

TATA INDUSTRIES LIMITED

Gifts and Hospitality Policy

Introduction

The Tata core values find expression as behavioural guidelines in the Tata Code of Conduct. Our collective adherence to these guidelines represents our promise to ourselves and to the many stakeholders of brand Tata. Each Tata employee is responsible to ensure that his or her behaviour and actions, both individual and collective, stay aligned to these values.

In this context, the Company intends to adopt a policy to help its employees make the right decisions when they are offered/ sought to be provided gifts or hospitality while conducting business or transactional dealings on behalf of the Company.

Overarching tenet under the Tata Code of Conduct: Clause D – Item No.11. Gifts and hospitality

Business gifts and hospitality are sometimes used in the normal course of business activity. However, if offers of gifts or hospitality (including entertainment or travel) are frequent or of substantial value, they may create the perception of, or an actual conflict of interest or “illicit payment”. Therefore, gifts and hospitality given or received should be modest in value and appropriate, and in compliance with our company’s gifts and hospitality policy.

Scope

- This Gifts and Hospitality Policy (“this policy”) covers receipt of gifts and hospitality.
- This policy applies to all employees of the Company (Head office and all the divisions).
- It should be borne in mind that if stricter norms are prescribed under any applicable law with respect to gifts and hospitality, then, the employees shall comply with such stricter norms.

Definitions

- The term “gifts” would include any gratuitous monetary or non-monetary benefit.
- The term “hospitality” would include any form of travel, hotel, food, drinks, entertainment, or any events (participating or watching) such as sporting events, theatrical events, awards or ceremonies.
- The term “business associate” would include suppliers, customers, vendors, dealers, distributors, franchisees, lessors, lessees or such other persons with whom the Company has any business or transactional dealings.

Policy

Accepting Gifts

The Company recognizes that it is customary for some of its business associates to occasionally give small gifts to those with whom they do business or have transactional dealings. It is important, however, that these gifts do not affect an employee's business judgment, or give the appearance that judgment may be affected. Accordingly, the employees must be very careful when it comes to accepting such gifts.

As a general rule, an employee of the Company may accept a gift from a business associate, provided such a gift:

- does not create the appearance (or an implied obligation) that the gift giver is entitled to preferential treatment, an award of business, better prices or improved terms of sale or service;
- would not influence, or appear to influence, the employee's ability to act in the best interest of the Company;
- would not embarrass the Company or the gift giver, if disclosed publicly;
- if valued at Rs. 6,000 or above (US\$100 (or equivalent in local currency) or above), even if promotional in nature, is reported to the recipient's Departmental Head and Ethics Counsellor, and is disclosed in the Gift Register. The decision on appropriate treatment or action in relation to such a gift will be communicated to the employee by the Departmental Head upon consultation with the Ethics Counsellor;
- would not in any manner prevent or impede business of the Company being awarded or conducted through gift-giver's competitors;
- is exchanged during festivals or other ceremonial occasions (e.g. flowers or sweets) and is commensurate with the culture and occasion.

When a proffered gift needs to be returned because it is so guided by this policy, a timely and appropriate explanatory note should accompany the gift being returned, explaining to the gift giver the rationale for returning the gift. This note should be drafted sensitively with a view to minimise any misunderstanding on part of the gift giver.

Gifts may sometimes be consumables, in the form of food/ beverages and such gifts, if received, should ideally be consumed by the general collective of employees, or donated to charity.

High-value gifts received, and of a value higher than the monetary ceiling laid down in this policy, may be periodically auctioned with the proceeds donated to charity. A record should be maintained in this regard.

The following gifts are *never* appropriate and should *never* be accepted:

- gifts of cash or gold or other precious metals, gems or stones;
- gifts that are prohibited under applicable law;
- gifts given as a bribe, payoff, kickback or facilitation payments (e.g., in order to obtain or retain business, or to secure an improper advantage, such as securing a favorable tax treatment);
- gifts the recipient knows are prohibited by the gift giver's or recipient's organization; and
- gifts given in the form of services or other non-cash benefits (e.g., a promise of employment).

The cumulative value of all gifts an employee of the Company may receive from any one gift giver cannot exceed Rs. 15,000 (\$250 or equivalent in local currency) in a financial year, unless disclosed in the Gift Register and approved by the Departmental Head, after appropriate consultation with the Ethics Counsellor.

An employee who receives a gift at an event of a ceremonial nature (e.g., a customer outing or a commemoration of a business transaction) that might not be appropriate under these guidelines, but is impractical or offensive to refuse, may accept the gift and then promptly report it to his / her Departmental Head and Ethics counsellor. The employee can then discuss the appropriate response, in consultation with them, and act as per the direction provided.

The employees of the Company must never ask for any gift that benefit them personally, regardless of value. Employees are expected to exercise good judgment in accepting gifts from business associates. Employees should consult the Ethics Counsellor when in doubt as to whether a gift is appropriate or not.

Accepting Honorariums

The employees may, from time to time, be invited by various external bodies to deliver lectures, share thoughts on experiences, participate in panels, and so on. This is typically on account of both the individual's stature in a profession, as well as being part of a highly respected entity like the Company.

An illustrative list of some of these invitations could include:

- Delivering lectures or taking sessions in educational or professional or industry institutions/ associations;
- Invitations to become panel members in various bodies of public interest;
- Supporting training or education for a specific period of time;
- Delivering lectures in public conferences.

In many such cases, the individuals are given a memento or a gift, and sometimes, an honorarium in the form of cash.

While gifts that are received would be treated in the same way as outlined in this policy, it is expected that any honorarium received must be declared to the Departmental Head (and informed to the Ethics Counsellor) who would advise on further course of action. The employee may normally be permitted to retain 100% of the value of the amount received, if deemed to be fair and reasonable.

With respect to such assignments, the employee may also accept hospitality in the form of travel and lodging arrangements offered as part of the invite, provided the same is fair and reasonable.

Disclosure in the Gift Register

All gifts, donations and entertainment beyond the value specified earlier, received by an employee, should be disclosed in the Gift Register, along with the following information:

- Employee name;
- Description of gift, relevant date;
- Identity of the gift giver;
- Approximate value of the gift;
- Context / business purpose of the gift;
- Approval, if applicable;
- Whether accepted or declined;
- If accepted, the manner & reason/s;
- If declined, the manner & reason/s.

Accepting hospitality

Business hospitality (e.g., meals, tickets to a theatre or a sporting event) may be provided to strengthen working relationships among business associates. Accordingly, the employees may accept business hospitality offered for legitimate business purposes, such as building goodwill and enhancing relationships with customers or suppliers, provided that it complies with the following guidelines.

Specifically, accepting hospitality from the business associates is permitted *only* if such hospitality:

- is infrequent;
- reasonably related to a legitimate business purpose (e.g., accompanying a customer or supplier to a local theatre/sporting event or attending a business meal);
- is not given as a bribe, payoff, kickback or facilitation payment (e.g., in order to obtain or retain business or to secure an improper advantage);
- does not create the appearance (or an implied obligation) that the gift giver is entitled to preferential treatment, an award of business, better prices or improved terms of sale or service;
- is in good taste and occurs at a business appropriate venue;
- is reasonable and appropriate in the context of the business occasion;
- would not influence, or appear to influence, the employee's ability to act in the best interest of the Company;
- is disclosed, if applicable, in the Gift Register;
- is duly approved, if applicable, by the Departmental Head, after appropriate consultation with the Ethics Counsellor.

The following is *never* appropriate and such hospitality should *never* be accepted:

- Hospitality that can be viewed as excessive in the context of the business occasion;
- "Adult" entertainment, or any sort of event involving nudity or lewd behavior;
- Hospitality that can be viewed as creating any affiliation of the Company or Tata brand with any particular political party;
- Hospitality that the recipient knows the gift-giver is not permitted to give;
- Hospitality that would involve a breach of any applicable law.

Employees should consult the Ethics Counsellor when in doubt as to whether an event, location or expenditure is appropriate or not.

Finally, the above hospitality guidelines apply to situations in which the host is present. Tickets to sporting or cultural events provided to the employees, and not attended by the host are essentially "gifts," and not "hospitality," and hence should be in accordance with the gift guidelines specified above.

Travel

It is acknowledged that hosting business associates at our premises to promote our business interests, and reciprocal visits to our business associates are an important aspect of our business relationships. However, in addition to the general guidance on appropriateness of hospitality received, one should also consider the guidelines below in the case of promotional trips:

- Any such visit should have a legitimate business purpose, and any reimbursement of expenses is limited to that aspect of the visit;
- The timing of any visit needs to be carefully considered to ensure there is an objective business reason for the visit and avoid any perception of undue influence;

- Daily allowances, cash advances or cash payments of any nature must not be requested from the business associate for such trips;
- No airline travel, whether domestic or international, is to be accepted from a business associate;
- No overnight accommodation is to be accepted from a business associate;
- In circumstances where participation in a vendor-supported event is deemed necessary for a business, and bulk booking arrangements are made by the vendor for accommodation and meals, the *pro-rata* costs should either be reimbursed to the vendor or preferably paid directly to the provider of accommodation and meals.

Ideally, family members or persons not directly related to the relevant business project should not join these trips/events. However, if they do attend, their expenses should be fully paid for by the concerned employee and not be paid or reimbursed by the Company, or the business associate. Moreover, such instances of travel should be informed to the Departmental Head and Ethics Counsellor prior to travel, to ensure transparency through disclosure.

Deployment Effectiveness

Implementation of this policy would be measured through compliance and the Gift Register. An 'online' Gift Register in the form of a software application appropriate for this purpose would be developed, and its availability will be communicated throughout the Company once it is ready for use. In the meantime, the Divisions/ offices may maintain a physical Gift Register for the purpose.

In case of any query/ dilemma related to the above, the employees are encouraged to promptly seek guidance for action from the Ethics Counsellor, Mr. S. Sriram. Mr. Sriram's contact details are as follows:

Email ID: tataindustries.ethics@tata.com

Landline: +02266658282

Policy Breach / Disciplinary Action

Any breach of, or failure to abide by this policy, would be disclosed to the Audit Committee of the Board of the Company, and appropriate action, including possible termination of services of the employee in breach, would be initiated. Such action shall be in addition to any other rights or remedies that the Company may have against the defaulting employee under any applicable law.