

## Tata Steel UK Limited Section 172 and Corporate Governance Statements for the Financial Year 2024

This report sets out how the Directors have had regard to the matters set out in 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.

Tata Steel UK Limited (TSUK) is Tata Steel's principal operating company in the UK and an indirect material subsidiary of the Tata Steel Europe Limited (TSE) and Tata Steel Limited (TSL) Groups. The TSUK Board is responsible for governance and oversight of the Company's business, including setting strategic priorities and monitoring the performance of the TSUK Group.

The TSUK board promotes high standards of corporate governance throughout the UK Value Chain. The TSUK Board holds regular meetings to consider key proposals and material matters affecting TSUK and its subsidiaries. During the year the TSUK Board has met 8 times and considered matters via circulation where it was considered appropriate. During the year, the Board appointed Mr Nair to the role of Chief Executive Officer and one new member of the UK leadership team responsible for financial matters joined the Board to replace an outgoing colleague. Since all Directors are also senior managers employed within the Tata Steel Group, regular management interactions have taken place between Board members outside of formal Board meetings.

New Directors are made aware of their duties, including under section 172(1) of the Companies Act 2006. Induction materials are refreshed and made available to all TSUK Directors via a Board portal. The TSUK Board is conscious of the impact its business decisions have on stakeholders as well as the wider impact on society. The Board recognises that given the complexity of the TSUK business not all decisions taken will align with all stakeholder interests. Accordingly, the TSUK Board has taken decisions in the year that it believes best support TSUK's strategic objectives.

### *The likely consequence of any decision in the long term*

Each year, the TSUK Board approves an Annual Plan for the TSUK Group. Annual Plan and capital allocation are monitored throughout the year through reviews of operational and financial performance.

The Board reviews proposals for key matters affecting TSUK and its subsidiaries, for example, health, safety and environmental matters, pensions matters, liquidity and funding and restructuring.

Certain decisions also require endorsement and reporting to the board of the Company's ultimate shareholder. As set out in the Corporate Governance statement from pages 32 to 36 of the 2023/24 Annual Report, any Board proposal is required to include detailed criteria to inform directors in their decision making.

During 2023/24, the Board spent time considering the significant long term implications for all stakeholders of decisions relating to the decarbonisation and modernisation of its business, including the terms of potential funding arrangements with His Majesty's Government and the timing and preparations for safe cessation of its heavy end steelmaking business at Port Talbot. In addition, the TSUK leadership team

under the supervision of the Board has continued to focus on the financial stability and sustainability of the UK Value Chain and continued to monitor and assess liquidity in the shorter term. The Board has also considered proposals with respect to the Company's plans for sustainability reporting, equity restructuring, group structure simplification, capital investments, strategic procurement, pensions, financing arrangements, contract renewals, and health and safety matters. Consideration of all of these matters is required to support the Company in the longer term.

#### *The interests of the company's employees*

Disclosures in relation to TSUK's employees are set out on page 35 of the 2023/24 Annual Report.

The Board has had regard to the interests of the Company's employees in its decision-making and the Company has, in particular, engaged at length and in detail with employees and their representatives in relation to the significant decarbonisation changes faced by the Company, including many months of formal and informal consultation. Throughout this period of change, management has recognised, and taken steps to address, the importance of attracting, retaining and motivating employees to enable TSUK to operate effectively and deliver its strategic objectives.

The Company prioritises the health, safety and wellbeing of its workforce and those of its partners who work at TSUK's sites. Health and safety performance is considered at Board meetings and the Board reflected on improvements and challenges during the year. Health, safety and wellbeing matters also feature prominently in communications from senior management with employees to reinforce that this is and remains a core value of the Company. Members of the Board conducted a number of leadership safety tours on TSUK's sites and the Board has considered the control of major accident hazards within the business.

The Board also addressed the interests of TSUK's pensioner community and resolved on pensions matters during the year which have substantially de-risked the British Steel Pension Scheme.

#### *The need to foster the company's business relationships with suppliers, customers and others*

The Board has had regard to a range of stakeholder relationships in its decision making.

Relationships with suppliers and customers are principally managed through the engagement of the procurement and commercial functions within the Company which were represented in the Board through the responsible senior managers for these parts of the business. The Company monitors its supplier relationships and all facets of its supply chain to ensure the continued, sustainable supply of utilities, transportation and raw materials to deliver on customer demand.

As the Company has announced its plans to transition from its existing primary steelmaking operations, the Company has maintained regular dialogue and communication with customers, suppliers and other stakeholders to explain the Company's plans and the steps it is able to take to mitigate their impact.

The Company also has regard to its relations with the UK Government, the devolved administrations (especially in Wales) and local politicians and Directors and senior managers have participated in numerous discussions with all these stakeholders during the year both in general and, in particular, in connection with developing the Company's plans for transition to decarbonised primary steelmaking. Further information can be found in the Corporate Governance statement under Principle 6 on page 35 of the 2023/24 Annual Report.

#### *The impact of the company's operations on the community and the environment*

The Board is conscious of the impact of steel manufacturing on the environment and the communities in which TSUK operates and have considered these in particular as part of the proposed changes to

steelmaking operations at Port Talbot. A key ambition is that TSUK should be carbon neutral by 2045. The Board has now announced the intended decarbonisation strategy of the Company and receives regular updates as to implementation. The Board is also conscious that this is an effort that concerns the whole of society and requires positive industrial policy and funding interventions from UK Government to enable the steel industry to make the very substantial investments required to become carbon neutral.

In any case, the Company is committed to minimising the environmental impact of its operations through the systematic implementation of environmental control and through continuous improvement in environmental performance wherever possible and the Board takes into account the impact of its operations on the communities in which it operates. All TSUK's manufacturing operations are independently certified as meeting the international environmental management system standard, ISO 14001:2015. Furthermore, almost all products manufactured in the UK are independently certified as meeting the requirements of the sustainable sourcing standard, BES6001.

TSUK continues to be a participant in the South Wales Industrial Decarbonisation Cluster, a network of industries in South Wales working together to develop shared decarbonisation infrastructure and drive net zero carbon in heavy industry in South Wales. More information with regards to TSUK's progress and commitment in relation to sustainability can be found in TSUK's sustainability report. As a major employer in the areas of its operations, TSUK acts as a cornerstone for local businesses. TSUK also supports a number of community initiatives along with its contracting partners, more information is available in the Corporate Governance report on page 35 of the 2023/24 Annual Report.

#### *The desirability of the company maintaining a reputation for high standards of business conduct*

The Board is committed to maintain the reputation of TSUK and high standards of business conduct in all its business dealings. The five Tata values are set out in the Corporate Governance statement on pages 32 to 36 of the 2023/24 Annual Report. In addition, the Tata Code of Conduct, which is a series of principles supporting the Tata values and ethical conduct, is expected to apply to all Tata branded companies. TSUK expects honesty, integrity, and transparency in all aspects of its business dealings from employees, contractors and other partners. Control measures and frameworks to uphold ethical principles and high standards of corporate and personal conduct are reviewed and approved by the TSUK Board and management has in particular taken steps to communicate and reinforce the importance of the Code of Conduct during the year. The Company has a number of compliance policies including competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery, insurance-hedging and human trafficking, cybersecurity and data privacy. Board directors, senior management and relevant employees are required to undertake compliance training and assessments.

#### *The need to act fairly between members of the company*

TSUK's ultimate parent company is TSL, a listed company in India.

Following a Regulated Apportionment Arrangement in 2017, in respect of which the British Steel Pension Scheme (BSPS) separated from TSUK and a number of affiliated companies, and a further exercise in which all BSPS members could opt to transfer to a new scheme or remain in the BSPS and transfer to the Pension Protection Fund (PPF), a non-controlling minority interest in TSUK was held by the BSPS Trustee on behalf of the new scheme. Following debt restructuring and subsequent equity issuances, this minority interest was diluted to less than 0.001% of the rights to share in distributions and during the year the Company and the BSPS Trustee agreed the terms of the disposal of this interest such that all shares in the Company are now owned by the Company's immediate parent company.

TSUK has mechanisms in place for reporting to its parent boards.

## Corporate Governance

For the year ended 31 March 2024, the Company has applied the Wates Corporate Governance Principles for Large Private Companies as an appropriate framework for its governance arrangements.

### *Principle 1 - Purpose and Leadership*

Tata Steel UK Limited (TSUK) is Tata Steel's principal operating company in the UK and an indirect material subsidiary of the Tata Steel Europe Limited (TSE) and Tata Steel Limited (TSL) Groups. The TSUK Board is responsible for governance, management and oversight of the Company's business.

In 2023/24 the Board continued to review the TSUK Group's governance arrangements including new delegations of authority and adaptations to the Company's management structure. The Board delegates authority for day-to-day management of the business to a management team responsible for operations and key functions in the business. In May 2023, the Company appointed one of those persons as Chief Executive Officer to act as single point of leadership for the management team and the business. The Chief Executive Officer continues to be supported by the leadership team and is joined on the Board by two members of that team.

Tata Steel was established in India in 1907. Sir Jamsetji Tata, founder of the Tata group, believed that "in a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence". The vision of the TSL Group is to strive to be the global steel industry benchmark for value creation and corporate citizenship: The Company continues to: work with suppliers to shape a more sustainable future through partnering to source sustainable raw materials originating from responsible supply chains in line with the Group's Responsible Procurement Policy; to engage with customers to create sustainable solutions and products that society needs; to be an innovator of carbon. neutral steelmaking and demonstrate a commitment to the way sustainable steel is produced and delivered; to empower its people and engage and work with its communities, whilst creating value for the shareholder. All of these activities are underpinned by the Tata values, which are outlined below.

There are five core values which are shared by all Tata companies worldwide and which continue to direct the growth and business of these companies and inform expected behaviours and practices. These values are Pioneering, Responsibility, Excellence, Unity and Integrity and underpin the way the Company does business.

The Company's purpose, values, strategy and key messages are communicated through internal communications and senior manager updates. The management team also use regular live streaming events to communicate key information, such as information on business performance, to enable the cascade of information to the Company's employees. These have included updates wherever possible on discussions with key stakeholders on the Company's announced transition towards the decarbonisation goals of the Company.

Members of the Board and leadership team have also participated in numerous discussions over many months with stakeholders at all levels - inside and outside the Company - to present the case for the Company's transition plans and to listen and respond to different points of view.

## *Principle 2 – Board Composition*

During the FY2023/24 financial year the board membership comprised of six Directors. Three Directors hold senior positions in the TSL Group and two are also directors on the TSL board. Three senior representatives from the Company's management team, being the Chief Executive Officer (formerly the Chief Operating Officer), the Chief Commercial Officer and the Chief Financial Officer are also members of the Board, which is chaired by one of the Directors who acts in a non-executive capacity in relation to the affairs of the Company.

The Board's current composition is expected to allow it to continue to meet the strategic needs of the Company and the UK Value Chain and support effective decision-making to meet its future challenges. All members of the Board have extensive experience of the steel manufacturing sector, the wider Tata Steel Group and the markets in which the Company operates. The size and composition of the Board therefore remains appropriate for the size and complexity of the Company.

During the year, day-to-day management of the Company's business was carried out by a team comprising the Chief Executive Officer, the Chief Commercial Officer, the Chief Financial Officer together with selected functional senior leaders. With effect from May 2023, other members of the management team report to the Chief Executive Officer who provides a single point of day-to-day leadership for the Company.

The Board continues to have representation from different ethnic backgrounds. While the Board currently has no women directors, the Board and the UK leadership team is conscious of the need to take steps to further enhance its diversity and that of the UK Value Chain. As is further reported on page 10, during the year the Company increased its focus on Diversity & Inclusion with a review of the Diversity and Inclusion and Dignity at Work policies. The business also established a Steering Group, which is developing the strategy in this area.

TSUK does not have its own Nominations Committee as this is dealt with at TSL level. Any appointments to boards of companies in the UK Value Chain are considered and approved by senior management in the business.

The Securities and Exchange Board of India (SEBI) monitors and regulates the corporate governance of TSL, which is a listed Company in India. Announcements relating to developments in the UK business may be required to comply with SEBI disclosure requirements.

## *Principle 3 – Directors' Responsibilities*

The Board convened meetings as and when required to discuss material matters affecting the Company and its subsidiaries.

During the year, the Board in particular spent time considering the implications of decisions relating to the decarbonisation and modernisation of its business, including the terms of potential funding arrangements with His Majesty's Government and the timing and preparations for safe cessation of its heavy end steelmaking business at Port Talbot.

In addition, the Board considered matters including health, safety and wellbeing, financial performance and liquidity, sustainability reporting, equity restructuring, group structure simplification, capital investments, strategic procurement provisions, pensions matters, financing arrangements and contract renewals. Directors' interests are reported at each Board meeting.

The TSE Audit Committee has historically taken responsibility for the review and assurance of all audit and legal compliance matters across Tata Steel's European business and matters arising in the UK are reviewed there, as well as in the TSUK Board whenever required.

In addition to their consideration at UK Board meetings, Safety, Health and Environment (SHE) matters are reviewed at a TSL Group level by a SHE committee. TSUK is represented at the SHE committee by the TSUK Chairman and, following his appointment, by the Chief Executive Officer. The UK Value Chain has adopted governance arrangements for health and safety which recognise the responsibility of the TSUK Board as well as the role of the Chief Executive Officer and the leadership team working through the UK Health & Safety Committee, comprised of management team members and other senior leaders, including those with specialist health and safety expertise. Under these arrangements TSUK continues to report material health, safety and environmental matters which impact TSUK to the TSL SHE Committee.

Members of the Board receive regular information on all key 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, Board papers setting out proposals are designed to include sufficient background, financial analysis, risk assessment and stakeholder context to help inform Directors with their decision making, In addition, the Audit and Assurance function provides additional assurance on specific key risks to ensure systems and controls are operating effectively.

The TSUK Board has a Policy for Delegations of Authority which reflect operating and managing structures of the UK Value Chain. During the year, many areas of the business contributed to an update to the Company's Policy Framework which has now been adopted and published.

#### *Principle 4 - Opportunity and Risk*

The Board has considered for approval material and strategic projects, partnerships, contracts and other opportunities (as defined by value and duration) in addition to monitoring the performance of the Company and the TSUK Group's longer term financial sustainability. Climate change, supply chain risk and decarbonisation continue to be key risks and the Company continues to seek opportunities to work with third parties and the wider Tata group to address TSUK's sustainability and CO2 reduction objectives for a sustainable business in the long term. More information is contained in the Sustainability and Environment section of the 2023/24 Annual Report.

The principal risks and uncertainties affecting TSUK and mitigating actions taken in respect of them are set out in the Strategic Report on pages 4-7 of the annual report.

An Enterprise Risk Management (ERM) framework has been deployed by the Company, in alignment with TSL's ERM framework. TSUK's Risk Committee meets quarterly and includes all members of the management team. 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. In addition, monthly risk management sub-committees are held by each of TSUK's Chief Executive Officer, Chief Financial Officer and Chief Commercial Officer. Among the Company's compliance policies include competition, anti-bribery and corruption, gifts and hospitality, responsible procurement, anti-slavery, insurance-hedging and human trafficking, cybersecurity and data privacy. Where risks or potential breaches are identified the Company takes action to discuss the appropriate response and revise policies to capture any such compliance risks effectively.

The UK Value Chain has a Compliance and Integrity Committee which meets quarterly. In addition, there are regular interactions with persons responsible for these matters in Tata Steel's mainland European business to discuss matters of common interest. Reports are submitted to the TSE Audit Committee on a six-monthly basis.



### *Principle 5 - Remuneration*

The Company has a policy which sets out TSUK's reward and recognition principles and the criteria describing key drivers for base and variable pay. TSUK follows a reward philosophy that will enable it to attract, retain and motivate the people it needs to deliver its objectives, is competitive in relevant markets, links to the achievement of the corporate objectives and follows the principles of being simple, objective and fair. TSUK reward processes support talent management and career development. External benchmarking is undertaken periodically to ensure alignment with good practice and the market, the input from which is used to inform decision making with respect to TSUK's reward and recognition principles.

Recommendations relating to the remuneration of Company employees are referred for approval to Directors not affected by the decision. The remuneration of TSUK Company Directors who hold positions in the wider TSL Group is a matter for the parent company, TSL.

TSUK has published its Gender Pay Gap Report for 2024. Further information in relation to the Gender Pay Gap is available on page 14 of the 2023/24 Annual Report and on the Corporate Governance pages of the Tata Steel Europe Website ([www.tatasteeleurope.com](http://www.tatasteeleurope.com)).

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

The TSUK Board recognises the importance of effective communication with its stakeholders in order to deliver its purpose, vision, mission and strategy and ensure protection of TSUK's relationships, reputation and brand. TSUK's stakeholders include its shareholders, customers, suppliers, employees and employee representatives, pensioners, banks, Government bodies, and the focal communities in which it operates. In addition to its customary engagements with these groups, during the year the Company engaged in significant dialogue with all stakeholders affected by its proposals to transition to a new and decarbonised form of steelmaking.

TSUK prioritises the health, safety and wellbeing of its employees, contractors and other partners. Health and safety is prominently discussed in management team and senior leadership communications and management reviews. TSUK's ambition is Zero Harm and the health and safety annual plan and framework supports this ambition through engagement and communication with all employees, trade union representatives and contracting partners. Reflecting in particular on the tragic fatal incident at Llanwern in September 2022, during the year the Board and leadership team have supported and led increased focus and engagement on safety matters as described on page 9 of the 2023/24 Annual Report.

The Company engages with its employees in a number of ways and there are well-established arrangements at each business location for communication and consultation with trade union representatives to provide employees with information on matters of concern to them. The Company strives to ensure that well-developed policies and procedures are in place for consulting and negotiating with trade unions so that views of employees can be considered in making decisions that are likely to affect their interests. In this year, these measures have included significant additional engagements with the UK Steel Committee in relation to the proposed transition to decarbonised steelmaking and the impacts on employees.

Digital media continues to be used for regular live streaming events with employees such as performance updates and team meetings and to communicate the strategy and goals for the financial year. Employee surveys have also been conducted in segments of the business, the results of which have been used to drive areas for employee engagement. Through the PeopleLink system, TSUK offers online learning and development courses accessible by all employees, including a series of mental health modules as well as other health, safety, and wellbeing training.

In relation to its shareholders, the TSUK Board includes directors of the ultimate parent company, TSL, and is therefore able to consider key matters in a wider Tata Steel Group context and to consider the interests of the shareholder on relevant matters.

Following the Regulated Apportionment Arrangement in 2017, which separated the British Steel Pension Scheme (BSPS) for TSUK and certain affiliated companies, the Trustee of the BSPS ultimately became a minority shareholder in the Company holding less than 1% of the shares. TSUK provided regular relevant information to this minority shareholder as required in the Company's shareholders' agreement. During the year, the Company and the BSPS Trustee agreed the terms of the disposal of this interest such that all shares in the Company are now owned by the Company's immediate parent company.

Directors and senior managers with relevant areas of expertise liaise with both national and devolved Government bodies, including regulators, as appropriate. Further participation by Directors and senior managers in these discussions is expected in 2024/25, especially in relation to the transition to cessation of current primary steelmaking operations and the transition to decarbonised steelmaking.

The Company encourages suppliers to work with the TSUK Group to create value for end customers, society and the TSUK group shareholders. The TSUK Group continues to operate to a Responsible Procurement Policy which underpins TSUK's commitment to ensuring supply chain transparency which applies to all goods and services supplied to TSUK and their respective supply chains. A due diligence management system for the complete supply base has been implemented in order to identify applicable risks and take appropriate steps to mitigate them. Further information can be found on the Supply Chain Transparency pages of the Tata Steel in Europe website.

Delivering an excellent customer experience continues to be a key strategic priority for Tata Steel, and its business model, centered around direct engagement with customers aligned to market sectors allows for continuous feedback to support this ambition. The Commercial function continues to engage with customers including through 'The Voice of the Customer' process which provides regular and efficient feedback opportunities through brief surveys and ad hoc customer research with deep dive studies to understand a particular aspect of TSUK's performance from the customer's perspective and identify ways to improve.

As currently the UK's largest steel producer, the Company and the TSUK group is dedicated to managing its operations responsibly and to create a sustainable business in the long term. These considerations have underpinned the Company's announcement of plans to transition to decarbonized steelmaking and more information with regards to TSUK's decarbonisation activities can be found on page 13 of the 2023/24 Annual Report and in TSUK's sustainability report [www.tatasteeleurope.com](http://www.tatasteeleurope.com).

TSUK is committed to working in partnership with its local communities to support their social and economic wellbeing. During 2023/24, the Company held a number of community events near its sites, including those described on page 11 of the 2023/24 Annual Report.

In addition to these active means of engagement with its employees and contractors, the TSUK Group continues to operate a confidential reporting line which allows employees and others to report potential concerns while remaining anonymous.

#### *Statement of engagement with suppliers, customers and others in a business relationship with the company*

TSUK'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 35 of the 2023/24 Annual Report.



### *Statement of engagement with employees*

TSUK's engagement with employees and the workforce is addressed in the Strategic Report and under Corporate Governance, Principle 6 on page 35 of the 2023/24 Annual Report.

### *Post balance sheet events*

In Port Talbot TSUK closed Blast Furnace 5 on 4 July 2024 and Blast Furnace 4 on 30 September 2024 in line with its restructuring plans.

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

Since the year end, TSUK has received £320m equity injection from Corus Group Limited.

Subsequent to the balance sheet date, the Company 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

On 11 September 2024 TSUK signed a Grant Funding Agreement with the UK Government in respect to TSUK's decarbonisation investments under which the UK Government would provide up to £500m of grant funding.

### *Information disclosed in the Strategic Report*

The following information has been disclosed in the strategic report

- A review of the strategic activities (see page 3);
- Details of branch offices (see page 3);
- Principal risks and uncertainties (see page 4);
- Business environment and prospects (see page 8);
- Employee information (see page 10);
- Sustainability & Environment (see page 11 );
- Climate Action {see page 12);
- Financial risk management objectives (see page 19)