

# **SF3-IN Vigil Mechanism Policy**

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**Version 01**  
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**BMW India Financial Services Private Limited**

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## 1 Introduction

BMW India Financial Services Private Limited (“Company”) believes in promoting a fair, transparent, ethical and professional work environment. Responsible and lawful conduct forms the fundamental basis for the trust that customers, shareholders and business partners place in the BMW Group.

However, if compliance issues do occur within the company, it is important to address the issues and prevent any loss of trust or damage to the company's reputation. The Company aims to establish a fair and transparent process aimed at preventing occurrence of such compliance issues.

The Company in sync with its relevant global policy aims to establish a mechanism of vigilance to adopt and implement adequate measures to prevent occurrence of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct for the Associates.

In compliance with the provisions of Section 177 of the Companies Act, 2013, the Company has established a Vigil (Whistle Blower) Mechanism and formulated this Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

The Company shall oversee the vigil mechanism through the the Audit Committee.

This Policy has been approved by the Board of Directors in its meeting held on February 3, 2015 and is effective therefrom.

## 2 Definitions:

“**Associate**” means employees including Directors and partners.

“**Compliance consultation**” involves queries concerning compliance with the principles of the BMW Group Legal Compliance Code.

“**Compliance violations**” refer to potential or actual violations of the law resulting from the actions of BMW Group Associates or unlawful practices within the company. The BMW Group Legal Compliance Code provides an overview of the fields of law that are of particular relevance to the BMW Group. This also includes unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.

“**Partners**” is a person employed by a third-party and hired by the Company.

## 3 Information regarding compliance violations

### 3.1 Ways to report compliance violations

Information regarding compliance violations may be reported to their manager, Corporate Audit, Legal Affairs, Corporate Security, or the BMW Group Compliance Committee Office (directly or via the BMW Group Compliance Contact. The same applies with regard to any areas of weakness or other circumstances identified that could lead to compliance violations.

In cases where Associate of the Company do not wish to go through their managers to report their information and do not wish to approach the departments listed above, they may notify the **BMW Group SpeakUP Line** of compliance violations in their field of

work or from any other field of work. Details of such SpeakUP Line can be accessed by the Associates at the compliance webpage of the Company Intranet:

[http://intra.bmwgroup.net/compliance/en/50\\_SpeakUP\\_Line/index.htm](http://intra.bmwgroup.net/compliance/en/50_SpeakUP_Line/index.htm)

In the event that an employee of the Company has committed or been directly involved in a compliance violation, he or she can contact the BMW Group SpeakUP Line anonymously to discuss possible next steps.

In exceptional circumstances any Associate may file complaint directly to the Chairman of the Audit Committee. For any complaints made to the Chairman directly, it is mandatory for the Associate to disclose the identity and provide the contact information. The Chairman of the Audit Committee may choose to discuss the matter with the BMW employee prior to initiating any review or investigation.

### **3.2 Features of the BMW Group SpeakUP Line**

The BMW Group SpeakUP Line is available worldwide in all countries where BMW Group associates are employed. It supports more than 30 languages to allow users to communicate in their own language or English.

The BMW Group SpeakUP Line may be contacted around-the-clock every day of the week. Information can either be reported by calling a local toll-free number or by entering text in a web form.

Detailed information regarding access to the BMW Group SpeakUP Line is provided on the compliance intranet homepage at <http://speakupline-compliance-en.bmwgroup.net>.

All users may choose to provide their personal information or remain anonymous. In either case, when they contact the BMW Group SpeakUP Line, users are assigned a 6-digit case number, which they should use to identify themselves during further communications.

Messages directed to the BMW Group SpeakUP Line are received by a service provider appointed by BMW Group, which translates the message into English and forwards it to the BMW Group Compliance Office. Voice messages are transcribed to exclude the possibility of an anonymous user being identified by his or her voice.

The procedure for establishing the facts of the case is described in Section 5. With the exception of the cases listed below, the BMW Group Compliance Committee Office ensures that all messages directed to the BMW Group SpeakUP Line are evaluated, that the facts are researched and that appropriate steps are agreed with the specialist departments concerned.

This does not apply in the following cases:

- The message does not contain sufficient evidence for further research and there is no other way to obtain additional information.
- The actual message involves fraudulent usage of the BMW Group SpeakUP Line (see Section 4.3).

The BMW Group Compliance Committee Office documents all messages received by the BMW Group SpeakUP Line, how they are processed as well as outcomes and further steps, and reports back to meetings of the BMW Group Compliance Committee. These cases shall also be reported to the Board of Management and the Audit Committee of the Supervisory Board of BMW Group and also to the Audit Committee of the BMW India Financial Services Private Limited.

## **4 Protection of Associates of the Company**

### **4.1 Protection of informants**

For the protection of Associates who provide any information with respect to Compliance Violation (“informants”), the BMW Group allows such information regarding compliance violations to be submitted anonymously through the BMW Group SpeakUP Line. In this case, no steps are taken to identify the user, unless there has been obvious fraudulent usage of the BMW Group SpeakUP Line according to Section 4.3.

The Company guarantees that informants will not suffer any personal disadvantage as a result of reporting a compliance violation. This assumes that:

- the informant did not commit or was directly involved in the compliance violation,
- the message itself does not constitute fraudulent usage as defined under Section 4.3, and
- the informant has acted in accordance with the guidelines set out in this instruction.

If an informant should nevertheless suffer personal disadvantage as a result of reporting information, he or she is entitled to submit a complaint to the BMW Group Compliance Committee Office (directly or through the BMW Group Compliance Contact or through the BMW Group SpeakUP Line).

### **4.2 Protection of persons concerned**

In the event that information reported leads to investigation of compliance violation against an Associate of the Company (the “Person Concerned”), he or she will be informed. This does not apply if and as long as there is a danger of evidence being tampered with or the investigations being hindered by the person concerned.

Investigations are conducted in accordance with the provisions of the applicable labor laws. Specifically, the Person Concerned may present a statement to the BMW Group Compliance Committee in response to the accusations made.

### **4.3 Fraudulent information**

The BMW Group SpeakUP Line is designed for responsible Associates who wish to provide accurate information about compliance violations and thereby help enforce the principles of the BMW Group’s Legal Compliance Code.

Fraudulent usage of the BMW Group SpeakUP Line and other channels used for reporting compliance violations is prohibited.

Fraudulent usage occurs when

- False statements regarding specific occurrences at the BMW Group or the conduct of Associates of the Company are made in bad faith, or
- The message received itself constitutes a violation of the law (e.g. a bomb threat).

The Company will respond to such cases with the appropriate measures under labor law, which may result in prosecution of the associate concerned.

## **5 General principles for establishing facts in compliance related cases**

### **5.1 Legal framework**

All steps taken to establish the facts relating to compliance violations are conducted in accordance with the provisions of the applicable laws, especially with regard to data and Associate protection.

Once the conclusiveness and credibility of the information has been evaluated (Section 5.2), measures to establish the facts of the case are then be conducted by the compliance officer of the Company or if necessary can be supported by Corporate Audit and Corporate Security departments responsible for the investigation. In the event of inquiries conducted by Corporate Security, the CSO (Chief Security Officer) Instruction “Corporate Investigations” needs to be observed.

### **5.2 Evaluating the conclusiveness and credibility of the information**

As a first step, the conclusiveness of the received information is verified. This requires establishing whether the circumstances described – assuming the information is accurate – could conceivably lead to a compliance violation. If specialist knowledge is needed for clarification, the relevant departments are consulted, however without revealing any details or data regarding the parties concerned.

The informant may also have to answer further questions to provide additional details and verify the plausibility of the information and/or evaluate its credibility. There are standardized templates in place for querying informants who used the BMW Group SpeakUP Line.

### **5.3 Preliminary investigations**

The next step is to take measures to establish the facts of the case, without requiring any contact with the person concerned or his or her coworkers.

Appropriate sources of information may include, for example:

- Process documentation
- IT systems
- Documentary evidence
- Information from other public sources, e. g. internet

In individual cases, this may result in further, more specific questions for the informant.

### **5.4 Evidence protection and notification of persons concerned**

Where there are reasonable grounds to suspect a compliance violation, the person concerned and witnesses from his or her field of work are brought in for further clarification.

To prevent potential falsification or destruction, electronic evidence (e. g. emails, files on hard drives) can be secured by the central IT department prior to this. This step is

regulated by the process for “Securing electronic data for internal investigations” (with binding checklist), which ensures compliance with existing data and Associate protection requirements.

### **5.5 Interviews with BMW Group associates**

An Associate interviewed as a witness should be given the option of having another person, such as his or her manager, present at the interview.

An Associate interviewed as a person concerned may have a member of the Works Council or his or her attorney attended the interview. However, this is not a mandatory requirement.

Witnesses and the persons concerned are reminded of their obligation to provide information and tell the truth prior to the interview. The same applies to the informant, insofar as he or she is interviewed during the investigation.

### **5.6 Documentation**

The individual steps and outcome of the fact-finding activities are documented in an appropriate manner. In particular, interviews with witnesses and the person concerned are documented in writing.

The documentation is filed in the compliance case management IT system operated by the BMW Group Compliance Committee Office.

### **5.7 Measures in response to compliance violations**

If a compliance violation has occurred, appropriate measures under labor law will be evaluated in consultation with Legal Affairs responsible and Human Resources. Such measures will be taken with the involvement of the direct manager and HR manager responsible. Associate representatives will be allowed to participate in the process in accordance with applicable laws and regulations.

Additional measures to prevent future violations of the law, e. g. the implementation of training programs or appropriate internal checks, will be considered.

### **5.8 Exception: Financial Services**

Where required by law, in the Financial Services segment the relevant departments must be notified of any alleged compliance violations, as soon as possible after the information has been received and its plausibility verified.

## **6 Data protection and confidentiality**

Information involved in compliance consultation and notification will be treated confidentially. This applies to the content of the consultation or notification process as well as to the persons involved, such as those seeking consultation, informants, the persons concerned and witnesses.

Information involved in compliance consultation and notification is processed and saved in compliance with the applicable data protection regulations.

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