

Management of Business Ethics

- *'sowing the seeds'*

May 26, 2003

11th International Anti-Corruption Conference

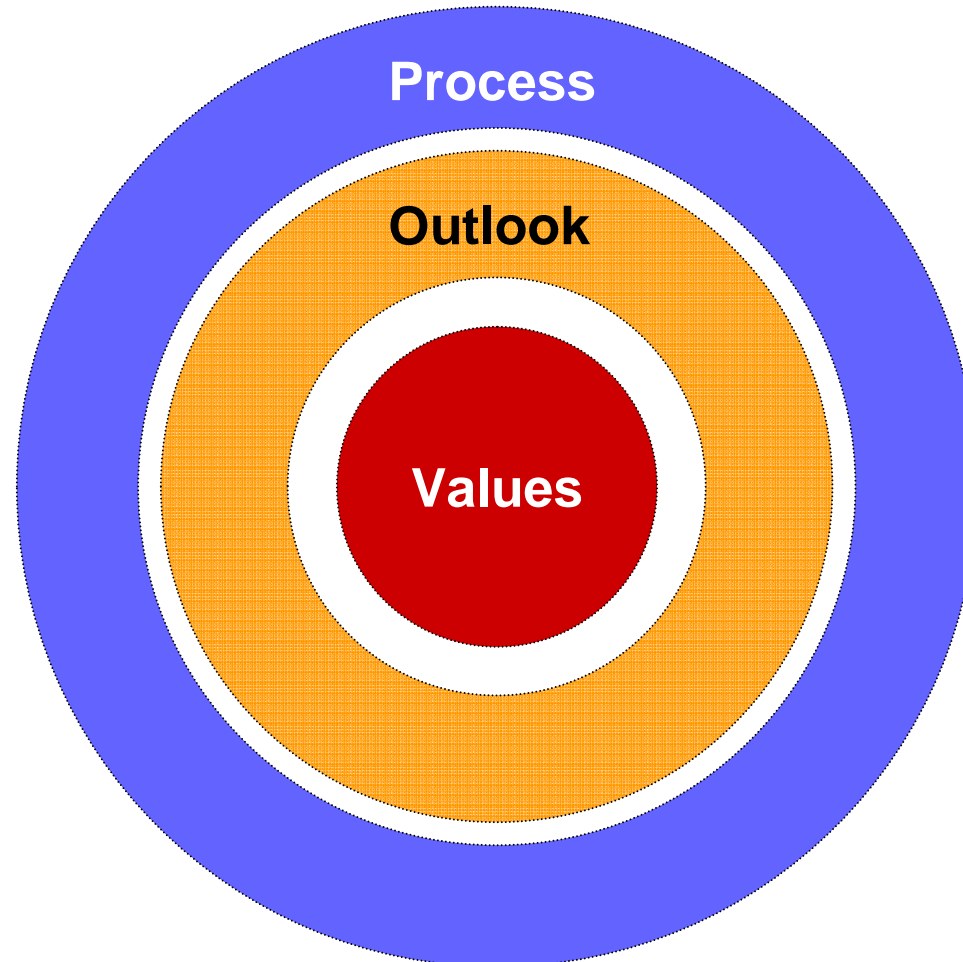
Seoul, Korea

- ***Prologue***
- ***Framework of ‘Leadership with Trust’***
- ***Process of Managing Business Ethics***
- ***Measuring the Outcomes***

- **Skill & Capacity to be robust**
- **Influence change**
- **‘Leadership with Trust’ – *The Tata Way***

The Score of the Tata Code is larger and includes issues such as Bribery and Corruption

- Unity
- Integrity
- Excellence
- Responsibility
- Understanding

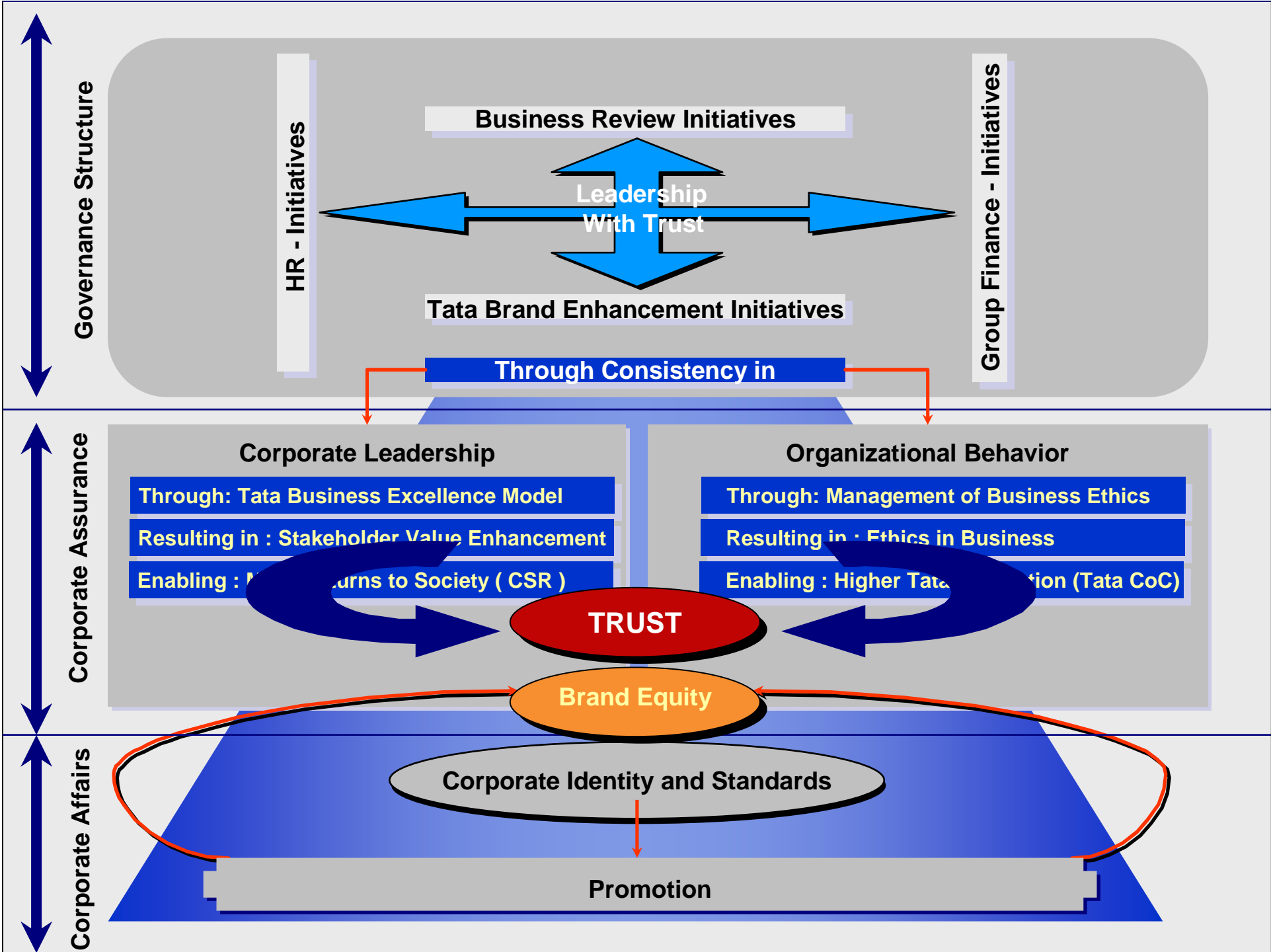


Tata Values form the basis of the Tata Code

- In January 2002 Transparency International conducted an evaluation of Business Principles for Countering Bribery field test at Tata Steel
- Outcome of the study: *“Our view is that the systems in place are of high quality and represents best standard by any measure.....”*



Leadership with Trust





Process of Managing Business Ethics

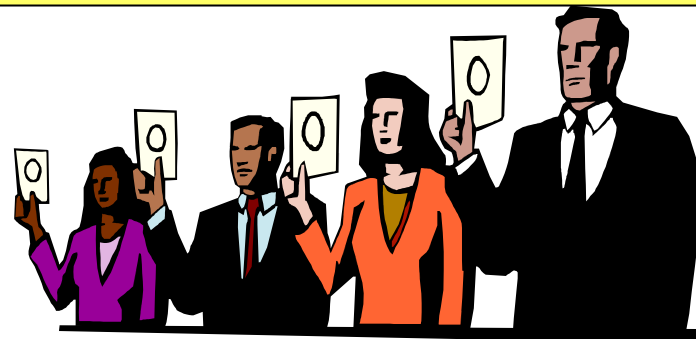
Process of Management of Business Ethics



It comprises of programs, practices and systems designed to motivate and monitor an organization's ethical performance.



Code adoption and compliance, training, Communications and an Ethics Network.



Role of Ethics Counsellor



- Be a counsellor to employees
- Talk about ethics & integrity routinely
- Work with CEO & with Senior Management to encourage open & honest communication

Managing Business Ethics

Build and maintain a culture of compliance

Prevent through proactive ways

Detect compliance problems

Respond by appropriate action

Rigor of Compliance for risks



- 1. How do you address the impacts on society of your products, services and operations? Including key practices, measures and targets for regulatory and legal requirements and for risks?**
- 2. How concerns are anticipated for current and future products and operations?**
- 3. How do you ensure ethical business practices in all stakeholder transactions and interactions?**

**Business
Excellence
Assessment**

Objective of the Assurance Survey



**To obtain the perceptions of the
executives in various Tata
companies on Managing Business
Ethics process implementation**

Eight Assurance Perspectives



1. Senior management commitment
.....CEO's "activism" as the Principal Ethics Officer
2. Commitment of middle and junior management
3. People awareness and involvement
4. Employee training and communication on MBE / Code processes

Eight Assurance Perspectives



5. Is the Management of Business Ethics program effective “in your company”?
6. Can you raise concerns confidently without fear of retribution / retaliation?
7. Has the Code been effectively communicated to you and your colleagues?
8. Has the Code been effectively communicated to subsidiaries, suppliers, partners, contractors etc.?

33 companies,

178 locations/branches,

**5300 randomly selected *...out of a
total of ~ 34,000 managers***

Interpretation of the Scores



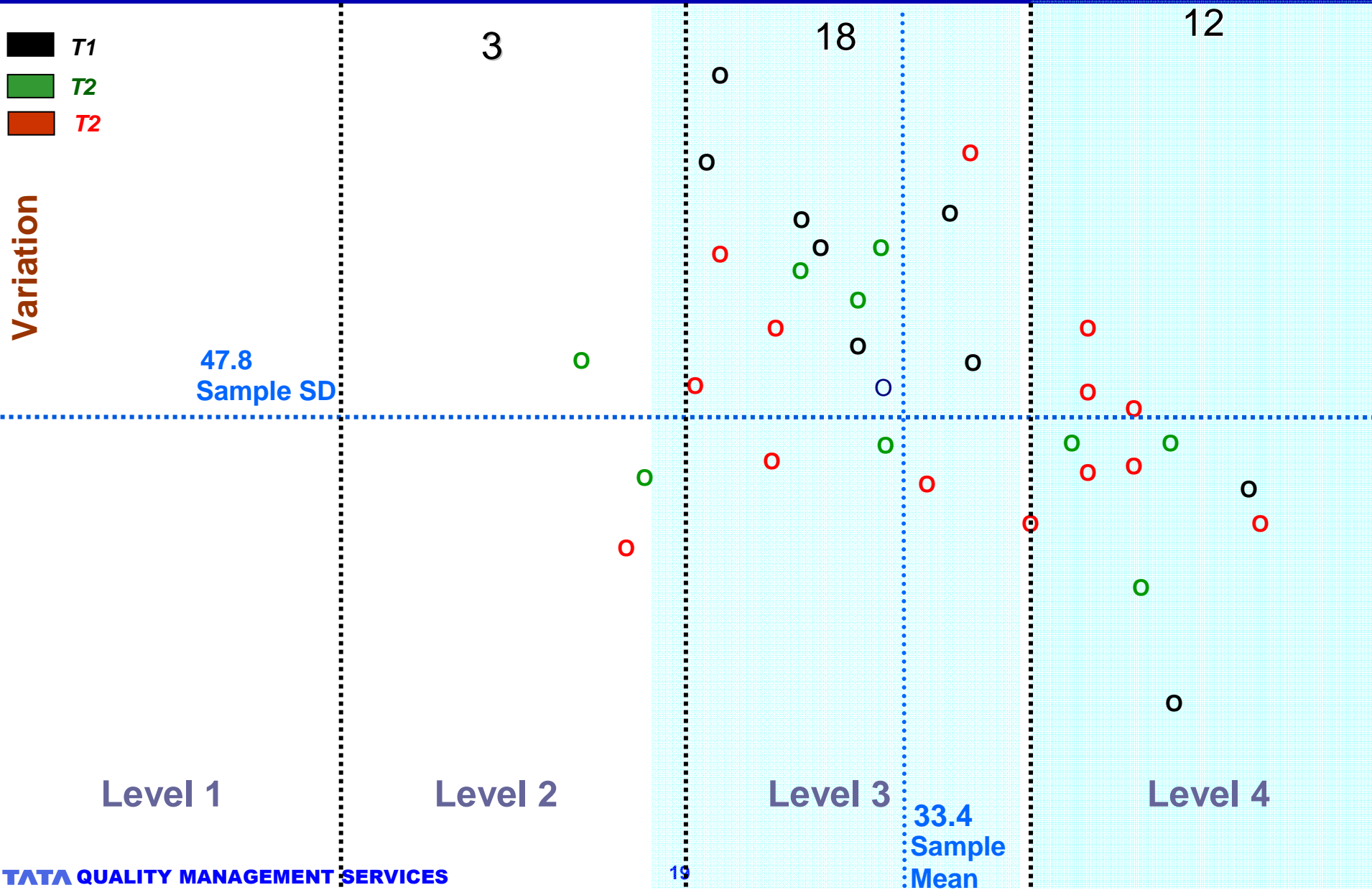
MBE implementation Level	Interpretation
1	Little or no activity
2	Unsure/mixed indication
3	Existence of activity / getting there
4	Activity fully in place

Assurance Score

- Group Assurance score = Level 3

..... i.e. *“Existence of activity- getting there”*

Assurance Score



- Good governance involves the full set of relationships between a company's board, management, shareholders and other stakeholders
- The quality of governance is also directly linked to the policy framework in which the companies operate
- **From 2004, our Business Excellence model is introducing a new Results Item to reflect the need to build stakeholder trust in the governance of each company and to ensure ethical behavior and legal compliance**

Thank you