

Corporate Social Responsibility Policy

1. Introduction

The Corporate Social Responsibility Policy (“the Policy”) has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 (hereinafter referred to as “Act”) and rules framed thereunder, as amended from time to time.

Hero MotoCorp Ltd. (“the Company” or “HMCL”) believes that since a business derives various benefits from the society, it must, in return, create value for all stakeholders and create a positive impact for a sustainable future.

This Policy will be effective April 1, 2021 and will provide the guiding principles for selection, implementation and monitoring of Corporate Social Responsibility (“CSR”) activities of the Company along with the framework to carry out/undertake the identified activities.

2. Policy Objective & Philosophy

It is pertinent to note that business enterprises are economic organs of society and draw on societal resources. We, at HMCL, reckon that a company's performance must be measured by its triple (+one) bottom line contribution to building economic, social and environmental capital thereby enhancing societal sustainability along with governance. HMCL believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, the Company will continue to craft unique models to generate livelihoods and create a better society. Such CSR projects are far more replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and working for the cause of humanity.

3. Definitions

“Administrative Overheads” means the expenses incurred by the Company for general management and administration of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

“Board of Directors” or **“Board”** means the collective body of the directors of the Company.

“CSR Programmes” means programmes, projects and/or activities carried out by the Company as per the provisions of the Act, rules framed thereunder, Schedule VII and this Policy.

“Ongoing Project” means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a

multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

"Sustainability & Corporate Social Responsibility (SCSR) Committee" or "Committee" means the SCSR Committee as constituted by the Board of Directors of the Company, from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or rules framed thereunder.

4. Guiding Principles

SELECTION OF CSR ACTIVITIES

The Company shall spend its CSR expenditure in accordance with Section 135 of the Companies Act, 2013 and rules made thereunder. The broad guiding principles for selection of CSR activities are:

- Support may preferably be extended to those activities wherein the Company has prior experience to make them most effective. However, this shall not be a restriction for the Company to undertake any other activity as may be deemed suitable by the Committee.
- A needs assessment, if required, may be carried out to identify the areas of intervention along with the availability of the resources.
- The programmes identified/adopted should be adaptive and flexible to meet the changing dynamics.
- Focus should be on long-term sustained impact of the programmes rather than one-time impact or requiring continuous intervention.
- All quantifiable socially conscious efforts should be measured and appropriately communicated.

Basis the above mentioned guiding principles, the Committee will identify the areas for the CSR Programmes of the Company from any of the activities getting covered in Schedule VII to the Act or any other area as may be permitted from time to time.

IMPLEMENTATION OF CSR ACTIVITIES

The implementation of the identified CSR activities shall be carried out either directly by the Company and/or through an implementing agency. The implementing agency shall fulfill the criteria as specified under the Act or rules made thereunder. The Company shall clearly define the objectives along with the desired timelines to effectively implement the activities within the given time frame and work towards active engagement of all employees to achieve maximum benefits. The modalities of execution shall be defined with every identified project. There should also be a check on the available resources, milestones, measurements and accountability so as to effectively implement the activities.

MONITORING OF CSR ACTIVITIES

There shall be a robust monitoring system to ensure that the identified CSR activities are carried out to reap optimal benefits for the beneficiaries. There shall be a periodic review by the Committee for the projects undertaken. The Committee may suggest modifications in the planned activities considering the existing scenario/circumstances.

ANNUAL ACTION PLAN

The Committee shall formulate and recommend an annual action plan to the Board for its approval. This annual action plan shall include the following details:

- the list of CSR projects or programmes that are proposed to be undertaken in areas or subjects specified in Schedule VII of the Act;
- the manner of execution of such projects or programmes as specified in the rules;
- the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- monitoring and reporting mechanism for the projects or programmes; and
- details of need and impact assessment, if any, for the projects undertaken by the Company.

Every year, the Committee will place for the Board's approval, an annual action plan delineating the CSR Programmes to be carried out during the financial year and the succeeding years in the case of Ongoing Projects along with the specified budgets thereof.

In case of an ongoing project, the Board, on the recommendation of the Committee, shall approve the implementation of the project with timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period. It shall also monitor the implementation of ongoing projects.

5. Reporting & Disclosures

The Company shall from time to time report and provide adequate disclosures as may be required pertaining to CSR activities and programs carried by it.

6. Review

This Policy shall be reviewed by the Committee and approved by the Board of Directors as and when required or at least once in three years and updated accordingly.

7. Limitation and amendments

In the event of any conflict between any of the provision of this Policy and the Act or rules framed thereunder or any other statutory enactments, the provisions of such Act or rules or statutory enactments shall prevail over this Policy.

In case of any amendment(s), clarification(s), circular(s), notification(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), notification(s) etc. shall prevail upon the relevant provisions of this Policy and the Policy shall stand amended accordingly from the effective date of such amendment(s), clarification(s), circular(s) etc.