

## Tata Steel Responsible Supply Chain Policy

Tata Steel's vision is to be the global steel industry benchmark in Value Creation and Corporate Citizenship. Sustainable business practices are key enablers to achieving this vision and we are committed to adopting them across our value chain. We encourage our supply chain partners to share the same commitment and expect them to integrate the following Sustainability Principles in all their decisions and processes.

- o **Fair Business Practices** – The Tata Code of Conduct (TCoC) outlines the ethical standards and fair business practices by which Tata Steel conducts business and it is expected that our supply chain partners will comply with the Tata Steel Business Associates Code of Conduct in all their business decisions and actions.
- o **Health & Safety** – It is expected that our supply chain partners will adopt and maintain management practices to protect the Health & Safety of their workforce.
- o **Human Rights** – It is expected that our supply chain partners will respect and uphold human rights of their key rightsholders and remediate any adverse impacts of their business on human rights.
- o **Environmental Protection** – It is expected that our supply chain partners will adopt and maintain management practices to improve their energy efficiency, resource efficiency & environmental performance.

We seek collaboration from all our supply chain partners to work with us in promoting sustainable business practices for a better planet.

This policy will be read with the Guidelines for Tata Steel Responsible Supply Chain Policy.

Date: February 1, 2020



TV Narendran  
CEO & Managing Director

# **Guidelines for Tata Steel Responsible Supply Chain Policy**

## **Introduction**

Responsible Supply Chain is an important element in delivering the Tata Steel Vision of being the benchmark in Corporate Citizenship and its commitment to Sustainable Development. **The guidelines to the Tata Steel Responsible Supply Chain Policy will complement the Policy and help in adopting the principles described in the Policy.** It communicates how we will work with our supply chain partners, and sets out our expectations and minimum standards for fair business practices, health and safety, human rights and environmental performance.

These aspects will be given due consideration during evaluation and contract approvals both for new as well as existing supply chain partners, in a phased manner. We expect them to improve continuously with respect to the Policy requirements by:

- o *Integrating them across all business decisions.*
- o *Putting in place management systems to enable continuous improvement.*
- o *Extending these principles to their own supply chain.*
- o *Aligning themselves to global/industry standards.*

## **Definition of Supply Chain Partners and Scope of the Policy**

Supply Chain Partners (hereby referred to as "partners") refer to all the business associates of Tata Steel in its supply chain with whom we interact directly or indirectly for business or transactional dealings. They include:

- o Suppliers/Vendors
- o Distributors
- o Steel Processing Centres (SPCs)
- o Franchisees
- o Downstream processing agencies

The Policy will be applicable to all the above partners across locations and we expect them to extend it to their own supply chains as well. This Policy will be periodically reviewed to keep it current and updated.

## **Our Commitment to Supply Chain Partners**

We expect all our partners to commit to meeting the requirements stated in the Policy. However, we are also cognizant of the fact that all our partners may not be able to meet all the requirements from day one, but we expect a commitment from all our partners for meeting the requirements over a reasonable period of time. We also assure working with our partners in identifying action plans towards achieving improved conditions in a timely manner and giving access to examples of best practices from elsewhere in our supply chain.

## **Methodology**

Tata Steel recognises that there are differences in terms of scale, scope, location and operations of our partners. The implementation of the Policy for the partners will accordingly be dependent on their "**criticality to business**".

- o The respective functions (Procurement, Supply Chain, and Marketing & Sales) will be responsible for overall administration of Policy and for developing oversight mechanism in their respective functions.
- o Each function will identify their "critical supply chain partners" based on criterion defined by them.
- o The critical supply chain partners will be informed by respective functions for further engagement on Policy.
- o The critical partners will have to submit a self-declaration regarding compliance to aspects of the Policy.
- o The critical partners may undergo an assessment/audit for ensuring compliance. Based on outcome of the assessment/audit, a joint corrective action plan will be developed.

Tata Steel is committed to facilitate its supply chain partners in implementing the jointly identified Corrective Action Plans (CAP).

## **Expectations from Supply Chain Partners**

We are looking for a long-term commitment from our partners in ensuring a responsible supply chain for Tata Steel in meeting the greater objective of a sustainable planet. Our expectations from our supply chain partners are:

- o All partners are expected to demonstrate compliance to all the four principles in the policy over a period.
- o It is expected that our partners are transparent, share best practices and collaborate with Tata Steel and its other partners to further improve responsible practices.
- o Compliance of critical supply chain partners will be assessed through periodic questionnaire-based audits, accompanied by site visits if deemed necessary.
- o For all other partners, we will take a written declaration of compliance against the Policy requirements.
- o As a last resort, we may consider disengaging with partners that do not meet the requirements of the Policy repeatedly.
- o New Supply Chain Partners: All new partners will be required to sign up to the Policy as part of the qualification process.
- o Existing Supply Chain Partners: Existing partners will be required to self-assess their performance against the Policy and furnish a Corrective Action Plan (CAP) on identified areas of improvements. New contracts or renewal of existing contracts will incorporate the principles of the Policy.

## **Detailed Guidelines for the Principles**

Tata Steel expects its supply chain partners to comply with the provisions of our Responsible Supply Chain Policy. We expect our partners to have a similar policy for their entire supply chain. We are committed to work with our partners to implement the Policy for promoting supply chain transparency and establish long-term sustainable relationships. This document sets out our expectations and gives guidance for implementation to our immediate supply chain partners in line with the following principles:

- o Fair Business Practices
- o Health and Safety
- o Human Rights
- o Environmental Protection

## **Principle 1. Fair Business Practices**

The Tata Code of Conduct (TCOC) defines the ethical behaviour expected from all Tata employees and our expectation is that our supply chain partners will also imbibe the principles of the TCOC. To demonstrate compliance with this requirement, our partners should be able to provide documentary evidence that these principles, or similar, are included in their policies and/or work practices. Partners are expected to abide by the Tata Steel Business Associates Code of Conduct in all their dealings with Tata Steel.

The complete TCOC can be found on the Tata Steel website.

The salient points for fair business practices are as follows:

- o **Ethical conduct** - to conduct business in a fair and transparent manner with the highest standards of morality, honesty and integrity.
- o **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 favors for the conduct of business.
- o **Bribery, corruption and money laundering** - all partners must make every effort to eliminate all forms of bribery, fraud, money laundering and corruption in their operations.
- o **Competition** - to refrain from unfair practices against competitors to gain business advantage.
- o **Regulatory compliance** - to comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which the partner operates.
- o **Conflict of interest** - to not take advantage of any family, social or political connections to gain advantage within business dealings and have a mechanism to take care of issues related to conflict of interest within their organization.
- o **Confidential information** - to not disclose any confidential information related to Tata Steel.
- o **Taxation** - comply with the tax laws and regulations in all geographies in which the partners operate.

Tata Steel will conduct its business with partners in a fair, objective, transparent and professional manner. Partner employees working at our premises will be treated with the same considerations as our own workforce. If any partner suspects that either an employee of Tata Steel or another partner of Tata Steel is not abiding by these principles, they should notify us through the confidential whistleblower process, details of which can be found on the Tata Steel website.

**Reference:** Tata Code of Conduct & Tata Steel Business Associates Code of Conduct: <https://www.tatasteel.com/>

## **Principle 2. Health & Safety**

Tata Steel is committed to ensuring zero harm to all our workforce having direct or indirect employment. Accordingly, we expect our partners to adopt health and safety management practices which ensures safeguarding their workers, contractors and their entire supply chains.

This means that we will not knowingly allow practices within our supply chain which we feel could result in harm to the workforce. Partners who have management systems accredited to **OHSAS 18001 or ISO 45001** or equivalent will be deemed to satisfy this requirement. In the absence of such frameworks, we recommend that our partners develop internal policy, governance and implementation mechanisms based on **Tata Steel Safety Principles & Occupational Health Policy** available on the Tata Steel website. In addition to above, all vendors having their workforce working at any of the Tata Steel sites must conform the minimum standard required by the **Tata Steel Contractor Safety Management System** for being eligible to work at any Tata Steel site. Vendor partners working on Tata Steel project sites will be governed by the **Projects safety guidelines**.

### **Reference:**

- o Tata Steel website (Safety Principles and Occupational Health Policy): <https://www.tatasteel.com/>
- o ISO 45001: 2018 - Occupational health and safety management systems: <https://www.iso.org/standard/63787.html>

### Principle 3. Human Rights

Tata Steel respects human rights of employees and the communities in which we operate. We are committed to upholding and promoting human rights principles and encourage our partners to develop and implement processes to:

- o Identify key rightsholders and prioritise human rights issues for their business
- o Establish grievance redressal mechanisms to address and remediate human rights issues for all key rightsholders

In the absence of such systems, partners who have management systems accredited to SA 8000 or policies and governance mechanisms aligned with **Tata Steel Social Accountability Policy** will be deemed to satisfy this requirement.

#### **Reference:**

- o United Nations Guiding Principles on Business and Human Rights:[https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr\\_eN.pdf](https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf)
- o Social Accountability International, SA8000: <http://www.sa-intl.org/>
- o Tata Steel website (Social Accountability Policy):  
<https://www.tatasteel.com/>

### Principle 4. Environmental Protection

Tata Steel is committed to abide by relevant environmental legislation and strive to go beyond regulations in its operational areas to create a lasting positive impact on the environment. This commitment is supported by our endeavour towards efficient use of natural resources and through adoption of eco-friendly business practices. We expect our partners to share this commitment by maintaining effective policies, processes and procedures to manage their environmental impact. To satisfy our requirements under Environmental Protection, we expect that our partners adopt suitable and robust management practices for protection of the environment.

Partners who have management systems accredited to **ISO 14001** or equivalent will be deemed to satisfy this requirement. In the absence of such frameworks, we recommend that partners follow the relevant principles laid out within the Tata Steel policies related to environment and energy which can be accessed on the Tata Steel website.

It is expected that partners will comply with all central and state level laws related to environment in their premises.

The salient areas based on Tata Steel material issues that our partners need to focus on are:

- o Green House Gas Emissions, Dust Emissions
- o Energy Efficiency, Adoption of Renewable Energy in their premises
- o Water Consumption and Effluent Discharge
- o Waste management especially hazardous waste management

#### **Reference:**

- o Tata Steel website (Sustainability Policy, Environmental Policy, Energy Policy, Biodiversity Policy, Climate Change Policy for Tata group companies): <https://www.tatasteel.com/>
- o ISO 14001:2015 – Environmental management systems: <https://www.iso.org/standard/60857.html>