

HONDA CARS INDIA LIMITED

VIGIL MECHANISM POLICY- Business Ethics Proposal Line (BEPL)

A. BACKGROUND

Honda Cars India Limited's (HCIL's) stated vision and goal is to become a company that society would want to exist.

Accordingly, it is imperative to establish a system and organization to guarantee fairness and transparency of company operations and to meet expectation of the stakeholders and the society, by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

Consequently, **Honda Corporate Governance (HCG)** has been established to assure the quality of corporate management.

B. VIGIL MECHANISM POLICY - Business Ethics Proposal Line (BEPL)

HCIL is committed to conduct business considering the stakeholders' interest. Stakeholders' interest can be sustained if company runs business transparently, fairly and efficiently.

As part of robust HCG system and in line with HCIL's commitment to open communication and transparency, the **VIGIL MECHANISM / BEPL** Policy – was established, with the aim to provide an avenue for Directors and Associates whether working in India or abroad, to report their genuine concerns or grievances.

The Vigil Mechanism Policy also meets the requirement of the provisions of Section 177 of the Companies Act, 2013, vide which it had been made mandatory for certain class of companies (HCIL falls under such class of companies) to establish a "Vigil Mechanism" in order to provide an avenue to the Directors and employees to report genuine concerns.

As a step further towards enhancing the robustness of HCG / BEPL, the avenue of the Company's Vigil Mechanism Policy has been extended to the Business Partners including Vendors and Suppliers to report their genuine concerns or grievances.

The Policy aims at giving assurance that they will be protected from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel or business actions against those who have made a disclosure or raised a complaint under this Policy.

However, the Policy cannot be used as a route for raising malicious or unfounded allegations about a personal situation or with a mala fide intent.

B.1 What to Report

The **VIGIL MECHANISM** / BEPL Policy is intended to cover serious complaints that could have a substantial impact on HCIL i.e. complaints affecting the Company and/or Complaints involving operations/divisions or issues unlikely to be reviewed appropriately in regular reporting.

These complaints could relate to the subjects including the following:

- 1) Incorrect financial reporting or manipulation of company records.
- 2) Gross waste or misappropriation of company funds and assets.
- 3) A deliberate gross violation of any law.
- 4) Criminal Offence.
- 5) Not in line with Company Policy / Code of Conduct (excluding HR / AR issues mentioned hereinafter)
- 6) A substantial and specific danger to Associate life, health and safety.
- 7) Leakage of confidential information of the company.
- 8) Fraudulent Activities.
- 9) Bribery.
- 10) Any other gross unethical conduct.

The above list is indicative and should not be construed as exhaustive.

Following complaints do not fall under the Policy:

- 1) Customer Complaints
- 2) HR / AR Complaints related to:
 - Transfer
 - Salary/Rating & promotion
 - Insubordination issues
 - Behavioural Issues
 - Favouritism / Discrimination
 - Food /Transport issues

Customer complaints should be addressed to Customer Service Manager (HOD) at customer_relations@hondacarindia.com

HR /AR complaints should be addressed to HR / AR Manager (HOD).

Investigation may not be possible unless sufficient and specific factual information is provided. The Complainant is not expected to prove the truth of an allegation. However, he/she must show sufficient factual grounds for complaint.

B.2. How to report

1) Ordinary Reporting Line:

Complainant should **first use Ordinary Reporting Line** as per Organization hierarchy (i.e. to HOD / Div. Head / Op. Head / Op. Director).

2) HCIL BEPL Platform:

Complainant should escalate the complaint using prescribed format as per **Annexure -1**, to BEPL Platform only if complaint cannot be resolved or appropriately handled under Ordinary Reporting Line, in any of the following ways:

- Dropping in BEPL drop boxes put up at various locations in the Company's Plants / Offices.
- On E mail to – ethicsproposal@hondacarindia.com
- On E-mail or letter to Compliance Officer/ BEC Secretariat.

3) Chairman Audit Committee – HCIL:

In case the Complainant feels that the complaint at hand:

- cannot be handled or appropriately resolved at BEPL Level; or
- he / she is being victimized on account of reporting a complaint,

he / she can report the same directly to the Chairperson of the Audit Committee either through mail or letter to:

The Chairperson, Audit Committee
Honda Cars India Limited
Plot No A-1, Sector 40 /41, Surajpur Kasna Road,
Greater Noida Industrial Development Area
Gautam Budh Nagar,
Uttar Pradesh – 201306

E-mail- chairmanauditcommittee@hondacarindia.com

4) ASH / HM BEPL:

In case the complainant feels that the complaint at hand cannot be handled or appropriately resolved at the Audit Committee level itself, can be reported directly to the Shareholders of the Company, being HM / ASH

B.3. Anonymous Complaints

For Anonymous complaints without sufficient detail or supporting evidence, the complainant shall be contacted, wherever possible, to gather more data/evidence in order to proceed.

If the complainant does not share credible data/evidence or it is not possible to contact the complainant, final decision with respect to investigation will be made by the Compliance Officer.

B.4 Safeguards to Complainant/Proposer

As a safeguard to the Complainant from unfair treatment and other prejudicial employment/business practices, appropriate steps will be taken to ensure the following:

- Adequate safeguards against harassment or victimization of the complainant will be ensured.
- The directors and associates conducting / assisting in the investigation shall also be protected to the same extent as the complainant.
- Assurance to protect the complainant's identity.

No director, manager, departmental head or any other Associate with authority shall take or recommend an adverse action against the complainant in knowing retaliation for disclosing alleged wrongful conduct under BEPL.

However, this does not protect a complainant from an adverse action, which occur independent of his disclosure, for a wrongful conduct by him/her or poor job performance, etc.

C. COMPLIANCE OFFICER, BUSINESS ETHICS COMMITTEE (BEC) & BEC SECRETARIAT

C.1 Appointment & Role of Compliance Officer

1) Appointment of Compliance Officer

- The Compliance Officer take the managerial responsibility for the HCIL's compliance, he shall be, in principle, a full-time Director of the HCIL. Moreover, in order to periodically review HCIL's compliance in a fresh viewpoint, by reexamining the relationship with the stakeholders such as local government or suppliers etc., the job rotation of the Compliance Officer shall take place within 5 years.
- The same person can be reappointed as the Compliance Officer again after another 5 years pass.
- If unavoidable, the President or the Risk Management Officer of HCIL can be concurrently appointed as the Compliance Officer.
- Presently, Compliance Officer is Director – General Affairs.

2) Role of Compliance Officer

The Compliance Officer, as a director who is in charge of HCIL's compliance, assumes the following roles

- Supervises companywide compliance, including the Code of Conduct.
- Proposes to the President or the Board to revise Code of Conduct and other compliance policies, if necessary.

- Monitors the operation of BEPL, implements necessary measures and reports it to the President, Audit Committee or the Board.
- Monitors the status of compliance system through HCG Self-verification etc., and reports it to the President or the Board.
- Decides the direction of measures against significant compliance issues (including report from Business Ethics Proposal Line) which impact HCIL's business operation
- Takes corrective actions to the Operations / Divisions in case of a significant breach of compliance and reports it to the President, Audit Committee or the Board.
- Reports the compliance issues to HM or ASH in case the issues meet the criteria presented by HM or ASH.

C.2 Role of Business Ethics Committee (BEC)

- BEC will consist of non-interested Directors and the Compliance Officer.
- Meetings of BEC will be held as necessitated to discuss the relevance of complaints, investigation process, results / issues.
- BEC may advice to seek help of outside agency with relevant expertise, if it considers necessary.
- The Compliance Officer shall serve as chairman of BEC, unless interested party in the case. If Compliance Officer is interested in the case, then other member of the Committee will be nominated as Chairman of such BEC Meeting.
- The proceedings of the meetings shall be recorded in the minutes and shall be kept by the BEC Secretariat.
- Quorum for all meetings would be 3 directors, excluding the interested Director. The BEC will decide the severity of misconduct (minor or major)
- BEC will determine actions for minor and major misconduct.
- The Action determined by BEC shall be reported to President & CEO for his concurrence.

C.3 Business Ethics Committee (BEC) Secretariat

The HCG Secretariat shall be the BEC Secretariat. Role of BEC Secretariat will be as under:

- The BEC Sectt. will accept complaints related to compliance and business ethics at HCIL. Anonymous complaints shall be also accepted.

- When the BEC Sectt receives any serious report, it should be reported to the Compliance Officer / President as soon as possible.
- BEC Sectt. shall periodically report the BEPL's operational status to the Compliance Officer.
- BEC Sectt has a duty to protect the confidentiality of the complainant, and not to cause them to be disadvantageously treated because of their report.

D. INVESTIGATION & RESOLUTION OF CONCERNS

1) Classification of Complaints

- The complaint shall be categorized into Critical & Non-critical Complaints
- **Compliance Officer will decide criticality.**
- **All critical complaints shall be investigated on priority basis within 90 working days** of receipt of complaint as per BEPL Process Flow
- **Non-critical complaints** shall be investigated within **180 working days** of receipt of complaint as per BEPL Process Flow

2) Investigating Complaint

- The BEC Sectt. investigates the facts related to the complaint as per BEPL Process Flow
- BEC Sectt. can summon any person directly or indirectly related to complaint, access, call for any records, data, company provided equipments/devices, personal electronic devices used for official purpose, etc., as may be necessary for investigation purposes.
- Defendants would be given appropriate opportunity to explain. However, if he / she is not cooperating or creating hindrance in investigation, necessary disciplinary action such as suspension, etc., as decided by the Compliance Officer, can be taken.

3) Replying to the Complainant

The BEC Sectt. replies to the Complainant. However, in case it is difficult for the BEC Sectt. to get back to the complainant, for example in case the report was anonymous or without name, the BEC Sectt. is not obliged to respond to it.

E. Reporting to Audit Committee

The Audit Committee shall oversee (supervise and direct) the **VIGIL MECHANISM/ BEPL System**. The summarized report on complaints comprising of complaint, investigation findings and actions taken by BEC on the same, will be put up by the Compliance Officer/Company Secretary in the Audit Committee Meeting for review and necessary direction.

F. False Allegations of Wrongful Conduct

The Complainant who knowingly makes false or bogus allegations or file repeated frivolous complaints shall be subject to appropriate action as decided by the Compliance Officer / Business Ethics Committee.

G. CONFIDENTIALITY

Each complaint should be treated as confidential.

BEC members, BEC Secretariat, the Complainant, persons against whom complaint is being investigated, and all other persons engaged in BEPL activities/ process shall maintain secrecy as under:

- Not discuss the matter in any informal/social gatherings/meetings
- Discuss only to the extent or with the persons required for the purpose of completing the process and investigations
- Not keep the papers unattended anywhere at any time
- Keep the electronic mails/files password protected

If anyone is found not complying with the above, he/she shall be liable for such disciplinary action as is considered fit by the BEC.

H. COMMUNICATION

Directors, Associates and the Business Partners shall be informed of the Policy through e-mails/ putting up of Posters on the notice boards/ Company Intranet System and the website of the Company.

I. RETENTION OF DOCUMENTS

All disclosures in writing or documented along with the results of investigation relating thereto, shall be retained by the Company for a period of 8 (eight) years or such other period as specified by any other law in force, whichever is more.

J. AMENDMENT

The Company reserves the right to amend or modify the Policy, at any time without assigning any reason. However, no such amendment would be binding unless same is communicated in the manner above.

COMPLAINT FORMAT

HCIL BEPL Proposal Form	
Date	
Category	
Subject	
Information of the proposer	
Anonymity	
Name	
Designation	
Division/Department	
Information of the incident	
What occurred?	
In which department did it occur?	
When did it occur?	
Who were involved in it?	
Did you observe it by yourself?	
Do you have any evidence? Please share	
Other comments	