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INDEPENDENT ASSURANCE STATEMENT TO TATA STEEL LIMITED ON THEIR NON-FINANCIAL DISCLOSURES IN THE INTEGRATED REPORT FOR FINANCIAL YEAR 2017-18

To the Management of Tata Steel Limited

INTRODUCTION

We ('KPMG in India', or 'KPMG') have been engaged for the purpose of providing assurance on the selected non-financial disclosures presented in the Integrated Report ('the Report') of Tata Steel Limited ('TSL' or 'the Company') for FY 2017-18. Our responsibility was to provide an assurance on the selected non-financial disclosures as described in the scope of assurance.

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 GRI G4 Guidelines of the Global Reporting Initiative, World Steel Association (WSA) Sustainability Indicators and United Nations Global Compact (UNGC) Principles.

ASSURANCE STANDARDS

We conducted the 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.

BOUNDARY, SCOPE 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);
- Raw Material Location at Noamundi; and
- Profit centers and corporate offices at Kolkata and Mumbai.



The assurance process was limited to the non-financial disclosures covering the period 1 April 2017 to 31 March 2018 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:

The following selected non-financial disclosure in the Report was subjected to reasonable assurance:

- Greenhouse gas emissions intensity (TSJ).

LIMITED ASSURANCE:

The following selected non-financial disclosures in the Report were selected for an expression of limited assurance:

- Greenhouse gas emissions intensity (TSK);
- Greenhouse gas emissions (Scope 1, Scope 1.1, Scope 2, Scope 3 for TSJ, TSK);
- LD slag utilization (TSJ);
- Specific water consumption (TSJ, TSK);
- Dust emissions intensity (TSK, TSJ);
- Energy intensity (TSK);
- Coke rate (TSK, TSJ);
- Effluent discharge intensity (TSJ);
- Attrition rate (officers and non-officers) (TSK);
- Employee on rolls (TSK, TSJ);
- Lost time injury frequency rate (TSK, TSJ);
- Percentage of unique employees trained (TSJ);
- Diversity – percentage of women in the workforce (TSJ);
- Employee productivity (TSJ); and
- Concerns related to compliance, ethics and governance (TSJ).

The assurance scope excludes:

- Data related to Company's financial performance;
- Disclosures outside the defined reporting period;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and assertions related to Intellectual Property Rights and other competitive issues;
- Strategy and other related linkages expressed in their integrated reports;
- Mapping of the Report with other reporting frameworks; and
- Aspects of the report other than those mentioned 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 judgement 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 Integrated Report.
- Verification 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 disclosures presented in the Report.
- Discussion on non-financial aspects with senior executives at the different plant locations and at the corporate offices to understand the risks and opportunities from sustainability context and TSL's strategy.
- Assessment of data reliability and accuracy
- Verification of disclosures through site visits to operational sites at Kalinganagar and Jamshedpur; iron ore mines at Noamundi; profit centers and corporate offices at Kolkata and Mumbai.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same at the company premises.

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

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

CONCLUSIONS

We have reviewed the Integrated Report 2017-18 of TSL. Based on our review and procedures performed and in line with the boundary, scope and limitations as described above, we conclude that:



Reasonable assurance

The selected non-financial disclosure which has been subjected to reasonable assurance procedures as defined under scope of assurance, is fairly stated, in all material aspects, and is in alignment with the reporting criteria.

Limited assurance

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

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 line with the 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) as well as the assurance firm (assurance provider) 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

TSL is responsible for developing the Report contents. The Company is also responsible for identification of material sustainability issues, 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 TSL 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 TSL 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 TSL 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.

Santhosh Jayaram

Partner
KPMG India