



ASHOK LEYLAND

Koi Manzil Door Nahin

CONFLICT OF INTEREST POLICY



HINDUJA GROUP

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Purpose

Ashok Leyland Limited (AL/the Company) shall remain committed in conducting its business in a manner that ensures that its Directors, Employees and all other stakeholders recommend or participate in a decision-making process that is devoid of conflict of interest. This policy is designed to provide guidance in this regard, to conduct business with professionalism, integrity, honesty, moral, ethical standards and AL's core values (Agility, Innovation, Trust, Customer Centricity and Partnership). This Policy is an extension of the **Code of Conduct and Ethics Policy**.

The purpose of this Policy is to set out the Company's approach to identify and address Conflict of Interest which may arise during its business activities. The Policy outlines the rules regarding Conflict of Interest and responsibilities of all stakeholders, including Employees, and the Company in resolving any such conflicts.

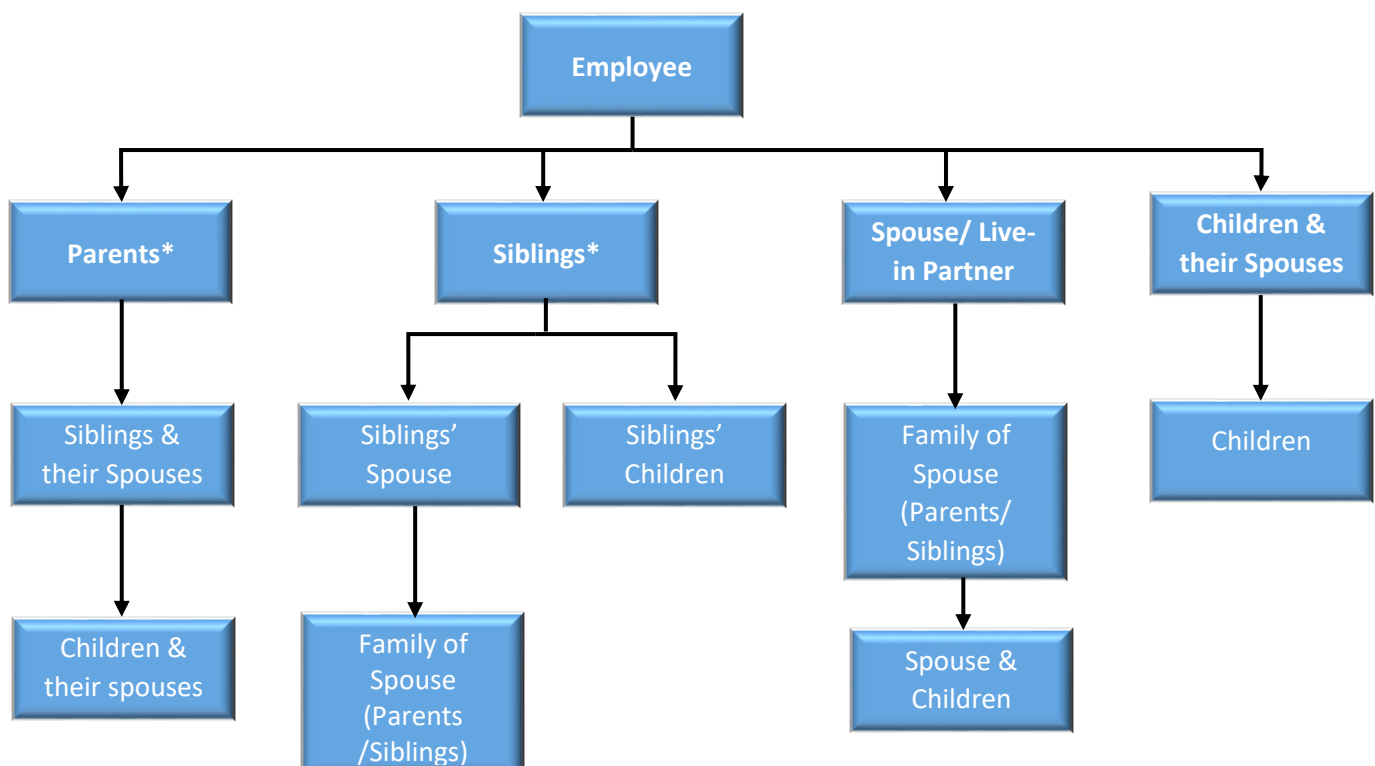
This Policy aims at:

- Identifying circumstances which may give rise to Conflict of Interest situations resulting in risk and/or damage to Company's interests,
- Establishing appropriate procedures and systems to address those conflicts,
- Ensuring the implementation and maintenance of such procedures and systems to prevent damage directly or indirectly to Company's interest through conflicts identified.
- Resolving Conflict of Interest before actual damage is done and also resolving Conflict of Interest as fairly as possible.
- Actioning against violation of Conflict of Interest.

Definition

2.1 **Ashok Leyland Group**: means and include Parent, Subsidiary, Associate, Joint Venture or other corporate, or entity which controls the Company or which the Company controls or which is under the common control with the Company or the parent Company.

2.2 **Related Person** is defined through the family tree provided below:



***Note:**

- a. The terms 'siblings', 'children', 'parents', etc. includes step-siblings, step-children and step-parents, respectively.
- b. Related Person includes anyone with whom the Employee has a direct or indirect relationship.
- c. Related Person includes anyone who has the capacity to influence the decisions of the employee.
- d. The scope of related person is beyond the definition mentioned in the Companies Act, prescribed consciously, based on experience.

2.3 Conflict of Interest: would mean and include a situation in which an Employee or his relative is in a position to potentially exploit their professional or official capacity for their Personal Benefit. A Conflict of Interest exists when a party to a transaction could potentially gain from action/inaction that are detrimental or may be detrimental to the other party in the transaction. Some examples of Conflict of Interest are given in Annexure to this Policy. Conflict of interest may occur whenever an Employee's interest in a particular subject may lead him / her to action, activities or relationship that undermine the company and place the company to disadvantage.

2.4 Stakeholders: would include all Directors (including independent directors, Whole Time Directors, Managing Director), employees (including employees on retirement leave period or sabbaticals), suppliers, dealers, consultants, trainees, contractors, third parties and any other persons dealing with the Company.

2.5 Employees: would include Directors, Key Managerial Personnel, Business and Functional Heads, all other persons employed in or working with the Company, directly or indirectly, and executives working post-retirement in contract/consultant roles. This, however, does not include employees who are availing special leave post retirement and not attending office.

2.6 Employees on Retirement Leave Period: would include those employees who have superannuated and serving their leave period with paid salary.

2.7 Personal Benefits: would include both monetary and non-monetary benefits, and indirect consideration received by the employee, by virtue of transactions with related parties.

Applicability

3.1 This Policy is applicable to all stakeholders, as defined in point 2.4 above, who recommend or participate in or influence the decision-making process covering the entire value chain (current and prospective).

Avoiding Conflict of Interest

- 4.1 Employees shall avoid Conflict of Interest and never allow themselves to be placed in a position where their personal interests are in conflict (or potentially could be in conflict) with the interests or business of the Ashok Leyland Group, either directly or indirectly, or otherwise.
- 4.2 Employees are advised to refrain from personal and / or financial interest and external activities which are harmful to the Company's/Group's interest.
- 4.3 Employees owe a duty of loyalty and fidelity to the Company and are expected to perform their duties on behalf of the Company faithfully, diligently and to the best of their abilities.
- 4.4 Employees must avoid any situation or activity that compromises, or may compromise, their judgement or ability to act in the best interest of the Ashok Leyland Group.
- 4.5 When in doubt, the Employee must refer to the General Counsel's office to determine whether the transaction in question constitutes a Conflict of Interest.
- 4.6 When an Employee understands or suspects that a Conflict of Interest exists, they should bring this matter to the attention of the HR, preferably in writing, so that timely corrective action may be suggested and taken.

- 4.7 Employees should not own/purchase a stake in any competitor, vendors, dealers, service providers, or any other stakeholders without prior written consent of the General Counsel, unless it has been purchased through listed stock or mutual funds.
- 4.8 Any relative employed with a competitor/other stakeholder involved in the value chain or any such relationship which may arise during employment, and could potentially create a Conflict of Interest, should be declared to HR using the mechanism provided in 5.2 below.
- 4.9 Stakeholders such as vendors, dealers, agents or service providers should not carry-on conflicting business within the same value chain, with the Ashok Leyland Group.
- 4.10 Related persons should not work in positions wherein, one relative can influence the other relative's employment through decisions, recommendations or judgments related to matters of day to day working, work allocation, appraisal, compensation, hiring, retention, transfer, leave requests, etc.
- 4.11 Employees on retirement leave period should not join competition/supplier/dealer or do a competitive business which impacts the interest of AL.

Disclosure and Compliance

- 5.1 Disclosure is the key mechanism to bring potential Conflict of Interest to light for evaluation. The responsibility for avoiding potential, apparent or actual Conflict of Interest begins with the individual. If a situation arises that could present a Conflict of Interest, the Employees/other stakeholders and Third Parties dealing with the Company must make full disclosure of the relevant information to HR, in writing.
- 5.2 The Employees of the Company shall confirm compliance with the Policy, in writing, within 15 days from the beginning of every financial year, as per the format attached and submit this to HR. Any conflict of interest that may arise during the course of the financial year, needs to be declared by the Employee immediately as and when such an interest arises or is expected to arise, in the same format. In addition, employees working in vendor (goods or service)/dealer/customer-facing functions such as S&SC, Project Planning, Unit Planning, Unit Purchases, HR, CSR, ALIMs, Sales & Marketing, etc. (or by whatever name called), shall additionally submit quarterly declaration of compliance with the Policy, within 15 days from the beginning of the quarter, in the same format.
- 5.3 All suppliers and dealers transacting with the Company shall make a declaration of conflict of interest/absence of the same, at the time of on-boarding in the Company and consequently at the beginning of every financial year. The format for the declaration is attached with this Policy.
- 5.4 All other stakeholders should also submit a declaration of Conflict of Interest on an Annual basis.
- 5.5 HR shall ensure the timely submission of declaration by all employees.
- 5.6 Timely submission of declaration by other stakeholders shall be ensured by the respective head of functions facing the stakeholders.
- 5.7 All affirmative declarations confirming the existence of a Conflict of Interest shall be resolved by HR within 30 days of receipt of declaration. Any transaction with the related persons should be avoided during the interim period. HR to submit a report on receipt and resolution of cases to the Ethics Committee.
- 5.8 All unresolved cases to be brought to the notice of Ethics Committee for further direction and action.
- 5.9 The Ethics Committee shall respond with suitable direction for mitigation of conflict of interest (e.g. re-allocation of transaction to unrelated employee), within 30 days of receipt from HR. Any transaction with the related persons should be avoided during the interim period.
- 5.10 The decision of the Ethics Committee shall be final and binding on all stakeholders.

Monitoring

- 6.1 The compliance with this Policy shall be monitored by Ethics Committee (refer Whistle-blower Policy).
- 6.2 The Committee shall meet at least once in every quarter or such frequency as may be decided by the Committee (in person/video conferencing /audio conferencing) and shall review the disclosures received during the quarter, complaints if any against any person, action against the complaints etc., shall be discussed at the meeting.

- 6.3 Whistle-blower complaints reporting any violation of core values (as envisaged in the '**Code of Conduct and Ethics Policy**') to be pursued in line with the 'Whistle-Blower Policy'. Findings of the investigation/enquiry shall be taken-up with the Ethics Committee.

Action

- 7.1 In case of employees or other stakeholders engaging in transactions with Conflict of Interest, against the direction of this Policy and the Ethics Committee:
- Any employee who learns of such transactions should report the same to their HRBP forthwith. In case of employees reporting about their direct reporting managers/function heads/other persons holding authoritative positions, the details may be directly reported to the Ethics Committee.
 - All complaints reported to the HRBP shall be forwarded by the HRBP to the Ethics Committee for its consideration.
 - Any conflict of Interest has to be intimated by HR to the other organization, which is part of the conflict, for them to take appropriate action.

Consequences of non-compliance with the Conflict of Interest Policy

- 8.1 The Ethics Committee shall within 45 days of receipt of the complaint, conduct a fact-finding enquiry and direct for actions such as, but not limited to, disciplinary action (including termination) against the employee, recovery of Personal Benefit (if monetary) from employee/stakeholders, termination/black-listing of external stakeholders, etc. as it may deem fit. The Committee reserves its right to withhold any benefit or right which the Employee would otherwise be entitled to.
- 8.2 The decision of the Ethics Committee shall be binding on all parties involved and it shall be the responsibility of the HR Department and Head of respective Functions interacting with the external stakeholders to ensure implementation of the said decision.
- 8.3 In case of non-receipt of declaration under this Policy from any employee, the HR Department reserves the right to withhold the salary/appraisal process of the employee concerned.
- 8.4 In case of non-receipt of declaration under this Policy from any other stakeholder, direction of the Ethics Committee to be sought and followed.
- 8.5 HR shall take such action as may be deemed necessary for any non-compliance and to enforce the clauses stipulated in this policy.

ANNEXURE FORMING PART OF THE POLICY

A Conflict of Interest exists when an Employee or a Related Persons of the Employee is liable to benefit personally from a transaction involving a Company in the Ashok Leyland Group, in particular with customers or suppliers. Likewise, when an Employee attempts to choose or have a company chosen, especially as a supplier, in which he or she, or a Related Person has a direct or not limited to indirect financial interest/benefit.

It is impracticable to list all such possible conflicting situations, but some common examples are explained:

E.g. i. Outside Employment/Moonlighting:

- In consideration of the Employees with the Company, the Employees are expected to devote their full time and attention to the business interest of the Company.
- A second job or other affiliation with any other entity (whether a competitor or not) is not allowed (other than in connection with his/her work for the Company, with appropriate approvals).
- They are prohibited from engaging in any activity that interferes with his/her performance or responsibilities to the Company or conflicts with his/her professional interest in the Company or that is prejudicial to the Company.
- Any job or other affiliation directly or indirectly with a customer, supplier or provider of goods or services to the Company is prohibited.
- Prohibited outside employment includes performing services as a director, employee, agent, sub-agent, vendor, sub-vendor, contractor, sub-contractor, advisor, major stakeholder in non-listed entity or the like with whatever name called for any other entity, with pecuniary relationship (other than non-competing family business), except as approved by the Company.
- Employees are allowed to hold honorary positions in professional bodies. However, they shall keep HR and reporting officer informed of the same unless nominated by the Company itself.

E.g. ii. Directorships:

- Any directorship other than in the Ashok Leyland Group by any employee shall be only based on the nomination/prior permission of the MD. In case of MD/KMP, approval from the Board of Directors shall be taken.
- The position of any employee who holds Directorship or holds shares on behalf or along with Ashok Leyland Group shall be co-terminus with the employment.
- Exclusions includes professional bodies/associations in honorary positions, traditional family business (non-competing).
- In case of participation in charitable institution/club/society without remuneration, approval of MD to be sought. The employee has to inform such organisation that they are holding this position in individual capacity and not representative of AL. This excludes housing societies, place of worship etc. However, it is presumed that the above positions will not impact the discharge of regular duties.^a

E.g. iii. Business Interests:

Business interest includes acquiring or holding a controlling stake or any other financial interest either directly or indirectly (through a related person) in any other entity. The Employees are expected to disclose in writing all such business interest that may give or appear to give him/her a Conflict of Interest with the Company. In case they are about to invest/acquire such conflicting business interest, they shall seek prior written approval of Company's Managing Director.

E.g. iv. Dealing with Relatives:

- As a rule, the Employees should not transact/deal with a relative or a related entity.
- If such related party transaction is unavoidable, he/she must fully and completely disclose in writing the nature of the related party transaction to the HR.
- All related party transactions, particularly those involving Company's Directors or Executive Officers, must be reviewed and approved in advance in writing by the Audit Committee.

E.g. v. Corporate Opportunities:

It is the Employees duty to place Company's interest first whenever they see a business opportunity. They are prohibited from taking personal benefits for opportunities that are identified while they are in employment, whether or not by using Company resources. They are a resource working for the Company and cannot compete with the Company.

REPORT ON CONFLICT OF INTERESTS

From

Name of the Employee

Designation

Employee Number

Work Position

Or

Name of Stakeholder

Business Address & Contact Details

Personal Address & Contact Details

Nature of business with AL

To

Head – HR

Instructions: Please complete only Section 1 if you have NO Conflict of Interest to declare. OR
Please complete Section 2 if you have Conflict of Interest to declare (actual, perceived or potential).

Section 1

I have read the Company's Conflict of Interest Policy, I have received orientation to this Policy, and all my questions concerning it have been answered. I am declaring that I have no actual, perceived or potential Conflict of Interest to disclose as on date.

I do not anticipate having any Conflict of Interest for nor do I have any undeclared Conflict of Interest for the previous periods of my employment in/association with the Company.

If any Conflict of Interest arise, I will make an ad-hoc declaration to HR.

_____(Signature). _____(Date)

Section 2

I have read the Company's Conflict of Interest Policy. I shall be deemed to be interested in the following Cos/businesses/persons which are/likely to be transacting with AL.

_____(Signature). _____(Date)

Name of the party/individual with whom I may have a direct or indirect potential relationship:

Details of my relationship with the party: _____

Relationship of the party/individual with AL: _____

For Confidential Office Use Only:

☐ I have reviewed this Declaration Form and no further action is needed at this time.

☐ I have reviewed this Declaration Form and will meet with the individual.

_____ Signature (of the Authorized person)