

# TCNS Anti Bribery and Anti Corruption Policy

## I- Policy Statement and Purpose

- (A) TCNS Clothing Co. Limited hereinafter called “TCNS” is committed to doing business with integrity and transparency and has a zero-tolerance approach to non-compliance with this anti-bribery and anti - corruption policy hereinafter referred to as the “Policy”.
- (B) TCNS prohibits bribery and any form of improper payments / dealings in the conduct of business operations.
- (C) TCNS is committed to ensuring compliance with all applicable anti-bribery and anti-corruption laws in all jurisdictions where it operates.
- (D) TCNS always encourages raising of genuine concerns pertaining to bribery related issues or functioning of ABMS, while assuring confidentiality, and without the fear of retaliation.
- (E) The Ethics Officer as nominated under this policy plays the role of an independent Anti-Bribery Compliance Function with direct access to the Audit Committee/ Board of Directors of TCNS.
- (F) TCNS, its employees and its business partners shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business and shall participate in efforts to eliminate such forms of an ‘illicit payment’, bribery, fraud and corruption. TCNS is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates, and to implementing and enforcing effective systems to counter bribery. This includes compliance with all laws, domestic and foreign, prohibiting improper payments, gifts or inducements of any kind to or from any person, including officials in the private or public sector, customers and suppliers. TCNS is equally committed to the prevention, deterrence and detection of bribery and other corrupt business practices.
- (G) 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, offers or receives a bribe.
- (H) TCNS shall comply with all laws relevant to countering bribery and corruption applicable to us in the conduct of our business across all the jurisdictions in which we operate including, wherever applicable, the U.S Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act (“UKBA”) and the Indian Prevention of Corruption Act, 1988 (“PCA”). Different statutes adopt different yardsticks to determine whether or not a particular act or omission is an offence thereunder; thus an act may be an offence under one statute, but not under another. The FCPA makes it a federal crime for companies or individuals to bribe government

officials in non-U.S. countries in order to obtain or retain business, or to secure improper business advantages. The FCPA also requires public companies or issuers (U.S. and non-U.S companies that trade securities on a U.S. stock exchange), to keep accurate books and records, and to have an adequate system of internal financial and accounting controls. The UKBA prohibits bribery in both, the public and private sectors. Under the PCA, bribery of government officials and agents, whether directly or indirectly, is strictly prohibited.

(I). In addition to the PCA, the following laws in India also presently apply to offences relating to or resulting in corruption and bribery and resolutions available in case of occurrence of corruption or bribery:

- i) Indian Penal Code, 1860 (“**IPC**”);
- ii) Prevention of Money Laundering, 2002;
- iii) Central Vigilance Commission Act, 2003;
- iv) Lok Ayukta Acts of various states.

(J) The purpose of this Policy is to ensure that TCNS sets up adequate procedures in order to prevent TCNS’s involvement in any activity relating to bribery, facilitation payments or corruption, even where the involvement may be unintentional. It requires employees, directors, and officers of the TCNS, business partners and third parties subject to this Policy to:

- recognize questionable transactions, behaviour or conduct;
- be alert to warning signs in relation to bribery and corruption;
- report actual or suspected violations of this Policy;
- report any evidence that an agreement or arrangement with a third party lacks business integrity;
- report any direct or indirect approach that involves any activity relating to bribery or corruption;
- co-operate with any investigation or audit activities relating to matters covered by this Policy; and
- Otherwise fully comply with and follow procedures set in place to deal with such behaviour or conduct.

(K) The guidelines in this Policy supplement the TCNS Code of Conduct and should be read in conjunction with:

- a) TCNS Code of Conduct;
- b) The TCNS Whistle blower Policy and Vigil Mechanism;
- c) Any other relevant policies implemented or as may be implemented from time to time.

## **II. SCOPE, APPLICABILITY AND ETHICS OFFICER**

- (A) This Policy is applicable to our Company. TCNS shall require adoption of this Policy to the Boards of its subsidiaries, holdings, associates and joint ventures if any.

This Policy is applicable to:

1. All individuals working at all levels and grades, including directors, officers, other employees, workers, trainees, interns, casual workers (whether permanent, fixed-term or temporary) hereinafter called "**TCNS Personnel/ Employees**"
2. All business partners, third parties including consultants, contractors, vendors, suppliers, and agency staff, agents, the respective employees or any other person associated with our TCNS; and such other persons, including those acting on behalf of our TCNS hereinafter called "**Business Partners**" / "**Third Parties**"

(All of the aforesaid being collectively referred to as "**Designated Persons**").

- (B) Designated Persons are responsible to comply with this policy and ensure that TCNS's procedures and measures to combat bribery and corruption risks and threats are upheld and strengthened. Whenever faced with a doubt on the applicability of this policy, or if an act could be perceived to be a breach of this policy, they should consult the Ethics Officer or respective Head of the Department or Chief Human Resource Officer, or the Chief Financial Officer/ Chief Compliance Officer.
- (C) The TCNS shall, from time to time, designate an employee of sufficient seniority, competence and independence as the compliance officer to ensure compliance with the provisions of this Policy hereinafter called as the "**Ethics Officer**" and the same shall be notified to the Designated Persons. The Chief Financial Officer has been designated as the Ethics Officer. All reports, complaints, doubts or concerns in relation to matters covered by this policy should be raised by the relevant Designated Persons to Ethics Officer. Every query or concern raised by any Designated Person in relation to any suspected violation of this Policy shall be investigated by the Ethics Officer.
- (D) Even if some conduct is permissible under the rules and regulations of the jurisdiction concerned, if it contravenes this Policy, the provisions of this policy shall prevail and be followed by the persons to whom this Code applies. Conversely, even if some conduct is permissible under this policy, but if it contravenes the rules and regulations of the jurisdiction concerned, such rules and regulations shall prevail and be followed by the persons to whom this policy applies.

### **III. Definitions**

#### 1. 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 lavish/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. This Policy prohibits Designated Persons from giving bribes not only to any public/government official but also to any private individual. Bribery in any form will not be tolerated.

#### 2. Corruption

**“Corruption”** includes wrong doing on the part of an authority, or those in power, through means that are illegitimate, immoral, or incompatible with ethical standards, such as misuse of public office or power for private gain or misuse of private power in relation to business outside the realm of government

**Corruption** can take place in many types of activities. It is usually designed to obtain financial benefits or other personal gain. For example, bribes are intended to influence behaviour - they could be in the form of money, a privilege, an object of value, an advantage, or merely a promise to influence a person in an official or public capacity. Usually, two people are involved and both would benefit. Examples of a bribe include offering or receiving of cash in the form of a kickback, loan, fee or reward, or giving of aid, donations, or voting designed to exert improper influence.

The areas of business where corruption, including bribery, can most often occur include:

- a. Gifts, Entertainment and Hospitality.
- b. Facilitation Payments.
- c. Procurement Process.
- d. Political, Community or Charitable Contributions.
- e. Improper Performance of Duties.
- f. Favours Regarding Recruitment Opportunities.

Illustration: For instance

1. Mr. X, an employee accepts a vacation package as a gift from a vendor, then purchases more than what the business needs from the vendor as a favour.
2. Mr. X, a recruiter in HR department giving preference to an unqualified candidate to appoint in Company as a favour against the dinner offered by such candidate.

### 3. Public Official (Government Official or Public Servant)

In the Indian context, a public official would include (but not be limited to) the following:

- a) any person holding a legislative, executive or administrative office of the government (domestic or foreign), or
- b) acting in the official capacity for or on behalf of a legislative, executive, administrative office of the government (domestic or foreign), whether appointed or elected, whether permanent or temporary, whether paid or unpaid, irrespective of that person's seniority.
- c) 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 TCNS or is remunerated by the government by fees or commission for the performance of any public duty.
- d) 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,
- e) 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 appointed by such court.
- f) 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; and
- g) any other person defined as a "**public official**" under the domestic law.

4. "**State**" means all levels and subdivisions of governments (i.e., local, regional, or national and administrative, legislative, or executive).

### 5. Foreign public official

Under non-Indian anti-bribery and anti-corruption laws, what constitutes a "**foreign official**" or "foreign public official" is interpreted broadly and includes officials from all branches of government, as well as public international organizations, regardless of whether the official is a paid or unpaid employee. The term also includes political parties, party officials, and candidates for public office. Further it includes employees or agents of state-owned or state-controlled enterprises and means any person acting in an official capacity on behalf of any government department, agency, instrumentality, or corporation, family members of the official, as well as a political party official or any candidate for political office.

#### 6. Business Partner

“**Business Partner**” includes any person or organization which, transacts with or enters into any arrangement with TCNS, its authorised employees and includes customers, suppliers, job workers, landlords / lessors, service contractors, intermediaries, consultants, representatives, subcontractors, agents of any nature, advisers, business development agents, joint venture partners, co-investors, licensees, brokers, lawyers, accountants, tax advisors and liaisoning agencies.

#### 7. Gifts

“**Gifts**” means anything of value offered to or received by an individual or members of their family. Gifts include cash and non-cash items, some examples of which are: artwork, watches, jewelry, equipment, preferential discounts, loans, favourable terms on a product or service, business or employment opportunities, services, prizes, donations to charities, transportation, use of another TCNS’s vehicles, use of vacation facilities, stocks or other securities, participation in stock offerings, home improvements and tickets and gift certificates.

#### 8. 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. Facilitation Payments are often involved in obtaining non-discretionary permits, licenses or other official documents, expediting lawful clearances, permissions business licenses etc. whether or not such actions are connected to the award of new business or the continuation of existing business.

#### 9. Third party

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

#### 10. Improper performance

Improper performance means breach of an expectation that a person will act in good faith, impartially or in accordance with a position of trust amounts to improper performance. This would also include obtaining,

agreeing to receive, accepting, or attempting to obtain, an undue advantage for acts to be performed properly.

#### 11. Immediate Family

Immediate Family means spouse, mother, father, son, daughter, brother, sister or any of the step-or in-law relationships, whether established by blood or marriage.

### **IV DUTIES AND OBLIGATIONS UNDER THE POLICY**

1. No Designated Personnel or immediate relative shall directly or indirectly accept or provide, offer, promise or authorize the payment of anything of value, including Gifts or Entertainment in order to bias a decision, or to obtain, or keep business or to secure some other improper advantage for TCNS.
2. All Designated Personnel shall ensure that he / she reads, understands, and complies with this Policy. They should always, avoid any activity that might lead to, or suggest, a breach of this policy. The prevention, detection and reporting of any form of bribery and corruption are the responsibility of all TCNS Personnel. TCNS personnel shall report, if they are offered a bribe, are asked to give one, suspect that this may happen in future, or believe that they are a victim of any other form of unlawful activity or are aware of any Bribe paid or received by any colleague or Third Party or believe indulgence in any form of corruption.
3. This Policy strictly prohibits soliciting or accepting a bribe or kickback of any kind, or any other kind of improper payments including facilitation payments. A facilitation payment is a payment to secure or expedite a routine government action by an official. All facilitation payments and kickbacks are corrupt payments, and any such payment in the course of our TCNS's business is strictly forbidden.
4. No Designated Personnel should directly or indirectly accept or provide, offer, promise or authorize the payment of anything of value, including gifts or entertainment in order to bias a decision, or to obtain, or keep business or to secure some other improper performance from any TCNS Employee which may hamper the business or goodwill of TCNS directly or indirectly.
5. TCNS personnel shall ensure that they and members of their Immediate Family do not, provide, solicit or accept cash or its equivalent, Entertainment, favors, Gifts or anything of substance to or from competitors, vendors, suppliers, customers or Business Partners that do business or are seeking to do business with TCNS, to secure any improper advantage. Loans should not be accepted from any persons or entities having or seeking business with TCNS except recognized financial

institutions. As per the TCNS Code of Conduct and applicable policies, acceptance of gifts by employees and their immediate relatives from any third parties is absolutely prohibited. Gifts, entertainment, and hospitality may be acceptable if they are reasonable, made in good faith and in compliance with the TCNS's existing gift policy. This policy does not prohibit providing or accepting items of nominal value, refreshment or casual meal of a customary nature. However, the key determining factor for appropriateness of the gift or hospitality and / or its value for accepting a gift be based on facts and circumstances under which such gift or hospitality is provided and shall be governed by the Code of Conduct and Gift Policy of the TCNS.

6. Designated Persons are not allowed to make political contributions from the funds, properties or other resources of our TCNS except political contributions approved by the Board in accordance with the TCNS Code of Conduct and in compliance with applicable law.
7. TCNS Personnel must follow the TCNS's processes and adhere to the system of internal controls around supplier selection. Supplier selection should never be based on receipt of a gift, hospitality or payment. While doing a supplier selection structured invitation process for the supply of products or services and documentation supporting our internal controls shall be maintained TCNS Personnel must familiarise themselves with our TCNS's procurement processes and must adhere to the same.
8. Where a TCNS Personnel is responsible for relationships with customers, she/he may entertain customers, for bona-fide purposes only in accordance with our TCNS's Policy. 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.
9. TCNS may be held responsible for bribes paid on its behalf by third parties, with severe and often irreparable consequences, even if our TCNS did not authorize these payments. Therefore, it is critical that we are careful in the selection of third parties who act on our behalf or with whom we deal or are otherwise associated. All dealings with third parties shall be carried out with the highest standards of integrity and in compliance with all relevant laws and regulations. We expect all our third parties to share our values and our ethical standards. TCNS employees must ensure that all third parties with whom TCNS personnel deal are aware of the TCNS's policies and expectations with respect to bribery and corruption. Due diligence must be carried out on all third parties with



whom business is conducted by the TCNS. The extent of due diligence should be proportionate to the risk associated with the relevant country and/or activity. All contracts with third parties must be in writing, on commercial terms and be reviewed by the TCNS's legal team.

10. TCNS Personnel shall not, unless mandated under applicable law and our TCNS's Corporate Social Responsibility ("CSR") Policy, offer or give any TCNS funds or property as donation to any government agency or its representative, directly or through intermediaries. However, in the Indian context for example, donation of our TCNS's funds or property to the Prime Minister's Relief Fund or donations towards disaster relief may be permitted pursuant to our TCNS's CSR Policy.
11. The Designated Personnel shall comply with this policy and shall be transparent in all its dealings with government agencies.
12. Sponsorships are closely allied to the various types of community / business activities undertaken by our TCNS. 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 TCNS's CSR Policy.
13. Any conflict of interest, even if it is perceived or potential, must be reported by the Designated Personnel to the TCNS Ethics Officer, respective Head of the Department or Chief Human Resource Officer, or the Chief Financial Officer/ Chief Compliance Officer.

Explanation: for the purpose of this policy conflict of interest shall mean to include a situation in which the impartiality of all the person covered under this policy in discharging his/her/their duties or obligations could be called into question because of the potential, perceived or actual improper and impermissible influence of personal considerations, financial or otherwise.

For an instance:

- a. Mr. X, a recruiter in HR department scheduling an interview of his relative. It is the primary duty of the recruiter to notify to the Company in advance about this fact so that interview may be taken by his colleague in the fair and transparent manner.
  - b. Mr. Y, an employee in purchase/ sourcing department is under an obligation to disclose his relationship with a vendor who is his friend before procuring goods from him.
14. Each Designated Person has a responsibility to be accurate, complete and honest in what he/she reports and records to meet regulatory requirements, as well as in all internal and external documents of our TCNS, including accounting records, expense reports, invoices, payroll records, safety records, business records, performance evaluations, etc. All

Designated Persons must ensure that the TCNS maintains accurate books, records and financial reporting.

15. Designated Persons must undertake awareness sessions or training programmes under this policy when it is offered to them.
16. Every Designated Person shall report any concerns they have about any bribery or kickback issue or suspicion of malpractice or any case of corrupt practice or any breach of this Policy or applicable anti-bribery or anti-corruption law (whether actual or suspected) at the earliest possible stage. If he/she is unsure whether a particular act constitutes bribery or corruption or if he/she has any other queries, these must be raised with the respective Head of Department or the Ethics Officer or Chief Financial Officer/Chief Compliance Officer or Chief Human Resource Officer.
17. Each Designated Person must:
  - a. be alert to warning signs in relation to bribery and corruption;
  - b. report actual or suspected violations of this Policy.
  - c. report any evidence that an agreement or arrangement with a third party lacks business integrity;
  - d. report any direct or indirect approach that involves any activity relating to bribery or corruption; and
  - e. co-operate with any investigation or audit activities relating to matters covered by this Policy.
18. TCNS Personnel should accurately record payments or any other type of compensation made to a Third Party in TCNS's corporate books, records, and accounts.
19. TCNS Personnel should not:
  - a. Establish or use any undisclosed or unrecorded TCNS funds, such as 'off-book' accounts, for any purpose.
  - b. Make false, misleading, incomplete, inaccurate, or artificial entries in TCNS's books and records.
  - c. Use personal funds or third parties, including partners, to circumvent TCNS's procedures and controls, or to accomplish what is otherwise prohibited by this Policy.
  - d. TCNS Personnel should only deal with representatives that they believe are legitimate businesses and that have a reputation for integrity. Signs that a representative is unethical or could be paying a bribe should not be overlooked.
  - e. Transactions that are transparent reduce the risk of a bribe or kickback. TCNS Personnel should make sure that contracts accurately reflect the economics of the agreement. Unusual

arrangements such as side agreements and prepayments may be used to cover up improper payments. If payment terms are confusing, they should be questioned.

## **V. REPORTING MECHANISM**

Designated Personnel including TCNS Employees and Business Partners who are or become aware of or suspect a violation of this Policy and / or anti-corruption laws are under an obligation to report the same to any of the following as

1. Ethics officer by email to [Ethicsofficer@tcnsclothing.com](mailto:Ethicsofficer@tcnsclothing.com) , or
2. Respective Head of Department at their official mail id
3. Chief Human Resource Officer by email at [chro@tcnsclothing.com](mailto:chro@tcnsclothing.com)
4. Chief Financial Officer/ Chief Compliance Officer by email at [investors@tcnsclothing.com](mailto:investors@tcnsclothing.com)

## **VI. DISCIPLINARY ACTION/ PENALTY FOR NON -COMPLIANCE**

TCNS takes the subject of corruption and bribery very seriously. Any violation of this Policy (including a failure to report a breach, co-operate with audit, or perform adequate due diligence) will be regarded as a serious matter and shall result in disciplinary action, including termination, consistent with applicable law and the employee's terms of employment.

Adherence to this Policy shall be monitored within the businesses with support from Chief Human Resource Officer/ Compliance Officer / Ethics Officer. Internal Audit may conduct periodic reviews in accordance with its guidelines.

TCNS Personnel who violate this Policy shall be subject to disciplinary actions which may include one or more of the following:

1. Counselling
2. Formal apology
3. Recovery of financial loss incurred
4. Down-gradation of Designation
5. Reduction in compensation
6. Withholding of Promotion
7. Down-gradation in Grade
8. Voluntary resignation
9. Termination of services

In exceptional cases, as determined by the Ethics Officer or Management, any other penalty may be imposed or appropriate legal action may be taken as per law of land.

Business Partners and Third Parties shall be responsible for acts of their employees and agents. Any business partner or third party that violates this Policy may be subject to the imposition of large fines / penalties as the case may be in addition to the immediate termination of commercial/business relationships with TCNS.

Bribery is a criminal offense. The defaulting Designated Person will be accountable whether she/he pays a bribe herself/himself or authorizes, assists, or conspires with someone else to violate this Policy or an anti-corruption/ anti-bribery law. Punishments for violating the law are against a defaulting Designated Person as an individual and may include imprisonment, probation, and significant monetary fines which will not be paid by the TCNS. For example, punishment under the PCA ranges between 6 months and 5 years, along with a fine. In certain cases of habitual offenders imprisonment could be as high as 7 years. There is no limit on the maximum fine payable.

## **VII PRACTICES TO PROMOTE THIS DOCUMENT**

- a. The Company will circulate the information about this policy document, from time to time, to the concerned persons.
- b. Employees will be reminded of this policy document by their supervisors during their performance evaluations and shall endeavor to provide affirmation of acceptance of terms of this policy
- c. New employees will be trained on this policy document during the orientation. They will be provided with a copy of this policy document, with examples of what should be reported.
- d. The Company shall inform both potential and existing clients about this Policy or any amendments thereof, through upload of this Policy on the Company Website and internal Intranet and portals.
- e. The employees will endeavor to obtain acceptance of terms of this policy from agents, associates, collaborators, lenders, borrowers, customers, suppliers, service providers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors, consultants, and other stakeholders of TCNS while dealing with them.
- f. The Company will endeavor to create a culture whereby employees are encouraged to report instances of bribery or corruption which comes to their knowledge, without any fear of victimization and promote employee awareness of ethical principles subscribed to by the Company.

## **VIII PERIODIC REVIEW AND EVALUATION**

The Managing Director in consultation with the Audit Committee/ Board will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness.

The TCNS reserves the right to vary and/or amend the terms of this Policy from time to time. This Policy shall be reviewed periodically by the Audit Committee/ Board to ensure alignment with the anti-bribery and anti-corruption objectives.