

INDEPENDENT ASSURANCE STATEMENT ON NON FINANCIAL REPORTING

Scope and approach

Tata Steel Limited ('TSL' or 'the Company') engaged **DNV GL Business Assurance India Private Limited** ('DNV GL') to undertake independent assurance of sustainability disclosures in the Company's Integrated Report and Annual Accounts 2015 -16 in its printed formats (the 'Report'). Our responsibility in performing this work is regarding verification of Sustainability performance disclosed in the Report and in accordance with the agreed scope of work with the management of the Company. The intended users of this assurance statement are the management of the Company. Our assurance engagement was planned and carried out during June and July '2016.

We performed our work using DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised*, along with AccountAbility's AA1000 Assurance Standard 2008 ((AA1000AS (2008))).

We evaluated the performance data using the reliability principle together with Tata Steel Limited's data protocols for how the data are measured, recorded and reported. The performance data in our scope of work was the verification of the qualitative and quantitative information on sustainability performance disclosed in the Report covering Economic, Environmental and Social performance of the activities undertaken by the Company over the Reporting period 1st April'2015 to 31st March'2016 and World Steel Sustainability Indicators.

We understand that the reported financial data and information are based on data from Tata Steel Limited - Integrated Report and Annual Accounts for year ending 31st March' 2016, which are subject to a separate independent audit process. We did not review financial disclosures and data in the Integrated Report and Annual Accounts 2015-16 as it was not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to non-financial sustainability disclosures in this Report. We are providing a 'moderate level' of assurance and no external stakeholders were interviewed as part of this assurance engagement.

Responsibilities of the management of Tata Steel Limited and of the Assurance Providers

The Senior Management team of Tata Steel Limited have sole responsibility for the preparation of the Report and responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the printed Report.

In performing our assurance work, our responsibility is to the management of Tata Steel Limited; however our statement represents our independent opinion and is intended to inform outcome of our assurance to the stakeholders of Tata Steel Limited.

DNV GL provides a range of other services to Tata Steel Limited, none of which constitute a conflict of Interest with this assurance work. This is the 7th year that we have provided assurance of the sustainability disclosures in the Report and first Report as per the International Integrated Reporting Council (IIRC) framework.

DNV GL's assurance engagements are based on the assumption that the data and information provided by Tata Steel Limited to us as part of our review have been provided in good faith. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

¹ The VeriSustain protocol is available on dnvgl.com.

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed assurance at Corporate office and selected sites of Tata Steel Limited. We undertook the following activities:

- Review of the current non –financial sustainability issues that could affect Tata Steel Limited and are of interest to identified stakeholders;
- Review of Tata Steel Limited approach to stakeholder engagement and recent outputs although we have no direct engagement with stakeholders;
- Review of information provided to us by Tata Steel Limited on its reporting and management processes relating to the IIRC, GRI G4 and World Steel Association (WSA) reporting principles;
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium and long term Vision, Mission and milestones;
- Site visits were conducted in Tata Steel Corporate Office at Mumbai, Wires Division at Tarapur, Near Mumbai, Marketing and Sales Office at Tata Centre, Kolkata, Steel Works and Tata Tubes Division in Jamshedpur and Noamundi Mines in Jharkhand to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy. The sites we visited were selected on the basis of their materiality to the group for identified material aspects as well as to give a geographical and divisional spread;
- Review of supporting evidence for key claims and data in the Report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation; and
- An independent assessment of Tata Steel Limited reporting against the reporting principles of IIRC framework, GRI G4 and WSA and reported performance data.

The reporting aspect boundary is based on the internal and external materiality assessment covering the operations of companies in its sphere of control and influence i.e. the legal entities for which the Tata Steel group remains accountable and has direct control covering the operations of Tata Steel's assets in India i.e. the Company's Steel Business Unit, Raw Materials operations, and three profit centres - Ferro Alloys and Minerals Division, Tubes Division and Wires Division as set out in the Report and excludes sustainability performance of Company's other Businesses i.e. Cranes and Structural, Agriculture products and Bearings as set out in the Report.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement, except disclosures related to other Business which represents 1 % of the revenue since they are out of scope and boundary as set out in the Report.

Opinion

We have evaluated the disclosures related to following capitals and identified performance indicators as outcome of the Tata Steel's business as provided in the Report.

Financial Capital: The financial operations of the Company are managed by means of financing (equity, debt), operations and investments.

- WSA Indicator 7: Investment in new processes and products namely Capital Expenditure and R&D Expenditure.
- WSA Indicator 8: Economic Value Distributed.

Manufactured Capital: The Company's Manufactured capital represents physical assets that are available for use in the Production of goods or provision of services.

- Crude Steel Production
- WSA Indicator 3: Material Efficiency

Intellectual Capital: The Company's Intellectual capital represents organizational knowledge-based intangibles.

- Number of New Product Developed
- Number of Patents Filed and Granted

Human Capital: The Company's Human capital represents people's competencies, capabilities, experiences and their motivation to innovate.

- Employment Statistics - Employee on Rolls, Attrition Rate
- Accident /Incident statistics - WSA Indicator 5: LTIFR, and No. of Fatalities
- WSA Indicator 6: Employee Training
- Diversity
- Health Index

Social and Relationship Capital: The Company's Social and Relationship capital is represents, its co-operative ties between different communities and stakeholders' groups that engage with each other for societal welfare.

- CSR Projects
- CSR Beneficiaries - No. of Lives Impacted because of CSR
- Number of Pan-India Dealers and Distributors as part of Supply Chain

Natural Capital: The Company's Natural capital represents all renewable and non-renewable environmental resources such as water, land, minerals, forests, biodiversity and health of the ecosystem.

- Water Withdrawal from Surface sources in Million m3
- Water discharged after use in Million m3
- Dust Emissions (Kg/tcs)
- Solid waste Utilization (%)
- Specific water consumption (m3) per Ton of Crude Steel (tcs)
- WSA Indicator 1: GHG Emissions – Scope 1 & 2 emissions
- WSA Indicator 2 : Energy Intensity
- WSA Indicator 4: Environmental Management System
- Tree Plantation in Million numbers
- Biodiversity Management plan

As part of the verification process we obtained an understanding of the systems used to generate, aggregate and report the sustainability performance data at the sampled sites and an understanding of the data management system, and tested the completeness, accuracy and reliability of the above mentioned reported sustainability performance data.

On the basis of our verification methodology, nothing has come to our attention that would cause us not to believe that the sustainability performance and related disclosures are not materially correct and is not a fair representation of the Tata Steel's sustainability performance and related information

Observations

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement' and without affecting our assurance opinion we also provide the following observations based on principles of assurance standard - AA1000AS (2008)

AA1000AS (2008) Principles

Inclusivity

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

Tata Steel has established an effective process of stakeholder engagement to identify sustainability challenges and concerns of diverse stakeholder for value creation considering the Tata Steel's diverse businesses. The stakeholder concerns are well identified documented and reported. In our opinion, the level at which the Report adheres to this principle is '**Good**'.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders

Tata Steel has applied the materiality principles of GRI G4 and Integrated Reporting Framework to arrive at materiality for the Company. The process of materiality determination is well documented and considers inputs from diverse external stakeholders and its businesses. The identified material issues were reviewed by TATA Steel's management team and it is reported that there are no significant changes in identified material aspects or aspect boundary from the previous reporting period. In our opinion, the level at which the Report adheres to this principles is '**Good**'.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report has brought out businesswise responses to key materiality aspects in a comprehensive manner for stakeholder to make informed decisions i.e. value creation, strategy, management approach and associated monitoring systems are well articulated in this Report. In our opinion, the level at which the Report adheres to this principle is **'Good'**.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of data and information verified at corporate office and sampled operational sites were found to be fairly accurate and comparable with last years' reported data where applicable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected. In our opinion, the level at which the Report adheres to this principle is **'Good'**.

Specific Evaluation of the information on Sustainability Performances

We consider the methodology and process for gathering information developed by the Company for its sustainability performance reporting to be appropriate and the qualitative and quantitative data include in the Report were found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the report presents a faithful description of the Company's sustainability activities.


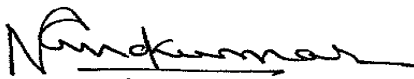
Opportunities for Improvement

The following is an excerpt from the observations and opportunities for improvement reported to the management of the Company and are not considered for drawing our conclusions on the Report; however they are generally consistent with the management's objectives:

- Future reports may further bring out the impacts of material aspects in the value chain i.e. re-evaluate materiality in the value chain for the business verticals sectors to further identify and manage the emerging material issues of respective sectors;
- Integrate risk management process with its sustainability strategy through consistent tracking and reporting of key performance indicators to achieve sustainable performance across business vertical sectors;
- Report may further strengthen the disclosures on outcomes related to key sectorial material issues and link the outcomes to overall value creation of reported capitals as per Integrated Reporting Framework.

For and on behalf of DNV GL Business Assurance India Private Limited

New Delhi, India, 18th July' 2016

	
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