

<b>TATA</b> AutoComp Systems LTD	<b>CORPORATE GIFT &amp; HOSPITALITY POLICY</b>	Doc. No.	HR/P35/2015
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## POLICY ON CORPORATE GIFT & HOSPITALITY

**Objective:**

The Company has adopted Tata Code of Conduct (TCoC) to practice good corporate governance. Our collective adherence to these guidelines represents our promise to ourselves and to many stakeholders of the Company. Each employee of the Company is responsible to ensure that his or her behavior and actions, both individual and collective, stay aligned to these values.

Business gifts and hospitality are occasionally used in the course of business activity as a means to build goodwill and strengthen working relationships among business associates. However, if 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.

The Company has adopted this policy that is setting caps on the value of such gifts and for defining circumstances under which it would be acceptable or not acceptable to give or receive gifts / hospitality. The cardinal principle would be that gifts / hospitality should not be given or received either to obtain favors / preferential treatment, or in return for favors / preferential treatment. This policy helps employees take the right decisions when they are offered gifts or hospitality while conducting business or official transactions on behalf of the Company

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This policy will apply to all employees of Tata AutoComp Systems Ltd and all its group entities / offices based in India as well as abroad. This policy does not apply to gifts received from parties with which the Company does not have business relationship and are therefore of a purely personal nature.

### Definitions

- a. **“Business Associate”** includes suppliers, customers, vendors, dealers, distributors, franchisees, lessors, lessees or such other persons with whom the Company has any business or transactional dealings.
- b. **“Code”** means the Code of Conduct adopted by the Company.
- c. **“Company”** means TATA AutoComp Systems Ltd. and its group entities / offices based in India as well as abroad
- e. **“Conflict of Interest”** – Can occur when personal interest, relationships or outside activities of an employee might interfere or appear to interfere with his/her ability to objectively perform his/her job in the best interest of the company.
- f. **Employee** : Means any person appointed in the company and who is working for company for remuneration.

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g. **“Gift”** includes any gratuitous monetary / non-monetary benefit which can be used or consumed.

h. **“Hospitality”** includes any form of travel, hotel, food, drinks, entertainment or any events (participating or watching) such as sporting events, theatrical events, awards or ceremonies.

### Accepting Gifts

1. Gifts could be either solicited or unsolicited. The Company, regardless of the circumstances, does not permit the soliciting of gifts. This policy defines the circumstances under which unsolicited gifts can be received or given.
2. The circumstances under which gifts / hospitality might be received or given fall into the following categories:
  - a. Gifts received / given on festive occasions such as Diwali, Christmas or New Year.
  - b. Gifts received / given on special occasions such as a wedding or an anniversary.
  - c. Gifts received / given in recognition of a professional contribution made by the recipient, such as for making a presentation.
  - d. Gifts received / given on the occasion of a terminal event such as a transfer or a cessation of employment.
3. An illustrative list of the kinds of gifts that might be received or given is provided below:
  - a. Articles of an edible nature.
  - b. Articles for use in the office such as table clocks, stationery, desk accessories.

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- c. Articles of personal use such as clothing, perfumes, household articles, white goods.
- d. Cash or tender such as small gold or silver coins, gift vouchers.
- e. Religious artifacts.

4. In all instances, an employee of the Company receiving a gift must make a declaration.
5. Stating the description of the gift that has been received, the estimated value of the gift and the circumstances under which the gift was received. The declaration has to be made to the Head of the Location where the employee is stationed, with a copy to the BU HR Head.
6. A gift , in terms of value, could be of either nominal or significant value. For purposes of this policy, 'nominal value' is defined as being of a value not exceeding Rs.5,000/-. Significant value would be of a value in excess of Rs.5,000/-.

(If an employee receives a gift with a value of more than Rs 3500 / USD 50, or if the cumulative annual value of all the gifts he/she receives is more than Rs 7500 / USD 100, he/she shall mandatorily make a declaration of the gift and submit the gift along with the filled declaration form (please refer to Annexure A) to the Location Ethics Counsellor within 7 days of receiving the gift.)

7. Generally, the employee receiving the gift will be able to notionally assess the value of the gift. However, where the recipient is unable to arrive at the valuation of the gift received, the gift will be made available to the Company to arrive at the valuation. The recipient will abide by the Company's valuation.
8. No gifts of a value exceeding Rs.5,000/- should be generally accepted. However, since sometimes declining such gifts could be embarrassing and may be misconstrued as rudeness, it is necessary that any gift over this value, if it cannot be returned, is handed over to the BU HR Head. Such gifts will become the property of the Company. The Company will

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decide how the gift is to be utilized – including possible use by the recipient – but without transfer of ownership to the recipient.

9. Gifts in the form of Cash or Cash-equivalents such as Gift-Vouchers can be retained by the recipient only in respect of categories (b) and (d) under point 2 above. Even under such circumstances, the maximum amount that can be accepted from one party would be Rs.5,000/-. The balance would have to be returned or turned over to the Company for use for charitable purposes. This limit does not apply to a gift given to a retiring employee by colleagues or the Company.
10. Where the receipt of a gift in cash is covered by circumstances listed under category (c) under point 2 above, the recipient will be permitted to retain 75% of the related amount. Twenty-five percent of the related value will be surrendered to the Company. Also, where the Company has borne expenses, such as travel or lodging related to the event and such expenses are reimbursed by the organizers, all such reimbursements will be surrendered to the Company.
11. Gifts received from a Donor for any employee welfare activities or social causes run by the Company, where the Donor has a business relationship with the Company and could derive benefits from the recipients, should only be of nominal value. Illustrative categories of parties with business relationships with the Company would be suppliers, franchisees, dealers, contractors, business partners, etc.
12. After making a declaration of gifts that have been received, either in cash or in kind, recipients could be permitted to retain such gifts of a nominal value, provided the frequency of such receipts does not exceed more than two gifts in a financial year.
13. No gifts, even if these are of nominal value should be accepted from any person or party who is in default of the Company in any manner. By way of illustration, parties in default would be

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parties from whom monies are overdue or parties with whom the Company is engaged in litigation and parties who have been officially blacklisted.

14. The Company considers it good practice to share gifts of a nature which an employee is permitted to receive, such as gifts of an edible nature, with fellow employees. The nature of the gift permitting, it would be a good practice to use gifts in the office.
15. Utmost discretion and restraint, similar to the ones mentioned above while receiving gifts, should also be exercised while giving gifts. They should be given only under circumstances categorized in point 2 above. No gifts of a value exceeding Rs.5,000/- should be generally given. Approval for giving gifts should be obtained in advance from the President (People & Engagement) & CHRO, via the respective Functional Head.

### 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. However, hospitality applies to situations in which the host is present. Tickets to sporting or cultural events provided to the employees of the Company and not attended by the host are essentially “gifts” and not “hospitality” and hence should be dealt in accordance with the gift guidelines specified above.

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

- Hospitality that can be viewed as creating any affiliation of the Company or Tata brand with any particular political party.

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2. Interaction in locations / establishments generally not recognized as appropriate for the conduct of business.

3. Interactions in adult entertainment clubs or at adult / inappropriate events are expressly prohibited.

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

#### **Travel (Other than normal company business 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 guidance on appropriateness of hospitality received, one should also consider the guidelines below in the case of promotional trips:

(a) Daily allowances, cash advances or cash payments of any nature must not be accepted from the business associate for such trips;

(b) No travel (airline or otherwise), whether domestic or international, is to be accepted from a business associate;

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(c) No overnight accommodation is to be accepted from a business associate;

(d) 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 travel and/or accommodation, the pro-rata costs should either be reimbursed to the vendor or preferably paid directly to the provider of travel and/or accommodation.

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 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.

Employees should consult the Ethics Counsellor when in doubt as to whether a gift, hospitality or travel is appropriate or not.

#### **Power to Amend**

The company reserves the right to amend the policy at anytime without assigning any reason whatsoever. The utility and interpretation of the policy will be at the sole discretion of the Management. However, no such amendment or modification will be binding on the Employees unless the same is notified to the Employees in writing or appropriate means.

*Sudipta Marjit*

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