

# POLICY ON CONSEQUENCE MANAGEMENT FOR BREACH OF COC

VERSION – 1.0/2013

DATE OF ISSUE – 13<sup>th</sup> APRIL 2013

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MADHVI GOYAL  
HEAD HUMAN RESOURCES  
DOCUMENT OWNER



SK SAYAL  
MANAGING DIRECTOR & CEO  
APPROVED BY

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### 1. Objective

The Group is committed to maintaining the highest standard of ethics and transparency and towards this end, has formulated a policy setting out guidelines for handling issues about breach of the Code of Conduct that have financial and non financial implications arising from non-compliance of other policies, processes and procedures at workplace that may arise due to gross-negligence and/or dereliction of duty on the part of employee.

The Group has a zero tolerance policy with respect to any breach of the Code of Conduct and all complaints of breaches shall be investigated and suitable action taken if the allegations are found to be correct.

This policy deals with the consequence management of any breach of this rule of office conduct and should be read in conjunction with Bharti's Code of Conduct.

## **2. Scope**

The policy is applicable to all employees of the Bharti Group companies. (Referred as The Company). For the purpose of this policy; staff on the employment rolls of the Company, on the day this policy comes into effect and employed thereafter, shall be deemed to be 'employees':

This policy shall be supplementing the policy on Code of Conduct (referred as CoC) and other Company policies (Refer Annexure A)

## **3. Applicability**

### **3.1 Acts of Financial Impropriety**

The policy as stated in the objective, deals with consequences due to financial and non financial improprieties arising out of a non –compliance to the Code of Conduct.

The term financial impropriety refers to the intentional act involving the use of deception to obtain an unfair, unethical or illegal benefit by one or more individual in the employment of the Company (permanent or otherwise) or a third party including channel partners and vendors.

The following acts of financial impropriety have been identified which may result in direct or indirect financial loss to the business and interests of the Company. The list is indicative and not exhaustive:

- Failure in financial reporting involving intentional misstatements or disclosure of information
- Misappropriation of assets including information assets as defined in Bharti Information Security Policy (BISP v6.0)
- Loss of revenue due to deliberate and malafide actions of an employee or a third party
- Illegal gratification with or without excess cost to the Company
- Bribery & Kickbacks
- Abuse of position & authority to gain personal benefit with or without loss to the Company

These acts are categorized under four major heads:-

- Violation of Code of Conduct;
- Violation of Company policy / guidelines;
- Dereliction of duty towards Code of Conduct;
- Misreporting / Non-reporting of critical information

### **3.2 Scope : Definition of Non Compliance**

As stated in the policy, non-Compliance is defined as the following:-

- Violation of established policies, processes and procedures. (Refer Annexure A)
- Any exceptions identified through audit as against the self-certification submitted by respective functions which points towards false certification.

### **3.3 Acts of Non Financial Impropriety**

A certain standard of conduct is expected of every employee and all employees are required to treat their colleagues (irrespective of age or seniority) and others whom they interact with for official purposes with dignity and mutual respect.

Non Financial Impropriety includes (indicative and not exhaustive) abusive behavior at work to colleagues and others, discrimination, harassment, overt and covert threats, use of intemperate language in written or oral communication, bias based on gender, region, community, religion or ethnic group etc.

## **4. Code of Conduct violations**

#### 4.1 Dealing with outside parties violation

CoC Sub Clause	Deviation / Violation	Impact
Customers and Fair Competition	<ul style="list-style-type: none"> <li>■ Mistreatment of customers</li> <li>■ Indulging in unfair trade practices</li> <li>■ Prevention and resistance of a fair competition process</li> </ul>	<ul style="list-style-type: none"> <li>■ Disgruntled customers leading to churn</li> <li>■ Brand reputation risk</li> </ul>
Conflict of Interest	<ul style="list-style-type: none"> <li>■ Undertaking services in an organization that competes with or provides services to Bharti</li> </ul>	<ul style="list-style-type: none"> <li>■ Manipulation risk in operations</li> <li>■ Disclosure of company information</li> </ul>
Gifts and entertainment	<ul style="list-style-type: none"> <li>■ Acceptance of personal favor or entertainment outside the scope of normal business for self</li> </ul>	<ul style="list-style-type: none"> <li>■ Manipulation risk in operations as a result of influence</li> <li>■ Disclosure of company information</li> </ul>
Improper payments	<ul style="list-style-type: none"> <li>■ Receiving payment from third parties which are out of norm, in relation to the services being received</li> <li>■ Offering payments to third parties which are out of norm, in relation to services being offered</li> </ul>	<ul style="list-style-type: none"> <li>■ Kickbacks</li> <li>■ Out of budget cost</li> </ul>
Working with Government & regulators	<ul style="list-style-type: none"> <li>■ Involvement in a transaction which may jeopardize the interest or reputation of the Company</li> </ul>	<ul style="list-style-type: none"> <li>■ Non Compliance risk to legal &amp; regulatory requirements</li> </ul>
Working with business associates	<ul style="list-style-type: none"> <li>■ Provision of services to a Business Associate which may jeopardize the Company in jeopardy or embarrassment</li> <li>■ Accepting discounts on personal purchases from customers and suppliers outside the normal course of business</li> </ul>	<ul style="list-style-type: none"> <li>■ Manipulation risk in operations as a result of influence</li> <li>■ Risk of disclosure of company information</li> </ul>
Ethical advertising	<ul style="list-style-type: none"> <li>■ Insensitive advertising practices which involves any organization other than Bharti, a state, state affairs or political issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Brand reputation risk</li> </ul>

Dealing with media and outside community	<ul style="list-style-type: none"> <li>Discussions, criticism of company matter in the internet</li> </ul>	<ul style="list-style-type: none"> <li>Brand reputation risk</li> <li>Risk of disclosure of company information</li> </ul>
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#### 4.2 Work place conduct violation

CoC Sub Clause	Deviation / Violation	Impact
Personal Conduct intentional violation	<ul style="list-style-type: none"> <li>Abuse of position, unethical behavior</li> </ul>	<ul style="list-style-type: none"> <li>Disgruntled employee</li> <li>Poor productivity</li> <li>Hostile work environment</li> </ul>
Personal Relations	<ul style="list-style-type: none"> <li>Poor communication/bad behavior leading to misunderstanding with colleagues &amp; subordinates</li> </ul>	
Fair Employment practices	<ul style="list-style-type: none"> <li>Discrimination on the basis of gender, color, caste, race, ethnicity having no bearing on job performance</li> </ul>	<ul style="list-style-type: none"> <li>Racist behavior causing low morale</li> <li>Promotion of mediocrity</li> </ul>
Harassment Free workplace	<ul style="list-style-type: none"> <li>Unwelcome behavior includes those that are acts of Humiliation, intimidation, victimization</li> </ul>	<ul style="list-style-type: none"> <li>Litigation risk</li> <li>Brand reputation risk</li> </ul>

#### 4.3 Protecting company assets violation

CoC Sub Clause	Deviation / Violation	Impact
Fraud	<ul style="list-style-type: none"> <li>Misappropriation of funds, assets or other items of value belonging to the Company</li> <li>Involvement in forgery</li> </ul>	<ul style="list-style-type: none"> <li>Financial risk due to fraud</li> <li>Out of budget cost incurrence</li> </ul>

	<ul style="list-style-type: none"> <li>■ Involvement in wrongful expense claims</li> </ul>	<ul style="list-style-type: none"> <li>■ Personal financial gain to violator</li> </ul>
Confidential Information / Intellectual Property	<ul style="list-style-type: none"> <li>■ Leak of confidential information</li> <li>■ Unauthorized access to confidential information</li> <li>■ Discussions , criticism of company matter in public places</li> </ul>	<ul style="list-style-type: none"> <li>■ Brand reputation risk</li> <li>■ Risk of disclosure of company information</li> </ul>
Insider Trading	<ul style="list-style-type: none"> <li>■ Discussions of company performance, financials and share price movements,</li> <li>■ Unauthorized access to confidential information</li> <li>■ Discussions , criticism of company matter in public places</li> </ul>	<ul style="list-style-type: none"> <li>■ Company exposed to undue risk or loss in financial terms</li> <li>■ Brand reputation risk</li> </ul>
Use of company property, email / internet	<ul style="list-style-type: none"> <li>■ Unauthorized permission for access to company property</li> <li>■ Unauthorized download of unlicensed software for personal use on company assets</li> </ul>	<ul style="list-style-type: none"> <li>■ Cyber security threat to the information assets</li> </ul>
Finance and accounting practices	<ul style="list-style-type: none"> <li>■ Non compliance to financial policies and procedures</li> <li>■ Misreporting / Non reporting of critical information</li> <li>■ Concealment of information</li> <li>■ Unauthorized destroying or discarding original copies of any Company records and documents</li> </ul>	<ul style="list-style-type: none"> <li>■ Violation of company policy</li> <li>■ Risk of unavailability of information within the retention period</li> </ul>

#### 4.4 Community responsibility violation

CoC Sub Clause	Deviation / Violation	Impact
Health & Safety	<ul style="list-style-type: none"> <li>■ Being under the Influence of alcohol during work hours</li> <li>■ Carrying weapons to workplace</li> </ul>	<ul style="list-style-type: none"> <li>■ Unsafe work environment</li> <li>■ Poor productivity leading to a negative operational efficiency</li> </ul>



	<ul style="list-style-type: none"> <li>■ Performance of illegal activities not limited to gambling / betting on company premises</li> </ul>	
Political activities	<ul style="list-style-type: none"> <li>■ Influence of political affiliations at the workplace and indulging in fund raising for political parties</li> </ul>	<ul style="list-style-type: none"> <li>■ Unsafe work environment</li> <li>■ Poor productivity leading to a negative operational efficiency</li> </ul>

**5. Complaint Filing Process**

The process for reporting non-compliances & instances of violations to the Code of Conduct clauses as above mentioned is as follows:

Whenever an employee has concerns or receives information about any possible non – compliance, violation of the Code of Conduct or an impropriety in connection with the affairs of the Company, it is the employee’s responsibility to promptly report those concerns and/or that information as below:

1. Report the concern at the Fraud Investigation Unit of the Internal Assurance team
2. Report to Bharti Ombudsperson at: [ombudsperson@bharti.in](mailto:ombudsperson@bharti.in)

The complaint may be in writing or oral and the complainant may choose to reveal his/her identity or remain anonymous. It must be based on facts/data and if found prima facie to be of some merit, will be investigated in detail through witnesses, interviews and supporting evidence or documentation wherever available.

An employee who is subject to Unacceptable Behavior is at liberty to approach the HR representative and at times directly to the Ombudsperson’s Office for redressal of the grievance and any employee who is a witness to any such conduct may also report the same.

**6. Consequence Management – Bharti employees**

**6.1 Intentional Impropriety (Blatant Violation)**

On prima facie investigation, if there is an occurrence of violation to the Code of Conduct clauses, and if it can be established that there was a malicious intent of causing financial impropriety, the concerned employee shall be subject to immediate termination with forfeiture of ESOPS granted, if any. Further, legal action as advised by the General Counsel may be initiated depending on the circumstances of the instance.

## **6.2 Unintentional Impropriety (Oversight)**

On prima facie investigation, if there is an occurrence of a violation to any of the following CoC clauses and if it can be established that there was an oversight with no malicious intent resulting in financial or non financial impropriety, the concerned employee shall be subject to the consequence management procedure as follows:

### **6.2.1 First Occurrence**

In case the non-compliance or violation has occurred for the first instance, the employee shall be given a verbal warning and the reporting manager shall prepare and submit a detailed report and to the respective Functional Head and the SBU HR Head.

The detailed report should be submitted in three weeks from the date of receipt of the complaint or violation

A copy of the report shall also be placed in the personal file of concerned employee.

The reporting manager should also take all necessary steps to train the employee on the relevant processes so as to avoid recurrence.

### **6.2.2 Second Occurrence**

If the employee repeats the same behavior/conduct for the second instance, the reporting manager will discuss the matter with the Functional Head and SBU HR Head and the concerned employee shall be dismissed from the organization after prior approval by Business President and HR Director.

In case where the employee in question happens to be Vice President and above, the termination shall be approved by the MD, CEO & the Group Director-HR.

## **7. Consequence Management – Non Bharti personnel**

### **7.1 Vendors and Service Providers**

In the event a vendor or service provider is found guilty for any act of financial impropriety, the SCM Head shall report the matter to SBU SCM Head who may take the decision to terminate the contract of the erring vendor / service provider.

In the instances of a vendor or service provider found guilty for any act of financial impropriety at the Head Office, the Business President and Functional Director may take the decision to terminate the contract of the erring vendor / service provider.

Any excess gain derived by these vendors or service providers as a result of financial impropriety shall be recovered from them.

## **7.2 For Business Associate (individual)**

In case the act of non-compliance and / or financial impropriety is done by an Associate, he/she shall be removed from the assignment immediately and the concern service provider shall be informed and the service provider shall provide a suitable replacement within 48 hours from the dismissal.

## **7.3 For Business Associate (the Organization)**

The Business Associate shall be held liable for any financial loss that the company may have incurred due to the action of their employee.

- A Caution Note shall be issued by the HR Department (at Circle/Operating Country or Airtel Center wherever the agreement is entered into) to the Business Associate of the first breach.
- In the event of a second breach by any other employee of the Business Associate, the HR department should levy a financial penalty on the Business Associate in addition to the recovery of loss. The HR department shall issue a Warning Letter to the Business Associate in this event of a second breach.

In case of any further incident, the agreement with the Business Associate should be terminated, if deemed fit, by the Company.

## **8. Dealing with HOD of the Employee**

Depending on the circumstances a Caution Note may be issued to the Head of the Department where the instance has taken place, by the Head HR of the Business Unit.

Depending on the severity of the case, it may be decided by the MD & CEO's Office to also issue a Caution Note to the Manager of the HOD. This Caution Note shall serve to strengthen internal controls and to prevent recurrence of violations and non compliances.

## 9. Events invoking the provisions of the policy

The following events will trigger invoking of the clauses applicable in the policy

- Exceptions identified during audit as against the self certification submitted by respective functions which points towards false certification
- Exceptions confirming non-compliances noted & confirmed during management reviews.
- Outcome of an investigation undertaken by management / audit team confirming non-compliances which was initiated based on information from Whistle Blower, Ombudsperson office, complaints including anonymous complaints, internal reviews etc.

The above list is indicative & not exhaustive.

## 10. Adequate internal communication

The Group Director-HR shall issue a formal communication to all the employees of the business unit with reference to the circumstances, which allowed such a financial impropriety to be perpetuated, but without any specifics of the persons involved.

The purpose of this communication is to sensitize employees against wrongful act and the sense of seriousness with which the Management deals with such acts. This shall serve to strengthen the organization governance environment and share learning on how to prevent such instances in the future.

## 11. Deviation

The policy has been based on past incidents. The Functional Head / Functional Director along with SBU HR Head / HR Director and Business President / MD & CEO can use any of the above steps deemed appropriate, without adhering to entire process, depending on the severity of non-compliance.

## 12. Communication & Implementation of the Policy

The Functional Directors are accountable for ensuring the compliance on the policies, process or procedures.

The Office of the Human Resources is responsible for the implementation of this policy. Continuous communication will ensure that awareness of the Code of Conduct is cascaded across the organization.

A copy of the policy should be available to all employees on the various company portals and the Office of the Ombudsperson. Respective human resource teams will ensure that the Bharti Code of Conduct and the Consequence Management for breach of Code of Conduct (Non financial) Policy is explained to new joiners at the time of

induction. Further, a declaration of acceptance of the Bharti Code of the Conduct and this Policy by all employees shall be taken by respective human resources teams of all businesses during first quarter of each financial year.

### **13. Modifications**

The Group Director-HR may modify this policy at any time without notice. Modifications may be necessary, among other reasons, to accommodate organizational changes within the Group companies.

### **14. Annexure A**

Policies which are supplementing the Consequence Management policy

- **Rewards & Recognition**
  1. Annual Performance Bonus Guidelines
  2. LTA Policy
  3. Car Lease Policy
  4. Sales Incentive Plan
  5. Compensation Manual
  6. Kudos – Recognition Program
- **Employee Benefits**
  1. Inland Relocation Policy
  2. Phone & Digital TV Policy
  3. Travel Policy
  4. Leave Policy
  5. Policy to prevent and deal with Sexual Harassment
- **Others**
  1. HIV AIDS Policy
  2. Dress code
  3. Gift Policy
  4. Insider trading policy
  5. Bharti Group CSR Policy
  6. Notice Period Guidelines
  7. Health, Safety & Environment Policy
  8. Media Policy
  9. Imprest Advance Policy
  10. Information Security Policy
- **Talent Acquisition Policies**
  1. Rehire Policy
- **Bharti Code of Conduct & Ombudsperson Policy**
  1. Bharti Code of Conduct booklet
  2. Ombudsperson Policy