

# **TATA Consultancy Services Limited and it's subsidiary companies**

## **TCS Global Policy - Prevention of Criminal Facilitation of Tax Evasion**

---

## 1. INTRODUCTION

The UK's Corporate Criminal Offence (CCO) for businesses that fail to prevent the facilitation of tax evasion was enacted on 27<sup>th</sup> April 2017 through inclusion in the Criminal Finances Act 2017 and came into force on 30<sup>th</sup> September 2017. The CCO subjects' business entities themselves to criminal liability if they fail to prevent those who act for them, or on their behalf, from criminally facilitating tax evasion. An offence by a corporate entity could result in its criminal prosecution, an unlimited financial penalty, a public record of conviction and potential implications on its ability to trade.

Tata Consultancy Services Limited and its wholly owned subsidiaries (hereinafter collectively referred to as "the **Company**") conducts its business fairly, ethically and in compliance with all applicable laws and regulations in the territories where it operates.

The Company is committed to the prevention of tax evasion and prevention of facilitation of tax evasion, both in its business and in its supply chains. The Company has zero tolerance towards tax evasion and the criminal facilitation of tax evasion.

This Policy sets out the steps that the Company is taking to ensure prevention of criminal facilitation of tax evasion by the Company and/or its associated persons (defined below) in any part of the Company's business and/or its supply chain.

This Policy is applicable in all jurisdictions in which the Company operates, and it applies to all directors, employees, officers, workers, recruitment agencies, consultants, volunteers, business partners, vendors/ suppliers, service providers or any other persons who perform services to the Company, or for or on behalf of the Company directly or indirectly. (Hereinafter referred to as "Associated Persons").

Associated Persons are required to read and comply with this Policy. Failure to comply with this Policy will result in disciplinary action, including dismissal, or termination of the contract between the Associated Person(s) and the Company and other permissible legal steps being taken against the offending party.

This Policy will be reviewed periodically and amended where appropriate to ensure that it is suitable, adequate and effective to address the risk of criminal facilitation of tax evasion.

## 2. OVERVIEW OF TAX EVASION AND CRIMINAL FACILITATION OF TAX EVASION

- 2.1. The offence of tax evasion is defined as an offence of cheating the public revenue or any offence committed or caused to be committed knowingly or taking steps with a view to fraudulently evading tax (tax includes all taxes including social security contributions) whether of the Company, its customers or its Associated Person. This is further defined at Annexure I.
- 2.2. 'Criminal tax evasion facilitation' means being knowingly concerned in or taking steps with a view to facilitating fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, or aiding, abetting, counselling or procuring the commission of that offence.
- 2.3. The Company may be deemed to have committed an offence if:
  - a. Its employees or its Associated Persons on behalf of the Company act as set out in 2.1 and 2.2 above; and
  - b. The Company fails to have in place reasonable procedures to prevent criminal facilitation of tax evasion

## 3. PREVENTING FACILITATION OF TAX EVASION IN THE CONDUCT OF ITS BUSINESS

- 3.1. The Company adheres to the [Tata Code of Conduct](#), which requires all employees to act in compliance with the law and with integrity in accordance with the stated standards of behaviour. All employees sign a deed of acceptance to the Code on their joining as employees of the organization. Related compulsory training is administered as part of the employee induction process, and is updated periodically.
- 3.2. The Company conducts appropriate due diligence checks on all employees, vendors/suppliers etc., who are engaged or employed for, or on behalf of the Company.
- 3.3. A robust Enterprise Compliance Management framework and process has been deployed across the Company. Changes in applicable regulations are tracked on a global basis. A committee at the corporate level oversees and monitors the state of compliance including any compliance risks and issues.
- 3.4. The Company has a comprehensive Risk & Controls Management framework, across the Company's functions, which is reviewed on a regular basis to ensure risk mitigation.

## 4. PROVISIONS APPLICABLE TO ASSOCIATED PERSONS

- 4.1. The Company expects all Associated Persons to comply with the [Tata Code of Conduct](#), the [Supplier Code of Conduct](#) and the principles set out in this Policy, as applicable.
- 4.2. The Company is committed to promoting adherence to laws in spirit and in action amongst all Associated Persons it engages. Accordingly, the prohibitions on facilitation of tax evasion in this Policy apply to all Associated Persons Where Associated Persons are third parties retained by the Company, the following requirements would apply, as further detailed at Annexure II.
  - 4.2.1. Employees should act independently and objectively when engaging third parties.
  - 4.2.2. Due diligence should be conducted on third parties in appropriate cases, including: considering their background and reputation, understanding and documenting the services they will be providing, and determining that they are being paid a reasonable and justifiable amount for services rendered. No third party should be hired if its business conduct is inconsistent with the [Tata Code of Conduct](#) and [Supplier Code of Conduct](#).
  - 4.2.3. Where relevant, the Company's expectations in relation to strict adherence to local laws and compliance should be communicated to the third party; this may involve agreeing contractual prohibitions on facilitation of tax evasion in the dealings of the associated parties in the conduct of Company's business.
  - 4.2.4. There should be appropriate review and monitoring of the activities the third party is undertaking on behalf of the Company.
- 4.3. If an Associated Person is in breach of this Policy, or is found to have facilitated tax evasion in the Company's business, or in its supply chain, the Company will terminate the contract for services of such Associated Person with immediate effect and pursue its legal remedies against the concerned Associated Person.
- 4.4. In addition, many countries have enacted anti-corruption legislations (e.g. Anti-Bribery and Corruption; Anti-Money Laundering, etc.) which impose liabilities on companies, which are involved in direct or indirect illegal payments, including in order to facilitate tax evasion. Thus, the Company may incur criminal and civil liability, as well as reputational damage, where any Associated Person makes unlawful payments to facilitate tax evasion in the course of their work on behalf of the Company. This

exposure can arise even where Associated Person did not themselves authorize any such payment.

- 4.5. It is therefore imperative that all Associated Persons take adequate steps to ensure that improper payments or advantages or arrangements are not offered or made, or solicited or received by themselves or on their behalf or on behalf of the Company.

## 5. TRAINING AND INFORMATION

The Company will provide appropriate awareness (including training) to relevant employees and other Associated Persons who provide services for or on behalf of the Company, in relation to this policy.

If an Associated Person has questions in relation to this Policy, he/she/they may contact the Corporate Taxation office of the Company.

## 6. RAISING CONCERNS

If at any time, anyone is concerned or believes that a particular transaction or activity may amount to criminal facilitation of tax evasion or a breach of this Policy, he/she should immediately report to [corporate.compliance@tcs.com](mailto:corporate.compliance@tcs.com), or raise the concern via the Company's Ethical Grievance reporting portal.

All matters raised will be dealt with in strictest confidence and the reporting person will not suffer any adverse treatment as a result of reporting any genuine concern, raised in good faith, under this Policy. This applies, even if after investigation, he/she is found to be mistaken. If any reporting person believes that he / she has suffered adverse treatment, they should immediately inform the appropriate authority through the Grievance reporting process. For protected disclosures, employees may also refer to the [Company's Whistleblowing Policy](#).

This Policy sets out the minimum standards to help the Company, and Associated Persons prevent, detect and report tax evasion and/ or facilitation of tax evasion. It should be read in conjunction with the [Tata Code of Conduct](#) and other relevant policies issued from time to time.

## ANNEXURE I – TAX EVASION OFFENCE

The criminal offence of tax evasion is committed where an Associated Person (“Person A”) knowingly takes steps to fraudulently reduce the amount of tax that they would otherwise have paid. A person (“Person B”) commits the criminal offence of facilitation of fraudulent tax evasion if they are deliberately and dishonestly concerned in, or take steps with a view to, assisting Person A to fraudulently evade tax.

Both Associated Persons A and B will have committed a criminal offence under the existing law in the UK. The new criminal offence means that the Company would also have committed an offence if Person B criminally facilitated the tax evasion while acting in their capacity as an Associated Person of the Company.

Note that:

- The person who knowingly facilitates tax evasion is as guilty as the person who evades the tax;
- The Company will still be guilty of an offence under the law in the UK even if the facilitation activity is committed overseas, where payment of tax in the UK is evaded;
- If the facilitation activity takes place in UK or concerns a UK company, branch, person or other entity with a view to evading the payment of tax overseas, this will also fall within the scope of tax evasion under the law in the UK;
- Fraudulent tax evasion and the deliberate and dishonest facilitation of fraudulent tax evasion are criminal offences and the Company will, in appropriate circumstances, bring to the attention of the relevant authorities any such activities which it identifies.

For more details, associates can refer to Part 3 of the Criminal Finances Act 2017. Further information on the scope of the offence and the main area of risk is available from the Corporate Taxation office of the Company.

## ANNEXURE II – RETAINING THIRD PARTIES

As stated in Part 'G' of the [Tata Code of Conduct](#) 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.

Parties which have business dealings with the Tata Group but are not members of the Group, such as consultants, agents, sales representatives, distributors, channel partners, contractors and suppliers, shall not be authorized to represent the Company unless they have a written permission from the Company.

Third parties are required to abide by the [Tata Code of Conduct](#) and the [Supplier Code of Conduct](#) in their interaction with, and on behalf of, the Company.

### 1. Assessing the risk presented by third parties

- 1.1. To minimize the risk of third parties of the Company engaging in inappropriate conduct, employees should always take reasonable care in selecting third parties. The choice of selecting third parties should be consistent with quality, reliability, price, service and other legitimate business factors.
- 1.2. All third parties should be appointed on a competitive basis. Third parties should not be solely appointed on the recommendation of customers or government officials. Employees must act independently and objectively when identifying, evaluating or short-listing vendors, evaluating bids, awarding work, or negotiating pricing or commercial terms.
- 1.3. Employees should ensure that all fees and expenses paid to third parties represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the third party. Such fees and expenses must be paid to the third party directly, and accurate financial records of all payments must be kept.

### 2. Third Parties: Risk Mitigation Steps

- 2.1. In relation to the third-party risks, it is appropriate to undertake additional risk mitigation steps. These may include-

- undertaking additional due diligence into anti-corruption and/or facilitation of tax evasion, to verify the third party's reputation and integrity before their appointment.
- inserting appropriate contractual provisions including.:
  - a) a contractual obligation not to facilitate tax evasion or otherwise act in contravention of any applicable local laws;
  - b) a contractual obligation otherwise to adhere to relevant aspects of the Company's Policy for Prevention of Criminal Facilitation of Tax Evasion; and
  - c) a contractual right for the Company to terminate the contract and be indemnified by the third party in the event that the third party breaches the above requirements.
- taking legal advice where appropriate to confirm that the proposed arrangements are legal under all applicable laws;
- providing suitable anti-facilitation of tax evasion awareness to the third party; and/or
- monitoring the activities of the third party.

2.2 Relationships with third parties will be terminated in the event of any breach of the contractual provisions relating to the facilitation of tax evasion.