

SUSTAINABILITY GOVERNANCE

Butterfly Park at Noamundi

Sustainability Framework at Tata Steel

Sustainability is embedded in the very culture of Tata Steel. This stems from our visionary founder JN Tata's belief that the community is not just another stakeholder in business, but the very purpose of our organisation's existence. This belief is also reflected in the vision and values of Tata Steel that balance the aspiration of value creation along with the responsibility of being a benchmark corporate citizen.

Sustainability Approach

Our approach is articulated not just in the Sustainability Policy, but also our CSR Policy, HR Policy, Affirmative Action Policy, Climate Change Policy, Environment Policy and Energy Policy. These are available on our corporate website www.tatasteel.com. Some of the key aspects of our approach include:

Stakeholder Engagement

We have established various platforms for periodically listening to stakeholder voices such as the community, investors, customers and employees. These are prioritised and built into our business objectives and strategies.

Participation in national and international forums

Our senior leaders work with various industry bodies like the World Steel Association (WSA), the Confederation of Indian Industry (CII), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), UN Global Compact (UNGC) and the Task Force on Climate-related Financial Disclosures (TCFD) for further guidance on implementing sustainability practices.

Corporate Sustainability team

The team is responsible for mainstreaming sustainability across the organisation and its value chain. The team tracks global best practices related to sustainability and facilitates their incorporation in the key processes of the Company.

External Experts' perspectives

Our Corporate Sustainability team also drives various external assessments like the Dow Jones Sustainability Index and those conducted by the Confederation of Indian Industry. We use feedback from these external assessments for further improvement. Aligned with the United Nation's Sustainable Development Goals (SDGs) and COP21, we are now taking on the challenge of further reducing our carbon and water footprints and enhancing the impact of our CSR activities in the locations where we operate.

The Tata Values and Tata Code of Conduct serve as the guiding philosophies of our work culture. The performance related to various Sustainability issues is reviewed at the Corporate as well as the Board level. The Board-level Committees with their scope and membership have been detailed in the Corporate Governance Report. At the Corporate-Level, various committees review the sustainability and governance initiatives. These include the Apex Safety Committee, Apex Environment Committee, Apex HRD Committee, Apex CSR Committee, Apex R&D Committee and Quality & Production Meeting. These Committees are chaired by the Managing Director/Group Executive Director.

Leading The Way

Globally, Tata Steel was adjudged the Steel Industry Leader by the Dow Jones Sustainability Index for the year 2016.

Tata Steel has won the Indian Institute of Metals Sustainability Award for FY2016.

In December 2016, Tata Steel Jamshedpur Works underwent the GreenCo assessment conducted by CII-Green Business Centre and was awarded Platinum rating, the highest on the GreenCo rating scale. This made Tata Steel the first and the only Integrated Steel Plant to be awarded the GreenCo Platinum rating.



Afforested Botanical Park, Noamundi, Jharkhand

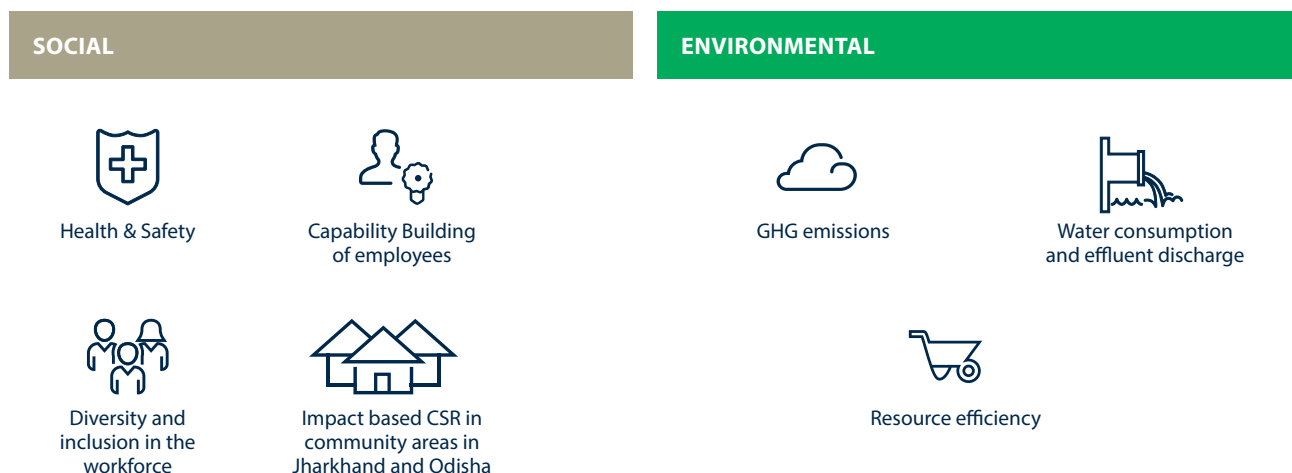
Embedding Sustainability

The Corporate Sustainability group formulates and reviews the Company’s Sustainability Policy. The key material issues (issues critical to value creation ability of the Company and of key interest to investors and other stakeholders) listed below are embedded in the business objectives at apex and divisional levels and are acted upon as well as reviewed.

Materiality

We had conducted a materiality assessment for Tata Steel in FY2014. The material issues were identified by mapping stakeholder concerns and our business priorities. The identified material issues have been largely addressed. Moreover, in keeping with the developments in the external environment and changing stakeholder expectations, we have identified some additional issues which are material to us. We have plans to revisit our materiality through a third party study in near future.

Key Material Issues



The economic material issues are part of our Business Objectives and Strategies. Further, to embed an integrated approach in the organisation and create a balance between the six capitals as per the IIRC framework, the key work processes of the Company are being reviewed by the Corporate Sustainability Group to identify gaps and enrich the work processes. This project is aimed at the inclusion of stakeholder issues at each process level and transition to integrated thinking and working. It also envisages minimising the negative impacts of our operations on the environment and society.

Creating a Culture for Sustainability

Customised awareness programmes for Tata Steel officers (both at entry and existing) are conducted at regular intervals across the Company. Such programmes on relevant aspects of sustainability are also made available to external stakeholders such as suppliers and the community. Focused campaigns and celebrations (such as World Environment Day, Earth Day, Biodiversity Day, Safety Week, World Health Day, Anti-Tobacco Day and Ethics Month) are undertaken to drive awareness on environmental, health and safety issues. In June of every year, we celebrate the Tata Sustainability Month to mainstream Sustainability in our business and processes. In 2016, a Sustainability Expo was held for the first time during the Tata Sustainability Month.

KEY DEVELOPMENTS IN FY2017

Tata Steel released its first Integrated Report for FY2016, replacing two separate reports (Annual Report and Sustainability Report).

A new Carbon (Shadow) Pricing mechanism has been introduced for evaluation of capital projects.

The Energy Policy was revised to include explicit intent on renewable and non-conventional sources of energy.

The use of Life Cycle Assessment (LCA) as a decision-making tool was strengthened and projects for mainstreaming LCA as a decision-making tool was initiated.



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Way Forward in Sustainability

Carbon Neutrality

Studies and discussions have been initiated for carbon sequestration and use of breakthrough technologies and renewable energy.

Water Footprint

Study to be initiated for baselining of watershed potential at Jamshedpur.

Integrated Approach

Mapping of key work processes to include the social and environmental considerations in line with the six capitals of IIRC framework for further improving Integrated Thinking has been initiated.

Our Disclosures

- Integrated Annual Report presenting the value creation story of Tata Steel to all stakeholders
- Disclosure to RobecoSAM DJSI Corporate Sustainability Assessment
- CDP (erstwhile Carbon Disclosure Project) disclosure for Climate Change and Water
- Application for World's Most Ethical Companies (WME) to Ethisphere Institute, USA
- Communication of Progress to UNGC on the ten principles of Sustainability
- Environment Compliance Reports
- Other Statutory disclosures as per Companies Act, 2013 and SEBI Regulations

Our Partnerships

- The Company is an active member of industry associations that have an international and nationwide presence such as Worldsteel Association, United Nations Global Compact (founding member), Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Federation of Indian Mineral Industries, Indian Institute in Metals and The Energy and Resources Institute
- Tata Steel is an active member of the steel industry's 'Energy Operating Committee' to share performance and enablers as well as form industry opinion for advocacy
- Tata Steel has supported the Bureau of Energy Efficiency (BEE) as a member of the Industry Expert Group