

Corus Group Limited S.172 statement for Financial Year 2019-20

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 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.

Corus Group Limited (CGL) is an investment holding company and is the immediate parent of Tata Steel's principal operating company in the UK, Tata Steel UK (TSUK), and an indirect subsidiary in the Tata Steel Europe (TSE) and Tata Steel Limited (TSL) Groups. Oversight of the TSE Group is carried out at TSE Board level which is responsible for setting strategic priorities, supporting stakeholder engagement including communication with TSUK's ultimate parent company, TSL, in India.

As is usual with large companies, the TSE Board delegates authority for day-to-day management of the TSE Group to an Executive Committee, led by the Chief Executive Officer, who set, approve and manage the execution of business strategy. Two TSE Executive Committee members (Chief Financial Officer and Director Legal & Company Secretary) are directors of the CGL Board and the majority of the Executive Committee are on the board of CGL's immediate parent company, TSNH. In addition, two TSE Executive Committee members (Chief Executive Officer and Chief Financial Officer) are directors of the TSE Board.

Certain governance responsibilities relevant to the TSE Group, are delegated by the TSE Board to Board committees (Audit, Remuneration, Pensions) which support the Board in carrying out its duties. The committees comprise TSE executive and non-executive directors to provide appropriate external perspective and challenge. A TSE Board Covid-19 committee was established in April 2020 to support management response to the global coronavirus pandemic.

The TSE Group promotes high standards of corporate governance throughout the organisation and the CGL Board upholds these standards. For the year ended 31 March 2020, TSE has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council in December 2018 and available on its website). These new corporate governance reporting requirements apply to companies reporting for financial years starting on or after 1 January 2019. A corporate governance statement can be found in the TSE Annual Report and Accounts.

As it is a holding company, the CGL Board holds meetings when required to consider the impact of key proposals and material matters affecting CGL.

New directors inducted into the Company are made aware of their directors' duties, including section 172(1) of the Companies Act, 2006. Induction materials are refreshed and made available to all directors via a Board portal.

With regard to section 172(1)(a), to aid the TSE Group's objective of long term financial independence, in September 2019, the CGL Board approved debt restructuring including the issuance of new equity in TSNH and subscription of equity in TSUK. In December 2019, the CGL Board approved arrangements in relation to a new Senior Facilities Agreement which completed in February 2020 and in relation to which no repayment is required for 5 years. In addition, as a governance and risk mitigation measure, in 2019/20 CGL has participated in a rationalisation programme to simplify the TSE corporate structure which resulted in the members voluntary liquidation and/or dissolution of a number of direct and indirect subsidiaries.

With regard to section 172(1)(b)-(f), given it is an investment holding company, CGL has limited stakeholders as compared to its subsidiary TSUK or its indirect parent, TSE, for example, in relation to impact on community and environment. TSE policies will apply to CGL, including employment and compliance policies. Further disclosures with regard to direct stakeholder impact of group companies are included in the TSE Report and Accounts and TSUK Report and Accounts for the year ended 31 March 2020.

The CGL Board is conscious of the impact its business decisions have on stakeholders (including shareholders, employees, pensioners, subsidiaries, banks and Government bodies) as well as the wider impact on society. The Board recognises that given the complexity of the TSE Group not all decisions taken will align with all stakeholder interests. Accordingly, the CGL Board have taken decisions in the year that it believes best support CGL's strategic objectives.