

Tata Securities Limited

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

January 25, 2022

Contents

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY	1
January 31, 2021	Error! Bookmark not defined.
I. PURPOSE	3
II. SCOPE AND APPLICABILITY	3
III. POLICY STATEMENT	3
IV. DEFINITIONS	4
V. GENERAL PRINCIPLES	6
VI. RESPONSIBILITIES	9
VII. COMMUNICATION AND TRAINING	10
VIII. REPORTING OF CONCERNS AND INVESTIGATIONS	11
IX. PENALTIES	12
X. AMENDMENT OF ABAC POLICY	12
ANNEXURE A - RELEVANT REGULATION	13
ANNEXURE B - RED FLAG INDICATORS	14

I. PURPOSE

- a. One of the core principles set out in the Tata Code of Conduct ("**TCOC**") states: *'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 we do.'*
- b. Tata Securities Limited ("**Company**"), having adopted the TCOC, is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates, and to implementing and enforcing adequate procedures to counter bribery and corruption. This includes compliance with all laws, domestic and foreign, prohibiting improper payments, gifts or inducements of any kind to or from any person, including private or public officials, customers and suppliers.
- c. The purpose of this Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**") is to outline guiding principles and adequate procedures to prevent any activity or conduct relating to bribery, facilitation payments, or corruption.
- d. It requires all Designated Person(s) (defined below) to recognize questionable transactions, behaviour or conduct, and to take steps to comply, record and follow the procedures set in place to deal with such behaviour or conduct.

II. SCOPE AND APPLICABILITY

- a. This ABAC Policy is applicable to our Company and all activities undertaken for or by the Company directly or indirectly. Our Company shall recommend adoption of this ABAC Policy to the Boards of its subsidiaries, associates and joint ventures.
- b. This ABAC Policy is applicable to all individuals working at all levels and grades, including directors, senior managers, officers, other employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, interns, seconded staff, casual workers and agency staff, agents, or any other person associated with our Company and such other persons, including those acting on behalf of our Company, as designated by the Compliance Officer (*as defined below*) from time to time (all of the aforesaid being collectively referred to as "**Designated Person(s)**").

III. POLICY STATEMENT

- a. Bribery and corruption can take many forms including cash or gifts to an individual or family members or associates, inflated commissions, fake consultancy agreements, unauthorized rebates, non-monetary favours and false political or charitable donations. These actions may be undertaken directly or through a third party. It is illegal and immoral to, directly or indirectly, offer or receive a bribe. We do not tolerate bribery or corruption in any form or manner. Our Company is committed to implementing and enforcing adequate procedures to prevent, deter, detect, and counter bribery and corruption in any form or manner.

- b. As a part of this commitment, offering, promising to offer, or accepting bribes, directly or indirectly, and being involved in corruption is prohibited. This commitment shall reflect in every aspect of our business.
- c. Our Company is committed to maintaining detailed and accurate books of account of all transactions, which will aid in detection of bribery or corruption.
- d. Any violation of this ABAC Policy by a Designated Person(s) will be regarded as a serious matter and shall result in disciplinary action. In addition, most countries' legislations impose a strict liability and, in some cases, even criminal liability on Designated Person(s) and directors, that fail to prevent bribery within their business.
- e. This ABAC Policy constitutes a minimum standard that must be complied with in all countries of the Company's business and operations. These minimum standards are applicable to the Company even when this ABAC Policy is stricter than the anti-bribery and anti-corruption laws that are applicable in any country - including both applicable local laws and laws with extra-territorial application. However, when the applicable anti-bribery and anti-corruption laws are stricter than this ABAC Policy, such laws must be complied with.
- f. The guidelines in this ABAC Policy should be read in conjunction with:
 - i. Tata Code of Conduct (TCOC);
 - ii. The Whistle-blower Policy;
 - iii. Gifts and Hospitality Policy,
 - iv. Any guidance published pursuant to this ABAC Policy;
 - v. Any other relevant policies as may be implemented from time to time.

IV. DEFINITIONS

- a. ***Bribery***
Bribery includes the offer, promise, giving, demand or acceptance of an undue advantage as an inducement for an action which is illegal, unethical or a breach of trust. Bribes often involve payments (or promises of payments) but may also include anything of value - providing inappropriate gifts, hospitality and entertainment, inside information, or sexual or other favours; offering employment to a relative; underwriting travel expenses; abuse of function; or other significant favours. Bribery includes advantages provided directly, as well as indirectly through an intermediary. Bribery also includes any attempt to do any of the foregoing.
- b. ***Corruption***
Corruption includes wrongdoing on the part of an authority, or those in power, through means that are illegitimate, immoral, or incompatible with ethical standards. It is usually designed to obtain financial benefits or other personal gain. For example, bribes offered or promised in the form of money, a privilege, an object of value, an advantage to exert improper influence on decisions of an individual in his official capacity.
- c. ***Gift, Hospitality and Entertainment***
A gift is anything of value and would encompass any gratuitous monetary or non-monetary benefit. It includes tangible items such as cash, precious metals and stones, jewellery, art, and any of their equivalents, and intangible items such as discounts, services, loans, favours, special privileges, advantages, benefits and rights that are not available to the general public.

Hospitality generally includes refreshments, meals, travel and accommodation. Entertainment generally includes vacation, trips, use of recreational facilities, ticket or pass for plays/concerts/sports events. Hospitality and entertainment may also qualify as a gift unless they fall within reasonable bounds of value and occurrence.

d. **Public Official / Foreign Public Official**

A “Public Official” would include the following:

- i. any person holding a legislative, executive or administrative office of the government, or acting in the official capacity for or on behalf of a legislative, executive, or administrative office of the government, whether appointed or elected, whether permanent or temporary, whether paid or unpaid;
- ii. any person in the service or pay of the government or of a corporation established by or under a central, provincial or state statute, or an authority or a body owned or controlled or aided by the government or a government company or is remunerated by the government by fees or commission for the performance of any public duty;
- iii. any judge, including any person empowered by law to discharge, whether by himself/herself or as a member of any body of persons, any adjudicatory functions;
- iv. any person authorised by a court of justice to perform any duty, in connection with the administration of justice, including a liquidator, receiver or commissioner;
- v. any person who performs a public duty, including for a public agency or public enterprise, or provides a public service, as defined in the domestic law of the country and as applied in the pertinent area of law;
- vi. any elected or appointed officers or employees of public international or multilateral organizations, such as the United Nations; and
- vii. any other person who is considered as public official according to applicable laws and regulations.

A “**Foreign Public Official**” broadly includes the “Public Officials” mentioned above who are not under the domestic jurisdiction (country of operation of the Company). The definition of “Foreign Public Official” is subject to the definition prevalent in local regulation applicable.

e. **Facilitation payment or kickbacks**

“Facilitation Payments” are unofficial payments made to Public Officials in order to secure or expedite the performance/ non-performance of a routine or necessary action. They are sometimes referred to as ‘speed’ money or ‘grease’ payments or ‘good-will money’. The payer of the facilitation payment usually already has a legal or other entitlement to the relevant action. “Kickbacks” are typically payments made in return for a business favour or advantage.

f. **Third party**

The term “third party” includes any individual or organization, who/which comes into contact with the Company or transacts with the Company, and also includes actual and potential clients, vendors, consultants, retainers, agents, advisors, distributors, business associates, partners (including academic institutions), contractors, suppliers or service providers who work for and on behalf of the Company.

g. **Relevant Regulation**

We uphold all laws, relevant to countering bribery and corruption, as applicable to us in the conduct of our business across all the jurisdictions in which we operate including India. Further, different statutes adopt different yardsticks to determine whether a particular act or omission is an offence thereunder. The key aspects of Prevention of Corruption Act,

1988, as applicable to the Company, is provided as “Relevant Regulation” under Annexure A.

V. GENERAL PRINCIPLES

Tata Securities Limited is committed to establishing and maintaining necessary policies, procedures and a system of internal controls to mitigate risks relating to bribery and corruption and to communicate the channels available to stakeholders to report concerns.

a. Gifts, Entertainment and Hospitality

- i. Gifts, entertainment, and hospitality may be acceptable if they are reasonable, made in good faith and in compliance with the Company's policies inclusive of the TCOC, Company's Gifts & Hospitality Policy, and various advisories issued from time to time under the foregoing. Any doubts in this regard should be clarified with the Company Ethics Counsellor or the Compliance Officer.
- ii. No Designated Person(s) should accept or solicit any personal benefit from anyone in the course of Company's business or employment in a manner that might compromise or appear to compromise their objective assessment relating to such business or employment.
- iii. Designated Person(s) are prohibited from offering gifts or granting favours outside the ordinary course of business to current or prospective customers, their employees or agents or any person (including but not limited to Public Officials) with whom the Company or its business associates have a contractual relationship or intend to negotiate an agreement.
- iv. Each Designated Person must familiarize themselves with Company's Gift and Hospitality Policy and is required to be in compliance with the specific guidelines set out in the said Policy, including in relation to maximum values permitted.

b. Facilitation Payments or Kickbacks

- i. Any Facilitation Payments and kickbacks are inappropriate payments, and any such payment during the course of Company's business or employment is strictly forbidden.

c. Interaction with Customers

- i. Where a Designated Person(s) is responsible for relationships with customers, she/he may entertain customers for bona-fide purposes only in accordance with Company's Gifts & Hospitality Policy. Records of such entertainment should be maintained as per the Gifts & Hospitality Policy.
- ii. In the normal course of business, discounts and rebates are offered to customers in both the private and public sectors. While this is common industry practice, the wide variety of arrangements and the relative complexity of some of them creates a degree of risk that such arrangements could be used to disguise improper inducements to individual customer representatives (for example, selective dissemination of the fact that free products are being provided), and consequently great care needs to be exercised in the deployment of such arrangements.

- d. **Use of Third Party Agents, Consultants and other Intermediaries**
- i. Our Company may be held responsible for bribes paid on its behalf by third parties, with severe and often irreparable consequences, even if our Company did not authorize these payments. Therefore, it is critical that we are careful in the selection of third parties, who will be representing our company or acting on our company's behalf.
 - ii. All dealings with third parties shall be carried out with the highest standards of integrity and in compliance with all relevant and applicable laws and regulations. Designated Person(s) must follow our Company's processes and adhere to the system of internal controls. Third party selection should never be based on receipt or expectation of a gift, hospitality, payment or favour of any kind or manner.
 - iii. The following should be kept in mind prior to engaging a third party:
 - Appropriate due diligence is conducted and properly documented.
 - Appropriate anti-bribery and anti-corruption provisions in addition to TCOC and relevant policies are incorporated in the contracts, including the right to audit, as well as a clause on termination, if the partner/party fails to abide by the anti-bribery and anti-corruption terms.
 - Formal written commitment is sought from the third party to ensure compliance to these standards.
- e. **Government Interaction**
- i. Doing business with the government is highly regulated and typically follows stricter rules than those in the commercial marketplace. If you work with government officials or a government-owned (or partially owned) company, you have a special duty to know and comply with applicable laws and regulations, adhere to the highest standards of integrity and avoid even the appearance of impropriety. Our Company may interact with the government, government officials and government agencies in multiple forms, such as: for seeking statutory or regulatory approvals, as a supplier, as a customer, etc. Designated Person(s) should always be truthful, accurate, co-operative and courteous while representing our Company before any government, government officials and government agencies.
- f. **Political, Community or Charitable Contributions and Sponsorships**
- i. Section I, Clause 1 of the TCOC states: "We shall act in accordance with the constitution and governance systems of the countries in which we operate. We do not seek to influence the outcome of public elections, nor to undermine or alter any system 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 we do not offer or give any company funds or property or other resources as donations to any specific political party, candidate or campaign."
 - ii. Any financial contributions considered by our Board of Directors in order to strengthen the democratic system of governance through a clean electoral process shall be extended only through the Progressive Electoral Trust in India, or by a similar transparent, duly authorised, non-discriminatory and non-discretionary vehicle outside India.

- iii. Designated Person(s) are not allowed to make political contributions from the funds, properties or other resources of our Company except political contributions approved by the Board in accordance with the TCOC and in compliance with applicable law.
 - iv. Our Company may make charitable donations for humanitarian needs and other factors, including emergency situations and disaster relief. Such contributions must be made in compliance with our Company's Corporate Social Responsibility Policy ("**CSR Policy**"). However, it is important that we exercise reasonable caution when making donations, such that the donations made shall be without any demand or expectation, so as to ensure that our donations would not be considered inducements in any form or manner. Thus, contributions by the Company to community projects or charities need to be made in good faith and in compliance with our TCOC, this ABAC Policy and all other relevant policies and procedures, as updated from time to time.
 - v. Before making such a contribution, the Designated Person(s) should ensure that:
 - Such charitable contributions are not dependent on, nor made to secure, a business deal.
 - The contribution is always made to the charity and not to any particular individual, except where donations or grants are provided directly to affected victims of natural disasters, pursuant to our Company's CSR policy.
 - Contributions should be given to entities where the end use of the contribution is known and/or controlled.
 - Contributions should only be made to charitable organisations which are registered under the applicable laws of the country.
 - As far as possible, background checks on the charitable organisations should be carried out in all cases, especially to ensure that the charity does not act as a conduit to fund illegal activities in violation of anti-money laundering laws, anti-terrorism laws and other applicable laws.
 - Only such charitable contributions shall be made that are legal and ethical under the local laws and practices.
 - vi. Sponsorships are closely allied to the various types of community / business activities undertaken by our Company. These could range from sponsoring educational scholarships to local sports teams. Any sponsorship must be for genuine business or charitable objectives without any element of quid pro quo. Any such sponsorship must be transparent, duly approved, properly documented and duly reported as per our Company's CSR or any other applicable policy.
- g. **Mergers and Acquisitions, Joint Ventures, Partnerships**
- i. Our Company will undertake appropriate and reasonable due diligence regarding compliance with anti-bribery and anti-corruption procedures, and on the reputation and integrity of any business in which it makes investments.
 - ii. Our Company, when it is acquiring a potential target or entering into a joint venture or partnership or similar business arrangement, will extend the Tata Code of Conduct and relevant policies to such business units, train employees of such business units, re-evaluate third parties under company standards and where appropriate, conduct audits on such business units.
- h. **Books, Records, and Internal Control Requirements**
- i. Accurate and complete recordkeeping is essential to the successful operation of our Company, as well as to our ability to meet our legal and regulatory obligations. Each Designated Person(s) has a responsibility to be accurate, complete and honest in

what they report and record in all internal and external documents of our Company, including but not limited to the accounting records, timecards, expense reports, invoices, payroll records, safety records, business records, performance evaluations, contracts, etc.

- ii. All business units and entities must maintain an effective system of internal control and monitoring of our transactions. Certain monitoring controls are identified in our policies, specifically regarding approval of travel and entertainment expenses.
- iii. Our records management and retention policies ensure to maintain the records required to meet legal, tax and regulatory requirements and securely dispose off records that are no longer needed or are beyond the statutory retention period.
- iv. Designated Persons who see or suspect financial misconduct should notify their supervisors immediately, and contact the Compliance Officer.

VI. RESPONSIBILITIES

a. Audit Committee / Board of Directors

- i. The Audit Committee/ Board of Directors of the Company ("**Board**") shall have oversight of governance and compliance with this ABAC Policy. Aggravated cases of breach of this ABAC Policy shall be escalated immediately to the Audit Committee or Board.
- ii. The Audit Committee / Board will monitor the effectiveness and review the implementation of this ABAC Policy, considering its suitability, adequacy and effectiveness.

b. Compliance Officer

- i. The Company shall, from time to time, designate an employee of adequate seniority, competence and independence as the Compliance Officer to ensure compliance with the provisions of this ABAC Policy and the same shall be notified to the Designated Person(s).
- ii. Compliance Officer should ensure that regular and relevant on-going training and awareness sessions are made available to Designated Person(s) in relation to this ABAC Policy.
- iii. All reports, complaints, doubts or concerns in relation to this ABAC Policy shall be raised to the Compliance Officer. Any query, concerns or complaint received by any Designated Person(s) including Company Ethics Counsellor regarding bribery or corruption issue should be promptly reported to the Compliance Officer.
- iv. Every query or concern raised in relation to any suspected violation of this ABAC Policy shall be reviewed/investigated by the Compliance Officer. Any action required to be undertaken shall be taken by the Compliance Officer in accordance with this ABAC Policy.
- v. The Compliance Officer shall have a functional reporting to the Designated Director (as defined below) and shall submit quarterly compliance reports to the Designated Director.

- vi. The following directors/employees are the Designated Directors/Compliance Officers for the purpose of this Policy:

Name of the Company	Compliance Officer	Designated Director
Tata Securities Limited ("TSL")	Mr. Vivek D'souza	Chairman of the Board

c. Designated Person(s)

- i. Designated Person(s) should familiarise themselves with this ABAC Policy and other policies, procedures and controls like Gifts and Hospitality through participation in training sessions made available or guidelines issued by the Company from time to time.
- ii. Designated Person(s) must comply with this ABAC Policy and ensure that our Company's procedures and measures to mitigate ABAC risks are upheld and strengthened. If in doubt whether an act would breach this ABAC Policy, take a step back and ask oneself the following for the contemplated action:
 - What is the intent – will this act be perceived as taking or giving undue advantage?
 - How would it look if these details were on the front page of a major newspaper or social media?
- iii. Whenever faced with a doubt on this ABAC Policy, or about any act that can be perceived to be a potential breach of this ABAC Policy, the Designated Person(s) shall consult Compliance Officer or Ethics Counsellor.
- iv. Designated Person(s) are required to ensure that all expense claims relating to hospitality, gifts, charitable donations or payments made to third parties are submitted in accordance with applicable policies and that all such expense claims specifically record or state the reason for such expenditure.
- v. Designated Person(s) who are in managerial positions shall ensure that their team members are familiar with this ABAC Policy and other related policies herein. They shall guide and ensure that the guidelines in this ABAC Policy are upheld and adhered to by their team members and the third parties working with them.
- vi. It will be the duty of each Designated Person(s) to report any non-compliance or any Red Flag indicators (Refer Annexure B) noted so that necessary action can be taken by the Company promptly to mitigate the risks and other consequences arising therefrom.
- vii. Designated Person(s) shall provide full cooperation for any enquiry or investigation conducted or to be conducted by the Company for potential violation of this ABAC Policy.

VII. COMMUNICATION AND TRAINING

- a. Regular training and awareness sessions shall be made available in relation to this ABAC Policy, obligations of Designated Person(s), company procedures and measures. The

details of Company's whistleblowing procedures will be disseminated throughout the Company on a regular basis.

- b. Training will be conducted either on-line or in-person or a combination of both and will be administered by the Compliance Officer. The training will be required to be completed within a specified timeframe. The Designated Persons must not treat these training programs as a 'one- time' event and Designated Persons are expected to keep themselves up to date by undergoing repeat training at regular intervals or each time a training program is updated.
- c. Our Company may also extend training programs to third parties, if it is envisaged that the work profile allocated to them carries a significant risk as per this ABAC Policy.

VIII. REPORTING OF CONCERNS AND INVESTIGATIONS

1. Every Designated Person(s) is encouraged to raise concerns about any bribery issue or any case of corrupt practice or any breach of this ABAC Policy or applicable ABAC law at the earliest. If they are unsure whether a particular act constitutes bribery or corruption or if they have any other queries, these should be raised with their respective reporting manager and the Compliance Officer. Concerns/queries should be addressed to the respective Compliance Officers at the following email addresses:

Name of the Company	Compliance Officer	Email address
TSL	Mr. Vivek D'souza	abactsl@tatacapital.com

- a. Designated Person(s) may also raise concerns or queries to the Ethics Counsellor through 'Raising Concerns' mechanism under the TCOC or through the company's 'Whistle-blower Policy'. Our Company's 'Whistleblower Policy' is available on the company Intranet
- b. No personnel who in good faith, reports a violation of this ABAC Policy shall suffer any harassment, retaliation or adverse employment consequences.
- c. For the reported concern(s) of potential or actual violation(s) of this ABAC policy, the Compliance Officer shall take appropriate steps such as:

Investigation:

- i. Enquiry or investigation of the reported concern for potential violation of this ABAC Policy shall be conducted by or with oversight of the Compliance Officer. The objective of such enquiry or investigation would be to determine the facts.
- ii. Each Designated Person shall co-operate with the investigation team and promptly respond to all requests for information.
- iii. All investigations shall follow principles of natural justice and shall ensure that the relevant Designated Person(s) are provided with an opportunity to make their case before the investigation team.
- iv. Experts with the right knowledge and skills may be appointed to investigate the reported concern.

- v. The investigation process and the report should be kept confidential and shall be shared only with such persons who have a “need to know” under applicable law or Company’s standard investigation process.

Corrective Action: If necessary, corrective actions shall be prescribed or suggested to appropriate managers, officers and employees for implementation.

Disciplinary Action: The Compliance Officer after considering inputs from relevant stakeholders shall recommend appropriate disciplinary action, including but not limited to suspension and termination of service of such a defaulting Designated Person(s). The Compliance Officer shall also recommend if the violation is potentially criminal in nature and should be notified to the relevant authorities under applicable law. In the event of criminal or regulatory proceedings, the Designated Person(s) shall co-operate with relevant authorities. Depending on the nature and scale of default the Compliance Officer may also recommend to the Board to commence civil and/or criminal proceedings against such Designated Person(s) in order to enforce remedies available to the Company under applicable laws.

IX. PENALTIES

- a. Any violation of this ABAC Policy by a Designated Person(s) will be regarded as a serious matter and shall result in disciplinary action, including but not limited to termination of employment, consistent with applicable law and the employee’s terms of employment.
- b. Bribery is a criminal offense. Designated Person(s) will be accountable whether they pay a bribe themselves or if such Designated Person(s) authorizes, assists, or conspires with someone else in contravention to the anti-bribery and anti-corruption laws. Punishments for violating the law against an individual includes imprisonment, probation, and monetary fines (which will not be paid by the Company). For example, punishment under the PCA ranges between 3 years and 7 years, along with a fine (There is no limit on the maximum fine payable).

X. AMENDMENT OF ABAC POLICY

Our Company reserves the right to vary and/or amend the terms of this ABAC Policy from time to time.

ANNEXURE A - RELEVANT REGULATION

The Prevention of Corruption Act, 1988 ("PCA") and many other Anti-Bribery and Corruption (ABAC) laws and regulations around the world make it clear that bribery and corruption is prohibited and illegal. Violation of these regulations lead to fines, penalties, reputational damage, and in some cases criminal liability. The key provisions of PCA have been summarised below. For more information on these regulation and prevalent regulation(s) in the geography of operations, it is advisable to refer to the relevant government websites or seek guidance from legal experts.

I. Prevention of Corruption Act, 1988 , India

The Prevention of Corruption Act, 1988 was enacted to prevent corruption in government departments and to prosecute and punish public servants involved in corrupt practices. An amendment was enacted (Amendment Act) and brought into force on 26 July 2018.

The Amendment Act provides that any public servant who obtains or accepts or attempts to obtain from any person, any 'undue advantage', either for himself or for any other person, with the intent to perform or cause performance of public duty improperly or dishonestly or to forbear or cause forbearance to perform such duty, shall be punishable with imprisonment for a minimum term of 3 (three) years and maximum of 7 (seven) years and shall also be liable to fine. The Amendment Act has defined 'undue advantage' to mean any gratification (not limited to pecuniary gratifications or to gratifications estimable in money), other than legal remuneration.

As per the Amendment Act, giving an undue advantage by a person to a public servant is considered an offence punishable with imprisonment upto 7 (seven) years or fine, or both. However, if a person is forced / coerced to give an undue advantage but reports the same to the concerned authority within 7 (seven) days of doing so, he shall not be liable for the same.

The Amendment Act prescribes the offence relating to bribing a public servant by a commercial organisation, wherein a commercial organisation has been defined to include not just a body or partnership incorporated and carrying on business in India, but also a body or partnership incorporated or formed outside India but carrying on business in India. The Amendment Act has a specific provision for offences committed by commercial organisations and persons associated with it. It provides that if a commercial organisation commits any of the offences listed out in the PC Act, then every director, manager, secretary or other officer with whose 'consent or connivance' the offence was committed, is to be made liable as specified under the PCA.

ANNEXURE B - RED FLAG INDICATORS

While an exhaustive list cannot be provided, set out below are indicative questionable transactions or situations that Designated Person(s) should be careful about – which, when appearing together or individually, should raise a 'Red Flag' to the Reporting Manager or the Compliance Officer:

- i) A contract requires the use of a third party consultant where the third party's principal or owner is a government official;
- ii) The business lacks qualifications or resources i.e. the potential business partner does not appear capable of performing the services being offered. Sham service contracts, under which corrupt payments are disguised using a consulting agreement or other arrangement are typical modalities for indulging in bribery or corrupt activities;
- iii) Any potential partner who provides guarantees of success or claims to have the ability to obtain licenses or other government approval without providing a description of a legitimate manner by which those goals will be accomplished;
- iv) Transactions involving unusual payment patterns or financial arrangements. Accordingly, a request to pay unusually high commissions is a warning sign of possible corruption. A request to deposit commissions in multiple bank accounts, perhaps in offshore banks, also justifies additional scrutiny;
- v) A potential third party who refuses to accept an ABAC or anti money laundering clause in the proposed contract;
- vi) Based on pre-acquisition due diligence, it becomes apparent that the potential counterparty has a reputation for offering bribes or violating other laws or indulging in unusually structured transactions;
- vii) Inflated payouts to, or questionable role in the project of potential counterparty or its affiliate;
- viii) A proposed third party resists or fails to provide details of parentage or has undisclosed principals, associates or subcontractors with whom it splits fees;
- ix) A third party counterparty refuses access to its books and records where requested under the proposed contract.
- x) A Public Official suggests, requests, urges, insists, or demands that a particular third party, company, or individual be selected or engaged, particularly if the official has discretionary authority over the business at issue.
- xi) The third party insists on dealing with government officials without the participation of the Company.
- xii) The fee, commission, or volume discount provided to the third party is unusually high compared to the market rate.
- xiii) Third party has a reputation for paying bribes, or requiring that bribes be paid to them, or has a reputation for having a "special relationship" with government officials.