

Slavery and Human Trafficking Statement

Longs Steel UK Limited Board Meeting

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NOTE FOR THE BOARD**9 MAY 2016****SLAVERY AND HUMAN TRAFFICKING STATEMENT****THE BOARD IS REQUESTED TO CONSIDER AND ENDORSE:**

- i. The proposed Slavery and Human Trafficking Statement for 2015/16 (Appendix 1);
- ii. Tata Steel Europe Limited publishing the statement on behalf of Longs Steel UK Limited.

A. BACKGROUND

- i. The UK Modern Slavery Act was passed in 2015 in response to increased concerns around slavery, human trafficking and forced labour in global supply chains. It is designed to encourage organisations to take responsibility for their supply chains and own business, by increasing transparency on the steps being taken (or not, as the case may be). The Act obliges businesses operating in the UK and with an annual turnover in excess of £36m, to publish a slavery and human trafficking statement for each financial year. This statement must set out the steps the organisation has taken during that previous year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.
- ii. There are no financial penalties for non-compliance with the requirement to publish a statement, although an injunction could be sought to force publication. The UK government hopes that the pressure from lobby groups, publicity and competition between businesses will drive up standards.

B. THE STATEMENT

- i. It is proposed that Tata Steel Europe Limited publish a statement in respect of Financial Year 2015/16 on behalf of itself and all its relevant UK subsidiaries to which the legislation applies. The statement will be published prominently on the Tata Steel Europe website (as required by the Act), at around the same time that the Report and Accounts are published. The statement must be approved by the Board (or equivalent management body) and signed by a director.
- ii. The proposed statement is attached at Appendix 1.
- iii. The legislation does not mandate the detail of the statement to be published; indeed a statement that no measures have been taken in relation to the avoidance of human trafficking and slavery would be sufficient to meet the legal obligation. There is however (non-binding) Home Office Guidance on the contents of the statement, which has largely been followed in putting together the proposed statement.

C. POSITION OF LONGS STEEL UK

- i. Longs Steel UK Ltd is obliged to publish a slavery and human trafficking statement for FY 2015/16, on the basis of its UK operations and its turnover. It is permissible for Tata Steel Europe Ltd to agree to publish a statement on behalf of itself and its subsidiaries as at 31 March 2016. This approach is recommended.
- ii. If Longs Steel UK develops its own website then it would be advisable to include a copy of the statement on the website (with explanatory note). In any event, if anyone makes a written request for a copy of the statement this must be provided within 30 days of receipt of said request.

THE BOARD IS REQUESTED TO APPROVE THE FOLLOWING:

- i. The proposed Slavery and Human Trafficking Statement (as set out at Appendix 1, subject to any subsequent minor amendments);
- ii. A Director of the Company approving the version to be published; and
- iii. Tata Steel Europe Limited publishing the statement on its website on behalf of Longs Steel UK Limited.

Appendix 1

Slavery and Human Trafficking Statement for the Financial Year ending 31st March 2016

The UK Modern Slavery Act 2015 requires certain businesses to publish a statement setting out the steps taken in the previous financial year to ensure that slavery and human trafficking is not taking place in their supply chains or own business. Tata Steel Europe and certain of its subsidiaries operating in the UK are obliged to publish such a statement. Tata Steel Europe, as parent company, is publishing this statement on behalf of itself and its relevant subsidiaries.

Our Principles

The Tata Steel Europe Group has operations (including steel making, rolling mills and coating lines) in 10 countries and other distribution, processing and manufacturing businesses and commercial offices in a further 25 countries worldwide. As at March 2016, we employed over 28,000 people, of which in excess of 15,000 are in the UK. Our vision is to be the world steel benchmark for value creation and corporate citizenship. We aim to achieve this in Europe through our five strategic priorities: customer focus, innovation, operational excellence, people and responsible behaviour. Responsibility is important to us; it runs through everything we do as one of the five core Tata Values according to which we operate our business.

Our Values:

Determine our behaviour - support our strategy and brand



We recognise our responsibility to our people and to the wider community - which to us includes responsibility to try to ensure that slavery and human trafficking is not taking place in our business or supply chain.

Our governance framework flows from a set of Group policies, which set the principles and behaviours to which we and our employees are required to adhere. Our Group Purchasing Policy requires our employees to take appropriate steps to ensure that suppliers understand the ethical standards operated by the Tata Steel Europe Group. Our ethical principles are clearly articulated in the Tata Code of Conduct, to which all Tata Group companies subscribe. The Code requires the Tata companies and employees to act with professionalism, honesty and integrity, and to preserve the human rights of every individual and the community.

The principles of the Code of Conduct apply to all our dealings with our business partners who are encouraged to operate to similar standards.

People in our Business

All Tata Steel Europe employees are recruited in accordance with clear HR procedures designed to comply with local legislation, including checks for immigration status and ensuring compliance with national minimum wage requirements.

Tata Steel Europe supplements its internal resources from time to time with support from third party services. This can range from use of specialist consultants on secondment to the business for a short period to outsourcing non-core services to third party suppliers.

The use of temporary agency workers is undertaken to provide the flexibility to react to and support operating requirements across all areas of the organisation (operational, functional, professional and strategic) where demand requires. We currently use circa 20 employment agencies, all appointed in accordance with our procurement processes (including pre-qualification and subsequent checks) and our Responsible Procurement Policy.

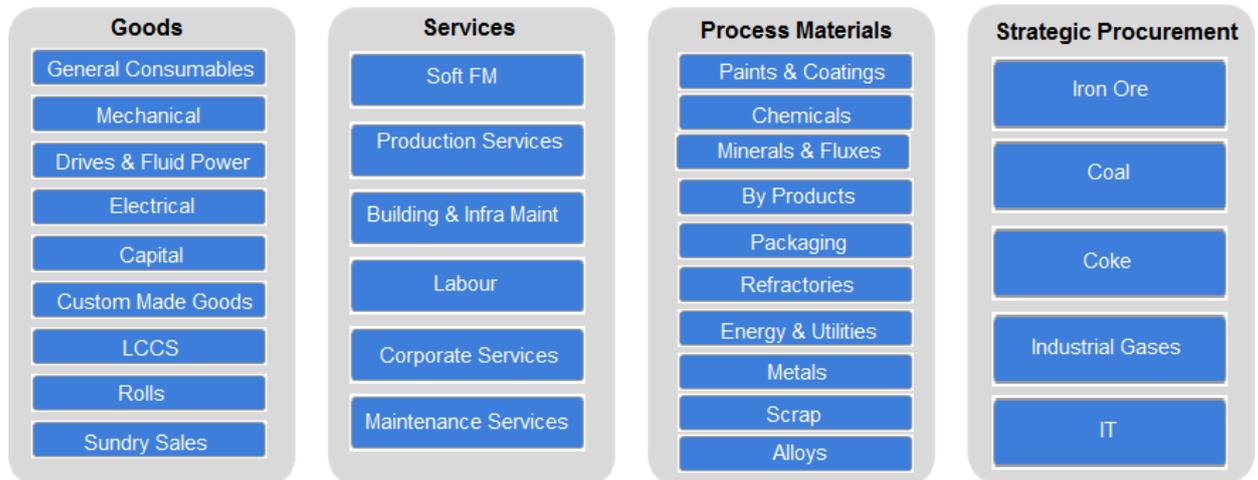
Each employment agency implements an on-boarding process for our temporary staff and provides on-going management, supplemented by local area specific induction processes and training. The agencies are required to check workers are fit for work (including eligibility checks and pre-employment medicals) as part of the on-boarding process.

Supply Chain Overview

Tata Steel Europe spends approx five billion pounds each year on goods, services and raw materials to support its steel making, processing, and distribution operations world wide. To meet company needs, procurement is organised to manage categories across geographies, as set out in the diagram below. Complementing the category organisation, procurement teams are also organised geographically to support all the business operations across the world. Sourcing may be carried out at a local, national or global level.

Category Groups

Structure gives greatest synergies within Category Groups and the End User



Responsible Procurement

Tata Steel adopted a Responsible Procurement Policy in 2011, which sets out the following six principles:

- **Health & Safety** – we expect our suppliers to adopt management practices in respect of Health & Safety which provide a high level of safeguarding for their workers.
- **Fair Business Practices** – the Tata Code of Conduct outlines the ethical standards and fair business practices by which Tata Steel conducts business and we expect our suppliers to adopt similar principles.
- **Environmental Protection** – we expect suppliers to maintain effective policies, processes and procedures to manage their environmental impact.
- **Human Rights** – we expect our suppliers to develop and implement policies and procedures to ensure all human rights in their business and to encourage their suppliers to do likewise.
- **Local Community Development** – we expect our suppliers to contribute to the social, economic and institutional development of the communities in which they operate.

We consider slavery and human trafficking abuses to come under the category of human rights abuses.

Under this Policy, for companies operating in regions recognised as having a high human rights abuse risk, we require that our suppliers adopt suitable and robust policies and procedures which will prevent human rights abuses. They may have suitable accreditation to satisfy us of this (e.g. SA 8000), but if not then we will ask for evidence under nine specific headings, including requiring evidence of there being no forced labour in their operations.

Our Responsible Procurement Policy can be found in full at <http://www.tatasteeleurope.com/en/sustainability/ethical-behaviour/responsible-procurement>

Our standard purchasing terms in the UK require our suppliers to warrant that they adopt good ethical behaviour and comply with our Code of Conduct, as well as all applicable laws. The standard purchasing terms used by Tata Steel Europe's Dutch subsidiary specifically require suppliers to guarantee that there will be "no forced, hidden or dangerous work or community punishment".

Identifying Concerns

The risk of slavery and human trafficking in the supply chain is recognised in our Procurement function's annual risk assessment, and monitored. We assess the risk of human rights breaches against sourcing country and procurement category. The procurement categories we see as having the highest risks in this area are strategic primary raw materials (i.e. iron ore, coal and coke) and certain process materials (such as tin and zinc). These products are often sourced from high risk countries. We monitor these categories of procurement carefully and aim to ensure that the material origin is always known to us and that purchases are made from verified sources. Over 95% of our iron ore, coal and coke purchases are sourced directly, giving us more control over the supply chain than indirect supplies where we have to rely upon our suppliers to be carrying out adequate checks.

As part of our pre-qualification procedures, suppliers of raw material are required to complete a questionnaire, providing evidence that they meet our health and safety, environmental and human rights standards. They may, for example, include evidence that they observe the International Labour Organisation Declaration on Fundamental Principles and Rights at Work which, amongst other things, aims to eliminate the use of forced or compulsory labour. A supplier visit will be carried out for any new, material suppliers. Periodic reviews are then carried out by asking supplier to resubmit a questionnaire response and evidence.

Tin is a major process material used for the production of our packaging steels. We have implemented a policy to not knowingly purchase tin from the Democratic Republic of Congo, in line with the aim of identifying and ultimately discouraging the use of minerals mined in conflict zones. Our commitment in this area is evidenced by our membership of the International Tin Research Institute's Tin Supply Chain initiative, a project to stimulate growth and stability in the DRC and to monitor and certify tin ore.

Reporting Concerns

We have set up a website portal (www.tatasteelsuppliers.com) specifically for our existing and potential suppliers, giving access to a copy of the Responsible Procurement Policy and the Tata Code of Conduct, as well as the standard purchasing terms.

In addition to our own internal processes and reviews, suppliers and employees are encouraged to use our Confidential Reporting line, Speak Up, to report any concerns they may have. Speak Up is an independently run service which allows both employees and suppliers to confidentially (or anonymously) report any concerns they have about compliance, unethical behaviour, breach of HR policy, breach of health and safety rules and other aspects of how we operate. We encourage anyone to report in good faith any issues or concerns. Any reported concerns are investigated thoroughly; the number of confidential helpline calls received is monitored and reported to the Audit Committee of Tata Steel Europe on a quarterly basis. We provide a direct link to the reporting line on the supplier website.

Raising Awareness

Tata Steel Europe raises awareness internally of its policies and ethical standards through a variety of methods, including training, intranet articles and awareness sessions. Induction processes are in place to ensure that new staff are introduced to key policies and expectations, including the Code of Conduct. Detailed e-learning training on the Code of Conduct is also undertaken by senior managers and other key staff. We plan to look at how to raise awareness on the risks of modern slavery and human trafficking amongst our Procurement and HR professionals during the next year, and will use this statement as a platform for that.

Signed:**Director****Date:**