
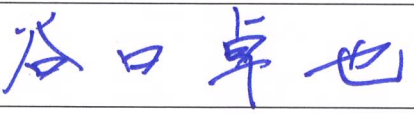


## **Honda Power Pack Energy India Private Limited**

### **Business Ethics Proposal Line – Vigil Mechanism Policy**

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<b>Version</b>	<b>1.0</b>	
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## **1. BACKGROUND**

All the businesses of Honda are guided by the two fundamental beliefs derived from the Honda Philosophy, namely:

- Respect for the Individual, and
- The Three Joys

Thus, Honda Philosophy emphasizes the obligations we have towards our customers, suppliers / dealers and communities, to society and to each other.

HEID is committed to conducting business fairly and honestly.

Our aim is to have our customers and society, as well as our shareholders and investors, place even greater trust in us and to ensure that Honda is striving to be “A company that society wants to exist by sharing joys with people throughout the world.”

Therefore, **Honda Corporate Governance (HCG)** has been established. It ensures, commitment to values and ethical conduct of business, transparency in business transactions, statutory and legal compliances, adequate disclosures, effective decision making to achieve corporate objectives.

### **1.1.Outline of HCG:**

During the implementation of HCG, following actions were taken to ensure that a company is governed in the best interest of all stakeholders:

- 1.1.1. Establishment of Code of Conduct (i.e. Honda Conduct Guideline)
- 1.1.2. Establishment of Internal Control System
- 1.1.3. Formation of HCG Management Organization
- 1.1.4. HCG Self Verification System
- 1.1.5. Establishment of “Business Ethics Proposal Line”, i.e. Vigil Mechanism.

## **2. DEFINITIONS**

### **2.1.Associates**

Associates means every employee of the Company including all Directors

### **2.2.Complainant (Whistle Blower)**

An individual who makes a protected disclosure under this mechanism. This could be an Employee, Director, Vendor, Supplier, Dealer and Consultant.

### **2.3.Subject (Department/ Individual suspected of violation)**

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.



#### **2.4. Anonymous**

An individual who has not disclosed his/ her identity

#### **2.5. Protected Disclosure**

“Protected Disclosure(s)” 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.

#### **2.6. Investigation/ Probing Committee**

The Investigation/ Probing Committee as appointed by BEC consisting of Legal & Secretarial, Human Resource and Internal Audit Division for carrying out preliminary investigation/ probe.

### **3. PURPOSE OF BUSINESS ETHICS PROPOSAL LINE - VIGIL MECHANISM POLICY**

HEID is committed to the highest possible standards of ethical, moral and legal business conduct. In line with HEID’s commitment to open communication and transparency, the Business Ethics Proposal Line (BEPL) has been established with the aim to provide an avenue for directors and associates to raise concerns.

The Companies Act, 2013, vide section 177, has also made it mandatory for certain class of companies to establish a “Vigil Mechanism” in order to provide an avenue to the Directors and employees to report genuine concerns. Accordingly, HEID has formulated BEPL in accordance with Companies Act 2013.

The Policy aims at giving reassurance that complainant (Whistle Blower) will be protected from reprisals or victimization. Anyone can report workplace malpractice without any fear of reprisal or action.

### **4. SCOPE**

The Business Ethics Proposal Line - Vigil Mechanism Policy is intended to cover serious concerns that may have large impact on HEID like:

- 4.1. Deliberate Violation of Law/ Regulation;
- 4.2. Incorrect data/MIS related to critical/ significant Divisional activities / responsibilities;
- 4.3. Gross waste or Misappropriation of company funds/ assets;
- 4.4. Actions not in line with company Policy, including the Code of Conduct or Ethics;
- 4.5. Negligence causing substantial and specific danger to associate safety and health;
- 4.6. Abuse of Authority;
- 4.7. Breach of Contract;
- 4.8. Manipulation of company data and records;
- 4.9. Corruption and Bribery;
- 4.10. Misrepresentation of Financial Reports or Deliberate error in preparation of Financial Statements;



- 4.11. Hostile work environment issues;
- 4.12. Theft of confidential/ propriety information; and
- 4.13. Otherwise amount to serious improper conduct.

Sometimes concerns reported may not be constituted as an improper conduct. The preliminary investigation assesses whether or not these appear to be an improper activity. However, just because an investigation is not launched doesn't mean that the complaint won't be looked into. It might be referred to Human Resource or other appropriate Department/Division/ Operation for review rather than investigation.

## **5. METHODS OF REPORTING CONCERNS**

Investigation may not be possible unless sufficient and specific factual information is provided. Complainant (Whistle Blower) must show sufficient factual grounds for concern. However, someone should not obtain evidences beyond his/her right of access and shouldn't do their own investigation. Complainant (Whistle Blower) is not expected to prove the truth of an allegation.

Although there is no timeline defined for reporting the concerns but it should be reported as soon as there is enough evidence to make a good faith report. The tools of reporting concerns are:

- E-mail at "bepl@honda-eswap.co.in",
- Drop concerns/issues in BEPL boxes through "BEPL Communication Form" (enclosed **Annexure No.1**) located at HEID Office reception
- Letter can be written directly to President at:

Mr. Takuya Taniguchi  
President & CMD  
Honda Power Pack Energy India Private Limited  
Unit No. 503, 5<sup>th</sup> floor, HM Geneva House, 14  
Cunningham Road, Vasant Nagar, Bengaluru -560052 (Karnataka)

## **6. ACCESS TO HM BUSINESS ETHICS PROPOSAL LINE**

Concerns / Issues which the directors and associates feel are difficult to handle or are/have not being addressed appropriately / effectively at the HEID level itself, can be reported directly to HM either through mail or letter to:

- Honda Motor Co., Ltd. Business Ethics Proposal Line  
Address: 2-1-1 Minami Aoyama Minato-Ku Tokyo, 107-8556, Japan  
E-mail: [proposal@hm.honda.co.jp](mailto:proposal@hm.honda.co.jp)

## **7. SAFEGUARDS**

- 7.1. Harassment or victimization - Harassment or victimization of complainant (Whistle Blower) will not be allowed.

- 7.2. Confidentiality - Protection of complainant's (Whistle Blower) identity to be ensured.
- 7.3. Anonymous allegations - The policy encourages complainant (Whistle Blower) to disclose their names. Investigation may not be possible unless source of information is identified.
- 7.4. Concerns expressed anonymously will also be investigated, but consideration will be given to:
- The seriousness of the matter raised.
  - The creditability of the concern.
  - The likelihood of confirming the allegations.
- 7.5. Malicious allegations- Malicious allegation may result in disciplinary action.
- 7.6. Any employee serving as a witness or assisting in the investigation would also be protected to the same extent as complainant (i.e. Whistle Blower).
- 7.7. Protected Disclosure is acted upon and no evidence is concealed or destroyed.
- 7.8. The investigation is conducted honestly, neutrally and in an unbiased manner.
- 7.9. The Whistle Blower does not get involved in conducting any investigative activities other than as instructed or requested by BEC.
- 7.10. The Subject or other persons involved in relation with the Protected Disclosure must be given a fair chance of being heard without any presumption of guilt.

## **8. RESOLUTION OF CONCERNS**

- On monthly basis, BEPL boxes and E-mail ID will be checked and concerns will be collected and all the concerns received shall be presented to the Business Ethics Committee (BEC).
- The Business ethics proposal line - Vigil Mechanism will be implemented through the establishment of a BEC Management. Which includes:
  - Chairman
  - Members

BEC management for the Company is as per **Annexure No. 2**.

- Investigation/ Probing Committee shall carry out preliminary investigation/ probe before placing the matter before the BEC.
- BEC will decide based on the results of preliminary investigation if a full investigation should be undertaken or not and by whom. Complainant (Whistle Blower) may be contacted for an interview, if identity is disclosed.
- A formal report will be submitted to the Chairman of BEC.

- The BEC will decide the action based on outcome of the investigation. Approved action to be submitted to Administration through BEC Secretariat.
- The proceedings of the meetings shall be recorded in the minutes and shall be kept by Legal & Secretarial Division.

Further, if any concerns falling within the ambit of the scope as defined under Clause 3.1 of this policy and received directly by any Department/Division/ Operation, shall be referred to BEC and the matter shall be dealt with as per this policy.

- Acknowledgement of the result of investigation may be shared with the complainant (i.e. Whistle Blower), if identity is disclosed.
- The investigation shall be completed normally within 45 days of the receipt of the protected disclosure and is extendable by such period as the BEC deems fit.

## **9. ROLE AND RESPONSIBILITIES**

### **9.1. Business Ethics Committee (BEC)**

- The committee supervises the level of companywide compliance with Honda Code of Conduct, which is a fundamental compliance policy of the company.
- As necessary, the committee recommends to BOD to change Honda Code of Conduct and other compliance policies.
- The committee monitors the operation status of proposals received via Business Ethics Proposal Line, implements necessary measures and reports on these matters to the President.
- Based on HCG Self-Verification reports or the like (status of system establishment and operation of internal control), the committee monitors the status of companywide compliance and business ethics, implements necessary measures and reports on these matters to the President.

### **9.2. BEC Secretariat**

- Regularly check BEPL Boxes and BEPL E-mail ID and collect all the concerns.
- Responsible to provide timely update to Business Ethics Committee and document the entire approach of the investigation.
- Conduct preliminary investigation along with Investigation/ Probing Committee and keep record of all the relevant documents.
- In case an incident is required to be investigated through an outside agency, the BEC Secretariat should clearly document the scope and approach.
- Conduct regular BEC Meetings and prepare Minutes of Meetings.



- Report number of complaints received under BEPL and their outcome before each meeting of BEC.
- Periodic review of Vigil Mechanism Policy and Procedure for handling of Ethical Concern.
- Increase awareness about Business Ethics Proposal Line among all the associates.

### **9.3. Investigation/ Probing Committee**

- Conduct preliminary investigation.
- Maintain secrecy of the concern raised.
- Collect facts and evidences and make recommendations to the BEC on the basis of investigation performed.

## **10. WHEN ALLEGATION WILL NOT BE INVESTIGATED**

- 10.1. Things that are not improper activities, but are personnel, labor relations or management issues, customer complaints; or
- 10.2. If after a Preliminary investigation, it appears that there is no improper conduct.

However, the complaint shall be referred to HR or other appropriate Department/Division/ Operation for review rather than investigation.

## **11. CONFIDENTIALITY**

Confidentiality will be maintained to the extent possible within the limitations of HEID Rules and Regulations and the legitimate needs of the investigation. Complainant's (Whistle Blower) identity will, of course, be known to personnel with a legitimate need to know in order to carry out an investigation.

BEC shall determine whether or not to treat an issue as a secret, according to the request of the complainant and the contents thereof. Even otherwise, the intention in each case should be to treat it as confidential.

BEC Members, Legal & 'Secretarial, Preliminary Investigation/ Probing Committee, the complainant (Whistle blower), persons against whom complaint is being investigated, and other persons engaged in BEPL activities /process shall maintain secrecy in accordance with the previous provision as under:

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



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

## **12. TRAINING & COMMUNICATION**

- 12.1. Directors and associates shall be informed of the Policy on periodic basis through e-mails, putting up of Posters on the notice boards, , regular awareness sessions, and the website of the Company.
- 12.2. All Operations should ensure regular awareness and adherence to the terms of this Policy.

## **13. 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 period of 8 (eight) years or such other period as specified by any other law in force, whichever is more.

## **14. AMENDMENT**

The Company reserves the right to amend or modify the Policy, at any time without assigning any reason.



**BEPL Communication Form**

(The form should be completely filled. Tick mark appropriate boxes, wherever applicable)

I am an Associate of HEID      Yes ☐      No ☐

**Part I**

☐ I hereby authorize the disclosure of my identity if the HEID HCG Secretariat reasonably believes it is necessary or appropriate.

Name: \_\_\_\_\_ Emp. Code (if applicable): \_\_\_\_\_

Telephone No.: \_\_\_\_\_ E-Mail ID: \_\_\_\_\_

☐ I wish to remain anonymous.

**Part II**

Details of Violation: \_\_\_\_\_

Whether violation is

☐ Ongoing      ☐ Completed      ☐ Unclear

Department(s) suspected of violation, if applicable: \_\_\_\_\_

Individual(s) suspected of violation, if applicable: \_\_\_\_\_

Describe all relevant facts of the suspected violation:

\_\_\_\_\_  
\_\_\_\_\_

Describe how you became aware of the suspected violation:

\_\_\_\_\_  
\_\_\_\_\_

Describe any steps taken to address the violation prior to submitting this complaint, if any: (5 steps process as per Code of Conduct booklet):

\_\_\_\_\_  
\_\_\_\_\_

Who, if anyone, may be harmed or affected by this violation: \_\_\_\_\_

**Part III**

If you are an associate of the Company, would you like to discuss this matter with HCG Secretariat?

Yes ☐      No ☐

**Identity of complainant will be confidential**

**Business Ethics Committee Management**

<b>BEC – Chairman</b>	Takuya Taniguchi
<b>BEC – Members</b>	Tomohide Haraguchi
	Sandeep Sansanwal
<b>BEC – Secretariat</b>	Aayan Sharma

