TATA STEEL (THAILAND) PUBLIC COMPANY LIMITED
SUSTAINABILITY REPORT 2014-2015

"Adhering to Highest Standard of Business Conduct"
SAFETY
• NTS, SISCO and SCSC received TIS 18001 and OHSAS 18001 Certifications for Occupational Health and Safety Management.

QUALITY MANAGEMENT
• NTS : The Prime Minister’s Industry Award for Quality Management of the year 2014.
• NTS, SISCO and SCSC received ISO 9001 : 2008 Certification for Quality Management System.

SOCIAL RESPONSIBILITY
• SET Awards : CSR Awards for Outstanding Social Responsibility and CSR Recognition Awards 2014 by The Stock Exchange of Thailand of the 2nd consecutive year.
• ESG 100 Certificate by Thaipat Institute: 1 of 100 Outstanding Companies for Sustainable Operation in Environment, Society and Corporate Governance.
• Anti-Corruption Agreement with Private Sector Collective Action Coalition Against Corruption.

ENVIRONMENT
• SCSC : Outstanding Award in Environmental Impact Assessment (EIA Monitoring Award 2014) by Office of Natural Resources and Environmental Policy and Planning.
• SISCO : Recognition Award in Environmental Impact Assessment (EIA Monitoring Award 2014) by Office of Natural Resources and Environmental Policy and Planning.
• SCSC : Awarded on Project Clean Production Technology Transfer for Metal Industry Group by Department of Industrial Works.
• NTS and SISCO : Green Industry Award level 3 by Ministry of Industry.
• NTS, SISCO and SCSC received ISO 14001 : 2004 Certification for Environmental Management System.

**ECONOMY**

**Country:** Income generating and building good relationship with neighboring countries by using high standard quality of steel for Dam Construction Project in Laos People’s Democratic Republic. Reduce imported high quality steel and create fairness of imported goods from People’s Republic of China which is resulting in no loss of taxes and duties for Thailand.

**Communities:** Promote community income around plant compound by receiving their products for selling at the plant compound every month, including local labor employment.

**Shareholders:** Equal treatment on shareholders’ rights, transparency of data disclosure, accountability of Board of Directors, accuracy of performance reports in accordance with laws and ethics.

**Customers:** Manufacture good quality products in accordance with international standard responding to customer needs with complete information on the label.

**Creditors:** Contract compliance with loan repayment on time.

**SOCIETY**

**Good Corporate Citizenship:** Legal compliance, anti-corruption with ethical business practices.

**Communities:** Continuously create good relationship with communities and related government agencies and private sector; promote education as a foundation for developing all aspects.

**Employees:** Enthusiastic, happy, appropriate remuneration, occupational safety, healthy, continuous training and development, career growth.

**Partners:** Settle payment on time.

**ENVIRONMENT**

**Policy:** 3Rs: Reduce, Reuse & Recycle, Replenish

**Management System:** Dust, water, noise, waste, and energy management exceeds the standard of legal limit.
Dear Stakeholders

In line with Tata Group policy, Tata Steel (Thailand) Public Company Limited has always done what we believe is right for our stakeholders. This we do not just to comply with the regulation.

Fiscal year 2015 was another challenging year for the steel industry and Thailand in particular. Huge overcapacity and declining domestic demand resulted in record levels of steel exports from China. A significant proportion of the same came in ASEAN region and Thailand. Within Thailand, first half of the fiscal year saw political uncertainties resulting in lower than average GDP growth in the country. Along with these macroeconomic factors, there is a continuous expectation to improve resource utilization and give higher value to stakeholders. Climate change is rapidly impacting quality of life. Employees and contractor workers in the manufacturing sites expect higher standard of occupational health and safety practices to be deployed. Environment laws continue to get more stringent as time passes and communities around the manufacturing plants are less tolerant to any deviations.

We need to embrace a new model of growth which is sustainable. The need of the hour is to integrate all aspects of sustainability like environment, social and ethical principals in all our business processes with an aim to create value for our stakeholders and mitigate future risks.

For enhancing sustainability of Tata Steel (Thailand) Group, the Company has revised its vision to focus on following four areas:

- Delight the Customers through innovative best in class products & services in Construction steels
- Create value for shareholders
- Fostering a culture of trust & continuous improvement
- Adhering to highest standards of business conduct

Tata Steel (Thailand) Public Company Limited is committed to address and balance the needs of all our stakeholders. There is a constant endeavor to design and improve processes at all levels not just to meet the regulation but to surpass the same.

I sincerely thank all shareholders, employees, Customers, business partners, communities in an around our plants, regulatory bodies and other stakeholders for their continuous support to the Company.

With warm regards,

Rajiv Mangal
President and CEO
# Pride of Our Success for the Year 2014-2015

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EXECUTIVE SUMMARY

Overview:
Tata Steel (Thailand) Plc. or “TSTH” (erstwhile Millennium Steel) was established in July 2002 post merger of three companies; N.T.S. Steel Group Public Company Limited (“NTS”) located at Chonburi, Siam Construction Steel Company Limited (“SCSC”) located at Rayong and Siam Iron and Steel (2001) Company Limited (“SISCO”) located at Saraburi. In April 2006, the majority shareholding was changed from Cementhahd Holding Company Limited (of Siam Cement Group) to Tata Steel Global Holdings (a wholly owned investment arm of Tata Steel Group located at Singapore) currently owning 67.9% of its paid up capital. With effect from December 2006, the Company changed its name to Tata Steel (Thailand) Public Company Limited (“TSTH”).

Tata Group:
The largest business group of India consists of seven business groups that operate in more than 100 countries on six continents, the Company employs more than 581,000 people around the world by the name of Tata has been recognized for over 140 years in Business Ethics. Tata Steel Limited (“TSL”) is a listed company established under the laws of India and is an integrated steel manufacturer in the top three of India. TSL provides support to help TSTH fully in the business both in terms of technology, finance staff training and international sales through the office network. TSL drives long steel products strategy in the integration between Thailand, India and Southeast Asia.

Tata Steel (Thailand) :
TSTH managed by a management team with expertise in the steel business of Tata Steel, India and the Board with knowledge from TSTH. The Company’s operations as a whole group with the TSTH’s as the highest level of management policy and three subsidiaries will oversee manufacturing operations to ensure compliance with the Company’s management policy both marketing, production planning, procurement, finance, management, human resources, and other administration.

TSTH operates its business as a “Holding Company” with shareholding in 3 subsidiaries namely, the NTS 99.76%, SISC 99.99% and SCSC 99.99%. TSTH is the Thailand’s largest manufacturer and distributor of long steel products that comprises of Bars (Round, Deformed and Special Bars Quality), Small Sections for using in the Construction segment and Wire Rods in low to high carbon grades for using the downstream wire industry. 92.5% of the sales are to the domestic market and it exports 7.5% to the ASEAN region and neighboring countries. Its capacity of Steel Making (Billet) and Rolling (Finished Goods) are 1.44 Million Tons and 1.70 Million Tons, respectively.

Achievements through VISION for FY15 (April 2014 – March 2015) are:-

Operating Performance:
Robust cost & working capital management by reduction in energy and improvement through synergy can save energy in steel production 5.4% from 3,700 MJ/Ton in FY14 to 3,500 MJ/Ton in FY15.

Tight control on working capital helped to manage cash flow. From weak demand and strong scrap price affected volumes and spread. EBITDA 374 MB, PBT (386) MB and PAT (610) MB.

Safety:
PSRM (Process Safety Risk Management) pilot kick off for electric arc furnace for 3 plants and visited by Chief Corporate Safety from India. OHSAS/TIS 18001 certifications for Occupational Health and Safety Management System at 3 plants. Application for WSA recognition. SOP Validations Six Step contractor management process strengthened i.e. Safety hazards and related safety specifications mandatory to process order, Subcontractor details made compulsory for issuing service order, Contractors capability assessment introduced, Consequence management covering 100% of the employees implemented from January 1, 2015. Consequence for the contractors will be implemented from April 1, 2015. Safety Star program launched - covering employees and contract. LTIFR 0.67. NTS surpassed 3 years of zero loss time injuries in March 2015.

Environment:
Application submitted for World Steel Association. Energy reduction project “SAVE” will contribute to reduced CO₂ emission. Apart from compliance to regulatory standards, CO₂ emission of 0.571 ton per ton of liquid steel is better than last year of 0.587. SCSC received EIA Monitoring Award 2014 in Excellent Environment Management category (>85%) from Office of Natural Resources and Environmental Policy and Planning (ONEP) and SISCO received Consolation prize for Environment Management of the same prize.

Commercial Excellence:
Announcement of Anti-dumping in HCWR for 5 years. Enhanced volume in SD50 and Seismic rebar with new brand promotion activities. Adversely impacted by decline in wire rods and exports volume.
Marketing initiatives and technical seminars for consumer awareness on usage of quality steel (SD50, Cut and Bend, Seismic) to create differentiation. Strengthening Marketing and Sales: Market development team and sales team in the regions. Detailed study of the market potential in Laos and Cambodia. Steady increase in value added rebar sales with cumulative growth of SD50 42%, Cut and Bend 28% and Seismic rebar of 47%. SISCO installed a stirrup making machine and introduced stirrups in organized retail.

**Raw Material Sourcing:**
Scrap collection in line with production plan. SCSC plant procurement collaborated with HR and Safety team initiate implement health check result for contractor into contractor card contained RFID system. NTS plant procurement improve contract scrap transportation from THB/Hrs to THB/Ton. Dipstick Assessment by Renoir going on to improve EBITDA. Visited by Tata Steel Europe team for improvement in Metallic. Successful trial of pure Calcium Core Wire at SISCO. Optimum usage of Fe-Si stock to avoid fresh buying. MRO goods: Review Contract Oxygen and Argon with Linde for SISCO, Negotiate New Contract for NG/Task Force to Reduce Inventory Consumable Parts.

**Operational Excellence:**

**NTS:**

**SCSC:**
Received EIA Monitoring Award 2014 in Excellent Environment Management category. Developed and Produced DB148400B-R (ISO 6935-2) exclusive for the neighboring countries. Applied for the patent of its unique Slit rolling practice in operation.

**SISCO:**
Successful Reduced ferroalloy cost of M15 & SS400 by Silicon and Manganese control. Steel Plant: Best record of Run Factor in November 2014 from low setup time and machine breakdown. Small Section: Increased productivity.

**Quality Assurance:**
Customer engagement was enhanced through “Customer Service Team”, which covered 5 key wire rod customers, 4 rebar customers and 6 small-section customers. Technical support was extended to selected WR customers to improve wire-drawing process. There has been increased focus on creating differentiation in rebar quality through better rib area, uniform elongation and weight tolerance control. 14 mm rebars were developed (to ISO 6935-2 standard) for first time in Thailand for Laos and Cambodia Market. RB26 (Special electrode) annual sales was highest-ever in FY15. With all round improvement in product quality, total customer claims in FY15 was lowest-ever.

**Integration & People Management:**
Talent Mobility with NatSteel to exchange the young executives for 3 months. Performance Management System (PMS) is deployed all supervisory level. Employee Engagement Survey is done by Aon Hewitt and initiated the program called “TOGETHER” in which 22 engagement champions are selected to propose the improvement plan together. The project aims to listen to true voices of employees and promote their participation. Various employee relations activities are constantly held (e.g. Employees Birthday Party, Buddhist Lent day, Mother’s Day, President and CEO meets employees at 4 companies etc.). Analyzed and implemented new initiatives to reduce employees’ attrition rate (such as Long Service Year Reward of 5/10/15/20 years, Flexible benefits, Quarterly Diligent Allowance). 5 talents are identified and announced as “Leaders of Tomorrow (LOT) Batch 2”.

**CSR:**
Received SET “CSR Recognition Awards” and “Outstanding CSR Awards” for 2nd year in row. Delivered 200 book corners (1 mobile library) in 40 provinces under “Grow Smart with Tata Steel” program.
**Legal Services & External Affairs:**
Prepares supporting data and coordinates with the related government agencies such as Ministry of Commerce, Ministry of Industry, Federation of Thai Industries, The Engineering Institute of Thailand, Long Product Steel Producers Association, Standard Long Steel Product Trade Association. The coordination is for:-

- Requisition to initiate the anti-dumping investigation of Low Carbon Wire Rods and other contaminated alloy substances of Low Carbon Wire Rods, Low Carbon Wire Rods for cold heading quality, or other types of alloy elements added from China.
- Objection to lower product standard of reinforcing bars (Round bars and Deformed bars).
- Monitor and withhold the importation of low-grade products which impacts people's health and property.

**Innovation:**
Two projects from Tata Steel (Thailand) were nominated for the regional Innovista event of Tata Group Companies in Singapore in FY15 i.e. Reduce CCM breakout rate and Replace Burnt Dolomite with Black Bail.

**Turnaround Levers:**
1) Product Portfolio Optimization: Optimize the product mix in line with higher net contribution. 2) NPD and Quality Assurance: Develop new products and enhance quality for effective benefit to customers. 3) MBF Related: Overall business viability and disposal of idle asset post Mothball. 4) Conversion Cost Focus: Robust and sustainable control on cost for the competitive advantage. 5) Metallic Improvement: Enhance domestic scrap collection for the price advantage. 6) Fixed Cost: Tight control on overheads and other element of Fixed cost.

After successful Turnaround, moving towards new growth levers.

**New Growth Levers:**
1) Increase Reach in upcountry Thailand and freight friendly countries to increase sales volume. 2) New Products & Services including expanding in downstream value chain to get higher margins and EBITDA/invested capital ratio, volatility protection by proximity to end-customers and expanding the product portfolio. 3) Customer Segmentation and value preposition to derive higher value & margins. 4) Excellence in sourcing to achieve 100% domestic supply of scrap at optimal cost through greater control in upstream and efficiency through value in use. 5) Operational excellence through optimized energy, labor, logistics costs and high plant reliability 6) Integrated Margin Model to drive improvement in margins across the value chain.

**Management Structure:**
The Board of Directors comprised of 8 members, 5 are non-Executive Directors and 3 Executive Directors, 3 of them are Independent Directors.

**Corporate Governance:**
Practices were recognized by Stock Exchange of Thailand with better score of their assessment of 81%.

**Ethics:**
TSTH determined to encourage and support the principles of good corporate governance along with its business operation because it realizes that good corporate governance would drive management system towards efficiency, transparency and accountability. TSTH has followed the principles of good corporate governance for listed companies issued by SET. The Company maintains highest standards for business operation with professionalism, integrity, morality and ethical behavior. This is implemented using Tata Code of Conduct (TCoC), which has been prepared in “Ethics Handbook and brochure of Anti-Bribery and Anti-Corruption Policy and Whistle Blower Policy” and distributed to all stakeholders. Whenever there is a breach, supervisors must be notified immediately. Ethics Counselor has been appointed since 2008 and people are encouraged to report any grievance or mal practice without any fear and obligation. Further, TSTH has announced policy and procedures on petitioning of Code of Conduct violation: “Whistle Blower” to safeguard employees and external stakeholders who choose to report on the violation or possible violation of the Code of Conduct directly to the Chairman of the Audit Committee or the Ethical Counselor or to other company’s specific units safely and practically.

**Business Excellence:**

**TBEM:**
The Tata Business Excellence Model 2014 is a Core Values drive business excellence model which focuses on systematic deployment of processes. These processes then mature and become practice in the organization which in turn gives excellent results. After a gap of 5 years, TSTH applied for TBEM in 2014 and got immensely benefitted from the feedback of the assessment.

**FAH (Fly Against hurdle):**
A systematic improvement initiative was launched with a pilot in the area of fixed cost reduction. The pilot was completed successfully which resulted in identification of ideas.

“Operating under the guiding principles of Tata Code of Conduct, TSTH stays committed to be a responsible corporate citizen with the highest standards of all its operations together with Leadership with TRUST.”

The Management Team
## NATURE OF OUR BUSINESS

Tata Steel (Thailand) Public Company Limited has 3 subsidiary companies as below table:

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<th>Subsidiaries</th>
<th>Paid up as of March 31, 2015 (in MB)</th>
<th>Products</th>
<th>Production Capacity of Rebars</th>
<th>Production Capacity of Rolling Mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>N.T.S. Steel Group Plc. (NTS)</td>
<td>4,627.96</td>
<td>Rebars, Wire Rods, Cut and Bend, Special Bars</td>
<td>550,000 ton/year</td>
<td>800,000 ton/year</td>
</tr>
<tr>
<td>No. 351, Moo 6, Highway 331, Hamaraj</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Chonburi Industrial Estate, Tambon Bowin, Amphoe Sri Racha, Chonburi Province</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Siam Iron and Steel (2001) Co., Ltd. (SISCO)</td>
<td>120.00</td>
<td>Wire Rods, Small Sections</td>
<td>300,000 ton/year</td>
<td>400,000 ton/year</td>
</tr>
<tr>
<td>No. 49, Moo 11, Tambon Bang Khamode, Amphoe Ban Mor, Saraburi Province</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Siam Construction Steel Co., Ltd. (SCSC)</td>
<td>1,750.00</td>
<td>Rebars, Cut and Bend</td>
<td>550,000 ton/year</td>
<td></td>
</tr>
<tr>
<td>Plot No. I-23, Map Ta Phut Industrial Estate, Amphoe Muang, Rayong Province</td>
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### Production Capacity and Revenue from Sales

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<th>Production Capacity/Year (Ton)</th>
<th>Sales (MB)</th>
<th>%</th>
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<tr>
<td>Rebars</td>
<td>950,000</td>
<td>15,260</td>
<td>71.46</td>
</tr>
<tr>
<td>Wire Rods</td>
<td>650,000</td>
<td>4,604</td>
<td>21.56</td>
</tr>
<tr>
<td>Small Sections and others</td>
<td>100,000</td>
<td>1,491</td>
<td>6.98</td>
</tr>
<tr>
<td>Total</td>
<td>1,700,000</td>
<td>21,355</td>
<td>100.00</td>
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TYPE OF PRODUCTS AND SERVICES

1. Reinforcement Bar (Rebars)

The products consist of the round bar and deformed bar with diameter of sizes 6-25 mm. and 10-40 mm. respectively. The round bar is produced in accordance with Thai Industrial Standards (TIS) No. 20-2543, grade quality: SR24 and deformed bar is produced in accordance with Thai Industrial Standards (TIS) No. 24-2548, grade quality: SD30, SD40 and SD50. The rebar products serve various purposes for construction industry mostly for reinforcement of concrete such as road, bridge, footing, buildings, houses and general use for construction industry, etc.

Moreover, the Company has developed new rebar product with seismic resistant properties under the brand TATA TISCON S Super Ductile rebars, with grade quality of SD40 with diameter of 10-40 mm. The new rebar product complies with international quality standard to resist external forces, for instance, from earthquake, storm, or storm surge, and provides better safety and protection for building structures.

2. Low Carbon Wire Rods (LCWR)

LCWR is of grade quality : SWRM 6-22, SWRY11 and SWRCH6A -22A. The size range is 5.5-16 mm. and these are produced in accordance with Thai Industrial Standards (TIS) No. 348-2540, JIS G3503 (1980) and JIS G3507 (1991) respectively. These are used as raw materials for construction parts such as binding wire, nails, wire mesh, galvanized wire, barbed wire, cold drawn wires, and other special applications.

3. High Carbon Wire Rods (HCWR)

HCWR is of grade quality: SWRH 27-82. The size range is 5.5-19 mm. and they are produced in accordance with Thai Industrial Standards (TIS) No. 349-2548. They are used as raw materials for manufacturer of PC Wires and PC Strands, compression spring, extension spring, torsion spring, sling, etc.

4. Small Sections

Small sections are light-structurals and have various forms such as angle or channel. They are produced in accordance with Thai Industrial Standards (TIS) No. 1227-2539, grade quality : SM400-570 and SS400-540. They serve various uses of construction industry e.g. roof structures, electricity poles and billboards etc.

5. Special Bars Quality (SBQ)

SBQ is round bar in plain carbon steel in the size range of 19-40 mm, grade quality: SS400. They are produced in accordance with JIS G3101 (1995) for ‘bright bar’ or cold-drawn bar applications and JIS G4051 (1979) for S10C-S50C grade for hot-forging applications. These products serve the general engineering and machinery sectors.
6. **Cut and Bend (CAB)**

Cut and Bend services produce ready to use rebars in construction as material to serve customer’s requirements and assist them with time saving, labor, and transportation cost reduction and better yields. Customers can save costs from bending, at the same time; there is no waste at their construction sites.

The product is distributed through a network of dealers in Bangkok and surrounding provinces including up-country regions of Thailand. In its endeavor to improve the product mix, the Company also emphasizes on the new seismic resistant rebar, TATA TISCON S Super Ductile for the upcountry market of Chiang Mai. The product was to provide the customers with a new option to enhance safety of the building structures in higher seismic zones. The product has been well received and efforts are underway to increase the reach further to other high seismic zones.

Moreover, the Company exports rebar and wire rods to neighboring countries such as Laos, Myanmar, Cambodia, Indonesia and Pakistan through existing market specific distribution networks located in relevant countries. The Company also exports rebar products under TATA TISCON Brand to India with the support from distribution networks of Tata Steel India.

**Management Standard System**

TSTH’s subsidiaries have an emphasizing to promote management system in all aspects according to international standards. SISC, SCSC and NTS are certified to ISO 9001: 2008 (International standard in Quality Management Systems). In addition, the Company also recognizes the importance of effectively environmental preservation. Three subsidiaries are certified for ISO 14001: 2004 (International standard for the environmental control). The Company is well aware of the importance of the safety in the working environment for its employees. NTS, SISCO and SCSC are certified for TIS 18001: 2554 and OHSAS 18001: 2007 (International standard of Occupational Health and Safety Management Systems).
DRIVING CSR IN TATA STEEL (THAILAND)
1. POLICY AND DIRECTION OF BUSINESS OPERATION WITH SOCIAL RESPONSIBILITIES

Tata Steel (Thailand) Plc. and three subsidiaries focus on corporate social responsibility in operating their businesses as appeared in Clause 10 of the Tata Code of Conduct.

Clause 10. : Corporate Citizenship

“A Tata company shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates.

Tata companies are also encouraged to develop systematic processes and conduct management reviews, as stated in the Tata ‘corporate sustainability protocol’, from time to time so as to set strategic direction for social development activity. The Company shall not treat these activities as optional, but should strive to incorporate them as an integral part of its business plan.”

The Company’s CSR activities are essential for its sustainability management. The Company has identified social responsible targets related to the said sustainability, namely, generating profits to shareholders, taking care of employees and environmental conservation, and etc. Presently, apart from business performance indicators, expectations from all stakeholders must be taken into account. Tata Steel (Thailand) Plc. emphasizes on CSR consistently and embedded CSR as part of its vision, goals, strategies, action plans and operational processes which can enhance value-added to the Company and increase efficiency of sustainable business growth. The management team always creates the balance between business operation and social and environmental responsibility. The Company has carried out CSR activities as the same way as its 140 year old parent company by emphasizing on activities to support and develop the whole surrounding communities where Company is located. In addition, the Company also usually focuses on social responsibility concerning to its production processes and enterprise operation in response to expectation of all stakeholders.

Social responsibility is essential for steel industry since it is related to processing of raw materials for further applications in other industries to create higher value and economic growth of the country as a whole. However, steel industry bears the risk to create pollution affecting to environment directly and indirectly. Since it is an upstream industry for all other downstream ones, the Company operates with CSR starting from raw materials selection, sourcing, logistic, warehousing, processing, quality control, waste treatment, including taking preventive measures to strictly avoid any adverse effects against economy, society and environment.

The Company does not consider CSR as a burden of the Company but look at the benefits of CSR, both during and after implementation, for all stakeholders covering economic value-added, being production base for other industries such as wire products and special grade products for automotive industry, new innovations for environment conservation and energy saving, income generating by local employment and receipt community’s products for selling at the plant compound for instance, communications and the link to stakeholders through various activities included discussions, meetings, open house, answering to questionnaires. All these can create the link to parties affected by the Company. Good Corporate Governance with Code of Conduct in business operation will benefit to stakeholders and will be resulting in good relationships with all various groups of stakeholders and create good image, trust and confidence for all stakeholders.

Economy and Good Governance Issues : Tata Steel (Thailand) aims to generate better earning for satisfaction of investors, employees and other stakeholders and create a positive impact to the country. The Company has corporate governance focusing on management in compliance with laws and regulations, with transparency and accountability to shareholders.

Social Issues : the Company emphasizes on gender equality, covering equal remuneration, welfare, promotion to higher management position. Besides, strict anti-corruption, protection of privacy and confidentiality of customers are also included.

Environment Issues : Steel industry has direct risks on \( \text{CO}_2 \) emission from production process, sharing water resource with community and large scale of power usage. The Company operates business to comply with Green Industrial Standards, covering, waste treatment and recycling, climate change, global warming due to \( \text{CO}_2 \) emission, energy efficiency campaigns and etc. The Company also promotes collaboration with all stakeholders in order to implement CSR activities successfully, included cooperation with local authorities on transparent compliance with relevant laws and society.
1.1 **WRITTEN SOCIAL RESPONSIBILITY POLICIES**

| Tata Value | 1. Operate business with moral, ethic, fairness, honesty, transparency & accountability. All actions can be audited by all concerned parties.  
2. Understanding and attention, respectation, sympathy, graciousness to employees and customers of every country worldwide, including operation for benefits of all stakeholders concerning to Company’s business, as always.  
3. Excellence, strong intention to accomplish utmost possible highest standard, both performing of all related employees and product & service development of Company.  
4. Unity of performing by good cooperation among colleagues of every company in Tata Group, customers, business partners of Company in every country worldwide in order to create good relationship on foundation of toleration, understanding and cooperation of each other.  
5. Accountability, responsibility, giving priority to country, communities and environment where Company operated business in, together with ensuring that the Company will always look after and create benefits to country, communities and societies where Company operated business in. |
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<tr>
<td>The Tata Group’s Vision 2025</td>
<td>25 percent of the world’s population will experience the Tata commitment to improving the quality of life of customers and communities. As a result, Tata will be amongst the 25 most admired corporate and employer brands globally, with a market capitalization comparable to the 25 most valuable companies in the world.</td>
</tr>
<tr>
<td>Tata Steel (Thailand)’s Vision 2018</td>
<td>Tata Steel (Thailand) shall delight the Customers through innovative best in class products &amp; services in Construction steels and thus create value for its shareholders. We will realize our vision by fostering a culture of trust &amp; continuous improvement while keeping employees happy and adhering to highest standards of business conduct.</td>
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<tr>
<td>Mission</td>
<td>Tata Steel (Thailand) aims to promote safety, occupational health and working environment for employees according to “Safety Excellence Journey” and aims to become a leader in process improvement and management covering costs management in all areas, including services and delivery quality products to our customers and increasing sales ratio of special quality steel products with important foundation of corporate citizenship of the country and providing support to promote human resources development for knowledge, high capabilities, enthusiasm and happiness.</td>
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| Culture of Organization “People FIRST” | The operational framework of Tata Steel (Thailand)’s employees, on top of the Tata Code of Conduct, is comprised of:  
• Flexibility In Operations  
• Innovation In Processes  
• Reliability Through Products and Services  
• Speed of Execution  
• Teamwork Across Functions |
### Occupational Health Safety and Working Environment Policies

**Our Belief:**
Health and safety of every one, no matter employee or any other people who work within or join with Tata Steel (Thailand) Plc. Group, is the first priority.

**Our Principle:**
- All injuries and work related illness can and must be prevented.
  We all have a duty to prevent harm. No one should be injured as a result of our operations.
- All employees and contractors are responsible for their own health and safety and that of their colleagues, with management accountable.
  We all have a role to play in managing risk in our operations. Management has additional responsibilities to demonstrate leadership and high standards in health and safety, and is ultimately accountable.
- Employee engagement and training is essential.
  Everyone must be involved in health and safety every day and have the opportunity to contribute positively to a safer and healthier workplace. Employees must know how to keep themselves and those around them safe. They should receive suitable training on the hazard they face and the control measures to be applied.
- Working safely is a condition of employment for all employees and contractors.
  A commitment to work safely can only be demonstrated by our actions … or inactions.
- Excellence in health and safety drives excellent business results.
  Without a healthy and safe operation there can be no business.
- Safety and health is integrated into all our business management systems and processes.
  Sound business decisions cannot be made without genuine consideration for people’s health and safety.

### Environmental Policies

Tata Steel (Thailand) Public Company Limited realizes its responsibility towards the country and the global community to conserve the environment. The Company is committed to conduct its business in an environment friendly way. The Policies on environment are:

1. Develop Environment Management System in every step of operations in compliance with Thailand’s standard and environmental laws. This includes other guidelines by the Company such as Tata Steel Group guidelines on environment management.
2. Control and manage pollution by defining objectives, goals, action plans and evaluation of implementation. Areas of Focus areas:
   2.1 Climate Change : Control and manage carbon dioxide emission to the atmosphere in accordance with the defined standards. The Company aspires to be role model in steel industry for controlling and reducing carbon dioxide emission. “Back to the nature” concept will also be incorporated in the Company’s operations.
   2.2 Dust : Control and manage dust in the workplace and surrounding community in compliance with air quality standard.
   2.3 Water : Waste water treatment in compliance with waste water quality standards.
   2.4 Other waste : Treat other waste in accordance to the defined standards. Recycling is encouraged.
   2.5 Noise : Control and improve noise environment to defined standards.
   2.6 Energy : Improve and manage to continuously reduce the energy consumption.
3. Create Standard Environment Management System according to ISO 14001 for continuous development and improvement.
4. Institute environmental studies and training for all employees to promote awareness and implementation.
5. Cooperate with government and private sector in promoting environment conservation.

This policy should be observed by all employees and will be publicized in public.
Social Responsibility Strategy for Stakeholders

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<tr>
<th>Stakeholders</th>
<th>Social Responsibility Strategy</th>
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| 1. Shareholders | • Conduct business operation in compliance with good governance and the Company’s vision to maximize benefits and increase values for shareholders.  
• Promote the rights of shareholders to attend shareholders meeting, voting, meeting agenda proposing, and Board of Director’s election.  
• Organize plant visit and provide communication channel through Company’s website. |
| 2. Customers | • Commit to provide good quality products and services for highest satisfaction and benefits to customers with international standards and faire prices.  
• Develop products and services in respond to variety needs and control standard of production.  
• Visit customers in order to collect information and suggestion, target satisfaction according to international standard and higher than competitors within the same industry. |
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<th>Stakeholders</th>
<th>Social Responsibility Strategy</th>
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| **3. Vendors** | • Follow honest trade competition framework in compliance with laws and code of conduct.  
• Manufacturer registration for transparency and fairness of competition.  
• Update and develop vendor management.  
• Verify all details of PO before sending to vendors.  
• Maintain standard of payment and update all outstanding status closely.  
• Keep vendor information confidential and create good relationship. |
| **4. Employees** | • Treat employees fairly per human rights, provide equal opportunities to all employees without any discrimination against social status, race, caste, religion, clan, marital status, gender, sexual orientation, age, nationality.  
• Continuously promote and develop all level of employees.  
• Taking care of employee professional career path according to individual potential based on merit system and knowledge & capability.  
• Determine fair remuneration equal to leading companies concerning to employee performance and competencies.  
• Promote good quality of employee life and their families.  
• Set up channel for collecting recommendation and suggestion of employee.  
• Focus on safety management. |
| **5. Communities and Societies** | • Operate Business with moral, support activities for quality of life development to enhance happy benefits for communities.  
• Support various types of social acclivities to enhance quality of life for communities surrounding plant compound.  
• Permit plan visiting for communities and answer all questions concerning to communities.  
• Provide continuous communication and notify the progress of all concerned issues to communities. |
| **6. Environment** | • Operate business by efficient consumption of natural resources to reduce impact to societies and environment.  
• Implement “Green Manufacturing” steps for environmental conservation within surrounding communities with continuous development.  
• Reduce energy consumption by water recycling system without wastewater discharge to outside.  
• Create employee perception for social responsibility and environment.  
• Aim at safety and occupational health and environmental management in compliance with standard and above legal requirement for communities. |
| **7. Competitors** | • Treat competitors with fairness per honest trade competition frameworks, laws and ethics. |
| **8. Governmental Agencies** | • Business operation and management in compliance with laws, regulations, and international standard regarding to, workers, human rights, production, safety, and etc. with continuously regular auditing.  
• Cooperate with governmental agencies. |
| **9. Public Medias** | • Disclose on time correct information to public medias included analyst to further distribute information to public at the right time. |
| **10. Creditors** | • Operate business prudentially, repayment loan on schedule per conditions.  
• Repay loan on time and strictly follow agreement, good taking care of collateral. |
**Ethics in Business Operation**

TATA STEEL (THAILAND) is committed to ensure the highest ethical standards of governance and transparency.

**Employee Handbook** comprised of


**Tata Code of Conduct**:

TCoC is an execution key principles that guide the governance, management and operations of the Tata Group including employees in all duties in order to be the ethical standards for employees to abide by the professional, as such it may be adjusted appropriately to cope with the rules and norms that vary in the world. But the core essence and principles for conducting business on the foundation of ethics will not be changed. We formulated 25 item Tata Code of Conduct in order that all employees and stakeholders have been known and practiced through training and all employees must be tested to ensure that they fully understand and can be implemented correctly and be able to recommend others as well as the stakeholders involved.

**Policies and Guidelines on Gifts**:

Since receiving and giving gifts to their partners whom we do business with Tata is normal and acceptable part of social exchange. So it is not abnormal. So, in order to follow the policy correctly, therefore, the principles and guidelines of acceptable and unacceptable situation gift is stipulated. Acceptance of gifts, the value of the gift, reported case was a gift by filling out a form about giving gifts through Gift Record Online.

**Concurrent Employment**:

Due to Tata employees cannot be hired or positioned of responsibility in other companies or do freelance work for others unless they were approved in advance by the President and CEO. In the case of a full-time Director and Executive Director or the President and CEO, this must be approved in advance by the Board of Directors.

**Conflicts of Interest**:

That may occur, even a situation from the past, employee or family, including parents, spouses and children who get benefit from the Company or any entity that is a seller of goods and services to the Company, a customer, a distributor or a business contact, employee must report adequately and completely to the superior in writing in the Form disclosing any information about the occupation itself and conflicts of interest that may occur in order to be presented together with an opinion to whom is appointed to be responsible for this issue. Thus, after the decision is made, employees will be performed as recommended to correct or avoid conflict. If employees fail to do so, the management will consider as a serious matter and may take disciplinary action where appropriate.

**Policies and Procedures regarding Whistle Blower**:

According to the Announcement No. 14/2014 dated May 30, 2014 with respect to any action in violation or suspected violation of Tata Code of Conduct whether it is important or not, is considered to be a serious issue for the Company, so all employees can report incidents, plots or stories of a breach or suspected to be safe, effective, practical in reality, this will be forwarded with a cover letter to protect the reporters.

**Anti-Bribery and Anti-Corruption Policy and Practices**:

According to the Announcement No. 14/2014 dated May 30, 2014, the Company committed to protect, prevent and detect fraud, bribery and fraud corrupt people with the approval of the Board of Directors’ Meeting of 66 (5/2013-2014) on January 24, 2014, has announced their intention to join the Anti-Corruption Agreement with Private Sector Collective Action Coalition Against Corruption on February 21, 2014 to cooperate with government, civil, society, media and international organizations to establish standards of clean business operation. Policy has identified the views of the Company to act in a way that implied corrupt corruption and bribery. Such policies are the minimum standards to be enforced with the content-related issues including the scope of applicability, responsibilities, policy details, training program for bribery and anti-corruption, terms of records and internal control, risk assessment, the investigation and diagnosis brief responsible, violations, and reporting through the violation, Non - Retaliation Policy questions and support including sending executives to attend a training course with Thailand Institute of Directors (IOD) in “Anti Corruption for Executive Program-ACEP 12/2014 course on August 27, 2014 in order that executive will understand their roles and realize the creation of a mechanism to prevent corruption within the organization and “Anti Corruption The Practical Guide-ACPG 12/2014 course on September 24-25, 2014 in the process that Companies to manage the system to avoid paying for the corruption with the system that is based on the process of self-evaluation (Self Evaluation Tool) which IOD arranged to prevent corruption (Business Principle for Countering Bribery), which the management has acknowledged the role of themselves, the assignment of duties to those responsible, having a support system, human resources, and training including systems for controlling, monitoring and reporting, when the Company has deployed such systems successfully, the Company is likely to be assured that it has a system for prevent paying for the corruption and has participated in the development of good governance to the next level.
The Company has conducted training to executives and employees of the 4 companies all over during August - December 2014 to acknowledge and understand the policies in the employee handbook clearly and tested immediately. Employees who do not pass the test will have to be retrained until they pass to ensure that all employees understand the policies already.

Management of Business Ethics
Management of Business Ethics Annual Plan was proposed to the President and CEO for submission to the Board of Directors for approval. There will be a progress report to Exco on monthly basis. In the past year the Company conducted MBE as follows:

1. Leadership :
   - Review structure of MBE.
   - Review policy and practices.
   - TCoC awareness letter to external stakeholders signed by President and CEO.

2. Compliance Structure :
   - Update of Concurrent Employment and Conflict of Interest that may occur.

3. Communication :
   - Ethics Pause.
   - TCoC Newsletter and TCoC update on intranet.
   - Restate of gift issues to all employees.

4. Training and Best Practice Sharing :
   - Train and test TCoC and Whistle Blower Policy and Practices as part of orientation program to new employees.
   - Retrain and test TCoC and Whistle Blower Policy and Practices to all employees.
   - TCoC Workshop for CFO’s office, and Human Resources and Corporate Affairs to exchange real experiences and suspected wrong or unethical to prepare for Promising Practices when this happens, it will follow this agreement.

5. Measurement of Effectiveness
   - TCoC perception and awareness survey to employees and stakeholders.

6. Ethics Months in July – September 2014 comprised of :
   - Ethics months celebration function by TCoC video, speech of Mr. Cyrus P Mistry, Chairman of the Tata Group and the testimony of the President and CEO. Signed their pledge to adhere to the ethics of the employees of 4 companies.
   - In house communication through to all channels : The text materials campaign at billboards, sending TCoC news via posters and documents in multiple formats and channels.
   - Ethics months special activities: on special events to celebrate the 12th anniversary of the Company on July 10, 2014, religious and cultural activities of the country, Lent Candle and Candle offerings at Wat Phra Mahathat on the occasion of Buddhist Lent Day, corporate social activities with various stakeholders, including shareholders, customers, partners and employees to provide new socks to children in rural areas where poverty is in the 2nd year, Grow Smart with Tata Steel project by delivering the books to schools in need of Chiang Rai earthquake disaster including Phayao, Roi-et and Ubon Ratchathani for No.180-200 schools of 400 schools. TCoC activity to children of employees have a good impression of thoughtful parents as their role models in compliance with TCoC on the occasion of Mother’s Day. Activities, quizzes, to promote women’s rights on Woman Day and training of “ABAC and WB”.

7. Anti-Corruption Agreement with Private Sector Collective Action Coalition Against Corruption
   - Communicate and provide training to employees in 4 companies.

Ethics Reporting
Submit Annual Compliance Report to parent company : The Company has to report about ethics i.e. the Board of Directors approved MBE plan, any meeting that review of ethics, expenses associated with the ethics activities, number of committee members are women, the policy and practice in the complaint, number and details about the complaints, the protection to the complainant, policies and guidelines on gifts record receiving or giving gifts, conflicts of interest that may occur, employee training and or stakeholders on ethics and related matters and the lessons the Company has been gained from the issues.

To report fraud to the external auditors on “Perform Fraud Inquiries Report”, the Company must report to assess the risk which leads to corruption and mitigating the risk.

Monitoring & Reporting
There is regular tracking on performance on weekly, monthly, and quarterly, to be hierarchically reported to executives.
Risk Management

At Tata Steel (Thailand), Enterprise Risk management (ERM) framework & the governance structure has been aligned to Tata Steel (TSL) Group framework. The TSL Group ERM framework is based on practices from COSO and ISO:31000. ERM is an integral part of the Long/ Medium term planning process to enable organizational sustainability. This has helped to have a forward looking approach to risk management. The approach enables the Company to counter and mitigate various risks and simultaneously allows it to pursue available opportunities for the long term benefit of the business.

Being an enterprise in the steel arena, quite expectedly, the Company encounters several risks in areas of commercial, operations, IT, HR etc, accordingly, a risk portfolio matrix has been developed consisting of all known business risks, followed up with a detailed analysis of business environment, market condition and risk mitigation plan with process owners. The risks are categorized into A, B & C category based on likelihood of its occurrence & its impact to business. Category A risk being high on risk metric. We give below an assessment of management approach in various types of risks.

The calendar year 2014 ended with lot of optimism, Government of Thailand taking positive steps in announcing roll out of mega infrastructure projects specially rail corridors, new MRT lines for Bangkok etc. There has been political stability in latter part of the year with consumer confidence increasing. However the GDP, which is an indicator of economic growth for a country grew at 0.7% only with major steel consuming sectors Automotive & construction showing negative growth. Total apparent steel consumption came down in 2014 by almost 4.5% YOY compared to 2013. The overall prices of steel reduced in line with drop of commodity prices around the world. The year was tough for scrap based steel manufacturers as scrap prices remained strong till September 2014 end and aligned with dropping Finished Goods prices in later part of 2nd half of FY15. Against the back drop of low GDP growth, low sales are on account of low demand coupled with increased imports resulting in continued pressure on spreads. TSTH stayed focused in launch of new products & services. In addition, to address volatility in market place the Company stayed focused on reduction in conversion cost, fixed cost and optimizing its working capital finishing the year better than plan in these areas. The Company has honored all its financial commitments during the toughest conditions and during the year the Company reduced its long term debt by 1,610 MB.

Salient risks facing the business are as given below:

1. Market Risk
   The demand for steel is linked to GDP growth of the country. The low GDP growth coupled with increased imported from China affected the production & sales volume of domestic steel producers. The imports also affected the prices of steel specially wire rods.

   During the year the Company strengthened its supplies of high strength construction Rebars, earthquake resistant Rebars and provided ready to use steel in form of cut & Bend and stirrups. All these product categories saw growth rates compared to previous year. Small sections recorded sales better than plan and previous year.

   The Customer Service Teams have helped to capture the specific issues of the Customers and requirement and proactively design such products to meet the customer specific needs. Development of such products is under direct supervision of technical expertise from Quality Assurance and New Product Development Department. In addition the Company also uses resources at South East Asia regional and Tata Steel Group level. The technical expertise also provides inputs to customer on their operation there by providing complete solutions.

2. Risk of Raw Material Supply
   Being dependent on raw material from the market, TSTH has the risk arising from volatility in quantity and prices of input materials and maintaining optimum inventory levels without affecting operations. A mitigation approach of the Company has build relationship with network of domestic vendors. Apart from this, the Company has also enhanced domestic scrap collection through yard management with key partners. Imports also provide a hedge to the risk since a timely contracting can help address both quantity and quality risk. The Company has also initiated action on alternative sourcing of metallic to reduce the cost of input raw material. TSTH has made significant strides in last one year in this area and has taken assistance of the resources at the Tata Steel Group level.

3. Risks Associated with MBF
   The continued high prices of coke and iron ore compelled the Company to mothball the furnace in August 2011. By ensuring a proper maintenance, the Company has ensured good conditions of equipment. All relationships with partner suppliers have been managed well in this period of mothball. The Company is actively discussing & evaluating options for disposal of MBF.
4. Safety, Health and Environment Risks

The steel making operation has an inherent safety and workplace environment risk. While, steel operations per se do not involve hazardous materials, the operations are at high temperature and heavy loads are involved. Since, the steel plant has manning of contractor and own employees, it is essential to have a comprehensive safety management program. The Company had embarked on Safety Excellence Journey few years back. Over the past couple of years the systems & process were improved based on guidelines from TSL group SHE Department. The year gone by we started tracking lead indicators related to safety. The employees were motivated to report near misses and all first aid cases. This highlighted vulnerable areas and there by focusing our action on these areas. At TSL Group level, SHE organization was restructured with appointment of Vice President SHE for TSL Group. New level of enthusiasm was provided to SHE processes. Some key initiatives launched during the year: a) Apart from own employees we also take services of contract workers. As a TSL group the contractor safety has the same weighted as safety for own employees. The TSL Group started Contractor six step safety management processes which have also been deployed in Thailand operations. b) “FIND IT- OWN IT- FIX IT” campaign was launched c) “zero tolerance” approach to unsafe practices & d) Launch of Safety Competency Networks for sharing knowledge and best practices across TSL Group.

The Company and its subsidiaries accord high priority to utilize resources effectively and efficiently with appropriate environmental management regulation to minimize adverse impact to the community. Industrial Estate Authority of Thailand (IEAT) and Department of Primary Industries and Mines, Ministry of Industry has recognized efforts of NTS and SCSC on environment front. The main raw material used across all three locations is ferrous scrap and is fully recyclable. Company has adopted TPM framework and under loss structure reporting, employees identify the areas of wastage and implement project to minimize the energy consumption. Company conducts yearly energy audit by experts from Tata Steel Group. This enables appropriate warning system for any related risk.

5. Human Resource Risks

Operating out of industrial zone and in the low unemployment region of Thailand, the Company faces an obvious risk of attrition particularly in operating grade and supervisory grade employees. To understand the concerns of employees, the Company availed the services of external HR consultant to do the Employee Engagement Survey. The outcome of the survey was discussed in detail at the Corporate HR meeting and as a result at each vertical, Employee engagement Champion team was formed to listen and take suggestions from employees, with objective to address the concerns raised by employees. The initiative was named “TOGETHER”. Suggestions given by various Engagement Champions team was discussed at HR meetings and the suggestions were categorized for ease of implementation. In addition the Company provides career growth opportunities as well as extensive personnel development programs on functional and managerial needs to improve the competency level of employees thereby inducing loyalty. Second batch of “LOT” ( Leaders of Tomorrow) was concluded to give a fast track career growth opportunity to employees for their development. Team building sessions were also initiated across TSTH locations to foster team working spirit. The Company also started regional exchange programme for learning & sharing best practices within SEA.

6. Financial Risk

Financial risk covers all financial commitment the Company has to the external world. Ensuring that the commitments are honored as per contracts, assumes highest importance within the TSL group. The Company has adhered to all its commitment during the year and will keep a close watch with zero tolerance to non compliance. The Forex volatility is being addressed through a Hedging mechanism in line with a structured hedging strategy, monitored by the Regional Treasury Committee, with a formal reporting mechanism to the Board.

7. Risks Associated with Natural Calamity

Due to its location in 4 different geographies, the Company’s inherent risk to natural calamity is relatively moderate. The steel plant at Saraburi which is generally hit by floods was not affected last year. The other two plants are in East of Thailand and as such relatively safe. However, the Company is aware of the risk associated with operating in industrial area and has accordingly taken extensive insurance coverage related to natural calamity and all industrial risks. The Company does emergency handling procedures at all its facilities, and a structured periodical ‘mock drills’ are done to ensure effectiveness of such procedures. Disruption to business operation is effectively addressed by flexible supply chain management and switching operation amongst the three production units.
1.2 ROLES OF ORGANIZATIONAL LEADER AND TOP EXECUTIVES TO SUPPORT AND TO DRIVE BUSINESS OPERATION FOR SOCIAL RESPONSIBILITY

1.2.1 MANAGEMENT APPROACH

Structure of Board of Directors
The Company’s Board of Directors comprised of 8 Directors of which 5 are non-executives and 3 are executives, including 3 Independent Directors who have qualifications over requirement specified by the Office of Securities and Exchange Commission (SEC). The Board of Directors of Company are qualified with variety experiences of skills including special knowledge, broad vision, and mixed of gender that can devote their times to independently provide comment and advice for benefits of Company business. The Chairman and the President and CEO must not be the same person for the purpose of transparency. The Company Board of Directors has appointed 3 sub-committees to be responsible for each special issue consisted of Audit Committee, Executive Committee, and Corporate Governance Committee and Nomination & Remuneration Committee.

Board of Director Operation
In financial year 2014-2015, seven meetings of the Board of Directors have been held to consider Company performances, directions, policies, business strategies, including promotion of CSR, environment and human rights matters.

Transparent Audit
Audit Committee comprised of 3 Independent Directors who has good understanding and experiences in accounting to audit credibility of financial statements. In each Audit Committee Meeting, the auditor will be invited to present comment on financial reports. Last financial year, there were 4 Audit Committee Meetings to audit financial reports, controlling system, internal audit, and risk management to ensure compliance with policies, procedures, regulations, laws, including an auditing of all aspects of Company’s performance for reporting to Company’s Board of Directors and for disclosing on Annual Reports.

Performance Appraisal
The Company has conducted an appraisal performance of Company’s Board of Directors and all Sub-Committees in order to comply with requirement of SEC. Criteria of an appraisal are 1. Structure and qualification of Directors, 2. Roles and responsibilities of committees, 3. Board meetings, 4. Relationship with management, 5. Self development of Directors and executives, 6. Sub-committees meetings.
Structure of CSR Management

The Company has appointed the Corporate Governance, Nomination and Remuneration Committee, to be responsible on corporate governance and nomination, as well as to consider and review practices on the Company’s corporate governance before submitted to the Board of Directors. It has duty to provide advices to the Board of Directors and executives on any practices in line with the guidelines on corporate governance. It shall propose relevant criteria and policy, including selection of qualified person for nomination as Director in replacement of any retiring Director or other cases, to the Board of Directors and to the general meeting of the shareholders for approval. It has duty to consider selection of appropriate person and nominate as the President and CEO to the Board of Directors for approval. It has duty to conduct performance evaluation of the whole Board of Directors and propose its results to the Board of Directors to improve its function and corporate governance. It also has other duties as assigned by the Board of Directors.

The Company has established a Corporate Communications and Activity Department, comprising of Corporate and CSR Activity team to handle CSR program and activities. This team is under the Vice President - Human Resources and Corporate Affairs who is also the Ethics Counselor to Tata Steel (Thailand) Plc.
Restructuring of Structure of Management of Business Ethics

In order that Tata Steel (Thailand)’s business operations comply with Tata Code of Conduct (TCoC), correctly, completely and stringently, and to be in line with the Management of Business Ethics of Tata Steel (Thailand) Group, the Company has established the Business Ethics Committee in 2008, and appointed Ethics Counselor, as well as Ethics Coordinators positioned in three subsidiaries. President and CEO chairs Tata Steel (Thailand)’s Business Ethics Committee and Ethics Counselor works as a secretary. Vice President of each plant will chair each Business Ethics Subcommittee while there will be Ethics Coordinators work as its secretary.

In the past year, the Company has announced a restructuring of Business Ethics Committee and improvement in the orders for the business execution of Tata Steel (Thailand) Public Company Limited Group to be committed to Tata Code of Conduct properly, completely and stringently, it is deemed appropriate to cancel the existing structure of Management of Business Ethics of Tata Steel (Thailand) Public Company Limited Group and adopt the newly revised structure of Management of Business Ethics. There is Business Ethics Sub-Committee - Take Care of Woman to encourage, support and take care woman employees including woman subcontractors who work at Tata Steel (Thailand) Group to be treated in accordance with Tata Code of Conduct properly, completely and stringently.

Scope of Duties and Responsibilities

1. Ethics Counselor :
To give advice on ethical codes of Tata Steel (Thailand) Public Company Limited Group to ensure behaviors committing to Tata Code of Conduct properly, completely and stringently. To act as a channel for receiving and collecting issues with regard to business ethics from concerned parties within and outside the Company group. To act as Secretary to Business Ethics Committee of Tata Steel (Thailand) Public Company Limited with direct reporting to the President and CEO and to be coordinator with Tata Steel Limited, India on behalf of Tata Steel (Thailand) Public Company Limited Group.

2. Ethics Coordinator – Take care of Women :
To coordinate on ethical issues and to be Chairwoman of Business Ethics Subcommittee - Take care of women of Tata Steel (Thailand) Public Company Limited Group. To directly report on ethical issues of women to Chairman of Business Ethics Committee of Tata Steel (Thailand) Public Company Limited and dotted report to the Ethics Counselor.

3. Ethics Coordinator – Plant :
To coordinate on ethical issues among Departments of its own Plant. To act as Secretary to Business Ethics Subcommittee of its own Plant and dotted reporting to the Ethics Counselor.
1.2.2 VISION AND LEADERSHIP

**Vision Formulation**
The Board of Directors defines vision and policy governing impacts to the key stakeholders of the Company. The Corporate Governance, Nomination and Remuneration Committee is designated by the Board of Directors to consider and review relevant practices and propose policy and criteria of the Company's corporate governance. The President and CEO are authorized to implement all policies, including budget preparation and identify CSR activities related to stakeholders. Quarterly reports shall be made and submitted to the Board of Directors and recorded in the Annual Report. This is to show the Company’s commitment on CSR and the result to be reviewed for formulation of following operation strategy.

The Company’s vision is derived from compilation of all ideas, input and concerns from stakeholders. The employee awareness is essential for achieving the Company’s goals. The challenging vision has been proposed to the Board of Directors for approval. Then the President and CEO are authorized to cascade key policy to senior management through a series of meetings on relevant policies. Other senior management will further communicate their policies to all employees.

The Company vision is to deliver quality products and support other connected business operations to achieve its CSR goals. Therefore, the written vision has been formulated showing key focusing areas, i.e. business performance from operation with CSR, dealing with re stakeholders, and sharing values.

**Leadership**

- **Senior Leadership**
The executives have fondly embraced the TATA values since these exist in Thai culture and tradition for centuries and imbibed the model that encourages them to have a passion for excellence, customer centricity and to satisfy the needs of various stakeholders which is to drive the Company towards sustainable value creation and remain a good corporate citizen.

**Vision, Values and Mission :**
TSTH has benefitted from the guidance of the Leadership System that exists at Tata Steel Group (TSL Group) as well as what it has carried in its legacy from SCG that drives the performance excellence. The leadership team establishes, communicates and deploys its vision and values, medium term direction and performance expectation through the leadership system. This helps in setting the long term direction for the Company and also plan the important milestones that we need to achieve in coming years.

The executives have set the communication, direction and operating performance which will be analyzed quarterly together with an adoption of PMS covering all management level and supervisor to drive the same direction of the whole organization.

**Legal and Ethical Behaviour :**
The executives has set up a policy which clearly defines that all business processes and employees will embark on a path of ethical corporate and personal conduct, by ensuring the alignment of individual and corporate with the requirements of the TCoC. The TCoC framework has been used to guide the ethical behaviour throughout the organization. The Business Ethics Committee, Ethics Counsellor, and Ethics Coordinator have been appointed to ensure effective roll out of TCoC to the entire workforce and has laid down a clear whistle blower policy.

**Safety :**
Executives promotes safety consciousness in the organization by setting up Occupational Safety, Health and Working Environment Committee at the corporate and at each plant level. The structure for Safety Excellence has enabled the safety journey roll out and the structure is explained through deployment of Safety Excellence Management System - SEMS and Safety Excellence Journey - SEJ. Safety observation is done by executives and employees during visits to plant or office. This is followed up with review on weekly basis at Monday morning meeting and also monthly Apex safety meeting to review the safety observations and safety Key Performance Measures - KPMs.

**Quality of Product :**
Quality of Product is of utmost importance for the Company. To ensure uniform standard of product quality, the Company has formed a department headed by VP - Quality Assurance and Product Development, who spearheads new product development & quality systems across all the three plants. As a part of regular review QA & PD is reviewed on monthly basis by President and CEO.

**Climate Change :**
As Thailand is the tourism country, so there is a lot of pressure to follow environment standard procedure. Apart from metallic cost, the next big cost element is energy cost. All the three plants use power fuels to run their operations. There is a constant endeavour to optimise the use of energy by installing new improved energy efficient systems to reduce CO₂ emission. Saving on energy expenses can be exploited for concerned environment development. New technology utilization in the meeting within TSTH Group and SEA has been implanted to reduce unnecessary travelling expense.
**Sustainable Organization:**
For sustainable organisation, effectively managing present (through weekly Monday mornings meeting & regular monthly meetings) & planning for future is imperative.

TSTH manages the present through effective management of spread, management of cash flows through tight working capital management (aligning cash conversion cycles), launch of high end products & effective control on conversion cost. Focus on securing low input metallic cost through high proportion of domestic scrap, alternative sourcing of metallic (including import of billets).

TSTH’s executives provide an environment to its people that foster learning, empowerment, employee involvement, and performance ethic. This is the central theme of creating future leaders and thus creates a sustainable organization.

A three stage employee development model drives the learning at various stages in the tenure of an employee consist of Abridged Business Program - ABP, Business Capability Enhancement Program - BCP, and Management Development Program - MDP. An environment of empowerment is continuously built by practising delegation of authority with trust. Appointing people on various task forces as well as asking them to sponsor various initiatives creates a climate of shared responsibility with appropriate accountability.

With resources of SCSC “SEAL” project has been organized to improve an efficient production at SCSC by adoption various techniques such as Total Product Maintenance - TPM, Kaizen, Theory of Constraint - TOC, Total Operational Performance (TOP).

Strategic Procurement, Statistical analysis have been used in the organization at various stages to promote a climate of innovation & business process improvement.

An involvement of executives in operation review, rewards, and perception of mentioned projects are an effort of self development initiation. The usage of PIT’s in steel making and rolling area, using Global Procurement platform in sourcing and embracing best of PD techniques has helped TSTH to challenge its existing processes and deliverables.

To improve the process & secure organizational sustainability, in 2009, the executives had established a Risk Management Committee headed by CFO to evaluate risk in business operation and to create an action plan as to manage and prevent potential risk. Risk evaluation is started with specifying risk during the process of ABP preparation with ongoing adjustment in response to industry and economic situations and financial trend along with internal capability. Risks are prioritized according to the severity of the operation.

Regular reviewing and auditing through meeting of executives is a part of strategic planning process which will be one section in Chairman Report in Board of Directors meeting in each quarter. Record of risks will be reviewed by EXCO meeting.

The executives created an environment for organization and workforce learning through information system, i.e. Intranet, email document. A list of management positions are considered as key positions and a two tier HR Committee allows development of rotation and succession plan.

In the past 2-3 years, the executives has emphasized on operation to ensure that the Company’s problem will be resolved timely by having daily working monitoring closed coordination among departments, development and motivation for working team, including relationship with stakeholders and with quarterly circle plan is the foundation of the Company development plan for the next 3-5 years.

**- Communication and Organisational Performance**

**Communication:**
The executives communicated to all stakeholders and employees about vision, key decisions, policies, directions, business objectives and performance, ethical policy and others through a variety of two way efficient communication channels. The Company effectively uses a combination of meeting, e-mail, website, Facebook, print media and employee survey for effective communication. Stakeholders are communicated about vision, policies, performance, direction and ethics policy through meetings and social media i.e. website, meeting with communities near plants, meeting with customers and suppliers, group interview with media etc. Executives can get employee feedback with interactive sessions in meetings. President and CEO on quarterly basis meets all employees to share & discuss Company performance and provide insights on future challenges.

The Company uses intranet, internal newsletters (internal & group), business meetings, social media, media meet, and shareholders meet etc to communicate performance of the Company & also disseminate policy related matters.

Periodic surveys and informal dialogues as a tool, is actively used to get feedback from employees & customers. These communication channels act as listening post for the Company and provided vital inputs to initiate improvements. In additional, Executives are closely involved in Reward & Recognition Program for setting up a reward policy for employees which is focusing on creating internal, external and interpersonal equity.
Executives also define a reward management system in response to the policy and also develop a working environment towards job accomplishment by emphasis on performance appraisal with regard to achievement of targets. These targets are set and agreed between employee and his/her supervisor through PMS. In addition, Senior Leaders evaluate the capability and the acceptability of each employee by determining his/her potential for future carrier path.

The result of both evaluations will be used as the significant factors in determining employees’ remuneration such as Annual Salary Increase, Variable Pay, Promotion Adjustment and Special Adjustment to correct parity in market. Executives have an important role in improving the quality of life of the employee and family by providing welfare and allowance for employee including medical insurance, annual leave, provident fund, and other allowances.

Executives promoted performance related to safety, innovation and climate change activities in individual and team through Role Model Award, Best Employee Award, Team Incentive Scheme and Project Achievement Recognition.

Senior Leaders constantly keep a check on how business is conducted, for example, a contractor is expected to treat his/her workers based on the Company’s Values. Safety knowledge and training are communicated across the Company for employees’ safety awareness.

**Focus on Action:**
Annual Business Plan - ABP is aligned to vision & inputs from stakeholders.

ABP for the year is approved by the Board, the targets become integral part of each division and also PMS of each employee. Presently, PMS has been applied for “Supervisory” level.

At regular review meetings such as Weekly Meeting, EXCO Meeting, Cost Meeting, APEX Safety Meeting etc. are held to review the compliance to plan.

In addition, changes in external and internal environment are also discussed to understand the impact on Company performance. Accordingly rolling plan is prepared aligning to changes in business environment.

In addition TPM, Innovista and special projects are used as vehicles in order to let employees participate and generate ideas to address issues / challenges related to safety, cost and environment.

All Kaizen and improvement projects are submitted to the committee on monthly basis for review and reward. “Tata Innovista Form” is also used actively to recognise innovative projects.

Based on the inputs from various listening posts viz CSR, EEES, Dealers meet, AGM, various communication meetings etc. the executives engaged on the feedback received and accordingly teams are formed to address key concerns e.g. EESS feedback on Insurance coverage to employees, HR department addressed the issue through renegotiating the cover. Action plan is regularly reviewed.

**• Governance and Societal Responsibilities**

**Organisational Governance System:**
TSTH governance mechanism is aligned to Tata Group values. Company believes that good corporate governance would drive systems towards efficiency, transparency & accountability. The Company has adopted Tata Code of Conduct (TCoC) which has been communicated to all the employees. The governance mechanism ensures that throughout its working the Company and its employees elicit the Tata philosophy of working and are always viewed as law abiding citizens of the country.

The governance system has been formed taking inputs from SET norms for listed companies, Company’s Act & Tax Regulations, External & Internal Auditors, Applicable Safety, Environmental & Labour Laws, Independent Directors and Other key stakeholders.

**Accountability for Management Action:**
TSTH Board approves the plan for the year and ensures that the plan encompasses compliance to safety, environmental, market and requirement of key stakeholders. In addition, through oversight mechanism it also ensures alignment to Company Vision & Goals.

Board reviews the performance of Company through its quarterly Board meetings. Apart from discussing the performance of the Company for the preceding quarter, the Board also reviews the likely estimate for remaining part of the year, thereby ensuring that Company is aligned to its plan and its action aligned to changes in key business factors. The Directions given by Board are communicated through meeting.
**Fiscal Accountability:**
Since TSTH is a listed company, as per SET rules, the Company has an Audit Committee (AC) chaired by Independent Director. Prior to the Board meeting the AC reviews the financial statements to ensure compliance to applicable laws, rules, regulations and standard. Internal Audit & External Auditors also presents its review on the internal control systems and financial statements (true & fair view). Board adopts the financial statements in the board meeting after being reviewed by AC.

**Transparency in Operations:**
TSTH reports on quarterly basis the financial performance duly audited to SET. It also discusses and discloses the performance on safety, environment and other legal requirement to its key stakeholders thereby providing complete transparency on Company performance. The President and CEO of the Company also meets employees of the Company sharing & discussing Company performance and future plans with Bankers, Analysts and Media. In addition, information are updated on SET site for access by shareholders and investors. Board members have to disclose their shareholdings and connected transactions to SET whenever it occurs.

**Independence & Effectiveness of Internal & External Audits:**
In addition for ensuring compliance to systems & procedures as well as abiding to applicable law, there are two independent agencies Internal Audit (IA) & Statutory external auditor (EA). The Internal Audit reports directly to AC with dotted reporting to President and CEO. IA covers all aspects of compliance to policies, systems and procedure etc based on plan approved by Chairman AC. IA ensures that all areas are covered and frequency is decided based on the risk potential, the plan for the year is duly approved by AC. Progress of IA related issue is discussed in the EXCO meeting. IA also has regular interactions with SEA audit team, to get necessary guidance & also ensuring compliance to TSL policies. Every quarter, IA reports the progress on current audits and compliance to previous observations to AC. Appointment of EA is approved by shareholders in AGM. EA reports to Shareholders and the Board. It ensures that the financial statements show true and fair view of company performance in line with Accounting standards and Thai GAAP.

**Protection of Stakeholders’ Expectation:**
The Company reports the performance of the Company to its shareholders & key stakeholders in the AGM. A presentation is made by President and CEO to shareholders and covers an updated on safety, compliance to environment, update on CSR activity, operational performance, key initiatives taken, significant strategic initiatives and key highlights for the coming year.

As an outcome of the AGM, Shareholders plant visit was organised. During the visit an update is also given on above topics. The Board reviews the performance of the Company on quarterly basis. All matters related to performance of Company and all public announcements are placed for Board’s approval.

**Sustainability & Risk Management:**
The Company & its subsidiaries follow a framework for Risk Management that identifies and proactively addresses risk at enterprise level.

The key focus areas for the year are discussed & agreed during the Annual Business Plan exercise. In the regular meeting i.e. Weekly Meeting, Cost meeting, Exco Meeting, Credit Committee, Production planning meeting, the focus of the meetings is not only to review the past performance but also predicting the coming months. The predictability aspect highlights new challenges, Company will face in coming months and necessary corrective steps are taken.

**Succession Planning for Senior Management:**
CGNRC reviews the appointment of Independent Directors and then recommends for approval to TSTH Board. While for executives the probable candidates as successor are being evaluated. As subsequent step, development plan for identified candidates will be initiated. When President and CEO is available, accordingly one of the candidates will be recommended the Board’s consideration and approval.

**Performance evaluation:**
HR department every six monthly carries performance reviews of all employees of the Company. The Performance Management System (PMS) implemented covers employees from Section Manager level 1 to M level. The process starts with self appraisal by employees, reviewed by Department Manager and approved by respective VP. President and CEO along with VPs reviews the appraisal of M levels. HR prepares a detail discussion document on annual increment and bonus.
Legal & Regulatory Behavior:

The executives have set up a complete monitoring system that measures and regularly submits reports to government authorities i.e. Emission rate from dedusting plant, \( \text{CO}_2 \) Emission and waste disposal. The actual are better than the regulation standard. Executives have meeting with community and neighboring companies to get feedback, complaint, concern and follow up, on regular basis. Before commissioning a new project, environment Impact Assessment (EIA) is carried out. Executives also encourage investment project related to climate change, e.g. of such projects: using Natural Gas instead of heavy oil at the Reheating Furnace-SCSC, the use of Low \( \text{NO}_x \) Burner at the Reheating Furnace to reduce Nitrogen Oxide (\( \text{NO}_x \)) emission etc. Energy Management Committee has been constituted. The policy on energy has been announced and circulated to workforce. The workforce engages in searching and amending any deficiency, leakages and avoids unnecessary overuses by improving machinery efficiency (through TPM activities) Production plan will is aligned to market conditions so as to optimize on energy consumption and cost. To meet standard and legal compliance, Company has certified Quality System based on ISO 9001 at SISCO, SCSC & NTS. With focus on Environment, the Company is certified ISO/OHSAS 18001 and ISO 14000 at SCSC, NTS and SISCO. Needless to say regular follow up by internal audit and external audit from TIS to ensure conformity. Furthermore, Internal Audit on regular basis checks fraudulent act.

Ethical Behavior:

All employees have attended the TCoC training and pass the TCoC test. Also, they are required to take an oath that they will strictly conform to the TCoC principles. Executives continuously promote via advertising board, TCoC newsletter. Executives had set up a Whistle Blower System which clearly outlines steps to notify the Company of any breach along with concise protection system for the informant.

Social Responsibility and Support of Key Communities:

TSTH aspire to do business on the foundation of TCoC, focusing on the welfare and the interests of wider society seriously. Company is obligated to improve the society not only by respecting the law and regulations, but also actively seeking the ways to improve the quality of life in the community.

The sustainability initiatives are not only aligned with group corporate philosophy for community wellbeing but also follow the requirement of the Stock exchange of Thailand for the sustainability drive.

However, the steel is a crucial part in the construction and infrastructure improvements to the country which will create value and economic growth for the country as a whole. In addition, steel is also a main raw material source for the other industries, such as the construction and auto etc. TSTH also produces special grades of steel which are for import substitution such as HCWR, MCWR, etc. In order to produce such important and variety of products, Company has to focus and pay attention to the implementation of a corporate social responsibility from beginning of selection of raw materials, warehousing, processing, quality of products, logistic, control waste disposal and surveillance measures prevent the potential negative social and economic commitment to all stakeholders. There will be a strict and rigorous implementation correctly meets or exceeds the required by law. In FY15, seminars with designers, consultants, professors, engineers was held to understand and discuss on rebar' standards and efficient design guidelines to promote better construction practices. Cross functional Customer service team (CST) also visit developers and customers directly to educate the benefit of high strength steel, new products and also guide them on operating parameters. Even though the Company have encountered with difficulties, the Company have strived for social responsibility i.e. “Grow Smart with Tata Steel” initiated in 2009 with consistency of growth to cover broaden areas in FY15, there are 200 schools in 40 provinces.

The Company emphasized on business operation basing on the foundation of good corporate citizenship with conscience of duties and responsibilities to communities, society, and country. The Company pays attention to the environment seriously and continuously. This is an important mechanism that will propel the Company’s business operation mechanism that will propel the Company’s business operations in parallel with sustainable social and environment development. With assertive ideology for materialistic social and environment responsibility, the Company has established guidelines for social activities.

• Strategy Formulation

Resulting from the executives meeting in the 3rd quarter with 5 months in preparation, strategy formulation has been established into 4 steps as follows:

2. Strategy Development and Business Analysis: By evaluation on vision, value, core competencies, strength and weakness of organization and external factors affecting to industry for objective determination.
3. Deployment and alignment of plans and sub objectives together with action plans for all employees, vendors and etc. in order to achieve objectives.
## 1.3 Commitment and Providing Opportunities for Stakeholders Engagement

### Stakeholder Engagement

Stakeholder engagement, internally and externally, is a key part of the Company’s business operations. It is the key element of sustainability management of Tata Steel (Thailand) Group. Recommendations from stakeholders will be taken into account for process improvement, including for making assessment key issues of sustainability. This year the Company has defined ten distinct categories of stakeholders. Communications and engagement approaches for each category will vary as appropriate.

Stakeholders and the response to expectation of each group:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Expectations</th>
<th>Responses by Tata Steel (Thailand)</th>
<th>Responsible Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Shareholders</strong></td>
<td>Return on investment and Company’s growth.</td>
<td>Continuous conducting business operations in compliance with good governance and the Company’s vision to maximize benefits and values to shareholders. Encourage shareholders to exercise their basic rights.</td>
<td>Capital Projects and Business Excellence - Corporate Secretary Office</td>
</tr>
<tr>
<td><strong>2. Customers</strong></td>
<td>Satisfaction from good quality products and services at reasonable prices.</td>
<td>Committed to provide customers with good quality products and services with international standards to services with international standards to reasonable prices and fairness and develop products and services in response to diverse requirements and control quality production. Visit customers to collect input and recommendations. Set customers satisfaction target in line with the international standard and is higher than same industry.</td>
<td>Marketing and Sales, Quality Assurance and Product Development</td>
</tr>
<tr>
<td><strong>3. Vendors</strong></td>
<td>Received correct purchase order for products or services, on-time payment, including good relationship between suppliers and the buyer.</td>
<td>Comply with the fair commercial competition framework laws and Tata Code of Conduct (TCoC), verifying detailed information on PO before sending to supplier, maintain payment standard by closely monitoring of payment status, build good relationship. Establish supplier registration for transparent competition and fairness. Improve and develop supplier management system. Verify detailed information on PO before sending to supplier. Maintain payment standard by closely monitoring of payment status. Maintain confidentiality of vendor information &amp; build good relationship.</td>
<td>Procurement</td>
</tr>
<tr>
<td><strong>4. Employees</strong></td>
<td>Security and career advancement, with satisfying welfare and benefits, having opportunities to develop skills and knowledge, and good safety and occupational health, and quality of life.</td>
<td>Providing equal opportunities for all employees without discrimination against any social status, nationality, caste, religion, family, marital status, gender, sexual orientation, age and ethnicity, while encouraging continuous training and development for employees at all levels, providing career paths according to employees’ ability based on merit and competency, including improving quality of life of employees and their families. Set up the channels to collect employees’ suggestions and comments. Focus on safety management.</td>
<td>Human Resources and Corporate Affairs</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Expectations</td>
<td>Responses by Tata Steel (Thailand)</td>
<td>Responsible Persons</td>
</tr>
<tr>
<td>------------------------------</td>
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<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td><strong>5. Communities and Society</strong></td>
<td><strong>Taking care of the community’s surrounding environment by not discharging pollution while supporting development activities in areas; supporting public welfare and income generating activities in the community.</strong></td>
<td><strong>Conducting business operations with integrity and trust, supporting and societies activities for improving quality of life for benefits of the community through various corporate social responsible activities, and also implementing green production process for environmental conservation in surrounding communities. Give opportunity for community to visit plants and suggest their concerns. Continuous communication and give the progress of any concerns to people in the community.</strong></td>
<td>Chonburi Plant, Rayong Plant, Saraburi Plant, Human Resources and Corporate Affairs</td>
</tr>
<tr>
<td><strong>6. Environment</strong></td>
<td><strong>Minimize impact from pollutions.</strong></td>
<td><strong>Operate business by using resources effectively, while minimize impacts to society and environment. Implement green production process for environmental conservation in surrounding communities &amp; continuous improvement in operation. Reduce energy consumption, recycling water within plant with zero discharge. Build awareness of employees to be responsible to environment. Focus on working safety &amp; occupational health &amp; environmental management in line with standards &amp; better than law.</strong></td>
<td>Chonburi Plant, Rayong Plant, Saraburi Plant</td>
</tr>
<tr>
<td><strong>7. Competitors</strong></td>
<td><strong>Fairness</strong></td>
<td><strong>Fair treatment to competitors and comply with the fair commercial competition framework, laws &amp; regulations and TCoC.</strong></td>
<td>Marketing and Sales</td>
</tr>
<tr>
<td><strong>8. Government authorities</strong></td>
<td><strong>Compliance with applicable laws and regulations.</strong></td>
<td><strong>Operate its business and management in line with all laws, regulations and international standards on labor, human rights, operations, environment, health, safety, etc. with regular monitoring. Continuously cooperate with government authorities.</strong></td>
<td>Human Resources and Corporate Affairs</td>
</tr>
<tr>
<td><strong>9. Media &amp; Reporters</strong></td>
<td><strong>Disclosure of relevant, clear and correct information promptly and timely manner.</strong></td>
<td><strong>Disclose of prompt and correct information to the media including Analysts for further distributing to the public in timely manner.</strong></td>
<td>Human Resources and Corporate Affairs</td>
</tr>
<tr>
<td><strong>10. Creditors</strong></td>
<td><strong>Creating creditors’ confidence that payment of loan shall be made in timely manner.</strong></td>
<td><strong>Carefully run the business operation. Make timely payment of loan and strictly committed to comply with contract terms and conditions. Take care of the collateral.</strong></td>
<td>Finance and Accounting</td>
</tr>
</tbody>
</table>
2. GUIDELINES OF CORPORATE SOCIAL RESPONSIBILITY ALONG WITH BUSINESS PROCESSES

2.1 SUSTAINABILITY REPORT PROCESS

**Reporting Process**

This Sustainability Report has been prepared to show commitment of Company on social responsibilities with maximizing benefit target by Company’s dedication leading to sustainable development. The communication on social responsibility is one of the key elements of holistic responsibility for the whole Company. This report is separated from the Annual Report in order to explain relevant policies, directions, including Company’s performance concerning to an effect of economy, society, environment, corporate government and stakeholders covering information collected from April 1, 2014 to March 31, 2015. This is the 2nd Sustainability Report of Tata Steel (Thailand). This report is prepared according to “Integrated CSR Reporting Framework” based on 2 international reporting frameworks as follows:

- The Global Reporting Initiative (GRI) – Sustainability Reporting Framework
- The International Integrated Reporting Council (IIRC) – Integrated Reporting Framework
- Business Compass – Based on “Social Responsibility” topics prepared by SEC and revised by SET.

The framework of this report will be used for CSR data disclosure reference indicating to planning and deploying of this report to drive value of social responsible operation leading to sustainable development covering significant issues to Company business operation with social responsibility and the effects, both direct and indirect, to the stakeholders. The framework of the contents containing in this report covers both Tata Steel (Thailand) Public Company Limited and its 3 subsidiaries namely N.T.S Steel Group Plc. (NTS), Siam Iron and Steel (2001) Co., Ltd (SISCO) and Siam Construction Steel Co., Ltd (SCSC).

**Quality Control and Reliability**

In the preparation of this report, there is the process of verifying the consistency and integrity of data conducted by Corporate Communications and Activity Department who is responsible in corporate social responsibility and reviewed the correctness of data by the departments who own those data.

**Guidelines for Key Issues Selection**

Selection of issues to be reported is based on key issues identified by stakeholders which are expectations of stakeholders towards the Company and business impacts. The Company has collected ideas and input from series of meetings and discussions with stakeholders, namely, shareholders, employees, customers, venders, surrounding communities, media, etc. through meetings to generate ideas and others as suggested to the executives will create further exchanging idea discussions. Expectations have been captured for continuous improvement and other key development initiatives affected stakeholders and Company for further combining to business plan preparation.

**Key Issues**

During the past year, the Company has continuously improved many areas of operations in response to requirements and expectations, including creating more confidence to all stakeholders. The Company has compared input from stakeholders to actions already taken in order to further improvement in other process and come up with new targets.
## Key Issues

### Corporate Governance, Ethics and Integrity

<table>
<thead>
<tr>
<th>Concerned Stakeholders</th>
<th>Actions Taken</th>
<th>Next Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders:</strong> The Company need to operate transparent business, taking into account on benefits, rights, equality according Corporate Governance guidelines.</td>
<td>Operate business in compliance with the guideline of good corporate governance while encourage shareholders to exercise their basic rights, namely, attending AGM, voting, propose agenda meeting, and nominate individual as Director. The Company has invited shareholders to visit its plants and provided channel for communication via website.</td>
<td>The Company is committed to strictly comply with terms and conditions. Focusing on transparent business operations, ethical behavior and honesty.</td>
</tr>
<tr>
<td><strong>Customers:</strong> Require fair business operation according to business code of conduct, receive quality products and services at appropriate prices, and keep customer information confidential.</td>
<td>Improve products and services quality with warrant, set up product and service complaint system, maintaining confidentiality of customers not to be used for other benefits.</td>
<td></td>
</tr>
<tr>
<td><strong>Vendors:</strong> Equality, transparency and integrity in business operations, protecting common interests by compliance to laws and common agreement.</td>
<td>Maintain confidentiality of vendor and do not exploit their information, and establish code of conduct for Procurement Department.</td>
<td></td>
</tr>
<tr>
<td><strong>Creditors:</strong> Strictly comply with trading terms, including payment and taking care of collateral.</td>
<td>Strictly comply with terms and conditions, and disclose financial information to creditors, and make payment on schedule, take care of the collateral.</td>
<td></td>
</tr>
<tr>
<td><strong>Government Agencies:</strong> It is expected that the Company shall operate its business in compliance with laws and regulations.</td>
<td>Operate its business and management in line with all laws and regulations and international standards regarding labor, human rights, operations, environment, health, and safety with regular monitoring.</td>
<td></td>
</tr>
<tr>
<td><strong>Employees:</strong> Require career development, fair remuneration, work safety, knowledge and skills transferred and equality.</td>
<td>Providing fair remuneration equal to the same level of leading companies; career advancement, remuneration and incentives will depend on quality, achievement, attitude and potential of employees; continuous training and setting up a channel to collect employee suggestions and comments, as well as focusing on safety management.</td>
<td></td>
</tr>
</tbody>
</table>
### Key Issues

<table>
<thead>
<tr>
<th>Corporate Governance, Ethics and Integrity</th>
<th>Concerned Stakeholders</th>
<th>Actions Taken</th>
<th>Next Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communities, Societies, Environment : Responsible to community, society and environment, covering safety, quality of life and natural resources conservation; promotion of using energy efficiency; awareness of quality of life of surrounding communities and societies.</td>
<td>Operating business by using resources effectively, while minimize impacts to society, environment and quality of life; building awareness of employees to be responsible to society, environment and regularly return certain portion of budget to society and environment.</td>
<td>The Company has committed to develop new products. Set target of customer in line with international standard, and higher than the average of the same industry.</td>
<td></td>
</tr>
</tbody>
</table>

### Innovation Management

- **Customers :** Receive quality products, friendly to society and environment.
- **Actions Taken:** Encouraging use of Seismic Rebars. Promoting use of SD50 grade for higher strength rebars to facilitate steel saving. Promoting cut-and-bend and prepackaged stirrups to help customers reduce steel-loss and save construction time and cost.
- **Next Actions:** The Company has committed to develop new products. Set target of customer in line with international standard, and higher than the average of the same industry.

### Responsibility to Products

- **Customers :** Receive higher quality products with appropriate prices.
- **Actions Taken:** Improving product quality at the right prices. Obtaining customer inputs through additional listening mechanisms (e.g. customer service teams). The customers’ satisfaction survey of FY14, resulting in scores of 85 from full scores of 100 of which is higher than the average satisfaction rate in the same industry.

### Supply Chain Management

- **Vendors :** Supply chain management systems facilitate fair competition. Both suppliers and the Company can develop in parallel with good direction for higher standard.
- **Actions Taken:** Establishing supplier registration for transparent competition and fairness.
- **Next Actions:** Improving and developing supplier management system to be more international standards.

### Environmental Friendly Production Process

- **Community, society, and environment :** Improvement of resources utilization process and reducing waste resulting in overall environment improvement which is benefit to societies, communities. Environmental friendly approach results in better health, well-being.
- **Actions Taken:** Focusing on working safety and occupational health management and environmental management with the standards which is better than laws concerning to business that may cause environmental impacts.
- **Next Actions:** Continuously improve and develop Environment management system in production process.
## Key Issues

### Climate Change and Water Management
- **Concerned Stakeholders:** Community, Society and Environment
- **Actions Taken:** Reducing energy consumption, recycling water within plant with zero discharge.
- **Next Actions:** Continuous improvement in operation

### Development and creating Employees’ Satisfaction
- **Concerned Stakeholders:** Employees
- **Actions Taken:** Considering remuneration and welfare for employees in line with costs of living and the Company operating performance; encouraging development of employee competencies.
- **Next Actions:** Set up target score of employee satisfaction and engagement.

### Corporate Social Responsibility
- **Concerned Stakeholders:** Community, Society and Environment
- **Actions Taken:** Operate business with prudent to cause least impacts to communities, societies and environment to be better than the standards as required by laws. Support various activities beneficial to community, society and environment for improving quality of people lives.
- **Next Actions:** Operate business with CSR continuously.


**ECONOMY DIMENSION**

**2.2 CORPORATE GOVERNANCE**

1. *Corporate Governance Policy*

   The Company is determined to encourage and support the principles of good corporate governance along with its business operation because it realizes that good corporate governance would drive management system towards efficiency, transparency and accountability. This would enhance the confidence of the shareholders, investors, stakeholders and all relevant parties, which leads to a sustainable growth and increases value for the shareholders in the long term.

   Therefore, in addition to conduct business with highest standards of organizational and individual behavior by strictly compliance with the Tata Code of Conduct (“TCoC”), the Company has documented its policy and principles of good corporate governance in the Company’s “Good Corporate Governance Manual” since 2005. It has been reviewed and improved to make it up-to-date and aligned with the changing environment. The second update was done in 2014. Its comprises of principles and practices, structure, roles and responsibilities of the Board of Directors and other Committees, rights of stockholders and fair treatment of stockholders, stakeholders consideration and internal control and risk management system.

2. *Other Committees*

   **Structure of Committees**

   Currently the Board of Directors consists of eight members, three of whom are Independent Directors as specified in the Company and SEC’s regulation, together with five non-executive Directors and Directors representing major shareholders. The Company’s Directors are knowledgeable and have broad experiences covering law, accounting, finance and steel business. The Company has defined that the Chairman, as the policy leader, and the President and CEO, as the leader of the business operation, should not be the same person to clearly segregate the roles and induce equilibrium in operation.

   In addition, the Board of Directors has appointed three Committees to focus on particular matters and then submit their deliberations for further consideration or acknowledgement by the Board. They are the Audit Committee, the Executive Committee and the Corporate Governance, Nomination and Remuneration Committee.

   List of member of each Committee and scope of authority appears below:

   **The Board of Directors**

   The Company’s Article of Association specifies that The Board of Directors consists of not less than five and not more than fourteen Directors. Currently, there are eight Directors with three Independent Directors.

   The Board of Directors as on March 31, 2015.

<table>
<thead>
<tr>
<th>Name</th>
<th>Positions</th>
<th>Number of Meetings</th>
<th>Attendance (During 2014-2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Koushik</td>
<td>Chatterjee</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Mr. Maris</td>
<td>Samaram</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Asst. Prof. Rawewan</td>
<td>Peyayopanakul</td>
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<tr>
<td>Mr. Hatasakdi</td>
<td>Na Pombejra</td>
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<tr>
<td>Mr. Taratorn</td>
<td>Premsoontorn</td>
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<tr>
<td>Mr. Vivek</td>
<td>Madan Kamra</td>
<td>6</td>
<td>5</td>
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<tr>
<td>Mr. Peeyush</td>
<td>Gupta</td>
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<tr>
<td>Mr. Rajiv</td>
<td>Mangal</td>
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</tr>
</tbody>
</table>

(More detail about The Board of Directors appears in “Annual Report” page 31)
**Authorized Directors and Binding Signatory Procedures**

Mr. Koushik Chatterjee, Chairman of the Executive Committee and Mr. Rajiv Mangal, the President and CEO jointly sign with the Company’s seal affixed, or Mr. Koushik Chatterjee, Chairman of the Executive Committee or Mr. Rajiv Mangal, the President and CEO jointly sign with Mr. Taratorn Premsoontorn together with the Company’s seal affixed.

**Scope of Authority of the Board of Directors**

The Board of Directors has the duty and authority to manage the Company in compliance with the objectives, Articles of Association and resolutions of the shareholder’s meeting. However, the Board may not approve or decide on the following issues unless acknowledged by the majority of the attending Directors in the meeting of the Company and/or Subsidiaries:

1. Any loan exceeding Baht 50 million and not in the Group’s annual budget.
2. Granting loans, collaterals, indemnifications, guarantees, letters of support or commitments to any persons and not in the Group’s annual budget unless allowed in the contracts of the financial restructuring agreement or business rehabilitation plan of NTS.
3. Any investments exceeding Baht 50 million and not in the Group’s annual budget.
4. Sales, transfers, rent out or permissions related to any properties or assets with the book value exceeding Baht 50 million and not in the group’s annual budget.
5. Approvals or amendments of the Group’s annual budget.
6. Any transactions with connected parties not regarding as normal business operation.
7. Changing of the accounting policy, approval of the annual consolidated financial statements, annual individual financial statements and quarterly group financial statements.
8. Changes related to the Group’s business operation or termination of any business operation.

**Audit Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Positions</th>
<th>Number of Meetings</th>
<th>Attendance During 2014-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Maris</td>
<td>Independent Director</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Asst. Prof. Rawewan</td>
<td>Peyayopanakul</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr. Hatasakdi</td>
<td>Independent Director</td>
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<td>3</td>
</tr>
</tbody>
</table>

(More detail about Audit Committee appears in “Annual Report” page 31)
**Scope of Authority of the Audit Committee**

1. Supervise and review to ensure that the Company has a financial reporting system that complies with the accounting standard as specified by the laws with transparency, accuracy and adequacy.
2. Encouraging the development of a financial reporting system to meet with international accounting standards.
3. Review the Company's internal control and internal audit system for appropriateness and effectiveness.
4. Review the Company's risk management system.
5. Review the Company's compliancy with laws on securities and securities exchange and other laws and regulations related to Company's business.
6. Review internal control system, plans and audit procedures including auditing evaluation of the Company's various operations, in accordance with generally accepted principles and standards.
7. Disclosure of the Company's information in case of connected transaction or transaction that may induce conflict of interest for accuracy and completeness in compliant with the Securities Exchange's regulations. This is to ensure that those transactions are reasonable and to the best interest of the Company.
8. Review and provide recommendations on Internal Audit Office's performance and coordinate with the auditors.
9. Prepare report on business supervision of the Audit Committee and published in the Company's Annual Report. Such report must be signed off by Chairman of the Audit Committee and must contain at least the following information
   - Opinion on accuracy, completeness and credibility of the Company’s financial reports.
   - Opinion on adequacy of the Company's internal control system.
   - Opinion on compliancy with the Securities and Exchange laws, Securities exchange regulations and other laws related to Company’s business.
   - Opinion on appropriateness of the auditor.
   - Opinion on transactions that may induce conflict of interest.
   - Number of the Audit Committee meetings and attendances of each Committee member.
   - Opinion or overall remark perceived by the Audit Committee upon carrying out their duty according to the Charter.
   - Other transactions that should be noted by shareholders and general investors, under the scope of duties and responsibilities delegated to by the Board of Directors.
10. Consider, select, nominate and remove an independent person to be the Company's auditor and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
11. Appoint, revoke, transfer or terminate the Director of the Internal Audit Office (if any) or employ or change the employment of other Internal Audit Offices.
12. Consider budget and manpower of the Internal Audit Office (if any) or employment budget of other Internal Audit Offices.
13. Other functions as specified by laws or as delegated to by the Board of Directors.

**The Corporate Governance, Nomination and Remuneration Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Positions</th>
<th>Number of Meetings</th>
<th>Attendance During 2014-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mr. Koushik</td>
<td>Chatterjee</td>
<td>Chairman</td>
<td>4</td>
</tr>
<tr>
<td>2. Mr. Maris</td>
<td>Samaram</td>
<td>Committee</td>
<td>4</td>
</tr>
<tr>
<td>3. Asst. Prof. Rawewan</td>
<td>Peyayopanakul</td>
<td>Committee</td>
<td>4</td>
</tr>
<tr>
<td>4. Mr. Taratorn</td>
<td>Premsoontorn</td>
<td>Committee</td>
<td>4</td>
</tr>
</tbody>
</table>

(More detail about The Corporate Governance, Nomination and Remuneration Committee appears in “Annual Report” page 32)
Scope of authority of the Corporate Governance, Nomination and Remuneration Committee

Corporate Governance and Nomination
1. To examine, review, and propose to the Board of Directors guidelines for corporate governance of the Company.
2. To advise the Board of Directors and the management in line with the Company’s established corporate governance principles.
3. To present to the Board of Directors, norms and principles, as well as nominees for filling board vacancies as a result of directors’ term completion or other cases. To join the Board, the nominees must obtain approval from the shareholders’ meeting.
4. To nominate prospective President to the Board of Directors for approval.
5. To facilitate directors in evaluating performance of the Board of Directors collectively and summarize the evaluation result to the Board of Directors so as to enhance the Board’s supervision effectiveness.
6. Other duties assigned by the Board of Directors.

Remuneration Committee
1. To review and recommend remuneration for the Board of Directors and other board appointed Committees and propose to the Board of Directors and shareholders’ meeting for approval.
2. To review and recommend remuneration (including Salary increase and Bonus) for the President and CEO, Senior Management (COO and VPs) of the Company and propose to the Board of Directors for approval.
3. To define guidelines, procedures and determination of such remuneration to correspond with the Company’s operating result with regard to the various factors and other companies in the industry.
4. To review and recommend the budget for the salary increases, bonus and compensation for employees of the Company and its subsidiaries and propose it to the Board of Directors for approval.
5. To review and recommend salary increase and bonus for the President and CEO of the Company and propose to the Board of Directors for approval.
6. To approve salary increase and bonus for the Senior Management (COO and VPs) of the Company and its subsidiaries based on the proposal given by the President and CEO.
7. Other duties assigned by the Board of Directors.

Scope of authority of the Management Committee
1. Define policies, strategies, management structure and authority to correspond with and support the economic situation for approval by the Board of Directors.
2. Consider and comment on the business plan and annual budget allocation proposed by the management to the Board of Directors for approval.
3. Supervise, oversee and monitor on the Company’s operation to ensure its efficiency and appropriateness with the business situation for the benefit of the Company’s operation to accomplish the objectives according to the policies and business plan prescribed by the Board of Directors.
4. Other functions as occasionally designated by the Board of Directors.

The Management Committee may authorize any Executives with the authority to perform a specific function or functions deemed appropriate by the Executive.

Detail about The Management, please see “Annual Report” page 35.
3. Selection of the Directors and Executives

(1) Independent Directors

The Corporate Governance, Nomination and Remuneration Committee is responsible for selection of Independent Directors, two Independent Directors out of four Directors, before proposing to the Board of Directors and/or the shareholders’ meeting for election or appointment. The selection would be in line with the guidelines and principles approved by the Board of Directors. The Company’s definition of “Independent Director” is stricter than the one specified by the SEC so that they can act independently suitable with specific nature of the Company.

Qualifications of Director

1. Possess the qualifications with no prohibited characteristics as specified in the Company’s Articles of Association, the Public Company Limited Act and the Securities Exchange regulations.
2. Persons with capabilities, experiences and diversity of skills, knowledgeable, competent, leadership, varied perspectives, ethical, record of transparency and ability to express opinions independently.
3. Persons who can devote sufficient time to attend Board meetings to monitor Company’s operation. Holding of Board positions in other companies should be limited to an appropriate numbers.
4. Persons who are not Directors, Executives, shareholders or partners with substantial shareholding of the similar or competitive business operations or business operations that may provoke conflict of interest with the Company.
5. For Director who is also the President and CEO, selection consideration would also base on past performance and result of potentiality evaluation.

Qualifications of Independent Director

- Holding not over 1% of the total voting shares of the Company, parent company, subsidiary company, associate company or juristic person who may have conflicts with, including shares held by related persons.
- No participation in the management nor being an employee, staff, salaried advisor, person with controlling power, parent company, subsidiary, associate or juristic person who may have conflict with, and not having interest in such activities for the previous 24 months prior to appointment.
- No kinship, marriage or legally registered as the father, mother, spouse, brother/sisters and child, including child’s spouse, with the Executive, major shareholder, person with controlling power or person who will be nominated as Executive or person with controlling power of the Company or subsidiaries.
- No business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, in a way that may limit the exercise of independent judgment. This includes not being, or not having been a major shareholder, non-Independent Director or Executive of an entity which have business relationship with the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and not having direct or indirect interest in the following activities for the previous 24 months.
  1. Transactions in the course of normal business operation such as merchandise sales, raw materials purchase or providing services value more than 3% of the Company tangible assets or within the 12 months period.
  2. Transactions of renting or renting out of immovable properties.
  3. Transactions related to assets or services such as acquisition or disposition of assets, rights or providing or receiving services.
  4. Transactions related to granting or receiving financial assistance such as granting or receiving loans, guarantees or providing asset as collateral, including other similar practices which result in the obligation for debt repayment to other parties with value more than 3% of the net physical asset or more than Baht 20 millions, whichever the least within the period of 12 months. In case of transactions of granting or receiving financial assistance, debt obligation incurred during the period of one year prior to the date of business relationship of the same person should be accumulated.
- Not being an auditor of the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and not being major shareholder, non-Independent Director, Executive or managing partner of the auditing office whose auditor works in the Company, parent company, subsidiary, associate or juristic person who may have conflict with, and should have no interest in such characteristics for the previous 24 months.
- Not being a professional service provider, including being a legal advisor or financial advisor who receives service fee of more than Baht 2 million Baht from the Company, parent company, subsidiary, associate or juristic person who may have conflict with. In case the professional service provider is the juristic person, it should include being a major shareholder, non-Independent Director, Executive or managing partner of such professional service provider and not having interest in such characteristics for the previous 24 months.
- Not being a Director appointed as representative of the Company’s Director, major shareholders or shareholders related to major shareholders.
- Not having characteristics that would make independent expression of opinion about Company’s operation impossible.
• Capable of taking care of every shareholder’s interest equally.
• Capable of managing conflict of interest.
• Be able to attend the Board of Directors’ meeting to make decision on matters independently.
• Possess the qualifications with no prohibited characteristics specified by the Company’s Article of Association and regulations of the Public Company Limited Act and the SEC.

**Retirement Age**

- Independent and Non-Executive Directors who have completed the age of 70 years may continue as Directors at the discretion of the Board but in no case beyond the age of 75 years.
- The retirement age for Independent Directors would be 75 years.

**Guideline and Voting Procedures**

In case the election of Company’s Director is proposed to the shareholders’ meeting for consideration, it would be preceded according to the guidelines and procedures specified in the Company’s Article of Association such as shareholders will have one vote for each share held and in case of a tie, the Chairman of the meeting will have a deciding vote. However, for the election of Company’s Director, voting for individual or multiple Directors may be applied but all voting rights equivalent to all the shares held must be exercised at one time and cannot be divided for various candidates.

In the event that a vacancy occurs due to any reason other than the retirement of a Director, the Board shall consider appointing a qualified person who is not prohibited by law to be a replacement Director at the following meeting. Exception is where the remaining term of the vacancy is shorter than two months. The replacement Director shall serve the remaining term of the vacancy. The Board’s resolution for replacement shall be two-thirds majority votes of remaining Directors.

**(2) Selection of Directors and Executives**

The selection of Directors shall comply with the above description above in (1). The Executive Committee will make initial selection for individuals to be appointed as the President and CEO and senior executives, by filtering qualified persons having knowledge, skills and experiences beneficial to the Company. The candidates must have good understanding about business and be able to manage operations to achieve goal and targets formulated by the Board of Directors. The candidate will be further submitted to the Corporate Governance, Nomination and Remuneration Committee to be considered and then proposed for approval by the Board of Directors.

**4. Corporate Governance of Subsidiaries and Affiliates**

The Board oversees the Company’s subsidiaries in order to protect the holding company’s interests as follows:

- Encourage them to adopt good corporate governance principles.
- Appoints representative directors and members of management to serve on the boards of subsidiaries.
- Oversees business operations through the appointed representative directors, members of management and a group-wide policy.
- Considers key matters such as strategic directions, business plans, capital increases or decreases, divestment and significant policies.
- Monitors operating results via members of management, the Executive Committee, and the Board itself.
- Monitors compliance with the rules and regulations regarding: related-party transactions; acquisition and disposition of assets; and adequate and timely disclosure of information. This also includes maintaining proper accounting records and preparing financial reports in accordance with all applicable laws and generally accepted accounting principles.
- Assigns the Company’s internal audit unit to conduct audits at the subsidiaries and affiliates in order to ensure the adequacy and effectiveness of their internal control systems.

**5. Use of Insider Information**

Besides the specified usage of insider information in the Company’s “Tata Code of Conduct,” there are policies and measures to prohibit the use of insider information for the benefit of Directors and Executives by educating them about the responsibility to report on the proportion of Company’s shareholding and any change of such proportion as specified by the announcement of the SEC and Capital Market Supervisory Board (CMSB), guidelines of the SET, including penalty for violation. In case there was a change in the proportion of Company’s shareholding, the Corporate Secretary will summarize, compile and propose to the Board of Directors meeting for acknowledgement, the details of which are also disclosed in the Annual Report.

Moreover, the Company has implemented adequate internal control measures to supervise the use of insider information to comply with good corporate governance principles, and define a policy on prohibiting the use of insider information for personal gain (abusive self-dealing) such as trading with insider information (insider trading) of Directors, Executives and employees working in the unit with access to information of the Company and its subsidiaries (including spouse and underage children of such persons).

• Prohibit the above persons to trade Company’s securities within two weeks prior to the disclosure of Company’s quarterly financial statements and annual financial statements and within 24 hours after the disclosure of such financial statements to the SET (Blackout period).

• In case of other non-disclosed significant information which may have an effect on the price of Company’s securities, the Board of Directors has prohibited trading of Company’s securities until expiration of 24 hours after such information has been released to the public.

Any Director or member of the leadership team, who wish to trade in Company securities, must notify the Board of Directors of his / her intention at least 24 working hours before the proposed transaction.

6. Auditor’s Remuneration

(1) Audit Fee
For the period April 2014 - March 2015, the Company and its subsidiaries paid audit fee of Baht 4,208,000.

(2) Non-audit Fee
For the period April 2014 - March 2015, the Company and its subsidiaries paid a fee such as for audit procedures of the consolidated reporting packages (Indian GAAP), Consolidated reporting packages (IFRS), travelling, per diem, lodging etc. of Baht 3,178,935 to its auditor, the audit firm affiliated with the auditor, individuals or business entities related to the auditor and its affiliated audit firm.

7. Compliance with Good Corporate Governance Principles in Other Matters

The Company is determined to encourage and support the principles of good corporate governance along with its business operation because it realizes that good corporate governance would drive management system towards efficiency, transparency and accountability. This would enhance the confidence of the shareholders, investors, stakeholders and all relevant parties, which leads to a sustainable growth and increases value for the shareholders in the long term.

Apart from conducting business with high standard of conduct (both organization and personal behavior) according to “Tata Code of Conduct: TCoC”, the Company has followed the five categories of the principles of good corporate governance for listed companies issued by SET. The said principles are the same as the OECD Principles of Corporate Governance, comprising of five relevant principles and practices. This has been documented in the Company’s “Good Corporate Governance Policy” since 2005. The principles were adapted for appropriate use in relation to Company’s circumstances and have been reviewed and improved to make it up-to-date and correspond to the ever changing situation.

The Company has been always rated as “very good” in the Corporate Governance evaluation.

The Company’s corporate governance report for the year 2014-2015 is as follows:

Category I : Shareholders’ Rights

The Company respects and realizes the importance of shareholders’ rights, as owners of the investment. The Company has the policy encouraging shareholders to fully exercise their rights in preserving the Company’s interest and it will not violate or deprive the rights of shareholders.

1. Basic rights such as rights to become registered shareholders, purchase / sales or transfer of shares, profit / dividend participation, receiving of sufficient information or report, for instance, changes to equity structure, changes to executive authority, and liquidations of Company’s major assets, including equal access share buyback and etc.

2. Rights to vote during general meeting, i.e., election of directors and remuneration, profit allocation and dividend payment, assignment of auditor and setting audit fee, amendment to the Memorandum of Associations and regulations, changes to equity structure, and approval to key transactions affecting the Company’s business operation.

3. Any other rights according to the law.

Apart from encouraging exercising the afore-mentioned basic rights, the Company has made it convenient for shareholders to attend shareholders’ meeting by implementing mechanism for good meeting arrangement. The Company would provide information about the date, time, venue, meeting agenda, attending procedures, voting procedures and information on matters to be decided well in advance and would not in any way limit the opportunity to receive information or attend the meeting.

The Company also assigns the Corporate Secretary Office to treat and facilitate shareholders’ rights exercise. Shareholders can contact the Corporate Secretary Office via telephone at 02-937-1000 ext. 1460-2.

The Company arranges shareholders’ meeting called Annual General Meeting within four months after the end of Company’s financial year (within July every year), other than the said meeting, an extraordinary general meeting may be called.

The Annual General Meeting for 2014 was held on July 31, 2014 at 10.00 AM at the Four Seasons Hotel, Bangkok. The Company used the Record Date method where shareholding at June 2, 2014 would be eligible for attending the meeting and compile a list according to Section 225 of the Securities and Securities Exchange Act and close the book for transfer suspension on June 3, 2015. There is no extraordinary general meeting called during 2014.
The Company assigned the Thailand Securities Depository Co., Ltd. ("TSD"), the Company’s securities registrar, to send the invitation letter, together with relevant documents in both Thai and English to the shareholders 21 days in advance of the meeting. The accompanying documents are:

1. Invitation letter for the Annual General Meeting in with details of the date, time, venue, agenda of the meeting whether for acknowledgement, approval or for consideration, together with the objectives, rationale and recommendations of the Board of Directors for each proposed issue. The information is considered sufficient for decision making.
2. Proxy forms as specified by the Ministry of Commerce, both simple Form A and the complicated Form B where shareholders can designate their voting decision whether it is “Agree”, “Disagree” or “Abstained”. Shareholders may vote for the election of individual Director during the related agenda.
3. Information of the Independent Directors assigned by the Company as proxy for shareholders such as names, ages, addresses and relative interest in the matters proposed.
4. Annual Report with information in both Thai and English in CD Rom format (and in printed format to be sent to the desired shareholders).
5. Clarification on the credentials supporting attending right.
6. Company’s Articles of Association in part related to shareholders’ meeting.
7. Map of the meeting venue.

Moreover, the Company has:

1. Advertised the meeting invitation announcement in Thai newspaper for 3 consecutive days at least 3 days in advance of the meeting date.
2. Posting a notice on SET news network (www.set.or.th) on an information of the shareholders’ meeting on Company’s website one month in advance of the meeting so that shareholders may gain access to the information conveniently and promptly and have sufficient time to study the information before receiving printed materials from Company.
3. Posting a notice on SET news network (www.set.or.th) on allowing all shareholders to submit their inquiries related to AGM agenda in advance after the date of invitation for AGM. The said written inquiries will be submitted to the Board of Directors or Independent Directors through Corporate Secretary for proceeding to each Director or Independent Director. Relevant inquiries will be answered in the Annual General Meeting later.

For Annual General Meeting of 2014, no shareholder has submitted advance inquiries to the Company.

Category II : Equitable Treatment of Shareholders

The Company realizes its duty to look after the interest of every shareholder, whether it is a major shareholder, institutional investor, foreign shareholder including minor shareholder by equitable treatments described as under:

Shareholders’ Meeting

The Company facilitates and encourages shareholders for attending the meeting such as:

1. provide non-complicated proceeding procedures and avoid unnecessary costs,
2. arrange a meeting venue that is convenient and accessible by mass transport system,
3. prepare explanation about credentials to verify attending right,
4. prepare sufficient competent officers and equipment to handle credential verification and registration,
5. allow unavailable shareholders to grant proxy to a person as he/she wishes or assign a proxy to a nominated Independent Director with no any complicated method; relevant registration document can be submitted in advance of the AGM meeting in order to save verification time,
6. prepare duty stamps to be affixed in the shareholders’ proxy forms,
7. apply barcode system for registration to facilitate convenience and promptness, and
8. allow advance registration for two hours before the meeting starts.

Furthermore, after the meeting started, shareholders still can register to attend the meeting and have the right to vote the matter being considered or not yet passed the resolution.

In Annual General Meeting of 2014, there were 678 shareholders attended the meeting in person and via proxy accounting for 6,269,645,024 shares or 74.99% of the paid up shares of 8,421,540,848. The Chairman of the Board of Directors and Chairman of the Committees, namely, the Chairman of the Corporate Governance, Nomination and Remuneration Committee and all directors attended the meeting. Furthermore, executives, auditors including legal advisors have attended the meeting to explain and answer all inquiries.
Before the Meeting

The Corporate Secretary informs shareholders of the Articles of Association related to the meeting and meeting procedures such as voting procedures, vote counting procedures and announcement of the result.

During the Meeting

The presiding Chairman conducts the meeting transparently according to the announced agendas with no additional agenda for consideration other than those specified on the Notification inviting shareholders to the Annual General Meeting. Appropriate and sufficient time would be allotted for consideration of each agenda before voting. Shareholders would be allowed to vote for election of individual Director and encouraged to provide comments, recommendations and ask questions freely.

The Company uses voting ballots for convenience of shareholders and arranges for the Inspector to supervise voting and vote counting for transparency according to law and Company’s regulations. Vote counting would be done by computer. Only shareholders’ voting ballots of ‘Against’ or ‘Withheld’ would be compiled for calculation by deducting from number of overall eligible shareholders. Shareholder would have one vote per one share. Results of the vote for each agenda would be announced after resolving of each agenda item by slide projection. Moreover, the meeting would be recorded on a video media.

After the Meeting

The Company announces the meeting resolution (agreement, disagreement or abstention) through SET news network (www.set.or.th) immediately after the meeting and prepares the meeting minutes within period specified by law. The minutes records details such as

1. names and positions of the attended Directors, Executives including related persons,
2. announcement of voting procedures and vote counting,
3. questions and answers, comments and recommendations,
4. meeting resolutions and voting result on each agenda, classified as agreement, disagreement and abstention.

Use of Insider Information

Details of the Company’s policy and measures to prohibit the use of insider information for the benefit of Directors and Executives are in the item “Use of Insider Information”, page 39.

There has been no incident of the use of insider information for the benefit of securities trading by the Directors and Managements during the previous year.

Report on Stakeholders

The Company has specified that its Directors, Executives and related persons must declare their own interest in the form defined by the Board of Directors. When there is any appointment to be the Directors or Executives or changes in the report, the Corporate Secretary has been assigned to compile and present to Chairman of the Audit Committee and Chairman of the Board of Directors for acknowledgement such reports. The Company would use such information to monitor and supervise transactions that may lead to conflict of interest such as connected transactions.

Connected Transactions

The Company clearly defined principle and procedure of the connected transactions and to be strictly complied with the regulation of the Securities and Exchanges Commission, Capital Market Supervisory Board and the Stock Exchange of Thailand regard to the conflict of connected transactions. The Directors and Executives having interests and/or connection on a matter will not attend the meeting and vote on such matter to make the fair decisions.

For new arising connected transactions, its volume and amount will be taken into account, and submitted to the Audit Committee for consideration before further submission for endorsement by the Board of Director.

Besides, the Audit Committee is entrusted to review connected transactions on a quarterly basis to avert possible conflicts of interest. Disclosure of connected transactions is provided in the notes to the audited financial statements.

In the previous year, the Company never acted against the regulations of the SET and SEC on Connected Transactions or acquisition/disposition of assets, including a transaction of providing financial assistance to non-subsidiaries.

Category III : Role of Stakeholders

The Company recognized that encouraging a strong relationship and co-operation between Company and all stakeholders would be a factor to build wealth, stability and Company sustainability. It was adhered to the rights of all stakeholders in relation to its business operation, both defined by law or mutual agreement, by responsible to the internal and external stakeholders, whose rights have been violated, with strict fairness, as well as keep developing engagement mechanism for stakeholders.
The employees adhere to the Company’s Code of Conduct issued under the “Tata Code of Conduct (TCoC)”. This has 25 clauses and defines guidelines and practices related to ethical business conduct with all stakeholders. Measures and channels for stakeholders to communicate/inform on unethical conducts are clearly spelt out along with process to protect the informant under the “Policy and Regulation regarding Whistle Blower” (Whistle Blower). The Company also endorses to the Declaration made by the Collective Action Coalition against Corruption (CAC) voicing the intention from the Thai Private Sector to counter all types of corruption. Presently, the Company has submitted the Self-Evaluation Tool for Countering Bribery to CAC for Certification.

Stakeholders can suggest/ report/ appeal on the above TCoC in person/ by letter/ E-mail/ telephone/ fax by contact via the Chairman of the Audit Committee or the Ethic Counselor, details of whom are as given below:

**Chairman of the Audit Committee**
Mr. Maris Samaram
80 Soi Prompan, Sukhumvit 39
Klongtan Nua, Khet Wattana Bangkok 10110
E-mail address: msamaram@gmail.com

**Ethic Counselor**
Mr. Sirorote Metamanosak
Tata Steel (Thailand) Public Company Limited
Rasa Tower 2, 20th Floor,
555 Phaholyothin Road, Chatuchak, Bangkok 10900
Tel.: 66 (2) 937-1000 ext. 1810 Fax: 66 (2) 937-1224
E-mail address : sirorotem@tatasteelthailand.com

Guidelines and responsibility to each group of stakeholders are:

**SHAREHOLDERS**
The Company is committed to create value for all shareholders with fairness by operating business in compliance with good governance and the company’s vision efficiently and treat shareholders with respect and as per the applicable laws and regulations to maximize benefits and values to shareholders continuously. The Company shall inform shareholders of correct and complete information, including disclosing such information in accordance with relevant rules and agreement.

**EMPLOYEES**
The Company regards employees as a valuable asset. Therefore, providing equal opportunities for all employees without discrimination against any social status, nationality, caste, religion, family, marital status, gender, sexual orientation, age and ethnicity, emphasis is placed on providing career paths according to employees’ ability based on merit and competency including improving quality of life of employees and their families. Employees receive compensation and benefits, comparable to other leading companies including Provident Fund for employees to save money to use. There is also a focus on safety, health and environment for all employees. As well as commitment, training and staff development at all levels and covers the ongoing professional to be an important factor in creating organizations to sustainable development.

**CUSTOMERS**
The Company devotes extensive efforts to satisfy our customers in every aspect. It strives to provide products and services to meet the needs of our customers as well as the development of quality products and services with warranty and service for the benefit and satisfaction in terms of quality standards and fair prices. Development of products and services to meet the diverse needs and quality control, complaints about products and services, maintain client confidentiality includes not put customer data to generate benefits are also a return policy if it finds that the product is not quality or inferior.

**PARTNERS**
The Company sets a clear policy and framework based on the TATA Code of Conduct (TCoC) for its business implementation with transparency and equitability in dealing with all partners. Its subsidiaries are also strictly compliance to the same TATA Code of Conduct. Comply with the fair commercial competition framework and TCoC, verifying detailed information on PO before sending to supplier, maintain payment standard by closely monitoring of payment status, build good relationship. The Code covers joint operations between the Company and its partners, for instance, regular trainings on safety have been extended to transport contractors who work for the plants.

**COMPETITORS**
The Company strives to operate with integrity and comply with the rules of fair competition, honestly through the source of legitimacy only. The Company will not pose unfair or misleading information about a product or service, to destroy competitors.

**CREDITORS**
The Company strictly complies with the conditions and requirements strictly of both trade creditors and lender and make timely payment, as well as following the affirmatives give to the creditors throughout the liable periods and provide information with accuracy, transparency, equity and fairness.
COMMUNITY, SOCIETY AND ENVIRONMENT

The Company clearly states in its policy of carrying out business by being a good corporate citizen, integrity and trust with duty and responsibility to the surrounding communities and society by supporting activities for improving quality of life for benefit of the community through various corporate social responsibilities. The Company does not regard its implementation according to the specified policy as an option, but it determines to incorporate them into its business plan.

The Company also focuses on environmental protection, rigorous and continuous throughout in order to maintain good environment forever with the implementation and strict compliance in all production processes and all work procedures including compliance with strict environmental laws and regulations. Every company in the Tata Group has committed to make a significant leadership role in “Climate Change” as a result of global warming. It also requires the introduction of the concept. “Back to Nature (green)” is used in all stages of the business of the organization.

GOVERNMENT AUTHORITIES

The company operates and compliance with the law. Strict regulations all employees must abide by the laws and regulations of government agencies involved. And to cooperate with the government continues.

MEDIA & REPORTERS

The Company gives importance to the disclosure of the media in general for communication to the public widely on the basis of accuracy and up to date.

Category IV : Disclosure and Transparency

The Company realizes and emphasizes on the responsibility to disclose required financial and non-financial information for transparency, accountability and the benefit of shareholders, investors, analysts and other stakeholders. Such information disclosed must be correct, inclusive, and thorough and create no misunderstanding. The information should be up-to-date and timely as specified by the Securities Exchange Commission (SEC), the Securities Exchange of Thailand and relevant agencies. The Management is responsible for the communication and important information disclosure both the Periodic reports such as financial statements, Annual Statements (Form 56-1), Annual Report (Form 56-2) and Non-Periodic reports such as asset acquisition / disposition, connected transaction, participation/cancellation of joint venture, increase/decrease of capital, issuance of new shares and buy back of shares.

The Company has set up the Corporate Secretary Office to act as a center for Company’s information disclosure both in normal and urgent situations. Samples of the information are:

1. Financial and non-financial information with completeness, correctness and comparativeness, both in Thai and English : SET news network (www.set.or.th).
3. Latest shareholding structure is disclosed with details of major shareholders and proportion of minority shareholders, including beneficial owner and no cross holding between the Company’s group. The information of Directors and Executives’ shareholding, not over one percent of stocks issued, is also included : Annual Report/ TSTH website.
4. Information in the Annual Report is disclosed completely and clearly for the benefit of shareholders’ decision making such as analysis on financial status and operating performance, analysis on industry overview and competition, business risks, bio-data of Directors and Executives, remuneration of Directors and top Executives and information on Directors’ meeting attendances: TSTH website.
5. Financial statements in accordance with generally accepted accounting principles and audited by an independent auditor who is qualified and accepted by SEC. The Company had no record on submitted delayed quarterly and annually financial statements to SET and SEC: SET news network/ TSTH website.
6. Information on connected transactions (if any).

In addition to the disclosure of information as specified by the Securities Exchange Commission (SEC), The Securities Exchange of Thailand and relevant authorities, the Company has assigned the President and CEO as its ‘speaker’ to communicate Company’s information to the public investors who are shareholders and general shareholders, and assigned the Corporate Secretary to manage the function of Investor Relation by being responsible for communicating and coordinating with shareholders, institutional shareholders, general shareholders, analysts and related agencies and providing convenient access to Company’s information such as meeting materials, operating performance materials and other reports through Company’s website (www.tatasteelthailand.com). This is to strengthen investors’ understanding and confidence towards the Company.
Furthermore, the Company also has policy on press briefing quarterly to disseminate its operational results to the public through media, for instance, newspapers and various magazines. The President and CEO, Chief Operating Officer, Vice President-Human Resources and Corporate Affairs and Vice President-Marketing and Sales are assigned to provide interviews on behalf of the Company.

In 2014-2015, after having submitted the quarterly and annual operational performance to the SET, the Company arranged for the press briefing to make announcement to the public. There were about 10 - 20 analysts, including analysts from banks, financial institutions, printed media, attending each quarterly press briefing to get an update Company’s performance as well as latest outlook of steel industry.

**Category V : Responsibilities of the Board of Directors**

The Company specifies the role of Directors so that they can perform the function with “responsibility, cautiousness, integrity and accountability” with an objective to provide equitable treatment to all shareholders and create mutual confidence between shareholder and the Company. Management system in accordance with the principles of good corporate governance has been implemented to ensure honest, reasonable and independent supervision and operation under legal framework and business ethics for effectiveness and efficient working of the Board functions to maximize benefits to all stakeholders.

**Structure of the Board**

The Company takes into account check and balance principle as well as emphasizes on board diversity under the clear structure of the Board. The Board of Directors comprises of qualified persons with appropriate knowledge, ability and experiences in steel industry and other businesses, gender, leadership with broad perspective, ability to commit time and efforts for functioning as Directors who can express freely and beneficial to the Company’s business operation. Specific Committees have been appointed to consider specific matters for appropriate decision making and for compliant to the corporate governance guidelines.

Besides, the Board of Directors also appoints the Corporate Secretary who is qualified and experienced on secretariat matters.

(More detail about Corporate Secretary appears in "Annual Report" page 35)

**Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has to define Company’s vision, mission, policies, long-term strategy, business plan and annual budget which is proposed by the assigned management. To consider those matters, directors will fully discuss and share their opinions. Besides, the Board also assigned the responsibility to Management to implement policies and plan to improve Company’s operation on a continuous basis.

Further, the Board of Directors has the responsibility to review operating plans, targets, and to allocate adequate budget, especially budget for organization and product research and development, competitive capability development. Each quarter, the Directors will review Company’s performance and on annual basis carry out Directors performance evaluation, including that of senior management. The Board will develop, review and improve risk management system, internal control and internal audit to respond to the changing environment, and to oversee and develop Company’s corporate governance to international standards. They should dedicate their time without taking improper advantages for themselves or other persons, and should not act in such a way that could provoke conflict of interest or compete with the Company or its subsidiaries’ operation. The ultimate objective is to conduct business with stability for the balanced and sustainable benefits of all stakeholders in line with vision, mission and goals of the Company.

The Company’s vision, mission, strategy are usually reviewed and approved by the Board of Directors.

**Authority of The Board of Directors**

1. Approve annual operation plan, annual investment plan, mid-term or long-term plan.
2. Approve short/long term loan from banks/financial institutions, placing collateral as loan guarantee, signing on approved loan agreement or cancellation of loan term.
3. Approve on open/close bank accounts.
4. Approve of using/changes to accounting principle, or update/change to schedule of depreciation rate.
5. Approve of financial statements and allocation of accumulated profit.
6. Approve on selling tangible and other assets not including land and building of higher value over Executive Committee’s authorization.
7. Approve purchase, sell, exchange, mortgage, sale with right of redemption, lease, rent, or let of land and buildings.
8. Approve on HR, organizational structure, HR planning, nomination and recruitment of senior executive and budgeting for annual raises and bonus.
10. Approve on matters submitted to AGM.
**Duties of Chairman of the Board of Directors**

Key duties of the Chairman are to ensure effective functioning and being leader of the Board. The Chairman is accountable to the Board and function on behalf of the direct coordinator between the Board and the management through the President and CEO. The Chairman also has duty to further communicate the Board’s resolutions as appropriate.

There are distinctions of duties between the Chairman as policy leader and the President and CEO as leader on day-to-day management. The Company has a policy to separate the positions of Chairman of the Board and President and CEO. This means that the Chairman is independent from the management and has no other interests and no business or any relationships that may hinder independent deliberation of the Chairman.

The Chairman’s duties include the following:

1. Guiding the Board to ensure its effective functioning.
2. Providing independent advice and counsel to the President and CEO.
3. Consulting with the President and CEO and Company Secretary to draw up meeting agendas.
4. Encouraging all board members to debate issues freely during meetings, ask questions and express opinions.
5. Encouraging constructive relations within the Board members and between the Board and management.
6. Ensuring effective communication with the shareholders.

**The Audit Committee**

The Audit Committee was appointed by the Board in the year 2002, and now consisted of three Independent Directors. All committee members are knowledgeable and have a business understanding with experience in accounting or finance. More than one Director has adequate knowledge and experience to review the credibility of the financial statements and review the operation to be in compliant with the policy and Company’s regulations, along with the laws, regulations and guidelines of the supervisory agencies to develop financial and accounting system to be in line with international standards. The review ensures that the Company has the internal control system, internal audit system and risk management system which is concise, appropriate, up-to-date and efficient.

The Company has authorized the Audit Committee to function efficiently and express its opinion independently. To enhance the efficiency to monitor the Company’s operation, since the year 2009, the Company had established the internal audit office which is under the supervision of the Committee. When needed, the Audit Committee may seek an external independent advisory at the Company’s expenses.

**The Executive Committee (Management Committee)**

The Executive Committee was appointed by the Board in the year 2002. It consists of four Directors with the responsibility to supervise the Company’s operation as assigned by the Board of Directors to consider the policy, strategies, structure, administration authority, business plans, budget allocation and supervising and monitoring of Company’s operation, along with screening the matters before presenting to the Board of Directors for consideration.

**The Corporate Governance, Nomination and Remuneration Committee**

The Corporate Governance, Nomination Committee and the Remuneration Committee were appointed by the Board in the year 2004. However, the Board of Directors has resolved that both Committees be merged into one Committee with effect from January 31, 2013, to improve effectiveness and to facilitate its functioning. The said Committee now consists of four Directors, including two Independent Directors, having the duty on corporate governance namely: to propose, review and supervise the functions of the Board of Directors and Executives in accordance with the Company’s corporate governance guidelines; to consider selection process and recruit appropriate person for nomination as Director or President and CEO in replacement of the retiring Director or in other cases. It has the duty to study, consider and monitor the change and trend of the remuneration of the Board of Directors, Members of Committees and the President and CEO and the senior management of the Company.

**Terms of the Board of Directors and Committees**

The term of office of each Director shall be three years, provided that at every annual general meeting of shareholders, one-third of the Directors retire. Directors have to jointly agree on the retiring sequence and the Director who vacates his office may be re-elected with no limit on terms. The term of members of other Committees shall be equal to the tenure of the Director on the Board and the director will vacate the Committee as soon as he/she steps down from the Board.

**Serving on other Company Boards by Directors and President and CEO**

The Company has no policy in place yet on maximum number of other listed companies allowed for each Director to serve as the member of their boards. Half of the current Board of Directors is Thai while the rest are non-Thai. The non-Thai Directors do not have their domicile in Thailand; therefore they do not sit on other listed company boards in Thailand. According to the data captured during the last five years, no Thai Director has served more than
five other listed company boards. Each of the Directors is capable to perform their duties and dedicate appropriate time and efforts for the Company.

Since the President and CEO is an inside Director, just like other employees, he has to dedicate his full efforts for the Company according to the terms of the employment contract. President and CEO who also serves as a Director on the Company does not serve as a Director in other listed company, except on the board of the subsidiaries. In any case, the association on other companies outside Thailand has to be declared in the resume printed in the Annual Report.

**Meeting of the Board of Directors**

The Company has scheduled at least five meetings annually and informed each Director in advance. Pre-circulated key agenda for the meeting of the Board of Directors and Committees include monitoring of operation. Additional meetings may be arranged for urgent matters. Before each meeting, invitation letter, agenda and accompanying papers are sent seven days in advance for study. Chairman of the Board of Directors who chairs the meeting would conduct the meeting according to the agenda, taking care of interests of shareholders and other stakeholders, and allowing independent expression of opinion, allocating sufficient time for thorough discussion and expression in each agenda. The resolution of each agenda would be decided by majority voting. In case of a tie, the Chairman of the meeting would cast a deciding vote. Director who has an interest in the discussing matter would not attend the meeting and/or would abstain. The minutes would be clearly recorded after the end of the meeting.

During 2014-2015, seven Board of Directors’ meetings have been held with over 75% of the Directors attending at each meeting and higher than 75% attendance rate of each Director. The Management would also attend each meeting of the Board of Directors to report on essential information and to acknowledge the policies and decisions of the Board of Directors. Exception is made to some meeting agenda specifically reserved for only the Board of Directors or non-Executive Directors to allow independence of expression. In each quarter, Independent Directors will also confer meeting separately among themselves.

**Board of Directors Performance Evaluation**

Based on the good corporate governance’s principles, the Board of Directors resolved that there shall be annual performance self-evaluation by the Board to assure of their efficiency and fairness for all stakeholders. Performance evaluation methods shall be conducted for overall performance of the Board of Directors and for individual Directors’ performance. The Board aims to leverage the said evaluation as a tool to review problems and issues arising during the previous year. The outcome of the evaluation will be used for preparing guidelines and measures for further operational improvements.

For overall Board performance evaluation, it will include 1) structure and qualifications 2) roles, duties and responsibilities 3) meeting of the Board 4) relationship with the management team 5) self-development of Directors and Executives, and 6) each Committee. For individual performance evaluation, it will include 1) readiness of each Director, 2) preparation of strategic and business plans, 3) risks management and internal control, 4) handling of conflict of interests, 5) monitoring of financial statements and operational performance, and 6) meeting attendance. The performance evaluation processes are as follows:

1. The Corporate Governance, Nomination and Remuneration Committee reviews performance evaluation form for completion, appropriateness and up-to-date.
2. The Company Secretary compiles completed evaluation forms to summarize the outcome and recommendations.
3. The Company Secretary submits to the Board the outcome of the performance evaluation and recommendations for consideration on performance improvement.

For performance evaluation of other Committees, including the Audit Committee and the Corporate Governance, Nomination and Remuneration Committee, the same process of the Board performance evaluation have been applied.

During the 2014-2015 performance evaluation of the Board of Directors and Committees, all Directors and committee members submitted their recommendations broadly and freely on the evaluation forms. The outcome of the evaluation is concluded as “Good”.

**Business Ethics**

The Company has set high standards in business operation through professionalism, integrity, moral and ethical behavior under the “Tata Code of Conduct (TCoC)” which documented and published in Thai version as the “Ethics Handbook”. This distributed to the Board of Directors, Executive Committee, Executives, employees and external stakeholders who conduct business with the Company, including government agencies and private sectors. Besides, the Management of the Company oversees, communicate and encourage employees at all levels to strictly and constantly adhere to the principles of integrity, transparency and fairness. Whenever there is a breach or possibility of a breach of Company’s Code of Conduct, supervisors must be notified immediately.
Ethics Counselor has been appointed since 2008 and employees are encouraged to report any grievance or mal-practice without any fear and obligation.

The Tata Code of Conduct consists of 25 clauses, covering matters of national interest, financial reporting and records, competition, equal-opportunity employer, gifts and donation, relationship with government agencies, political non-alignment, health, safety and environment, quality of products and services, corporate citizenship, cooperation of Tata Companies, public representation of the Company and the group, third-party representation, use of the Tata brand, group policies, shareholders, ethical conduct, regulatory compliance, concurrent employment, conflict of interest, securities transactions and confidential information, protecting Company assets, citizenship, integrity of data furnished and reporting concerns.

Furthermore, the Company has announced “Whistle Blower Policy and Practices” to safeguard employees and external stakeholders who choose to report on the violation or possible violation of the Code of Conduct to the Chairman of the Audit Committee or the Ethics Counselor or to other Company’s specific units safely and practically.

Anti-Bribery and Anti-Corruption Policy and Practices

Tata Steel (Thailand) is committed to carrying out its business with fairness and transparency based on the mandate to prevent, deterrence and detection of fraud, bribery and all other corrupt business practices. TSTH will give full cooperation with the Government and the Private sector to create standard of clean business operations. In addition to becoming a signatory to the “Thailand’s Private Sector Collective Action Coalition against Corruption” in 2014, TSTH also develops the clear anti-bribery and anti-corruption policy.

All Board Members, senior executives and all employees (whether permanent, fixed - term or temporary), subsidiaries/joint ventures, third parties, any persons or individuals and other agencies who associated with TSTH shall comply with the above said policy. The Company takes a zero-tolerance approach to corruption and does not, either directly or indirectly, through intermediaries or other third parties, solicit, receive, offer, promise or provide any financial or other advantage of material value or otherwise exercise improper influence with the intention of obtaining advantage in the conduct of its business.

Internal Control and Internal Audit

The Company encourages employees at all levels to realize the importance of internal control and internal audit system by setting up efficient system and controlling/monitoring procedures throughout the organization. The intent is to have a complaint process to maintain flexibility where employees can control, supervise, evaluate and review their own work to minimize the risk of fraudulent acts and improper exercise of power and to prohibit illegitimate activities.

Since 2009, the Company has also set up its own internal audit office. This office has the responsibility to supervise the internal audit work of the Company and its subsidiaries which operates under the supervision of the Audit Committee. The Audit Committee carries out quarterly review to oversee compliance with the policies, plans, authority and regulations, including evaluating the risk management and internal control for appropriateness and effectiveness. This is done to ensure that major operations and significant financial transactions are carried out according to the prescribed guidelines and regulations.

Operational control of Management: The Company has established policies and procedures that are appropriate for the efficient operations of the business. These include the determination of clear scope, responsibility and authority for each level of management, and monitoring of the operation of the Company and its subsidiaries on a regular basis. Appropriate internal controls are evident in transactions concerning major shareholders, directors and management team or related parties.

Handling of Conflict of Interest

The Company places importance on the handling of Conflict of Interest issues with caution. Directors, Executives and employees will work with honesty, reasonableness, independence and transparency manner in the overall interest of the Company and Shareholders by following the guidelines of SEC, SET, Company’s Article of Association and relevant laws. It also reports and discloses complete and clear information on Company’s operation. Care is taken to not disclose insider information or uses such information for personal advantage. If any of the Directors has a stake or interest in the matter discussing, he/she will not attend such meeting or will abstain his/her vote.

Moreover, the Company emphasizes the strict compliance with the Code of Conduct in business operation and has set clear guidelines on the issue subject for employees at all levels.
**Risk Management**

The Company has implemented appropriate risk management system by adopted an international standard to be applied for the Company’s business. It has appointed the Risk Management Committee consisting of the Management from each major department of the Company and its subsidiaries to define and revise the administrative policy and strategy, the organization-wise implementation, including risk factors, risk probability and impacts to the Company’s goal. Moreover, the appropriate plan and process to mitigate risks are defined, followed up and reviewed to increase its efficiency. The Company has also assigned the Audit Committee to evaluate the effectiveness of risk management system and report to the Board of Directors regularly. This is the warning mechanism to help protect or minimize the possible losses to Company’s and subsidiaries’ operation.

**Training and development Programs for Directors and Executives**

The Company looks after the interests of Directors and Executives’ since their appointment by supporting them with an appropriate training related to the Company operation by nominating them to relevant programs conducted by institutions such as the Securities and Exchange Commission, the Securities Exchange of Thailand, Thai Institute of Directors Association (“IOD”) and public and private academic institutions. These exposures help them to perform their duties effectively and equip themselves to cope with the changing situations. In this regard, all Thai Directors have attended trainings and seminars that related to the Directors’ duty by IOD.
2.3. RESPONSIBILITIES TO CUSTOMER

The Company is committed to conduct fair marketing by providing quality and safety products as well as excellent services to the consumers. The Company is always ready to meet consumers included suggestion on using the product, counseling on how to solve problems and complaints so that consumers will have highest satisfaction for sustainable consumption.

Consumer accountability covers responsibility on steel products and services through fair marketing. This includes protection of information privacy and education provided to customers.

Product applications has maximum security because of all Company’s products has passed the Standard of Thai Industrial Standards Institute (TISI) by Ministry of Industrial.

The Company discloses detailed information of products according to the regulation of labeling in compliance with laws, standards and marketing communication recommendation, including advertisement, marketing promotion and sponsoring activities. The Company displays detailed information on products tags and opens to interested people to visit production process openly. Products quality has been improved continuously, focusing on safety, energy costs saving. At each product delivery, the Company will provide its quality assurance certificate. Customers have been educated on danger from low quality steel products and benefits from standard products. Communications include brochure, seminar, booklet, radio spots and newspapers. Products information is shown on catalog and a website, by categories and types of standard certification. Advertisements have been placed on local radio stations. The Company’s booth will be opened at the trade exhibitions. Seminars have been organized for designers or contractors who directly use the products. Barcode system has been implemented to facilitate identification of products specification.

The Company produces goods and provides services to create maximum satisfaction to customers, especially safety or risk prevention derived from the use of Company’s products. This can create trust, increase sales volume in compliance with standard and higher than product standard prescribed by relevant Consumer Protection Act, namely, the Bureau of Indian Standards, TIS 9001-2552 (ISO 9001:2008), TIS 14001-2548 (ISO 14001:2004), TIS 18001-2554, BS OHSAS 18001:2007, production license for reinforce and new products, namely, high standard seismic rebars, etc.

The Company has regularly studied and evaluated the impact of the products and services that may happen to customers. The study covers key issues that could significantly affect customers. Result from the study will be used for further development of products and services. Communications with customers via media, marketing and advertisement will be adequately provided for decision making. The Company will not take any measure that causes ambiguous or manipulative information of products and services. The Company will not make over statement or misinform that can cause misunderstanding. The Company’s measures will not involve in acts of deceive, cover up, misrepresentation, or intentionally mislead customers, i.e., using too small printed in product tag. Relevant provisions are in Clause 9: Quality of Products and Services and other document demonstrating benefits from buying the Company’s products.

The Company respects customers’ privacy and protects the personal information of customers. There will be no inquiry or collection of customer information without prior consent. Purpose of personal information collection and its applications must be informed customers before implementation. Customers’ information security must be maintained. Privacy information will not be shared to other parties unless permission granted by customers. Customers have legal rights to verify validity of information and usage of their information. After finding any error or irregularity in data collection and its usage, deletion or correction can be carried out. Disclosure of information can only be done according to the notification to customers. Customers’ data protection shall comply with laws. Under Clause 22: Protecting company assets, it also includes customer information.

The contract between the Company and customers must be clearly written and easy to understand. Customers must have opportunity to study proposed contract and inquire relevant detailed term in the contract at the point of sale until it is duly agreeable by both parties. The Company does not have unfair terms and conditions and not taking advantages while clear and adequate information on prices, specification, terms and conditions, costs, period and termination date of contract will be provided. Relevant provision is appeared in TCoC under Clause 3 on competition and Clause 9 on quality of products and services, etc.

Qualities and Fair Prices

- Qualities of products are in line with Thai and International Standard.
- Fair price in competition with competitors.
- Tag Label is in compliance with Barcode Laws.
- Conduct customer satisfaction survey and meet with customers.
Sales
In the past operation, the Company was able to continuously maintain market share to a level of over 30% as a result of boundary expansion and increased accessibility to provincial customers through “Traditional Dealers” of each province and “Modern Trade” who has comprehensive branches over the country. In addition, the Company has emphasized on new product development according to current construction technology with development of higher efficiency covering construction time reducing (Cut and Bend), efficiency of resource consumption leading to significant reduction of construction cost (Rebar Grade SD50), including strengthening buildings to deal with unexpected natural disaster (Seismic Rebar). Besides domestic sales distribution, the Company also exports to oversea market and ASEAN markets where they have huge construction projects according to high level of economic expansion, including an exporting to India through strong net work of company driving operation to accomplish the target as planned.

Customer Focus
For efficient operation according to key procedure guidelines in response to customer focus which is the culture of organization to be strictly followed by all employees within the goal to respond to maximum customer needs, the company established operating guidelines as follows:

2.3.1 Voice of Customers

2.3.1.1 Listening to current customers

Company's customers are divided by product, industry, and location enabling to set guideline for listening to different needs of each customer group for efficient response to various needs. There are many activities conducted to access customer for listening to their voices such as customer visiting by agents and various levels of executives, activity organizing, data survey, meeting with customers included deployment of various marketing tools.

2.3.1.1 b Listening to Potential Customers

Besides listening to current customers, the Company has extended listening to potential cutomers by group dividing, priority, together with various issues analysis leading to broaden response to customer needs.

<table>
<thead>
<tr>
<th>Potential Customers</th>
<th>Listening Methodologies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Topics</td>
</tr>
<tr>
<td>1. Former Customers</td>
<td>Unsatisfactory Issues</td>
</tr>
<tr>
<td>2. Potential Customers</td>
<td>Evaluate realistic possibility</td>
</tr>
<tr>
<td>3. Customers of Competitors</td>
<td>Customer needs linked to company’s conditions</td>
</tr>
</tbody>
</table>

Responsibilities to Customer
2.3.1.2 Customer Satisfaction Evaluation and Customer Engagement

2.3.1.2 a Satisfaction and Engagement

The Company conducted customer satisfaction survey for every group of products, both in Bangkok and in provinces in every region of the country. The result of data form survey will lead to improvement, development and responding to customer needs in concrete form. The mentioned survey is conducted by the third party specialist in order to get academically correct information. The interviewee can comment and raise the problems for Company’s acknowledgement without any worry for their data to be disclosed since there will be no disclosing of the source of data without consent of interviewee. The survey process will comprise of questionnaire designing, survey processing, objectives, quality control planning, data collection system, data exchanging, and data analysis.

The result of customer satisfactory survey in the past:

- Product distribution and product quality are significant factor equally affected to overall customer satisfaction with the score up to 0.49 (affect to score).
- Sales Team, product distribution and product quality are the highest score of TSTH 97%, 92%, and 91% respectively.
- In overall, product distribution and product quality are the strength of TSTH.
- Areas for possible development are finance/payment, transportation, and marketing activities.

Customer Satisfactory Survey: Opportunities for Improvement

<table>
<thead>
<tr>
<th>Department</th>
<th>Result of Customer Satisfactory Survey</th>
<th>Improvement</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance/Payment</td>
<td>Banking Credit Line for Payment.</td>
<td>Baht Net Settlement Method.</td>
<td>Internet Settlement through All Banks.</td>
</tr>
<tr>
<td>Transportation</td>
<td>No update status of the truck after loading goods.</td>
<td>Report update status of the truck to customers every morning.</td>
<td>Customer can inform arrival time of the truck to deliver goods.</td>
</tr>
<tr>
<td>Marketing Activities</td>
<td>Not many marketing activities between customers and Company.</td>
<td>Organize activities to enhance relationship (Thank you party for 60 agents, Golf tournament, Training seminar on product knowledge etc.).</td>
<td>Enhance relationship with customers and increase co-experiences.</td>
</tr>
</tbody>
</table>

Management and Survey Result

Result and data received from customer satisfaction survey will be classified by group for management priority consideration on elements of data influenced to customer satisfaction in conjunction with competencies of Company operating. As a result, operating guideline for each group of customer can be defined such as priority of product development related to factors highly influenced to customer satisfaction but Company has less responding competency or determination of process to retain core competencies of Company in competition so that Company can efficiently manage those factors.

2.3.1.2 b Satisfaction Compared to Competitor

During the process of survey the company will conduct customer satisfaction inquires to Company compared to competitors. This will reflect to real competencies of Company in responding to obvious customer satisfaction. The result of satisfaction will be taken into analysis to find out the correlation between relationship and activities which company has dedicated resources to manage, in order to obtain maximum customer satisfaction.
2.3.1.2 c Dissatisfaction
By the result of satisfaction survey and customer complaint, the Company will manage dissatisfaction of customers by systematic process started with identification of problems causing customer dissatisfaction. Next step, all data will be transmitted to concerned units to jointly search for resolving guideline and to protect repeated problems. After problem resolved, all concerned units will meet with customer to report the progress of problem resolving and the guideline to prevent repeated problems to ensure confidence and attention of Company to resolve customer dissatisfaction.

2.3.2. Customer Engagement

2.3.2.1 a Customer Support
The Company has variety of operation to support customer with an objective to promote and develop the ability to obtain useful information included business operation support as follows:

- Accessibility to data via Company's website and published journal for regular information dissemination.
- Financial support such as Baht Net financial settlement for all banks nationwide.
- Technical support by providing knowledgeable technical team to support technical work such as utilization of Company product with highest efficiency plus helping on problem solving as a result of utilizing Company product at construction sites.
- Marketing support, coordinate with Company's agents through various marketing tools to support customer activities such as product exhibition, sport activity association, reward sponsor for sales promotion, for instance.

2.3.2.1 b Customer Grouping
The Company has collected various information, such as industrial data, customer data, competition data, marketing trend data for analyzing customer needs which have been changed according to tougher competition and business changes such as Modern Trade of building material stores with branch network nationwide are separated to be regional group according to the difference business operation from small local stores. Moreover, customers/consumers tend to have purchasing change in relation to expansion large scale building material stores. Therefore, the response to these customer groups must be treated differently.

2.3.2.2 Customer Relationship Building

2.3.2.2 a Relationship Management
The Company has method to manage customer relationship in accordance with the changes of situations such as relationship for sales volume, relationship for useful information to business, enhancing relationship to become engagement through various activities such as meeting, seminar, and visiting customers on various occasions, both officially and unofficially such as associated party, sport association, expedition both domestic and oversea.

2.3.2.2 b Complaints Management
Customer complaints have been managed in compliance with regulations and operating procedures as follows:

1. Process of complaint receipt: terms and conditions.
2. Complaint management: process of consideration and deadline to inform the result.
3. Complaint monitoring: communication with concerned parties.
2.4 INNOVATION AND INNOVATION SHARING
Knowledge, experiences and lesson learned from CSR implementation will be leveraged for further business innovation that can be beneficial for improvement of competitive advantages, increasing added value for both business and society at the same time, as well as energy saving. In the past year, outstanding innovative products of company are as follows:

2.4.1 Seismic Rebar: Tata Tiscon S Super Ductile Rebar
For the first time in Thailand, Tata Steel (Thailand) has developed Seismic rebar under the name of TATA TISCON S super ductile which rebar is available in SD40 grade as TIS. 24-2548 which means, structural designing need not incorporate any deviation from the standard characteristic strength assumptions. In fact, the Ultimate Tensile Strength (UTS) and ductility being greater than specified in the standard SD40, the rebar ensures enhanced safety during earthquake. Due to higher UTS rebar acquire more bend ability resulting in ease of work at site. The bent portion retains higher residual ductility.

Key Benefits of Tata tiscon S Super Ductile:–
Excellent Higher Ductile: Due to the controlled process of manufacturing rebar under the Tata steel process and know-how can develop higher elongation and maintain quality of SD40 strength which give the result of better absorb more energy of earthquake than other rebar normal grade.

Consumer and Public: can have more safety benefits when any building or infrastructure use Tata Tiscon S Super Ductile rebar in construction structure.

2.4.2 Cut and Bend
Traditional construction work process on rebar cause wasted of unused steel by ordering more than estimate and use worker to manual cut and bend from straight rebar to requiring shape and form to fill in construction structure which leave some unwanted length rebar or inaccurate shape or length.

Cut and Bend services is one of the prefabrication solutions aimed at helping Construction industry raise productivity standards in construction work. By working closely with contractors as customers to deliver solutions that are customized to the project blueprint.

No Wastages: Since cutting & bending process will done at Tata Steel Cut and Bend Service Center, hence the wastages at the site becomes zero and we take care of all the generated wastages.

Less Labor hassles: Laborers at a construction site essentially perform two functions involving rebar; cutting and bending and tying. Cut and Bend Service will significantly reduce the dependence on the laborers for cut and bend activities.

Better Time Management: Cut and Bend service is delivered within 3 to 5 days after finalization of the design thereby significantly reducing pressure at the project manager’s end to adhere to deadlines.

High Quality Standard: Being a Tata Tiscon rebar, Cut and Bend service is made from high quality standard rebar giving it superior strength and ductility than others unknown rebar in the market.

- Reduce any accidents from rebar working at a construction site.
- Reduce energy to use for rebar production.
- Reduce the delivery cost. (no need for over estimate volume for rebar).
- Reduce the environment problems with nearby community.

2.4.3 Tata Tiscon Deformed Bar: Grade SD50
Tata Tiscon SD50 rebars which are produced through the Tempcore Process imparts high strength to the bar using the technique of Thermo-Mechanical Treatment system (T.M.T). The microstructure of the bar consists of a combination of strong outer layer of tempered martensite and a ductile core of ferrite-pearlite. This is what gives Tata Tiscon SD50 rebar an excellent combination of strength and ductility.
**Tata Tiscon SD50 : Stakeholder Benefit**

Project Owner: gains benefits directly from using Tata Tiscon SD50 because of cost saving due to less rebars for construction when compared with using SD40. It can save up to 15 – 20%.

Designer: can enhance idea of design work on their projects and reduce problem with load of structural.

Structural Engineer / Contractor: more efficiency of work on some processes that SD40 rebars cannot give high strength. Tata Tiscon SD50 can use for high strength application like dams, bridges, high rises foundation or any other critical structure where high yield strength is required without compromising on the elongation properties.

Consumer and Public: can have more safety benefits when any building or infrastructure use construction material which are conformed with standard and higher in strength especially with Tata Tiscon SD50.

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**2.4.4 Tata Innovista**

The Company promotes employees to conduct research and development on applicable innovations that will be significantly beneficial to the public. There is the promotion and support for any departments in the Company to be responsible for innovation beneficial to society once a year, under the “Tata Innovista” Program. Last year, there were 17 proposals for contesting and 2 of them have been selected for further competition in South East Asia regional level contest as follows:

1) Reduce CCM breakout rate: Reducing breakout of CCM for the part of NTS rebars by changing the designing of Ladle shroud can decrease falling slag to the Mould. Using EMS to control the direction of the slag makes it easier to remove from Mould. The controlling of Billet cooling system for the straight direction with enough volume can reduce Breakout rate from 0.25% to 0.09%.

2) Replace Burnt Dolomite with Black Ball: The substitution of Alloy Burnt Dolomite by Black Ball at SCSC by changing Alloy type used in order to reduce corrosion of refractories in EAF furnace can save expenses. Even though, the price of Black Ball is higher than Burnt Dolomite, but the intensity of MgO is higher resulting in lessen volume in use.


**SOCIAL DIMENSION**

**2.5 FAIR ENTERPRISE OPERATION**

The Company commits to fair practices by implementing TCoC with stakeholders include the public sector, business partners, vendors, suppliers, contractors, customers and competitors, etc. This is to promote positive impacts from anti-corruption initiatives, political non-alignment, fair competition, CSR operations and respectful to property rights, etc.

The Company strictly adheres to business operation with moral and accountability to all groups of stakeholders. The Board of Directors, management team and employees at all levels always follow this practice. It is resulting in business growth and gaining trust from all sectors. These practices are in line with the principle corporate governance and origination management which is internationally accepted. Clear vision has been formulated to be the guideline for employee practices, at all levels.

The Company Board of Directors has compiled a written code of conduct for employee into “Tata Code of Conduct (TCoC)” to guide business conducts in line with Tata Steel visionary on business operations. The handbook follows the existing TCoC from Tata Group (India) including clear guideline on practices to facilitate understanding and implementation. In addition to TCoC handbook, the Board of Directors and all supervisors are the role model and leadership in TCoC implementation included promoting work environment in compliance with TCoC for employees and all concerned parties together through campaign of TCoC awareness.

The Company discloses products pricing to the Ministry of Commerce regularly and on request. Products will not be overpriced according to the request from the Ministry of Commerce. Its price setting is based on costs and competitiveness. The Company does not support unfair importation. The fair procurement process has been defined, i.e., open a call for tender, appointing a responsible committee, determining average market prices for tender, complaints handling process, free competition and annual review.

The Company discloses operating policy to promote respectation of intellectual property rights of other venders. The guideline to exercise its rights and to protect Company’s property rights will take into account of expectation of society, human rights, and basic personal needs. Under “Clause 21: Securities transactions and confidential information, an employee of the Company shall strictly respect and maintain confidential information of other companies, including intellectual property, trade mark, and invention.” The Company does not encourage any production by violation of copy rights, fake product, or substandard products.

The Company does not have any policy to procure any product in violation of intellectual property. Notifications have been made to suppliers to educate them on substandard products. The Company makes agreement on how to handle intellectual property. The Company has a policy on using only legitimate software etc.

The Company reports the results from CSR promotion to partners in the supply chain, including sourcing, procurement, employment and distribution. For example, TCoC booklets have been distributed to all stakeholders of the Company. As a result, the Companies’ vendors will not be affected by actions taken by government authorities to curb down under-standard products. We regularly communicate with suppliers and customers through its ‘Steellink’ quarterly magazine. Terms and conditions have been added in procurement contract, stipulating that vendors shall comply with laws. During the execution of the contract, regular monitoring will be made to verify suppliers’ compliance. We also established a strict policy on supplier responsibility, having a support budget as appropriate. Suppliers will be monitored continuously to assure that they carry out their business with appropriate social responsibility. We organize workshop to clarify TCoC related issues to its suppliers. Any condition that could affect environment has to be spelled out in relevant procurement contract. Suppliers’ assessment will be carried out in compliance with laws and the Company’s management system. In the event of breaching of such terms, the contract can be terminated.

The Company has the policy to fairly treat trade partners and do not take advantages over partners by using any kind of market manipulation to create pressure to vendors. The Company follows TCoC, Clause 3: Competition, and Clause 13: Third-party representation. This means caring for business vendors and developing them to grow together with the Company. For example, the procurement policy on “Blanket Order Agreement” to quote annual pricing, a policy on “Supplier Relationship Management”, joint-program with vendors to reduce costs, and supplier development schedule.

The Company organized activities to raise awareness of social responsibility to its partners. Society and environment related issues have been included in the procurement regulation and in supplier contract. The monitoring and evaluation of the compliance will be regularly carried out, for example, regular contractor assessment. Determining selection criteria for suppliers, or any joint marketing agreement, group sourcing agreement or vendor visit plan, the attachment document shall be provided together with the Service Order to provide details of punishment on misconduct and environmental policy, compliance with Responsible Procurement Policy of parent company. All employees have to pass orientation course on CSR Awareness and further pass their knowledge to vendors.
For fair operation, the Company has established vendor policies as follows:

**Supply Chain Management**

The Company established strategy for supply chain management emphasizing on quality of products and services, on time delivery, efficiency of resource consumption, products and production to be friendly with health and environment. In addition, there is supplier management system in place for appropriate management, assessment of their capacity, monitoring and evaluating suppliers. TCoC has been referred to in the supplier contract so that employees and suppliers will strictly comply with the same standard. The Company's suppliers comprises both scraps suppliers, and other suppliers providing goods and services, namely, contractors, machinery and equipment distributors, logistic company and etc.

**Supplier Analysis and Selection**

The Company has developed supplier registration process. Any qualified supplier will be evaluated before registration as the Company's suppliers. Supplies have to pass five criteria, namely, technical aspect, ability to provide quality assurance and quality control, safety, occupational health and environment, and financial aspect. The assessment also includes their labor laws and ethical compliance. During the past year, there are 301 new suppliers pass the registration assessment, and at year end there were total 2,770 companies.

**Risk Assessment of Suppliers**

In addition to the above assessment for supplier registration, the Company reviews and conducts additional risks assessment for evaluation and selection of raw materials suppliers. Since shortage of raw materials for production is the Company's risk, therefore the Company leverages the Group procurement model to increase bargaining power. The sourcing of reliable quality raw materials can be assured. To reduce risk on reliable quality and quantity of raw materials, the Company works closely with suppliers to develop contingency plans for substitute materials. Furthermore, the Company has planned for monitoring long term supply of raw materials and trend of key factors affecting raw materials supply. A quarterly report will be submitted to the Board of Directors. Other risks from suppliers concerning services providers related and logistics, the Company will focus on Safety, Health and Environment (SHE) management and society. Especially small and medium contractors handle waste and transport. In the event of improper management, the adverse impacts may affect society and the Company's reputation and trust.

**Supplier Evaluation and Performance Monitoring**

The Company conducts supplier performance evaluation annually in four aspects, namely, quality of products and services, on timely delivery, occupational safety, health and environment and legal compliance together with ethics to assure that they conduct business on the same standard as the Company. All products and services deliver to the Company shall comply with requirements, policy, operational standards and in line with organizational target. During the year, end user sections can report any complaint on their applications. The Company will investigate for facts and find resolution together with responsible sections and suppliers. In the case where any supplier cannot maintain standard, temporary suspend on procurement can be initiated, or its supplier registration can be revoked, or any other punishment on a case by case basis. Annual records of supplier evaluation and audit of 207 eligible suppliers based on volume and value of transaction, there are 2 suppliers notified to improve quality of their products and services. In order to clarify the Company's requirements and building capability for sustained relation with suppliers, the Company establishes supplier development plan and provides them with advice and support.

**Supplier Development**

The Company has supplier development policy according to the Supplier Relationship Management plan. It is expected that all suppliers have to pass annual assessment on environmental, social and corporate governance. During the past 4 years, the Company organized appropriate workshops and training courses on Supplier Development regularly. Under the OEMS project, the Company has implemented approaches and guidelines on supply chain management, focusing on strengthening suppliers and contractors on sustainable best practices on safety, environment and risk management. The Company organizes suppliers annual conference to communicate to them about organizational directions, clarification on business operations guidelines, including rules and regulations, for instance, Tata Code of Conduct (TCoC), countering all forms of corruption, a policy prohibiting acceptance of any prizes or gifts and etc. The purpose of supplier development program is to build their capability, the Company provides training to contractors on work safety before allowing their staffs to work in plant's premises in order to reduce LTIF rate.
**Raw Material and Other Service Procurements**

For efficiency of procurement and employment with data exchanging and jointly use of foundation structure in order to decrease budget deployment, reduce transportation time, and to simplify communication and operation performance reports, the company has collaborated with the company group in Southeast Asia, India, Europe in order to increase competencies in competition and procurement strategies by jointly procurement, employment of some good and services, including exchanging experiences of procurement and employment with other companies. This is to maximize efficiency of procurement and employment including continuous procurement and employment of goods and services from local partners for concrete income distribution to local.

**Procurement Policy**

The TSTH Responsible Procurement Policy outlines the fair business practices by which TSTH conducts business and we expect our supplies to adapt similar principles.

We expect our supplies to adapt management practices in respect of health & Safety which provide a high level of safeguarding for their workers.

We require suppliers to maintain effective policies, process and procedures to manage their environmental impact.

We expect our supplies to contribute to the social & economic development of the communities in which they operate.

We expect our supplies to develop and procedures to ensure all human right in their business and to encourage their suppliers to do likewise.

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**Principle 1: Health & Safety**

“We are committed to ensuring zero harm to our employees, contractors and to the communities in which we operate. This means that we will not willingly allow practices within our supply chain which we feel could result in harm to workers, contractors or communities affected by those supply chains.”

We expect our suppliers to adopt management practices in respect of Health & Safety which provide a high level of safeguarding for their workers.

Practice: Give training and knowledge about safety rules to suppliers and contractors. Also, set standard procedure & safety regulation for their acknowledgment before operating transaction with TSTH.

**Principle 2: Fair Business Practices**

“The Tata Code of Conduct (TCoC) defines the ethical behaviour of all Tata Group employees. Our aim is that our supply chains should share the relevant principles. To demonstrate compliance with this requirement, suppliers should be able to provide documentary evidence that these principles, or similar, are included in their policies and/or work practices.”

The Tata Code of Conduct outlines the fair business practices by which Tata Steel conducts business and we expect our suppliers to adopt similar principles.

Practice: TCoC is as attached to all suppliers’ contract. We also sent a letter from President & CEO to them attached together with TCoC Booklet for reporting to TSTH if found any violation to the Code. We maintain No Default of Payment to Suppliers and all Compliance with the agreements, Law & Regulation.
**Principle 3 : Environmental Protection**

“Tata Steel is committed to meeting the requirements of relevant legislation in the countries and regions in which it operates, to the efficient use of natural resources and energy, and to reducing continuously the environmental impact of its operations and products through the adoption of sustainable practices. These commitments are integral to the way Tata Steel does business and we expect our suppliers to share this commitment.”

We require suppliers to maintain effective policies, processes and procedures to manage their environmental impact.

Practice: Visit vendor to share knowledge and best practice about environment protect.

**Principle 4 : Human Rights**

“Tata Steel respects all human rights of employees and the communities in which we operate and we are committed to promoting these principles to our suppliers.”

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.

Practice: Provide and improved the Group Accident Insurance for contractors. Also, Tata Steel has a policy to monitor all practices of contractors/suppliers to deal with their employees in compliance with the relevant laws and regulation. We have implemented Working Procedure of selection criteria in process & vendors evaluation to be ensured that suppliers meet these selection criteria. We have cooperated and enhanced supplier development eg. Workshop / special projects.

**Principle 5 : Local Community Development**

“Our philosophy is that the community is not just another stakeholder in business, it is in fact the very purpose of it’s existence.”

We expect our suppliers to contribute to the social, economic and institutional development of the communities in which they operate.

Practice: Procurement team joined CSR workshop and activities. Also have encouraged the suppliers to join our CSR Activity for community development.
2.6 Anti-Bribery and Anti-Corruption Policy (ABAC)

The Company establishes Anti-Bribery and Anti-Corruption (ABAC) policies to operate fair business with no bribery in any forms (demanding, proposing or receiving bribery, both in money or other forms) to government officers or any persons in the private sector. This includes conflict of interest, fraudulent, money laundering, embezzlement, concealment of material facts, and obstruction to justice, and the use of influence for illegitimate interest.

The Company reports the corruption, embezzlement, as well as the policy and practices on prevention and counter corruption. The Company establishes the independent internal audit office with direct report to the Audit Committee. There is audit plan in place focusing on all risk departments. At the same time, the Company’s Whistle Blower Policy providing a channel for filing complaint of any misconduct. The whistleblower will be protected. Furthermore, the Company has identified standard procedures that can prevent corruption, namely, procurement standard, and standard on receiving materials, defined level of authorization. External auditor will perform audit and make risk assessment on misconduct annually. There is a questionnaire on risk assessment conducted every year by the auditor. In addition, the Company has prepared risk analyzing reports and potential factors leading to corruption, embezzlement and set up policies and procedures to prevent and eliminate corruption of organization. President and CEO and CFO will give answers for the following questions to external auditors i.e.

General Issues:
Do TSTH have risk assessment regarding incorrect accounting entry as a result of corruption? How often of such assessment?
Do TSTH have an understanding of the suspicion leading to corruption?

Management Issues:
Describe management process to specify and response to the risk of corruption in organization and procedure responding to the corruption which already occurred.

Communicating Issues:
Provide responsible unit for reporting corruption found to and the communication to employees related to corruption regarding guideline for employees and code of conduct issue.

Last year, there was an Announcement No. 21/2014 Re: Anti -Bribery and Anti-Corruption Policy on July 7, 2014. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Towards this end, the Company has adopted the Tata Code of Conduct (“the Code”), which lays down the principles and standards that should govern the actions of the Company and their employees.

The Company is committed to the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices. The Company has become a signatory to “Thailand’s Private Sector Collective Action Coalition against Corruption” on February 21, 2014 with the objective to creating a coalition against corruption that will cooperate with civil society, the media, and international organizations to foster cleaner business practices.

The Anti - Bribery and Anti-corruption Policy states the Company’s position with regards to all such acts which would constitute bribery and corruption. The Policy sets out the minimum standards to assist Tata Steel (Thailand) Public Company Limited Group and its employees to prevent, detect and report corruption and bribery. The policy supports the principles laid out in the Tata Code of Conduct (TCoC), including any exiting policy, regulations and guidance published and may be implemented from time to time.

Details of the Anti – Bribery and Anti-corruption Policy are about scope and application, responsibility and accountability, policies of prevention of fraud and extortion, bribery, facilitation payments, gifts, entertainment and hospitality, donations (political, charitable and social), third party due diligence, procurement process, use of Company’s assets, mergers and acquisitions and joint ventures, ABAC training program, record keeping and internal accounting controls provisions, risk assessments and evaluations, investigations, summary of responsibilities, breaches and reporting of violations, non – retaliation policy, and queries and assistance.

The Company has created awareness to top executives and employees concerning policy and procedure guideline to prevent and eliminate corruption through employee handbook. Employee examination with a pass requirement has been conducted to measure an understanding of this policy. In addition, the Company has published brochure containing core content of Whistle Blower Policy (WB) and Practices and Anti-Bribery and Anti-Corruption (ABAC) Policy and Practices to be circulated to all stakeholders especially, suppliers, vendors and to sign for acknowledgement of the condition to be supplier of the Company which has to follow the Company’s code of conduct as well.
The Company discloses measures for ABAC and its commitment to customers, suppliers and stakeholders. Disclosure of counter corruption measures is made to all subsidiaries. The Investigation Committee constantly reports any results of bribery and corruption investigation to Audit Committee and the President and CEO to further approve its deliberation and notify employees. In the event of misconduct found, the Company will punish involving supplier by openly terminate the order and discuss with the supplier how to penalize individuals involves.

The Company has written policy and practices on counter acceptance or payment of bribery and corruption. It encourages directors, senior management and employees to have awareness of this essential issue and engage in eradication of bribery and corruption. The Company provides channel for directors, senior management and employees to report any violation to responsible executives or department. The policy and practices are in place for providing protection to any reporter of bribery and corruption to be handled with fairness as per announcement of company’s code of conduct.

Since corruption is like a tumor of Thai society and become obstruction of national development, the Company has participated with the Private Sector Collective Action Coalition Against Corruption (“CAC”), established by Thai private sector, to jointly oppose to “offer” any bribery. The Thai Institute of Directors (IOD) acts as the secretary to this project.

The Company clearly shows its commitment not to involve in any corruption by endorsement anti-corruption statement with CAC. Currently, the Company is in the certification process to be the member of CAC.

Company’s next step is Certification process to set up a system to prevent money receiving or payment for correction or bribery by taking into consideration of executive roles covering assigning duty to responsible persons, having a supportive system, human resources allocation, communicating with the employees and stakeholders, training and setting up a system to control, follow-up and report. The Board and senior executives must understand their roles and realize to corruption prevention in the Company, understand relevant laws, capable to observe abnormalities occurred in organization. They also understand the structure and policy of the anti-corruption system in the Company.


2.7 RESPECT FOR HUMAN RIGHTS

The Company respects fundamental rights which can be categorized into two key areas: civil rights and political rights, covering rights to life and liberty, legal equality, freedom of expression. And the other category is economic rights and social & cultural rights, covering rights to work, rights to foods, rights to the highest attainable standard of health, rights to education, and social welfare rights.

The Company is well aware that employees are valuable resources therefore there is a policy to appropriately look after employees in various matters to be fair to employees at different levels without waiting for employee request. Regular activities and communications with employees have been conducted to create understanding on improvement and changes in many areas. The Company considers that all employees are in the same family and deserve good treatment, including support, caring and advices. They have various opportunities to engage in relationship building activities in the workplace. Management has to be reliable and becomes role model to create employees satisfaction and motivation to perform their duties effectively. Employees can depend on their management friendly support on all aspects, both working or in other areas. Sincerely concerns toward employees, management can create a positive working atmosphere. The Company treats all employees fairly regardless whether or not they are members of the trade union. However, the Company is not against setting up the Labor union and is ready to accommodate with compliance to all relevant laws. In addition, the Company establishes HR Committees at different levels to consider and resolve any complaints fairly and promptly. The Company also develops clear procedures to expedite complaint handling without discriminating against any individuals due to their differences. Details on how to file complaints are included in the Whistle blower Policy and Practice.

Employees are diversified by religions, ages, nationality and education supported by the guideline on equality treatment to employees, no discrimination against any individual due to different physical or mental, nationality, religion, gender, ages, education or any other matters. The principle of equality of employment has been stipulated in the Tata Code of Conduct to be practiced by all employees. The Company organizes orientation regarding TCoC to all employees since the first day of their employment. The TCoC is reiterated during all training courses for employees and notified to other organizations.

In addition, the Company has determined the guidelines for labor employment, both employees and vendors with respect to human rights by adhering to labor laws and other applicable standards. So far there is no complaint against the Company for the case of child labor or forced labor.

The Company circulates to all employees the policy and practices on human rights, including non-discrimination practices. For instance, the policy related to alien workers who will enjoy the same safety measures, group insurance policy, and social security as Thai workers.

The Company has the measures in place to stop hiring child labor. In addition, there are measures related to elimination of involuntary or forced labor implemented in particular areas and with particular suppliers who pose as a treat for such issue. Other measures include in company work rule and regulation stipulating that no child under 18 years being hired and employee recruitment shall be done without discrimination against gender, race or nationality, etc. The Company provides opportunity for freedom of association by employees, freedom to propose suggestions to the management. There is a clear policy not to hire illegal workers, both as employees and contractors. Regular employee committee meetings between employee representatives and employer have been organized to discuss any employee issues and submitted to management.

The Company provides Whistle Blower complaint system, both from employees and stakeholders. This system will collect report, analyze, resolve, monitor, investigate and regularly reported to the senior management. The committee for each issue will be appointed for further investigation on each specific case. There is TCoC handbook as the practicing guidelines for employees. In the event of any violation to the TCoC, the Company has an escalation system via the Ethics Counselor or to the Audit Committee. During annual employee Satisfaction Survey and Engagement Survey, the results from the survey will be further analyzed and developed for improvement. The Company arranges monthly meetings to consider impacts towards employees and contractors. In addition, at the DIC (Safety) meeting, representatives of contractors will be invited to attend to discuss on working condition for safety.
The Company does not discriminate and provides equal opportunities in employment. This policy covers female and disable persons and has been adopted into practice with quantity measurement as is described in code of conduct handbook under Clause 4: Equal Employment Opportunities. The HR management regulation covers female and disability employment, hiring people with disabilities in compliance with legal hiring disabilities with contribution to National Office for Employment of Persons with Disabilities Disable Life Development. Relate to recruitment, the company hired local and provincial staff. The Company has disability employment policy, despite less number than legal requirement, the company pays compensation fund to National Office for Employment of Persons with Disabilities. The Company also provides equipment and welfare for employees with disabilities, takes them to see doctor, provides them proper work table, safety equipment and assigns them proper work and duty.

The Company allows employees or representatives to gather or conduct collective agreement with company. Currently, there are two Labor unions set up in two plants in Rayong and Chonburi. There are regular meetings between representatives of employers and employee committee.

The Company has a policy to audit and select partners such as suppliers and contractors operated with fairness and human rights violation, as appear under Clause 3 : Competition, and Clause 13 : Third Party Representation. The Company asserts that its suppliers are expected to abide by TCoC. Transport and logistics contract with fair terms and prices, defining fair fuel costs by distance, letter of guarantee, appointment of contractor agreement hiring committee, appointment of committee for opening the tender envelop of bidding, appointment of committee for acceptance assets, supply and services. There are approval procedures for contractor staff, checking profile of contractor staff, etc.

Besides, the Company has the Welfare Committee as employee representatives for consultation on various issues related to employee health, both physically and mentally, which is the key area of focus by the Company. The Company provides health care plan for employees decrease their health concerns. The Company arranges annual health check for employees. Health care training courses, including personal health and disease prevention, have been organized for employees.

Furthermore, the Company committed to establish safety culture. The Safety Pause activity has been introduced so that there must be 3 - 5 minutes safety dialogue in prior to any regular meeting. This is to raise safety awareness as the first priority. All employees and contractors have to pass basic safety course and other relevant training.


2.8 FAIR PRACTICE FOR EMPLOYEES


Tata Company provides equal opportunities to all employees and applicants who have qualifications according to requirement without discrimination of race, caste, religion, color, clan, gender, sexual orientation, age, nation, or disability.

Policy of human resource is to promote diversity and equality at work and to comply with local labor law with encouragement an adoption of international model to be modified for Company.

All Tata employees will be honored to their pride and dignity. According to Tata Policy, work environment will be maintained without sexual harassment whether physically, verbally or mentally. Employee policy and guideline will be complied with related laws and transitional provision of this code of conduct included respect of individual rights, the right to know information to ensure that all qualified applicants will have equal opportunity for employment based on ethical system and competency.

The Company has fair practice for employee policy as follow:

2.8.1 Workforce Environment

2.8.1 Workforce Capability and Manpower
The Company has methodology to evaluate required manpower for both quality and quantity according to Company plan and target for both short term and long term. The determination of manpower need will be based on various approaches suitably with each work group or may combine many approaches together such as Man-Machine Analysis for production line to determine appropriate manpower for each line. When the organization structure has been changed, there will be an analysis for new Business Unit for the need of manpower and qualification, including the comparison of standard of manpower need with other companies. In each fiscal budget every department will have prepare Manpower Model for both employee need and contractors to be approved by Human Resource Committee.

2.8.1 a (1) Capability and Manpower
From manpower model the Company will consider qualifications of all employees included level, skill or competency for further equal allocation.

2.8.1 a (2) New Workforce Members
New recruitment from both internal and external per above table will be followed ethical system together with various recruiting tools to ensure that the most appropriate qualified person will be selected, such as selection from resume, pre-interview by telephone to test communication skill, test knowledge and skill needs included writing, news translation, creating data table, graph, etc.

Behavioral Interview will be conducted in order to evaluate competencies, if pass will be hired with probationary with Company. The strict evaluation will be conducted 2 times, after 90 and 180 days, as part of selecting process.

The Company sets the recruiting target within 3 weeks for new graduates, 6 weeks for experienced applicants.

In addition, the Company emphasizes on diversity of opinion and culture through recruiting policy covering new graduate, experienced person, foreigner staff, local staff, female employee, included staff exchanging project, Southeast Asia Executive Exchange Program, among TSTH and NSH for 3 months.

The Company also concentrates on new employee recruitment to stay long term with Company. Many actions have been implemented such as Orientation with warm welcome by top executives through “Baisrisukwan Ceremony”, enhance understanding of TSTH Group operation, plant visit, on the job training, providing mentor to look after for 1 year for fast and smooth adaptation to organization, design challenging duty and responsibility for new employee, prepare JD for new employee for understanding of scope of responsibility, KPI, and expectation, and competencies needed for each position.

Establishing wage structure, motivated welfares and competition has opened opportunity for new employee for faster adaptation than general norms. The Company also provides scholarship for further study in master degree, both in Thailand and overseas.

2.8.1 a (3) Work Accomplishment
Promoting work Accomplishment divided into 2 key parts:

The first part is HR System installation with efficient implementation such as recruitment focusing on good and sharp person, result oriented person to join with Company for developing, evaluating, and maintaining with Company in long term. The second part is establishment of plans and targets linking and according among all levels emphasizing on broad cooperation and communication, work improvement, new innovation through sub-working groups, various projects, competition, rewarding, and creating good understanding among employee with different level and innovation in order to encourage working with clear objectives.
2.8.1 a (4) Workforce Change Management
Preparation for changes with strategy divided into 3 dimensions:

**Dimension 1,**
Focusing on employee Multi-skill development through rotation for both the same and different line, including assignment to join various working committee to learn different works other than routine works so that they can adapt to any changes to be occurred.

**Dimension 2,**
In case of additional manpower needed, the Company will arrange the reserve engineering to accommodate expansion to prevent the scarce of engineering.

**Dimension 3,**
In case of reducing manpower needed like the case of Mothball of MBF Plant; the first thing to do is to explain that the Company has no lay off policy. After that is to allocate excess staff among other units or other companies among TSTH Group who need extra manpower and assign to work replacing the contractors.

2.8.1 b Workforce Atmosphere

2.8.1 b (1) Workforce Environment
1. Workforce Environment refers to an attention to employees on sanitation, safety, various environments such as lights, noises, dust and heat.
2. The Company pays attention on workforce environmental improvement in order to create safety, sanitation, various environments such as lights, noises, dust and heat which are the factors for satisfaction. The Company annually conducts employee satisfaction and engagement. Any results with the score lower than target (<4/6) will be taken into improvement plan. The guideline for an attention to employees is demonstrated on this page.

2.8.1 b (2) Policies and Privileges:
**Various Welfares Provided by Company**
From the vision of Company Group to emphasize on employee working with happiness, the Company has provided welfares covering all aspects included working time with Company, sickness and after leaving Company which is not only for employees but also for their families and parents.

2.8.1 b (3) Policies and Privileges: Services and Various Supports Provided to Employees
The Company provides services and various supports to employees for helping when encounter with various problems included employee life improvement.

2.8.1 b (4) Policies and Privileges: Listen to Employee Needs
One significant policy of Company is an attention to employee services and privileges by opening opportunity for employee involvement through various channels which is an input to acknowledge employee needs and input for improvement responding to employee for higher satisfaction. The various channels consist of Welfare Committee, Employee Committee, Labor Union, Suggestion Box, Employee Satisfaction Survey, HR Delivery, Wage and Welfare Survey, Exit Interview, and feed back of supervisor for instance.

2.8.2 Workforce Engagement

2.8.2 a Workforce Performance

2.8.2 a (1) Elements of Engagement
The Company annually evaluates level of employee engagement with Company by conducting employee survey to evaluate level of satisfaction and engagement in the same set of questionnaire. Key elements to evaluate employee engagement with Company has been studied and developed from model of leading institutions such as Gallup Q12, Hewitt, Hay, McKensey, BCG Consulting, Tower Watson, which consists of 5 key elements as appeared on engagement graph. For this FY15 budget, the Company has assigned an advising Company to conduct satisfaction survey to ensure higher reliability and can compare with the survey of other companies.

2.8.2 a (2) Organizational Culture
The Company developed the FIRST Culture in 2003 during the merging time between NTS and SCG who is the major shareholders of SICS and SCSC. At that time the Company had faced with an economic crisis of the year 1997. The objective of the first culture is to establish one standard of procedure guideline according to the situation of business operation of organization (later on became People FIRST Culture in the year 2012). Starting with the gathering of employee representatives to define organizational culture and propose to top executives for approval. The promotion for acknowledgement, understanding of employee to follow the guideline of the FIRST Culture has been communicated and publicized through various channels included the FIRST Culture Kick-off activity, employee
meeting, and public relation through various channels. In earlier first years many activities were organized with workshops for learning and understanding of organizational culture in each perspective by assigning each Unit to be the host of each activity and the contest.

An important thing is the promotion of culture of working for target achievement through target of compensation and promotion according to performance of giving incentive pay when employee/team can achieve the target.

2.8.2 a (3) Performance Management

The performance management of Company promotes working affected to good business operation and employee engagement. The management system of Company promotes overall organizational performance other than focusing on individual employee. Therefore, there are many linkage perspectives of an element for consideration. The initiating point is to define business operating strategy of TSTH Group included Medium-Term Plan and Annual Business Plan which support to Vision & Goals accomplishment of organization and then deploy to level of Department, Section, Unit and employee.

Supervisors and Managements level or higher must prepare individual Performance Contract consisted of KPI and Target comprised of 5 parts: 1) The jobs to support business goals 2) Improving and developing jobs/special performance 3) Self and other people development 4) Safety/CSR/TQM/TMP and 5) Others. Besides routine plans and safety plan to increase production, the Company also promotes continuous self development or other concerned people development in order to encourage new innovation emerging within Company.

PMS system of the Company Group clearly define each step roles of employees and supervisors focusing on two ways communication and cooperation in working for target achievement concentrating on periodic communication and auditing, an accuracy and fairness for each employee appraisal included the feedback to be provided covering strength and weakness to be improved for further setting up individual development plan or IDP.

Each individual employee performance of each year will be linked to annual increase, VB payment, professional promotion, and development & training.

**Workforce Compensation Management**

- Focus on Equity in 3 parts
  - Internal Equity: Pay by job scope and responsibilities, using job Analysis and Job Evaluation.
  - External Equity: Pay at the competitive level to the market (Salary Survey and Market Correction Adjustment).
  - Individual Equity: Pay according to the performance level and potential of each individual (Annual Salary Increase, Variable Bonus payment, Special Adjustment).
- Focus on Adequate living and improve the quality of life by considering Consumer Price Index (CPI) as one factor when determining Annual Salary Increase.
- Focus on balancing monetary and non-monetary welfare. Also balancing needs of employees and ability to pay of the organization.

**Reward Recognition Incentive**

- Recognize and reward the Role Model employee (No sick leave/ late/ absent) and Outstanding employee (being Role Model employee for 3 years consecutively and have good performance) and Quarterly Diligent Allowance.
- Announce the success to recognize the employees in the working group that highly impacted to the business such as Anti Dumping (AD), Prime Minister Safety Award Committee.
- Announce the success to recognize the employee when achieve best record in production volume, sales volume, domestic scrap volume, etc.
- Provide Thank you Reward to the employee responsible for the jobs of other employee who resign/ take leave or responsible for special assignment that highly accomplished.
- Arranged the competition on KAIZEN and reward with the overseas trip.
- Provide Productivity Incentive Pay for all employees in the department that can achieve KPIs.
- Provide “Safety Star” Award to honor employees and contractors who are highly committed to safety culture and have excellent record of safety behaviors.
2.8.2 (1) Assessment of Engagement

Engagement Measurement Methods

The conclusion and analysis of data are divided by different target group to ensure that development plan will respond to different needs. Besides the result of this official survey, the Company has taken the response from other channels such as, HR Delivery, Suggestion Box, and Welfare Committee for instance, into consolidation for improvement plan to enhance higher satisfaction and engagement.

2.8.2 (1) Learning and Development System

TSTH Group promotes learning and development according to 70-20-10 Model by requiring employee to learn from actual practices included special assignments/ participating in working committee / job rotations and learning from other people such as supervisor, mentors, advisors, employees from other related departments and colleagues together with learning from training.

In training, the Company has set training structure consisted of 4 key dimensions as shown in Training Structure comprised of Fundamental, Business, Leadership and Functional.

Process of development and learning divided into 7 steps as follows:

**Step No.1:**
Every year supervisors has to prepare Individual Development Plan or IDP for their subordinates by considering on various Inputs such as business requirement, policy and strategy of organization, JD, TRM, Career Plan and relevant human resource management system included PMS system, Talent Management (LOT).

**Step No.2:**
Set up development topics, objectives, and expectation from development.

**Step No.3:**
Choices of development model which is not limited in classroom only. Supervisors, employees and HR jointly determine appropriate development guideline which can be done through external channel such as job observation, external training or learning within organization such as project assignment, job rotation, or E-Learning or exchanging of Best Practices among units.

**Step 4-7:**
Follow plan, audit, rearview, and learning measurement to check whether it is in line with expectation to be Inputs leading to next year planning.

Besides, Learning and development has been promoted to support Company’s policy for various issues such as innovating creation, strengthening code of conduct promotion, customer focusing, knowledge and skills transferring by employees who are going to retire, and strengthening working safety and environment.
2.8.2 c (2) Effectiveness of Learning and Development

Effectiveness of learning and development will be evaluated by various guidelines divided into 3 core dimensions as follows:

1. Knowledge and Understandings such as Pre-Post Test.
2. Satisfaction to training courses such as satisfaction to the contents in the courses, lecturers, documents.
3. Increased skills or improvement of working behavior.

Measurement for above note 1 and 2, Knowledge & Understanding and Satisfaction are the easy parts which employees familiar with. However, the Company just started measurement of effectiveness of increased skills and behavioral changes, so it not yet a clear concrete but it is what Company are emphasizing on, for example, feedback questioned from colleagues/supervisors. Skill Level measurement of production department, the designing survey form of training effectiveness arranged 1-3 months after training. The data received from evaluation will be determined employee development plan responding to organization and employee needs with higher efficiency and effectiveness.

2.8.2 c (3) Career Progression

Career Progression is one of factors affected to organizational engagement and it is the top priority for Gen Y. The Company has defined policy and management system to promote career progression of employee, including "Promotion from Within" policy. This is to ensure confidence of employee that if they have good operating performance with appropriate level of competency they will have a chance for higher growth. The Career Path of employee is divided into 3 Tracks (Fast, Normal, Others) by performance level of employee and group. The growth of career path can be both in management line, subject to vacant position, and specialist by specialization level of employee and group. The survey for Career Expectation of employee has been conducted as the supported data for consideration on transferring and level adjustment according to organization and employee needs.

TSTH Group

In the past 3 years the high number of senior employees who will retire has prepared Succession Planning for selecting successors to replace retirement employees, including the development in various aspects, coached by senior employees, to ensure preparedness to take responsibility 1 year in advance.

Besides, Leader of Tomorrow (LOT) project has been prepared to identify employee who has competencies to grow to be top management of organization in the future, subject to outstanding performance and appropriate level of Leadership Competencies. There is preparedness plan for responsibility of special assignments, participating in key working group / boards, job rotation both in current line and different line to increase skills and experiences included retaining plan for this employee group for both fast career path growth and incentive remuneration in order to keep them stay long-term with organization and to be successor of top executives in the future.

2.8.3 Safety Workplace

Tata Group : Safety Procedures

Tata Steel (Thailand) Plc. foresees an importance of occupational health and working environment for employee and contractors. For sustainable excellence of safety operation, the Company has adopted safety management system of Dupont from Tata Steel India as the guideline together with safety management system OHSAS 18001. Safety Policies has been defined with Safety Culture and communicated to employees and stakeholders as the practice guideline.

2.8.3.1 Safety Excellence Journey

The Company has established management structure of occupational health safety and working environment through appointment of Apex Safety Council responsible for the direction of safety management for sustainable excellence for employees and stakeholders.

The Apex Safety Council comprised of 4 sub-committees:
1. ASSC-Training & Communication 2. ASSC-Contractor Safety Management 3. ASSC-Standard & Procedures 4. ASSC-Audit & Observation and Occupational Health. Each subsidiary company and each plant also has its own sub-committee.
As required by law, the office and 3 plants have Occupational Health and Working Environment Committee responsible for safety operation in compliance with the laws.

2.8.3.2 Safety Culture
1. Safety Pause 3-5 minutes before start of every business meetings.
2. Holding hand rails by all.
3. Use of PPE like helmet and safety shoes should be made compulsory to all of TSTH.
4. Use of crash helmet for two wheelers and car seat belts should be made compulsory.
2.8.3.3 Safety Performance

Lost Time Injury Frequency Rate (LTIFR) Report per million working hours.

FY11 – FY15

Significant Safety Management Projects

1. Organize activities Find It-Do it- Fix it to reduce unsafety in workplace committed to zero accident (Committed to Zero).
2. Safety Excellence Management System-SEMS such as Safety Observation & Audit, Incident Investigation.
4. Road & Rail Safety to provide safety for everyone.

2.8.3.4 Safety Communication

The Company has established communication throughout organization covering training, information board, and dissemination of information through email and Company website regarding safety for everyone throughout organization plus safety audit, safety observation and direct meeting with executives.

The Company has received certification of occupational health and safety standard management OHSAS/TIS 18001 for all 3 plants.

NTS celebrated statistic of no accident stage strike for 3 consecutive years on March 12, 2015.
Training Course for Women and Woman Contractors Safety

On August 1, 2014, Lt. Col. Sumroeng Songseang was an honorary guest speaker for Danger of Women and Self-Defending course which is the special activity for woman employees and woman contractors. Besides, it is an official introduction to Code of Conduct - Take Care of Women Sub-Committee.
2.9 COMMUNITY AND SOCIAL DEVELOPMENT

The Company is fully aware of responsibility, as part of community and society, to help and support community activities, including social and community development for better living. This includes creating employment opportunity, diversifying economic activities and strengthening different community organizations.

Engagement in community and society development, those communities and societies may be situated out of the map of stakeholders concerning to an impact from Company business operation. The Company wants to join the development as the member of society and for creating common interests with communities.

The Company hires local employees and contractors, with equal or higher wage structure comparing to the minimum basic wage rate, to open opportunity for vendors to employ local workers to work for Company. The Company jointly promotes business with communities, products and services, to create their income stability. A community has been contracted for supplying used cloth to be used for machinery cleaning. The number of local employment will be reported at the quarterly meeting with the Industrial Estate Authority.

The Company provides collaboration for various developments for public benefits, namely, promoting local youth education by setting up book corners under “Grow Smart with Tata Steel” for small schools located in remote areas in every region of Thailand and in communities surrounding factory compound. Currently, there are 200 schools in 40 provinces received book corners. Other activities include providing knowledge to the local youth in computer, English, soccer skill, Trakraw (Rattan Ball) skill; participating with many school activities to promote local cultures such as robe offering, Kathin offering to monks and Songkran ceremony. The Company also takes part in school and temple facility development, and support sustainable community development by providing scholarship and donation to temples, involving in making artificial coral, construction of check dams, coastal forest reforestation and making artificial salt-licks for wildlife, and etc.

The Company discloses its operations concerning to local community initiations based on mutual agreement, community dialogue, impacts assessment, and development planning, including assessment of any operations that have trend or possibility to have significant adverse impacts to local communities. The Company organizes open house activity and invites community members to visit the plant, production process, and discusses about their requirements and concerns on impacts of business operation toward the community. Dust dissipation around plants will be monitored and its result made public announcement. Suggestion boxes have been set up to collect community input. The Company also invites community leaders to visit plants and clarifies the preventive measures to reduce NOx and SOx emission from NG Furnace at the rolling plant in Rayong province. The Company collaborates with the Industrial Estate Authority (IEA) on the “Green star award for excellent environment management” project, and also with Ministry of Labor and Social Welfare on the “Drug Free Factory” Project.

The Company explores the community conditions surrounding factory compound, both near and far, concerning negative impact as a result of company operation. The results from the survey will be used for improvement to avoid direct and indirect damage to community and society. Survey activities include monitoring impacts from dust in Prapassorn village areas; meeting with community at Ruengrang, Saohai District, Saraburi Province to exchange ideas and communicate the Company’s policy to the community; skill training for community members to make clay pots, community visit at Takuan-Aow Pradoo, Takuan Kongkaram School; joint meetings between the Group; meeting with other companies on the roads I-7 and I-8 related to environment, and vendor meetings etc.

The Company involved with the surrounding community to spread prosperity to the community. This is to support volunteer development activities and to maintain pleasant environment, provide community supports on self sufficient sustainability. The Company focuses on continuous implementation for sustainability in order to see the clear concrete results. Other activities include voluntary camp, release of hatched fish, planting community forest, coastal forest, measures for environment conservation, and promoting self sufficiency in surrounding communities etc.

**Company’s Mission on CSR**

Tata Steel (Thailand) commits to operate its business following the principle of good corporate citizen, based on the awareness and realization of its roles and responsibilities to communities, society and the country, including the priority of serious and continuous environment conservation. These are essential mechanisms for driving the business growth of the Company while maintaining social development and sustainable environment.

Adherence to the philosophy representing by clear and concrete corporate social and environment responsibility, the Company formulates following the Company’s mission on corporate social responsibility activities in four areas:
1. Supporting the Surrounding Community

The Company aims to improve the quality of life of the people in the surrounding communities to encourage the positive attitude and acceptance as the part of the community. The quality of life of community members will be improved with more sustainable and self-sufficiency. The community will have more opportunities to think and implement by themselves with the support and cooperation from the Company. There are seven areas of the Company’s support for surrounding communities as follows:

1.1 Activities to promote local culture and customs: for instance, Kathin offering robes offering to Buddhist monks at temples; casting candles and offering during Buddhist lent and cleaning and painting community’s temple, etc.

1.2 Promote health and safety for community members: for instance, organizing mobile clinics, campaigns on preventing influenza, creating awareness on drug abuse and organizing training on safe motorcycle riding, etc.

1.3 Community development: for instance, meeting with people and local leaders in the community, providing construction materials and office equipment, as well as, employees’ volunteering activity to develop temples, schools and local administration offices, including supporting other activities organized by communities and local administration authorities, etc.

1.4 Occupational promotion in community: organizing various occupational skill training for community members, supporting income generating activities in communities by allowing local handicraft products to sell in the Company premises, etc.

1.5 Children and youth development in communities: by presenting scholarship, school supplies, sports gear to schools, building water closets, improving playgrounds and canteens for community schools, organizing Children’s Day activities for school children in community, arranging English training and soccer skills training for community children, including improving soccer field, supporting boy scouts’ camp, English camp and also basic computer skills for children and youth in communities, etc.

1.6 Support and enhance relationship with community and government sector: for instance supporting victims of natural disaster and disadvantaged people in the community, distributing relief bags to flood victims in communities; improving school ground and its electrical system in flood area; organizing 5S activities; including donating chairs to temples that lose their assets during the flood, etc.

1.7 Community environmental conservation: by organizing environmental conservation camp for school children in communities, planting trees around plants and communities, as well as reforestation in community forests and campaigning on National Tree Planting Day, etc.

2. Supporting Children and Youth Development in Remote Areas

The Company realizes that children and youth are going to be an important power in the development and stability of the nation in the future. They should receive adequate and continuous chance in terms of their development. A library is an important source of knowledge. It is the place where wisdom created, opportunity provided and progress become possible for the children to catch up with modern technology and can adapt to any changes. At present, children in remote areas are still deprived of support in terms of library access resulting in a lack of opportunity for self-improvement.
The Company initiates a “Grow Smart with Tata Steel” project which aims to encourage learning and self-development for school children in remote areas by promoting reading habits, expanding their knowledge, skills and ability to apply lessons learnt to assist their family and community. These will be beneficial to community and social development in the long run. The Company has created book corners in school library and supplied them with books and other learning materials, at first starting with schools located in Company’s plants surrounding communities and later extending to schools in rural areas throughout Thailand. The overall target for books corner to be delivered is 400 schools.

Criteria for school selection:
1. Schools with 70-120 school children
2. Teaching from pre-school class 1 to 6th grade
3. Having a library separated from class rooms
4. Appropriate ratio of school children and teachers
5. Vision and management of school administrators
6. There is a librarian for taking care the library
7. General condition of the library, tidiness and caring
8. Library usage record
9. Reading promotion activities organized by the school
10. School administration as well as relationship with communities and local authorities
11. Good learning achievement (results from O-Net / NT testing)
12. Accessible to schools in all seasons.

Criteria for books selection:
Books to be selected will have different key learning areas, focusing on 4-colour picture in seven categories to promote academic excellence, ethics and being good citizen. Each book will have numeric and color code to facilitate usage and handling as follows:

1. Scientific and Mathematics (Red)
2. Social Study, Religions and Cultures (Yellow)
3. Health Education, Physical Education, Arts (Pink)
4. Thai and English (Green)
5. Environmental Conservation (Orange)
6. Virtue and Ethics (Blue)
7. Life Skills Education (Purple)

There are about 200 books supplied during the first delivery and after that during every January and June of each year for five consecutive years. Each school is required to submit a library usage record form to the Company by the seventh of each month for further consideration on books selection for following delivery. For long-term sustainability, the Company also distributes the “Library Management Guidelines” to each school to support them with more effective library management approach. The Company also organizes school visits as appropriate.

FY 2014 - 2015, Tata Steel (Thailand) delivers book corners for 20 schools and 1 mobile library under the “Grow Smart with Tata Steel project.” There are total of 200 schools in 40 provinces nationwide already received book corners so far.

On Monday May 12, 2014 HRH Princess Maha Chakri Sirindhorn visited “Book Corner of Grow Smart with Tata Steel”. The executives and employees of Tata Steel (Thailand) Group jointly welcome HRH Maha Chakri Sirindhorn on occasion of visiting “Book Conner of Grow Smart with Tata Steel” at Nhorng Pla Dook School, Lopburi Province. The Company also improved and decorated memorial library for HRH Maha Chakri Sirindhorn and provided drinking water to service all the guests who joined this ceremony.

Further, in the past year, shareholders, customers, vendors and employees of the Company have cooperated for donation of more than 3,000 pairs of socks. The socks are distributed to the supported schools under “Grow Smart with Tata Steel” project.

3. Supporting of Non-profit Organizations
The Company provides support for non-profit organizations covering royal-initiated projects, university students’ voluntary camps, natural disasters relief support and support for socially underprivileged groups and public welfare projects.

3.1 Support the Royal Initiated Projects
• Support the Chaipattana Foundation by building Chaipattana Aerators.
• Support the publication of the comic “Following the footsteps of our King with Sufficiency Economy” for distribution to libraries all over the country, etc.

3.2 Support students’ volunteer camps.
• Sponsor construction round bars to volunteer camps of the Faculty of Engineering, Chulalongkorn University for building reinforced concrete bridges in rural areas to improve local people well-being under the “Yuwawitsawakorn-borphit Bridge” project.

3.3 Natural Disaster Relief.
• Distributing relief bags and drinking water for flood victims.
• Blankets donation to school children at Ban Sapae Tai in Mae Hongson Province under the project “Let’s Warm Up”.
• Money donation to the Department of Primary Industries and Mines for helping flood victims in the Northern part of Thailand.

3.4 Support for socially underprivileged groups and public welfare projects.
• Donation of food and supplies and lunch offered to Home for Orphanage Babies.
• Co-host the grand merit making for providing office supplies for vocational training building and shelter for homeless elderly blind people.
• Donation of food and supplies and lunch offer, and organizing recreation activities for elderly people at Bangkhae 2 Home for the Aged.
• Organizing volunteer activity on reading audio books for Thailand Foundation of the Blind.
• Organizing blood donation events in cooperation with Blood Donation Center, Siriraj Hospital and Thai Red Cross.

4. Environmental Conservation Activity
The Company pays attention in using the natural resources efficiently, as well as properly managing the surrounding environment in order not to affect the whole community and society, as follows:

4.1 Management to preserve the environment, limit the CO\textsubscript{2} emission, reduce the energy use, replace fuel oil with natural gas, treat and reuse the waste water from the production process, use gas discharged from production process to produce the electricity to be used in the plants.

On December 3, 2014 the Company jointly organized the project “Forest For Life For Our Beloved King” for the 3\textsuperscript{rd} year among Tata Steel (Thailand) Group and Chief Executive of Sub-district Administrative Organization of Tumbol Klong Tum Ru and Community Leaders. The Company also donated money for “Foundation for Mangrove Forest Development of Tumbol Klong Tum Ru” at “Center of Mangrove Forest Conservation Learning” of Klong Tum Ru Village, Klong Tum Ru Sub-district, Meung District, Chonburi Province.

Historic record of growing forest 200 trees/rai during 3 years with details of carbon dioxide absorption is as below table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Area for growing forest (Rai - Ngarn - Square Wah)</th>
<th>Number of Trees</th>
<th>Carbon Dioxide 11 kgs/day/tree</th>
<th>Accumulation up to present year (Kilogram)</th>
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<tbody>
<tr>
<td>2012-2013</td>
<td>2-2-00</td>
<td>500</td>
<td>2,007,500</td>
<td>6,022,500</td>
</tr>
<tr>
<td>2013-2014</td>
<td>5-0-00</td>
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<tr>
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<td>5-0-00</td>
<td>1,000</td>
<td>4,015,000</td>
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<tr>
<td>3 Years</td>
<td>12-2-00</td>
<td>2,500</td>
<td>10,037,500</td>
<td>18,067,500</td>
</tr>
</tbody>
</table>

4.2 The Save Our Earth Project : The Company initiates “Save Our Earth” project to raise awareness on environmental responsibility for employees. Employee campaigns are organized to highlight and address the issue of global warming.

• On May 5, 2014, planted tree on Environment Day in the plants.
• Distributing cloth bags to all employees to reduce plastic bags usage.
• Providing guidelines on reducing global warming to all employees,
• Developing campaign materials for natural resources and environment conservation, covering topics of reducing water usage, electricity usage, gasoline usage, paper and plastic bags usage, etc.

4.3 Working with other organizations in various environmental conservation activities, for instance :

• Cooperating with Fishery Department, Kasetsart University, by providing round bars steel to build home for coral and sea animals at Kor Larn Island, Pattaya City, Chonburi Province; including releasing seahorses to the sea under the seahorses conservation project.
• Building permanent and temporary check dams, artificial saline soil, and planting flora orchids and wild banana at Ang Rue Nai Wildlife Sanctuary, Chonburi and Rayong Province in order to create food and water supply resources for wildlife animals.
• Releasing 10,000 hatched fish to natural bodies of water at Taling Chan District Office, Bangkok.
• Fishing out garbage from Khlong Lad Mayom public canal in Taling Chan District, Bangkok.
• Working with the Mangrove Conservation Group at Khlong Tamru, Chonburi Province, in mangrove reforestation project, and release young crabs into the water, to dedicate merit to H.M. the King of an occasion of his birthday celebration.
• Participating with Ban Chang District, Rayong Province, in a project to build 85 check dams to dedicate merit to H.M. the King of an occasion of his 85th Birthday celebration.
ENVIRONMENTAL DIMENSION

2.10 ENVIRONMENTAL MANAGEMENT

Environmentally Friendly Business Operation
With the vision of Company focused operational excellence with highest standards of corporate good citizenship, the Company therefore develops the policy, strategy, management guideline, operational guideline and implementation plan to conduct its business in an environmentally friendly way, such as resources management, water management, carbon dioxide management, and etc.

The Company encourages employees to recognize the importance of saving energy by emphasizing on their participation, in line with their functions, for instance, energy efficiency on office lighting by turning off light switches campaign. Different programs and media are developed regularly to raise awareness and to keep reminding on energy efficiency.

The awareness campaign for employees in offices and plants is resulting in awareness on energy saving. The Company aims to integrate energy saving management as a part of green house gas emission reduction program which results in global climate change.

The Company takes into consideration of impact resulted from decision of Company’s operation covering natural resource consumption, factory location, pollution and waste, including an effect to the natural habitat of plants and creatures.

Power consumption is controlled efficiently by regular improving maintenance of machines to be in efficient conditions, production time management - Off Peak - On peak, wastewater treatment and recycle for production process and for other benefits such as tree watering.

Environmental Data Reporting and Disclosure
The Company reports data of material consumption, covering recycled material, energy and water, information of air pollution emission, water discharged and waste, including significant leakages. In addition, there are reports on scrap melting, raw materials, including power energy consumption.

The Company has conducted studies and report preparation of environmental impact according to EIA measures included monitoring procedure to follow up performance and submitting the reports to concerned authorities per periodic required by laws. There is a regular measurement of air pollution with controlling to be not excess the standard. There are the reports of carbon dioxide emission and energy consumption per product unit which is the main cost of production process to be compared with Tata Group worldwide. The Company has prepared development plan for exchanging technology which use energy and resources efficiently included annual energy conservation. The waste dregs elimination will be reported to Department of Industrial Works, including pollution emission such as waste gases from the combustion process of steel rolling production (Sox, Nox). The ON LINE measurement equipment has been installed to submit the result to Industrial Estate Authority of Thailand (for companies located Industrial Estate).

Pollution Prevention
The Company manages its production with prevention of pollution occurrence. There is the risk management covering related environment included pollution and waste prevention. As well as to educate and expose the community to be aware of the risks which can be checked on the environment, including procedure guidelines and emergency plan to deal with unexpected incidents affecting environment arising from business operations. To contain the damages, there are following measures: the risk management on environment, pollution from production, waste & pollution management, environmental complaints handling, pollution and waste prevention from the origin of waste, products cycle, disseminating knowledge and information to community, raising awareness on environment, environmental emergency plan, requesting permission for waste disposal outside the plant, training on waste disposal, Continuous Emission Monitoring System (CEMS), conducting emergency drills, emergency responses, environmental management, receiving recognition of Green Industry Award, training employees on environment, environmental planning, submission of environmental related documents to external organizations and communicating relevant policy to all stakeholders.

Sustainable Resource Consumption
The Company has a plan to use the resources efficiently to reduce water energy consumption included an Encouragement to provide opportunities for employees to express their opinions and knowledge for the sustainable consumption of various resources. Any resource use will be measured, recorded and reported in “efficient resource use report”. Recycled resource will be reused for sustainability. Local equipment, materials, energy or resources will be used for maximum benefits. This results in costs saving since the Company does not have to procure oversea resources. Other projects include TPM, replacing fuel oil use with natural gas, reporting of water and power use, environmental plans, procurement of used cloth produced locally instead of sourcing from Bangkok.
**Climate Change Mitigation and Adaptation**

The Company operates in order to alleviate the impacts of climate change related to activities, products and services. This is done by identifying sources of emission with measurement and recording data of significant Greenhouse Gas emission, both directly and indirectly. There are measures to reduce Greenhouse Gas emission within controllable boundary of the Company, namely, using technology creating low pollution, using renewable energy for Greenhouse Gas reduction and providing opportunity for community to suggest their ideas on Greenhouse Gas reduction. The Company sets up a team and direct responsible management to follow up and respond to global warming issues and also promotes internal activities for improving global warming. A report on global change mitigation covers data from production process. Other reports include CO₂ emission report, replacing fuel oil with natural gas, and planting trees for global warming reduction.

**Ecosystem Promotion and Protection**

The Company provides the promotion and protection of ecosystems through various activities based on both legal framework and other related regulations. New applications or innovations are used in promotion and conservation of ecosystem, for example, using machines to save energy, promoting Company’s plants to maintain balance of nature and environment, studying impacts of ecosystem to consider expansion of production plan, establishing responsible team to address environmental conservation and biodiversity, including setting up environmental working group in line with TIS, ISO 14001, defining organizational structure with environmental section, defining environmental restoration measures, releasing hatch fry, planting trees in community forest and coastal forest, and environmental conservation camp, etc.

**Natural Environment Restoration**

The Company has measures to protect biodiversity by not acting as a threat to the survival of life. There are natural restoration measures, including improving utilization and value of ecological system relating to plants, animals, soil and water. Following-up and evaluation of restoration measures will be made by monitoring key indicators on CSR, environmental activities, environmental restoration, etc.

**Environmental Policy**

**Reducing Greenhouse Management**

The Company has defined the use of energy and resources causing CO₂ Emission in every form and prepared the plan for production process development to reduce the use of energy and resources.

The Company has set monthly target of greenhouse and CO₂ emission, not over 1.0 Ton/ Ton of liquid steel for the Mother Company Group within the year 2015. In the year 2014 the Company Group can successfully control carbon dioxide emission as targeted 0.571 Ton / Ton of liquid steel.

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<tr>
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<td>0.814</td>
<td>0.614</td>
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**Preparation for Environmental Impact Assessment (EIA) Analysis Report for 3 Plants**

The Company discloses environmental effect mitigation data and prepares environmental effect report as appeared in EIA report. The report is also submitted to Office of Natural Resources and Environmental Policy and Planning and open plant visit for those interested and community representatives.

The environmental complaints were recorded which will be regularly reported to authorities on the resolving measures.
Air Pollution Management

The Company has analyzed the factors causing air pollution resulted from production process and other support activities to find the “root causes” in order to minimize pollution. After that air pollution will be treated before releasing clean air to the atmosphere. At the same time new researches and technology have been implemented.

The Company is aware of pollution prevention and waste from origin with ongoing operation such as Bag Filter air treatment system, Bag Filter for dust collector system, planting perennials at fencing area surrounding project to prevent dust and noise, having closed building to prevent dust and noises.

Dust Management

Activities that cause dust in the manufacturing process starting from raw materials handling, transportation, combustion, and piling. The Company applies various technologies for treatment depending on type of dust and its properties in relation to particular activities as follows.

- High temperature and low humidity dust from furnace in production process will be sent to Fume Plant to start the filtration process, which the dust will be captured by a Cyclone device to reduce its temperature and pass through bag filter. Dust diffusion can be reduced and it will also be re-used as raw materials.
- Dust from piling, the Company sets high priority to prevent impacts from surrounding communities and implements various measures, such as regularly watering at materials piling areas, arranging canvas covered thoroughly and making net wind installed in appropriate direction. The study has been conducted on wind directions and speed and profile of surrounding communities. Trees have been planted as buffer zone around plant areas to capture dust and to create pleasurable landscape.

In addition, each plant under the management of Tata Steel (Thailand) Group has implemented various activities to promote good environment for the factories and surrounding communities, for instance, Big Cleaning Day activities, promoting 5S activities as part of foundation to further development system and other quality management system. Other activities include raising awareness of natural environment and working environment, planting the trees around the factory compound and surrounding communities including growing flowers in open space of factory compound for pleasure and increasing green space to reduce global warming.

Furthermore, the Company supports ecosystem restoration and biodiversity conservation through community forest in communities surrounding company’s factory compound. Promotion activities with community members have been organized to raise awareness of biodiversity conservation and restoration in community forest area. In addition, the campaign also includes the youth and the new generations to participate in natural resources conservation in their community forest.

The environmental guidelines, as mentioned above, reflect the Company’s commitment to conduct business with environmental conservation seriously and continuously in order to take part in strengthening and preserving the good environment for communities, societies and our world. Overall, the Company stresses the importance of taking into account the environmental impact equivalent to international standards, focusing on developing clean and modern technology to optimize production process efficiency, and sustainable use of resources based on 3R principles, Reduce, Reuse/Recycle and Replenish. The Company has a Zero Discharge policy for creating business operations with clean technology.
**Waste Dregs Pollution Management**
Waste Management Committee has been appointed to manage unrecyclable material according to environmental policy of Company and in compliance with related environmental laws. All industrial waste dregs have to follow principle permission to bring the waste which is not recycled from the plant per approval of Department of Industrial Works.

There is training sessions related to knowledge of pollution and waste dregs, including the correct disposal with permit of waste disposal specified types of material and disposal methods.

**Sample Procedures of Garbage and Waste Dregs Management**
Separated Trashcans are provided in plant compound for different garbage types before sending to local council for further disposal. There is garbage collecting trucks in plant compound running around with sealed containers to collect garbage for further disposal.

**TSTH’s subsidiaries implemented Green Areas Increasing Project by :**
- Planting forest garden at Slag SSMS point with perennial trees: Jambolan Plum, Lakoocha, Burma Pradauk total 100 trees.
- Planting perennial trees surrounding reservoir area: Neem Plant, Mahogany total 82 trees.
- Planting forest garden soccer fileld adjacent area, perennial trees: Mok, Terminalia Ivorensis Chev, Teak, Iron Wood, Indian Cork Tree, Mahogany, Jambolan Plum, Total 300 trees.
- Planting perennial tree in plant compound parrel with the road of Industrial Estate, perennial trees: Mahogany 300 trees.
- Construct Footsault Field.
- Forest Plant Project in memorial of King Rama the Nine, The Great, for the 3rd year at NTS.
- “Siblings Teach Siblings to Love Environment” Project at Wat Bau Ngarm School at SISCO.
Rewards and Certificates for Environmental Management

- Certificate for Green Industrial Project (Level 3) for all 3 plants.

- SCSC received Outstanding Enterprise Award in compliance with standard reporting on analysis of an effect to environment and environmental management of the year 2014 (EIA Monitoring Award) by Office of Natural Resources and Environmental Policy and Planning.

- SISCO received Recognition Enterprise Award in compliance with standard reporting on analysis of an effect to environment and environmental management for the year 2014 (EIA Monitoring Award) by Office of Natural Resources and Environmental Policy and Planning.

- SCSC received Green Star Awards 2014 by Mabtapud Industrial Estate, Public Media, and nearby communities.
OPERATING INFORMATION FOR SUSTAINABLE DEVELOPMENT
OPERATING INFORMATION FOR SUSTAINABLE DEVELOPMENT

1. ECONOMIC PERFORMANCE

1.1 Product Standard Result

- Rebar SD40 yield strength
  Plant SCSC

- Rebar SD40 ultimate tensile strength
  Plant SCSC

- Rebar SD40 elongation
  Plant SCSC

1.2 Customer Satisfaction Result

Overall customer satisfaction scores

1.3 Innovation

Karakuri Kaizen projects saving

1.4 Market Performance

Market share of Rebar

Sales volumes
1.5 Financial Performance

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<td><strong>Domestic</strong></td>
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<td>PBT</td>
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2. SOCIAL PERFORMANCE

2.1 Internal Audit Accountability Result

TSTH Group has 100% complied to legal compliance with different legal topic.

2.2 Legal and Regulatory Result

TSTH Group has 100% complied to legal compliance with different legal topic.

2.3 Ethical Behavior Result

TSTH has 100% provided TCoC booklet and Ethics agreement to suppliers and vendors.
2.4 Social Responsibility Result

Number of schools we have supported with "Grow Smart with Tata Steel" Project

Number of times additional books provided to schools

Accumulated No. of CSR activities

2.5 Workforce Result

Employees got annual health check-up

Number of improvements on welfare & benefits

Outstanding employees

2.6 Number of Employees from FY11 - Current

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<td>Ratio of Employee by Gender</td>
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3. ENVIRONMENTAL PERFORMANCE

3.1 Power Consumption Result

![Power Consumption Graph]

3.2 Pollution Result

- CO₂ Emission Rate
- Water Pollution (Total Soluble Solids)
- Air Pollution (Total Suspended Particulate)
### 3.3 Waste Management Performance

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<tr>
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<td>Scrap mix soil</td>
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