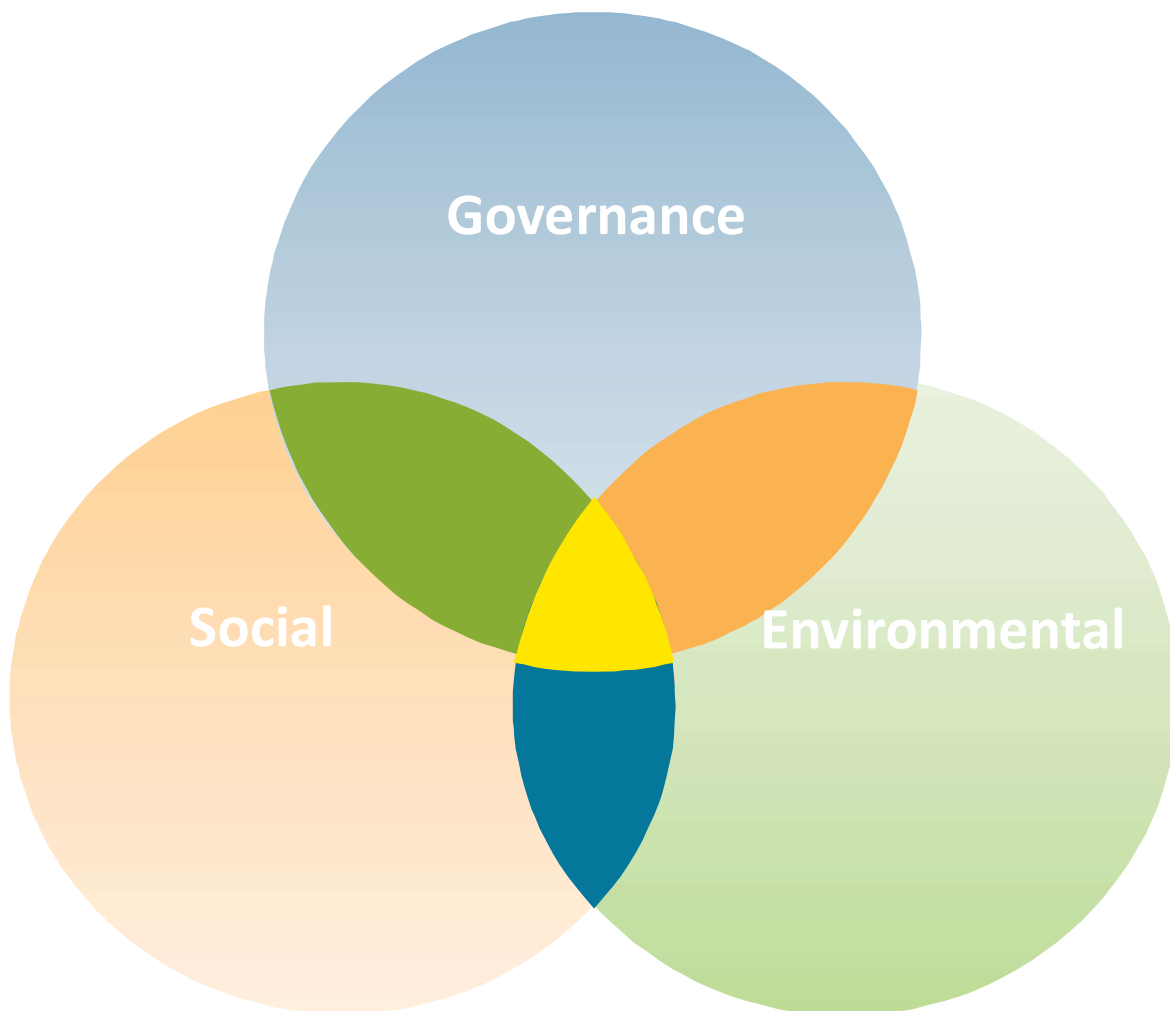


# SUSTAINABLE PROCUREMENT GUIDELINES



## Preface

We, at Hero MotoCorp Ltd., are continuously striving for synergies with environment & society, by offering products and services that meet the quality, performance and price aspirations of our customers. While doing so, we maintain the highest standards of environmental, ethical and societal responsibilities.

As we embark on our journey towards becoming one of the sustainability leaders in the automobile sector, we seek the support of our large and diverse Hero MotoCorp family. We will continue to work with fortitude towards our targets, with our core value system firmly in place and pursuing the larger agenda of a greener, inclusive, equitable and economically stable society.

Hero MotoCorp is committed towards promoting sustainability across its value chain. Through collaboration with our business partners, we aim to enhance business relationships, ensure the highest quality standards and create a sustainable supply chain. We view our suppliers and business partners as an extension of our global enterprise and an integral part of our company's long-term success. Through collaboration with best-in-class suppliers, we would like our Suppliers and Business Partners to gain full understanding of our expectations towards sustainable development and good corporate citizenship, to assure legal compliance at all times, and to work together with Hero MotoCorp in the spirit expressed in these Sustainable Procurement Guidelines.

We are setting out to improve the sustainability of our supply chain by strengthening our Sustainable Procurement Guidelines. These guidelines aim to ensure that our direct suppliers and other business partners in our value chain understand our approach to environmental and social issues. This document clearly sets out Hero MotoCorp's requirements for our business partners and helps them work beyond legal compliance.

Our expectation is that our business partners/suppliers will not only implement necessary policies and procedures at their own company, but they will also promote and ensure the same responsible behaviour in their own supply chains.



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## Sustainable Procurement Guidelines

It is pertinent that business enterprises are economic organs of society and draw on societal resources. We believe that a company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing environmental and societal sustainability.

At Hero MotoCorp, we remain committed to advancing the quality of life through the products and services we offer. Therefore, we hope to contribute to the realization of a sustainable society through the following philosophy and activities in addition to implementing thorough management systems.

We and our suppliers/business partners need to work together as a single enterprise. We must maintain close communication, exchanging ideas frankly and coming to terms with each other on all matters of importance. We would like to carry out the following philosophy together with our suppliers and business partners:

1. Organize culture of trust between workers and management and develop a work climate to promote human development.
2. Improve our business operations continuously, always driving for innovation and evolution.
3. Maintain transparent and two-way communication for automobile manufacturing.
4. Go to the source to find the facts to make correct decisions, build consensus, and achieve goals.
5. Establish an effective Compliance Management system within the business strategy.

### 1. Quality and Delivery of Products and Services

Excellence in quality is the core value of Hero MotoCorp philosophy. We expect that our suppliers and business partners are committed at all levels to achieve high quality in whatever we do, particularly in our products and services which will meet and exceed customer's growing aspirations through:

1. Innovation in products, processes and services.
2. Continuous improvement in our total quality management systems.
3. Teamwork and responsibility.

Also, suppliers and business partners are expected to provide the best possible products at the lowest possible cost. This must also consider providing in the timeliest manner on a stable and long-term basis. Suppliers and business partners need to undertake product development and deploy manufacturing processes that address the customers' needs and wants of today and tomorrow. These include:

1. Provide a safe environment where workers can concentrate their efforts on manufacturing, and make products of good quality.
2. Work towards achieving high quality in development and production.
3. Contribute to lean efficiency through flexible, error-free execution in preparation for mass production, in mass production, and in delivery.
4. Offer the most competitive cost in the world and develop new innovative production technologies to support continuing cost reduction.



## 2. Environmental Protection

We are committed to demonstrate excellence in our environmental performance on a continuous basis, as an intrinsic element of our corporate philosophy.

To achieve, this we commit ourselves to:

1. Integrate environmental attributes and cleaner production in all our business processes and practices with specific consideration to substitution of hazardous chemicals and strengthening the greening of supply chain.
2. Continue product innovations to improve environmental compatibility.
3. Comply with all applicable environmental legislation and also controlling our environmental discharges through the principles of "alara" (as low as reasonably achievable).
4. Institutionalize resource conservation in the areas of oil, water, electrical energy, paints and chemicals.
5. Enhance environmental awareness of our employees and dealers / vendors, while promoting their involvement in ensuring sound environmental management.

At Hero MotoCorp, environmental protection and preservation is one of the core business values. As a responsible corporate citizen, we believe that we can improve environmental management not only in our premises but also partner with vendors to ensure that they adopt similar environmental management strategies.

We are continuously working to improve our environmental performance throughout our own operations and count on our suppliers/business partners to take a similar approach.

To this end, **in addition to ensuring mandatory legal compliance, we expect that our suppliers/business partners take an active approach in environmental initiatives in their business activities.** Such environmental initiatives would be, but not limited to:

1. Establish the environmental footprint of their operations.
2. Develop green management policies to promote conservation of natural resources.
3. Monitor the pollution load (emissions, effluents, wastes; hazardous/ non-hazardous/other types, etc.) released in the ambient environment.
4. Set targets to reduce water, energy utilization and waste generation from the processes.
5. Eliminate the use of single use plastics in the products, processes, component's packaging and comply with Central Pollution Control Board's Plastic waste management rules, as applicable. Wherever it is not possible to avoid plastic packaging, the thickness should be maintained as per applicable laws. Improve environmental performance by adopting pollution prevention strategies.
6. Establish a robust Environmental Management System for managing environmental responsibilities efficiently in a way that is integrated into the overall operations.
7. Cooperate to collect information on the chemical content of our products and manage our supply chain to comply with general rules for producing, importing, labelling and using chemicals.
8. Ensure that all articles and materials that are classified as hazardous have to be packaged, marked, labelled and documented in accordance with all applicable regulations to ensure clear hazard communication. Comply with regulations like



REACH — Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals, if applicable.

9. Implement initiatives to reduce the environmental impact throughout the product life cycle of the delivered products.
10. Take an active approach to reduce GHG emissions of the delivered products through initiatives such as reducing use of raw materials by reducing the weight of parts, promoting low GHG emission raw materials during production, promoting use of recycling materials and promoting use of renewable materials.
11. Monitor the air emissions and maintain emissions into the ambient air within applicable permissible limits.
12. Regularly review the energy efficiency performance and adopt relevant improvement measures to reduce the associated resources and consumption in the long-term;
13. Reduce the impact on water at their operations as much as possible by implement activities within all their operations that reduce negative impact on water such as reduction of the amount of water used, use of rain water, recycling water at plants, improving water quality of discharged water and conservation of intake source.
14. Improve the re-usability, recoverability and recyclability rate and reducing the volume of automotive shredder residue. Make efforts to expand the use of renewable resources and recycled materials.
15. Give maximum consideration to biodiversity and implement initiatives in order to establish a society in harmony with nature.

### 3. Human Rights

We are continuously working to improve our human rights performance throughout our own operations and count on our suppliers/business partners to take a similar approach. To this end, in addition to ensuring mandatory legal compliance, we expect that our suppliers/business partners take an active approach in human rights issues in their business activities.

#### 3.1. Non-discrimination

Do not discriminate on the basis of personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc.-with regards to all aspects of employment, including application process, hiring, promotion, compensation, access to training, job assignment, wages, benefits, discipline, termination and/or retirement.



### **3.2. Harassment**

Ensure safe & secure workplace for your workforce which is free from harassment of any form involving verbal, visual or physical conduct that negatively interferes with work performance, diminishes the dignity of any employee, or creates an intimidating, hostile or otherwise offensive work environment.

Promote equal opportunities to all your employees and qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, gender, age, nationality and disability.

Implement procedures for prompt reporting and examination of any harassment complaints and enable employees to report any instances of harassment without fear of reprisal, intimidation, or harassment.

### **3.3. Child Labour**

Do not use child labour.

Suppliers and business partner must comply with the laws and regulations related to minimum working age, as applicable from time to time. No employee of any age, including apprentices or vocational students, may be employed in breach and/or contravention of any applicable law & regulations governing the minimum age for work.

### **3.4. Forced Labour**

Do not use forced labour. Ensure that all work is voluntary and employees are free to leave work or terminate their employment and comply with local applicable laws and regulations.

### **3.5. Wages and Benefits**

Pay wages in compliance with local applicable laws and regulations, including those relating to minimum wages, overtime hours, deduction from wage, piece rates and other elements of compensation. Provide legally mandated benefits. Ensure wages, other compensation, benefits and deductions are detailed and explained, in compliance with local applicable laws and regulations, clearly and regularly to employees.

### **3.6. Working Hours**

Comply with local applicable laws and regulations governing employees' working hours, including overtime work.

### **3.7. Freedom of Association**

Recognize employees' right to freely associate, or not to associate, complying with local applicable laws and regulations in which we operate. Encourage employees to communicate openly and directly with management without fear of reprisal, intimidation, or harassment.



### **3.8. Safe and Healthy Working Environment**

We believe that safe work practices lead to better business performance, motivated workforce and higher productivity. Place the highest priority on safety and health programmes and policies at work, so that each employee is able to work without undue concerns, and strive to prevent accidents and injuries from happening at work. Support efforts to improve the health of employees through health promotion activities at work, guidance for preventing illness, and other means.

Create a safety culture in the organization by:

1. Integrating safety and health matters in all activities.
2. Promoting safety and health awareness amongst employees, suppliers and contractors.
3. Continuous improvements in safety performance through precautions besides participation and training of employees.
4. Ensuring compliance with all applicable legislative requirements.
5. Empowering employees to ensure safety in their respective work places.

### **3.9. Compliance beyond borders**

The Supplier must ensure that there should not be any flow of funds to or from any unknown sources and proper due diligence should be performed to ensure that the source/flow of funds are to/from known sources and through identified channels in compliance with money laundry and other laws applicable for the time being in force. It must be ensured that there is no funding for any illegal purposes.

The Supplier shall comply with the requirements regarding the restrictions related to conflict minerals and shall ensure that any product supplied to the Company does not contain any conflict mineral.

This should be adhered at their own company as well as in their supply chains.

## **4. Corporate Social Responsibility (CSR)**

To promote its prosperity and development, and to conduct social contribution activities leading to solution of such challenges in cooperation with the local communities, Hero MotoCorp takes CSR initiatives. We expect that our suppliers/business partners take an active approach in voluntary CSR initiatives.

## **5. Code of Conduct**

Hero MotoCorp has implemented the Code of Conduct for its employees which is available on our website. We expect all value chain partners to develop and implement similar Code in their organizations.





## 6. Legal Compliance

Hero MotoCorp's suppliers and value chain partners must:

1. Comply with applicable laws and regulations of each country and region as well as the spirit thereof.
2. Establish and implement policies, structure and mechanisms for ensuring and verifying legal compliance including a code of conduct, confidential compliance hotline and training.

## 7. Confidentiality and Protection of Intellectual Property

Hero MotoCorp's suppliers and value chain partners are expected to:

1. Manage and protect company's confidential information and use such information as per confidential obligations agreed with Hero MotoCorp. Obtain confidential information concerning other companies only from authorized personnel by legitimate means.
2. Ensure disclosure of company's Confidential Information to its subsidiaries, associates, directors, employees and third party vendors, sub-contractors (collectively, "Affiliates") strictly on a need to know basis and only for the purpose of discharging its agreed obligation with the company. Further, also ensure that its Affiliates with whom it shares the Confidential Information are bound by the similar confidentiality obligations and shall be absolutely liable for any breach of confidentiality obligations committed by its Affiliates.
3. Strive to disclose to stakeholders such information as is pertinent to them, including management, financial condition, environmental preservation, community and social contribution, in a timely and fair manner and to build and maintain positive relationships with stakeholders through open and fair communication.
4. Continually monitor and protect all intellectual property of the company against any infringement by others.
5. Do not infringe the intellectual property (such as patents, utilities, designs and trademarks) of others, illegally use such intellectual property or make illegal copies of software or publications.

## 8. Anti-Bribery

We believe in promoting a fair, transparent, ethical and professional work environment. We request our suppliers and business partners to comply with following guidelines:

1. Comply with all applicable anti-bribery / anti-corruption laws and regulations, including, without limitation, any relevant foreign laws and regulations which would be applicable, as well as with all other similar applicable laws and regulations.
2. Comply with applicable laws and regulations concerning political donations or contributions and strive to build transparent and fair relationships with political parties or administrative bodies.
3. Do not engage in giving or receiving presents, entertainment or money with customers, suppliers and other business partners in order to acquire or maintain unjust interest or wrongful preferential treatment.
4. Ensure to inform Hero MotoCorp's management against any such practice (as defined under above mentioned sub clauses 1-3) adopted by any of the company's employee.



## 9. Anti-Competitive Behaviour

Respect fair competition and conduct every business activity in compliance with the applicable antitrust legislation and provisions. Do not engage in illegal acts against the competition laws and regulations of each country and region including private monopolies, unreasonable restraint of trade (cartel, collusive bidding, etc.) or unfair trade practices.

## 10. Compliance with Sustainable Procurement Guidelines

In order to ensure and demonstrate compliance with the Hero MotoCorp's Sustainable Procurement Guidelines, you shall keep record of all relevant documentation, and provide to us supporting documentation upon request. To verify your compliance, we reserve the right to audit and inspect your operations and facilities, at our own cost and upon reasonable notice, with or without support of a third party. If the results of such an audit or inspection cause us to be of the opinion that you do not comply with this Hero MotoCorp's Sustainable Procurement Guidelines, you shall take necessary corrective actions in a timely manner, as directed by us. If you fail to comply with this Hero MotoCorp's Sustainable Procurement Guidelines, then we may take action against you, including suspending or terminating your activities as one of our suppliers.

## 11. Vigil Mechanism/Whistle-blower and Grievance Redressal

While the Hero MotoCorp's Code of Conduct defines the expectations in terms of their integrity and professional conduct, the vigil mechanism defines the mechanism for reporting deviations from the standards defined in the code. The vigil mechanism is implemented as a safeguard to unethical practices. This mechanism is intended to provide mechanism for reporting genuine concerns or grievances and ensure that deviations from the Company's Business Conduct Manual and Values are dealt with in a fair and unbiased manner as provided in Section 177 (9) and (10) of the Companies Act, 2013 and the Companies Rules, 2014.

In the context of our business relationship, if you or your employees believe that the terms of this Hero MotoCorp's Sustainable Procurement Guidelines are not adhered to, or that Hero MotoCorp is not acting in accordance with its own Hero MotoCorp's Sustainable Procurement Guidelines, then we encourage you to raise your concerns via below mentioned reporting channels.

S. No.	Reporting Channel	Contact Information	Availability
1	Phone (Toll Free number) (airtime may be charged by some mobile networks)	1800 200 4625	24 *7
2	Email	SpeakUp@HeroMotoCorp-EthicsHotline.com	24 *7
3	Web	<a href="http://www.heromotocorp-ethicshotline.com">http://www.heromotocorp-ethicshotline.com</a>	24 *7

