India – Operating Lease Car Policy

Scope

This policy applies to you if you are a regular employee in Compensation Grade 21 or above, operating in India on the payroll of eligible entities of Caterpillar in India, and voluntarily enroll in the Operating Lease Car benefit.

Purpose

The purpose of this policy is to provide eligible employees with a structured vehicle leasing program that supports both business and personal transportation needs while enabling tax-efficient compensation management in accordance with applicable Indian tax regulations.

Eligibility

To be eligible for participation in the Operating Lease Car benefit, you must:

- be a regular employee on the payroll of eligible entities of Caterpillar in India,
- be in Compensation Grade 21 or above,
- be actively employed in India.

You can opt for the Operating Lease Car benefit anytime during the year.

To initiate the leased car process, you must contact the leasing company representative, Anupama M. Email: anupama.m@ayvens.com

Meeting the eligibility conditions does not guarantee the benefit. The benefit is governed under the applicable tax laws and regulatory requirements and is subject to internal Company rules for procurement and accounting. The benefit can be extended to employees in locations and entities where all such requirements are met.

Key Details or General Principles

Monthly Lease Rental & Vehicle Running Expenses

The Lease Rental must not exceed the amount available under your primary flexible pay component, namely Conveyance Allowance or Personal Motor Car Expense. After allocating the Lease Rental, any balance remaining in your primary flexible pay component will be allocated towards Vehicle Running Expenses.

The total of Lease Rental and Vehicle Running Expenses is restricted to the amount available under your flexible benefit pay.

The monthly lease rental amount will be deducted from your pre-tax salary, and Caterpillar will directly remit it to the leasing company.

To claim tax exemption on Vehicle Running Expenses, you must submit your claim through the Ramco Payce payroll portal in line with the tax proof submission guidelines published by the payroll team.

You are responsible for retaining all supporting documentation related to leased vehicle expenses during the financial year.

Lease Tenure

If you avail the Operating Lease Car benefit, you have the option to choose a lease tenure of 36 months or 48 months at the time of enrolment.

Vehicle Maintenance and Insurance

If you opt for maintenance in the lease contract, maintenance will be managed by the leasing company. If maintenance is not opted for, you are responsible for maintaining the vehicle in accordance with the leasing company's requirements.

Vehicle insurance is included in the lease rental.

Upon Separation/ Transfer/ Deputation on International Assignment (IA)

A. Separation from Employment or Transfer Outside India

If you resign, retire, or separate from Caterpillar India for any reason, you must foreclose the lease and settle all dues with the leasing company in accordance with the terms of the agreement and the Lease Foreclosure process.

Your exit clearance for the Operating Lease Car benefit will be approved after you have closed the lease and settled all outstanding dues with the leasing company, and after the leasing company has notified Caterpillar confirming the same.

B. Transfer Within India

- **Transfer within the State (within the same Caterpillar entity or to a different entity) –** In scenarios where the applicable tax laws, regulatory requirements, or Company policy do not permit continuation of the car lease benefit, you will be required to be foreclose the lease.
- **Transfer to another State -** You must foreclose the lease in accordance with the terms and conditions established by the leasing company and as per the Lease Foreclosure process.

C. Deputation as an International Assignee

If you are deputed as an International Assignee before completion of the lease period, you must foreclose the lease and settle all dues with the leasing company.

Lease Tenure Extension

Formal Lease Extension - A lease may be formally extended only once up to a maximum total tenure of 60 months from the original lease commencement date, subject to approval and terms established by the leasing company. For example, a 36 month lease may be extended by an additional 24 months.

Temporary Lease Extension - Temporary lease extensions may be granted during lease-switching arrangements or at the end of a lease tenure. Such extensions are limited to a maximum period of 3 months and must be supported by a duly executed temporary lease extension agreement. Further extension after a temporary lease extension is not permitted.

If you wish to extend the lease, you must inform the leasing company at least one month before the end of the original lease tenure. The leasing company will recalculate lease rentals based on the applicable Optiflex Matrix and share the revised rental amount with you. Upon confirmation, the revised rental will be reflected in payroll deductions.

Lease Foreclosure

In case of lease foreclosure scenarios, the leasing company will recalculate the lease obligation based on actual lease tenure completed, actual kilometres driven, applicable Optiflex matrix.

Any amount payable by you or refundable to you will be communicated by the leasing company. You are responsible for foreclosing the lease and settling all outstanding dues directly with the leasing company and as per the Lease Foreclosure process.

End of Lease Tenure

Upon completion of the contracted lease tenure, you may take the following action in accordance with the terms of the agreement and the defined process:

- Return the vehicle to the leasing company, or
- Buyback the vehicle, or
- Extend the lease tenure (allowed once)

You must ensure full compliance with end-of-lease requirements and complete the prescribed process on or before the lease contract end date. Non-compliance may result in continued contractual obligations, recovery of applicable costs, and any other actions permitted under Company policy.

Data Privacy

Personal data collected in line with this policy is categorized as Caterpillar: Confidential Yellow and will be protected in accordance with Enterprise Procedure 1:46 – Confidential Information and Enterprise Procedure 2:28 Data Privacy.

Policy Owner: India Total Rewards Manager

Last Review Date: October 1, 2026