

RELATED PARTY POLICY

1 Objectives

John Deere Financial India Private Limited ('JDFIPL') is a Non-Banking Financial Company ('NBFC') operating under Reserve Bank of India ('RBI') regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions.

The objective / purpose of this Policy is to lay down a formal process of undertaking related party transactions between JDFIPL and its associated entities (as defined under Companies Act, 2013) and reporting mechanisms thereof.

JDFIPL is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of JDFIPL are conducted in line with RBI / Company Law and prevailing local regulations/rules/laws/Acts.

In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to omissions or changes in regulations/rules /laws/Acts, the regulations/rules/laws/Acts shall prevail. If any clarifications are needed on these regulations/rules /laws/Acts, the same must be referred to Company Secretary for its final opinion on the issue.

2 References

Document Number	Description	Revision/Date
JDF037	New Document	02 nd March 2020

3 Applicability

This Policy applies to all the transactions of JDFIPL with its related parties including changes, if any, from time to time and are governed by Companies Act 2013 and rules framed thereunder.

JDFIPL has adopted Related Party Policy for the Related Party Transactions pursuant to the provisions of Sections 179, 188 and other applicable provisions of the Companies Act, 2013 ('the Companies Act') and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as updated from time to time).

4 Definitions

- a) 'Related Party' will have the same meaning as defined under Section 2(76) of the Companies Act.

- b) 'Related party transaction ('RPT')' mean all transactions between JDFIPL on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) clause (a) to (g) of the Companies Act.
- c) 'Arm's Length Transaction ('ALT')' means a transaction between two related parties that is conducted as if they are unrelated, to ensure there is no conflict of interest.
- d) 'Ordinary Course of Business ('OCB')' means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') and the Articles of Association ('AoA').
- e) 'Relative' in relation to a related party shall have the same meaning as defined in Section 2(77) of the Companies Act read with clause 4 of the Companies (Specification of Definition details) Rules, 2014 from time to time.
- f) 'Board of Directors or Board' means the collective body of the Directors of JDFIPL constituted from time to time.
- g) 'Audit Committee' means the Audit Committee constituted by the Board of Directors of JDFIPL in accordance with Section 177 of the Companies Act.
- h) 'Company Secretary' means a Company Secretary as defined in Section 2 (24) of the Companies Act.
- i) 'Key Managerial Personnel ('KMP')': shall mean-
 - The Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
 - The Company Secretary;
 - The Chief Financial Officer; and
 - Such other person as may be specified as KMP from time to time and defined under section 2(51) of the Companies Act 2013.

5 Policy

- a) In terms of this Related Party Policy, JDFIPL may enter into any Related Party Transactions through its authorized officials or any persons authorized by the Board in accordance with this Policy;
- b) The RPT Framework may include such details as may be considered appropriate including the persons authorized to initiate and / or execute the RPT, commercial justification, parameters for considering RPT to be at arm's length, monitoring and reporting mechanism;

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- c) All transactions by JDFIPL with related parties shall require approval / ratification of the Audit Committee and/or Board of Directors as specified in the Regulations;
 - d) The Audit Committee and/or Board of Directors shall review the RPTs during the course of review of results.
- 6 All transactions with related parties must be entered into at arm's length basis. Borrowings and lending / investment transactions with related parties, if any, must necessarily be executed substantially at the same terms, including mark-up interest rates and collaterals, as those prevailing at the time of similar transactions with unrelated parties; and

All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both will additionally require prior approval of Board of Directors and Shareholders through special resolution as per the Companies Act (as amended from time to time)

7 Identification of Related Party Transaction

- a) Related parties will be identified on an ongoing basis in line with Section 2(76) of the Companies Act and Accounting Standard issued by Institute of Chartered Accountants of India;
- b) Directors and KMPs, would be responsible for promptly notifying (within a period of 30 days of his/her appointment, or relinquishment of his office in other Companies/Firms/bodies corporate, as the case may be) JDFIPL through Company Secretary in case of any changes / updates occurring in the related parties and in respect of details pertaining to such related parties declared by them. Such information should be notified well in time to enable review by Audit Committee / Board of Directors;
- c) The Company Secretary shall be responsible to maintain the updated list of related parties based on the disclosures received from Directors / KMPs. The list may be maintained in the Register (physically or electronically, as may be decided by the Board of Directors), giving separately the particulars of all contracts or arrangements to which the Policy applies;
- d) The RPT Register shall be preserved permanently and shall be kept in the custody of the Company Secretary/Chief Financial Officer of JDFIPL or any other person authorized by the Board for the purpose; and
- e) Shareholders' approval will be required only when the limits prescribed under the Companies Act are likely to be exceeded.

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8 Compliance & Disclosure:

- a) This Policy will be hosted on the Company's website at of JDFIPL and shall be included in the Annual Report with a weblink. Further, details of all material transactions with related parties shall be disclosed in the annual report;
- b) Every person associated with RPT shall be accountable for complying with the prevailing RPT Policy;
- c) The Board's Report shall contain details of contracts or arrangement or transaction which are (i) not at arm's length basis and(ii) material contracts or arrangement or transactions at arm's length basis and/ or at ordinary course of business, along with justification for entering into such transaction as per the provisions of Companies Act, 2013 and rules mentioned therein;
- d) Directors or KMP or any personnel as per authority matrix, who enter into or authorize any contract or arrangement in violation of the RPT Policy shall be responsible for non-compliance as provided under Section 188 (3) of the Companies Act; and
- e) In case of breach of this Policy Audit Committee and/or Board of Directors may initiate appropriate action against the person/s responsible.

9 Review

This Policy shall be reviewed once in a year by the Board of Directors on the recommendations of the Audit Committee. The Audit Committee shall meet as and when any changes are required in the Policy. Any amendment /changes/deviations to this policy shall need approval of Board of Directors.

10 Records Management and Retention

a) Record Management and Retention

Finance Department shall assist in ensuring that all the matters enumerated in here are complied with.

There is no requirement for retention of records.

b) Document Change Records

Document Change Records				
Sr. No.	Revision no./ date	Section Revised/ Page No.	Reason For change	Change Description



Need to know departments				
Finance	Operations	IT	Legal	Credit
Yes	No	No	Yes	No
Sales	Collection	HR	Wholesale	Risk and Compliance
No	No	No	No	Yes
Bank Relationship	Shared services-Direct Tax	Shared services-In Direct Tax	Shared services-Treasury & payroll, Payables	
No	Yes	Yes	No	

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