

## Tata Steel Europe Limited Section 172 and Corporate Governance Statements for the Financial Year 2023/2024

### Section 172 Statement

This report sets out how the directors have had regard to the matters set out section 172(1)(a) to (f) when performing their duties under section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006. This requires directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

Since 1 October 2021, the principal management and decision making of the Group has been devolved to the separate boards and management teams of the UK and MLE Businesses. With effect from that date, the Board has concentrated on oversight and assurance of the consolidated financial result of its Group. Responsibility for the direction and control of each of the UK and MLE Businesses, including primary responsibility for setting strategic priorities, supporting stakeholder engagement and communication with the Company's ultimate parent company in India, has been assumed by TSUK and TSN and their respective management teams. The Company continues to maintain processes and controls in place to assure itself of the performance and results of its Group companies.

Governance responsibilities in relation to audit matters are delegated to a Board committee which supports the Board in carrying out its duties. This committee comprises non-executive directors to provide appropriate external perspective and challenge. The Audit Committee provides governance and oversight for financial and other key assurance matters.

The Board and Audit Committee promote high standards of corporate governance throughout the organisation and holds regular scheduled meetings to consider matters relevant to the Group. Five Board meetings were held during the year ended 31 March 2024, with additional Committee meetings held as required. In 2023/24 the Board and Audit Committee continued to meet electronically via Microsoft Teams and further decisions were made by circulation where appropriate. Any new directors' duties, including section 172(1) of the Companies Act, 2006. Induction materials are regularly refreshed and made available to all TSE directors via a Board Portal. One new director was appointed during the financial year.

A framework of policies are separately deployed in the constituent businesses of the Group. These included delegated authority levels applicable to senior management roles across the organisation. These delegated authority levels also identified certain financial and commercial decisions reserved to the TSL Boards. The Board typically reviews in advance any matter reserved from the constituent businesses for the attention of the TSL Board. The Board is conscious of the impact business decisions have on stakeholders as well as the wider impact on society. The recognises that given the complexity of the Group's operations not all decisions taken in its businesses will align with all stakeholder interests. Accordingly, the Board has taken decisions in the year that it believes best support the Company's strategic objectives.

#### a) the likely consequences of any decision in the long term

The Board approved the 2023/24 Annual Plan for the Group and monitored its implementation throughout the year through regular reports of financial performance. The Board also took note of external factors, including the steel industry outlook and global and economic market conditions. The Board is mindful of the Group's decarbonisation objectives and provides guidance and direction to its constituent businesses where relevant. In the year ended 31 March 2024, the Board has considered the progress of major decarbonisation initiatives and capital expenditure projects essential to the long term future of its businesses.

To optimize and maintain financing available to the Group, the Board approved equity restructuring and recapitalization to support the funding requirements of its subsidiaries for Q4 of 2023/24.

**b) the interests of the Company's employees**

Disclosures in relation to the Group's employees are set out in this Strategic Report and in the Corporate Governance statement on page 41 of the TSE Annual Report. Primary responsibility for considering the interests of employees rests with the constituent businesses in their operating geographies. The Board has nevertheless had to regard to the interests of the Group's employees during the period and supported engagements with employees and employee representatives as appropriate. The recognizes the importance of attracting, retaining and motivating employees to delivery each Value Chain's strategic objectives.

The Board expects its businesses to prioritise the health and safety and wellbeing of their workforces and has reviewed key metrics relating to the safety of Group operations and the well-being of Group employees. The Board also supports the escalation of important matters to the Safety, Health and Environment Committee of the Tata Steel Group.

The Board also has particular regard to the impact on employees and local communities when considering developments relating to the reorganisation, divestment or closure of any part of the business or Group including the restructuring proposals of the UK Business which were announced during the year and will have a significant impact on a large proportion of the Group's employees..

During the year, there has been restructuring of certain senior management roles to support the UK and MLE Businesses and the Group's longer term goals for sustainability and financial stability.

**c) the need to foster the Company's business relationships with suppliers, customers and others** The boards of the principal operating companies in the Group have oversight over all stakeholder relationships and have regard to these relationships in their decision making. In reviewing the performance of its operating subsidiaries, the Board has sought to understand and engage with matters affecting the interests of stakeholders, whether in relation to the management of spend with suppliers, the hedging of financial risks with strategic supplier contracts or in relation to the future sustainable operations of its plants. The Board has taken regular updates on matters of political relevance to the Group in its principal geographies and sought to provide a forum for engagement between the Group's shareholder and senior members of operational management.

Further information can be found in the Strategic Report and in the Corporate Governance statement under Principle 6 on page 43 of the TSE Annual Report.

**d) the impact of the Company's operations on the community and the environment**

The Board is aware of the impact of steel manufacturing on the environment and its local communities and the Board has taken reports on environmental performance. More broadly, the Board has supported the Group's efforts to decarbonise its carbon intensive businesses, including through proposals announced by TSUK during 2023/24. The Board has acknowledged the impacts that such measures will have on communities in which the Group operates.

A key ambition is that the Group should be carbon neutral by 2045 and the Company's UK and MLE Businesses continue to explore different strategic technological solutions to achieve their objectives in their respective geographies. More details of TSE's decarbonisation objective can be found in the Strategic Report on page 17 of the TSE Annual Report.

As a major employer, companies in the Group act as a cornerstone customer for local businesses. In addition, the Group contains a business which supports the economic regeneration of communities affected by changes in the steel industry in the UK. Companies in the Group also support a number of popular community events including Kids of Steel, which is one of the world's longest running triathlon series for kids and the Tata Steel Chess Tournament in the Netherlands. Companies in the Group have also continue to support diversity and equity with training and employee interactions centred on events such as International Women's Day.

e) the desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to maintaining the reputation of the Company and high standards of business conduct in all its business dealings. The five Tata values are set out in the Corporate Governance statement on page 41. In addition, the Tata Code of Conduct, which is a series of principles supporting the Tata values and ethical conduct, applies to all Tata branded companies.

The Group expects honesty, integrity, and transparency in all aspects of its business dealings from employees, contractors and other partners. The Board and Audit Committee reviews control measures and frameworks to uphold ethical principles and high standards of corporate and personal conduct. Companies in the Group have adopted a number of compliance policies including competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery and human trafficking and data privacy. The Group also requires senior management and relevant employees to undertake mandatory compliance training and assessments.

Businesses in the Group have considered how they can continue to support customers and other stakeholders, whether by incorporating new technologies such as artificial intelligence or by making resources available to support customers through the decarbonisation transition in the UK

f) the need to act fairly between members of the Company

Following its acquisition by Tata Steel in 2007, Corus Group Plc reregistered as a private company and in 2010 rebranded as Tata Steel Europe. The Company is indirectly wholly owned by TSL, a listed company in India. Further details of ownership are set out on pages 54 and 94 of TSE's Annual Report.

Further details of group companies are also set out on page 94 of TSE Annual Report.

The Board includes directors holding senior positions at TSL who are therefore able to communicate the views of the shareholder. The Group also has mechanisms in place for reporting to the TSL board and its committees.

## Corporate Governance Statement

For the year ended 31 March 2024, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (Wates Principles) as the appropriate framework for its corporate governance arrangements. These have been applied taking account of the fact that the Company no longer sets the strategic direction of its subsidiaries but concentrates on oversight and assurance of the consolidated financial result of its Group.

### *Principle 1 – Purpose and Leadership*

Since October 2021, the Company has operated its UK and MLE Businesses as two separate 'Value Chains' with their own governance structures to allow each business to pursue different strategic paths and give them greater agility and management focus. Primary management and decision-making responsibility for each of the Value Chains is therefore positioned with the boards and management teams of TSUK and TSN respectively. The annual reports of Tata Steel UK Limited and Tata Steel Netherlands each contain further details with respect to their respective governance and policies. The role of the TSE Board is now one of financial governance and oversight and providing assurance in relation to the Group's consolidated financial statements.

The TSL Group's vision has been to strive to be the global steel industry benchmark for value creation and corporate citizenship with a mission to build the leading European steel business that is sustainable and (i) delivers value to its shareholder. (ii) partners with customers and suppliers to innovate, produce and deliver steel products and services in a responsible way; and (iii) empowers its people and engages with its communities.

Tata Steel has adopted five values which are shared by all Tata companies worldwide and inform expected behaviours and practices throughout the Group:

- Pioneering - be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.
- Responsibility - be responsible and responsive to the countries, communities and environments in which the company works, always ensuring that what comes from the people goes back to the people many times over.
- Excellence - constantly strive to achieve the highest possible standards in day-to-day work and in the quality of the goods and services the company provides.
- Unity - work cohesively with colleagues across the Group and with customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation.
- Integrity: conduct business fairly, with honesty and transparency. Everything the Company does must stand the test of public scrutiny.

Each of the UK and MLE Value Chains communicates messages which reflect their purpose, values, vision, mission, strategy. Key messages are communicated by the Value Chains through their senior leadership via internal communications, senior manager updates and briefings.

During 2023/24, with the support of the Company and the Group, both of TSE principal businesses have continued to develop their purposes and leadership directions.

In 2023/24, TSUK announced its intention to consult with employee representatives as part of its plan to transform and restructure its UK business. In April 2024, and following an extended period of formal and informal national level discussions with trade unions, TSUK confirmed its intention to proceed with the transition from legacy blast furnace operations to a more sustainable, green steel business based on electric arc furnace (EAF) steelmaking. The transformation would secure most of TSUK's existing product capability and maintain the UK's self-sufficiency in steelmaking, while also reducing TSUK's CO2 emissions by 5 million tonnes per year and overall UK country emissions by about 1.5%. Under the transformation plan, Tata Steel will embark on a £1.25 billion investment in Electric Arc Furnace technology in Port Talbot and asset upgrades to secure long-term, high-quality production at the UK's largest steelmaker. The proposed investment has been supported by the UK Government, which has committed up to £500 million to enable the transformation. The Tata Steel Group plans to invest £750 million in the project, alongside £250m funding for a comprehensive support package for affected employees, business restructuring and transition costs as part of its long-term commitment to UK production.

In the Netherlands, TSN has continued to engage with the Dutch Government on the transition to low carbon dioxide steelmaking. TSN is committed to transition out of blast furnace operations to steelmaking using ORI technology and electric smelting or any other viable and scalable technology. As the technology selection, the project economics and discussions with the Government of Netherlands are finalised, the Final Investment Decision proposal along with the financing framework will be developed in a time bound manner.

Further information relating to the Group's strategy and values may be accessed on the TSE website

### *Principle 2 – Board Composition*

The TSE Board comprises four directors. The balance of skills, backgrounds, experience and knowledge for the sectors in which the TSE Group operates, remains appropriate in the context of the reshaped organisation and its governance arrangements. The TSE Board has a Chairman but there is not a Chief Executive Officer responsible for a single business. None of the four directors hold executive management positions in the UK or MLE Businesses but bring experience in audit and industry matters as well as independent challenge. Three of the directors are members of the board of the ultimate parent company, TSL, two directors are also senior executive managers in TSL and one of those directors (the Chief Executive Officer of TSL) is also Chairperson of the Supervisory Board of TSN. Three are also directors of TSE's main operating company in the UK, TSUK, including the TSUK Chairperson. The size and structure of the Board is appropriate for the Company.

A biography of each TSE Board director can be found on the TSE website.

As a wholly owned subsidiary of TSL, TSE does not have its own Nominations Committee. TSE Board director appointments are usually recommended to the Board for consideration and approval by its ultimate parent company, TSL.

The Securities and Exchange Board of India (SEBI) monitors and regulates the corporate governance of TSL, which is a listed company in India.

### *Principle 3 – Directors responsibilities*

The Board schedules its meetings to be aligned with the meetings held by its ultimate parent company, TSL, with additional meetings convened if required. Directors' interests are reported at each Board meeting.

To support the TSE Board in carrying out its duties, there is an established Audit Committee with a terms of reference.

Safety, Health and Environment (SHE) matters are reviewed at the TSL group level by a SHE Committee chaired by a non-executive director of TSL. The TSUK and TSN boards continue to have primary responsibility for SHE matters which relate to their businesses and the TSE Board continues to review SHE matters which materially affect the Company.

During the year, the Board and Audit Committee received regular information on material aspects of the business including health and safety statistics, operational and financial performance, strategic matters, compliance and risk matters, stakeholder engagement, commercial and technical updates and market conditions. In addition, the internal audit and assurance function provides additional assurance on specific key risks to ensure systems and controls are operating effectively.

The separate Value Chains each apply a policy framework which set out expected behaviours, accountability and delegated management authority levels applicable to each business. The work of the audit and assurance function in each business includes reporting to the Audit Committee on matters concerning compliance with these policies

#### *Principle 4 – Opportunity and Risk*

Since October 2021, the business improvement programmes of TSE's main operating subsidiaries in the UK and the Netherlands have been under the supervision of the TSUK and TSN boards respectively. Decarbonisation, including the significant developments during 2023/24, have continued to be a key risk and opportunity for businesses within the TSE Group and those developments are kept under review by the Board and those of the UK and MLE Businesses. The TSE Board has also considered other risks and opportunities for Group businesses during the year, including the impacts on the business of cost increases and market developments and the de-risking of pension commitments in the UK.

The principal risks and uncertainties affecting the TSE Group and mitigating actions taken in respect of them are set out in the Strategic Report on page 4. Since 1 October 2021, the principal activity of the Company has been that of a holding company for the TSE Group of companies and to provide financial governance and oversight for the Group.

Enterprise Risk Management (ERM) frameworks have been deployed by the respective subsidiary boards for the Value Chains, in alignment with TSL's ERM framework.

TSUK's Risk Committee meets quarterly and comprises of the TSUK Chairman as its Chair and the UK Management team which is composed of cross functional senior leaders. The Risk Committee also has representation from the ultimate parent company, TSL. Its principal purpose is to assess and identify TSUK's most significant and emerging risks which are aligned to TSUK's strategy and the delivery of its objectives. In addition, monthly risk management sub-committees are held by each of TSUK's Chief Operations Officer, Chief Financial Officer and the Chief Commercial Officer.

The TSN Risk Committee meets quarterly and comprises of the TSN Board of Management and risk officers. Its principal purpose is to assess and identify TSN's most significant and emerging risks which are aligned to TSN's strategy and the delivery of its objectives. In addition, risk sub-committees have been installed within the Business Unit Tata Steel Downstream Europe and Business Unit IJmuiden composed of cross functional senior leaders who assess emerging risks on a monthly basis and act if needed.

On a quarterly basis, the risk management teams within the Value Chains discuss approach and deployment of risk management principles and share their learnings.

Each of the UK and MLE Businesses operate processes within which they review legal compliance and asset protection matters on a quarterly basis. Reports are submitted as required to the respective boards and provided to the TSE Audit Committee on a six-monthly basis.

#### *Principle 5 – Remuneration*

The separate businesses within the Group have a reward philosophy that would enable them each to attract, retain and motivate the people they need to deliver their objectives, are competitive in relevant markets, linked to the achievement of corporate objectives and follow the principles of being simple, objective and fair. Following Separation, supervision of these matters is carried on within each business.

The remuneration of directors of the Company, including the independent non-executive member of the Board, is a matter for the TSE Chairman and for the parent company, TSL.

The Company's principal operating subsidiary in the UK (TSUK) has published its Gender Pay Gap Report for 2024, which is available on the TSE Website. Further information in relation to the Gender Pay Gap is available on page 14 of the Annual Report.

#### *Principle 6 – Stakeholder Relationships and Engagement*

The Board recognises the importance of effective communication with the stakeholders of its UK and MLE Businesses in order to deliver the purpose, values, vision, mission and strategy of those businesses and ensure protection of Tata Steels relationships, reputation and brand. Board and Audit Committee meetings are regularly attended by senior members of each of the UK and



MLE Businesses to consider and report on these matters. The Group's stakeholders include its shareholders and the customers, suppliers, employees and employee representatives, pensioners, banks, Government bodies, and the local communities in which its businesses operate.

The Board continues to regularly monitor the health, safety and wellbeing of employees, contractors and other partners of the Group, although primary management and responsibility for these matters sits with the TSUK and TSN Boards in relation to their businesses. Each business continues to adopt a health & safety framework which includes zero harm campaigns, leadership safety tours, and the deployment of five key personal health and safety commitments. Through the PeopleLink system, the businesses continue to offer online learning and development courses accessible by employees, including mental health modules as well as other health, safety and wellbeing training.

During the year, businesses in the Group deployed a number of strategies for employee engagement including enabling employees to receive performance updates and ask questions directly to their senior leaders. Communications and Human Resources teams in each of the UK and MLE Businesses review their strategies, as appropriate, to ensure employees and senior managers remain informed as to the Value Chain performance, health and safety matters and any other matter requiring employee engagement.

The Board includes directors of the parent company, TSL. The Company and each of the businesses in the Group is required to report to its ultimate shareholder on a number of matters in order to support the Tata Steel Limited Group's overall corporate governance requirements.

During the year, Board directors and senior managers with the relevant areas of expertise have liaised with Government bodies, including regulators, as appropriate.

The Group encourages its suppliers to work with it to create value to its end customers, society and shareholders. The Group expects all suppliers to adhere to responsible procurement policies which underpin its commitment to ensuring supply chain transparency.

Delivering an excellent customer experience is a key strategic priority for the Group's business model and is centred around direct engagement with customers aligned to market sectors and allows for continuous feedback. The Group's businesses review and evaluate performance through Voice of the Customer listening activities which includes regular Customer Satisfaction surveys and feedback.

The Group is committed to its businesses working in partnership with their local communities to support their social and economic wellbeing. The constituent businesses of the Group invest in a range of sustainable initiatives that bring benefits to large groups within local communities.

The Group uses a confidential reporting line service which allows employees, contractors and others to report potential concerns while remaining anonymous.

#### [Statement of engagement with suppliers, customers and others in a business relationship with the company](#)

The Company's engagement with suppliers, customers and others with whom it is in a business relationship is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 43 of the Annual Report.

#### [Statement of engagement with employees](#)

The Company's engagement with employees and the workforce is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 43 of the Annual Report.

#### [Post balance sheet events](#)

On 10 April 2024 the Group disposed its 25% stake held in Fabsec Limited, an indirect associate of the Company. The financial impact of this transaction is not material.

Since the year end, TSE has received £180m equity injection from TS Global Holdings Pte Limited.

Subsequent to the balance sheet date, the UK business has drawn £100m of external debt from its existing facilities and successfully completed the refinancing of two of its existing facilities into a new three year committed revolving credit facility. Furthermore, Tata Steel Nederland increased its revolving credit facility with an additional €200 million, to a total facility of €400 million.

#### Information provided in the Strategic report

In accordance with section 414C of the Companies Act 2006 the directors have chosen to disclose the following information in the Group's strategic report:

- Principal risks and uncertainties (see page 4);
- Business review (see page 10);
- Factors likely to affect the Group's future development, performance and position (see page 11);
- Policies on employment of disabled persons, employee involvement, communication, consultation, recruitment and training (see page 13);
- Details on how the Group engages with its employees (see page 43);
- Streamlined Energy & Carbon Reporting emissions information (see page 20);
- Research & development activities (see page 22); and
- An indication of exposure to price, credit, liquidity and cash flow risk (see page 26)