# VA TECH WABAG LIMITED

## Policy on Conflict of Interest

### Contents

## 1. Introduction & Purpose of the Policy

All employees of VA TECH WABAG LIMITED ("VTWL" or "the Company") shall always act in the Company's best interests and ensure that any business or personal association including close personal relationships which they may have, does not create a Conflict of Interest ('COI') with their roles and duties in the Company or the operations of the Company. Further, employees shall not engage in any business, relationship or activity, which might conflict with the interest of the Company or the group companies of VTWL (i.e. subsidiaries, associates or JV companies etc). These have been highlighted in two Core Principles in the VTWL's Code of Conduct for Employees ('VCOC'):

- The object of this Code is to ensure that every employee of the Group in India is aware of acceptable conduct and ethical behaviour, in consonance with VA TECH WABAG Principles of Conduct and Action.

- The Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company's Principles of Conduct & Action. All employees of the Company are expected to strictly adhere to this Code of Conduct.

The VCOC provides clear guidance on Conflicts of Interest (as listed in the Annexure).

## 2. Coverage & Scope of the Policy

This COI Policy is applicable to VTWL. VTWL shall recommend adoption of this COI Policy to the *Boards of its subsidiaries, associates and joint ventures*.

This COI 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 VTWL and such other persons, including those acting on behalf of VTWL, as designated *by the Chairman & Managing Director* from time to time (all of the aforesaid being collectively referred to as the "Employees").

## 3. Conflicts of Interest Categories

A COI could be any known activity, transaction, relationship or service engaged in by an Employee, his / her immediate family (including parents, siblings, spouse, partner, and children), relatives or a close personal relationship, which may cause concern (based upon an objective determination) that the Employee could not or might not be able to fairly perform his / her duties to VTWL.

*[NOTE: The categories of COI listed here are for illustration and are not an exhaustive list.]*

1. <u>Conflict of Interest due to personal relationships:</u>

   i. Employee is involved in the process of recruitment of an immediate family, relative or a person in *'close personal relationship'* into the Company or any of the group companies of VTWL;

   ii. Employee is in a position to influence decisions with regard to award of benefits, such as increase in salary or other remuneration, posting, promotion or disciplinary decision for immediate family, relative or a person in *'close personal relationship'*;

   iii. Employee conducts business on behalf of VTWL (or is in a position to influence a decision with regard to VTWL's business with a supplier or customer) where a relative of, or a person in *'close personal relationship'* with an Employee is a principal officer or representative, resulting in a personal benefit or a benefit to the relative / person in *'close personal relationship'*;

   iv. Referring a relative or a person in *'close personal relationship'* for a job opportunity to a vendor, supplier, customer or a business partner;

   v. Family and Romantic Relationships:

   The Company generally does not permit work situations where a manager directly or indirectly manages a relative or a friend or a person with whom he / she has a romantic relationship. An employee must not be involved in the recruitment process or directly / indirectly influence the hiring of such a person. If during the course of employment, a romantic relationship develops between an employee and another VTWL's employee within direct or indirect reporting chain, both must promptly disclose that information. Although the employees involved in a consensual relationship are individually responsible for disclosure, a manager's failure to report such a relationship will be the grounds for appropriate disciplinary action.

2. <u>Conflict of Interest due to financial interest in a third party (Competitors / Value-chain partners):</u>

   i. The Employee engages in a business activity (with monetary or non-monetary benefits) with anyone who is party to a transaction with VTWL;

   ii. The Employee is in a position to derive a benefit for any immediate family member, or for any person in a *'close personal relationship'* (wherein they have financial interest), by making or influencing decisions relating to any transaction;

iii. The Employee or any immediate family member or any person in a *'close personal relationship'* (wherein they have financial interest) gets into supplier / vendor / subcontractor / consultant or customer relationship with VTWL;

iv. Accepting money in any form from any vendor, supplier, business partner or customer;

v. Requesting a customer, supplier, vendor or a business partner to invest money or donate to a charitable organization of your choice.

3. Outside employment / External mandate:

i. Membership / position of responsibility in educational / professional bodies, government committees / bodies or government organizations;

ii. Position of responsibility in business activities outside the primary employment;

iii. Association with social or civic causes independently, or through an entity.

4. Association with political process / entity:

i. Participation as a candidate in the election process to public office, or to bodies deemed as public office;

ii. Participation as volunteer / campaigner in an election process.

## 4. Disclosure & Mitigation

A. Disclosure process:

Employees are required to make timely written disclosure of potential or existing Conflicts of Interest in accordance with the Section 7, as per following disclosure review matrix:

- In the case of Employees other than the Managing Director (MD), the Deputy Managing Director (DMD), Executive Director (ED), the Chief Executive Officers (CEO-Clusters), the Group Chief Financial Officer (GCFO), the Chief Growth Officer (CGO), the Chief Compliance Officer (CCO) (as per the approval matrix below) shall be the approving authority:

| Types of Conflict of Interest | Approval Required |
|---|---|
| Financial Interest in third party (Competitor/ Business Partner/ Vendor/ Sub-contractor) | GCFO and CEO-Clusters |
| Outside employment / External mandate / involvement in social causes independently or through an entity / Awarding a contract to the relatives of the Employee(s) | CEO-Clusters and CGO |
| Association with political process or civic causes independently or through an entity | CGO and CEO-Clusters |

- In case of the MD, DMD, ED, CEO-Clusters, GCFO, Head-HR or CGO, CCO, the Board of Directors of the Company shall be the approving authority.

- The disclosure, approval and reporting of Conflict of Interest related to the Board of Directors would be to the Chairman of the Board.

If the Employee needs clarifications whether Conflicts of Interest exist in a particular situation or not, the Employee must discuss it with the Reporting Manager/ HR Manager/ Head-HR to determine whether it is so and, how it could be mitigated. While clarification on the matter is being sought, the employee should avoid taking part in any activity described in the Conflict of Interest disclosure.

B. Disclosure frequency/ occasion:

- All new joinees in VTWL should submit a Conflict of Interest disclosure at the time of their joining the company;

- All Employees *above Assistant General Manager / Resident Construction Manager (RCM) / Site Incharges (or Plant Managers) / Project Managers / Project Directors or those working in Supply Chain Management / Procurement function* shall need to mandatorily submit a Conflict of Interest disclosure within 30 days of the release of this COI policy with disclosure about any COI that may potentially arise, currently exists or had existed during past 1 year;

- All other employees are to submit a disclosure as soon as they became aware of any potential COI related to them;

- Employees who have submitted a COI disclosure in the past should submit a fresh disclosure in case there is *'any material change'* related to the said disclosure or there is any *'additional'* COI to the situation.

C. Consequence of non-disclosure:

If there is a failure to make the required timely disclosure and VTWL management becomes aware of an instance of COI that ought to have been disclosed by an employee, the management could take a serious view of the matter and may take suitable disciplinary action as per the Employee's terms of employment and the applicable disciplinary action guidelines.

D. Mitigation:

Where Conflicts of Interest are found to exist as per the disclosure submitted by the Employee, the actions to be taken by VTWL in order to mitigate the risk of COI are *determined in consultation with relevant stakeholders and discussed with the Employee (if required)*. Such mitigation actions may include, but are not limited to:

- Restricting involvement of the Employee in the decisions relating to the COI;
- Removing the Employee from responsibilities that have given rise to the COI;
- Relinquishment of the personal / financial interest by the Employee in the matter;
- Short closing the reason that is causing the COI;
- Any other action in the context of the disclosure.

## 5. Responsibilities

A. Employee:

- Employees shall always act in the interest of VTWL and ensure that any business or personal association including 'close personal relationships' which they may have, does not create a COI with their roles and duties in VTWL or the operations of VTWL (excluding the provisions stated in the *"Policy of Employment of Relatives as presently prevailing in VTWL"*);
- Employees shall not engage in any business, relationship or activity, which might conflict with the interest of VTWL, or its group companies;

- Notwithstanding such or any other instance of COI that exists due to historical reasons, adequate and full disclosure by the Employees;

- At the time of appointment in VTWL, the Employees shall make full disclosure of any interest leading to an actual or potential conflict that such persons or their immediate family or persons with whom they enjoy close personal relationships, may have in a family business or a company or firm that is a competitor, supplier, customer or distributor of, or has other business dealings with VTWL;

- Should any actual or potential Conflicts of Interest arise, the concerned person must immediately report and seek approvals as required by COI Policy.

B. Reporting Manager, HR Manager / Head HR:

- Ensure the Conflicts of Interests (potential or actual) brought to their notice formally or informally by the Employees, are recorded formally and actioned upon in a timely manner as per the Company's process;

- Treat the information disclosed by the Employee with appropriate confidentiality and without bias;
- Fairly evaluate the COI situation disclosed by the Employee including risks to business interests and the reputation of VTWL;

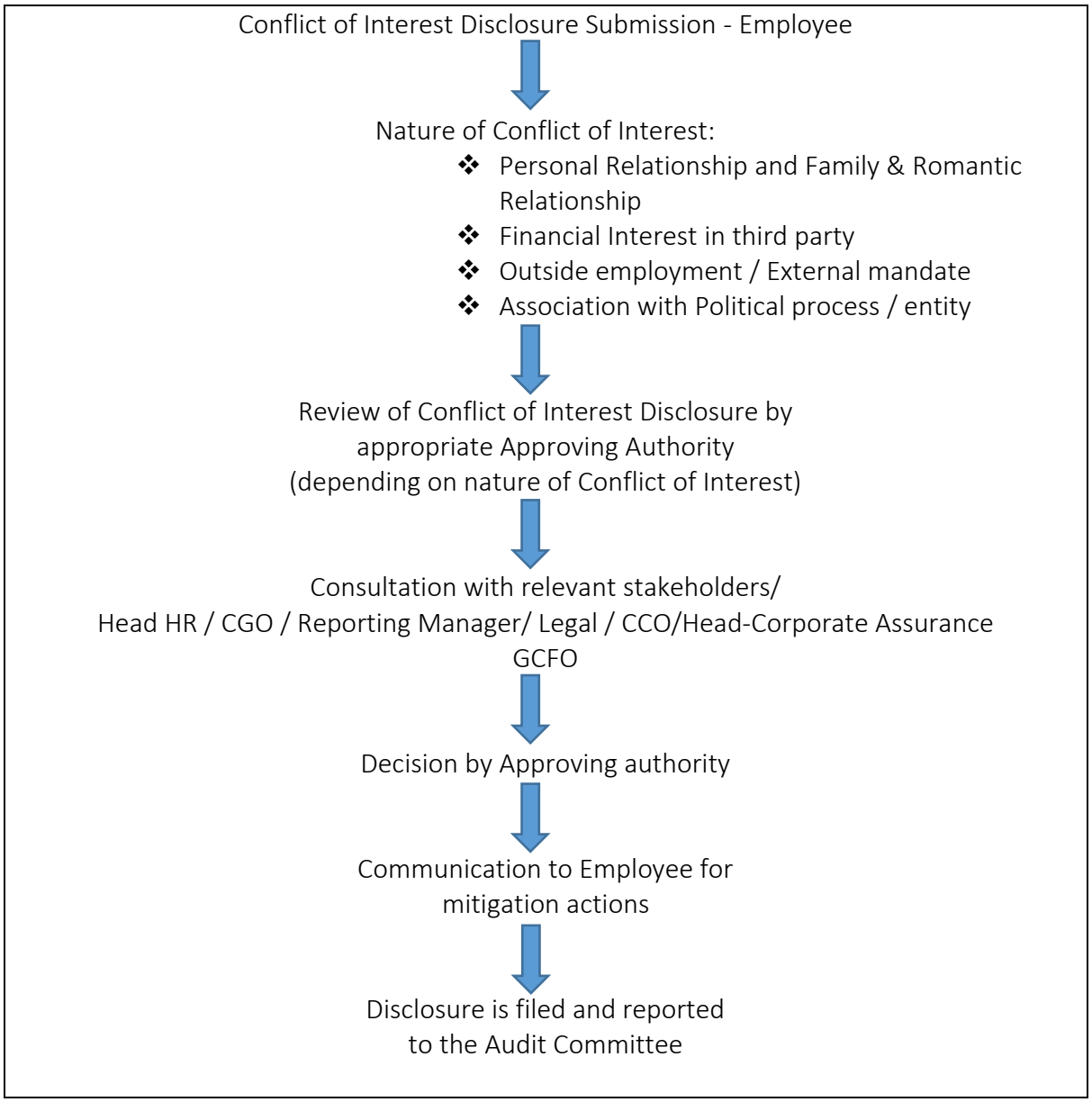
- Seek guidance if needed from the Head of Department / Function, Legal, Corporate Assurance, CGO, CCO and the GCFO;

- Make a pragmatic decision to address the *COI* so that risks are minimized, and the personal interests of the Employees are protected as far as possible;

- Communicate the decision and its reasoning to the Employee and follow up to ensure that conditions / safeguards in the approval are adhered to by the Employee;

- Retain documentation of the disclosure and decision on the COI disclosure as per VTWL's Information Security policy and / or Document Retention policy.

## 6. Workflow for disclosure & approval



## 7. Disclosure Form for Conflict of Interest

**1. Employee Details**

| | | | |
|---|---|---|---|
| Name: | | Employee ID: | |
| Designation: | | Reporting Manager: | |
| Department: | | Location: | |

**2. Declaration:**

• *I am aware that I am required to report Conflicts of Interest (potential / actual) under the VTWL Code of Conduct;*

• *To the best of my knowledge I have no Conflict of Interest to be reported or the Conflict of Interest is already reported.*

**Response:**

| Yes | No |
|---|---|

**3. Conflict of Interest (s) to be disclosed**

| Sl No | Conflict of Interest | Tick |
|---|---|---|
| 1 | Personal Relationship and Family & Romantic Relationship | |
| 2 | Financial Interest in Third Party (Competitor / Business Partner / Vendor) | |
| 3 | Outside Employment / External Mandate | |
| 4 | Association with Political Process / Entity | |
| 5 | Other | |

**4. Detailed information to be provided for the Conflict of Interest:**

a) Provide all relevant information for the COI *(enclose any relevant document)*

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|---|
| b) Describe any factor(s) that you believe would reduce the impact of COI *(E.g. External Engagement outside of working hours, not involved in performance discussions, not directly engaging with the Supplier)* |

5. Conflict of Interest - Approval:

| | |
|---|---|
| Approved – with no further action required | |
| Approved – subject to mitigation action(s) | |
| Not Approved (with/without safeguard needed) | |

6. Mitigation(s) Actions Required:

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|---|
| **For Employee:** |
| **For Reporting Manager:** |

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# Annexure *- VTWL Code of Conduct for Employees (forms part of Discipline - HR Employee Handbook) clauses related to "Conflict of Interest"*

The term "conflict of interest" describes any circumstances that could cast doubt on our ability to act with total objectivity with regard to the Company's interests.

- No employee will be involved in any arrangement or circumstances, including family or other personal relationships, which might discourage him / her from acting in the best interest of the Company.

- No employee or his / her family member will act as a broker or on behalf of a third party in transactions involving or potentially involving his / her company.

- Employees or their family members will not have any financial interest in any outside enterprise, which is currently doing business or seeks to do business with or is a competitor of his / her Company. If the employee comes to know that his / her company is doing business with any organization / individual with which he / she is directly or indirectly involved – for example, through a relative – he / she is obliged to bring it to the notice of his Department Head or Head – HR through a written letter / mail.

- An employee should not be the final decision maker for any business contractor arrangement with any organization wherein his / her relatives / close friends are employed in key positions. In the event an employee finds himself / herself in opposition of having to decide on such a contractor arrangement, he / she should refrain from taking such a decision and refer the matter to his / her superior for taking a decision, clearly informing his / her superior of his / her relationship with key personnel in the concerned organization.

- It is obligatory for an employee to declare that he / she is related to any other employee of the Company as soon as he /she discovers it, through a written letter / mail to the Head-HR.

- Employees shall not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position.

- No employee shall solicit or promote support for any personal / public cause or organization / association during working hours. As a general rule, when in doubt, ask your Manager or the Head HR / Compliance Officer.