



TATA CHEMICALS EUROPE

**ETHICAL BUSINESS AND ANTI-
CORRUPTION COMPLIANCE
POLICY**

November 2020

AN INTRODUCTION FROM MARTIN ASHCROFT

This policy replaces the Ethical Business & Anti-Corruption Policy dated October 2017.

The commitment of TCE Group Limited and its Group (“the TCE Group”) to ethical business practices is at the heart of our Values. These Values are the Tata Values of Integrity, Unity, Responsibility, Pioneering and Excellence which serve as the foundation for, and are enshrined in, the Tata Code of Conduct¹.

The Tata Code of Conduct’s Core Principles include:

“We are committed to operating our businesses conforming to the highest moral and ethical standards. We do not tolerate bribery or corruption in any form. This commitment underpins everything that we do.”

“When representing our company, we shall act with professionalism, honesty and integrity, and conform to the highest moral and ethical standards. In the countries we operate in, we shall exhibit culturally appropriate behaviour. Our conduct shall be fair and transparent and be perceived as fair and transparent by third parties.”

“We do not engage in any restrictive or unfair trade practices.”

“We shall provide avenues for our stakeholders to raise concerns or queries in good faith, or report instances of actual or perceived violations of our Code.”

“We shall comply with the laws of the countries in which we operate and any other laws which apply to us.”

Compliance with ethical business practices is integral to the TCE Group’s compliance obligations and we are committed to ensuring that our officers, employees and all those that work with us in whatever capacity join us in this approach.

An active and supportive anti-fraud and compliance programme is essential to the TCE Group in meeting its legal obligations. It also impacts upon TCE Group’s relationship with its customers and suppliers and its strategic activities such as acquisitions and disposals, joint ventures or other collaborative partnerships.

The royal assent of the UK Criminal Finances Act 2017, in addition to the implementation of the Modern Slavery Act 2015 presents an ideal opportunity for the TCE Group to reaffirm our commitment to ethical business practices by issuing this updated policy which builds on our existing policies and procedures.

The UK Criminal Finances Act 2017 is part of a trend of domestic and global initiatives promoting tax transparency and governance of tax risk. The Act requires all businesses prevent the criminal facilitation of UK or overseas tax evasion, with a specific clause

¹ For the full Tata Code of Conduct: see ‘Ethical Business’ section on MyTCE intranet.

dealing with participation in VAT fraud, where the business knew or should have known of the risk.

The Modern Slavery Act requires increased transparency about the steps we are taking to develop an appropriate and effective response to modern slavery in any of our supply chains and in any part of our business by the publication of an annual Modern Slavery Compliance Statement.

The UK Group Tax Strategy was published in March 2019. Copies of both the Modern Slavery Compliance Statement and the UK Group Tax Strategy can also be found on the Ethical Business section of our *MyTCE* intranet. Please take the time to read the Statements and consider how you can help us tackle any potential modern slavery within our business and supply chain.

This policy now sits in a suite of compliance policies to ensure that all stakeholders understand and commit to ethical business practices. All policies can be found in the Ethical Business section of our *MyTCE* intranet (as well as the HR and Procurement sections, as appropriate). They can also be found on our website to provide access to customers, supplier and other external stakeholders.

To compliment and reinforce our commitment to ethical working practices, our training programme requires all employees to undertake specific training courses on the Tata Code of Conduct and the Bribery Act 2010, which must be regularly refreshed. We will continually monitor our business practices and will introduce further training sessions as and when necessary.

Phil Davies is our Ethical Business and Anti-Corruption Compliance Officer (“Compliance Officer”) and there are “TCE Ethics Counsellors” at all our sites whose details are on the Whistleblowing Policy in the Ethical Business section of our *MyTCE* intranet. Should you at any time wish to have a confidential discussion about any of the issues raised in this Policy you should speak to one of the TCE Ethics Counsellors or Compliance Officer or use the confidential reporting system for employees as set out in the Whistleblowing Policy.²

Please take the time to read this Policy carefully. The Board of TCE Group is committed to ethical business and to complying with anti-fraud and corruption laws and to ensuring that the TCE Group has an active and supportive compliance policy. You are required to play your part in supporting and adhering to this policy and its implementation throughout the TCE Group.



Martin Ashcroft, Managing Director, November 2020

² For Whistleblowing Policy: see ‘Ethical Business’ section or ‘HR policies’ section on *MyTCE* intranet or visit www.tatachemicalseurope.com.

TATA CHEMICALS EUROPE ETHICAL BUSINESS AND ANTI-CORRUPTION COMPLIANCE POLICY

This document sets out the TCE's Group policies in relation to the following:

1. Modern Slavery & Human Trafficking
2. Bribery
3. Gifts and Hospitality
4. Facilitation Payments
5. Political Contributions and Sponsorships
6. Tax fraud facilitation and VAT fraud in the supply chain
7. Third Parties and Due Diligence
8. Reporting Unethical, Illegal or Suspicious Activity

This policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners.

This policy does not form part of any employee's contract of employment and we may amend it at any time.

ALL PERSONS WORKING FOR US OR ON OUR BEHALF MUST READ AND UNDERSTAND THIS POLICY THOROUGHLY AND COMPLY WITH IT AT ALL TIMES.

1. MODERN SLAVERY & HUMAN TRAFFICKING

1.1 What is Modern Slavery?

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

1.2 What is the TCE Group's policy on Modern Slavery?

We do not use forced labour in any form. We do not confiscate personal documents of our employees, or force them to make any payment to us or to anyone else in order to secure employment with us, or to work with us.

Tata Code of Conduct: "Our Employees: Human rights" (Clause 9)

We have a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

The prevention, detection and reporting of modern slavery in any part of our business or supply chains is the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

If you are unsure about whether a particular act, the treatment of workers more generally, or their working conditions within any tier of our supply chains constitutes any of the various forms of modern slavery, raise it with your manager, one of the TCE Ethics Counsellors or the Compliance Officer.

Our zero-tolerance approach to modern slavery must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and reinforced as appropriate thereafter.

We publish an annual Modern Slavery Compliance Statement to set out the steps we are taking each financial year to ensure that slavery and human trafficking is not taking place in the supply chain or our business.

2. BRIBERY

2.1 Bribery Act 2010

The Bribery Act 2010 comprises some of the toughest anti-corruption laws in the world. This Act applies to our activities whether conducted in the UK or abroad, and also to the activities of third parties providing services on our behalf. This means for example that we can be liable for the corrupt behaviour of our employees, suppliers, customers, agents and intermediaries. While national laws vary from country to country, there are a number of types of behaviour that are either prohibited or

restricted under most legal systems. The same illegal or unethical conduct may impact upon a number of countries and be subject to such countries rules simultaneously.

In addition to the considerable reputational damage that would be sustained, there are severe sanctions for violations of these laws.

- Firstly, **illegal arrangements are unenforceable.**
- Secondly, in the UK and almost all other countries, enforcement agencies can impose **corporate fines** for breaches of these laws, which can be substantial.
- In the UK and some other countries, certain violations of these laws can lead to **fines and/or imprisonment for individuals.**
- In addition, customers, investors, competitors and other third parties who suffer loss can also bring **civil claims for damages** against companies that violate these rules.

2.2 What is Bribery?

A bribe is a reward, advantage or benefit made in order to influence and/or secure an improper advantage. Kickbacks (i.e. the return (or receipt) of a percentage of monies received under a contract) are a form of bribe. A bribe can be made to induce a person to act in an improper way, to violate an official duty, or to secure an official act or decision. It can also be made to induce a person not to act in a particular way. It may be made directly or through an intermediary. It is also a bribe if you arrange for the business to pay an additional "facilitation" payment to a foreign official to speed up an administrative process.

Some laws focus on prohibiting bribery of public officials, whereas others are far wider and prohibit bribes made to (or received by) **any person** in order to obtain an improper advantage, including in a business transaction.

In commercial dealings, a bribe may be employed to obtain, retain or direct a particular business advantage. It can include, for example, a gift or hospitality of significant value received from or given to a Contractor.

2.3 What is TCE Group's policy on Bribery?

Our employees and those representing us, including agents and intermediaries, shall not, directly or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favours for the conduct of our business.

Tata Code of Conduct: Our Employees: Bribery & Corruption (Clause 10)

Any demands received by Tata Chemicals Europe for a bribe must be rejected and reported to the Compliance Officer.

The prohibition above also includes not utilising other techniques such as subcontracts, purchase orders or agency or consulting agreements to channel payments to any business partner, customer, supplier, to public officials, political parties, political figures, candidates for political office or another contracting party – including their relatives or business associates. This applies whether or not the person is a public official.

It can often be the case that bribes will involve a cash payment of some form. Any request for payments in cash or offer to make payments in cash raises a potential risk of corruption. Therefore in order to safeguard Tata Chemicals Europe employees from any appearance that payments may be corrupt **cash payments should be strictly avoided.**

2.4 What is TCE Group’s policy on gifts, hospitality and promotional trips?

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 an ‘illicit payment’. Therefore, gifts and hospitality given or received should be modest in value and appropriate, and in compliance with our company’s gift and hospitality policy.

Tata Code of Conduct: Our Employees: Gifts and Hospitality (Clause 11)

We shall ensure that any gifts or hospitality received from, or given to, our suppliers or service providers company with our company’s gift and hospitality policy.

Tata Code of Conduct: Our Value-Chain Partners (Clause 4)

2.4.1 Gifts

Only business gifts of very small intrinsic value which are clearly advertising matter, for example, diaries and calendars and other low value corporate branded goods may be accepted or given. **Offers of other items, whatever the value, must not be given in any circumstances without the prior written consent of the Compliance Officer.** If offered by a third party such items should be politely refused with an explanation of this Policy. Any such offer and refusal must be notified to the Compliance Officer for inclusion on the Hospitality and Gifts Register. Gifts must never be solicited. Where unsolicited gifts are delivered to an employee from a supplier or other third party this must be notified immediately to the Compliance Officer. The Compliance Officer will determine whether they may be retained, or should be returned or given to the HR department who will arrange for them to be donated to charity.

2.4.2 Hospitality

Modest hospitality is an accepted part of commercial life and business relationships. However, offering or receiving of corporate hospitality is capable of amounting to a bribe under the Bribery Act. **To protect both TCE Group and its employees from this risk, no employee shall accept or offer any corporate hospitality without the prior written consent of the Compliance Officer.** Such consent will not be given unless in

the opinion of the Compliance Officer the hospitality is reasonably related to a clear business purpose and is modest, and can in no reasonable way be construed to be likely to influence the making of a business and/or procurement decision. Examples of where such consent will not be given include:

- Hospitality offered during tenders or competitive bidding situations
- Hospitality offered by the Company where no Group employee is to be present
- Hospitality including cash or cash equivalent, such as casino chips or betting stakes
- Hospitality involving foreign public officials

Offers of high value, inappropriate or excessive hospitality should be politely refused with an explanation of this Policy and such offer and refusal should be notified promptly to the Compliance Officer for inclusion on the Hospitality and Gifts Register. Hospitality must never be solicited.

2.4.3 Promotional Trips

One area where judgements about levels of hospitality and gifts can be very difficult is around promotional trips. No offers of promotional trips shall be made or accepted without the prior written consent of the Compliance Officer. It is recognised that hosting business partners at our premises to promote our products and visiting our suppliers and business partners are important parts of our business however, in addition to the general policy on hospitality set out in 2.2 above, in assessing whether a particular promotional trips is appropriate the Compliance Officer will consider the following guidelines:

- All visits 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 avoid any impression of undue influence and ensure there is an objective business reason for the visit.
- Any “side trips” or extras should be avoided.
- Daily allowances, cash advances or cash payments of any nature must not be made.
- Family members or persons not directly related to the relevant business project should not attend and if in any event they do attend, in no circumstances should their expenses be paid or reimbursed by Tata Chemicals Europe or the organiser of the promotional trip.

2.5 Facilitation Payments

2.5.1 What is a Facilitating Payment?

A facilitating payment is a small payment, which is made solely to expedite or secure the performance of routine government actions, such as to:

- obtain licences, permits and other official documents to qualify to do business in a foreign country
- process governmental paper, such as visas and work orders
- provide police protection, mail services and inspection of goods or of contract performance
- provide telephone service, utilities, loading or unloading cargo and protecting goods from deterioration
- actions of a similar nature.

2.5.2 What is TCE Group’s policy on Facilitating Payments?

Some countries’ anti-bribery laws, such as the US’ FCPA, permit certain facilitating payments, however the UK Bribery Act and the laws of many jurisdictions do not allow facilitating payments. Tata Chemicals Europe employees are not permitted to make facilitating payments, even where they are allowable under local law. **Any demands received by TCE Group for a facilitating payment must be rejected and reported to immediately to the Compliance Officer.**

3. POLITICAL CONTRIBUTIONS AND SPONSORSHIPS

We do not seek to influence the outcome of public elections, nor to undermine or alter any systems of government. We do not support any specific political party or candidate for political office. Our conduct must preclude any activity that could be interpreted as mutual dependence/favour with any political body or person, and do not offer or give any company funds or property or other resources as donations to any specific political party, candidate or campaign.

Tata Code of Conduct: Governments: Political non-alignment (Clause 1)

TCE Group is not affiliated to any political party or organisation. TCE Group will not make, or permit to be made on its behalf, any contributions (whether financial or otherwise) for political purposes or events. TCE Group will also not permit employees to engage in political activities on its behalf.

Employees are free to engage in political activities in their private capacity, including making donations to political parties. However, you should be aware of and raise with your line manager any proposed donation or activity in your private capacity that relates to a political party or governmental entity which is an existing or potential Tata Chemicals Europe business partner.

4. THIRD PARTIES

We seek to work with suppliers and service providers who can demonstrate that they share similar values. We expect them to adopt ethical standards comparable to our own.

Tata Code of Conduct: Our Value-Chain Partners (clause 2)

Our suppliers and service providers shall represent our company only with duly authorised written permission from our company. They are expected to abide by the Code in their interactions with, and on behalf of us, including respecting the confidentiality of information shared with them.

Tata Code of Conduct: Our Value-Chain Partners (clause 3)

TCE Group may be legally liable for the conduct of third parties, even if that conduct is fraudulent. For example, if TCE Group is working with third parties without taking steps to gain sufficient knowledge about them and their business practices.

It is therefore vital to ensure that when acting for, or with, TCE Group, third parties conform to the Group's high standards of behaviour. We have a Supplier Code of Conduct Policy which sets out our expectations from our suppliers and the principles we expect them to adhere to.

In addition to the Supplier Code of Conduct, we also have a Responsible Procurement Policy which seeks to ensure that the TCE Group's business needs for sustainable materials, goods, utilities and services are delivered in an environmentally friendly, economic, responsible, fair, transparent and ethical way. We expect our suppliers and contractors to be open and collaborate with us to further improve responsible practices in accordance with the Responsible Procurement Policy.

To be clear, if you are prohibited from doing something under this Policy, you are also prohibited from undertaking any of those actions through a third party.

5. TAX FRAUD FACILITATION AND VAT FRAUD IN THE SUPPLY CHAIN

5.1 UK Criminal Finances Act 2017

The UK Criminal Finances Act 2017 is part of an increasing domestic and international initiative focussing on tax transparency and governance of tax risk. This Act applies to our activities whether conducted in the UK or abroad, and also to the activities of third parties providing services on our behalf, and may involve either a UK or overseas body suffering the tax loss. This means for example that we may be liable for the corrupt behaviour of our employees, suppliers, customers, agents and intermediaries. While national laws vary from country to country, there are a number of types of tax evasion or facilitation that equate to equivalent offences across the different jurisdictions. The same illegal or unethical conduct may impact upon a number of countries and be subject to such countries rules simultaneously.

In addition to the considerable reputational damage that would be sustained, there are severe sanctions for violations of these laws.

- Firstly, **illegal arrangements are unenforceable.**
- Secondly, in the UK and almost all other countries, enforcement agencies can impose **corporate fines** for breaches of these laws, which can be substantial.

- In the UK and some other countries, certain violations of these laws can lead to **finances and/or imprisonment for individuals**.
- In addition, customers, investors, competitors and other third parties who suffer loss can also bring **civil claims for damages** against companies that violate these rules.

5.2 What is Tax Fraud Facilitation?

Tax evasion is the unlawful attempt to minimize tax liability through fraudulent techniques to circumvent or frustrate tax laws, such as deliberate under-statement of taxable income or willful non-payment of due taxes. Tax evasion activities include, and are not exclusive to:

- Underreporting income or inflating of expenses to reduce income tax or corporate tax liabilities
- Hiding money and interest in offshore accounts
- Falsification of tax residency to avoid withholding taxes
- Falsification of tax invoices to overclaim or overcharge transaction taxes such as VAT

An offence will be committed under the UK Criminal Finances Act 2017 where a deliberate and dishonest action of a person or body acting on behalf of TCE Group facilitates the avoidance of taxes.

Where there is a UK tax evasion facilitation offence it does not matter if the criminal act of facilitation is performed in the UK or overseas, or by an associate established under a law of another country. The same can apply in the instances of foreign tax evasion, where there is an equivalent offence recognised under the foreign jurisdiction.

5.3 What is VAT Fraud?

The UK Criminal Finances Act 2017 also includes a corporate offence aimed to tackle missing trader fraud. Where UK VAT is defrauded in the TCE Group supply chain, by a customer or supplier, and there is knowledge, or it is reasonable to assume that we should have known of the connection with the VAT fraud, an offence is committed.

Missing trader fraud involves a 'missing' or defaulting trader who deliberately fails to pay its VAT liability for taxable supplies made in the UK. The supplies may pass through a number of intermediaries before selling to an end user either UK or overseas. The 'chain' of intermediaries may be deliberately complex as an attempt to disguise the VAT losses.

Due diligence checks on the legitimacy of our customers and suppliers, and assessment of the viability of each commercial transaction is necessary to alert a risk the TCE Group may get connected to to a missing trader fraud.

5.4 What is TCE Group's policy on Tax Fraud facilitation?

We shall comply with all applicable anti-money laundering, anti-fraud and anti - corruption law and we shall establish processes to check for and prevent any breaches of such laws

Tata Code of Conduct: Integrity of information and assets

We have published our UK Group Tax Strategy, which sets out our attitude to tax planning and makes it clear that we do not tolerate tax evasion or the facilitation of tax evasion.

6. REPORTING UNETHICAL, ILLEGAL OR SUSPICIOUS ACTIVITY

We encourage our employees, customers, suppliers and other stakeholders to raise concerns or make disclosures when they become aware of any actual or potential violation of our Code, policies or law. We also encourage reporting of any event (actual or potential) of misconduct that is not reflective of our values and principles.

Tata Code of Conduct: Raising Concerns

We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

You should be aware that if any TCE Group employee has knowledge or suspicion that a person has benefited or has sought to benefit from unethical conduct or any proceeds derived from any criminal offence (including bribery), or knowingly criminally facilitated tax avoidance, or has suspicions or knowledge that VAT may have been defrauded in the supply chain, the employee and TCE Group may commit an offence if it does not report that knowledge or suspicion.

We are committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that unethical conduct of whatever form is or may be taking place in any part of our own business or in any of our supply chains. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Compliance Officer immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure, which can be found in the HR section of the Tata Chemicals Europe Intranet site.

Any knowledge or suspicion of unethical conduct must be reported immediately. Our Whistleblowing Policy, which can be found in both the Ethical Business section and the HR Policies section of our *MyTCE* Intranet site and our website www.tatatchemicalseurope.com, sets out the process for raising your concerns.