

Tax Strategy: Tata Steel Europe Limited Group

Tata Steel Europe Limited Group – Tax Strategy

This tax strategy specifically applies to Tata Steel Europe Limited ('TSE'), a UK-registered company and all UK entities in the TSE group (the 'Group'). TSE is an intermediate holding company within Tata Steel's European structure and is the head of the UK sub-group. Tata Steel UK Limited ('TSUK') is the Group's main manufacturing enterprise in the UK, with further downstream operations based in the UK and worldwide.

This document is intended as a statement of the Group's tax strategy for the purposes of Paragraph 19(2), Schedule 19, Finance Act 2016 for the financial year ended 31 March 2027. The strategy laid down in this document is aligned with Tata Steel's Tax Strategy for conducting its tax affairs and dealings with tax risks and is made available to Tata Steel's stakeholders on the website of the Company [www.tatasteeluk.com]

Core Tax Principles

The Group's tax strategy is based on the following guiding core principles:

a) Comply with the Law

Commit to timely payment of appropriate taxes and adherence to tax laws in all operating countries, supported by strong internal tax controls.

b) Be Transparent

Enforce accountability by proactively and voluntarily disclosing critical aspects of tax policies and strategies, ensuring transparent tax systems.

c) Be Collaborative

Maintain collaborative relationships with tax authorities, industry associations, shareholders, vendors, and employees, communicating and advocating for relevant tax policies and contributions to government.

Tata Steel maintains a consistent tax strategy across all its group companies.

Tax Governance in the Group

Tax Governance in the Group adheres to the following guidelines:

1. Tax Compliance

We comply with all applicable tax laws and practices in all countries where we operate, including the UK. The Group aims to comply with the law in both letter and spirit, satisfying its global tax compliance obligations in a timely and accurate manner and manages the group's tax position pro-actively. We aim to pay the correct amount of tax at the right time, on the profits we generate in the territories where the underlying value is created.

2. Business Alignment

The Group aligns its tax affairs with genuine organisational business activities. We do not undertake tax planning that is contrived or artificial, or not driven by a commercial rationale.

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We do not engage in any form of tax avoidance, and we do not use or operate offshore tax havens.

All Group entities are located in countries where the business has significant physical and economic operations. We strive to ensure that all transactions between related parties are conducted on an arm's length basis in accordance with the Organisation for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines.

3. Enhancing Shareholder Value

Key business decisions should be made with regard to the tax consequences with the aim of maximising value on a sustainable basis for our shareholders. Any tax decisions are undertaken within the context of a wider business purpose or commercial rationale and have regard to the potential impact on our reputation, broader goals and Tata Steel core values of Unity, Integrity, Responsibility, Excellence And Pioneering. We will not undertake planning which is contrived or artificial and is not derived from a commercial requirement.

Given the scale of our business, global footprint and volume of tax obligations, risks may arise from time to time in relation to the interpretation of tax law and nature of our compliance arrangements. Diligent professional care and judgement is employed to assess tax risks in order to arrive at well-reasoned fully documented conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate advice may be sought from third parties to support the decision-making process and the group's in-house Taxation department instigate an open dialogue with HMRC and/or seek advance clearance where appropriate to mitigate uncertainty on all significant or material matters.

The commercial needs of the wider Tata Steel group are paramount. With a vision of maximising value on a sustainable basis for our shareholders, all tax decisions are made within the context of a broader business purpose or commercial rationale and take into account the potential impact on our reputation, strategic goals, and Tata Steel's core values of Unity, Integrity, Responsibility, Excellence, and Pioneering.

4. Tax Resources

TSE's main operating subsidiary, TSUK, employs a team of appropriately qualified and trained tax professionals across all the areas of taxation who handle standard compliance in-house. Support is obtained from external consultants as and when required to advise on complex transactions and to ensure compliance with the local rules and regulations.

5. Governance and Risk Management

Tax risks arising within the Group are identified, assessed and managed by the Group's in-house Taxation department on an ongoing basis. A log of material risks is maintained, updated and communicated on a quarterly basis to the Chief Financial Officer and our external auditors.

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Our risk appetite is low. Tax risks arising within the Group are identified, assessed, and managed on an ongoing basis in line with emerging tax laws and practices. Where appropriate, tax policies and guidance are issued to influence organisational behaviours to minimise risks based on the recommendations of the group's in-house Taxation department. Risk management processes are implemented to ensure that the policies are properly followed including training relevant personnel as appropriate, internal audit reviews and periodical refreshment of policies in line with emerging tax laws and practice.

Given the scale of our business, global footprint and volume of tax obligations, risks may arise from time to time in relation to the interpretation of tax law and the nature of our compliance arrangements. Diligent professional care and judgement will be employed to assess tax risks to arrive at well-reasoned, fully documented conclusions on how the risks should be managed. When there is uncertainty regarding the application or interpretation of tax law, appropriate advice may be sought from third parties to support the decision-making process.

As part of our Senior Officer Accounting Rules ('SAO'), the Group's in-house Taxation department maintains a log of tax process controls, which are reviewed, prioritised and updated annually in collaboration with our internal compliance team who perform testing on an annual or biannual basis, depending on the priority. This includes a number of controls designed specifically to prevent the facilitation of tax evasion by relevant Tata Steel personnel, which are also embedded into the annual review and testing processes.

Any significant areas of uncertainty are communicated to the relevant Board, depending on the scope of impact, with recommendations for obtaining clarity or mitigating risk. Risk management processes are implemented to ensure that policies are followed, including training relevant personnel as needed, conducting internal audit reviews and periodically refreshing policies in line with emerging tax laws and practices.

6. Engagement with Tax Authorities

We seek to foster constructive, professional, and transparent relationships with tax authorities, including His Majesty's Revenue and Customs ('HMRC'), based on the principles of integrity, fairness, cooperation, and mutual trust. We engage in full, open, and early dialogue with tax authorities to discuss tax management, strategy, risks, and significant transactions.

With the objective of minimising tax risk wherever possible, we seek to resolve issues with HMRC on a real-time basis. If disagreements arise, we strive to work with the tax authorities to resolve any disputed matters through proactive and transparent discussion and negotiation. We aim to obtain advance agreements or clearances where possible, and litigation would only be considered as a last resort.

This tax strategy is approved, owned, and overseen by the TSE Board.