



**HERO MOTORS LIMITED**

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**VIGIL MECHANISM POLICY**

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[Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Power) Rules, 2014]



# VIGIL MECHANISM POLICY

## **1. POLICY**

Hero Motors Limited (the “Company”) believes in the conduct of the affairs of its constituents in a fair and transparent manner. In order to bring accountability, transparency and ethical behavior in its business conduct, the Company has been constantly reviewing its existing systems and procedures. In keeping with its beliefs, it has been decided by the Company to introduce a Vigil Mechanism Policy (hereinafter referred to as “Policy”).

The purpose of this policy is to provide adequate safeguards against unethical practices. This policy will enable all employees, directors and other stakeholders to raise their genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct of policy whenever they discover.

This Policy also offers appropriate protection to its whistle blowers from victimizations, harassment or disciplinary proceedings.

## **2. POLICY OBJECTIVES**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its Directors and employees who have genuine concerns about suspected misconduct/fraud/unethical behavior to come forward and express these concerns without fear of punishment or unfair treatment.

The Vigil Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud, or violation of the Codes of Conduct or Policy.

The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to Chairman of Audit Committee for the purpose of vigil mechanism.

This neither releases Directors and employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations or frivolous complaints about a personal situation.

### **3. DEFINITIONS**

In this Policy, unless the context otherwise requires:

**3.1 "Audit Committee"** means the Audit Committee of the Board of Directors of the company constituted in accordance, with the Section 177 of the Companies Act, 2013 and rules framed thereunder

**3.2 "Board" or "Director"** means the Board of directors of the Company.

**3.3 "Code of Conduct"** means a set of rule/policy for the time being outlining the responsibilities of or proper practices for an employee, third party individual, party or organization.

**3.4 "Investigators"** mean those persons authorised, appointed, consulted or approached by the Nominated director or Vigilance Officer/the Committee thereof and includes the auditors of the Company and the police.

**3.5 "Ombudsman"** means the Chairman of the Audit Committee, who shall be receiving all complaints and taking necessary action under this policy.

**3.6 "Policy"** means the Vigil Mechanism Policy formulated and established pursuant to Section 177 of the Companies Act, 2013 and the Rules made thereunder.

**3.7 "Protected Disclosure"** means a written communication of a concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity under the title "**SCOPE OF THE POLICY**" with respect to the Company. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

**3.8 "Subject"** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

**3.9 "Vigilance Officer"/Vigilance Committee** is a person, nominated/appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Board through the Nominated director of the Company for its disposal and informing the Whistle Blower the result thereof.

**3.10 "Whistle Blower"** is a Director or employee who makes a Protected Disclosure under this Policy and also referred in this policy as complainant.

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/ or any other relevant law from time to time

#### **4. SCOPE OF THE POLICY**

The Policy is an extension of the Code of Conduct for Directors & employees and covers disclosure of any unethical and improper or malpractices and events (hereinafter also referred as “Reportable Matter” or “Protected disclosure”) which have taken place/ suspected to take place involving:

1. Breach of the Company's Code of Conduct;
2. Breach of Business Integrity and Ethics;
3. Breach of terms and conditions of employment and rules thereof;
4. Intentional Financial irregularities, including fraud, or suspected fraud;
5. Deliberate violation of laws/regulations;
6. Gross or Willful negligence causing substantial and specific danger to health, safety and environment;
7. Manipulation of company data/records;
8. Corruption and bribery;
9. Discrimination in any form and violation of human rights;
10. Pilferation of confidential/propriety information;
11. Gross Wastage/misappropriation of Company funds/assets; and
12. Any other unethical, biased, favored or imprudent event which will affect or likely to affect the interest of the Company.

#### **5. ELIGIBILITY**

All Directors and employees of the Company regardless of their location are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company. Violation will result in appropriate disciplinary action.

#### **6. COMPLAINT PROCEDURE AND REPORTING MECHANISM**

6.1. The Whistle Blower shall lodge his\her complaints to the Ombudsman at the following address:

**The Chairman, Audit Committee**

**Address: 603, International Trade Tower, Nehru Place, New Delhi-110019**

**Email Id: [legal@heromotors.com](mailto:legal@heromotors.com)**

**6.2.** The Compliant must be either in the form of a written letter (in closed envelope) or by e-mail. The Whistle Blower must indicate his/her name, contact details and relationship with the Company in the Compliant. Relevant supporting documents/evidences and brief background must form an integral part of the written compliant. No unnamed compliant shall be entertained. If the Compliant relates to a specific fact or incident, the Compliant must lodge the Compliant as soon as possible and preferable 30 days from the date when he became aware about the fact.

**6.3** Complaint can withdraw his/ her compliant within 10 days from the date of lodgment with appropriate explanations in writing to Ombudsman.

**6.4.** On receipt of Complaint Ombudsman shall acknowledge the same within 48 hours.

## **7. INVESTIGATION**

**7.1** The Audit Committee shall appropriately and expeditiously investigate all whistle blower reports received and assign further investigation into the complaint to a Whistle Blower Committee.

**7.2** The Whistle Blower Committee shall have right to call for any information / document and examination of any employee of the Company or other person(s) as they may deem appropriate for the purpose of conducting investigation under this policy.

**7.3** After completion of investigation, a report shall be prepared by Whistle Blower Committee and be placed before the Audit Committee for its consideration.

**7.4** After considering the report, the Audit Committee shall determine the cause of action and may order for remedies which may inter alia include:

- i.) Revision of the policies and procedures of the Company to reduce the risk of reoccurrence.
- ii.) Suggest action against concerned persons

## **8. PROTECTION**

**8.1** No discrimination, harassment, victimization or any other unfair employment practice like retaliation, threat or intimidation of termination /suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like will be adopted against Whistle Blowers.

**8.2** A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management which may inter alia include:

- i) Reinstatement of the employee to the same position or to an equivalent position;
- ii.) Order for compensation for lost wages, remuneration or any other benefits etc.

## **9. CONFIDENTIALITY**

The Company will treat all such disclosures in a sensitive manner and will endeavor to keep the identity of an individual making an allegation confidential. However, the investigation process may inevitably reveal the source of the information and the individual making the disclosure may need to provide a statement which cannot be kept confidential if legal proceedings arise.

## **10. UNTRUE /MALICIOUS / VEXATIOUS ALLEGATIONS**

If an individual makes an allegation, which is not confirmed by subsequent investigation and the investigation shows that an individual has made malicious or vexatious allegations for personal leverage, and particularly if he or she persists with making them, disciplinary action may be taken against the individual concerned.

## **11. NOTIFICATION**

All departmental heads are required to notify and communicate the existence and contents of this policy to the employees of their department. The new employees shall be informed about the policy by the HR department and statement in this regard should be periodically submitted to the Compliance Officer of the Company i.e. the Company Secretary for placing before the Audit Committee.

## **12. RETENTION OF DOCUMENTS**

All protected disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of 5(Five) years or as mentioned in applicable, if any.

## **13. AMENDMENT**

This Policy may be amended from time to time by the Board based on the recommendation of Chairman of Audit Committee.