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**Independent Assurance Statement to Tata Steel Limited on their non-financial disclosures in the Integrated Report for Financial Year 2019-20.**

To

The Management of Tata Steel Limited  
Bombay House, 24 Homi Mody Street, Fort,  
Mumbai - 400 001

**Introduction**

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') have been engaged by Tata Steel Limited ('TSL' or 'the Company') for the purpose of providing an independent assurance on non-financial disclosures in the Integrated Report ('the Report') for the reporting period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 ("the Year or the Reporting Period"). Our responsibility was to provide assurance on select non-financial disclosures as described in the scope, boundary and limitations.

**Reporting Criteria**

TSL has developed its report based on the applicable accounting standards and has incorporated the principles of the International Integrated Reporting Framework (<IR>) published by the International Integrated Reporting Council (IIRC), into the Integrated Report.

In addition to the <IR> Framework, non-financial reporting criteria has been derived by the management of TSL from World Steel Association (WSA) Sustainability Indicators, GRI Standards of the Global Reporting Initiative, and indicators defined by Tata Steel.

**Assurance Standards Used**

We conducted our assurance in accordance with:

- Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
  - Under this standard, we have reviewed the information presented in the Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
  - Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement.
  - Reasonable assurance is a high level of assurance but, it is not a guarantee that it will always detect a material misstatement when it exists.

**Scope, Boundary and Limitations**

The boundary of assurance covers the non-financial performance of TSL's following operational sites in India:

- Jamshedpur Steel Works (TSJ).
- Kalinganagar Steel Works (TSK).

The assurance process was limited to the non-financial disclosures covering the period 1 April 2019 to 31 March 2020 in the Report.



The scope of our engagement and the related levels of assurance that we are required to provide are as follows:

**Reasonable Assurance:**

Following select non-financial disclosures in the Report were subjected to reasonable assurance:

- Greenhouse Gas Emissions Intensity\* (TSJ) as per WSA Sustainability Indicators.

**Limited Assurance:**

Following selected non-financial disclosure in the Report was selected for expression of limited assurance:

**WSA Sustainability Indicators:**

- Greenhouse Gas Emissions (Scope-1, Scope-1.1, Scope-2, Scope-3\*), (TSJ, TSK).
- Greenhouse Gas Emissions Intensity\* (TSK).
- Energy Intensity (TSJ, TSK).
- Material Efficiency (TSJ).
- Lost Time Injury Frequency Rate (LTIFR).
- Training per Employee.

**Indicators defined by Tata Steel:**

- Dust Emissions Intensity (TSJ, TSK).
- SOx Emissions Intensity (TSJ).
- NOx Emissions Intensity (TSJ).
- Specific Water Consumption (TSJ, TSK).
- Effluent Discharge Intensity (TSJ).
- Solid Waste Utilisation\* (TSJ).
- LD Slag Utilisation\* (TSJ).
- Coke Rate (TSJ, TSK).
- Employee Productivity.
- Employees on Rolls.
- Employees Trained.
- Diversity – percentage of women in workforce.
- Fatalities.

# The data for Scope-3 emissions, as part of GHG Emissions and GHG Emissions Intensity, is restricted to upstream emissions or credits related to procurement / delivery of pre-processed materials / by-products from the site, as defined in WSA's CO<sub>2</sub> data collection user guide.

\* The data for solid waste utilisation and LD slag utilisation is restricted to only process solid waste generated.

**Limitations**

The assurance scope excludes following:

- Data related to Company's financial performance.
- Data and information outside the defined reporting period.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Data review outside the operational sites as mentioned in the boundary above.
- Strategy and other related linkages expressed in the Report.
- Mapping of the Report with other reporting frameworks.
- Aspects of the Report other than those mentioned under the scope above.

Apart from the indicators defined by the World Steel Association, the above non-financial disclosures may have inherent limitations owing to the nature of disclosures as well as the methodologies used for measuring,



calculating and/or estimating these disclosures. The accuracy of measurement methods, changes in criteria for measurement and individual judgment may impact the comparability of data.

### **Assurance Procedures**

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances.

Our assurance procedures also included:

- Assessment of TSL's reporting procedures, as defined by TSL's management in reference to the reporting criteria.
- Evaluating the appropriateness of the quantification methods used to arrive at the non-financial disclosures presented in the Report.
- Review of systems and procedures used for quantification, collation, and analysis of non-financial disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by TSL for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Assessment of data reliability and accuracy
- Review of GHG Emissions and GHG Emissions intensity was carried out as per WSA CO<sub>2</sub> Data Collection User Guide.
- The reviews for operational sites at Jamshedpur and Kalinganagar were carried out remotely with the help of screen sharing tools.

Following additional procedures were performed during review of non-financial disclosures subjected to reasonable assurance:

- Review of systems, processes, as well as internal and external controls.
- Review of records and testing, including re-calculation, of sample data to establish an assurance trail with increased sample size.

Appropriate documentary evidences were obtained to support our conclusions on the information and review of data. Where such documentary evidence could not be collected due to sensitive nature of the information, our team reviewed the same with the relevant authority at the operational sites and at the corporate office.

### **Conclusions**

We have reviewed the selected disclosures in the Integrated Report of Tata Steel Limited for the FY 2019-20. Based on our review and procedures performed and in line with the boundary, scope and limitations as described above, we conclude that:

#### **Reasonable assurance**

Selected non-financial disclosures which have been subjected to reasonable assurance procedures as defined under scope of assurance, are fairly stated, in all material aspects, and are in alignment with the reporting criteria.



### **Limited assurance**

Nothing has come to our attention that causes us to believe that, selected non-financial disclosures, which have been subjected to limited assurance as defined under the scope of assurance, are materially misstated.

Data representation and calculation related errors were detected but the same were resolved during the assurance process. We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

### **Independence**

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in as per requirements of ISAE 3000 (Revised) standard.

Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

### **Responsibilities**

Tata Steel Limited is responsible for developing the Report contents. The Company is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of Tata Steel Limited in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to the Company those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to Tata Steel Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

A handwritten signature in black ink, appearing to read 'Santhosh Jayaram', with a horizontal line underneath it.

**Santhosh Jayaram**

Partner

KPMG Assurance and Consulting Services LLP

27-July-2020