TATA STEEL

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Annual Report and Accounts 2022-2023
Tata Steel Nederland B.V.

About the report

This Annual Report & Accounts gives an overview of the performance, and strategic outlook of Tata Steel Nederland B.V. (Tata Steel Nederland) and its subsidiary companies during the financial year 2022-2023. It delves into Tata Steel Nederland's commitment to creating long-term value for all stakeholders by highlighting Tata Steel Nederland's corporate strategy, sustainability, risk management and ongoing efforts to improve its operations internally and externally.

Reporting principles

In addition to this Annual Report and Accounts, the Sustainability Report 2022-2023 will be published around August 2023. We strive towards full integration of both reports in preparation for the upcoming EU Corporate Sustainability Reporting Directive (CSRD) and its mandatory disclosure standards (ESRS).

Reporting period

Tata Steel Nederland's report is published on an annual basis. This year's report covers the financial year from 1 April 2022 to 31 March 2023.

Scope and boundaries

Part 1 of this Annual Report & Accounts, the Directors' report, covers a wide range of topics, including Tata Steel Nederland's company profile, value creation, goals and corporate strategy. It also includes Tata Steel Nederland's business performance and sustainability strategy as well as the impact on Tata Steel Nederland's customers, surroundings and employees. The Directors' report further details Tata Steel Nederland's approach to risk management. Part 2 is the Report of the Supervisory Board, and covers Tata Steel Nederland's Audit Committee. Finally, in Part 3, Tata Steel Nederland's financial statements are presented, providing transparency and accountability to our stakeholders. Other information is covered in Part 4.

This report pertains exclusively to Tata Steel Nederland and its subsidiaries and presents the data relating to its operations and performance only. In-depth information about Tata Steel Nederland's efforts concerning sustainability can be obtained from Tata Steel Nederland's Sustainability Report, to be published around August 2023.

Assurance and presentation

The external auditor, PricewaterhouseCoopers Accountants N.V., has audited the Annual Accounts for 2022-2023 and issued an unqualified auditor's report. The members of the Tata Steel Nederland's Board of Management and Supervisory Board, after discussion with the external auditor, have approved these Annual Accounts.

This document contains forward-looking information and statements about Tata Steel Nederland and its subsidiaries. These include statements regarding plans, objectives and expectations with respect to future operations and statements regarding future performance, as well as statements regarding our plans, intentions, aims, ambitions and expectations, including with respect to our CO_2 emissions. Forward-looking statements can be identified by the words 'believe', 'expect', 'anticipate', 'target', 'accelerate', 'ambition', 'estimate', 'likely', 'may', 'outlook', 'plan', 'strategy', 'will' and similar expressions. Forward-looking statements include all statements other than statements of historical fact. Although our management believes that the expectations reflected in such forward-looking statements are reasonable, it should be noted that forward-looking information and statements are subject to numerous risks and uncertainties – many of which are difficult to predict and generally beyond the control of Tata Steel Nederland – that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. In particular, our CO_2 emissions targets are based on current assumptions with respect to the costs of reaching those targets (including the costs of green hydrogen and how those costs develop over time), government and societal support for the reduction of CO_2 emissions and the advance of technology and infrastructure related to the reduction of CO_2 emissions over time, which may not correspond in the future to our current assumptions. Tata Steel Nederland undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events or otherwise.

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MESSAGE FROM THE CEO

Dear Reader,

I kindly invite you to read about the progress made by Tata Steel Nederland in the reporting year 2022-2023. Besides our financial results you can also read about our commitment to our customers and suppliers, to our employees and to society at large.

Apart from looking back on our reporting year 2022-2023, we want to use this reports to also outline our strategy and plans for the near and slightly more distant future. We are accelerating our ambition to become a clean, green and circular steel company that improves how people around the world work, live and move through sustainable steel. While reading the report we hope you become assured or reassured that Tata Steel Nederland is passionate about this.

We have been making steel for over 100 years and we intend to continue to do so in a sustainable way. We want to be a good neighbour who takes the concerns of its neigbours seriously. Therefore, we already have taken additional measures to reduce our impact and realise that we have to improve our engagement with the communities. To lower the impact of our operations on the direct neighbourhood we are currently executing the so-called Roadmap Plus Programme. Secondly, our decarbonisation program will further improve our environmental performance in the mid to longer term and will make a big contribution to reduction of CO_2 emissions in the Netherlands.

A significant development of the past year concerns our decarbonisation plan for the phased transition to CO_2-neutral steel production using direct reduced iron technology and electric smelting, with the utilisation of green power and green hydrogen. Our plan is being developed in close cooperation with the national and local authorities. This was evidenced by the signing of Expression of Principles with the Dutch Government, which lays down a framework for cooperation and dialogue on how the decarbonisation plans can be realized. For our decarbonisation investments, we have the continued support from our shareholder Tata Steel Limited. With this, we will gradually make an enormous contribution to achieving our country's climate goals. In the meantime, we have already achieved and will continue to realise a reduction in greenhouse gas emissions in both IJmuiden and our Downstream companies through various projects. We have reached CO_2 neutrality Scope 1 and 2 in our site in Naantali and in our site in Halmstad and we continue to grow our Carbon Lite product sales under the Zeremis® brand.

Having a closer look at our financial year, you will see that while we had a strong first half year still benefitting from a strong recovery of steel markets from the COVID-19 pandemic in 2022, the second half of our financial year significantly weakened. The latter was mostly due to market conditions with elevated energy prices and emission related cost and raw material price volatility. A delay in the commissioning of our revamped Cold Mill 21 also negatively impacted our market performance, for which we regretfully had to invoke force majeure. As the technical issues have now been resolved, we were able to revoke force majeure in mid-June. I would like to thank our valued partners and customers for their continued support.

In our ambition to become a green steel company, our own employees play a crucial role. Therefore we have introduced a Leadership programme that is currently being rolled out across our company. Our Leadership programme focuses on three elements –Connect, Care and Change– and is aimed at the culture of our company. Our people are fully dedicated to the chosen path, and we encourage all our stakeholders to join us in defining the next chapter of our company.

Hans van den Berg
CEO and Chair of the Board of Management of Tata Steel Nederland

Part 1
REPORT OF THE BOARD OF MANAGEMENT

At a glance

Operational results 2023

Total steel production

6,327 KT
(vs. 6,611 kilo tonnes in 2022)

Deliveries

5,496 KT
(vs. 6,089 kilo tonnes in 2022)

Financial results 2023

Turnover

€ 7,192 M
(vs. 6,904 million euros in 2022)

Reported EBITDA

€ 665 M
(vs. 1,145 million euros in 2022)

Profit after taxation

€ 352 M
(vs. 730 million euros in 2022)

Net cash flow generated from operating activities

€ 572 M
(vs. 789 million euros in 2022)

ABOUT TATA STEEL NEDERLAND

1.1 Company profile

One of Europe's largest steel manufacturers

Tata Steel Nederland is a wholly owned subsidiary of Tata Steel Netherlands Holdings B.V. (TSNH), a private limited liability company based in the Netherlands. The ultimate parent company is Tata Steel Limited, which is a public company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges.

Tata Steel Nederland is one of mainland Europe's largest steel manufacturers, with over 12,000 employees and agency workers. We produce around 7 million tonnes of steel annually. In the financial year ending 31 March 2023, we recorded a turnover of €7.2 billion. With seventeen manufacturing locations in seven countries, we supply high-quality steel products to customers located primarily in Europe and partly in the United States.

TATA STEEL NEDERLAND IN FIGURES
FY 2022-2023

Total steel production
6.3 million
tonnes liquid steel

Gross revenue
7.2 billion
euros

Plant investments
532 million
euros

Total direct jobs
12,299

Tata Steel IJmuiden

The largest production site is based in IJmuiden, the Netherlands. The production facility, accounting for the majority of Tata Steel Nederland's employees, is unique in Europe. It is a large coastal, integrated site with manufacturing capability from raw material to organic coated steel. Being on the North Sea coast offers not only logistical advantages but also opportunities for Tata Steel Nederland's ambition to produce green steel with minimal environmental impact.

Downstream Europe

The main site is complemented by the seventeen sites of Tata Steel Nederland Downstream Europe where steel is further processed for high-quality applications in specific market segments, e.g., processing steel into metal roofs and wall cladding, steel for the mobility sector or steel used to produce batteries. These facilities – employing over 2,000 people – are in Europe (the Netherlands, Belgium, Spain, Germany, France, Switzerland and the Nordic countries), and the United States. This geographical reach and wide processing capability enables us to meet our customers' requirements quickly and easily.

Tata Steel IJmuiden and Tata Steel downstream sites

Products and markets

Tata Steel Nederland offers a wide range of strip steel products, solutions and associated services. The main products offered are hot rolled, direct rolled, cold rolled, metallic coated, organic coated, packaging steels, electrical steels, electro-plated, building products, welded tubes and semis. The main market segments we serve include automotive, construction, engineering and packaging. Our products reach our customers either directly from the IJmuiden site or indirectly through its Downstream processing sites and its network of distribution sites, typically by rail, road and water.

Sustainability

Tata Steel Nederland has a public commitment to reduce its CO_2 emissions by 35% by 2030 compared to 2019. It is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, ready for an eventual transition to Green Hydrogen depending on availability and economics. It is currently engaging with multiple technology and engineering partners to complete detailed evaluation and engineering, implementation and planning.

Our goal for all Downstream sites, is to be CO_2 neutral by 2030. The aim is for six of the seventeen Downstream sites to achieve this status before 2025.

We are in constant dialogue with our stakeholders regarding our sustainability ambitions and proceedings, with particular attention to our immediate environment.

The value of steel and steel production

Steel has great value to our modern society and is part of everyday life. Steel is used wherever we look, and demand remains high because of its unique properties. It is strong enough to make large structures, and at the same time easy to form and resistant to wear and tear. When it comes to recycling, steel is considered one of the best products to recover and recycle for the production of new steel. Increasing the recycled content in our product is therefore an important objective.

Tata Steel Nederland has made a name for itself when it comes to supplying high-quality steel. We strive to create value for our customers through innovation. Our high-strength grades make it possible, for example, to build lighter cars that are at least as strong and wear-resistant as before. Batteries in electric cars can also be made increasingly lighter (see page 14). Our environmentally friendly coatings allow food in tins to stay fresh for longer. We are also working on making our steel more sustainable in other ways, for example by redesigning products so that the use of scarce, critical raw materials, such as vanadium, can be minimised (see also page 14).

Not least, our value creation starts with decarbonising our production processes. In the shorter term, we will minimise our impact on our immediate environment through the Roadmap Plus Programme, while in the longer term we aim for completely CO_2-neutral production at our site in IJmuiden in phases. Our ambition is to complete the first decarbonisation step by 2030, replacing one of the two blast furnaces and one of the two Cokes and Gas Plants with new Direct Reduced Iron technology and electric smelting, with a transition to green hydrogen. Sustainable, green steel contributes to sustainable construction, sustainable transport, sustainable energy generation and sustainable products that bring value to society every day.

We create together

Just as steel is an indispensable and inseparable part of our modern existence, Tata Steel Nederland is connected to society through all kinds of relationships: from customers to employees, from shareholders and authorities to companies and residents in our immediate vicinity. How we create value with all these relationships has many dimensions and facets.

The value we jointly add starts with our customers who help determine our ability to be profitable in the long term. Only then can we innovate in many aspects to develop and make our products and processes more sustainable. Equally important is the close cooperation we have with many customers in process and product development. Sometimes we help them find solutions, and sometimes we challenge each other in project teams and develop innovative ideas.

Our strength lies in our people and the pride they take in their work. Whether producing today's steel, researching tomorrow's new products or working closely with customers to make them even more successful in their markets, the pride felt by our employees drives everything the company accomplishes. It makes all those who work for the company want to exceed customer expectations, invest in cleaner, safer and more sustainable processes, give back to the communities they live and work in and build and maintain a company fit for generations to come.

The same goes for all kinds of partners in our network, ranging from suppliers and consultants to NGOs and academia. Cooperation is key, particularly in our transition to a new way of making steel using hydrogen and new techniques, like direct reduced iron (DRI). Finally, on our way to more sustainable, CO_2-neutral production, we are working to build support and trust among our stakeholders in the direct environment where a great part of our workforce lives, and among politics, policymakers and authorities. Through communication and participation, we strive for more than the licence to operate. It comes down to the licence to grow and develop.

However, public concern on the environmental impact of our operations in IJmuiden continues to exist. Therefore, the transformation to become a green, clean and circular steel company has become increasingly urgent. With the support of our shareholder Tata Steel Limited, we are committed to transitioning in a phased manner out of coal-based blast furnace operations to steel making using direct reduced iron technology and electric smelting, using green power and green hydrogen.
The process to obtain permits for the new facilities has started and we are actively engaging with local communities as part of the so-called '*participatietraject*' to inform on our plans and seek feedback.

New products with greater sustainability value

We add value to our products by including sustainability aspects in addition to product specifications. We assess the entire life cycle, from production at our sites and manufacturing at our customers' sites through to the use phase and finally the recycling phase. We calculate impacts on climate change and energy consumption, water use, emissions and hazardous substances, resource use and waste reduction, longevity, reuse and recycling, social and ethical value as well as economic sustainability. Each of the ten new products we developed last year underwent this sustainability assessment, resulting in higher sustainability scores than previous comparable products.

See the next page for examples.

Jenny Wassenaar, Chief Sustainability Officer at Trivium Packaging
on promoting sustainability

"Tata's strategy towards green, circular steel aligns with Trivium's sustainability journey. We feel that we are being heard in our efforts to implement sustainable practices into all links of our supply chain and we are working together more intensively, especially in terms of innovation and developing sustainable solutions."

Read Jenny's full story in the 2023 Sustainability Report

Wear-resistant and formable steel for agriculture and automotive industries

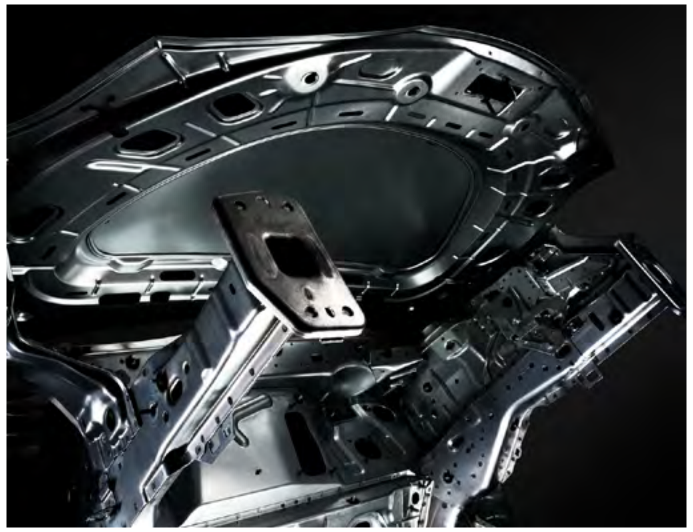
(27MnCrB5-2)

This product is used for agricultural equipment such as combine harvesters and moving equipment. Its mechanical properties provide improved wear resistance and high strength, all the while being highly ductile to meet the customer's design. This allows us to produce thinner material with the same strength, thus saving on weight and cost. The increased wear resistance makes the material last much longer than conventional steel, ensuring endurance of the product in various aspects. Finally, 27MnCrB5-2 product is also finding its way into promising applications for the automotive market, such as in precision tubes in car suspensions.

Advanced high-strength steel with metallic coating for the automotive industry

(CR DP600-GI HyperForm®)

To combat the extra weight of batteries, our automotive customers are constantly looking for cost-effective lightweight solutions for their electric vehicles. TSN recently expanded its HyperForm series with the launch of CR DP600-GI HyperForm®. The HyperForm series offers strength with formability normally associated with much softer grades. For example, this grade has better formability than standard DP600-GI and greater strength than HSLA grades. This combination and the excellent welding properties provide ample opportunities for lightweight solutions, hence reducing our carbon footprint over the product life cycle.



The strongest micro-alloyed HSLA complement

(improved CR460LA-GI)

Although advanced steels, such as our new DP600-GI HyperForm®, are becoming increasingly common, up to 25% of a car's body structure still consists of more conventional types of high-strength steels. We have recently optimised our CR460LA-GI, the strongest grade within this range of micro-alloyed HSLA. Our R&D Department succeeded in redesigning the grade without adding vanadium, which is identified as a critical raw material. This resulted in a cost-effective alternative for advanced multiphase grades and a possibility of a 10% mass reduction compared with lower-strength HSLA-grade parts.

Our purpose, mission and vision

We pride ourselves on producing high-quality steel that is essential for the development of industries in the Netherlands and globally. Our focus on innovation and sustainability drives us to transform the way steel is produced, reduce our CO_2 footprint and increase efficiency. Our efforts to transform the steel industry reflect our commitment to a more sustainable future. Our strategy is to become a green, clean and circular steel company.

We seek to have a positive impact on the world we live in. That is our core and it defines everything we do. In that light, we are constantly working to make Europe's leading steel company sustainable in every way: sustainable in how we work, in the products and services we make and procure and in how we take responsibility for the world around us.

Purpose
Improving how people around the world work, live and move through sustainable steel

Mission
To continue to play a meaningful role for all our stakeholders as a clean, green, circular steel company that creates value, is an employer of choice and maintains an ongoing dialogue with our neighbours

Vision
A clean, green and circular steel company that is sustainable in every sense

Our promises
Tata Steel has always been a value-driven organisation. Our core values underpin the way we do business and continue to direct our growth and business. Tata Steel Nederland embodies the same values, contributing to the synergy within Tata Steel Limited.

Integrity	We will be fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny.
Pioneering	We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.
Excellence	We will be passionate about achieving the highest standards of quality, always promoting meritocracy.
Unity	We will invest in our people and partners, enable continuous learning, and build caring and collaborative relationships based on trust and mutual respect.
Responsibility	We will integrate environmental and social principles into our businesses, ensuring that what comes from the people goes back to the people many times over.

Our purpose, values, vision, mission, strategy and key messages are communicated within Tata Steel across all levels in the organisation through regular internal communications, senior leadership conferences and weekly CEO update calls.

Leadership Programme
A leadership manifesto based on the leadership principles of Connect, Change and Care was developed to steer leadership culture and behaviours as an enabler to become a clean, green and circular steel company. Last year the number of senior managers, leaders, HR professionals and ambassadors who participated in the Leadership Programme rose to 500. Each of these participants has experimented with small but significant changes in personal behaviour in line with the Connect, Change and Care principles. Across the company we are seeing more and more examples of the ripple effect through initiatives such as diversity and inclusion, green teams, active listening and employee empowerment through more autonomy.

Our way of leading
Tata Steel Nederland is committed to three leadership principles, to which we always hold ourselves accountable: we connect, we change, and we care. These three leadership principles support our values and set the tone for how we work together and inspire our culture.

Connect
Listening and understanding, different perspectives, diversity, trust and empowerment, open and honest communication

Change
Thinking in possibilities, daring to make mistakes, being courageous, driving change with the outcome in mind, acting from a sense of urgency for a bright future

Care
Caring for ourselves, each other and about society. Making a positive impact today to change tomorrow. Being open to challenging views and doing what we say

Research and new technologies for better solutions

Every year we succeed in further optimising processes and products. Our Marketing and Research & Development Departments work –often closely with customers– on products that meet the sustainability and other needs of the market. In addition to improving our market position, these efforts contribute to resource efficiency and reducing emissions in the chain.

At the heart of our Research & Development (R&D) policy are three focus areas: green, clean and circular. In chapter 3.4, we report on the latest developments in our ambition for 'green steel', our transition to ultimately produce steel based on green hydrogen instead of coal. This will require much R&D effort in the coming years. In the reporting year, Tata Steel Nederland added 14 FTEs (Full Time Equivalent) to the 293 FTEs that we already had in this department, while much research also takes place in close contact with academia. In the coming year we will employ even more experts in R&D.

A lot of research goes into possible new production methods (DRI/electric furnaces) and modelling of processes in the new facilities. At the same time, we are working on CO_2 reduction and efficiency in existing plants. In recent years, for example, we achieved a 5% reduction in gas consumption at the continuous annealing lines combined with quality improvement by improving the control of this process.

From hyperloop to wind turbines

In previous years, we worked intensively on the hyperloop. For example, we have been developing lightweight tube concepts with reinforcing ribs and steel grades that additionally dampen noise and vibrations. We also see opportunities for this technology in other markets that use large-diameter tubes, such as wind turbines.

Technology Programme

A significant part of our Technology Programme was developed under the governance of the Research Portfolio Committees (RPCs) of Tata Steel Nederland. The RPCs cover process and product market sector developments. This includes the special programme on decarbonisation and the green hydrogen route in the near future. This programme focuses on the shorter-term preparations for the potential investments as well as for the longer-term optimisation of the use of these installations.

Process development

The Process Technology Programme in 2022-2023 was focused on lean and robust manufacturing processes, better use of raw materials and resolution of quality issues. The programme supports the manufacturing and differentiated product strategy. Key achievements were:

- Introduction of more flexible control systems and advanced equipment for the cooling processes in the Hot Strip Mill. This allows the development of new steel grades to expand Tata Steel Nederland's product portfolio, while also significantly lowering the energy consumption.
- Implementation of a dedicated program to reduce environmental emissions of the Cokes and Gas Plants.

Product market sector developments

In this area, the development of new steel products is key. Structured programmes have been initiated for all market segments identified by strategic marketing, with special emphasis on the automotive, engineering, construction and packaging sectors. During the reporting year a total of ten new products were added to Tata Steel's product portfolio. These included formable grades for packaging, which enable our customers to increase the yield on deep-drawn pack formats by a more uniform formation, and engineer grades (e.g. line pipe but also hyperloop) for the market in thick and wide steel. The range for Serica FLO™ has been expanded. This product has an outstanding surface quality and is used for shiny outer surfaces on cars.

The remaining capacity (outside the Technology Programme) was primarily allocated to the Strategic Thrust Programme for various projects including the following:

- The HIsarna project concerns an environmentally friendly, low-CO_2 and economic ironmaking technology with at least a 20% reduction without carbon capture and storage (CCS) and up to 80% with CCS or even negative with renewable CO_2 sources. Engineering for upscaling (1 million tonnes per year, demo plant) commenced in 2021-2022 and continued in the reporting year in close collaboration with a dedicated team in Jamshedpur, India. The Reclamet project (using HIsarna for recycling zinc-coated steel scrap) awaits the restart of the plant trials in the pilot plant. The HIsarna pilot plant is planned to restart during the coming financial year.
- Last year, Tata Steel Nederland collaborated with various selected universities (DENS Programme) to accelerate the development of new products in combination with a fully developed small-scale route (300g and 25kg) to perform small experiments to feed models that work on an operational scale (300 tonnes). The academic part of this program has been finalised and will continue in a new programme called DEPMAT. This programme aims to integrate physics-based modelling with advanced analytics to accelerate and improve prediction. The tools developed in DENS are being implemented, for example, to estimate the effect of residual elements coming from scrap (in preparation of higher recycling rates).
- R&D is looking at several ways to recover and reuse heat that is currently lost during our production processes, working closely with the Environmental Department at our plant in IJmuiden. During the reporting year, a winning bid was secured for a large European programme on ceramics, also related to the use of ceramics in H_2 environments.
- We saw various developments on the blast furnace process, including modelling and experimental testing of ceramic materials, to prolong the operating times for blast furnaces beyond current limits.
- Studies into alternative reductants and pre-reduced agglomerates, including biomass, were launched.
- Because of our impact on the immediate environment, R&D did extensive work on dust characterisation, including collecting regular dust samples to determine dust generated in our processes and dust generated from other sources. This work helps to understand the impact of dust on the local area and will continue into the next year and be expanded with advanced flow field calculations, including local weather data.
- Market opportunities like the hyperloop initiative, the Einstein telescope proposal, battery cases and new steel concepts with higher strength and formability are being looked at by our R&D Department.
- It is our aim to use more scrap in our steelmaking. The effect of high scrap contents is being studied, especially when applied for our high-strength and clean steels.

In line with the previous reporting year, additional resources were made available for direct business support to deliver positive results for the business and where R&D efforts can make a difference, these resources were increased.

R&D FIGURES
FY 2022-2023

Patents granted
161

Patent applications
22

R&D expenditure
64 million euros

Newly launched products
10

R&D employees
307

PERFORMANCE 2022/2023

A year of two halves

The steel industry is cyclical. Financial performance is affected by general macroeconomic conditions that determine the demand for steel from downstream industries, as well as by available global production capacity, raw material prices and changes in exchange rate. As integrated steel players seek to maintain high-capacity utilisation, changes in margins across regions lead to changes in the geographical sales pattern. As a result, in addition to market developments in mainland Europe, changes in the global market for steel also influence the financial performance of Tata Steel Nederland.

The 2022-2023 reporting period was a year of two halves, with an operating profit of €452 million (year 2021/2022: €914 million) mostly attributable to a very strong performance in the first half of the year. This followed the strong recovery of steel markets from the COVID-19 pandemic in 2022 resulting in favourable steel spreads and improving volumes. In the second half of this reporting year, economic activity was negatively impacted by the war in Ukraine, the spread of COVID in China and the rise of central bank rates to fight inflation. Consequently, operating profit trended downwards and ended slightly negative. Favourable steel spreads seen in the first half of the financial year followed a downward trajectory throughout the second half of the year, reaching a bottom in December 2022. Energy, gas and electricity prices spiked in the second and third quarters of the financial year, and fell in the fourth quarter, although remaining relatively high compared to prices before the war in Ukraine. As a result of our hedge policy there is a delayed impact of higher energy costs on the financial results.

Many challenges

It was a challenging year, also from a broader stakeholder perspective. Public concerns and enhanced supervision and enforcement by environmental regulators in relation to our activities at IJmuiden continued during the year. Public concerns are mostly addressed at emissions from our Cokes and Gas Plants (CGPs) and are putting pressure on their license to operate. The CGPs are fully integrated into our steelmaking process and closure of (one of) the two plants prior to the transition (of 2030) would have a significant financial and operational impact. It is therefore of great importance that the CGPs are maintained in operation in a responsible manner so as to successfully transition towards steel making using direct reduced iron technology and electric smelting, using green power and green hydrogen. Meanwhile, we have implemented additional and tighter operational controls to minimise emissions from the CGPs. We will continue our efforts at these plants, by refurbishment of oven walls.

The Roadmap Plus Programme will also further improve the environmental performance of the IJmuiden site in the immediate term and execution is progressing according to plan. With this programme, Tata Steel Nederland has set emission reduction targets combined with maximum transparency of the improvements to be achieved. Great progress has already been achieved, especially in reducing emissions of polycyclic aromatic hydrocarbons (PAHs) and odour. During various projects, innovative ideas and insights were added to the programme. This is described in the 'Environment & Community' section of this report, as well as more extensively in the Sustainability Report.

As we navigate uncertainties and face challenges, Tata Steel Nederland stays on course to become a green, clean and circular steel company. We continuously engage with governments at various levels and other civil society stakeholders, such as non-governmental organisations, to stay informed of public policy and regulations relevant to the business. The objective is to help create the right conditions for a sustainable steel industry in the Netherlands by adopting policies that ensure a level playing field within Europe and with international competitors. This includes a competitive cost base and attractive conditions for innovation and investment, such as competitive energy prices, taxation, CO_2 pricing and leakage, public procurement and international trade.

Heather Wijdekop, Senior Business Leader
on aligning with customer needs

"My biggest concern is the level playing field in the steel market. As European steelmakers, we can make a huge contribution to CO_2 reduction. But to do so we have to be able to compete with steelmakers who don't have a carbon tax, despite our higher cost price."

Read Heather's full story in the 2023 Sustainability Report

Engagement with governments at regional, national and European level has also centred on ensuring the right policy environment for our decarbonisation plans. To realise our decarbonisation plans and ensure long-term success and competitiveness of TSN, support from the government, in the form of financial and energy (tax) policy support as well as permitting, renewable energy and hydrogen infrastructure, is critical. Therefore, in July 2022, TSN entered into an Expression of Principles with the Dutch Government which lays down a framework for cooperation and dialogue on how the decarbonisation plans can be realised. Any government support will be captured in a so-called 'Maatwerk' support (a tailor-made support) package.

In October 2022 we have submitted a request for Maatwerk to enable the first phase of our decarbonisation plan, which is to be completed by 2030. In the first phase one of the blast furnaces and one of the cokes and gas plants will be phased out using direct reduced iron technology and electric smelting, with a gradual transition to Green Hydrogen depending on availability.

Progress on the Maatwerk support discussions to enable TSN's first phase of its decarbonisation plan by 2030, is taking time to come to speed and without a clear indication of level of support the government is willing to give. However, the Dutch government continues to communicate its commitment to support TSN's transformation while it retains its strong competitive position. Together with the continued support from our shareholder and the increased urgency to reduce our environmental impact, we are confident that in the coming year we will accelerate the process towards concluding a Maatwerk support package.

In the meantime, the process to obtain permits for the new facilities has started and we are actively engaging with local communities as part of the so-called 'Participatietraject' to inform on our plans and seek feedback.

Macroeconomic environment

Economic growth decelerated globally in 2022. Global gross domestic product (GDP) growth increased by 3.1% (2021: 6.2%). Inflation was at 7.8%, significantly above levels seen in previous years (2.9% in 2016-2020). In China GDP grew by 3.0% (2021: 8.5%). The deceleration was mainly due to the lockdowns as a result of COVID outbreaks which impacted consumer spending and industrial output, and a slowdown in the property sector. Lower economic growth in China led to reduced global trade growth and lower global commodity prices over the course of the year. Economic growth in the European Union (EU) decelerated to 3.6% (2021: 5.3%). The EU economy remained resilient due to the strong contribution from the services sector and overall positive developments over the first half of the year. In the second part of the year consumer confidence and business sentiment deteriorated as the European Central Bank (ECB) started to increase interest rates.

Steel demand and production

Global steel demand decreased by 3.2% in 2022 in line with the worsening macroeconomic conditions (2021: 2.8% increase). Demand in China decreased by 3.5% (2021: 5.4% decrease) as output in the property sector declined. New construction starts declined by 36% for the year. Demand in the EU decreased by 8.0% (2021: 18.1% increase). Output growth in the steel-using sectors was positive in 2022 due to strong output in the first half of the year. However, apparent demand for the full year declined strongly due to a significant destock, especially during the latter part of the year. The destock was triggered by lower business confidence caused by high energy prices and inflation, as well as by the deterioration of the economic outlook. In 2022 global steel production decreased by 4.7% (2021: 3.9% increase). Steel production in China decreased by 2.6% (2021: 2.9% decrease), which equals 55% (2021: 54%) of global steel production. In the EU production decreased by 10.8% (2021: 15.6% increase) as about 20% of EU blast furnaces were idled in response to lower demand for steel.

Raw materials and steel prices

The principal raw materials used in our CO_2 steelmaking processes are iron ore, metallurgical coal and steel scrap. The market reference price for iron ore fines (China CFR 62%) decreased in 2022 to US$121 per tonne ($39 per tonne decrease) driven by lower demand for iron ore due to the reduction of output by blast furnaces globally. The hard coking coal spot price (Australia FOB) increased to US$365 per tonne ($141 per tonne increase). The price was at an all-time high of US$594 per tonne in March 2022 due to the loss of supply from Russia because of the war in the Ukraine. The German benchmark scrap price (Sorte 2/8) increased to €414 per tonne (€16 per tonne increase) compared with the previous year. The price of CO_2 under the EU Emissions Trading System increased in 2022 to €81 per tonne (€28 per tonne increase), reaching an all-time high in February 2022 at €91 per tonne.

The European steel spot hot-rolled coil price (Germany, parity point) decreased in 2022 to €930 per tonne (€44 per tonne decrease). In April 2022 the steel price was at an all-time high of €1,385 per tonne mainly due to the loss of supply from Ukraine and Russia. In the later part of the year the price saw a steep drop as apparent demand for steel decreased sharply.

Trade

In 2022 steel imports into the EU decreased to 28.9 million tonnes (2021: 30.3 million tonnes). Low margins in the second half of the year made it unprofitable for exporters to sell material in the EU. In 2022 the market share of imports in the EU increased to 19.7% (2021: 18.9%), which is a new historical high. The EU remains a net importer of steel with net imports of 12.4 million tonnes (imports: 28.9 million tonnes, exports: 16.6 million tonnes). The region became a net importer in 2015.

A solid balance sheet

Tata Steel Nederland's revenue increased from €6,904 million in the financial year 2021-2022 to €7,192 million in the current financial year 2022-2023, due to a 16% increase in average revenue per tonne, partly offset by a 10% decrease in deliveries. This improvement in average revenue per tonne is attributable to relatively high selling prices experienced at the beginning of the reporting period, decreasing in the second half of the year.

The decrease in deliveries during the year was driven by lower demand from customers most notably during the second half of the year as strong destocking activity started in the European steel sector, pushing apparent demand below real steel consumption. At the same time, deliveries decreased because of the delayed commissioning of the Cold Mill 21 project. The operating profit decreased from a profit of €914 million in the financial year 2021-2022 to a €452 million profit in financial year 2022-2023. This decrease is mainly due to a weakening European steel market during the second half of the financial year. Customer demand decreased due to the general economic conditions alongside decreasing selling prices. In addition, continued higher energy and raw material costs led to reduced margins. The profit before taxation decreased from a €921 million profit in 2021-2022 to a €443 million profit in 2022-2023. The consolidated profit after taxation (including minority interests) amounted to €352 million in this reporting period, compared with a profit after taxation of €730 million in the prior year.

Consolidated capital and reserves (including non-controlling interests) increased by €309 million to €3,622 million at the end of this reporting period. This consists of:

- Profit after taxation of €352 million
- Other comprehensive expense for the year of €(43) million, mainly attributable to losses arising on cash flow hedges and actuarial gains on defined benefit pensions and post-retirement plans.

Tata Steel Nederland continues to have a solid balance sheet, with only a limited level of borrowing. No dividends were paid out in the reporting period (prior year: nil) and in agreement with our shareholder excess cash is retained for investments in decarbonisation.

Tata Steel Nederland refinanced its revolving credit facility during October 2022 with an increased maximum limit from €150 million to €200 million. This facility was undrawn as of 31 March 2023.

Furthermore, the company also has a non-committed overdraft facility available amounting to €43 million, which was undrawn at the end of the financial year.

Tata Steel IJmuiden B.V. and certain other subsidiaries of Tata Steel Nederland continue to have access to a trade receivables securitisation arrangement, with a maximum amount of €600 million on a non-recourse basis. At end of the financial 2022-2023 year €415 million of this facility was utilised.

Net cash flow from operating activities totalled €572 million, a decrease of €217 million compared with the prior year. Net cash flow from investment activities amounted to €(351) million (prior year: €(251) million). Including movements in cash flow from financing activities and working capital, the net movement in cash and cash equivalents amounted to an inflow of €250 million (prior year: €517 million inflow).

Financial risk management at Tata Steel Nederland is based on sound economic objectives and good corporate practice. The Group's main financial risks are related to the availability of sufficient funds to meet its business needs, including the ability to continue its strategic investments and meet its sustainability ambitions. To manage this risk, the Group continues to focus on generating positive cash flows. However, our decarbonisation investments will require additional financing for which TSN is in discussions with the government for Maatwerk support.

Other financial risks relate to movements in interest rates, exchange rates and commodity costs. Derivatives and other financial instruments are used to manage any market exposures where considered appropriate. Further details of its financial risks, and the way the Group mitigates them, are set out in chapter 4.

Capital expenditure

Capital investments in the reporting year were mostly directed towards reducing Tata Steel Nederland's impact on its environment and to its local communities. The Roadmap Plus Programme took a big step forward with the start of construction of a Dedusting and DeNOx Unit for the Pellet Plant with a planned commissioning in 2025.

During the year, construction of the new reheating furnace WBF25 was completed, and commissioning commenced, allowing for significant energy reductions. With completion of increased hot-rolling capabilities at the Hot Strip Mill and the upgraded Cold Mill 21, the strategic asset roadmap reached a milestone allowing the production of advanced high-strength steel product in a wider-dimension window. In the coming years, Tata Steel Nederland will continue to invest in its strategic asset roadmap, to provide our customers with advanced products.

Targeted investments in Downstream operations further enhanced the offering to customers with packing and cut-to-length capabilities.

Preparations for the Blast Furnace 6 reline and improvement project were completed by the end of this financial year. At the start of April, Blast Furnace 6 was taken out of operation, which marked the start of its outage period with a scheduled restart in July 2023, after which it will be ready for production. The design, engineering and execution for this transformation saw a material upstaffing of the project team.

Prospects for 2023

For the coming financial year, the outlook for the EU economy is relatively low growth (+0.5%). Monetary policy tightening is expected to have a negative impact on growth. Output in construction and machinery is expected to decline while the automotive sector is expected to grow slightly. Apparent demand for steel in the EU is expected to continue to decline by 1.6%. Downside risks to these forecasts are higher-than-expected inflation, a lagging effect of monetary tightening and unexpected developments in geopolitics.

STRATEGY

Reliable manufacturer of quality steel

Tata Steel Nederland's strategy revolves around four areas of focus:

Customer & Value

Environment & Community

Decarbonisation & Sustainability

People & Society

On the following pages you will find a brief description of our key performance in the reporting year by focus area. For a more detailed description, please refer to the Sustainability Report 2022-2023, which will be published around August 2023.

Sustainable solutions for our customers

We work closely with our customers to help them to use steel as efficiently as possible in their products and thus make the value chain more sustainable. Long-term profitability is important to achieve our sustainability goals. We achieve this through customer loyalty, quality, new products and R&D.

Our customers and their customers make the products through which the world lives, moves and works. At Tata Steel we support our customers in this and continue to strengthen the sustainability aspects of our products and services through close collaboration and innovation . This includes support through high quality and levels of service and the development of new products and services.

Whether for new products or new services, Tata Steel Nederland takes a strong collaborative approach to the further optimisation of our processes, products and services. We have a strong history on collaborative projects, whereby our company supports its customers through deep understanding of steel and how the potential of our steel can be harnessed in our customers' products and processes.

To ensure that Tata Steel Nederland's market strategy stays aligned with market trends and dynamics, a full market portfolio review was conducted in 2022. This involved revising and optimising the company's portfolio strategy, including target product and market combinations. The strategy review included the need to be able to deal with a structurally increased degree of market volatility and being able to support growth segments, like high strength steel applications in automotive and machinery markets, sustainable packaging, construction solutions and renewable energy applications.

Zeremis® promises value

Customer research revealed great demand for value propositions that support our customers and their customers' sustainability journey. In response, we developed the Zeremis® brand - Zeremis being short for Zero Emissions. As part of the Zeremis® brand, we will be introducing a range of new solutions spanning the entire supply chain. The first commercial offering within this framework has been launched: Zeremis® Carbon Lite is a certificate-based emission steel solution offering the potential for up to a 90% reduction in CO_2 intensity. The lower CO_2 intensity is based on operational CO_2 savings realised within Tata Steel Nederland since 2018 and certified by the independent assurance expert DNV. With Zeremis® Carbon Lite the company meets a growing demand for lower-CO_2 steel, for instance by consumer-facing industries such as automotive, packaging and white goods. Contracts for Zeremis® Carbon Lite have already been signed, and supply of Zeremis® Carbon Lite steel will increase to a growing range of customers.

The independent assurance by DNV is designed to ensure that Tata Steel's methodology used to calculate CO_2 emission savings is robust and that the CO_2 emission savings are calculated and allocated in an appropriate way. DNV performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 and used the WRI/WBCSD GHG Protocol for Project Accounting and Reporting Standard as part of the criteria against which DNV made the assurance assessment.

We will continue to add many new CO_2 reduction projects in the coming years, which will allow the volume of Zeremis® Carbon Lite to grow substantially. Thus, we are already meeting our most committed customers' growing need for lower-CO_2 steel.

Zeremis® Zero-carbon Logistics is a logistics sustainability framework focusing on outbound deliveries to customers. The target is to achieve a 30% reduction by 2030 and to be net-zero by 2045. As part of the Zeremis® journey we are pursuing sustainable operations in our Downstream business, and decarbonisation roadmaps have been developed.

Improving our impact and local initiatives

We work continuously to minimise the impact on the local living environment and the environment in general. We are in dialogue with local residents, governments companies and other organisations about developments on our site and in our community.

At Tata Steel Nederland, we are very aware that our activities impact our immediate environment. That is why we continuously work to minimise the impact of our operations. In 2020, we launched the Roadmap Plus Programme for this purpose. With an investment of over €300 million, additional emission reduction measures were implemented at an accelerated pace. Compared with our 2019 emissions, this programme has reduced PAHs (polycyclic aromatic hydrocarbons) by 50%. We have also addressed odour emissions, light scattering and noise. Our ambition is to reduce odours by approximately 85% by the end of 2023. Furthermore, we aim to reduce emissions of heavy metals, lead and particulate matter, i.e., fine dust, by around 55%, 70% and 35% compared to 2019 respectively by the end of 2023. The commissioning of a dust removal and DeNOx installation at the Pellet Plant will bring significant emission reductions in 2024-2025. We explain more about these measures in the Sustainability Report 2022-2023 and in the Roadmap Plus Progress Report.

We have increased our efforts to maintain a good and sustainable relationship with our neighbours. While doing so, we still see possibilities to further improve our engagement with the local communities, authorities, businesses and other organisations by strengthening our communication strategy. We participate in local collaborations and involve the local community and businesses in Tata Steel's initiatives. We also engage by organising events, such as the longest standing international chess tournament in the world (Tata Steel Chess Tournament), which was held for the 85th time this year.

Another major event was the Tata Steel Festival, held in September, offering 3,000 visitors the opportunity to learn about our operations and featuring performances, site tours, and opportunities to meet employees.

Erik Kieftenbeld, member of the Community Committee **on reviewing sponsorship requests**

"Our motto is: future generations. Tata Steel focuses mainly on young people and technology. That's the future. Our efforts can vary from technology projects in schools to a contribution to scouting or the local lifeguards."

Read Erik's full story in the 2023 Sustainability Report

Vincent Waanders, Project Manager
on leading the construction of a new environmental facility

"It's very gratifying to be able to show that we are participating in such a concrete improvement. At the same time, our transition to green steel continues steadily."

Read Vincent's full story in the 2023 Sustainability Report

Monitoring and researching

Tata Steel in IJmuiden continuously monitors and measures to determine the effect of our environmental measures and adjust where necessary. We measure emissions of substances according to a monitoring plan approved by the authorities.

Report on deposition in immediate environment

In March 2023, the Dutch National Institute for Public Health and the Environment (RIVM) published a report on the deposition of substances in the local environment. Based on this, RIVM concluded that a significant decrease in iron could be demonstrated compared with the first report two years earlier. For polycyclic aromatic hydrocarbons (PAHs) and lead, RIVM concluded that deposition in some parts of our surroundings is (still) of an undesirable level. RIVM stated that based on this study they could not draw any conclusions about increases or decreases in emissions by Tata Steel Nederland. To obtain a clearer picture, the measurements will have to be repeated for several years. RIVM did not determine the individual contribution of various sources of the deposited dust and therefore made no statements about the effects of the various environmental measures taken by Tata Steel in recent years. Several accredited independent measurement agencies conducted emission measurements to establish the impact of the Roadmap Plus Programme, which showed that PAH emissions have been reduced by 50%.

Tata Steel in IJmuiden has therefore already reduced emissions of PAHs and lead over the past two years. For the coming year, the focus will be on further reducing coal drift, which also contains PAHs. In addition, the Pellet Plant's fabric filter will become operational at the end of 2023, which will mean a further reduction in lead emissions.

Research on protection of local residents

In April 2023 (after the reporting period), the Dutch Safety Board published a report on how nearby residents of industrial plants are protected from the adverse health effects caused by exposure to industrial emissions. The report also shows that certain things have already improved when it comes to the supply of information and measures against the impact that people experience but that there is still much room for improvement. We welcome the recommendations and will work on them, focusing on their recommendation to enter into a joint dialogue with authorities (e.g., RIVM), communities and our company.

Our ambitions for climate, raw materials and energy

We recognise that climate change can only be prevented by the large-scale reduction of greenhouse gases. We support the goals of the UN Paris Climate Agreement and the Dutch climate goals and see it as our responsibility to contribute to the solution.

Tata Steel Nederland is currently one of the most CO_2-efficient steel plants in the world. Through continuous innovation, investment and process optimisation, the IJmuiden plant has been among the 10% least CO_2-intensive steel producers since 2013. This is also the third consecutive year that we have achieved a top-3 position among the members of the World Steel Association in the CO_2 intensity benchmark, published by the World Steel Association. The CO_2 intensity of the steel produced in IJmuiden is around 7% below the European average and almost 19% below the global average.
However, our company is responsible for 8% of the CO_2 emissions in the Netherlands. The 11.2 million tonnes of CO_2 we emitted in the reporting year originated mainly from our steel production in IJmuiden (99%).

Tata Steel Nederland has the ambition to reduce its CO_2 footprint through the transformation into green hydrogen-based steel production. At the same time, we continue to achieve new savings in energy and raw material use every year. Through various measures, we have already achieved a 15% reduction in CO_2 emissions since 1990.

In the reporting year, we continued our preparations for the transition to green, clean and circular steel and steel production with a significantly smaller CO_2 footprint, while also minimising other emissions.
We progressed the designs for new installations and started to clear part of the IJmuiden site for future construction. The participation process with our local communities also started, offering the opportunity to share our plans and receive feedback. Our ambition is to start using the first installations by 2030 at which time also one of the two blast furnaces and one of the two Coke and Gas Plants can be closed. By that time, we aim to achieve a CO_2 reduction of approximately 35 to 40%.
At the same time, our focus is on accelerating the reduction of CO_2 emissions in indirect emissions (Scope 3).

The Tata Steel Downstream Europe sites vary greatly in size, location and activities – and in their decarbonisation improvement. The production furnaces at some sites, such as Maubeuge in France and Hille & Müller in Germany, require a lot of energy, while other sites focus on less energy-intensive processes, such as cutting and shearing. Nevertheless, the ambition is to have all sites run CO_2 neutral by 2030. Six of the seventeen are expected to achieve this status before 2025, while the sites in Naantali in Finland and Halmstad in Sweden were already operating on a CO_2-neutral basis in the year under review. Each site has now taken stock of its own CO_2 emissions and has its own reduction programme in progress (or in preparation). Its approach depends on the possibilities of being able to forego natural gas for processes and buildings, in addition to energy savings in general. Electrification of logistics, the use of vegetable fuel and energy generation by solar panels and wind turbines are also being considered. While the sites have their own programmes and challenges, best practices are shared to accelerate.

Energy savings are an important focus area in the sustainability of our steel company. Tata Steel IJmuiden consumed in calendar year 2022, 13.6 billion kWh of energy, excluding reductants of the Blast Furnaces. Since 1989, Tata Steel Nederland has achieved a 35% improvement in energy efficiency. An innovation at the Direct Sheet Plant last year resulted in an annual energy saving of 108 million kWh. A significant saving of 167 million kWh per year is expected to be achieved by the end of 2023 with a new furnace in the Hot Strip Mill.

Marjon Langereis, employee Strategic Procurement at Tata Steel Group
on improving conditions at commodity producers

"Together with our suppliers, we want to improve sustainability. Ours and theirs. For this, we try to gather as much information as possible."

Read Marjon's full story in the 2023 Sustainability Report

Jeroen Klumper, Director Sustainable Transition
on leading the transition to CO_2-neutral steel production

"We are doing everything we can to regain trust. The better we succeed in this, the faster we can move to hydrogen and green steel making."

Read Jeroen's full story in the 2023 Sustainability Report

Further improvements are possible in the efficient use of raw materials as well. Our operations require 13.1 million tonnes of raw materials for the production of 6.3 million tonnes of liquid steel (FY2023). In 2022, 98% of all imported materials and raw materials were used in a useful way with only 2% remaining as waste material.

The majority of raw materials come from mines all over the world. This includes not only coal and iron ore but also fairly rare metals. Tata Steel Nederland is committed to purchasing these raw materials in a responsible way. To do so, we adhere to the OECD Guidelines for Multinational Enterprises. Tata Steel Nederland is also a member of the Metal Covenant, in which measures have been agreed with the metal sector to reduce negative impact. In doing so, we take account of health and safety, fair trade, environmental protection and human rights. Together with our suppliers, we also contribute to the development of stable local communities. In March 2023, we successfully concluded the external audit of our BES6001 certification.

Green Teams is a bottom-up initiative started by various Tata Steel Nederland employees to help accelerate the sustainability efforts within the company. An example of a successfully implemented project under the auspices of the Green Teams is our fully electric car lease policy.

An inclusive and safe working environment in a company working on its engagement with society

At Tata Steel Nederland we are committed to transitioning to a green, clean and circular steel company.

However, public concern on the environmental impact of our operations in IJmuiden continues to exist and society expects us to minimise our impact now. Therefore, the transformation to become a green, clean and circular steel steel company has become increasingly urgent. While we have started our multi-year improvement program to lower the impact of our operations on our direct environment, we also have started our transition program to fundamentally change the way we operate by using new and more sustainable energy sources in the future. During the first half of 2023 we have started a so-called participation project and intensified our dialogue with many of our (regional) stakeholders on our plans to become clean, green and circular. We have collected the first feedback from these meetings and will include this in our final plans. We expect to share the outlines of this in the third quarter of 2023.

Tata Steel Nederland has always been a company with a social conscience that strives for a good working climate and embraces diversity in an inclusive environment. We invest in the sustainable employability of our employees and ensure safety, equal opportunities and education for all.

Health and safety are always our top priority and are widely vested in our company at all levels. With our Health and safety management system, we ensure the well-being of our employees, contractors, customers and anyone else who works with Tata Steel Nederland. In our improvement drive, we consciously encourage safe behaviour through proactive communications. Health and safety checks and barriers are built into our processes and improvement plans continue to be deployed across the sites, including the use of enhanced health and safety standards and codes of practice.

The average age of our workforce is increasing and, due to the higher retirement age, employees will have to work longer than before. This calls for policies aimed at improving both the ability and the willingness to continue working longer. Tata Steel Nederland and its trade unions recognise the importance of employees reaching retirement well and thus concluded the Generation Pact. In the Generation Pact, Tata Steel Nederland offers employees the opportunity to work fewer hours to reduce the workload in the last years before retirement with only a small reduction in pay and with full pension accrual.

Safety performance and sickness rate

Our safety performance in the reporting year improved to a LTIFR of 1.12 compared with 1.21 in the prior year (LTIFR: Lost Time Injury Frequency Rate, the number of lost time injuries occurring per 1 million hours worked by Tata Steel Nederland employees and contractor personnel). The sickness rate of 5.7% is comparable to the prior year (5.4%) and is spread equally over the various employee groups Said sickness rate is lower than that of the industry (6.5% in 2022).

Katja Mussert, Stakeholder Management Lead
on a good dialogue with stakeholders

"We have a solid story and at the same time, of course, some things are not yet working out the way we want to. But we are working hard to improve them. Being open about this leads to a good dialogue."

Read Katja's full story in the 2023 Sustainability Report

Diversity, equity and inclusion

We believe it is important that everyone at our company should feel recognised, can be themselves and that no one is excluded because of their gender, age, religion, cultural background, physical disability, skin colour or sexual orientation. Apart from being social and fair, research shows that organisations that are more diverse and inclusive are able to innovate faster and achieve better business results.

The Tata Steel IJmuiden Business Unit initiated a programme for promoting diversity and inclusion, with the following main goals for the next four years:

- An inclusive working climate (in 2022: 96%, target: 99%)
- Cultural diversity: (in 2022: 15%, target: 25%)
- More women in secondary vocational technical positions (in 2022: 2.5%, target: 5%)
- More women in decision-making positions (in 2022: 17%, target: 30%)

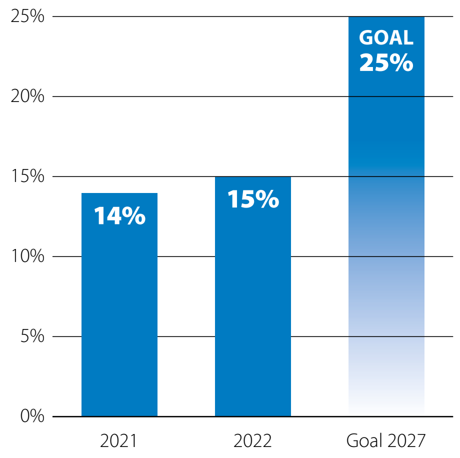
Training and information sessions are being held on unconscious biases. Future female leadership workshops are being held for women who have the ambition and potential to become leaders. In 2021 Tata Steel joined Work Place Pride, an international organisation dedicated to improving the inclusion of the LGBTQI+ community. Since then, the Tata Steel Rainbow Community has been active, which also includes also colleagues who do not consider themselves to be part of the LGBTQI+ target group. This has led to several results, such as painting the steps of our convention centre in the colours of the rainbow and raising the rainbow flag at the entrance building for visitors, the Tata Steel Academy and soon also at the plants of Tata Steel in IJmuiden. One of the first concrete activities of this network is to ensure that employees with LGBTIQ+-related questions can turn to experienced experts. The new community is supported by Tata Steel Nederland leadership.

Activities are taking place, such as Girls' Day, to recruit and retain more girls in secondary vocational technical positions. More active and intensive networking is being used, quite successfully, to reach and interest potential new colleagues with a non-Dutch cultural background for a job at Tata Steel. Much success has been seen by the Social Safety Team Sessions, which are used to raise awareness of social safety on the work floor. At the same time, we are exploring other possibilities, such as 24/7 childcare, workwear with a fit for women and the (FE)male Network.

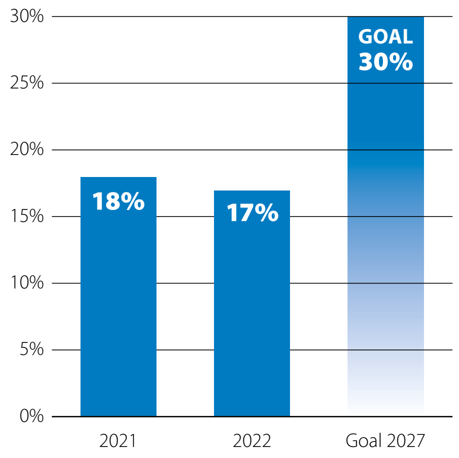
In 2022, internal research showed that the vast majority (96%) of employees feel that they can be themselves at work. However, a majority of employees with a non-Western migration background and women feel the need to act differently at work. We are going to delve deeper into these results. Independent research by Dutch General Employers' Association AWVN showed that the gender pay gap at Tata Steel Nederland is less than 1%, which compares well to a national pay gap of 2%-3%.

Diversity and inclusion programme Tata Steel IJmuiden

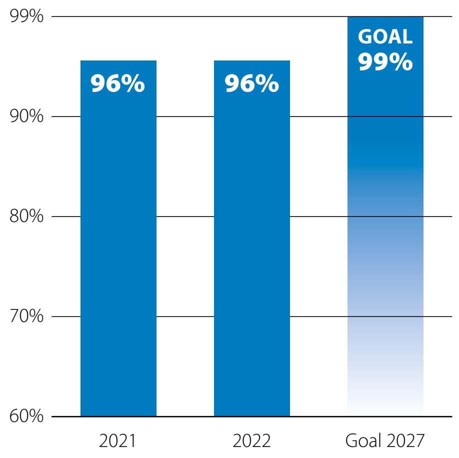
Ethnic-cultural diversity in all job categories



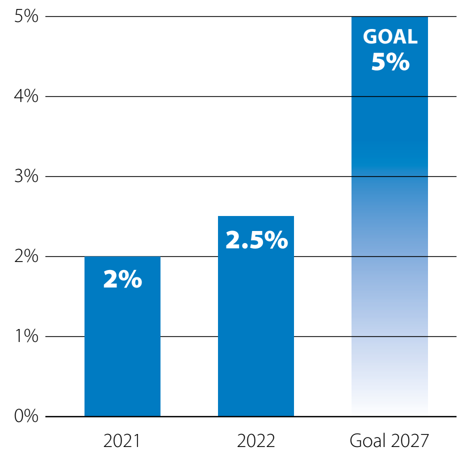
More women in decision-making positions



An inclusive working climate



More women in secondary vocational technical positions



Learning and development

Numerous technical courses are organised within Tata Steel at our own Tata Steel Academy. Our training centre welcomed 170 new vocational students in 2022. We work closely with schools in the region. The pass rate this financial year was 82%, compared to a national average of 65%. Over 90% of those who pass the course still work at our steel company after 10 years.

Trainee programmes have been established for both the IJmuiden Business Unit and Downstream Business Unit, where trainees work on various projects and rotate to a different department every six months. After two years they are appointed to fill an existing role in the organisation.
The transition to Green Steel steel production will lead to a significant change in the production process. Therefore, retraining and upskilling will become even more important. As some installations disappear, certain positions will also become redundant. To provide a perspective for those affected, in the reporting year Tata Steel Nederland signed a letter of intent with the unions for the Green Steel Social Contract. Further implementing arrangements need to be negotiated to reach a final agreement. An employment pact will guarantee new work, working conditions and income. In addition, there will be intensive personal discussions with career coaches, and we will seek tailored solutions for everyone.

Works councils

Several works councils have been established within Tata Steel Nederland. These works councils represent the employees within the company. Works councils can also influence the management through advice or consent.

European Works Council

Because of the separation of Tata Steel Nederland and from Tata Steel UK on October 2021, the prior European Works Council (EWC) within Tata Steel Europe (TSE) has ceased to exist. In March 2023, a new EWC was established within the new organisation of Tata Steel Nederland.
The new EWC will represent the employees working within the Group: legal entities within the Netherlands and our Downstream businesses in the European Union/European Economic Area. The EWC meets twice a year with the Board of Management within Tata Steel Nederland.
The EWC must be informed and consulted on certain transnational topics.

Central Works Council

The Central Works Council (CWC) within Tata Steel Nederland represents the company within the Netherlands. Therefore, employee representatives from both the IJmuiden and Downstream Business Units within the company are part of the CWC. Strategic topics are discussed with the CWC during meetings that take place several times a year (such as proposed important organisational changes within the company, important financial decisions and also the transition to become a clean, green and circular company).

Hans van den Berg (CEO of Tata Steel Nederland) represents the company at the meetings with the CWC. A member of the Supervisory Board also attends these meetings. The CWC has set up different sub-committees to deal with specific topics, such as financial matters, health and safety, decarbonisation, social affairs and more day-to-day business and HR matters.

Local works councils in the Netherlands

Five local works councils have been established within the IJmuiden Business Unit. Each of these works councils represent a part of the IJmuiden business: Operations, Services, Packaging, Functions and Research & Development (R&D). The different entities of the Downstream Business Unit within the Netherlands have also established a local works council: Tubes and SAB Profiel. Local matters within these businesses are discussed with each of the local works councils.

Local works council for Downstream

In Downstream businesses outside of the Netherlands, works council are installed where local legislation requires them to do so, for example in France and Germany. In all countries constructive conversations take place with union representatives and/or (more informal) employee representatives.

Nico Diroë, Young Board participant at Tata Steel Netherlands
on sharing a youthful perspective with management

"The board believes it is important that the company is open to change and that we involve the younger generation in future-proof decision-making. On issues related to sustainability, but also around other issues that young people find important."

Read Nico's full story in the 2023 Sustainability Report

Collective Labour Agreement

In 2022 a Collective Labour Agreement (CLA) in IJmuiden was signed with the trade unions for an 18-month period from 1 April 2022 up to 30 September 2023. This CLA applies to all employees working for the IJmuiden site within Tata Steel Nederland except for senior-management, who are not covered by the CLA. During this period, employees will enjoy a pay increase of 6% in a mixture of structural increases and a number of one-off payments. It was also agreed that the Generation Pact would be extended for another two years. A new CLA is set to be negotiated by September 2023.

Pension scheme

Stichting Pensioenfonds Hoogovens (SPH) runs the pension scheme for the current and former employees of the IJmuiden site within Tata Steel Nederland. At the end of its reporting year 2022, SPH had 10,003 active members and 14,414 people receiving pensions, an increase of 322 and a decrease by 59 respectively.
The 12-months' moving average ('policy') funding ratio has increased from 121.5% at the end of March 2022 to 130.25% at the end of March 2023, driven by an increase in interest rates. The company has agreed with the trade unions to fix the company's contribution level at 28.5% of pensionable earnings for the period from 1 January 2023 to 31 December 2023, which is one percentage point lower than in 2022. The pension scheme is classified in the financial statements as a defined contribution scheme.

RISK MANAGEMENT

Principal risks and risk management

Within the wider Tata Steel Group, active risk identification and mitigation management is an integral part of all business management processes. Building on the risk management procedures and reporting framework that are applied throughout the Group, Tata Steel Nederland has a robust process to identify and monitor the significant risks and associated mitigating measures for its operations and activities.

Risk registers that are prepared by the individual entities of Tata Steel Nederland are consolidated into an overall risk register, highlighting potential impact of the risks as well as probability of occurrence. The risk register is updated quarterly.

Environmental compliance

Risks

The businesses of Tata Steel Nederland are subject to numerous laws, regulations and commitments relating to the environment and regulatory compliance in the countries in which they operate. Tata Steel Nederland has policies, systems and procedures in place aimed at ensuring compliance with regulations and permits. There is a strong commitment from the Board of Management and Supervisory Board to continuously enforce compliance and to minimise the impact of the operations on the environment. Dedicated resources continuously drive improvement in our environmental performance.
One of the areas of concern includes the imposition of the third 'penalty under threat', further to which a penalty is forfeited upon the occurrence of a so-called 'green coke push' at the Coke and Gas plants (CGPs). It is our opinion that it is impossible to fully prevent green cokes pushes even when having taken all possible measures. Therefore, it is expected that the penalty under threat cannot be fully complied with, and constitutes an unreasonable measure. This stricter enforcement compared to the past, could, in time, impact the CGP's licence to operate.

Mitigating factors

Our Roadmap Plus investment programme is being implemented as a priority to significantly improve local environmental performance in areas such as dust, noise and odours. Construction of the dedusting installation for the Basic Oxygen Steelmaking and Pellet Plant are progressing nicely. These among other installations will reduce the emission of lead, heavy metals and dust very significantly. A windshield (18 metres high) to prevent dust from spreading beyond the Tata Steel Nederland's premises is planned and awaiting permission from the government. Phasing out the CGPs is part of our decarbonisation strategy. In the meantime, the risks of green coke pushes are being mitigated as much as possible by applying every possible measures including tight operational controls, the use of advanced data analytics and refurbishing oven walls.

Climate change and decarbonisation

Risks

Tata Steel Nederland is subject to a wide range of government policy measures to incentivise the reduction of greenhouse gas emissions, which includes the European Union Emissions Trading System (ETS), a cornerstone of the EU's policy to combat climate change and its key tool for reducing greenhouse gas emissions cost-effectively. Under the EU ETS, industrial installations such as those of Tata Steel Nederland considered to be at significant risk of CO_2 leakage are allocated a higher share of free allowances to safeguard competitiveness. These free allowances decrease every year, and hence the cost of EU ETS compliance increases.
In the financial year 2022-2023, Tata Steel Nederland continued to pass on ETS costs in a responsible manner, taking the EU free allowances into account. We believe in transparency in pricing our steel products and believe that end-customers and society recognise that decarbonisation costs are likely to involve higher steel prices.

Mitigating factors

Future regulatory changes include an EU Carbon Border Adjustment Mechanism (CBAM), which would help protect European steel producers from imports from countries that are not subject to the same level of CO_2 taxes. However, CBAM in its current form will have an adverse effect on the competitiveness of exports outside of Europe.

Tata Steel Nederland has the ambition to reduce its CO_2 footprint significantly by 2030 and become CO_2 neutral by 2045. This is embedded in our strategy to become a 'green, clean and circular' steel company and involves the replacement of one blast furnace and one cokes and gas plant by 2030 as a first major milestone.
As a result, the CO_2 emissions from the steelmaking process will be considerably lower. Also, increased levels of recycled scrap metal will be used to enable steelmaking in IJmuiden to become more circular, thereby further reducing CO_2 emissions.
Tata Steel Nederland is working with the government on the shared objective of creating an achievable, long-term plan to support the steel sector's transition to a competitive, sustainable and low CO_2 future. This was evidenced by the signing of the Expression of Principles with the Dutch Government. This means that we will gradually make an enormous contribution to our country's climate goals. The ability to realise our ambition to become a clean, green and circular steel producer within the envisaged timelines, is critically dependent on adequate and timely support from the government in terms of financial support, granting of permits and maintaining a level playing field for European steelmakers. The process to obtain permits has started and we are actively engaging with local communities as part of the participation process.

Our workforce

Risks

Maintaining a critical mass of engineers and other specialists remains a challenge within Tata Steel Nederland due to the demand for these skills in the locations in which the business operates.

Mitigating factors

Active communication strategies are deployed to enhance the brand of Tata Steel Nederland's brand, e.g. by demonstrating that steel is part of the solution to reduce CO_2 emissions. To improve quality and retention, strategic collaborations continue with universities of technology and other relevant schools and talent programmes for graduates, functional trainees and apprentices. The Tata Steel Academy provides dedicated vocational programmes for future technical and engineering employees.

Trading in the global steel market

Risks

Despite measures being in place to support EU producers, vulnerabilities remain because safeguards to manage volumes do not address prices. Continued import pressure has forced Tata Steel Nederland and other European producers to pursue anti-dumping actions, the investigation of unfair imports and the imposition of trade remedy measures. Furthermore, the Tariff Rate Quotas (TRQs) set a cap on imports (but at a high level that varies by product) and are based on historical European imports, when demand was higher than today.

Our operations are predominantly based in Europe, which is a relatively high-cost area where demand growth for steel products is lower than in developing parts of the world. Increasing costs from climate change requirements, raw material costs and competing materials challenge the long-term competitiveness of our company.

Mitigating factors

Our commercial strategies aim to identify and pursue opportunities to focus on less import-sensitive sectors/markets, on differentiated products and on a strong customer focus that will foster longer term relationships.
Tata Steel Nederland continues to monitor import activity (volume and prices) to track anti-dumping risks and works with Eurofer (European Steel Association) to monitor the need for additional trade defence measures to protect the European steel industry from being hurt by dumped steel imports. To maintain cost competitiveness, Tata Steel Nederland is developing several initiatives, including cost-reduction measures and business specific improvement plans.
In addition to the European market, we have a longstanding presence in the US steel market. Selling steel to the US market implies that trade cases may occur.

Raw materials and energy

Risks

Tata Steel Nederland has no access to captive iron ore and coal supplies, therefore access to and pricing of raw materials supplies depend, to a large extent, on worldwide supply and demand relationships, notably in respect of iron ore, metallurgical coal and scrap. Exposure to raw material shortages is more of a point for attention in relation to the sanctions placed on Russia following the start of the war in Ukraine.

In spite of increasing environmental and other constraints, we must adhere to the preferred blend of raw materials. Each blend component originates from a specific mine, and that specific supply chain can be delayed or interrupted. For working capital reasons, each blend component is scheduled to arrive when stocks of that component are expected to have been depleted. Supply delays or disruptions of raw materials come and go continuously due to production backlogs at mines and load ports. Major incidents like derailments and fatalities can stop a supply chain completely once or twice a year, for example. Vessel issues such as quarantine or engine failure happen as well. Cargo timing adjustments and additional purchases are made on a weekly basis.

Mitigating factors

Mitigation measures include the active exploration of alternative supplies, strengthening our partnerships and leveraging the buying power of the wider Tata Steel Group to get more value out of supply contracts regarding pricing, transport costs, quality, and payment terms.

Our sites are connected to reliable national grids for natural gas and electricity, which reduces the risk of energy supply interruptions at these sites. Energy that is procured on the European energy markets is transported to the sites via these grids. Most of the electricity that is used by Tata Steel Nederland is generated by supplier Vattenfall from s the gases produced by the works at the IJmuiden site. Natural gas is procured via flexible supply contracts from various European suppliers. Exposure to current price volatility is closely watched and partly mitigated by long-term price fixation and hedging.

Exchange rates

Risks
Whereas our revenue is denominated mainly in euros, most raw material purchases, particularly iron ore and coal, are denominated mainly in US dollars. In general, a strengthening of the euro reduces the euro value of export revenues, improves the relative competitiveness of steel producers in countries with weaker currencies (enabling them to discount prices in the European Union market) and exposes customers to similar pressures leading to a reduction in demand for steel in the region. In contrast, a strengthening of the euro reduces the euro cost of the raw materials, which are purchased predominantly in US dollars.

Mitigating factors
Tata Steel Nederland operates a hedging policy to minimise the volatility of rapid and significant movements in these exchange rates. We are also actively diversifying our geographic customer base which helps to mitigate our dependence on currency zones.

Digital resilience

Risks
There is an ongoing threat of cyber attacks from large-scale criminal organisations that target major businesses across all industries. The ever-changing cyber environment requires new and constantly evolving mitigation and controls to manage an increasing risk exposure, thus employing new technologies and maintaining existing hardware at all levels.

Mitigating factors
Tata Steel Nederland has a dedicated Information Security Department that monitors our IT estate and drives a continuous focus on cyber risk awareness and education. Protection against viruses, malicious software and external hacking is in place and continuously improving, as well as contingency planning for digital business-critical components and core network components.

A top-10 cybersecurity risk programme is being implemented, supported by external experts and in alignment with the IT Department of Tata Steel India. A Central Security Operations Centre is in place to monitor the IT estate, detect any suspicious traffic or behaviour and mitigate local security incidents and events detected.

Delay in major asset revamps

Risks
During the execution of major asset revamps – mainly related to larger capex schemes, to upgrade or renew asset condition – delays might occur. A delay might stop or hamper the operational value chain with direct EBITDA volume impact and could affect our service levels and even the continuity of our customers' production.

Mitigating factors
Due to unforeseeable events beyond the company's control, this risk materialised in relation to the Cold Mill 21 STAR upgrade, our strategic asset upgrade to improve capabilities for the automotive market. Mitigation actions were immediately taken in line with our business continuity and customer recovery plans. The business continuity plan consists of a planning approach for the affected assets and includes an action plan to mitigate back to a normal position. The information provided is being used in various cross-functional meetings to both update and support decision-making. Whenever the issue impacts on the business continuity of our customers severely, we instal additional task forces to mitigate the situation and address overarching topics.

Operations

Risks
The disruption of Tata Steel Nederland's and its subsidaries' manufacturing processes caused due to various factors such as equipment failures, natural disasters or extreme weather events, could adversely affect operations and customer service levels.

Mitigating factors
To mitigate these risks, best practices in asset management, enhancing technical knowledge and skills, improving process safety, targeted capital expenditure and focused risk management are priorities for the business. Corporate Asset Management Framework (CAMF) activities are accelerating/delivering improved insight into the assets in relation to reliability, failure and risk.

Due to unforeseeable events beyond the company's control, the Cold Mill 21 upgrade experienced a delayed commissioning. To reduce the impact on our automotive customers, mitigation measures were immediately taken in line with our business continuity and customer recovery plans. Despite Tata Steel's best efforts to mitigate disruptions and reduce supply risk through its own or alternative channels, the company was forced to formally invoke force majeure. The company successfully regained control over its Cold Mill 21 production process and was able to lift force majeure in June 2023 (after the reporting period).

Legal risk

Risks
Tata Steel Nederland and its relevant subsidiaries are involved in a number of legal proceedings, both civil and administrative in nature and subject to a criminal investigation. The most relevant of them are listed below.

Proceeding 1
In January 2022 MOB (Mobilisation for the Environment) requested the Province Noord-Holland to revoke the nature permit of Tata Steel IJmuiden. This request was denied; the Province ruled that the nature permit had been granted to Tata Steel IJmuiden on justified grounds and there is no infringement of legal provisions in general or the Nature Protection Act specifically. The Province of North Holland did tighten Tata Steel IJmuiden's nature licence by reducing the permitted nitrogen oxide emissions by 8%.

Proceeding 2
In February 2023 the North Sea Canal Area Environmental Service (OD NZKG) placed a camera outside the premises of Tata Steel to monitor Coke and Gas Plant 2 (CGP2) 24/7 for green coke pushes.

Proceeding 3
In a protracted infringement case initiated by a rival of Tata Steel IJmuiden, a court in Germany decided on 9 May 2023 (after the reporting period) that Tata Steel IJmuiden had infringed on a valid German utility model as of July 2015 by selling a specific low-waviness steel grade which may lead to a financial claim. Tata Steel no longer produces or sells this specific steel grade.

Investigation
Tata Steel IJmuiden is subject to an investigation by the Public Prosecution Service into the alleged introduction of hazardous substances into the soil, air or surface water that could affect public health. The Public Prosecution Service visited the premises of Tata Steel in IJmuiden on 29 November and 6 December 2022 as part of this investigation. The investigation is led by the Functional Public Prosecutor's Office and the visits were carried out by a team composed of several investigative authorities. After completion of the investigation, the Public Prosecution Service will assess the next steps and a timeline for this is unknown.

Mitigating factors

Proceeding 1
The nature licence remains in place. MOB has appealed the Province's decision not to (partially) revoke Tata Steel's nature licence and Tata Steel has appealed some of the conditions which the Province has decided to add to the nature permit.

Proceeding 2
As the images included parts of CGP2 where employees of CGP2 were visible and these images can be requested to be shared under a public access request, Tata Steel IJmuiden and 120 of the CGP employees brought summary proceedings for the removal of the camera as this is not allowed under privacy laws (GDPR). The court decided that although the GDPR is applicable, society requests stricter supervision and therefore the use of cameras is allowed. In its decision, the court recommended that the Environmental Agency limit the images to only those parts of CGP2 that need to be viewed for green coke pushes. The agency altered the images to exclude the parts where employees of Tata Steel were visible.

Proceeding 3
Tata Steel has appealed against this ruling.

Fraud

Risks

Unethical behaviour, loss of integrity and non-compliance with legislation by Tata Steel Nederland employees leading to significant fines and damaged reputation of Tata Steel Nederland.

Mitigating factors

Tata Steel Nederland maintains and reviews an anti-fraud programme. The Tata Steel Nederland Audit Committee forms part of the overall anti-fraud programme and evaluates management's identification of fraud risks and the implementation of fraud controls. The Tata Steel Nederland Audit Committee gains further assurance from the work of the internal and external auditors. Internally, Tata Steel Nederland has an Audit & Assurance (A&A) department that maintains an annual audit plan, resource, charter and quarterly reports which are presented to the TSN Audit Committee.

The risk of fraud is also captured by the Risk Management Process, which is reported quarterly to the Tata Steel Nederland Board of Management, as well as the Tata Steel Limited Group Risk Review Committee and Risk Management Committee.

Furthermore, Tata Steel Nederland has a compliance management framework in place to manage the key legal compliance risks, such as bribery and corruption. All compliance and integrity investigations are reported to the Tata Steel Nederland on a quarterly basis and to the Tata Steel Nederland Audit Committee every six months. A Compliance Report is submitted to Tata Sons Ltd, when requested, setting out the measures in place to address compliance and leadership in business ethics.

Finally, there is a confidential reporting line – Integrity Line - in place operated by an independent external company that offers employees, suppliers, contractors and visitors the opportunity to report their concerns, amongst other things, about fraud, bribery, corruption and other breaches of policies or the Tata Code of Conduct.

MESSAGE FROM THE BOARD OF MANAGEMENT

We at Tata Steel Nederland are committed to transitioning to a green, clean and circular steel company. With the support of Tata Steel Limited we are committed to transitioning in a phased manner out of coal-based blast furnace operations to steel making using direct reduced iron technology and electric smelting, using green power and green hydrogen.

As stated in this Directors' report, the process to obtain permits for the new facilities has started and we are actively engaging with local communities to inform on our plans and seek feedback.

However, public concern on the environmental impact of our operations in IJmuiden continues to exist and society expects us to minimise our impact now. We as Board of Management are keen to keep an open dialogue with all our stakeholders and contribute to a healthy environment.

IJmuiden, 19 July 2023

Hans van den Berg
CEO and Chair of the Board of Management

Martijn Plaum
Chief Financial Director as of 1 September 2022

Tom Eussen
MD of IJmuiden and interim MD of Downstream

Part 2
REPORT OF THE SUPERVISORY BOARD

The Supervisory Board (hereafter: 'the Supervisory Board') supervises the policies pursued by the Board of Management (hereafter: 'the BoM') and the general course of affairs of Tata Steel Nederland B.V. (hereafter: 'TSN' or "Company").

The Supervisory Board takes into account the interests of all the Company's stakeholders, and advises the BoM thereon. The Supervisory Board regards good corporate governance as an essential foundation for the long-term success of TSN and the Tata Steel Group, and an essential element to the delivery of its strategy.

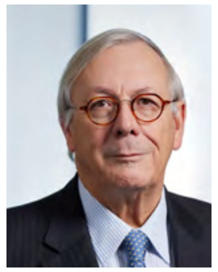
Composition of the Supervisory Board and its committees

The members of the Supervisory Board are appointed by the General Meeting of Shareholders of TSN, at the nomination of the Supervisory Board itself. The Supervisory Board and its members are not bound by any instructions and shall not receive a binding mandate. At least half of the members of the Supervisory Board are not in any way involved in the management or supervision of companies belonging to the Tata Steel Group. A quarter of the members of the Supervisory Board is female. The Supervisory Board appoints its chair from among its members. The chair does not have a casting vote. Every third member of the Supervisory Board is appointed considering the enhanced right of recommendation of the Central Works Council of TSN.

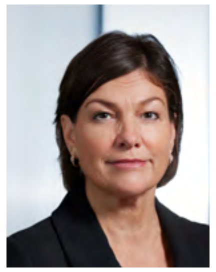
During the year, the Supervisory Board consisted of Mr. T.V. Narendran (chair), Mr. M.J.L. Jonkhart (vice-chair and independent member), Mrs. L.M.T. Boeren (independent member) and Mr. H. Adam. Within the Tata Steel Group, Mr. T.V. Narendran fulfils the role of CEO and Managing Director of Tata Steel Limited and Mr. Adam fulfils the role of Vice President European Corporate Affairs of Tata Steel Limited. In July 2022, Mr. Jonkhart and Mrs. Boeren were reappointed as members of the Supervisory Board for a four-year term.

The Supervisory Board has installed an Audit Committee as a standing committee of the Supervisory Board. At least half of the members of the Audit Committee are not in any way involved in the management or supervision of companies belonging to the Tata Steel Group. The chair of the Audit Committee will not be the chair of the Supervisory Board and will not in any way be involved in the management or supervision of companies belonging to the Tata Steel Group. At least one member of the Audit Committee will have competence in accounting or auditing. During the year, the Audit Committee consisted of Mr. M.J.L. Jonkhart (chair and independent member) and Mr. H. Adam.

T.V. Narendran
Member since 2021



Marius Jonkhart
Member since 2006



Leni Boeren
Member since 2014

Henrik Adam
Member since 2019

Meetings and activities

Supervisory Board

The Supervisory Board held 9 regular meetings during FY23 and 4 extra meetings. All Supervisory Board members were present at each of these Supervisory Board meetings. In addition, members of the Supervisory Board by rotation attended Central Consultative Meetings of the BoM and the Central Works Council, providing information on the meetings of the Supervisory Board. They interacted regularly with management and members of the Central Works Council outside the formal meetings, both collectively and individually.

The agenda of the Supervisory Board regularly included the Company's decarbonisation strategy, which is focussed on applying hydrogen-based Direct Reduced Iron as the pathway to realise TSN's CO_2 reduction ambition to decrease CO_2 emissions by 35 to 40% before 2030. The Supervisory Board was also informed on the launch of Zeremis® Carbon Lite, a high-quality steel produced with 30% lower CO_2 emissions compared to the European average for steel products, based on operational CO_2 savings achieved by the Company since 2018 and certified by an independent verification agency.

The Supervisory Board also regularly discussed environmental matters related to the IJmuiden site, including on reports published by the RIVM and the Dutch Safety Board, and on the investigation by the Office of the Public Prosecutor into Tata Steel IJmuiden B.V. and Harsco, further to the allegation that Tata Steel IJmuiden B.V. and Harsco would have intentionally and unlawfully released substances into the soil, air or surface water. Moreover, the Supervisory Board was briefed on specific operational matters, including:

- a threat under penalty payment (dwangsom) imposed on the cokes and gas plants to be forfeited in case of 'green cokes pushes' and the additional measures taken by the Company to prevent such green pushes from occurring;
- the preparation and execution of the Blast Furnace 6 Repair Programme; and
- the delayed commissioning of Cold Mill 21 leading to invocation of force majeure.

The Supervisory Board discussed the progress of the implementation of the Roadmap Plus Programme, a €300M investment programme aimed at improving local environmental performance by realising significant reductions of dust emissions, noise and odour pollution. TSN successfully completed its first milestone to reduce PAH emissions by 50%, as measured by accredited independent measurement agencies. With the exception of the Denox installation, which will be commissioned in 2025, the company is still on track to finalise all other projects of the Roadmap Plus Programme in 2023. The Supervisory Board was also regularly updated on organisational adjustments following the separation of Tata Steel UK Ltd. and TSN. TSN's Chief Financial Officer Mr. Co van Dort retired as of 1 July 2022. The Supervisory Board wishes to express its thanks to Mr. Van Dort for his valuable contribution to the company, during his career at TSN. As of 1 September 2022, Mr. Martijn Plaum was appointed by the shareholder as member of the Board of Management and Chief Financial Officer, upon the Supervisory Board's positive advice.

TSN's mid-term and long-term strategy were presented to and discussed with the Supervisory Board. Moreover, the Supervisory Board was updated on discussions between TSN and TSL on a financial framework for the purpose of saving as many internal funds as possible to invest in the decarbonisation of the IJmuiden site.

In addition, recurring subjects on the agenda included the Company's business and financial performance, Health, Safety and Environment and the overall licence-to-operate, HR, legal matters, integrity and compliance and IT and IT-related risks. The Supervisory Board approved the FY22 Annual Accounts and discussed the FY23 Annual Plan.

Audit Committee

The Audit Committee met four times during FY23. The Audit Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee discussed the external auditor's FY23 audit plan, the external auditor's audit report and the audit findings, reviewed the internal Audit and Assurance reports, the risk reports, the Annual Report & Accounts FY23 and the Audit & Assurance audit plan for FY24. In addition, the Audit Committee discussed TSN's subsidiary report.

Financial statements

For the financial year 2022/23, the consolidated income statement shows a net profit after taxation of €352m compared to a net profit after taxation of €730m for the financial year 2021/2022, due to lower steel spreads.

Pursuant to Article 29 of the Articles of Association, we hereby present the Annual Accounts for adoption by the General Meeting of Shareholders of TSN. The auditors, PricewaterhouseCoopers Accountants N.V., have examined the Annual Accounts for 2023 and have issued an unqualified auditor's opinion, with an Emphasis of Matter referencing to the impact of decarbonisation on the assumptions underlying the impairment assessment of property, plant and equipment. The members of the BoM and the Supervisory Board, after discussion with the external auditors, have approved these Annual Accounts.

We recommend that the General Meeting of Shareholders adopts the Annual Accounts for the financial year 2022/23 as presented, and discharges the members of the BoM and the Supervisory Board of responsibility in respect of their management and supervision respectively.

The Supervisory Board thanks the BoM and all TSN employees for all their efforts during the financial year 2022/23.

Supervisory Board

T.V. Narendran, Chair

IJmuiden, 19 July 2023

Part 3
ANNUAL ACCOUNTS

Consolidated income statement

For the financial year ended 31 March	Note	2023	2022
		€m	€m
Revenue	1	**7,192**	6,904
Operating costs	2	**(6,740)**	(5,990)
Operating profit		**452**	914
Finance costs	5	**(21)**	(10)
Finance income	5	**6**	4
Share of post-tax results of joint ventures and associates	10(iii)	**6**	13
Profit before taxation		**443**	921
Taxation	6	**(91)**	(191)
Profit after taxation		**352**	730
Attributable to:			
Owners of the Company		**352**	730
Non-controlling interests		**-**	-

All references to 2023 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 35 refer to the financial year ended 31 March 2023 or as at 31 March 2023 as appropriate (2022: the financial year ended 31 March 2022 or as at 31 March 2022).

Consolidated statement of comprehensive income

For the financial year ended 31 March	Note	2023	2022
		€m	€m
Profit after taxation		**352**	730
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension and other post-retirement plans	31	**14**	22
Income tax relating to items not reclassified		**(4)**	(6)
Items that may be reclassified subsequently to profit or loss:			
(Losses)/Gains arising on cash flow hedges	21 (iv)	**(71)**	21
Exchange rate movements on currency net investments		**-**	4
Income tax relating to items that may be reclassified	21 (iv)	**18**	(6)
Other comprehensive (expense)/income for the year net of tax		**(43)**	35
Total comprehensive profit for the year		**309**	765
Attributable to:			
Owners of the Company		**309**	765
Non-controlling interests		**-**	-

Notes and related statements forming an integral part of the consolidated accounts appear on pages 66 to 97.

Consolidated balance sheet

As at 31 March

	Note	2023	2022
		€m	€m
Non-current assets			
Goodwill	7	**8**	8
Other intangible assets	8	**70**	74
Property, plant and equipment	9	**2,433**	2,130
Equity accounted investments	10	**42**	52
Other investments	11	**2**	6
Other non-current assets	12	**2**	3
Retirement benefit assets	31	**3**	1
Deferred tax assets	23	**86**	125
		2,646	2,399
Current assets			
Inventories	13	**2,018**	1,738
Trade and other receivables	15	**580**	1,094
Current tax assets	14	**41**	93
Cash and short-term deposits	16	**849**	599
Assets classified as held for sale	17	**-**	29
		3,488	3,553
Total assets		**6,134**	5,952
Current liabilities			
Borrowings	19	**(70)**	(28)
Trade and other payables	18	**(1,828)**	(1,781)
Current tax liabilities	14	**(132)**	(247)
Retirement benefit obligations	31	**(1)**	(1)
Provisions for liabilities and charges	22	**(110)**	(149)
Liabilities classified as held for sale	17	**-**	(23)
		(2,141)	(2,229)
Non-current liabilities			
Borrowings	19	**(82)**	(80)
Deferred tax liabilities	23	**(3)**	(1)
Retirement benefit obligations	31	**(69)**	(90)
Provisions for liabilities and charges	22	**(151)**	(156)
Other non-current liabilities	20	**(65)**	(81)
Deferred income	24	**(1)**	(2)
		(371)	(410)
Total liabilities		**(2,512)**	(2,639)
Net assets		**3,622**	3,313
Equity			
Called-up share capital	25	**388**	388
Share premium account		**17**	17
Other components of equity		**3,216**	2,907
Equity attributable to owners of the Company		**3,621**	3,312
Non-controlling interests		**1**	1
Total equity		**3,622**	3,313

Consolidated statement of changes in equity

	Called-up share capital	Share premium account	Retained earnings	Hedging reserve	Translation reserves	Total	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m
Balance as at 1 April 2021	**388**	**17**	**2,110**	**20**	**12**	**2,547**	**1**	**2,548**
Profit after taxation	-	-	730	-	-	**730**	**-**	**730**
Other comprehensive result for the year	-	-	16	15	4	**35**	**-**	**35**
Total comprehensive result for the year	-	-	746	15	4	**765**	**-**	**765**
Balance as at 31 March 2022	**388**	**17**	**2,856**	**35**	**16**	**3,312**	**1**	**3,313**
Profit after taxation	-	-	352	-	-	**352**	**-**	**352**
Other comprehensive result for the year	-	-	10	(53)	-	**(43)**	**-**	**(43)**
Total comprehensive result for the year	-	-	362	(53)	-	**309**	**-**	**309**
Balance as at 31 March 2023	**388**	**17**	**3,218**	**(18)**	**16**	**3,621**	**1**	**3,622**

The authorised share capital of the Company at 31 March 2023 amounts to €1,300,000,000 (31 March 2022: €1,300,000,000) and consists of 130,000,000 Ordinary shares of €10.00 each of which 38,760,710 Ordinary shares were issued and fully paid up. All the outstanding Ordinary shares were held by Tata Steel Netherlands Holdings B.V. ('TSNH')

Consolidated statement of cash flows

For the financial year ended 31 March	Note	2023	2022
		€m	€m
Operating activities			
Profit after taxation		**352**	730
Adjustments for:			
Tax	6	**91**	191
Profit/(Loss) on disposal of property, plant and equipment	2	**1**	(2)
(Loss)/Profit on disposal of group companies and classification as held for sale	32	**(3)**	11
Interest income	5	**(6)**	(4)
Interest expense	5	**21**	10
Share of results of joint ventures and associates	10(iii)	**(2)**	(13)
Depreciation and amortisation including impairments (net of grants released)	2	**208**	215
Movement in pension prepayments and provisions		**(10)**	(9)
Movement in insurance and other provisions		**(42)**	85
Movement in loose plant, tools and spares		**(9)**	24
Movement in inventories		**(281)**	(808)
Movement in receivables		**384**	(306)
Movement in payables		**(80)**	679
Rationalisation costs provided	22	**4**	8
Utilisation of rationalisation provisions	22	**(5)**	(7)
Cash generated from operations		**623**	804
Interest paid		**(17)**	(1)
Interest element of lease rental payments		**(4)**	(4)
Taxation paid		**(30)**	(10)
Net cash flow generated from operating activities		**572**	789
Investing activities			
Purchase of property, plant and equipment	9	**(377)**	(252)
Sale of property, plant and equipment	9	**1**	3
Purchase of other intangible assets	8	**(2)**	(3)
Disposal of subsidiaries	32	**6**	1
Disposal of JV	10	**4**	-
Dividends from joint ventures and associates	10	**12**	-
Interest received		**5**	-
Net cash flow used in investing activities		**(351)**	(251)
Financing activities			
New loans to Group companies	30	**-**	(4)
Repayment of loans to Group companies	30	**10**	-
New loans from Group companies	30	**43**	2
Movements in other loans		**(1)**	(1)
Capital element of lease rental payment	30	**(23)**	(18)
Net cash flow generated from/(used in) financing activities		**29**	(21)
Increase in cash and cash equivalents		**250**	517
Cash and cash equivalents at beginning of period		**599**	82
Cash and cash equivalents at end of period		**849**	599
Cash and cash equivalents consist of:			
Cash and short-term deposits	16	**849**	599
		849	599

Presentation of consolidated accounts and accounting policies

I Introduction

Tata Steel Nederland BV ('TSN') having its registered office (statutaire zetel) in IJmuiden officiating at Wenckebachstraat 1, 1951 JZ Velsen-Noord, the Netherlands, and forms part of the Tata Steel Group. Its registration number at the Chamber of Commerce is 34005278.
The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on the BSE Ltd (formerly the Bombay Stock Exchange Ltd, Mumbai) and the National Stock Exchange of India, and with global depository receipts listed on the London and the Luxembourg Stock Exchanges. The shares of TSN are held by Tata Steel Netherlands Holdings BV ('TSNH').

TSN and its subsidiaries ('the Group') form an international steel group that manufactures, processes and distributes steel products.

The 2023 Annual Accounts of TSN were authorised for issue by the Board of Management on 30 June 2023.

II Basis of preparation

TSN is a private limited company incorporated in the Netherlands. The consolidated financial statements of the Group for the year ended 31 March 2023 comprise the Company and its subsidiaries and the Group's interest in its joint venture and associated undertakings.

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'). The functional and presentational currency of the Company is the Euro.

The financial statements have been prepared under the historical cost convention, unless otherwise stated.

The Group has prepared the financial statements under the IFRS accounting policies set out below and these policies have been applied consistently to all the periods.

Going concern

The Board of Management has assessed the ability of the Group to continue as a going concern. The steel industry is cyclical and TSN starts 2023/24 at the bottom of the industry cycle with challenging market conditions which are forecast to result in lower profitability at the beginning of the year.

The Board of Management has assessed the future funding requirements of the Group in the near term, based on financial forecasts covering 12 months from the date of this report. The Group ended the 2022/23 financial year with a significant positive cash balance and unutilised financing facilities of €200m which, along with specific actions being taken to improve business performance, is expected to ensure that the Group can manage this period of downturn and is well placed for 2023/24. Under all scenarios, including a severe but plausible downside scenario, the Group has access to adequate liquidity over the next 12 months.
Having undertaken this work, the Board of Management is of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future, and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

III New standards and interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
IAS 37 (Amendments)	Onerous Contracts— Cost of Fulfilling a Contract	1 Jan 2022
IAS 16 (Amendments)	Proceeds before Intended Use	1 Jan 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 Jan 2022
IFRS 1, IFRS 9 Illustrative Example 13 of IFRS 16 and IAS 41 (Amendments)	Annual Improvements to IFRS Standards 2018–2020	1 Jan 2022**

* periods commencing on or after
**except for the amendment to IFRS 16 for which no effective date is stated as it regards only an illustrative example

TSN has adopted the above amendments. In accordance with the transition provisions, the amendments have been adopted retrospectively to financial statements. Comparative amounts have not been restated, and there was no impact on the current opening reserves amount on adoption. Neither of these amendments had a material impact on the TSN financial statements.

IV New standards and interpretations not applied

The International Accounting Standards Board ('IASB') has issued the following Standards, which are relevant to the Group's reporting but have either not been applied as they have not been adopted for use in the EU in the year ended 31 March 2023, or have an effective date after the date of these financial statements:

		Effective Date*
IFRS 17	Insurance Contracts	1 Jan 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
IAS 1 (Amendments)	Disclosure of Accounting Policies	1 Jan 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 Jan 2024
IAS 8 (Amendments)	Definition of Accounting Estimates	1 Jan 2023
IAS 1 (Amendments)	Presentation of financial statements on Non-current liabilities with covenants	1 Jan 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 Jan 2024

* periods commencing on or after

Management have performed a review of the expected impact from other standards and interpretations not applied as shown above. Management do not expect a material impact as a result of other new standards and interpretations not applied.

V Use of estimates and critical accounting judgements

In the application of the Group's accounting policies, which are described in section VI, the BoM are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The critical judgements, apart from those involving estimations (which are presented separately below), that the BoM has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are presented below.

Definition of cash generating units ('CGU')

A significant part of the Group's capital is invested in property, plant and equipment and intangible assets (including goodwill). Determining whether these assets are impaired requires an estimation of value in use or fair value less cost of disposal of the CGU to which the asset relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the Group these are usually taken to be individual hubs/businesses or legal entities, although these are combined or split into base entities, where deemed appropriate to reflect the specific economic risks or operational inter-dependence of particular locations and operations based on the governance structure and lines of reporting. This process of defining CGUs requires the exercise of significant judgement.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period end that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below. This includes assumptions in respect of the transition to a low carbon economy, which may impact critical judgements and key estimates, disclosure, recognition or derecognition of assets and liabilities and measurement of such assets and liabilities.

1) Provisions
Estimates in calculating provisions for environmental remediation, legal claims and employee benefits are based on previous experience and third party advice and are reassessed on a regular basis. Judgement is required in assessing the likely costs and the timing of these costs. Further details on the Group's provisions can be found in note 22.

2) Recognition of deferred tax assets
The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur based on the Group's annual plans and future forecasts. Further information can be found in note 23.

3) Post-retirement benefits
The Group's retirement benefit obligations are assessed by selecting key assumptions. The selection of inflation, salary growth, and mortality rates are key sources of estimation uncertainty which could lead to a material adjustment in the defined benefit obligations within the next financial year. The Group sets these judgements with close reference to market conditions and third party actuarial advice.
The Group's defined benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

4) Impairment of non-current assets
Value in use and fair value less cost of disposal calculations require an estimation of future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The present value is sensitive to changes in the discount rate used in the value in use models, the forecast profitability of the Group in the third year of the Group's Annual Plan, and the expected impact of decarbonisation on the Group. Further details on the Group's impairment review, key assumptions, and sensitivity analyses are set out in note 9. In respect of impairment of investments in the Company accounts, judgement is required around the relevant enterprise value of the TSN Group.

The detailed accounting policies for each of these areas, are outlined in section VI below.

TSN continues to develop its assessment of the potential impacts of climate change and decarbonisation strategy and has considered such impacts when preparing its consolidated financial statements.

TSN has a public commitment to reduce its CO_2 emissions by 5 Megatons by 2030. In July 2022, it entered an Expression of Principles with the Ministry of Infrastructure and Water Management, and the Ministry of Economic Affairs and Climate in the Netherlands. It is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual transition to Green Hydrogen depending on availability and economics. It is currently engaged with multiple technology and engineering partners to complete detailed evaluation and engineering, implementation planning and costing of the project.

TSN is also undertaking a comprehensive project to reduce dust and other fugitive emissions from its plant to make it future ready. It has committed to spend €300m in Roadmap Plus investments, including an ongoing de-NOx investment in the pellet plant, covering bunkers and transport systems and installing dust screens, and upgraded coal filters. These projects are currently under implementation and part of the planned capital expenditure in the company.

Climate-related risks, in particular those arising from transitioning to a lower-carbon economy, are taken into account when estimating the useful lives of the assets affected. As a result of the shift towards decarbonization, TSN decreased estimates of residual useful lives of items of property, plant and equipment affected.

5) Net realizable value of inventories
Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Estimates in determining the net realisable value comprise of the amount that the inventory is expected to realize, taking into account the purpose for which the inventory is held. The Group based these estimates on the most reliable evidence available at the time the estimates were made.

6) Actuarial assumptions that are used in calculating other long-term employee and other benefit liabilities
Actuarial assumptions can be subject to volatility, in particular due to changes in market conditions and actuarial assumptions. Key sources of estimation uncertainty relate to the discount rate, life expectancy, inflation rates and future salary assumptions. The Group sets these judgements with close reference to market conditions and third party actuarial advice.

VI Critical accounting policies

(a) Property, plant and equipment

Property, plant and equipment are recorded at original cost less accumulated depreciation and any recognised impairment loss, with the exception of land. Cost includes professional fees and, for assets constructed by the Group, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. This includes borrowing costs capitalised in respect of qualifying assets in accordance with the Group's policy. Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Group refers to as 'commissioning costs' and which include expenses such as initial operating losses incurred while technical deficiencies on new plant are rectified and incremental operating costs that are incurred while the new plant is operating at less than full capacity) are written off to profit and loss as incurred. Assets in the course of construction are depreciated from the date on which they are ready for their intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit and loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.
Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and renewals are charged to profit and loss as incurred.

(b) Depreciation, amortisation and impairment of property, plant and equipment and other intangible assets (including goodwill)

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and other intangible assets, including right-of- use assets, to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period if shorter.

Useful lives: the estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

		Life Years
Freehold and long leasehold buildings that house plant and other works buildings		25
Other freehold and long leasehold buildings		50
Plant and machinery:		
Iron and steelmaking	(maximum)	25
IT hardware and software	(maximum)	8
Office equipment and furniture		10
Motor vehicles		4
Other	(maximum)	15
Patents and trademarks		4
Product and process development costs		5

Impairment: value in use and fair value less cost of disposal calculations include assumptions related to the decarbonisation strategy of TSN. Key assumptions made represent the most likely impact from decarbonisation at this point in time. However, assumptions may change over time, which could result in changes to value in use and fair value less cost of disposal calculations in future periods and affects impairment assessments.

At each reporting period end, the Group reviews the carrying amounts of its property, plant and equipment and other intangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Other intangible assets (including goodwill) with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use and fair value less cost to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate for value in use and a post-tax discount rate for fair value less cost of disposal, based upon the Group's long term weighted average cost of capital ('WACC'), which also recognises the comparative WACCs of its European peers, with appropriate adjustments for the risks associated with the relevant units. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, although impairments of goodwill are not subject to subsequent reversal.

(c) Taxation

The tax expense represents current tax and deferred tax.
Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and they are in the same taxable entity, or a group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

(d) Retirement benefit costs

The group operates a number of defined benefit and a number of defined contribution pension plans for its employees. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting period end. The Group applies IAS 19 'Employee Benefits' to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit liability recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.
Impairment: Value in use and fair value less cost of disposal calculations include assumptions related to the decarbonisation strategy of TSN. Key assumptions made represent the most likely impact from decarbonisation at this point in time. However, assumptions may change over time, which could result in changes to value in use and fair value less cost of disposal calculations in future periods and affects impairment assessments.

(e) Provisions

Provisions for rationalisation and related measures, environmental remediation and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. This involves a series of management judgements and estimates that are based on past experience of similar events and third party advice where applicable. Where appropriate and relevant those provisions are discounted to take into consideration the time value of money.

In particular, redundancy provisions are made where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been made at the end of the reporting period. These provisions also include charges for any termination costs arising from enhancement of retirement or other post-employment benefits for those employees affected by these plans.

Provisions are also created for long term employee benefits that depend on the length of service, such as long service and sabbatical awards, disability benefits and long term compensated absences such as sick leave. The amount recognised as a liability is the present value of benefit obligations at the end of the reporting period, and all movements in the provision (including actuarial gains and losses or past service costs) are recognised immediately within profit and loss.

TSN participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a liability in relation to carbon dioxide allowances if there is any anticipated shortfall in the level of allowances received or purchased when compared with actual emissions in a given period. Any surplus is only recognised once it is realised in the form of an external sale.

VII Other accounting policies

(a) Basis of consolidation

The consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows include the Company and its subsidiaries. They also include the Group's share of the profits, net assets and retained post acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation.

The profits or losses of subsidiaries, joint ventures and associates acquired or sold during the period are included from the date of acquisition or up to the date of their disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation, including unrealised profits on such transactions.

(b) Business combinations

On the acquisition of a subsidiary, joint venture or associate, fair values are attributed to the net assets acquired. Any excess of the fair value of consideration given (including the fair value of any contingent consideration) over the fair values of the Group's share of the identifiable net assets acquired is treated as goodwill. The costs of acquisition are charged to profit and loss in the period in which they are incurred. If the fair value of the net assets acquired exceeds the fair value of consideration then these fair values are reassessed before taking the remainder as a credit to profit and loss in the period of acquisition. Goodwill is recognised as an asset. Although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator. Any impairment is recognised immediately in profit and loss and cannot subsequently be reversed. On disposal of a subsidiary, joint venture or associate any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Where an acquisition is achieved in stages, upon obtaining control the previously held equity interest is reassessed at fair value and any resulting gain or loss is recognised in profit and loss.

(c) Revenue

The Group's revenue is primarily derived from the single performance obligation to transfer steel products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligation occur at the same time. Revenue from the sale of goods is recognised when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable that the Group will collect the consideration to which it is entitled to in exchange for the goods.

The group manufactures and sells a range of steel products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred, and either the customer has accepted the products in accordance with the sales contract, or the group has objective evidence that all criteria for acceptance have been satisfied.

The steel is often sold with volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(d) Government grants

Grants related to expenditure on property, plant and equipment are credited to profit and loss over the useful lives of qualifying assets. Grants related to revenue are credited to the income statement in line with the timing of when costs associated with the grants are incurred. Total grants received less the amounts credited to profit and loss at the end of the reporting period are included in the balance sheet as deferred income.

(e) Insurance

Most of TSN's insurances are arranged by Tata Steel Europe ('TSE'). Insurance premiums in respect of those insurances placed by TSE on behalf of TSN and those arranged directly by TSN with insurers are charged to the income statement in the period to which they relate.

(f) Financing items

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment is expensed as incurred. Dividend income is recognised when the right to receive payment is established.

(g) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into euros at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into euros at the average rates for the financial period. In order to hedge its exposure to certain foreign exchange transaction risks, the Group enters into forward contracts and options (see (h) below for details of the Group's accounting policies in respect of such derivative financial instruments). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences on the retranslation of the opening net investment in foreign enterprises and the retranslation of profit and loss items from average to closing rate are recorded as movements on reserves. Such cumulative exchange differences are transferred to profit and loss on subsequent disposals of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period.

Under IAS 21, cumulative translation differences on the consolidation of subsidiaries are only being accumulated for each individual subsidiary from the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Where the Group transfers substantially all the risks and rewards of ownership of a financial asset, the financial asset is derecognised and any rights and obligations created or retained in the transfer are recognised separately as assets or liabilities. This includes the Group's €600m non-recourse debtor securitisation facility.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ('FVTPL').

Where the group purchases emission rights from an emission trading scheme, it recognises these as an asset, and values the asset at cost. No amortisation is recognised, provided that the group intends to utilise the asset to settle emission rights liabilities.

(ii) Impairment of financial assets

The Group recognises a loss allowance for Expected Credit Losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables.
For all other financial instruments and in the case of the company intercompany receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months of ECL.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Even when credit losses are recognised, amounts are only fully written off once all possibility of recoverability has been extinguished.

(iii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(iv) Derivative financial instruments and hedge accounting

In the ordinary course of business the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange, base metal prices and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, interest rate swaps and London Metal Exchange ('LME') contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. Contracts do not generally extend beyond 6 months, except for certain interest rate swaps and commodity contracts.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts, interest rate swaps and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Group seeks to adopt -hedge accounting for these currency, interest rate and commodity contracts. At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is reclassified to net profit or loss for the period.

(i) Other intangible assets

Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Group. In this case they are measured initially at fair value on acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

(i) completion of the development is technically feasible;
(ii) it is the intention to complete the intangible asset and use or sell it;
(iii) it is clear that the intangible asset will generate probable future economic benefits;
(iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Costs are no longer recognised as an asset when the project is complete and available for its intended use, or if these criteria no longer apply. The approach to amortisation and impairment of other intangible assets is described in section VI (b) above.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

(j) Leases

As a lessee, the Group assesses if a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less, leases for which the underlying asset is low value and leases of intangible assets, which are expensed in the consolidated income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. The incremental borrowing rate is calculated with reference to the businesses cost of funding, length of the lease and the suitability of the assets to leasing.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date and extension options, if the Group is reasonable certain to exercise the option. Lease liabilities are classified as part of borrowings.

The associated right-of-use asset is capitalised equal to the lease liability and disclosed together with property, plant and equipment. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment.

Variable lease payments not included in the measurement of the lease liabilities are expensed in the consolidated income statement in the period in which the events or conditions which trigger those payments occur.

(k) Joint ventures, joint operations and associates

The results and assets and liabilities of joint ventures and associates are incorporated in the accounts using the equity method of accounting, except where classified as held for sale (see section (l) below).

Investments in joint ventures and associates are initially measured at cost. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired, being goodwill, is included within the carrying value of the joint venture or associate and is subsequently tested for impairment on an annual basis.

Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition. The Group's share of post-acquisition profits and losses is recognised in profit and loss, and its share of post-acquisition movement in reserves are recognised directly in reserves. Losses of associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with joint ventures or associates are eliminated to the extent of the Group's interest in those entities and, where material, the results of joint ventures and associates are modified to conform to the Group's policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for by recognising the share of assets, liabilities, expenses and income relating to the joint operation.

(l) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost of disposal, when the sale is highly probable.
Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.
Non-current) assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. An impairment loss is recognised for any initial or subsequent write-down of a disposal group to fair value less cost of disposal.

(m) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is generally determined using the weighted average cost method. Inventories of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(o) Equity

Share capital: Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's annual accounts in the period in which the dividends are approved by the Company's shareholders. Where dividends are paid in kind the asset transferred is measured at fair value and any difference between the fair value and the carrying value of the asset is recognised in the income statement.

(p) Cash flow statement

The Cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies have been translated into euros using average exchange rates, approximating the foreign exchange rate at transaction date. Exchange rate differences on cash items are shown separately in the Cash flow statement.

Receipts and payments with respect to income tax and interest are included in the Cash flows from operating activities. The cost of acquisition of subsidiaries, associates and joint ventures, and other investments, insofar as it was paid for in cash, is included in Cash flows from investing activities. Acquisitions or divestments of subsidiaries are presented net of cash balances acquired or disposed of, respectively. Cash flows from derivatives are recognized in the Cash flow statement in the same category as those of the hedged item.

Notes to the consolidated accounts

1. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major geographic regions. Substantially all revenue is derived from the sale of goods.

	2023	2022
	€m	€m
Revenue by destination:		
The Netherlands	**1,123**	1,151
Europe excluding the Netherlands	**4,658**	4,519
North America	**1,037**	855
Rest of the world	**374**	379
	7,192	6,904

2. Operating costs

	2023	2022
	€m	€m
Costs by type:		
Raw materials and consumables	**3,861**	3,333
Maintenance costs (excluding own labour)	**486**	443
Other external charges (including fuels and utilities, hire charges and carriage costs)	**867**	739
Employment costs (Note 4)	**1,128**	1,170
Depreciation, amortisation and impairments (Note 8 and 9)	**210**	215
Regional development and other grants released (Note 24)	**(1)**	(1)
Other operating items (including rents, rates, insurance and general expenses)	**545**	510
Changes in inventory of finished goods and work in progress	**(299)**	(390)
Own work capitalised	**(58)**	(38)
Loss/(Profit)Profit on disposal of property, plant and equipment	**1**	(2)
Loss on impairment of asset held for sale (Note 17)	**-**	11
	6,740	5,990

The above costs include €3m (2022: €13m) in respect of restructuring and impairment, which relate to Employment costs of €4m (2022: €8m) and a net credit for depreciation and amortisation of €(1)m (2022: €5m). Further analysis of restructuring and impairment costs is presented in Note 3.

	2023	2022
	€m	€m
The above costs are stated after including:		
Amortisation of other intangible fixed assets (Note 8)	**6**	6
Impairment losses related to property, plant and equipment (Note 3)	**9**	5
Reversals of impairment related to property, plant and equipment (Note 3)	**(10)**	-
Depreciation of owned assets (Note 9)	**195**	189
Depreciation of leased assets (Note 9)	**10**	15
Low value lease costs	**3**	1
Variable lease costs	**20**	19
Costs of research and development (gross)	**64**	62
Recoveries on research and development	**(4)**	(4)
Impairments against trade receivables (Note 15(ii))	**-**	2
Net exchange rate results	**-**	(1)
Emission rights costs	**72**	78

3. Restructuring and impairment costs

	2023	2022
	€m	€m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	**4**	8
Impairment losses related to property, plant and equipment (Note 9)	**9**	5
Reversals of impairment related to property, plant and equipment (Note 9)	**(10)**	-
Other rationalisation costs	**-**	-
	3	13

4. Employees

	2023	2022
	€m	€m
The total employment costs of all employees (including directors) in the Group were:		
Wages and salaries	**886**	940
Social security costs	**130**	119
Pension costs (Note 31)	**108**	103
Redundancy and related costs (Note 3 and 22)	**4**	8
	1,128	1,170

The average number of the Group's employees during the year was 11,631 (2022: 11,355). The analysis by business area and by country was:

	2023	2022		2023	2022
Tata Steel IJmuiden	**9,347**	8,990	The Netherlands	**9,774**	9,432
Tata Steel Downstream Europe	**2,284**	2,365	France	**567**	711
			Germany	**639**	592
			Other	**651**	620

Other pension costs can be further analysed as follows:

	2023	2022
	€m	€m
Defined benefit schemes (Note 31)	**4**	3
Defined contribution schemes (Note 31)	**104**	100
	108	103

5. Financing items

	2023	2022
	€m	€m
Interest expense:		
Bank and other borrowings	**(3)**	(4)
Finance leases	**(4)**	(4)
Discount on disposal of trade receivables within purchase agreement with external companies	**(14)**	(2)
Finance costs	**(21)**	(10)
Interest income:		
From Group companies	**1**	2
From Other Sources	**5**	2
Finance income	**6**	4
	(15)	(6)

6. Taxation

	2023	2022
	€m	€m
Dutch corporation tax	**34**	227
Dutch prior year corporation tax	**(6)**	-
Other corporation tax	**8**	18
Other prior year corporation tax	**-**	3
Current tax	**36**	248
Dutch deferred tax	**62**	(28)
Other deferred tax	**(7)**	(29)
Taxation	**91**	191

In addition to the total taxation charged to the income statement, an amount of €14m has been credited in other comprehensive income in the year (2022: a charge of €12m).

As a result of the change in tax accounting policy, TSN decided, to the extend this is possible, to record provisions in the tax books per 31 March 2023, increasing the deferred tax position by €51m.

The total charge for the year can be reconciled to the accounting profit as follows:

	2023	2022
	€m	€m
Profit before taxation	**443**	921
Profit before taxation multiplied by the Applicable corporation tax rate of 25.83% (2022: 25.31%)	**114**	233
Effects of:		
Adjustments to current tax in respect of prior periods	**(6)**	3
Adjustments to deferred tax in respect of prior periods	**3**	(4)
Change in tax rates[i]	**-**	(3)
Changes in unrecognised losses and other tax benefits	**(17)**	(38)
Non-taxable income	**(5)**	-
Other differences	**2**	-
Total taxation	**91**	191

(i) €3m credit in prior year relates to the deferred tax impact of the increase in the future Dutch corporate income tax rate from 25.0% to 25.8% effective from 1 January 2022.

The applicable corporation tax rate of 25.83% for 2022-23 is the average tax rate weighted in proportion to the accounting profits/(losses) earned in each geographical area.

7. Goodwill

	2023	2022
	€m	€m
Net book value	**8**	8

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that combination. TSN tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired.

The outcome of the Group's goodwill impairment test as at 31 March 2023 resulted in no impairment of goodwill, refer to note 9 for disclosure on impairment test (2022: no impairment).

8. Other intangible assets

2023	Computer software	Development costs	Patents and trademarks	Emission Rights	Total
	€m	€m	€m	€m	€m
Cost at beginning of period	150	39	1	-	**190**
Additions	2	-	-	-	**2**
Disposals	(1)	-	-	-	**(1)**
Reclassification	-	-	-	-	**-**
Cost at end of period	151	39	1	-	**191**
Amortisation at beginning of period	76	39	1	-	**116**
Charge for the period	6	-	-	-	**6**
Disposals	(1)	-	-	-	**(1)**
Amortisation at end of the period	81	39	1	-	**121**
Net book value at end of the period	70	-	-	-	**70**

2022	Computer software	Development costs	Patents and trademarks	Emission Rights	Total
	€m	€m	€m	€m	€m
Cost at beginning of period	141	39	1	28	**209**
Additions	3	-	-	-	**3**
Utilisation	-	-	-	(28)	**(28)**
Reclassification	6			-	**6**
Cost at end of period	150	39	1	-	**190**
Amortisation at beginning of period	64	39	1	-	**104**
Charge for the period	6	-	-	-	**6**
Reclassification	6	-	-	-	**6**
Amortisation at end of the period	76	39	1	-	**116**
Net book value at end of the period	74	-	-	-	**74**

9. Property, plant and equipment

2023	Land and buildings	Plant and machinery	Assets under construction	Total
	€m	€m	€m	€m
Cost or valuation at the beginning of period	1,212	7,255	596	**9,063**
Additions	8	110	414	**532**
Exchange rate movements	-	4	-	**4**
Reclassifications	(1)	6	-	**5**
Transfers to/(from) assets under construction	4	276	(280)	**-**
Transfers to held for sale	-	-	-	**-**
Disposals	(3)	(161)	-	**(164)**
Cost or valuation at end of period	1,220	7,490	730	**9,440**
Depreciation at the beginning of period	930	5,999	4	**6,933**
Charge for the period	17	188	-	**205**
Impairment charge for the period	-	9	-	**9**
Reversal of impairment losses for the period	(6)	(4)		**(10)**
Exchange rate movements	-	2	-	**2**
Reclassifications	5	-	-	**5**
Transfers to held for sale	-	-	-	**-**
Disposals	(2)	(135)	-	**(137)**
Depreciation at end of period	944	6,059	4	**7,007**
Net book value at end of period	276	1,431	726	**2,433**

2022	Land and buildings	Plant and machinery	Assets under construction	Total
	€m	€m	€m	€m
Cost or valuation at the beginning of period	1,192	7,121	648	**8,961**
Additions	3	88	209	**300**
Exchange rate movements	3	11	-	**14**
Reclassifications	1	(7)	2	**(4)**
Transfers to/(from) assets under construction	47	214	(261)	**-**
Transfers to held for sale	(7)	(36)	(2)	**(45)**
Disposals	(27)	(136)	-	**(163)**
Cost or valuation at end of period	1,212	7,255	596	**9,063**
Depreciation at the beginning of period	936	5,958	2	**6,896**
Charge for the period	22	182	-	**204**
Impairment charge for the period	-	4	1	**5**
Exchange rate movements	3	10	2	**15**
Reclassifications	-	(4)	-	**(4)**
Transfers to held for sale	(7)	(36)	-	**(43)**
Disposals	(24)	(115)	(1)	**(140)**
Depreciation at end of period	930	5,999	4	**6,933**
Net book value at end of period	282	1,256	592	**2,130**

The additions to the right-of-use assets during the 2023 financial period were €24m (2022: €17m).

Consistent with the annual test for impairment of goodwill as at 31 March 2023 (see note 7) property, plant and equipment was also tested for impairment at that date where indicators of impairment existed. This involves the Group estimating the recoverable amounts of individual Cash Generating Units (CGU). See the Critical Judgements in Applying the Group's Accounting Policies on page 58 for further information with regards to the definition of CGU's.

European countries including the Netherlands have legal requirements to reach net zero by 2050 and whilst these requirements may not place any obligation on TSN to contribute to those goals, the increased focus and clear direction from politicians and society means that TSN may face these legal obligations at some point in time. As such, decarbonisation is central to the long term strategy of TSN which has set out its ambitions to be carbon neutral by 2045.

In the previous year TSN announced that it aims to pursue the Direct Reduced Iron ('DRI') route for making iron using natural gas or hydrogen and is currently exploring the options for implementing this and how such investments could be financed. Irrespective of the choice of technology, TSN still aims to be producing a combined c. 7mt of steel post decarbonisation, is not currently envisioning any changes to their downstream steel making capability, and aims to continue to serve the same markets by offering its customers the low carbon steel products they require. Further progress in the current year was made with TSN and the Dutch government signing an Expression of Principles in July 2022 to transition to low CO_2 steel making, with an ambition to reduce CO_2 emission by 5 million tonnes by 2030.

However, the technological shift required to enable the transition to carbon neutral steel will require significant long term investments that will be conditional upon national energy infrastructure, requirements for a global level playing field for the steel industry (e.g. EU Carbon Border Adjustment Mechanism), and other government legislation. TSN ultimately expects the cost for decarbonisation not to be borne by the steel industry alone, but by society, either through higher steel selling prices or through government intervention whereby investments in decarbonisation are enabled through government assistance.

CGU Business Unit Tata Steel IJmuiden

The recoverable amount of Business Unit IJmuiden CGU has been determined from a fair value less costs of disposal ('FV') calculation. This is due to the fact that TSN has clearly stated its plan to move away from the current production process and transition to decarbonised production via the use of hydrogen meaning that it is appropriate to consider a longer term horizon for the impairment test which is allowed under a FV model but is not permitted under a Value in Use ('VIU') model.

The FV calculation involves estimating future cash flows that TSN expects to derive from the CGU using the three-year Annual Plan for the period FY24-FY26 and, for the period FY27 onwards, assumptions on cash flows during, and after, the transition to the DRI route of production. TSN is committed to transitioning in a phased manner out of blast furnace operations to steel making using direct reduced iron technology and electric smelting, with an eventual transition to Green Hydrogen depending on availability and economics. Plans for phase 1, replacing one of the blast furnaces and one of the cokes and gas plants with the first DRI plant and electric smelting, and which is to be completed by 2030, were submitted to the Netherlands government in October 2022 and are part of the so called "Maatwerk" discussions. The FV calculation includes assumptions with respect to capital expenditure regarding the amounts necessary to pursue decarbonisation, as well as an assumption of government grants for both Phase 1 and Phase 2. The cash flows are further adjusted for business improvement initiatives and for the future expected benefits on account of the capital expenditure. For the FV calculation, a set of inflation assumptions is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets up until the terminal year at which point a 2.0% (2021-22: 1.8%) growth rate is used on future cashflows into perpetuity. The post-tax discount rate of 7.9% (March 31, 2022: 6.3%) is derived from the Group's weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the Group's goodwill impairment as at March 31, 2023 for BU IJmuiden CGU resulted in no impairment of property, plant and equipment (2021-22: Nil).

Key assumptions for the FV model are expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, the timing and availability of permits required, the ability to successfully deliver the business improvement initiatives identified in the Annual Plan, the amount of capital expenditure needed for decarbonisation, the changes to EBITDA resulting from producing and selling low CO_2 steel, levels of government support for decarbonisation, phasing of decommissioning of legacy assets as well as the commissioning of new carbon free production facilities and a post-tax discount rate of 7.9%. In particular, whilst TSN has submitted a formal request to the Dutch government there is not yet any commitment or guarantee that support from the Dutch government would be forthcoming. Whilst the best view of the directors is that government support would be provided on a similar level to recent commitments seen by other national governments within Europe to the steel producers operating in those countries, if support from the Dutch government would not be in the expected amount then there would be a material impact on the valuation of property, plant and equipment. This could also have a significant impact on how the current decarbonisation plans can be realised.

The Group believes the key assumptions made represent the most likely impact from decarbonisation at this point in time. These key assumptions will be kept under review in future years especially if investments in decarbonisation capital expenditure become committed.

The Group has conducted several sensitivity analysis on the impairment test of the carrying value of the BU Ijmuiden CGU. Sensitivity analysis are performed related to (i) an increase in discount rate, (ii) a decrease in profitability, (iii) early closure of plants affected by the decarbonisation strategy (e.g. cokes and gas plants). The Board of Management, believes that none of the above sensitivities, individually, would cause the carrying value of property, plant and equipment to materially exceed its fair value less costs of disposal.

Other CGU's

For all other CGU's, a value in use (VIU) calculation has been prepared to consider the recoverable amount and assess whether this exceeds the carrying value. This VIU calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out to perpetuity based on a steady state, sustainable cash flow reflecting average steel industry conditions between successive peaks and troughs of profitability. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, energy costs, exchange rates, and a pre-tax discount rate of 10.6% (2022: 8.4%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources.

In preparing the value in use calculation TSN has considered the effect that climate related risks may have on its future cash flow generation. Included within the cash flow forecasts are estimates for costs of compliance under the EU Emissions Trading Scheme based on the Group's estimated shortfall between free allowances under the scheme and actual emissions.

The outcome of this test indicated that, using a pre-tax discount rate of 10.6% (2022: 8.4%), none of the CGUs in the TSN group had a recoverable amount which was lower than its carrying value. However, Tata Steel Maubeuge SAS CGU had a VIU significantly greater than its carrying value due to improved business performance and therefore a credit of €10m has been recognised during the year to reverse impairments charged against this CGU in previous financial years. An impairment charge of €9m was also recognised against specific assets in BU IJmuiden CGU.

In the prior year an impairment charge of €5m was recognised. This impairment consisted of €2m for the Tubes Nederland CGU and €3m for specific assets at BU IJmuiden.

The Group has conducted sensitivity analysis on the impairment tests of the carrying value of the Group's CGUs and property, plant and equipment. The Board of Management, believe that no reasonable possible change in any of the key assumptions used in the value in use calculations would cause the carrying value of property, plant and equipment in any CGU to materially exceed its value in use.

Net book value as at 31 March	2023	2022
	€m	€m
The net book value of land and buildings comprises:		
Freehold	**212**	217
Short leasehold (in less than 50 years expired)	**64**	65
	276	282
Which may be further analysed as:		
Assets held under lease:		
Cost	**118**	117
Accumulated depreciation	**(54)**	(52)
	64	65
Owned assets	**212**	217
	276	282
The net book value of plant and machinery comprises:		
Assets held under lease:		
Cost	**160**	143
Accumulated depreciation	**(109)**	(101)
	51	42
Owned assets	**1,380**	1,214
	1,431	1,256

There were no borrowing costs capitalised during the year (2022: €nil).

10. Equity accounted investments

As at 31 March	Interest in joint ventures	Investments in associates	2023 Total	2022 Total
	€m	€m	€m	€m
Cost at beginning and end of period	7	8	**15**	15
Share of post-acquisition reserves at beginning of period	21	16	**37**	24
Share of results in period retained	(4)	(6)	**(10)**	13
Dividends	-	-	**-**	-
Share of post-acquisition reserves at end of period	17	10	**27**	37
Net book value at end of period	24	18	**42**	52
Net book value at beginning of period	28	24	**52**	39

(i) Summarised information in respect of the Group's joint ventures is presented below:

As at 31 March	2023	2022
	€m	€m
The share of assets and liabilities of the Group's joint ventures is as follows:		
Non-current assets	**9**	11
Current assets	**26**	37
Current liabilities	**(11)**	(19)
Non-current liabilities	**-**	(1)
Group's share of net assets	**24**	28
The share of revenue and expenses of the Group's joint ventures are as follows:		
Revenue	**106**	109
Expenses	**(105)**	(100)
Group's share of joint ventures' profit for the period	**1**	9
Dividend received	**(5)**	-
Group's share of retained profit for the period	**(4)**	9

(ii) Summarised information in respect of Group's associates is presented below:

As at 31 March	2023	2022
	€m	€m
Summarised balance sheet information		
Total assets	**90**	131
Total liabilities	**(37)**	(56)
Net assets	**53**	75
Group's share of net assets	**18**	24
Summarised income statement information		
Revenue	**376**	431
Profit for the period	**3**	17
Group's share of associates profit for the period	**1**	4
Dividend received	**(7)**	-
Group's share of retained profit for the period	**(6)**	4

(iii) The share of post-tax profits of joint ventures and associates as disclosed in the income statement arose as follows:

	2023	2022
	€m	€m
Group's share of joint ventures' profit for the period	**1**	9
Group's share of associates profit for the period	**1**	4
	2	13
Profit on disposal of joint venture(iv)	**4**	-
Total profit on joint ventures and associates for the year	**6**	13

(iv) On 29 July 2022, the Group completed the sale of its joint venture, Harbornvein 60 AS ('Harbornvein') to Borg Havn Eiendom AS. Harbornvein is an SPV in which the Group holds a 50% share, which was newly created in the year to facilitate the sale of land and buildings at the former Norsk Stal Tynnplatter AS site in Norway. The consideration received for the sale was €4m and the value of the investment disposed was nil, resulting in a profit on disposal of €4m.

Refer to note 34 for an overview of subsidiaries and investments.

11. Other investments

	Other loans and receivables	Other investments	2023 Total	2022 Total
	€m	€m	€m	€m
Carrying value at beginning and end of period	-	2	**2**	6

12. Other non-current assets

As at 31 March

	2023	2022
	€m	€m
Other receivables	**2**	3

13. Inventories

As at 31 March

	2023	2022
	€m	€m
Raw materials and consumables	**701**	719
Work in progress	**839**	465
Finished goods and goods for resale	**478**	554
	2,018	1,738

The value of inventories above is stated after impairment of €52m (2022: €27m) for obsolescence and write-downs to net realisable value. Work in progress includes semi-finished and partly processed materials.

14. Current tax

2023	Assets	Liabilities
	€m	€m
Dutch corporation tax – Current	**31**	**(129)**
Other corporation tax – Current	**10**	**(3)**
	41	**(132)**

2022	Assets	Liabilities
	€m	€m
Dutch corporation tax – Current	88	(238)
Other corporation tax – Current	5	(9)
	93	(247)

As at 31 March 2023 the Dutch corporation tax balances contain a €98m net payable owed to TSNH (2022: net payable of €150m).

15. Trade and other receivables

As at 31 March

	2023	2022
	€m	€m
Trade receivables	**299**	652
Less provision for expected credit losses	**(4)**	(4)
	295	648
Amounts owed by other Tata Steel companies (Note 33)	**116**	179
Amounts owed by joint ventures (Note 33)	**3**	8
Amounts owed by associates (Note 33)	**13**	25
Derivative financial instruments (Note 21)	**19**	47
Other taxation	**29**	15
Prepayments	**17**	19
Other receivables	**81**	67
Loans to other Tata Steel companies (Note 33)	**7**	82
Loans to joint ventures (Note 33)	**-**	4
	580	1,094

(i) Trade receivables are further analysed as follows:

As at 31 March 2023	Gross amount	Subject to credit insurance cover	Impairment provision	Net credit risk
	€m	€m	€m	€m
Amounts not yet due	**284**	**(234)**	**-**	**50**
One month overdue	**10**	**(8)**	**-**	**1**
Two months overdue	**-**	**-**	**-**	**-**
Three months overdue	**1**	**(1)**	**-**	**-**
Greater than three months overdue	**4**	**(1)**	**(4)**	**-**
	299	**(244)**	**(4)**	**51**

As at 31 March 2022	Gross amount	Subject to credit insurance cover	Impairment provision	Net credit risk
	€m	€m	€m	€m
Amounts not yet due	553	(493)	-	60
One month overdue	53	(50)	-	3
Two months overdue	15	(14)	-	1
Three months overdue	-	-	-	-
Greater than three months overdue	18	(14)	(4)	-
	639	(571)	(4)	64

The Group considers its maximum exposure to credit risk with respect to third party customers at 31 March 2023 to be €51m (2022: €64m), which is the fair value of trade receivables (after impairment provisions) less those that are subject to credit insurance cover as shown in the table above. The other classes of financial assets within trade and other receivables do not contain impaired assets. There is no concentration of credit risk with any particular third party customer.

Credit risk management is discussed further in Note 21(d).

(ii) Movements in the provision for impairment of receivables are as follows:

	2023	2022
	€m	€m
At beginning of period	**4**	5
Impairments in the period (Note 2)	**-**	2
Amounts utilised, exchange rate translation and other movements	**-**	(3)
At end of period	**4**	4

(iii) The loans to other Tata Steel companies include amounts of €7m (2022: €86m) at a fixed interest rate of 3% (2022: 2.2%).

(iv) The loans to other Tata Steel companies at 31 March 2023 of €7m (2022: €86m) are denominated in Euros (2022: denominated in Euros).

(v) Loans to other Tata Steel companies at 31 March 2023 include a loan to TSNH of €nil (2022: €69m) This loan was settled on 30 June 2022.

(vi) Amounts owed by other Tata Steel companies include trade receivables of €33m (2022: €50m) owed by TSUK and €83m (2022: €129m) owed by other Tata Steel companies.

16. Cash and short-term deposits

As at 31 March	2023	2022
	€m	€m
Cash at bank and in hand	**449**	599
Short-term deposits	**400**	-
Cash and short-term deposits	**849**	599

The currency and interest exposure of cash and short-term deposits of the Group is as follows:

As at 31 March	2023			2022		
	Cash	Short-term deposits	Total	Cash	Short-term deposits	Total
	€m	€m	€m	€m	€m	€m
Sterling	**14**	**-**	**14**	24	-	24
Euros	**353**	**400**	**753**	471	-	471
US Dollars	**61**	**-**	**61**	96	-	96
Other	**21**	**-**	**21**	8	-	8
	449	**400**	**849**	599	-	599

Short-term deposits are highly liquid investments with original maturities of three months or less. The weighted average interest rate across these types of investment was 1.9% (2022: 0.1%) based on fixed interest rates. Earned interest is based on EURIBOR or other official local rates.

17. Assets and liabilities classified as held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2023	2022
	€m	€m
Property, plant and equipment	**-**	2
Inventories	**-**	16
Trade and other receivables	**-**	22
Write down to fair value less cost of disposal	**-**	(11)
Total assets classified as held for sale	**-**	29
Trade and other payables	**-**	19
Provisions and other liabilities	**-**	3
Retirement benefit obligations	**-**	1
Total liabilities classified as held for sale	**-**	23

On 1 April 2022, the Group completed the sale of one of its subsidiaries, Tata Steel France Bâtiment et Systèmes SAS ('TSFBS'). Accordingly as at 31 March 2022, the TSFBS disposal group was classified as held for sale. Following this classification, a write down of €11m was recognised to reduce the carrying amount of the assets in the disposal group to their fair value less cost of disposal. This impairment has been included in the income statement in 2022. The sale was recognised in 2023 and resulted in no gain or loss due to the prior year impairment, see note 32 for further details.

18. Trade and other payables

As at 31 March	2023	2022
	€m	€m
Trade payables	**766**	738
Amounts owed to other Tata Steel companies	**338**	336
Amounts owed to associates	**4**	4
Amounts owed to joint ventures	**-**	2
Other taxation and social security	**64**	66
Capital expenditure creditors	**244**	146
Interest payable	**-**	2
Derivative financial instruments (Note 21)	**19**	4
Derivative financial instruments owed to group companies (Note 21 + Note 33)	**-**	7
Other payables	**393**	476
	1,828	1,781

Other payables include amounts provided in respect of insurances, holiday pay, other employment costs and sundry other items.

19. Borrowings

	2023	2022
	€m	€m
Current:		
Bank and other loans	**1**	1
Loans from other Tata Steel companies	**51**	8
Lease liabilities	**18**	19
	70	28

	2023	2022
	€m	€m
Non-current:		
Bank and other loans	**1**	2
Lease liabilities	**81**	78
	82	80
Total borrowings	**152**	108

(i) The currency and interest rate exposure of gross borrowings of the Group at the end of the period is as follows:

	2023				2022			
	Fixed rate borrowings	Floating rate borrowings	Zero rate borrowings	Total	Fixed rate borrowings	Floating rate borrowings	Zero rate borrowings	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Euros	**96**	**31**	**13**	**140**	97	-	8	105
USD	**2**	**-**	**-**	**2**	2	-	-	2
Other	**3**	**7**	**-**	**10**	1	-	-	1
Total	**101**	**38**	**13**	**152**	100	-	8	108

	2023		2022	
	Weighted average fixed interest rate %	Weighted average time for which rate is fixed Years	Weighted average fixed interest rate %	Weighted average time for which rate is fixed Years
Euros	**4.2**	**4.3**	4.3	4.1

The weighted average interest rate on short-term borrowings from other Tata Steel companies was nil% (2022: nil%).

(ii) The maturity of borrowings is as follows:

	2023	2022
	€m	€m
In one year or less or on demand	**73**	31
Between one and two years	**25**	16
Between two and three years	**14**	33
Between three and four years	**11**	10
Between four and five years	**12**	9
More than five years	**26**	20
	161	119
Less: amounts representing interest in future minimum lease payments	**(9)**	(11)
	152	108
Analysed as:		
Current liabilities	**70**	28
Non-current liabilities	**82**	80

(iii) Amounts payable under leases are as follows:

	Minimum lease payments		Present value of minimum lease payment	
	2023	2022	2023	2022
	€m	€m	€m	€m
Not later than one year	**21**	22	**18**	19
Later than one year but not more than five years	**61**	66	**53**	59
More than five years	**26**	20	**28**	19
	108	108	**99**	97
Less: future finance charges on leases	**(9)**	(11)	**-**	-
Present value of lease liabilities	**99**	97	**99**	97

The lease portfolio of the Group consists of leases of land, building, machinery, and vehicles.

(iv) The maturity of undrawn committed borrowing facilities of the Group is as follows:

	2023	2022
	€m	€m
Not later than one year	**-**	150
Later than one year but not more than five years	**200**	400
	200	550

TSN has exclusive access to a revolving credit facility of €200m. Each advance would bear interest equal to EURIBOR + 1.50% per annum. As of 31 March 2023, the full €200m was undrawn (31 March 2022: €150m facility undrawn). See Financial Review on page 24 for further details.

TSN also had an internal loan facility available of €400m with Tata Steel UK Holdings Limited ('TSUKH') and TSNH. The facility was voluntarily withdrawn during December 2022 (31 March 2022: €400m undrawn).

(v) Furthermore, the Group has uncommitted short-term bank facilities in various countries (the Netherlands, France, Germany, Belgium, and Switzerland) mostly within the framework of daily treasury operations such as cash pooling but also to have guaranteed facilities available related to commercial transactions.

20. Other non-current liabilities

As at 31 March	2023	2022
	€m	€m
Other taxation and social security	**64**	80
Other creditors	**1**	1
	65	81

Other taxation and social security relates to deferred payroll taxes and are due for repayment within five years. These payroll tax deferrals were granted in response to the COVID 19 pandemic.

21. Financial instruments and risk management

(i) Financial assets and financial liabilities recognised in the balance sheet

The carrying amounts of the Group's financial assets and financial liabilities (excluding derivative assets and liabilities) are:

	2023	2022
	€m	€m
Financial assets		
Other loans and receivables (Note 11)	**-**	4
Trade and other receivables (Note 15) 1	**515**	1,013
Cash and cash equivalents (Note 16)	**849**	599
Other non-current assets (Note 12)	**2**	3
	1,366	1,619
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables (Note 18) 2	**(1,745)**	(1,704)
Current borrowings (Note 19)	**(70)**	(28)
Non-current borrowings (Note 19)	**(82)**	(80)
	(1,897)	(1,812)
	(531)	(193)

1 Excludes derivatives, other taxation and prepayments

2 Excludes derivatives, other taxation and social security, and advances from customers

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values with the exception of current and non-current borrowings. The fair value of these are €68m (2022: €28m) and €79m (2022: €78m) respectively. The fair value of borrowings would be classified as Level 3 within the fair value hierarchy. The fair value is based on discounted cash flows and reflects the credit risk of counterparties.

(ii) Fair value measurements recognised in the balance sheet

The following table categorises the Group's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Group's forward currency and commodity contracts). The Group's derivative financial assets and liabilities are categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

2023	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	-	15	-	15
Forward foreign currency contracts	-	4	-	4
	-	19	-	19
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	-	(3)	-	(3)
Forward foreign currency contracts	-	(16)	-	(16)
	-	(19)	-	(19)

2022	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
Financial assets at fair value through other comprehensive income:				
Commodity contracts	-	37	-	37
Forward foreign currency contracts	-	10	-	10
	-	47	-	47
Financial liabilities at fair value through other comprehensive income:				
Commodity contracts	-	(9)	-	(9)
Forward foreign currency contracts	-	(2)	-	(2)
	-	(11)	-	(11)

There were no transfers between any of the levels during the periods represented above.

(iii) Financial risk management and financial instruments

The Group uses certain financial instruments to reduce business risks arising from its exposure to fluctuations in exchange rates and base metal prices. The instruments used, which are confined principally to forward foreign exchange contracts and London Metal Exchange contracts, involve elements of credit and market rate risk in excess of the amount recognised in the accounts.

Risk management is carried out by a central Treasury department and by a central commodity derivative trading team under policies approved by the BoM. The treasury department as well as the central commodity derivative trading team identify, evaluate, and hedge financial risks in close cooperation with the Group's operating units.

(a) Market risk: Foreign exchange risk and management

It is the Group's policy that substantially all the net currency transaction exposure arising from contracted sales and purchases over an approximate 6 month time horizon is hedged by selling or purchasing foreign currency forwards. At 31 March 2023, the notional amounts of outstanding foreign currency contracts was €931m (2022 restated: €685m) with a net fair value liability of €12m (2022: €8m asset).

As at 31 March 2023, a 10% appreciation of the Euro against the US dollar would decrease the net assets of TSN by approximately €5m (2022: €9m), decrease equity by approximately €5m (2022: €9m) and have no impact on the operating profit (2022: no impact). The sensitivity analysis has been based on the composition of the dollar denominated financial assets and liabilities of the Group at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in debt, and financial lease obligations, all of which do not present a material exposure.

As at 31 March 2023, a 10% appreciation of the Euro against the Sterling would decrease the net assets of TSN by approximately €1m (2022: €2m), decrease equity by approximately €1m (2022: €2m) and have no impact on the operating profit (2022: no impact).

The net positions of the Euro versus other currencies are of less importance and the sensitivity of a 10% weakening/strengthening of the Euro is therefore not significant.

(b) Market risk: Commodity risk and management

The Group makes use of commodity futures contracts to manage its purchase price risk for certain commodities. Forward purchases are made for zinc, tin and nickel to cover sales contracts with fixed metal prices and for carbon emission rights based on predicted future emission deficit. At 31 March 2023, the Group had commodity contracts with a total notional value of €131m (2022: €342m) and a net fair value asset of €12m (2022: €28m asset).

As at 31 March 2023, a 10% decrease of the market prices of zinc, tin, nickel and carbon emission rights would decrease the equity of TSN by approximately €10m (2022: €20m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement depending on the point at which the underlying hedged transactions are also recognised.

(c) Market risk: Interest rate risk and management

The financial structure of the Group includes only a small percentage of net assets that have been financed by loans. During 2023 and 2022, most of the Group's borrowings were denominated in Euros. The Group did not enter into interest rate swap contracts or forward rate agreements. For further details of the borrowings, such as maturity and interest rates, see Note 19.

As at 31 March 2023, the Group had fixed rate borrowings of €101m (2022: €100m), floating rate borrowings €38m (2022: €nil) and zero rate borrowings of €13m (2022: €8m).

Based on the composition of net debt at 31 March 2023, a 100 basis points increase in interest rates over the 12-month period would decrease the Group's net finance expense by approximately €7m (2022: €5m) and increase equity by approximately €7m (2022: €5m).

(d) Credit risk

Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Group arising from the amounts and obligations due from counter-parties. The credit risk on short-term deposits is managed by limiting the aggregate amount and duration of exposure to any one counter party, depending on its credit rating and other credit information, and by regular reviews of these ratings. The possibility of material loss arising in the event of non-performance is considered unlikely.

Sector sales teams are responsible for controlling the credit risk arising from the Group's normal commercial operations, although they must act within a series of centrally agreed guidelines. Trade receivables are, where appropriate, subject to a credit insurance programme, and regular reviews are undertaken of exposures to key customers and those where known risks have arisen or still persist. The Group's non-recourse debtor securitisation facility amounts to €600m, of which €415m is used per 31 March 2023. Any expected credit losses are reflected in the income statement.

Credit risk also arises from the possible failure of counter-parties to meet their obligations under currency and commodity hedging instruments. However, counter parties are established banks and financial institutions with high credit ratings and the Group continually monitors each institution's credit quality and limits as a matter of policy the amount of credit exposure to any one of them. The Group's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Group believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its financial liabilities on time and at a reasonable price. The Treasury department is responsible for liquidity and funding and manages the liquidity risk by maintaining sufficient cash resources and by maintaining the availability of funding through available committed and uncommitted credit facilities, for further information on the credit lines see Note 19. The management of the liquidity risk is based on the calculation of the future net liquidity which results from the expected cash outflows and inflows.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Group's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating interest rate is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates at 31 March 2023.

Liquidity risk

Maturity of contractual undiscounted cash flows At 31 March 2023	Contractual cash flows	In one year or less or on demand	Between one and five years	More than five years
	€m	€m	€m	€m
Non-derivative financial liabilities				
Trade and other payables 1	**(1,745)**	**(1,745)**	**-**	**-**
Borrowings				
Repayment	**(152)**	**(70)**	**(54)**	**(28)**
Fixed interest	**(9)**	**(4)**	**(5)**	**-**
	(1,906)	**(1,819)**	**(59)**	**(28)**
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	**(905)**	**(905)**	**-**	**-**
Receivables	**892**	**892**	**-**	**-**
Derivatives commodities: net settlement	**12**	**12**	**-**	**-**
	(1)	**(1)**	**-**	**-**
Total	**(1,907)**	**(1,820)**	**(59)**	**(28)**

1 Excludes derivatives, other taxation and social security and advances from customers

Maturity of contractual undiscounted cash flows At 31 March 2022	Contractual cash flows	In one year or less or on demand	Between one and five years	More than five years
	€m	€m	€m	€m
Non-derivative financial liabilities				
Trade and other payables 1	(1,704)	(1,704)	-	-
Borrowings				
Repayment	(108)	(28)	(49)	(31)
Fixed interest	(12)	(3)	(6)	(2)
	(1,823)	(1,735)	(55)	(33)
Derivative financial assets/ liabilities				
Foreign currency contracts				
Payables (restated)	(675)	(675)	-	-
Receivables (restated)	683	683	-	-
Derivatives commodities: net settlement	28	28	-	-
	36	36	-	-
Total	(1,787)	(1,699)	(55)	(33)

1 Excludes derivatives, other taxation and social security and advances from customers

(iv) Derivative financial instruments

The Group utilises currency and commodity derivatives to hedge significant future transactions and cash flows. These items gave rise to the following fair values that have been recognised in the balance sheet:

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	€m	€m	€m	€m
Current:				
Commodity contracts	**15**	**(3)**	37	(9)
Forward foreign currency contracts	**4**	**(16)**	10	(2)
	19	**(19)**	47	(11)

The fair value of derivative financial instruments that were designated as cash flow hedges at the balance sheet date was:

	Forward foreign currency contracts	Commodity contracts	Taxation	2023
	€m	€m	€m	€m
Cash flow hedge reserve net of taxation at beginning of period	**23**	**24**	**(12)**	**35**
Fair value recognised	**(49)**	**(22)**	**18**	**(53)**
Cash flow hedge reserve net of taxation at end of period	**(26)**	**2**	**6**	**(18)**

Amounts recognised in the cash flow hedge reserve, excluding deferred tax, are expected to affect profit or loss within one year.

At the balance sheet date the notional amount of outstanding foreign currency and commodity contracts that the Group has committed to is as follows:

	2023	2022
	€m	€m
Commodity contracts	**131**	342
Forward foreign currency contracts (FY22 restated)	**931**	685

During the year no ineffectiveness from foreign currency hedges was recognised in the income statement (2022: nil).

22. Provisions for liabilities and charges

	Rationalisation Costs (i)	Environmental Provisions (ii)	Guarantee commitments (iii)	Employee Benefits (iv)	Other (v)	2023 Total	2022 Total
	€m	€m	€m	€m	€m	€m	€m
At beginning of period	4	186	7	95	13	**305**	253
Charged to income statement	4	86	1	-	20	**111**	163
Released to income statement	-	(15)	-	(11)	(9)	**(35)**	(7)
Reclassification	-	(1)	-	-	-	**(1)**	-
Utilised during the period	(5)	(114)	-	-	-	**(119)**	(104)
At end of period	3	142	8	84	24	**261**	305
Analysed as:							
Current liabilities	2	97	2	7	2	**110**	149
Non-current liabilities	1	46	6	77	21	**151**	156

(i) Rationalisation costs include redundancy provisions as follows:

	2023	2022
	€m	€m
At beginning of period	**4**	3
Charged to income statement (Note 4)	**4**	8
Utilised during the period	**(5)**	(7)
At end of period	**3**	4

(ii) The environmental provisions consist of remediation and clean-up activities that are likely to be undertaken in the foreseeable future and of which the costs can reasonably be estimated, together with provisions for CO_2 emission rights.

(iii) Guarantee commitments relate to the anticipated cost of any warranties offered to customers.

(iv) Provisions for employee benefits include long–term benefits such as long service and sabbatical leave, disability benefits and sick leave. All items are subject to independent actuarial assessments.

(v) Other includes other miscellaneous provisions of €24m.

23. Deferred tax

The following is the analysis of the deferred tax balances for balance sheet purposes:

	2023	2022
	€m	€m
Deferred tax assets	**86**	125
Deferred tax liabilities	**(3)**	(1)

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior period.

2023	Accelerated tax depreciation	Pension	Inventory	Provisions	Losses	Other	Total
	€m	€m	€m	€m	€m	€m	€m
At beginning of period	**24**	**15**	**2**	**74**	**10**	**(1)**	**124**
Credited/(charged) to income statement	**2**	**(3)**	**9**	**(70)**	**9**	**(2)**	**(55)**
(Charged)/credited to other comprehensive income	**-**	**(4)**	**-**	**-**	**-**	**18**	**14**
At end of period	**26**	**8**	**11**	**4**	**19**	**15**	**83**

2022	Accelerated tax depreciation	Pension	Inventory	Provisions	Losses	Other	Total
	€m	€m	€m	€m	€m	€m	€m
At beginning of period	19	7	3	53	-	(4)	78
Credited/(charged) to income statement	5	14	(1)	21	10	8	57
Charged to other comprehensive income	-	(6)	-	-	-	(5)	(11)
At end of period	24	15	2	74	10	(1)	124

Deferred tax assets of €86m (2022: €125m) have been recognised at 31 March 2023. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including TSN Supervisory Board approved budgets and forecasts. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. Deferred tax assets have not been recognised in respect of total tax losses of €163m (2022: €215m) which have no expiry date. Deferred tax assets have also not been recognised on deductible temporary differences of €19m (2022: €50m) which have no expiry.

At the balance sheet date there are temporary differences associated with undistributed earnings of subsidiaries. No liability has been recognised in respect of these differences because the vast majority of these differences occur in the Netherlands, for which the participation exemption applies.

Of the deferred tax asset of €86m as at 31 March 2023 (2022:€125m), €2m is expected to be utilised within the next 12 months (2022: €5m).

24. Deferred income

	2023	2022
	Grants relating to property, plant and equipment	Grants relating to property, plant and equipment
	€m	€m
At beginning of period	**2**	3
Released to income statement (Note 2)	**(1)**	(1)
At end of period	**1**	2

25. Called-up share capital

For more detailed information on called-up share capital, see Parent Company Accounts, Note 8.

26. Future capital expenditure

	2023	2022
	€m	€m
Contracted but not provided for	**165**	204
Authorised but contracts not yet placed	**318**	439

27. Exposure for cash outflows relating to leases

	2023	2022
	€m	€m
Future exposure for cash outflows to the Group at the end of the period are:		
Future cash outflows relating to termination and extension options	**-**	1
Future cash outflows relating to leases committed but not yet commenced	**26**	27
	26	28

28. Contingencies

	2023	2022
	€m	€m
Guarantees given under trade agreements	**33**	28
Others	**21**	8

Tata Steel Nederland is party to a number of individual administrative proceedings on environmental matters and contingent claims which result from ordinary activities that are pending as of 31 March 2023 or can potentially be exercised against Tata Steel Nederland in the future. The related risks were analysed with a view to their probability of occurrence.
No amounts are recorded in these financial statements if the Group does not consider it virtually certain that an amount will be received or no reliable estimate can yet be made for amounts to be paid (if any).

29. Reconciliation of net cash flow to movement in net funds

	2023	2022
	€m	€m
Movement in loans to other Tata Steel companies	**(10)**	4
Movement in cash and short-term deposits	**250**	517
Movement in debt	**(21)**	17
Change in net debt resulting from cash flows in period		
Change in net debt resulting from cash flows in period	**219**	538
Effect of other non-cash movements	**(91)**	(16)
Movement in net debt in period	**128**	522
Net funds at beginning of period	**577**	55
Net funds at end of period	**705**	577

30. Analysis of changes in net funds

	1 April 2022	Cash Flow	Other non-cash movements	31 March 2023
	€m	€m	€m	€m
Loans to other Tata Steel companies	86	(10)	(69)	**7**
Cash at bank and short-term deposits	599	250	-	**849**
Cash and cash equivalents	599	250	-	**849**
Borrowings	(11)	(43)	1	**(53)**
Lease liabilities	(97)	22	(23)	**(98)**
Total debt excluding bank overdrafts	(108)	(21)	(22)	**(151)**
Total net funds	577	219	(91)	**705**

Other non-cash movements include lease liability additions in 2023 of €23m (2022: €16m).

31. Pensions and post-retirement benefits

Defined contribution schemes

TSN participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by TSN at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting period. The total cost charged to the income statement in 2023 amounted to €104m (2022: €100m). Of the total cost of €104m, €100m (2022: €96m) related to payments to the Stichting Pensioenfonds Hoogovens ('SPH') pension scheme.

Defined benefit schemes

TSN operates a number of defined benefit pension and post-retirement schemes. There are multiple plans, the most significant of which are in Germany and the USA. Benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of plans in Germany and France, the assets of these schemes are held in administered funds that are legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders of the scheme, and are responsible for the investment policy with regard to the assets of the fund.

Within Germany, there are three types of defined benefit pension schemes, two of which are closed to new entrants. All of the schemes are unfunded. The scheme for active members in Germany is a pension commitment based on a percentage of the yearly income paid via the pension organisation 'Essener Verband'. The defined benefit schemes in the USA are closed for future accrual. TSN makes sufficient contributions required to fund the cost of benefits provided by the USA schemes and to increase the funding ratio to 100% over a period of 15 years. Pension provision for new entrants in the USA is by means of a defined contribution scheme.

TSN accounts for all pension and post-retirement benefit arrangements using IAS 19 'Employee Benefits' with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long-term pension liabilities, are governed by the individual scheme rules and national legislation.

Actuarial assumptions

A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions. Furthermore, the actuarial assumptions used may vary according to the country in which the plans are situated.

The key assumptions applied at the end of the reporting period for the purposes of the actuarial valuations were as follows:

2023	Germany	USA	Other
	%	%	%
Salary growth	**2.75**	**0.00**	**1.50 to 3.00**
Pension increases	**2.25**	**0.00**	**0.00**
Discount rate	**3.45**	**4.50 to 5.00**	**2.20 to 3.80**
Inflation	**2.75**	**3.00**	**2.00 to 2.10**

2022	Germany	USA	Other
	%	%	%
Salary growth	2.00	2.00	1.00 to 2.50
Pension increases	1.75	0.00	0.00
Discount rate	1.80	4.00	0.50 to 1.60
Inflation	2.00	3.00	1.00 to 2.00

The discount rate is set with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the scheme liabilities. Projected inflation rates and pension increases are long-term predictions based mainly on the yield gap between long-term fixed interest and government bond securities.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans.

Income statement costs

Under IAS 19 costs in relation to pension and post-retirement plans mainly arise as follows:

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current period. It excludes any charges or credits in respect of any deficit or surplus in the scheme respectively and so the cost is unrelated to whether, or how, the scheme is funded.
- Net interest cost / (income) on the liability or asset recognised in the balance sheet.

These items are treated as a net operating cost in the income statement within employment costs.

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. Examples of such variations are differences between the discount rate used for calculating the return on scheme assets and the actual return, the remeasurement of scheme liabilities to reflect changes in discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast.

Income statement pension costs arose as follows:

2023	Netherlands	Germany	USA	Other	Total
	€m	€m	€m	€m	€m
Current service cost	-	1	-	1	2
Net interest cost	-	1	1	-	2
Defined benefit schemes	-	2	1	1	4
Defined contribution schemes	100	-	1	3	104
Total charge for the period	100	2	2	4	**108**

2022	Netherlands	Germany	USA	Other	Total
	€m	€m	€m	€m	€m
Current service cost	-	1	-	1	2
Net interest cost	-	1	1	-	2
Past service credit	-	-	-	(1)	(1)
Defined benefit schemes	-	2	1	-	3
Defined contribution schemes	96	-	-	4	100
Total charge for the period	96	2	1	4	**103**

Plan assets

The asset classes of plan assets of the Groups' defined benefit schemes include national and international equities, fixed income government and non-government securities and real estate. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment was as follows:

2023	USA	Other[1]
	%	%
Quoted:		
Equities	35.8	31.0
Bonds – Fixed Rate	60.7	25.5
	96.5	**56.5**
Unquoted:		
Real estate	-	25.2
Cash and cash equivalents	3.5	4.8
Other[1]	-	13.5
	3.5	**43.5**
Total	**100.0**	**100.0**

2022	USA	Other[1]
	%	%
Quoted:		
Equities	36.3	33.0
Bonds – Fixed Rate	-	26.3
Other1	8.7	-
	45.0	**59.3**
Unquoted:		
Real estate	-	22.1
Cash and cash equivalents	55.0	4.8
Other[1]	-	13.8
	55.0	**40.7**
Total	**100.0**	**100.0**

[1]Other predominantly relates to Montana Bausysteme AG.

Balance sheet measurement

In determining the amounts to be recognised in the balance sheet the following approach has been adopted:

- Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).
- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.

Amounts recognised in the balance sheet arose as follows:

2023	Germany	USA	Other	Total
	€m	€m	€m	€m
Fair value of plan assets at end of period	-	89	23	112
Present value of obligation at end of period	(54)	(102)	(23)	(179)
Defined benefit liability at end of period	(54)	(13)	-	**(67)**
Disclosed as:				
Defined benefit asset	-	-	3	**3**
Defined benefit liability - current	-	-	(1)	(1)
Defined benefit liability - non current	(54)	(13)	(2)	(69)
Defined benefit liability at end of period	(54)	(13)	-	**(67)**

2022	Germany	USA	Other	Total
	€m	€m	€m	€m
Fair value of plan assets at end of period	-	92	25	117
Present value of obligation at end of period	(67)	(113)	(27)	(207)
Defined benefit liability at end of period	(67)	(21)	(2)	**(90)**
Disclosed as:				
Defined benefit asset	-	-	1	**1**
Defined benefit liability - current	-	-	(1)	**(1)**
Defined benefit liability - non current	(67)	(21)	(2)	(90)
Defined benefit liability at end of period	(67)	(21)	(2)	(90)

The movements in the present value of plan assets and defined benefit obligations in 2023 and 2022 were as follows:

2023	Germany	USA	Other	Total
	€m	€m	€m	€m
Plan assets:				
As at 1 April 2022	-	92	25	117
Return on plan assets less than the discount rate	-	(9)	-	(9)
Change in effect for asset ceiling	-	-	(2)	(2)
Interest income on plan assets	-	4	-	4
Contributions from the employer	-	10	2	12
Benefits paid	-	(10)	(3)	(13)
Exchange rate movements	-	2	1	3
As at 31 March 2023	**-**	**89**	**23**	**112**

	Germany	USA	Other	Total
	€m	€m	€m	€m
Benefit obligations:				
As at 1 April 2022	(67)	(113)	(27)	(207)
Current service cost	(1)	-	(1)	(2)
Interest cost on the defined benefit obligation	(1)	(5)	-	(6)
Actuarial gain due to financial assumption changes	14	9	4	27
Actuarial (loss) due to actuarial experience	(1)	(1)	-	(2)
Benefits paid	2	10	3	15
Exchange rate movements	-	(2)	(2)	(4)
As at 31 March 2023	(54)	(102)	(23)	**(179)**

Included within other schemes above are post-retirement medical and similar net obligations of €4m (2022: €5m).

2022	Germany	USA	Other	Total
	€m	€m	€m	€m
Plan assets:				
As at 1 April 2021	-	89	22	111
Return on plan assets (less than)/greater than the discount rate	-	(4)	1	(3)
Interest income on plan assets	-	3	-	3
Contributions from the employer	-	7	1	8
Benefits paid	-	(8)	(1)	(9)
Exchange rate movements	-	5	2	7
As at 31 March 2022	**-**	**92**	**25**	**117**
Benefit obligations:				
As at 1 April 2021	(81)	(121)	(30)	(232)
Current service cost	(1)	-	(1)	(2)
Past service credit	-	-	1	1
Interest cost on the defined benefit obligation	(1)	(4)	-	(5)
Actuarial gain due to financial assumption changes	12	10	1	23
Actuarial gain due to actuarial experience	1	-	-	1
Actuarial gain due to demographic assump-tion changes	-	-	1	1
Benefits paid	3	8	1	12
Transfer to held for sale	-	-	1	1
Exchange rate movements	-	(6)	(1)	(7)
As at 31 March 2022	(67)	(113)	(27)	**(207)**

Actuarial gains recorded in the Statement of Comprehensive Income for the period were €14m (2022: gain of €22m).

32. Disposal of Group companies

On 1 April 2022, the Group completed the sale of its wholly owned subsidiary Tata Steel France Bâtiments et Systèmes SAS ('TSFBS'). As at 31 March 2022, TSFBS had been classified as held for sale.

The net assets disposed were as follows:

	2023	2022
	€m	€m
Assets held for Sale	29	-
Liabilities held for Sale	(23)	-
Net assets disposed	6	-
Gross consideration	6	-

Of which net cash flow arising on disposal was as follows:

Profit on disposal (note 2)	6	-
	€m	€m
Gross consideration	6	-
Net cash flow	6	-

33. Related party transactions

The table below sets out details of transactions and loans between TSN, other Tata Steel companies, joint ventures and associates.

	2023	2022
	€m	€m
Sales to joint ventures	**144**	126
Sales to associates	**153**	218
Sales to other Tata Steel companies	**577**	581
Purchases from joint ventures	**3**	3
Purchases from associates	**35**	39
Purchases of raw materials from other Tata Steel companies, acting as an agent	**2,268**	1,876
Other purchases from other Tata Steel companies	**364**	349
Net recharges to other Tata Steel companies	**(58)**	(46)
Amounts owed by other Tata Steel companies (Note 15)	**116**	179
Amounts owed by joint ventures (Note 15)	**3**	8
Amounts owed by associates (Note 15)	**13**	25
Derivative financial instruments owed to Group companies (Note 18)	**-**	7
Amounts owed to other Tata Steel companies (Note 18)	**338**	336
Amounts owed to associates (Note 18)	**4**	4
Amounts owed to joint ventures (Note 18)	**-**	2
Tax payable/(receivable) to TSNH (Note 14)	**98**	150
Loans to TSNH (Note 15)	**-**	69
Loans to other Tata Steel companies (Note 15)	**7**	13
Loans to joint ventures (Note 15)	**-**	4
Loans from other Tata Steel companies (Note 19)	**51**	8

Under the terms of the Policy for Surplus Cash agreed between TSN, Tata Steel UK Limited ('TSUK') and TSNH, a short-term loan of €100m was granted by TSN to TSNH bearing a floating interest rate based on Euribor. This loan was fully repaid in June 2022 leaving an outstanding balance on this loan as at 31 March 2023 of €nil (31 March 2022: €19m). The interest rate and other conditions of this loan are in conformity with market conditions. Furthermore, the overnight loan TSN provided TSNH was also fully repaid in June 2022 leaving an outstanding balance of €nil (31 March 2022: €50m)

TSN's Treasury department and a central commodity derivative trading team are responsible for the external hedging of currency and metal risks. They also enter into transactions with TSUK Treasury and other Tata Steel subsidiaries, which are not part of TSN. As at 31 March 2023 the fair value of the currency contracts with these parties was €nil (31 March 2022: €nil) and the fair value of the metal contracts with these parties amounted to a liability of €nil (31 March 2022: liability of €7m).

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Details of transactions with key management personnel are given in 'Further notes to and signing of the annual accounts' on page 103.

34. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of TSN at 31 March 2023 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Unless indicated otherwise, subsidiary undertakings are wholly owned within TSN, and TSN holding comprises ordinary shares and 100% of the voting rights.

Subsidiary undertakings

Steel producing, further processing or related activities:

Belgium
Société Européenne de Galvanisation (Segal) SA
Tata Steel Belgium Packaging Steels N.V.
Tata Steel Belgium Services NV

France
Corbeil Les Rives SCI (67.3%)
Tata Steel France Holdings SAS
Tata Steel International (France) SAS
Tata Steel Maubeuge SAS
Unitol SAS

Finland
Naantali Steel Service Centre OY

Germany
Degels GmbH
Fischer Profil GmbH
FP Produktions-Und Vertiebs GmbH
Hille & Muller GmbH
S A B Profil GmbH
Service Center Gelsenkirchen GmbH
Tata Steel Germany GmbH
Tata Steel International (Germany) GmbH

Italy
Tata Steel International (Italia) SRL

The Netherlands
C.V. Bénine (76.93%)
Demka B.V.
Huizenbezit Breesaap B.V.
S.A.B. Profiel B.V.
Tata Steel IJmuiden B.V.
Tata Steel Nederland Consulting & Technical Services B.V.
Tata Steel Nederland Services B.V.
Tata Steel Nederland Technology B.V.
Tata Steel Nederland Tubes B.V.

Sweden
Halmstad Steel Service Centre AB

Switzerland
Montana Bausysteme AG

USA
Apollo Metals Ltd
Hille & Muller USA Inc.
Hoogovens USA Inc.
Oremco Inc.
Rafferty-Brown Steel Co. Inc.
Tata Steel USA Inc.
Apollo Metals Ltd
Thomas Processing Company
Thomas Steel Strip Corp.

Joint ventures, joint operations and associates

	Classification	Products	2023 Turnover €m		Issued capital Number of shares	% held
Mexico Hoogovens Gan Multimedia SA de CV	Joint Venture	Inactive company (in liquidation)	-	-	-	50
The Netherlands GietWalsOnderhoud Combinatie B.V.	Associate	Maintenance of parts of direct sheet plant	14	Shares of €454	100	50
Hoogovens Court Roll Surface Technologies VOF	Joint Operation	Processing chrome deposit on roll	3	-	-	50
Laura Metaal Holding B.V.	Joint Venture	Trading and processing of non-prime metal	151	Shares of €454	5,600	49
Wupperman Staal Nederland B.V.	Associate	Purchase, process, refine and sale of steel products and other metal products	362	Shares of €1,000	8,000	30
Norway Norsk Stal Tynnplater AS	Joint Venture	Processing of strip and long products	64	Shares of NOK1,000	26,500	50

35. Ultimate and immediate parent company

Tata Steel Netherlands Holdings B.V. is the company's immediate parent company, which is incorporated and registered in the Netherlands.

Tata Steel Limited, a company incorporated in India, is the ultimate parent company and controlling party.

Copies of the Report & Accounts for TSL may be obtained from its registered office at Bombay House, 24 Homi Mody Street, Mumbai, 400 001.

Company income statement

For the financial period ended 31 March	2023	2022
	€m	€m
Profit subsidiaries	**359**	733
Other income and charges, after taxation	**(7)**	(3)
Net profit after taxation	**352**	730

Company balance sheet

At 31 March	Note	2023	2022
		€m	€m
Before appropriation of the result for the year			
Non-current assets			
Financial fixed assets	1	**3,812**	3,400
Loans to group companies	1	**74**	387
		3,886	3,787
Current assets			
Receivables	2	**108**	111
Current tax assets	3	**4**	4
Cash and short-term deposits	4	**709**	243
		821	358
TOTAL ASSETS		**4,707**	4,145
Current liabilities			
Borrowings	5	**(1,033)**	(789)
Other payables	6	**(50)**	(41)
Provisions	7	**(2)**	(2)
		(1,085)	(832)
TOTAL LIABILITIES		**(1,085)**	(832)
NET ASSETS		**3,622**	3,313
Equity			
Called-up share capital	8	**388**	388
Share premium account	8	**17**	17
Legal Reserves	8	**(2)**	51
Other Reserves	8	**2,867**	2,127
Result for the year	8	**352**	730
Total Equity		**3,622**	3,313

Company 2023 accounts

Introduction

The accounts of the parent company included in this section are prepared in accordance with Part 9 of Book 2 of DCC.

The company financial statements have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. The Company makes use of the provisions of section 362.8 of Book 2 of the Netherlands Civil Code, and prepared its financial statements using the accounting principles for the recognition and measurement of assets and liabilities and determination of results, as applied in the consolidated financial statements.

Accounting for investments

Investments in group companies are accounted for using the equity method. Goodwill paid upon the acquisition of investments in group companies is included in the net equity value of the investment and is not separately shown on the face of the balance sheet.

The long-term loans to group companies also include loans, which although formally in the short-term category, are of a long-term economic nature. The list of group companies is presented in Note 34 of the consolidated accounts.

Presentation of Company accounts and accounting policies

The company statement of income has been prepared in accordance with Art. 2:402 DCC, which allows a simplified Statement of income in the Company financial statements in the event that a comprehensive Statement of income is included in the consolidated Group financial statements.

Information on the use of financial instruments is provided in Note 21 of the consolidated report and accounts.

Notes to the company accounts

1. Financial non-current assets

	Investments in group companies	Loans to own group companies	Total
	€m	€m	€m
Balance sheet value at 1 April 2022	3,400	387	**3,787**
Movements in 2022/23:			
Profit subsidiaries	359	-	**359**
Other comprehensive loss	(43)	-	**(43)**
Additions	-	16	**16**
Other	96	(99)	**(3)**
Loan redemptions	-	(231)	**(231)**
At 31 March 2023	3,812	74	**3,886**

Other relates to the legal merger of Staalverwerking en Handel B.V., a direct subsidiary of Tata Steel Nederland B.V. ('TSN') into the company during the year (effective per 30 March 2023). The legal merger is accounted for at the carrying values of Staalverwerking en Handel B.V. ('predecessor accounting').

The average interest rate on loans to own group companies is 3.07%, with an average maturity of 2 years.

2. Receivables

	2023	2022
	€m	€m
Receivables from subsidiaries	**64**	8
Derivative financial instruments	**33**	27
Other debtors	**3**	1
Loans from other Tata Steel companies	**8**	75
	108	111

Derivative financial instruments comprise forward foreign currency contracts and emission rights contracts.

3. Current tax assets

	2023	2022
	€m	€m
Dutch corporation tax assets	**4**	4
	4	4

4. Cash and short-term deposits

	2023	2022
	€m	€m
Cash at bank and in hand	**309**	243
Short-term deposits	**400**	-
	709	243

The cash balances disclosed above and in the statement of cash flows are not subject to regulatory restrictions and are therefore available for general use.

5. Borrowings

	2023	2022
	€m	€m
Borrowings		
Borrowings from subsidiaries	982	**781**
Borrowings from other Tata Steel companies	48	8
Borrowings from joint venture	3	-
Total	1,033	789

The borrowings from TSN group companies bear interest rates based on EURIBOR or official local rates. These rates are fixed for periods up to six months.

6. Other payables

	2023	2022
	€m	€m
Amounts owed to subsidiaries	**8**	5
Derivative financial instruments	**33**	26
Other payables	**9**	10
	50	41

Derivative financial instruments comprise forward foreign currency contracts and emission rights contracts.

7. Provisions

	2023	2022
	€m	€m
Environmental Provision	**2**	2
Total Provisions	**2**	2

The environmental provision relates to clean up costs of the Demka wharf.

8. Capital and reserves

	Called-up share capital	Share premium account	Legal reserve	Retained earnings	Total
	€m	€m	€m	€m	€m
Balance as at 1 April 2021	388	17	32	2,111	**2,548**
Profit after taxation	-	-	-	730	**730**
Actuarial losses	-	-	-	16	**16**
Translation reserve	-	-	4	-	**4**
Hedging reserve	-	-	15	-	**15**
Balance as at 31 March 2022	388	17	51	2,857	**3,313**
Profit after taxation	-	-	-	352	**352**
Actuarial gains	-	-	-	10	**10**
Translation reserve	-	-	-	-	**-**
Hedging reserve	-	-	(53)	-	**(53)**
Balance as at 31 March 2023	388	17	(2)	3,219	**3,622**

The authorised share capital of the Company at 31 March 2023 amounts to €1,300,000,000 (31 March 2022: €1,300,000,000) and consists of 130,000,000 Ordinary shares of €10.00 each of which 38,760,710 Ordinary shares were issued and fully paid up. All the outstanding Ordinary shares were held by TSNH.

Legal reserves include the cash flow hedge reserve of €(18)m (2022 €35m) and the translation reserve of €16m (2022: €16m).

9. Contingent liabilities

	2023	2022
	€m	€m
Guarantees and securities on behalf of group companies	**123**	107

Tata Steel Nederland BV has provided a declaration of liability, as referred to in Article 403, Book 2, of the Dutch Civil Code, for the debts of its subsidiaries Tata Steel Nederland Technology BV and Tata Steel Nederland Services BV.

Since 1 January 2008 Tata Steel Nederland BV and most of its Dutch subsidiaries are part of the fiscal entity "Tata Steel Netherlands Holdings BV", which is the ultimate parent within the fiscal entity. Under the Dutch Collection of State Taxes Act, the company and its fellow fiscal unity members are jointly and severally liable for any taxes payable (e.g. VAT and Corporate Income Tax) by the group. Subsidiaries settle tax positions within the fiscal unity as if it were an autonomous tax payer, according to the subsidiary's fiscal result.

The Company has provided letters of support to Tata Steel Germany GmbH and Degels GmbH to enable these companies to continue their operations until the approbation by the shareholder of the financial statements for the year ending 31 March 2024, and for Tata Steel Germany GmbH for the year ending 31 March 2025.

10. Audit fees

2023	PricewaterhouseCoopers Accountants N.V.	Other PwC network	Total PwC Network
	€m	€m	€m
Audit of the financial statements	0.9	0.5	**1.4**
Other audit procedures	0.2	-	**0.2**
Tax services and other non-audit services	-	-	**-**
Total Audit fees	1.1	0.5	**1.6**

2022	PricewaterhouseCoopers Accountants N.V.	Other PwC network	Total PwC Network
	€m	€m	€m
Audit of the financial statements	0.9	0.5	**1.4**
Other audit procedures	0.2	-	**0.2**
Tax services and other non-audit services	-	-	**-**
Total Audit fees	1.1	0.5	**1.6**

The fees listed above relate to the procedures applied to the company and its consolidated group entities by accounting firms and external auditors as referred to in article 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta) as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.
These fees relate to the audit of the 2022/23 financial statements, regardless of whether the work was performed during the financial year.
Other audit procedures relate to the quarterly review procedures performed for Tata Steel IJmuiden B.V.

11. Other

No employees are employed by the Company, unchanged from the previous reporting period.

Further notes to and signing of the annual accounts

Group and affiliated companies and other capital interests

A list forming part of the Annual Accounts with names and other particulars of companies in which Tata Steel Nederland BV directly or via group companies participates or holds capital interests in other ways has been filed with the Trade Register in Amsterdam.

Remuneration of and loans to members of the Board of Management and of the Supervisory Board

	2023	2022
	€k	€k
The total employment costs of the Board of Management of Tata Steel Nederland BV were:		
Short term employee benefits	**2,346**	1,054
Long term employment benefits	**233**	740
Post-employment benefits	**284**	159
Termination benefits	**556**	-
Total emoluments of current and former members	**3,419**	1,953

Employment costs relate to all activities within the Group of the members of the Board of Management.

There were no loans outstanding to members of the Board of Management as at 31 March 2023 or 31 March 2022.

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. This was last done in 2022.

	2023	2022
	€k	€k
Remuneration of current and former members of the Supervisory Board*	**171**	162

* Borne by the Company and its subsidiaries

The members of the Supervisory Board do not own any securities in the Company's capital or rights thereto.

Appropriation of the result for the financial year 2023

We propose to add the profit of €352m over the financial year 2023 to the Retained Earnings.

During the year ended 31 March 2023 no dividend was paid.

Signing of the Annual Accounts

The 2023 Annual Accounts of Tata Steel Nederland BV have been signed by all the members of the Board of Management and by all the members of the Supervisory Board.

IJmuiden, 19 July 2023

Board of Management
J. van den Berg, Chair
T. Eussen
M. Plaum

Supervisory Board
T.V. Narendran, Chair
M.J.L. Jonkhart
L.M.T. Boeren
H. Adam

Part 4
OTHER INFORMATION

Other Information

Independent Auditor's Report
Reference is made to the Independent Auditor's Report as included hereinafter.

Appropriation of result according to Articles of Association
Article 36, of the Articles of Association stipulates that, the profit for the year is at the disposal of the General Meeting of Shareholders.

Independent auditor's report

To: the general meeting and the supervisory board of Tata Steel Nederland B.V.

Report on the annual accounts 2022-2023

Our opinion

In our opinion:

- the consolidated accounts of Tata Steel Nederland B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 March 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company accounts of Tata Steel Nederland B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 March 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying annual accounts 2022-2023 of Tata Steel Nederland B.V., IJmuiden. The annual accounts comprise the consolidated accounts of the Group and the company accounts.

The consolidated accounts comprise:

- the consolidated balance sheet as at 31 March 2023;
- the following statements for 2022-2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company accounts comprise:

- the company balance sheet as at 31 March 2023;
- the company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the annual accounts is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated accounts and Part 9 of Book 2 of the Dutch Civil Code for the company accounts.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the annual accounts' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Tata Steel Nederland B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the annual accounts as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach on fraud risks and the audit approach on going concern, was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the annual accounts due to fraud. During our audit we obtained an understanding of Tata Steel Nederland B.V. and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section 4 of the annual report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures, internal audit reports and incident investigation protocols. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management, supervisory board, as well as the legal affairs, whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Risk of management override of controls Inherently, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent annual accounts by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the annual accounts; • possible management bias in management's significant estimates; and • significant transactions, if any, outside the normal course of business for the entity. Management receives bonuses, of which the size partly depends on the financial results achieved. In this context, management has been given specific targets. This could lead to incentives and pressure on management to overstate the financial results.	Where relevant to our audit, we evaluated the design and implementation of the internal control system, that is intended to mitigate the risk of management override of controls and assessed the effectiveness of those measures in the processes of generating and processing journal entries and making estimates. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence. In this context, we also tested the consolidation and elimination entries. We performed specific audit procedures related to significant estimates and judgements applied by management, such as listed in the section V 'Use of estimates and critical accounting judgements' of the chapter 'Presentation of consolidated accounts and accounting policies' in the annual accounts. These procedures include assessing management's ability to make reasonable estimates, by assessing previous estimations with actual outcomes, performing sensitivity analyses, test the underlying models, methodology and inputs to supporting evidence and challenge managements' assumptions as applicable. Specifically, for the judgments and estimations applied as part of the impairment testing of non-current assets, we engaged our valuation experts to develop independent range estimates of the discount rate and long-term growth rate. We verified that there were no significant transactions or events that were outside the normal course of business for the Group. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
The risk of fraudulent financial reporting in revenue recognition With regard to the risk of fraud in revenue recognition, based on our risk assessment procedures, we concluded that this risk relates to the existence and occurrence (through recording of fictious revenue transactions) and cut-off after year-end (through improperly shifting revenues to a later period) of revenue transactions.	We evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to revenue recognition. Through data analysis, we tested unexpected journal entries based on revenue recognition criteria. We also performed relevant testing on revenue transactions throughout the year and the receivable balances at year end. Our audit procedures included inspection of the source documentation to assess the validity of the

Identified fraud risks	Our audit work and observations
The Group utilizes a relatively straightforward revenue recognition model and does not typically engage in material complex revenue transactions that inherently involve higher levels of risk or judgements.	business rationale and substantiation of corroborating evidence, testing the occurrence and cut-off of the related revenue. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition.

We incorporated an element of unpredictability in our audit and reviewed lawyer's letters. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Furthermore, we evaluated whether the consequences of climate risks, Tata Steel Nederland B.V.'s decarbonisation strategy and environmental matters have been adequately taken into account by the management when preparing the annual accounts.

Audit approach going concern

As disclosed in the section II 'Basis of preparation' of the chapter 'Presentation of consolidated accounts and accounting policies' in the annual accounts, the board of management performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the annual accounts and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks). Our procedures to evaluate the board of management's going concern assessment included, amongst others:

- considering whether the board of management's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the board of management regarding the most important assumptions underlying its going concern assessment;
- evaluating the board of management's current budget, including cash flows for at least 12 months from the date of preparation of the annual accounts, taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the Group's operations;
- performing inquiries of the board of management as to its knowledge of going concern risks beyond the period of the board of management's assessment.

Although the management expects no direct impact on the short term, the impact and consequences of climate change, requiring the company to decarbonise its operations and make significant investments, might impact the longer term viability of the company. In the section 4 'Risk management' of the annual report, the board of management disclosed the uncertainties associated with this longer term risk as well as the mitigating actions taken by amongst others executing its decarbonisation plans.

Our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going concern assumption.

Emphasis of matter – Assumptions underlying the impairment assessment of Property, plant and equipment

We draw attention to the note 9 'Property, plant and equipment' of the annual accounts which describes that certain assumptions in relation to the decarbonisation plans of Tata Steel Nederland B.V. have been applied in relation to the impairment testing, which has been used to assess the valuation of property, plant and equipment. One of the key assumptions relating to the decarbonisation plans is that the Dutch government will provide support in the decarbonisation of the IJmuiden plant, on a similar level to recent commitments seen by other national governments within Europe to steel producers operating in those countries. In case the Dutch government will not (fully) support the decarbonisation, then this may have a material impact on the valuation of property, plant and equipment. Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the annual accounts and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the annual accounts and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the annual accounts or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the annual accounts.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the annual accounts and the audit

Responsibilities of the board of management and the supervisory board for the annual accounts

The board of management is responsible for:
- the preparation and fair presentation of the annual accounts in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of management determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the annual accounts, the board of management is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the board of management should prepare the annual accounts using the

going-concern basis of accounting unless the board of management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of management should disclose in the annual accounts any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the annual accounts

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 19 July 2023
PricewaterhouseCoopers Accountants N.V.

Original was signed by drs. R.P.R. Jagbandhan RA

Appendix to our auditor's report on the annual accounts 2022-2023 of Tata Steel Nederland B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the annual accounts and explained what an audit involves.

The auditor's responsibilities for the audit of the annual accounts

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the annual accounts, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of the board of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the annual accounts as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the annual accounts, including the disclosures, and evaluating whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated annual accounts, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the annual accounts as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Tata Steel Nederland B.V. is registered in The Netherlands under number 34005278.