Management of Business Ethics

- ‘sowing the seeds’

May 26, 2003

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Contents of the Presentation

- Prologue
- Framework of ‘Leadership with Trust’
- Process of Managing Business Ethics
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Prologue

- 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
Tata Values

- 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
QUALITY MANAGEMENT SERVICES

Organizational Behavior
Through: Management of Business Ethics
Resulting in: Ethics in Business
Enabling: Higher Tata Reputation (Tata CoC)

Corporate Leadership
Through: Tata Business Excellence Model
Resulting in: Stakeholder Value Enhancement
Enabling: More Returns to Society (CSR)

Corporate Assurance
Promotion
Corporate Identity and Standards

Corporate Affairs

Business Review Initiatives
Leadership With Trust
Tata Brand Enhancement Initiatives

Through Consistency in TRUST

Organizational Behavior
Through: Management of Business Ethics
Resulting in: Ethics in Business
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Corporate Leadership
Through: Tata Business Excellence Model
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Brand Equity

Promotion
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
Leadership Responsibilities

Managing Business Ethics

**Build** and maintain a culture of compliance

**Prevent** through proactive ways

**Detect** compliance problems

**Respond** by appropriate action
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?
Objective of the Assurance Survey

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

<table>
<thead>
<tr>
<th>MBE implementation Level</th>
<th>Interpretation</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Little or no activity</td>
</tr>
<tr>
<td>2</td>
<td>Unsure/mixed indication</td>
</tr>
<tr>
<td>3</td>
<td>Existence of activity / getting there</td>
</tr>
<tr>
<td>4</td>
<td>Activity fully in place</td>
</tr>
</tbody>
</table>
Assurance Score

- Group Assurance score = Level 3

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