards.

Tata Steel has embraced the six step approach of the OECD Due Diligence Guidance for Responsible Business Conduct, which is illustrated below, to drive for supply chain transparency, adherence to laws, regulations, minimum standards and continuous improvement. The OECD guidelines ensure that Tata Steel procures their goods and services responsibly, whilst aligning to our core Tata Steel values.



The 6 step approach of the OECD Due Diligence Guidance for Responsible Business Conduct

Responsible Procurement generates a systematic evaluation of the entire supply chain. We are determined to collaborate with our suppliers to continuously improve the processes with respect to this policy. This policy applies to all goods and services as supplied to Tata Steel by our immediate suppliers and their respective entire supply chains. Our Responsible Procurement Policy has the following principles:

- **Health and safety** – we expect our suppliers to adopt management practices in respect of health and safety which provide a high safeguarding level for their workers.
- **Fair business practices** – the Tata Code of Conduct outlines the ethical standards and fair business practices by which Tata Steel conducts its 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 promote and protect 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.

A due diligence management system for the complete supply base is implemented in order to identify applicable risks and take appropriate steps to mitigate them. A prioritisation process based on likelihood and severity of potential risks, to people and planet, is used to arrange due diligence efforts among Tata Steel various supply chains. Due diligence is conducted on the entire supply chain to determine whether the materials used meet the minimum Health and Safety, Human Rights, Ethical and Environmental standards as described our Supplier Code of Conduct.

As part of the due diligence process we will require documentary evidence from our suppliers of compliance with this policy and in some cases audits and site visits will be carried out to ensure this compliance. To increase transparency and develop a better understanding of potential supply chain risks, information will be requested wherever concerns are raised. We will collaborate with suppliers to identify issues that do not match our expectations and provide support to resolve these. Continuous non-compliance with our responsible procurement policy will result in an end of the business relationship with the supplier.

Suppliers must always comply with the most demanding requirements, whether these are the applicable local laws or international standards or this policy. While working on any Tata Steel site, (sub)contractors and supplier's employees must abide by all relevant laws, regulations and standards which will, in many cases, differ from the requirements of the policy.

We expect all our suppliers to implement similar responsible procurement policies that support our ambition to constantly increase sustainability across the supply chain. We require suppliers operating in regions recognised as having a high risk of human rights abuse to adopt suitable and robust human rights policies and procedures. Tata Steel takes a specific position on materials from particular global regions on the basis of ethical concerns. We will not knowingly purchase so-called 'conflict minerals' which originate in conditions of armed conflict and human rights abuses.

Moreover, we firmly believe that to achieve a truly responsible steel supply chain, the industry must go beyond certification and work together to implement the six-step OECD framework. Combining our knowledge and maximising our international leverage are key to positive change.

Consequently, if any supplier suspects that either an employee of Tata Steel or any supplier of Tata Steel is not abiding by these core principles, they should notify us through the confidential whistle-blower process of which the details can be found on the Tata Steel website. We expect supplier to have a grievance mechanism to ensure that workers have an effective mechanism to report grievances which facilitates open communication between management and workers.

We will report, in our corporate social responsibility report, on the progress of the implementation of the Responsible Procurement Policy. The policy will be reviewed periodically to ensure that it continues to meet our targets and moves us closer towards our vision to be the world steel benchmark for value creation and corporate citizenship.

Signed by:  
  
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## Supplier Code of Conduct

Tata Steel expects their suppliers to comply with the provisions of this Supplier Code of Conduct and our Responsible Procurement Policy. We expect suppliers to have a similar policy amongst their entire supply chain. We are committed to work with our suppliers to implement the OECD Due Diligence Guidance for Responsible Business Conduct to promote supply chain transparency and establish long-term sustainable relationships. This document sets out our expectations and give guidance to our **immediate suppliers and their respective entire supply chains** in line with our five principles of responsible sourcing; **Health and safety, Fair business practices, Environmental protection, Human rights and Local community development.**

### 1. Health and safety

We expect our suppliers to adopt management practices in respect of health and safety which provide a high level of safeguarding for their workers, (sub)contractors and their entire supply chains. We are committed to ensuring zero harm to our employees and our (sub) contractors and supply chains. This means that we will not allow practices within our supply chain which we feel could result in harm to workers.

To satisfy our requirements under health and safety, we require that our suppliers adopt suitable and robust management practices for health and safety. Suppliers who have management systems accredited to **OHSAS18001** or equivalent will be deemed to satisfy this requirement. In the absence of such frameworks, we recommend that health and safety policies and practices follow the 15 principles laid out within the Tata Steel Health and safety policy which are outlined below (Figure 1).



**Figure 1** Health and safety principles of the Tata Steel Health and safety policy.

Additionally, all personnel working on Tata Steel sites must operate under the health and safety requirements of that particular site, even if these differ from the practices of the suppliers' company. Therefore, this could 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. 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 share these 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 Steel website.



The salient points for fair business practices are as follows:

- **Competition** – to desist from unfair trade practices against competitors.
- **Gifts & donations** – to neither receive, 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.
- **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.
- **Ethical conduct** – to conduct business in a fair and transparent manner, displaying honesty, integrity and high moral and ethical standards.
- **Taxation**: contribute to the public finances of host countries by making timely payment of their tax liabilities. Comply with the tax laws and regulations in all countries in which they operate and act in accordance with both the letter and spirit of those laws and regulations.
- **Regulatory compliance** – to comply with all relevant and applicable laws and regulations.
- **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.
- **Confidential information** – to not disclose any confidential information of Tata Steel.
- **Money laundering** – to desist from any form of money laundering in the supply chain.
- **Armed groups** - we will not tolerate any direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. Armed groups as defined by United Nations Security Council resolutions.
- **Private security forces** – their public or private security forces will be engaged in accordance with the voluntary principles on security and human rights.
- **United Nations sanctions** – to refrain from any action which contributes to the financing of conflict and compliance with relevant United Nations sanctions resolutions or, where applicable, domestic laws implementing such resolutions.

Tata Steel will conduct its business with suppliers in a fair, objective, transparent and professional manner. Supplier's 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 core principles, they should notify us through the confidential whistle-blower process, details of which can be found on the Tata Steel website.

## 3. Environmental protection

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 continuously reduce the environmental impact of its operations and products through the adoption of sustainable practices. These commitments are an integral part of the way Tata Steel conducts business and we expect our suppliers to share this commitment.

To satisfy our requirements under Environmental protection, we require that our suppliers adopt suitable and robust management practices for the protection of the environment. Suppliers



who have management systems accredited to **ISO14001** or equivalent will be deemed to satisfy this requirement. In the absence of such 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, as well as toxic or harmful gasses.
- **Responsible use of resources** – make efficient use of energy, raw materials and water.
- **Water** – water discharges and use should be monitored and reported. Leakages at sites should be minimalised using improvement plans.
- **Product stewardship** – consideration to be given to re-use and recycling and the environmental effects of products throughout their life-cycle.
- **Use of chemicals** – report and manage use of chemicals at mine sites.
- **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.
- **Reclamation and closure planning** – plants or mines in our supply chains shall have a proper closure planning, compatible with the protection of human health and the environment.

We recognise that the nature of the operations of our suppliers in our supply base vary widely and that the emphasis of environmental management may differ between suppliers

#### 4. Human rights

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 or sourcing from regions denoted within the INFORM Index for Risk Management ([www.inform-index.org](http://www.inform-index.org)) as low or medium risk are deemed to satisfy the requirements of this Policy on human rights. For companies operating in or sourcing from other regions, we require that our suppliers adopt suitable and robust policies and procedures which will prevent human rights abuses to satisfy our requirements. Suppliers who are accredited to SA8000 will be deemed to satisfy this requirement.



If no suitable accreditation exists, a supplier is required to provide documentary evidence that their policies cover the relevant key elements of the SA8000 standard:

- **Child labour** – no workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception and remediation of any child found to be working; Children under the age of 18 years are not allowed to do dangerous work or work in dangerous or unhealthy conditions which could result in illness, injury or death. This is known as hazardous work.
- **Forced labour** – no forced labour, including prison or debt bondage labour; no lodging of deposits or identity papers by employers or outside recruiters.
- **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. Commit to a workplace free of harassment and abuse. Supplier shall not threaten workers with, or subject them to, harsh or inhumane treatment, including but not limited to verbal abuse and harassment, psychological harassment, mental and physical coercion, and sexual harassment.
- **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.

- **Discrimination** – no discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment.
- **Discipline** – no corporal punishment, mental or physical coercion or verbal abuse.
- **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.
- **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.
- **Management systems** – facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

## 5. Local community development

We expect our suppliers to contribute to the social, economic and institutional development of the communities in which they operate in line with the United Nations sustainability development goals to ensure the future of next generations.

Our philosophy is that the community is not just another stakeholder in business, it is in fact the very purpose of its 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 major economic improvements, 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 differ between suppliers, 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.
- Contribute to avoidance of adverse impacts to women and children in local communities where supply chain operations take place (such as prevention of sexual abuse and harassment of women and children in the vicinity of mines and processing plants).
- Support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exposure of vulnerable groups, in particular, artisanal miners.
- Have a public policy available that includes a statement of the company's respect for indigenous people's rights, as set out in the United Nations Declaration on the Rights of Indigenous Peoples.
- 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.

