Policy Number: 17-100

SUBJECT: FOREIGN ECONOMIC BOYCOTTS

Application: Worldwide Strategic Business Units and Subsidiaries

POLICY

Tenneco policy requires that all U.S. corporate entities will comply with United States laws and regulations relating to international boycotts. Foreign entities are required to comply with those anti-boycott laws and regulations that are applicable to them.

GENERAL

The 1977 Amendments to the Export Administration Act and the Tax Reform Act of 1976 and regulations and guidelines adopted by the Commerce Department and the Treasury Department prohibit certain actions in connection with international boycotts and require reporting of certain requests to participate in or cooperate with an international boycott.

1. Commerce Department Prohibitions

   The Export Administration Act Amendments of 1977 and Department of Commerce regulations prohibit a number of specified acts which are regarded as participation in or cooperation with an international boycott. The prohibited acts include taking discriminatory actions or refusing to do business for boycott related reasons and furnishing boycott related information. In order for the Commerce Department prohibitions to apply, the transaction must be in the interstate or foreign commerce of the United States. A transaction between a foreign subsidiary and a person outside the United States involving goods or components acquired from the United States may be regarded as “in United States commerce.”

2. Treasury Department Rules

   a. Tax Penalties - The Tax Reform Act of 1976 and related Treasury Department guidelines provide that a company that participates in or
cooperates with an international boycott is subject to certain tax penalties, including loss of foreign tax credits, loss of foreign tax deferrals and loss of domestic international sales corporation tax benefits with respect to the income from sales to countries participating in the boycott. These tax penalties apply to transactions by both domestic and foreign subsidiaries of U.S. companies regardless of whether the transaction is in United States commerce. There is a presumption that participation in or cooperation with a boycott by a foreign subsidiary may taint a division or an entire corporation with loss of the specified foreign tax benefits for all countries which are involved in the boycott. The presumption may be rebutted if it can be demonstrated that the operation involved is a clearly separate and identifiable operation.

b. Countries Involved in Boycott of Israel - In the case of the Arab boycott of Israel, the United States Treasury Department has determined that the following countries may require participation in, or cooperation with the boycott: Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and the Republic of Yemen. Although Iraq is not included on this list, its status remains under review by the Treasury Department which publishes on a quarterly schedule a list of these countries. Thus, Tenneco generally must report if it or its affiliates do any business in or with any of these enumerated countries. It is important to note that boycott-related requests can arise in transactions involving other countries; therefore, regardless of the nationality of the other party to the transaction, employees should be alert to the presence of language that may constitute a request to participate or cooperate in a boycott.

The anti-boycott laws and regulations are very complex. The Commerce Department and Treasury Department regulations are sometimes not consistent. They include many examples that indicate whether specific circumstances would involve violations of the regulations. Because of the complexity of the regulations, it is important that the Law Department be consulted on all circumstances where the anti-boycott laws and regulations could apply. This includes, among other transactions, any business conducted with the countries enumerated above in (b).

PROCEDURE FOR COMPLIANCE

In order to ensure compliance with the anti-boycott laws and regulations, the following procedure is in effect.

1. Boycott Requests to be Referred for Review

A boycott request may be made verbally or in writing. All boycott requests, whether verbal or contained in the language of any purchase order, contract, letter of credit, letter of instructions, or similar document are to be referred immediately
to the managing director of the business unit or subsidiary or his designated representative prior to taking any action thereon, such as negotiating, making a counter-proposal, accepting, rejecting, booking, confirming, or agreeing to the order or request. Requests or language that include any of the following words and phrases, or variations of them, should be considered boycott related and therefore subject to review under Sections 2 and 3 below.

a. "blacklist"

b. "Israel" or "Israeli" or "Jewish" (except if the customer or supplier is Israeli)

c. "boycott" or "boycott office" or "boycott laws" or "boycott certificate"

d. "comply" with (the laws of boycotting country)

e. (a ship being) "eligible to enter a port of [Country Y]"

f. (an insurance company) "having an agent" in [Country Y]

g. "The goods are not made in [Country X]"

Any other suspicious language should also be referred for review under Sections 2 and 3 below.

2. War Risk Exception

Upon referral, the following two statements or certifications may be approved by the managing director or his designated representative without contacting the Law Department. Any variation from this language must be approved by the Law Department in advance.

a. "the ship (or plane) is not owned or chartered by Israel or a citizen, national or resident of Israel, nor does it fly the Israeli flag."

b. "the ship (or plane) will not stop at any Israeli port while enroute to its destination."

These are referred to as "war risk" exceptions and apply only to the particular shipment in question. They cannot be accepted if referring to any other past or future shipment. In other words, the statement cannot read "has never been (or will never be) owned" or "has never stopped (or will never stop) at any Israeli port."

3. Law Department Review

Any boycott related requests or language that cannot be approved under Section
2, above, must be referred to the Law Department for modification and other additional action. Note: Even if modified, the request would likely need to be reported, so it’s best to have all modification done in consultation with the Law Department. Copies of all pertinent documents (i.e., purchase order, proposed contract, letter of credit, proposed invoice, proposed certification, letter of instructions) should be sent to the Law Department. The Law Department’s response will be telephoned, emailed or mailed depending upon time constraints. Telephone requests should be made only in emergencies and will be followed up with a written confirmation, including a description of the request, the response and the names of the employee and the requester.

4. Responsibility for Compliance

Each business unit should appoint a specific individual with responsibility for seeing that this procedure is followed and for reporting all boycott related requests.

In order to comply with United States Commerce Department quarterly reporting requirements and Treasury Department annual reporting requirements, designated employees having export sales responsibilities will submit a monthly report to the Law Department by the fifteenth day of the month following the reported month (e.g., January’s report is due February 15). All boycott requests and sales to boycotting countries (listed above - see - GENERAL, b.) must be reported regardless of whether the matter is reportable to the Commerce Department.

The report must be in the format attached as Exhibit A to this policy document. Copies of all documents including boycott requests must be submitted to the Law Department. If no boycott request has been received during the preceding calendar month, a report stating “None” should be submitted.

The Law Department is responsible for determining whether a boycott request is reportable to the Commerce Department. In order to comply with Treasury Department annual reporting requirements, the information submitted monthly to the Law Department will be provided to the Tenneco Tax Department.

5. Retention of All Boycott Requests

Copies of all documents on which boycott requests are made should be retained in the files. If forwarding agents do not furnish all pertinent documents, they should be instructed to do so. All documents relating to boycott requests should be retained for at least 5 years and may be subject to further retention requirements if needed in connection with a tax audit or other investigation. Employees must consult with the Tax and Law Departments prior to destroying any documents related to boycott requests.
EXHIBIT A
Foreign Boycotts Report for the Month of
[NAME OF REPORTING BUSINESS UNIT]

A. Boycott Participation Requests:

<table>
<thead>
<tr>
<th>Document/Request</th>
<th>Date</th>
<th>Entity Name</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

B. Transactions with Boycotting Countries:

<table>
<thead>
<tr>
<th>Ref. No.</th>
<th>Invoice No.</th>
<th>Customer Name</th>
<th>Country</th>
<th>Total Units</th>
<th>Value</th>
</tr>
</thead>
<tbody>
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Signature: _______________________
Print Name: ______________________
Telephone: _______________________
Email: _______________________
Date: _______________________

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1 Requests, in whatever form, received by Tenneco to participate in any boycott not sanctioned by the U.S., including but not limited to boycotts directed against the State of Israel. If none were received, the word "None" should be printed in this section.

2 Transactions between a Tenneco company and any entity located in, or Tenneco operation in, nations appearing on the Treasury Department’s list of boycotting countries, where the transaction does not include any boycott-related statement or request. If a boycott request has been received from a boycotting country, that event should be reported under paragraph A. above, and a notation "[Boycotting Country Name] - See paragraph A. above."