Developing Code of Ethics for Indian Industry

Final Report

National Human Rights Commission

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Prologue

Second decade of this new millennium megatrend is 'responsible business'. The consumer movement and human rights activists have become increasingly empowered, and they actively publicize news of unethical conduct of companies. These in turn have tremendous political ramifications in India. Operations of many multinational and Indian corporations have been put under scrutiny by these groups. They demand the companies to have appropriate Code of Ethics (CoE); to end the use opportunistic and discriminatory business practices; or to establish fair wage policies for the local employees, or to have the clear cut public relation norms so far as paid news and derogative advertisements are concerned, etc.

Active implementation of ethical conduct in business is a relatively new phenomenon, although its roots can be traced in history; business ethics is as old as business itself. It is very much in the interest of long-term business with the backdrops of stakeholders' dependence; this development has been instrumental in introducing ethical business conduct as an integral part of international human rights movement. Among others, the seven conventions of the International Labour Organization (ILO); the United Nations Universal Declaration of Human Rights (UDHR) 1948, the ensuing International Covenant for Civil and Political Rights (ICCPR), and the International Covenant for Economic and Social Rights (ICESR), both are in force from 1976. These have given structural legislative support to the development of guidelines for ethical business conduct, especially for multinational corporations. Although the interest in business ethics has increased in the recent years, the commitment shown by the Indian Parliament in the New Companies Bill to social responsibility is not yet very common to other country, even though the term "good corporate citizen" is becoming an integral part of the global trade rhetoric.

An open, extensive, and effective CoE facilitates communication between people and thus promotes democracy. The positive effect of CoE on the other hand will protect the interest of business vis-a-vis society at large.

It is a positive sign that, despite the absence of pressure from external entities or any other groups, this attempt have paved the way for Companies to have ethical codes of conduct. It's an effort to build the nation with transparent and accountable mechanism. But the real Litmus test for the degree of their ethical commitment is, whether or not they allow an independent, outside specialist or non-governmental organization to monitor their compliance in their production plants and their vendors' plants for the existing conditions. At the moment neither one of the companies in this study allows it. However, to translate the CoE into reality, the issue is critically important and is therefore worth a proper handholding towards conduct 'facilitating workshops' with the cross section of industry across the country. It is my privilege to extend acknowledgments to the respective participating organisations for associating with us in this national endeavour. We are also indebted to the National Human Rights Commission (NHRC) for supporting this initiative.

Dr. Debasis Bhattacharya

Executive Summary

Issues related to value, ethics and human rights are among the most important concerns for industry now. Interest vis-à-vis need in business ethics accelerated dramatically during the 1990s. Thus, developing 'Code of Ethics'(CoE) for Indian industry is all about synthesizing the present situation in the eyes of ethical and non-ethical subjects that arise in a business environment. The study attempts to understand the range and quantity of ethical issues that reflect the interaction of profit-maximizing behavior with non-economic concerns of an Industry. Corporate ethics reflects the philosophy of business, one of whose aims is to determine the fundamental purposes of a company. If a company's purpose is to maximize shareholder returns, then sacrificing profits to other concerns is a violation of its fiduciary responsibility. India as a nation is yet to have her own code for promoting ethical business practices. Hence, adoption of CoE could be a protector and promoter of Indian industry. It would be an advantage to equate with the latest global practices and standards of industry.

As an imperative need for the business, industry adopts 'economic sustainability', 'social sustainability', 'ecological sustainability' and 'ethical aspects'. Interestingly, while we have well developed mechanisms to measure performance on the economic and ecological parameters, criteria for the other two i.e. social and ethical aspects have yet to reach the same level of sophistication and comprehensive coverage. The objective of the study is to develop a structure for CoE by Indian Industry and an attempt to answer the following moot questions:

- Is the competitive efficiency of enterprises achieved by compromising long-term social and human resource base?
- In case such a compromise is really taking place, what measures are necessary to ensure ethical business?
- How then to redefine "code of ethics" incorporating the concerns for long-term business gain?

With this endeavour, the Code of Ethics aims to assess the company's performance against generally accepted criteria and report to the stakeholders. Subsequently, it also creates a cultural atmosphere where the company fulfills its assertions and commitments.

Towards developing the Ethics Code for Indian Industry, data have been collected from diverse sectors of 20 industries in different geographical locations of India. These sectors are Steel, Power, Mines, Building and Construction, Paper, FMCG, Sugar, Banking & MFI, Tea, Insurance, Natural Gases, National and Regional Business Associations, Heavy Engineering, IT-BPO, Textile, and NGO. Here most of the sectors are represented by the Public and Private combination. While collecting the data we did interact with 737 personnel. Apart from this, separate discussions with Top Management, Interaction with Middle Management and

Workshops with Employees and Stakeholders were conducted. These discussions were on ethical practices and norms for the organisation. With the collection of primary data, important documents and policies, observations and views were collated and interpreted. The general feeling was thatthe *Code of Ethics needs to be mandatory* but there is a debate on whether the 'Code' should be mandated by the government or be left as a voluntary organizational practice.

Major portion of the organisation expressed the view that for making the business ethically sustainable the most important requirement is to have inclusiveness.Impartial enforcement of laws requires an independent governance and structure. Good governance cannot be achieved standalone by framing the law but it also requires imparting and educating the members of the organization, so that they can exercise their rights and discharge their duties as well as ethical responsibilities in within the broader corporate law framework. Another paradigm is to formulate the ethical code of conduct for the organization having a regular monitoring system. It's necessary to have a distinct management system for ethics, as it would ensure the compliance of ethical norms formulated under the code of ethical conduct. Such dedication for compliance would result in creating healthy work culture and environment.

Some of the important findings of this initiative depict the understanding, performance and perception of the organization about Code of Ethics and its related moral and social dimensions. On the basis of the data collected about the preparedness of plans and policies for ethical issues, code of conduct, and corporate social responsibility, it is found that more than 90% of the organizations have strategies. As per the reflection of data gathered, around 93% of the respondent assured that they have knowledge of corporate ethics, and they are practicing the same in their operations, but this practice is based upon their accumulated knowledge only. Similarly, data highlights that 92% of the organizations have shown their commitment for ensuring compliance and continuous improvement in the policies of corporate ethics. The study reveals that almost 50% of the organizations do not disseminate their policies to the workers. This calls for transparency and disclosure of its policies in the organization. During the study, on being asked about the policy for displacement, rehabilitation, and resettlement, 54% of respondent were reluctant to comment on these issues. This raises doubt about the genuinity of such organization's standing. A large proportion of managers (89 percent) are not aware of details like extent of spending on the corporate social responsibility. The data also revealed a paradox between the reality and the claim, like 100% of the respondents stated that they have a process to implement timely 'Corrective Action against Deficiencies Identified' under periodical review by management on ethical issues, but during the course of study it was found that except two organizations none have this in practise. The concept of ethical responsibility emerged as an expectation and consists of transparent organizational management, careful consideration of the business environment, human rights, employment and in particular, compliance with ordinances, regulations, and laws. Code of Ethics can facilitate ethically sustainable business by encouraging stakeholders' good relationship with the society.

With the evolving global social demand for accountability of Governments and Corporations the proactive transformation into an ethical organization has been desirable. All the participating organisations loudly spoke about the issue of corruption. They opined that the corruption undermines the fundamental values of human dignity, encourage non-discrimination and also twisted the rule of law framework. They added that it hinders the fulfillment of other basic rights, and ultimately affects the citizen's faith in the State and threatens democracy. Observers say that corruption has become "a low-risk, high-profit business". In this backdrop, the NHRC's framework viz. parameterising the Code of Ethics for Indian Industry will act as the guiding principles and make a positive dent on the business and human rights.

Corporate Ethics is much needed to stress the importance of sustainability, social development, stakeholders, consumer satisfaction and service orientation in place of profit orientation. Ethics point out what is good and bad, so also what is right or wrong. It brings to the notice of the business community the importance of honesty, sincerity and fairness which makes them alert and socially conscious. This also expedites a better relation between business and the society. It will reconcile conflicting interest of various sections of the society such as workers, shareholders, consumers, distributors, suppliers, competitors and government. In the final analysis, it resonates that the business ethics help the business and the society at large. CoE pledges healthy atmosphere for tomorrow in business which ensures improvement in social, economic and cultural values of the society.

Chapter – I

Historical Preview and Evolution of Corporate Ethics

'Corporate or Business Ethics' can be used in different ways. Primarily the "term" refers to recent developments and to the period, approximately in early 1970s, when the term 'business ethics' came into common use in the United States. Originally this term is used in academy and research. As the term entered more general usage in the media and public discourse, it often became equated with either business scandals or more broadly with what can be called "ethics in business." In this broader sense the history of business ethics goes back to the origin of business, again taken in a broad sense, meaning commercial exchanges and later meaning economic systems as well. The third stand corresponds to a third sense of business ethics which refers to a movement within business or the movement to explicitly build ethics into the structures of corporations in the form of ethics codes, ethics officers, ethics committees and ethics training. The term, moreover, has been adopted world-wide, and its meaning in Europe, for instance, is somewhat different from its meaning in the United States.

1.1.**The "ethics in business" sense of business ethics**

In this broad sense ethics in business is simply the application of everyday moral or ethical norms to business. In general, in the United States this focuses on the moral or ethical actions of individuals. It is in this sense that many people, in discussing business ethics, immediately raise examples of immoral or unethical activity by individuals. Included with this notion, however, is also the criticism of multinational corporations that use child labour or pay pitifully low wages to employees in less developed countries or who utilize suppliers that run sweat shops. Many business persons are strongly influenced by their religious beliefs and the ethical norms that they have been taught as part of their religion, and apply these norms in their business activities.

The need for ethics in business, how people interpreted? This strand of the story is perhaps the most prominent in the thinking of ordinary persons when they hear the term business ethics. The media carries stories about Enron officials acting unethically and about the unethical activities of Arthur Andersen or WorldCom, and so on, and the general public takes this as representative of business ethics or the need for it. Emergence of Societies

1.2. **Emergence of Socities**

The development of the field, moreover, was not restricted to textbooks and courses. What differentiates earlier sporadic and isolated writings and conferences on ethics in business from the development of business ethics after the mid-70s is that only in the latter period did business ethics become institutionalized at many levels. By the mid-1980s there were at least 100 courses in business ethics taught across the country to 40,000 students. Not only were there at least twenty textbooks in the area and at least ten casebooks, but there were also societies, centres and journals of business ethics.

The Society for Business Ethics was started in 1980. The first meeting of the Society for Business Ethics was held in conjunction with the meeting of the American Philosophical Association (APA) in December in Boston. Other business related association and organization turned increasing attention to business ethics, including the Social Issues in Management Division of the Academy of Management, which was established in 1976. The above mentioned association emerged, such as the International Association for Business and Society. With the American development, Europeans organized the European Business Ethics Network (EBEN), which held its first meeting in 1987. In light of this development the fraternity of European Country separately developed their own ethics network or business ethics society. In general, the European approach to business ethics has placed more emphasis on economics and social structures, and less emphasis on the activities of corporations, than the U. S. approach. Both approaches were captured in the International Society for Business, Economics and Ethics, which was founded in 1989. That society in turn helped national groups throughout the world to develop local or regional societies of business ethics, so that now there are societies in a large number in both developed and less developed countries.

By 1990 business ethics was well established as an academic field. Although the academicians from the start had sought to develop contacts with the business community, the history of the development of business ethics as a movement in business, though related to the academic developments, can be seen to have a history of its own.

1.3. **Business Ethics as a Movement**

Business ethics as a movement refers to the development of structures internal to the corporation that helps it and its employees act ethically, as opposed to structures that provide incentives to act unethically. The said structures may include clear cut lines of responsibility, a corporate ethics code, an ethics training program, an ombudsman or a corporate ethics officer, a hot or help line, a means of transmitting values within the firm and maintaining a certain corporate culture, and so on. Some companies have always been ethical and have structured themselves and their culture to reinforce ethical behaviour. Johnson & Johnson's well-known Credo was written and published by General Robert Wood Johnson in 1943. But most companies in the 1960s had paid little attention to developing such structures. That slowly began to change, and the change became a movement when more and more companies started responding to growing public pressure, media scrutiny, their own corporate consciences, and, perhaps most importantly, to legislation. One can see that big business responded to criticism in the 1960s by turning to corporate social responsibility, and the movement can be traced back to that period.

The U. S. Civil Rights Act of 1964 was the first piece of legislation to help jump start the business ethics movement. The Act prohibited discrimination on the basis of race, colour, religion or national origin in public establishments connected to interstate commerce, as well as places of public accommodation and entertainment. Many corporations added equal opportunity offices to their human resources departments to ensure compliance, and in general the consciousness of business about discrimination, equal opportunity, and equal pay for equal work came to the fore. This in turn led to more consciousness of workers' rights in general, and corporate America's need to respect them. The U. S. Occupational Safety and Health Act of 1970 enforced the mandate to take those aspects of workers' rights seriously. In the same year the Environmental Protection Act forced business to start internalizing the costs of what had previously been considered externalities—such as the discharge of toxic effluents from factory smokestacks.

In 1977, following a series of scandals involving bribery by U. S. firms abroad including the Lockheed $12 million bribery case that led to the fall of the Japanese government at the time, the U. S. government passed the Foreign Corrupt Practices Act. The Act was historic because it was the first piece of legislation that attempted to control the actions of U.S. corporations in foreign countries. The Act prohibited U. S. companies from paying large sums of money (or their equivalent) to high level government officials of other countries to obtain special treatment. A number of companies prior to the Act had already adopted the policy of refusing to pay bribes as a matter of ethical principle. IBM, among others, was known for adherence to this policy, as was Motorola. The Act forced all companies to live up to the already existing ethical norm. Its critics complained, however, that it put U. S. companies at a disadvantage vis-à-vis companies from other countries that were permitted to pay bribes. The U. S. government applied what pressure it could to encourage other countries to follow its lead, and finally twenty years later the OECD countries agreed to adopt similar legislation.

1.4. **Embedding Business Ethics**

By the 1980s many companies had started responding to calls for ethical structures, and more and more started adopting ethical codes and instituting ethics training for their employees. Each wave of scandals, which seemed to occur every ten years or so, resulted in more pressure for companies to incorporate ethics into their structures. In 1984 the Union Carbide disaster at its plant in Bhopal, India, which killed thousands of people and injured several hundred thousand, focused world attention on the chemical industry. This led to the chemical industries adopting a voluntary code of ethical conduct known as Responsible Care, which became a model for other industries. In 1986, in response to a series of reported irregularities in defence contracts, a special Commission Report on the situation led to the establishment of the Defence Industry Initiative (DII) on Business Ethics and Conduct, signed by thirty-two major defence contractors (it soon increased to fifty). Each signatory agreed to have a written code of ethics, establish appropriate ethics training programs for their employees, establish monitoring mechanisms to detect improper activity, share their best practices, and be accountable to the public.

The DII became the model for what has been the most significant governmental impetus to the business ethics movement, namely, the 1991 U. S. Federal Sentencing Guidelines for Corporations. That law took the approach of providing an incentive for corporations to incorporate ethical structures within their organizations. If a company could show that it had taken appropriate measures to prevent and detect illegal and unethical behaviour, its sentence, if found guilty of illegal behaviour, would be reduced considerably. Appropriate measures included having a code of ethics or of conduct, a high-placed officer in charge of oversight, an ethics training program, a monitoring and reporting system (such as a "hotline"), and an enforcement and response system. Fines that could reach up to $290 million could be reduced by up to 95 percent if a company could show bona fide institutional structures that were in place to help prevent unethical and illegal conduct.

The result was a concerted effort on the part of most large companies to incorporate into their organizations the structures required. This led to the development of a corporate position known as the Corporate Ethics Officer, and in 1992 to the establishment of the Corporate Ethics Officer Association.

The most recent legislative incentive to incorporate ethics in the corporation came in the Sarbanes-Oxley Act of 2002, passed as a result of a rash of scandals involving Enron, WorldCom, Arthur Andersen and other prominent corporations. The Act requires, among other things, that the CEO and CFO certify the fairness and accuracy of corporate financial statements (with criminal penalties for knowing violations) and a code of ethics for the corporation's senior financial officers, as well as requiring a great deal more public disclosure.

Corporations have responded to legislative and popular pressure in a variety of ways. The language of social responsibility rather than explicitly ethical language is still probably the most commonly used. Self-monitoring of adherence to a corporation's stated principles and self-adopted standards is becoming more common, and some companies have voluntarily adopted monitoring of their practices, policies and plants by independent auditors. The notion of a Triple Bottom Line, which involves financial, social and environmental corporate reporting, has been adopted by a number of companies. Other popular reporting mechanisms include corporate environmental sustainability reports and social audits, which vary considerably in what is reported and how it is reported. Ethical investing is another aspect of the movement, and mangers of ethical investment funds have begun proposing stockholder proposals as a means of encouraging more ethical behaviours on the part of corporations in which they own stock.

1.5. **Globalization of Business Ethics**

With globalization the business ethics movement has not remained confined to the Unites States. Other countries have adopted legislation similar to that of the United States, and the UN has developed a voluntary Global Compact for Corporations. The Compact, which was endorsed by all governments, contains nine guiding principles, which focus on human rights, labour standards, and the protection of the environment. Over 1,500 companies worldwide have joined the compact, and it seems likely that more and more will feel the pressure to become signatories and to abide by the required standards.

1.6. **Need for Standardisation of Ethical Conduct**

At a philosophical level, the need for ethical standards can be debated. Some may argue that adoption of code of ethics should be voluntary to companies and not mandated. While there is merit in this argument, it may be noted that there is very little empirical evidence for firms doing financially well by doing social welfare activities[1], including ethical practices. The choice of firms on whether to follow a code of ethics or not can be explained through the typical game theoretic formulation of prisoner's Dilemma. In the absence of direct economic gains, this formulation indicates that corporations would either choose to adopt a code of ethics together or not adopt at all. As of now, the latter condition seems to hold as firms promoting ethics as a part of their organizational culture seem to be doing so without any apparent economic benefits. Therefore, it is imperative that efforts are made in formulating a practicable code of ethics.

Practicality may be an essential component of formulated code of ethics because ethics (social welfare in general) may not augment profitability (explained in detail in Chapter 5), and as a consequence may conflict with firm's shareholder's interests; this is possibly best articulated in Nobel Laureate Milton Friedman's comment – "Business of Business is Business". In a failing or turbulent society, business cannot succeed. However ignoring social welfare would not be advisable as there are anecdotal evidences to suggest that lack of adherence could lead to detrimental business consequences. Nike and Primark are illustrative examples where lack of adherence to ethical standards had led to major business fallouts (refer Ethical Fallout...). At a larger level, there is a growing demand for accountability that the corporations need to heed; and, through a standardized code, there is a need to reach a mutual threshold that would be acceptable to the society and the shareholder's economic interests. The question is how should the threshold be determined, particularly when business contexts vary from organization to organization?

The suggested answer is two-fold – there should be minimum mandated threshold, and there should be room for additions based on requirement. In line with this approach, in this study, we outline the base-line codes or the minimum that needs to be practiced. The actual content devised by a firm may include additions based on requirements.

This chapter captures the evolution of the field of ethics into a global movement and its incorporation into business practice. It must be noted that there are two major paradigms in scholarship of ethics in business, one based in social sciences that addresses the question of "what is" and the other based on moral philosophy on "what should be". In our report, the focus is largely on the former aspect. However, in Chapter 3, we incorporate the important aspects on moral philosophy for developing the code of ethics. This balance needed to be

[1]Empirical evidence of accruing economic benefit through promotion of social well-being remains weak, unless the interventions are essential for business operations (Vogel, 2005).

maintained as the formulation of code of ethics required getting an understanding of the practices (what is) and bridging the inspirational requirements (what should be).

Subsequent theoretical chapters are organized as follows. In the next chapter the need for developing a code of ethics for Indian corporations are highlighted, along with a broad review on the contemporary international and nation experience. This is followed by a chapter on legal introspections that incorporate the aspects that related to ethical conduct and a detailed review of global norms and standards introduced in the new millennium. These two chapters lay a foundation for a discussion on the major debates of the day: (1) defining the sphere of influence and (2) the debate on the need to move beyond mere formulation of codes for conduct.

Ethical Fallouts

Over the decades, media has brought out to the attention of public numerous social and ethical issues that have framed the business and society relationship for Indian industry. Most of this has been reported as some form of business criticism. The recent period of criticism began with the scandals which opened up in the late 2001 and is still continuing. The exposure of Enron scandal brought out to general public the degree of fraud impacting investors and employees. Since then other corporate names have appeared in the media for violations of public trust and corporate ethics. Serious questions have been raised about issues such as corporate governance, executive compensation, backdated stock options, healthiness of fast foods, minimum wages, labour working conditions and safety and so on. Other general issues regarding sexual harassment, downsizing pension programs, reduced health insurance benefits and misuse of corporate power, toxic waste disposal and hazardous methods of manufacturing also point towards the continuing tension between business and society. Most of these incidents happen when public realize that there is something wrong. These examples of both specific corporate incidents and general business issues are very prominent in newspapers, magazines, internet and televisions. This raises serious questions regarding business organizations being ethical and fulfilling their corporate social responsibility.

Business firms are often criticized on occurrence of any such incident and are usually found to be seeking a defensive side. Businesses must weigh the pros and cons of these issues and adopt the best possible response considering the various conflicting point of views given. This section presents two cases that reiterate the role of business in society and the case studies provided bring out the ethical issues that have a risen in past in giant organizations and their responses and measures to deal with these issues in pursuance of their corporate social responsibilities.

A. Nike

Phillip H. Knight founded Nike in 1964 under the name "Blue Ribbon Sports". The idea was born as a result of a paper written by Knight during his MBA program to import athletic shoes from Japan to U.S market which was otherwise dominated by Germans. The Nike brand was created in 1972, the company went public in 1980, and today Nike is one of the largest manufacturers of athletic goods in the world. Nike though identified as a footwear manufacturer, gets approximately one-third of its revenue from apparel; and the manufacturing mostly takes place in factories located in Asia.

Ethical Concerns

Due to increasing scope and costs, the suppliers have had subcontracts with cheaper labour markets in other third world countries such as Indonesia, China, Vietnam rather with Japan.

Since the mid 90's, Nike has faced a barrage of criticism from labour rights activists, the media and others for human rights violations in their factories in the third world countries. The accusations include: deficiencies in health and safety conditions, extremely low wages, and indiscriminate hiring and firing practices.

Roberta Baskins CBS report in 1993 brought out several cases of human rights violations in the factories located in Indonesia prominently owned by Koreans. Another of Nike's problem was factory conditions in Vietnam. Ernst and young, commissioned by Nike to audit one of its factories reported presence of unacceptable standards of chemicals and cases of employee health problems. Nike hired Andrew young, a former UN ambassador to visit and report the conditions of factories in third world countries. The 1997 Report stated that: (1) there were no infringements of health and labour codes of conduct, (2) the pay in Nike controlled factories was substantially higher than minimum required wages, (3) Nike typically subsidized meals and medical treatments of its employees.

However, in 1998, Marc Kasky - a corporate critic - responded to the conflict between contents of this report and the report submitted by Ernst and Young. It was claimed that Nike was consciously misleading the public by claiming itself to be provider of above stated facilities.

Fallout and response

Public protests against Nike took the form of boycotts and picketing of Nike stores, and universities began cancelling their deals with Nike to produce branded athletic goods. Nike had already established the Code of Conduct in 1992 but this was not enforced. More recent efforts were made to enforce standards in the form of monitoring by both Nike production department and through independent consultants. Suppliers were required to sign the code of conduct and display it on their factories.

Nike started extensive public relations campaign. A workplace code of conduct was established to regulate working conditions in foreign factories. Nike finally intervened in the wage policy of its factories in Indonesia and announced wage raises above minimum legal wage in 1999.

Universities form a core segment of Nike's market and therefore letters detailing the acceptable conditions in the factories and stressing Nikes commitment to corporate social responsibility were sent. Representatives also visited university campuses stressing Nike commitment towards corporate citizenship. Akey visit in this context was Knights visit to university of North Carolina. Numerous press conferences were also held with college newspapers across US universities.

B. Primark

Primark is one of the UK High Street's success stories in recent years, its mixture of low prices and accessible fashion has proved to be a hit with varying age groups. It currently has more than 170 stores and made a £200m profit FY2010 on total sales of more than £1.6bn. The store is a favourite destination for bargain hunters who follow style while keeping low on budget. Primarks flagship store is located in London Oxford street. Worth an estimated £5bn, the Primark chain now has 4.8 million sq feet of retail space across 177 stores in three countries, employing 25,000 people. But as this child labour scandal shows, the Irish conglomerate, which sells one in every 10 items of clothing bought in Britain today, had little control over part of its supply chain.

Ethical Concerns

The BBC's Panorama program, which carried out a six-month investigation, alerted Primark to the problem of the suppliers sub-contracted smaller firms, which were using child labour to carry out embroidery and sequin work. The investigation found that in the refugee camps of southern India young children had been working long hours in foul conditions to sew the designs that we see.

The Primark supplier in question, a major Indian exporter called Fab n Fabric, had employed a subcontractor who had discovered the ultimate disposable workforce: child refugees. In Bhavanasagar, many of the children hand-sewing Primark garments had been born in the camp. Others orphaned or detached from families by war, were more recent arrivals. Home for most are crude huts, amalgams of straw and broken pieces of corrugated iron. The child workers have no fixed hours of work, nor is there any trade union to fight for their cause. For those who get paid at all, the combined wages of five children is less than that of one adult.

Leading European and US retailers have come under growing pressure to ensure that workers in their supply chain - particularly in labour-intensive markets such as India and China - are not exploited.

Fallout and response

Primark sacked three of its clothing suppliers in India. According to Primark, the garments affected accounted for 0.04% of the retailers' worldwide sourcing. As soon as it was alerted to the practices over a month ago by The Observer and the BBC it cancelled new orders with the factories concerned and withdrew thousands of garments from its stores.

Under the terms of its code of practice for suppliers, Primark prohibits the use of child labour in its manufacturing chain. Primark says it will terminate relations with suppliers guilty of certain "transgressions" and those unwilling to make the "necessary changes" to their employment practices when breaches of its code are uncovered.

A Primark spokesman told The Observer that the firm is appointing an agency 'as a partner to act as its eyes and ears on the ground' and is establishing a charitable foundation for children. He said: 'Primark is an ethical organization and takes its responsibilities seriously, and it is an absolute outrage for anyone to suggest otherwise. The Primark Better Lives

Foundation will provide financial assistance to organizations devoted to improving the lives of young people, including those identified by the BBC. Millions of people will continue to benefit from our business.

Realisation from Ethical Fallout

The outsourcing of work to third world countries in search of cheap labour and low cost of production, the inhumane labour working conditions, safety and non-eco-friendly methods of manufacturing and waste disposal have given rise to various ethical issues and has raised a big question mark about the corporate social responsibility of business and relationship between business and society. There are countless ethical issues arising in large multinational organizations which claim to be ethical and following their corporate social responsibility but are only focused towards increasing their profits by the end of the year. This is one of reasons for the need for developing and following code of ethics in organizations.

Introspection

In this chapter the term business ethics is used in three different although related senses. Initially, it portraits the nascent thoughts about the meaning of business ethics along with early development made in regard to the subject. The second dimension reflected the outgrow of integration of ethics into business. The third dimension of this chapter narrates how business ethics evolved as a professional movement. This chapter captures the global evolution of business ethics and its incorporation into business practice. It must be noted that there are two major paradigms exist in business ethics, one based in social sciences that addresses the question of "what is" and the other based on moral philosophyabout "what should be". In this chapter, the focus is largely on the former aspect.

On pretext of this elaboration, the chapter tried to explain that how business ethics itself has become firmly embedded. At the same point of time, it is also mirrored that in what manner the concern for ethics in business continues. As an academic field business ethics contributes discussion forums, research and teaching that ultimately complement ethics in business, and the business ethics movement. The entire efforts together make up the history of business ethics in its broadest sense.

To sum up this chapter it may be mentioned here that, from an academic perspective, looking back over the past four decades or so, a lot has been accomplished. Historian deals with the past. While looking from the prism of history to the future, it is easy to see that there is still a lot to do. In the next chapter, an elaborate description aboutjustification and accountability of code of ethics are flagged. Today, both globalization and the march into the 'information age' are changing the way business is done, and the ethical issues businesses are encountering. In this transition of global vis-à-vis national situation business ethics evolve as an imperative mechanism for stakeholder management.

Chapter – II

Contemporary National and International Practices and Experiences on Corporate Ethics

India is a signatory to the Global Compact and Millennium Development Goals[2]. Yet, there is a lack of code for promoting ethical business practices. Therefore, there is a need to develop structures for facilitating adoption of code of ethics by Indian industry. The Human Rights Council of the United Nations, at its Eleventh Session (June 2008), unanimously welcomed the Special Representative Mr John Ruggie's proposal for establishing a policy framework based on three principles of "protect, respect and remedy" – in order to promote the cause of human rights in business enterprises[3]. Besides reemphasizing the state duty to protect human rights, this framework also lays down that businesses have a responsibility to respect human rights. International organisations such as Organisation for Economic Cooperation and Development (OECD)[4] and International Labour Organisation (ILO)[5] have also come out with guidelines to promote ethical business practices.

Besides fulfilling regulatory compliances, a code of ethics would be an acknowledgement of the nation's growing economic clout. The growth in stature has been symbolically acknowledged by the recent adoption of currency symbol for our Rupee, which bracketed the Rupee with elite league nations. A similar imperative needs to be extended to the gamut of Corporate Ethics. Developing a code of Corporate Ethics in line with international best practices not only provides an imperative to tune in with latest global practices and standards but also allows the Indian Corporations to emerge as role models for others to follow.

2.1.**Need for Formulating Industry-wide Code of Ethics**

Globally it has been realized that the challenge facing business is not just to 'market' a product; rather it lies in making the process 'Socially Acceptable'. The rising concern for charting a road map for sustainable business manifests this challenge to have an updated code of ethics for the industry.

In a competitive world, an updated and well-defined code of ethics reflects the core values of an organization. This can protect against harassments or dictum, fines and sanctions. To quote the Ruggie Report again, "Companies have had to acknowledge that business as usual is not good enough for anybody, including business itself"[6]. Sustainable businesses

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[2] Annexure II (i)
[3] A/HRC/11/13 – "Business and Human Rights: Towards Operationalizing the 'protect, respect and remedy' Framework" – Report by Mr John Ruggie: Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises" (United Nations, 22 April, 2009)
[4] "OECD Guidelines for Multinational Enterprises" (OECD 2000)
[5] "Tripartite Declaration Of Principles Concerning Multinational Enterprises And Social Policy" (ILO 2006)
[6] A/HRC/11/13 – pp6

incorporate four interrelated but distinct conceptual components. This study seeks to augment this effort to frame of Code of Ethics for Indian Industry. The Code would be derived from international norms and domestic practices. Through this study, the following components are painstakingly co-relates between each other: They are:

- Economic sustainability,
- Social sustainability;
- Ecological sustainability; and,
- Ethical and Human Rights Aspects.

Though we have well developed mechanisms to measure performance on the economic parameters, criteria for the other three aspects have yet to reach a similar level of sophistication and comprehensive coverage. This is where the role of NHRC comes in.

NHRC's facilitation towards developing this structure would ensure maximizing its internal and external value and its continuous evolution within a sustainable and inclusive system. As the Ruggie Report notes, "…more NHRIs (National Human Rights Institutions) will reflect on ways they can address alleged human rights abuses involving business."[7]

2.2. Code of Ethics: Beyond another Accounting Standard

One may well question the utility of a 'code of ethics'. We have processes of financial accounting – in vogue for quite a long time – and environmental accounting – introduced a couple of decades back, already in existence. Is there any requirement of bringing in a new system of code of ethics in a larger context of Corporate Responsibility? We feel that the answer to this question is strongly in the affirmative.

Financial and accounting system monitors the augmentation or otherwise of the stock of man-made resources by an accounting unit. Environmental accounting takes care of the same procession respect of the natural resources, albeit partially.

In this context, a compliance review is an important tool to develop the ethics program of a company. The objective is to validate the company's performance against generally accepted criteria and report to the stakeholders the extent to which the company fulfils its assertions and commitments.

2.3. International status

Internationally, it is one of the important subjects as far as corporate norms, behaviour, accountability and responsibility are concerned. All the First World countries and some developing countries such as Brazil and South Africa are considered to be very sincere and diligent. The UN also promotes and has called upon member countries to adopt code of corporate ethics for broader spectrum of better life and transparency of business.

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[7] A/HRC/11/13 – pp24

2.4 **National status**

Code of Corporate Ethics is one of the pioneering endeavours in India which does not have a comprehensive Code of Ethics for Indian Industry. Since Liberalisation, Privatisation and Globalisation (LPG), Indian industry's achievements are spectacular. In contrast, so far responsibility, accountability towards human values and rights are concerned, where business activities are linked on a day-to-day basis, they are not yet chalked out. Indian industry is at crossroads today. On the one hand it faces the prospect of reduced supply of raw material in the years to come. On the other, the compulsions of WTO agreement open up threats of competition from global players who have better access to cheaper and unrestricted supply of raw materials.

Under such circumstances "community" is considered a "natural" ally in any endeavour to increase the "value" for the society. We suggest a marriage between the two extremes to take care of concerns related to value creation and sustainability. A Code of Ethics and subsequent facilitation of a process of 'responsible business' involving all the stakeholders will help ensure such marriage with the 'State' taking up the 'priestly' duties. Such mechanism will help develop a new model of "Management" — a tri-polar one involving the communities, industries and the State.

Introspection

In this chapter the national and international practices are reflected about the various operational verticals on business code of ethics. It highlights the development and state of corporate ethics at international level, the global positioning in the area of business ethics. In stand with that, the efforts so far made at the national level on corporate ethics are described. It helps to understand the gaps that need to be bridged-up for matching up the developments made globally.This chapter aims to describe the need for Code of Ethics for Industry and justifying the importance of this effort internationally, by portraying the experience of various other nations. Ethics in business organizations is a multidimensional process involving decision-making, leadership and institution building.This section advocates that the relatively simpler ethics of day-to-day decisions has to be reflected upon in the context of corporate desire for continuity, embedded with the values of a progressive society.

In the next chapter, we incorporate the important aspects on moral philosophy for developing the code of ethics; as the formulation of code of ethics required an understanding of the practices (what is) and bridging the inspirational necessities (what should be). Subsequent theoretical chapters are organized on the basis of the above mentioned components. In the following chapter the need for developing a code of ethics for Indian corporations are highlighted, along with a wide-ranging review on the contemporary international and nation experience. This is followed by a chapter on legal introspections that incorporate the aspects that related to ethical conduct and a detailed review of global norms and standards introduced in the new millennium. These two chapters lay a foundation for a discussion on the major debates on the subject: (i) defining the sphere of influences, and (ii) need to move beyond mere formulation of codes for conduct.In support of these, the ensuing chapter have been introspected the legal achievements and developmentthat are made in the area of Corporate Ethics. Thus the objective of the following chapter corroborates the study with robust theoretical backdrop of significance for having a Code of Ethics for Indian Industry.

Chapter – III

Legal Introspections…The Need for Code of Ethics for Indian Industry

The globalization of markets and the increasing presence of multinational corporations are not the recent phenomena. To reduce labour costs and exploit natural resources, corporations have increasingly spread their businesses to developing countries, including those with poor human rights records. These countries, eager to attract foreign investment and committed to economic growth, often ignore or conceal the human rights violations committed by business entities. Moreover, because international human rights law and enforcement mechanism shave traditionally focused on state conduct, they too have largely ignored the adverse effects of business activity on local communities.

For these reasons, the globalization of business has been accompanied by human rights abuses. Today, business-process outsourcing is widespread, largely due to the abundant supply of cheap labour in the developing world. Cheap labour in overseas markets reduces the cost of production or the delivery of services for multinational corporations. However, as these corporations exploit cheap labour sources, they may also be giving up long-term, sustainable growth for short-term profits.

Mr. John Ruggie, the UN Special Representative to the Secretary General for Business and Human Rights, reported to the UN General Assembly in 2007 that there is a "dystopia" that "states and businesses need to consider – and avoid – as they assess the current situation and where it might lead. Human rights and the sustainability of globalization are inextricably linked."[8] In other words, states and corporations must consider – and will benefit in the long-term – protecting and respecting human rights.

In his capacity as Special Representative to the UN Secretary General, Mr. Ruggie has overseen the development of the "Protect, Respect, Remedy" framework – a three-pillar approach to protect against corporate human rights abuses. It includes: (1) the state duty to protect against human rights abuses by third parties, including business; (2) the corporate responsibility to respect human rights; and (3) greater access by victims to effective remedy, both judicial and non-judicial. This framework was unanimously approved by the U.N. Human Rights Council in 2008 and is now implemented by more than 5,000 companies[9]. As Ruggie has explained, such a framework is vital in today's globalized world.

John Ruggie's framework does not make a normative impact by creation of new international standards and norms for companies and Governments. Instead, the Guiding Principles elaborate on existing international norms and their implications, and use them to regulate State conduct and those of companies with respect to human rights protection.

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[8]John Ruggie, *Report of the Special Representative to the Secretary General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises*, U.N. Doc A/HRC/4/35 (2007).

[9] For more information about the framework and its adoption, see Business and Human Rights Resource Centre, http://www.business-humanrights.org.

[10]Today, international law explicitly requires states to protect their citizens against corporate human rights abuses. "International law firmly establishes that states have a duty to protect against non-state human rights abuses within their jurisdiction, and that this duty extends to protection against abuses by business entities"[11]. The role of the State is an important factor to consider in evaluating the need for a Corporate Code of Ethics. This is because while the State is not responsible per se for human rights violations of private companies, it has an explicitly mentioned duty under international law to protect its people from abuse by private entities. The State will have violated its human rights obligations under international law if it does not take adequate action to identify and punish human rights violations by businesses. Private as well as public actors must have a clear understanding of the role of the State and their accountability to the Government when human rights abuses take place. Introducing a Code of Ethics enables the State to ensure that businesses operate in a manner that is consistent with the State's international obligations. Failure of the State to regulate the conduct of companies, if leading to human rights abuses can have severe legal and reputational consequences for the State itself[12].

A Corporate Code of Ethics that outlines the role of the State in preventing and remedying human rights violations caused by private companies (whether of foreign ownership or otherwise) is vital in any country. This is because until now, State obligations in terms of regulating conduct of extraterritorial businesses operating within their jurisdiction are unclear under international law. If extraterritorial companies are allowed to operate unchecked in a territory, and cannot be held accountable by the State that has jurisdiction over that territory, it almost guarantees human rights violations and other abuses of power by the companies.

3.1 **Jurisdictional Barriers in Enforcing Human Rights Obligations against Trans - National Corporations (TNCs)**

According to the APF Report, a variety of barriers limit the capacity of victims to obtain effective redress for violations of human rights committed by TNCs. Amongst other things, such barriers may relate to the TNC itself (for example, its corporate structure), the limitations imposed by domestic laws relating to the incorporation of business enterprises, (for example, separate legal personality and limited liability), and the failure of the legal jurisdiction in the home or host State to provide a means for seeking redress for certain violations"[13]

Outlining the substantive barriers, the report notes that they include the following:

[10]Id.
[11]Id.
[12]Id.
[13]Report, ACJ Reference on Human Rights, Corporate Accountability and Government Responsibility, APF 13

The 13th Annual Meeting of the Asia Pacific Forum of National Human Rights Institutions, Kuala Lumpur, Malaysia, 27-31 July 2008

i. Separate Legal Personality. Providing a corporation with legal status in its own right, and distinct from the legal personality of its shareholders, directors and managers, is a legal assumption that is universal across many countries. Developed to accommodate the shared commercial objectives of a group of individuals, separate legal personality protects members and directors from personal liability by viewing the corporation as an independent body or 'legal person'. As a result, a corporation can be found directly or indirectly liable in its own right for civil and criminal acts. However, where a company is involved or complicit in human rights violations, the implications of separate legal personality can shield corporate decision makers from personal accountability for their actions. Similarly, in shielding shareholders, the effective owners have less incentive to monitor the risk associated with corporate activities.

ii. Corporate Structures. Corporations are often organised in a group structure. Such an approach legitimately facilitates the diverse operations of a parent corporation and its subsidiaries. However, such structures, in association with separate legal personality, can also be used to quarantine liability by placing responsibility for potentially high risk or hazardous operations in a separate corporate organisation. Where this is done in such a way as to avoid the consequences of such hazardous activities, for example by ensuring that the separate corporation has no assets to cover foreseeable liabilities, it acts as a significant barrier to those seeking redress unless the subsidiary is under such close operational control by the parent that it can be seen as its mere agent.

iii. Limited Liability. Corporations established with limited liability are a feature of most developed legal systems and reflect recognition of the need to promote entrepreneurial activity by protecting the personal assets of investors and managers of businesses.

iv. The inability to access personal assets may however impact adversely on the capacity to seek redress for human rights violations by a corporation where the corporate entity has been established with limited assets, particularly in the case of high risk or hazardous operations, and where the group structure has been utilised to quarantine the resources of the parent company. Similarly, limited liability shields the decision makers and effective owners from the consequences of their decisions, and reduces the incentive to monitor its human rights obligations."[14]

v. No Cause of Action. In some cases, the legal system in a State may not yet recognise the need to restrict certain conduct that infringes human rights. This is more likely to occur in situations where the purported human rights violation arises under an international instrument to which the State is not yet a party, or where competing policy considerations militate against the provision of particular forms of relief.

vi. Lack of Enforcement. Home and host states may be unwilling or unable to provide effective enforcement of judgments against transnational corporations for a variety of reasons including lack of capacity, as may arise in the absence of reciprocal enforcement regimes, or for other reasons.

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[14]Ibid.

vii. Who has 'Standing' to bring a Complaint. The concept of 'standing' refers to who can make a complaint and seek redress. In general, standing requirements operate to restrict the class of person who are able to seek redress for a particular violation. This avoids unlimited liability and restricts frivolous and vexatious claimants. Such limitations may act to restrict the capacity of interested persons or groups (such as human rights defenders and relevant civil society organisations), from bringing actions since they will not, in general, be considered to be directly affected by the offending conduct of a TNC. One possible option is to broaden standing requirements to allow actions by human rights defenders and civil society organisations with a defined mandate in this area.

viii. Choice of Legal Regimes. Contractual agreements between TNCs and the State will invariably establish the legal jurisdiction within which legal claims can be made. Dependent on the relative power between the State and the TNC, the choice of legal jurisdiction, and any limitations thereon, may seek to reduce the legal obligations of the TNC.

ix. Legal Representation: A lack of legal representation, and the complexity of legal processes and procedures often present a significant barrier to those affected by human rights violations, many of whom may lack the resources or the capacity to pursue claims without legal representation;

x. Costs. The potential for costs orders may act as a barrier to complainants pursuing human rights violations by corporations. Other financial implications, such as the cost of legal representation also present a significant impediment"[15]

3.2 **International Legal Framework**

The United Nations Global Compact is another international initiative to balance society and the corporate sector. "The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning G10 their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere."[16] The UN Global Compact has laid down 10 principles in the areas of "human rights, labour, the environment and anti-corruption which enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development

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[15] Ibid.

[16]

- The United Nations Convention Against Corruption"[17]

India has signed and adopted a number of international guidelines with regard to corporate social responsibility. The United Nations Global Compact was launched in India at a high-level meeting of Business Leaders in Mumbai on 4 December, 2000 and over 100 leading organizations from India have joined the initiative to date. The 10 principles of the UN Global Compact that need to be adopted are as follows –

3.2.1 **Human Rights**

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

3.2.2 **Labour**

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

3.2.3 **Environment**

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

3.2.4 **Anti-Corruption**

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. [18]

3.3 **The UN Global Compact**[19] is the leading global voluntary initiative for corporate social responsibility that seeks to address, among other issues, the issue of business and human rights. It was launched at the initiative of the United Nations Secretary-General in 2000, which aimed at getting business leaders to voluntarily promote and apply within their corporate domains 10 principles relating to human rights, labour standards, the

[17] *available at* : http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html
[18] *available at:* http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html
[19] See generally http://www.unglobalcompact.org/, last visited on 5 December 2010.

environment, and anti-corruption. The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in these four areas. In so far as human rights are concerned, Principles 1 and 2 of the Global Compact assert that, "Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses." At present, several thousand companies, many of them large transnational companies, from all continents have signed on to the Global Compact[20].

"The United Nations Global Compact has been at the forefront of the corporate social responsibility movement, which is now often referred to as the environmental, social, and governance ("ESG") movement or, in a narrower context, as the business and human rights movement. On May 28, 2010, the UN Global Compact reached an agreement with the Global Reporting Initiative[21] to align their efforts. The UN Global Compact's agreement with the GRI provides a framework for the development, implementation, and disclosure of environmental, social, and governance policies and practices by corporations[22]."

3.4 On 20 April 2005, the Commission on Human Rights adopted a Resolution[23] requesting the *UN Secretary-General* to appoint a special representative on the issue of human rights and transnational corporations and other business enterprises, for an initial period of two years, with the following mandate:

(a) To identify and clarify standards of corporate responsibility and accountability for transnational corporations and other business enterprises with regard to human rights;

(b) To elaborate on the role of States in effectively regulating and adjudicating the role of transnational corporations and other business enterprises with regard to human rights, as also through international cooperation;

(c) To research and clarify the implications for transnational corporations and other business enterprises of concepts such as "complicity" and "sphere of influence";

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[20] See website of the Office of the High Commissioner for Human Rights, http://www.ohchr.org/EN/Issues/Business/Pages/BusinessIndex.aspx

[21]Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. In order to ensure the highest degree of technical quality, credibility, and relevance, the reporting framework is developed through a consensus-seeking process with participants drawn globally from business, civil society, labour, and professional institutions. This framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. The cornerstone of the framework is the Sustainability Reporting Guidelines. The third version of the Guidelines – known as the G3 Guidelines - was published in 2006. Other components of the framework include Sector Supplements (unique indicators for industry sectors) and National Annexes (unique country-level information), see http://www.globalreporting.org/AboutGRI/WhatIsGRI/, last visited on 5 December 2010.

[22] Global Governance Watch website, **UN and OECD Press for Global Governance of Transnational Corporations,** ECONOMICS, CORPORATE CITIZENSHIP, HUMAN RIGHTS, by Jim Kelly, July 28, 2010

[23] E/CN.4/2005/L.10/Add.17

(d) To develop materials and methodologies for undertaking human rights impact assessments of the activities of transnational corporations and other business enterprises;

(e) To compile a compendium of best practices of States and transnational corporations and other business enterprises;"[24]

In pursuance, the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises was appointed in July 2005. He submitted a report each to the Commission on Human Rights and the Human Rights Council. His previous reports[25] had responded to the requirements in his mandate asking the Special Representative to identify, clarify and research key legal and policy dimensions of the business and human rights agenda.

In his report dated 7 April 2008[26], he presented a conceptual and policy framework to anchor the business and human rights debate, and underscored the need for active participation of all the relevant actors. The framework comprises three core principles: the State's duty to protect against human rights abuses by third parties, including the business enterprises; the corporate responsibility to respect human rights; and the need for more effective access to remedies in case of violations of human rights. The three principles form a complementary whole in that each supports and complements the others in achieving sustainable and credible progress.[27]

At its June 2008 session, the Human Rights Council was unanimous in welcoming the "protect, respect and remedy" policy framework proposed by the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises.[28]

There is now increasing clarity about the respective roles and responsibilities of governments and business with regard to protection and respect for human rights. The emerging understanding and consensus have come as a result of the "Protect, Respect and Remedy" Framework on human rights and business. It was elaborated by John Ruggie, building on major research and extensive consultations with all relevant stakeholders, including States, civil society and the business community.[29]

On 18 June 2008, the UN Human Rights Council renewed the term of the Special Representative of the UN Secretary-General on Human Rights and Transnational

[24] Id.
[25] E/CN.4/2006/97; A/HRC/4/35 and addenda 1-4; A/HRC/4/74.
[26] A/HRC/8/5 dated 7 April 2008
[27] Id.
[28] A/HRC/8/5.
[29] Id.

Corporations and Other Business Enterprises, for 3 years, by a resolution[30] that included the following mandate:

(a) To provide views and concrete and practical recommendations on ways to strengthen the fulfilment of the duty of the State to protect all human rights from abuses by or involving transnational corporations and other business enterprises, including through international cooperation;

(b) To elaborate further on the scope and content of the corporate responsibility to respect all human rights and to provide concrete guidance to business and other stakeholders;

(c) To explore options and make recommendations, at the national, regional and international level, for enhancing access to effective remedies available to those whose human rights are impacted by corporate activities;

(d) To integrate a gender perspective throughout his work and to give special attention to persons belonging to vulnerable groups, in particular children;

(e) To Identify, exchange and promote best practices and lessons learned on the issue of transnational corporations and other business enterprises, in coordination with the efforts of the human rights working group of the Global Compact;

(f) To work in close coordination with United Nations and other relevant international bodies, offices, departments and specialized agencies, and in particular with other special procedures of the Council;

(g) To promote the framework and to continue to consult on the issues covered by the mandate on an on-going basis with all stakeholders, including States, national human rights institutions, international and regional organizations, transnational corporations and other business enterprises, and civil society, including academics, employers' organizations, workers' organizations, indigenous and other affected communities and non-governmental organizations, including through joint meetings;

(h) To Report Annually to the Council and the General Assembly".[31]

John Ruggie submitted two more reports to the Human Rights Council outlining the strategic directions of the Special Representative's work streams to date in operationalizing the framework as well as State obligations to provide access to remedy for human rights abuses by third parties, including business: an overview of international and regional provisions, commentary and decisions.[32]

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[30]Human Rights Council Resolution 8/7. Mandate of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, seehttp://ap.ohchr.org/documents/E/HRC/resolutions/A_HRC_RES_8_7.pdf

[31] Id.

[32] A/HRC/11/13 dated 22 April 2009 and A/HRC/11/13/ Add. 1 dated 15 May 2009.

On 22 November 2010, John Ruggie, posted the draft "Guiding Principles for the Implementation of the UN 'Protect, Respect and Remedy' Framework" on his online consultation forum, http://www.srsgconsultation.org. The forum, intended to gather views from a broad range of stakeholders remained open until 31 January 2011. The Guiding Principles elaborate and clarify for companies, states, and other stakeholders how they can operationalize the UN 'Protect, Respect and Remedy' Framework, by taking practical steps to address business impacts on the human rights of individuals. According to John Ruggie, the Guiding Principles constitute the next step, providing the "concrete and practical recommendations" for the Framework's implementation requested by the Human Rights Council.

"The Guiding Principles' normative contribution lies not in the creation of new international law obligations but in elaborating the implications of existing standards and practices for States and businesses; integrating them within a single, coherent and comprehensive template; and identifying where the current regime falls short and how it should be improved. Each Principle is accompanied by Commentary, further clarifying its meaning and implications."[33] Striking a cautious note on the significance of these guidelines, he says; "At the same time, the Guiding Principles are not a tool kit, simply to be taken off the shelf and plugged in. While the principles themselves are universally applicable, the means by which they are realized will reflect the fact that we live in a world of 192 United Nations Member States, 80,000 transnational enterprises, ten times as many subsidiaries and countless millions of national firms, most of which are small and medium-sized enterprises. When it comes to means for implementation, therefore, one size does not fit all."[34]

John Ruggie has proposed a set of 29 Guiding Principles covering the State duty to Protect Human Rights, the Corporate Responsibility to Respect Human Rights and access to Remedy[35]. Under the State duty to protect human rights, there are two foundational principles, namely

1. States must protect against business-related human rights abuse within their territory and/or jurisdiction by taking appropriate steps to prevent, investigate, punish and redress such abuse through effective policies, regulation, and adjudication.[36]

[33]Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie

GUIDING PRINCIPLES FOR THE IMPLEMENTATION OF THE UNITED NATIONS 'PROTECT, RESPECT AND REMEDY' FRAMEWORK, p. 4, see http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples

[34] Id, p. 4.
[35] Supra n. 17
[36] Id, p. 5

2. States should encourage business enterprises domiciled in their territory and/or jurisdiction to respect human rights throughout their global operations, including those conducted by their subsidiaries and other related legal entities.

[37]Principle 3 & 4 stress the need to ensuring Policy coherence while Principle 5 deals with fostering business respect for human rights. Principles 6, 7& 8 relate to the State-business nexus. Principle 9 deals with commercial transactions of the State and Principle 10 with supporting business respect for human rights in conflict-affected areas. Principle 11 highlights the role of multilateral institutions.

3.5 **Access to Remedy:**

Insofar as access to remedy is concerned, the foundational principle is laid down as follows:

"Principle 23. As part of their duty to protect against business-related human rights abuse, States must take appropriate steps to ensure that when such abuses occur within their territory and/or jurisdiction, those affected have access to effective remedy through judicial, administrative, legislative or other appropriate means." [38]

State-based judicial mechanisms, non-judicial mechanisms and non-State-based grievance mechanisms are the subject matter of Principles 24 to 28 while effectiveness criteria for non-judicial grievance mechanisms is laid down in Principle 29. In particular, it has been laid down that non-judicial grievance mechanisms should be legitimate, accessible, predictable, equitable, rights-compatible, and transparent and based on dialogue and engagement.[39]

International human rights law places a clear obligation on States to promote and protect human rights. This duty to protect relates not just to protection from violations by the State, but also to violations by any person or entity within the State.
International human rights law also places duties on individuals and others in society, to respect human rights.

While some commentators, and many civil society actors, support the view that TNCs should also be responsible to protect and ensure the realization of human rights, the predominant view is that the obligation to protect rests with the State, while business is required to respect human rights.

3.6 **Core Elements of Human Rights due Diligence:**

The four core elements of human rights due diligence were outlined in his 2008 report: having a human rights policy, assessing human rights impacts of company activities,

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[37] Id, p.6
[38] Id, p. 21.
[39] Id, p. 25-26.

integrating those values and findings into corporate cultures and management systems, and tracking as well as reporting performance.

Discharging the responsibility to respect human rights requires due diligence whereby companies become aware of, prevent, and mitigate adverse human rights impacts of their activities and relationships. The responsibility to respect is not intended to carry the entire burden of the business and human rights agenda: it is bracketed by the State duty to protect on one side, and access to effective remedy on the other.

As part of their duty to protect, States are required to take appropriate steps to investigate, punish and redress corporate-related abuse of the rights of individuals within their territory and/or jurisdiction - in short, to provide access to remedy. Without such steps, the duty could be rendered weak or even meaningless. Remedy may be provided through judicial, administrative, legislative or other appropriate means. States may also be required to provide adequate reparation, including compensation, to victims.

There is a need to establish effective complaints mechanisms for employment-related grievances; minimizing the potential for extractive companies to impair the ability of communities affected by their operations, especially indigenous peoples, to access remedial mechanisms; and ensuring that effective remedial processes exist for abuses by private companies carrying out "State functions".

In his 2008 report, the Special Representative presented a set of grievance mechanism principles. Which should under-pin all non-judicial grievance mechanisms: legitimacy, accessibility, predictability, equitability, rights-compatibility and transparency. **As a seventh principle** specifically for company-level mechanisms, he stressed that they should operate through dialogue and mediation rather than the company itself acting as adjudicator.

When we refer to "state responsibility to protect" it is not a new notion out of the blue. After the Second World War, the UN General Assembly adopted a number of International Human Rights Conventions numbering over 70, each of which has been ratified by a substantial number of countries. Under these Conventions, States have obligations to respect, protect and fulfil human rights and fundamental freedoms.

3.7 **Duties on the State to respect protect and fulfil:**

The duty to respect requires the duty-bearer not to breach directly or indirectly the enjoyment of any human right. *The duty to protect* requires the duty-bearer to take measures that prevent third parties from abusing the right. *The duty to fulfil* requires the duty-bearer to adopt appropriate legislative, administrative and other measures towards the full realization of human rights.

The UN Human Rights Committee, the CEDAW Committee, the Inter American Court of Human Rights and the European Court of Human Rights have relied on a standard of due diligence to describe the extent of a State's obligations to protect against violations of human rights by private actors.

The UN Human Rights Committee uses the term due diligence in General Comment 31, where it refers to the possibility of responsibility arising because of the failure of a state to exercise due diligence to prevent, punish, investigate or redress the harm caused by such acts by private persons or entities. This also finds an echo in the judgments of the Inter American Court of Human Rights and European Court of Human Rights.

The States primary obligation is to provide an environment conducive to the realization of human rights. It can, and in many cases is required to legislate for the protection of certain rights. It may introduce other measures as are considered reasonable and necessary to give effect to human rights. States must also take action to investigate and provide redress for violations. State may be under an additional burden in relation to its functions undertaken by private actors.

3.8 **Corruption**

The N.N. Vohra Committee, which studied the problem of criminalisation of politics and of the nexus among criminals, politicians and bureaucrats in India, submitted its report in October 1993. It contained several observations made by official agencies on the criminal network which was virtually running a parallel government. It also discussed criminal gangs who enjoyed the patronage of politicians, of all parties, and the protection of government functionaries. It revealed that some political leaders had become the leaders of gangs.

In the past one year, India witnessed several scams of unprecedented magnitude. They relate to, among others, allocation of 2G spectrum, Adarsh Housing Society, Commonwealth Games and land scams in Karnataka. These scams have established a dangerous nexus between politicians-administrators-businessmen. Corruption undermines the fundamental values of human dignity and non-discrimination and also the rule of law framework. It hinders the fulfilment of other basic rights. It affects the citizen's faith in the State and threatens democracy. Observers say that corruption has become "a low-risk, high-profit business". In this backdrop, the issue of whether John Ruggie's framework or guiding principles will make any dent with respect to business and human rights is anybody's guess. It appears that the nexus between politicians-administrators-businessmen is too formidable and impregnable with the result that it might be "business as usual".

Most States long ago adopted individual measures relevant to business and human rights, including labour standards, health and safety provisions, and non-discrimination policies. However, John Ruggie pointed out that States have been slow to address the more systemic challenge of fostering human rights-respecting corporate cultures and conduct. He said, "State practices exhibit substantial legal and policy incoherence and gaps. The most common gap is the failure to enforce existing laws, although for vulnerable and marginalized groups, there may be inadequate legal protection in the first place. The most prevalent cause of legal and policy incoherence is that the units of Governments that directly shape business practices—in such areas as corporate law and securities regulation, investment promotion and protection, and commercial policy—typically operate in isolation, are uninformed by, and at times undermine the effectiveness of their Government's own human rights obligations and agencies.

John Ruggie also observed that this legal and policy incoherence also translates into international arena.

What will it mean in practice for the Indian Government?

3.9 **Role of Civil Society:**

The civil society has a critical role in this regard in particular; they can play a role in supporting the first pillar by:

a) Conducting research and documentation
b) Holding a mirror to the State by showcasing omissions and commissions, gaps in implementation; critiquing the existing efforts through a human rights lens; naming and shaming
c) Human Rights are not consciously mainstreamed. Often different wings of Government work at cross purposes. The left hand often does not know what the right does. Often policies are framed without any regard for inclusiveness, gender considerations etc. Hence Human rights should be integrated and mainstreamed in policy formulation.
d) Suggestions for law and policy reform with a view to plug loopholes
e) Monitoring and evaluation of human rights abuses, effectiveness of regulatory institutions.
f) Awareness-raising; candle light marches, seminars, workshops and the like; provide a platform for a free and frank discussion.

There is a need to recognize the fact that the Guiding Principles for the Implementation of the United Nations 'Protect, Respect and Remedy' Framework is a symbolic step forward but it is by no means a necessary and sufficient step towards ushering in legal accountability of business enterprises. As it seeks to operationalize the earlier framework suggested by John Ruggie, can it prevent a Bhopal from occurring? Or if such a terrible event occurs, can it ensure that perpetrators are held accountable and victims get justice? The answer is a plain no. The international community has chosen to take "baby" steps towards the legal accountability and such tokenism needs to stop if we really mean business. It is worthwhile to recall Mahatma Gandhi's words: "We have everything in this world to meet man's need but not his greed." The answer thus lies on a Code of Ethics for the Indian Industry.

3.10 **NHRC's Jurisdiction over Matters Relating To Human Rights and Business:**

The Protection of Human Rights Act, 1993 ("Human Rights Act") defines "human rights" as "rights relating to life, liberty, equality and dignity of the individual guaranteed by the Constitution or embodied in the International Covenants and enforceable by courts in India."[40] "International Covenants" have been further defined as the International Covenant on Civil and Political Rights, 1966 and the International Covenant on Economic, Social and Cultural Rights, 1966 and such other Covenant or Convention adopted by the General Assembly of the United Nations as the Central Government may, by notification, specify[41].

While it is clear that operation of business activities will have inevitable impact on human rights, there are some who doubt whether they come under the jurisdiction of the National Human Rights Commission. The crux of the question is whether the Commission can enforce an order against a private entity or not.

Several fundamental rights guaranteed by the Constitution are available not only against State and its agents, but also private parties. Article 15(2) (a) and (b) prohibits discrimination by private individuals in using public goods and facilities. Article 17 proscribes untouchability. Article 23 prohibits trafficking in human beings and forced labour while Article 24 prohibits employment of children in factories or mines or any other hazardous employment. Based on a combined reading of above-mentioned arguments, one can assert that the National Human Rights Commission of India would have jurisdiction over these issues, even if the perpetrator in question is a private person.

With respect to application of other rights to private persons, it is relevant to note that the definition of "human rights" under the Protection of Human Rights Act, 1993 is not limited to the fundamental rights enshrined in the Constitution but to "rights relating to life, liberty, equality and dignity […]". Article 141 of the Constitution provides that the law as declared by the Supreme Court shall be binding on all courts within the territory of India. Therefore reading Article 141 together with S.2(1) (d) of the Human Rights Act it follows that where rights are elaborated upon by the Supreme Court, they would also form part of the definition of "human rights" in the Human Rights Act. The Supreme Court in cases such as *Vishaka v. State of Rajasthan* and *Bodhisattwa Gautam v. Subhra Chakraborty* has extended the application of fundamental rights to private persons and as such these decisions would be binding on the National Human Rights Commission.

According to S edition 12(a) of the Human Rights Act, NHRC's functions include:

(a) Inquire, suomotu or on a petition presented to it by a victim or any person on his behalf or on a direction or order of any court, into complaint of

(i) Violation of human rights or abetment thereof; or

(ii) Negligence in the prevention of such violation by a public servant.

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[40] Section 2(d) of the Protection of Human Rights Act, 1993

[41] Ibid.

Had the law makers intended to restrict the application of Section12 (a) only to acts by public servants, S.12 (a) (i) would have contained references to human rights violations by public servants. Also, the reference to negligence in the prevention of such violation by public servants in Section12 (a) (ii) is noteworthy. It would be an anomalous situation where the private perpetrator of a human rights violation is beyond the scope of Section 12(a), but the public servant who was negligent in preventing the violation would be brought within its scope. Therefore it would follow that Section 12(a) applies to violations of human rights by private persons, whether they be individuals or companies.

3.11 **Philosophical Reasons on Why Human Rights Law Should Apply To Business**

Francesco Francioni points out that "The changing structure of the international economy, the opening of national markets and the removal of traditional barriers to the circulation of goods, services and capital, has weakened the traditional shield of national sovereignty, because of their transnational reach, are the centres of technological, financial and industrial power that today are represented by large corporate enterprises operating at a multinational level."

[42]Francesco Francioni "International Responsibility for Human Rights" Wolfgang Bendek et al (ed) "Economic Globalisation and Human Rights". Thus the scope of activity of business corporations has expanded a great deal in the last couple of years with the opening up of economies in many countries and therefore chances of human rights violations by companies cannot be discounted.

Francioni goes on to refer to several instances, such the Bhopal gas tragedy, the prosecution of corporate officials who were complicit in genocide, forced labour and enslavement, and destruction and appropriation of property in violation of international law during the Nazi period at Nuremberg, the decisions of US courts in cases such as *Doe v. Unocal* and *Filartiga v. Pena* where the Court held that multinational corporations are also capable of violating norms of customary international law, including human rights norms[43].

The traditional approach towards the application of human rights to acts of private parties was to render the government responsible for non-enforcement of human rights principles against a private body. It may be noted that during the Nuremberg trials referred to in the preceding paragraph, it was not the companies per se, but officials who were found criminally liable under international law. The principle that a corporation, as a private person should be held accountable for violation of human rights principles is relatively new though crucial development given the extent of corporate activity and the possibility of human rights violations by them.

[42]Francesco Francioni "International Responsibility for Human Rights" Wolfgang Bendek et al (ed) "Economic Globalisation and Human Rights" (Cambridge University Press, 2007) p.245).

[43]Id., at p. 256

However, the rise to prominence of multinational corporations, and their conduct towards human rights, has necessitated a serious re-thinking of this conceptual framework of human rights law. Many scholars and activists on human rights advocate a more flexible approach to considering the accountability under human rights law of actors other than States. Philip Alston, for instance, argues that Article 28 of the UDHR which recognises that *"everyone is entitled to a social and international order in which the rights and freedoms set forth in the UDHR can be fully realised"* establishes the principle that respect for human rights "is not a narrowly focused obligation applying only within strict limits to relations between individuals and their States, but rather is an open-ended obligation applying to all societal relations whether at the local, national or international level".[44] Non-governmental organisations (NGOs) such as Amnesty International (AI) and Human Rights Watch (HRW) now consider non-State actors as potential violators of human rights.[45] Thus, there is need of code of ethics for corporates in order to regulate their conduct and to ensure accountability.

3.11.1 **The Following Examples all across the World Illustrate Gross Human Rights Violations by Corporates due to Absence of a Mandatory Code of Ethics –**

- Bhopal gas tragedy; role of Union Carbide; Dow Chemicals
- Collusion of Oil MNC giant Shell with Nigerian military and brutal repression of Ogoni tribals
- Forced labour in Myanmar
- Use of sweat shops in South East Asia by Nike, Reebok
- Platchimada struggle by tribals against Coke in Kerala
- Tribal protest against Vedanata's Alumina factory in Niyamgiri, Orissa
- Land acquisition issues in Singur and Nandigram

3.12 **Globalisation and Human Rights Violations: Need To Incorporate Ethics In Legal System**

The State-based system of global governance continues to struggle to adjust to the expanding reach and growing influence of transnational corporations which also are the most visible embodiment of globalization.[46]

As globalization has led to the shrinkage of the traditional role of the State, the corporate sphere has expanded.[47] In present times, MNCs are involved in sectors like, health, water provision and sewerage services and security in ways unimaginable four or five decades ago when the major human rights instruments were drafted[48]. MNCs role in the extractive

[44] P Alston, "The Shortcomings of a Garfield the Cat" Approach to the Right to Development" (1985) Cal. W. Int" l. L. J 515.
[45] M Moshipouri et al "Multinational Corporations and the Ethics of Global Corporate Responsibility: Problems and Possibilities" (2003) HRQ 965
[46] See J Ruggie, "Business and Human Rights: The Evolving International Agenda," (2007), Faculty Research Working Paper Series, John F. Kennedy School of Government- Harvard University.
[47] *Supra* note 7
[48] *Supra* note 7

industries has also expanded greatly and the impact of their activities on the environment has increased. Coupled with fears that developing countries may be competing with each other to offer attractive labour regimes to corporate investors, there is need to think outside the usual framework of accountability flowing from States to all entities within their territories.[49]

It is necessary to interrogate the concept or idea of human rights in responding to these concerns and on the extension of human rights obligations to corporations.

By virtue, specifically of their economic and political muscle, MNCs are uniquely positioned to affect, positively and negatively, the level of enjoyment of human rights.[50] The question of how to influence the human rights behaviour of MNCs has long been a concern of non-governmental organisations, scholars, and governments.[51] MNCs have been accused of a long catalogue of human rights abuses.[52]

The most publicised cases of corporate violation of human rights include the Bhopal[53] disaster where an India-based subsidiary of US-based Union Carbide (U.C.) malfunctioned and clouds of toxic gas were released, killing thousands and crippling more.[54] The majority of cases implicate MNCs operating in the extractive industries, in developing countries. For instance, *Wiwa v Royal Dutch Petroleum Company*[55]*, Doe v Unocal* [56] *and Bowoto v Chevron*[57]MNCs operating in the manufacturing and financial sectors have been accused of human rights abuses as well.[58] The publicity that these cases and others have generated may be attributed to a sense of outrage directed towards MNCs for ignoring human rights and a general sense of powerlessness felt at being unable to control them.[59]

It has been argued that there is no transnational regime of human rights law governing the transnational activities of corporations[60]. MNCs have been able to operate in a legal vacuum because international law imposes no direct legal obligations on them.[61] Despite egregious human rights abuses committed by non-state actors, international law generally, and human

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[49]*Id.*
[50] D Kinley and J Tadaki "From Talk to Walk: The Emergence of Human Rights Responsibilities for Corporations at international Law" (2004) 44 Va. J. Int" l L. 931.
[51] S Chesterman "The Turn to Ethics: Disinvestment from Multinational Corporations for Human Rights Violations – The Case of Norway" s Sovereign Wealth Fund" New York University Public Law & Legal Theory Research Paper Series Working Paper No. 08 (2008).
[52] C Wells and J Elias "Catching the Conscience of the King: Corporate Players on the International Stage" in P Alston (ed.), Non-State Actors and Human Rights (2005) 144.
[53]*In re, Union Carbide Corporation Gas Plan Disaster at Bhopal, India, in December 1984*, 634 F. Supp. 842.
[54]C Scott "Multinational Enterprises and Emergent Jurisprudence on Violations of Economic, Social and Cultural Rights" in AEide*et al* (eds.), *Economic, Social and Cultural Rights* Second Revised Edition (2001) 563,587.
[55]226 F 3d 88 (2nd Cir, 2000).
[56]963 F Supp 880 (CD Cal, 1997).
[57]No. 99 Civ 2506, 2009 WL 593872 (ND.Cal. Mar. 4. 2009).
[58]For instance, in *Khulumani and others V Barclays National Bank and others*.MNCs operating in the automotive industry and the banking sector were accused of various human rights violations.
[59]*Id.*
[60]Kinley and Tadaki supra note 9
[61]*Id.*

rights in particular, is still undergoing the conceptual and structural evolution required to address their accountability.[62]

In the legal setting efforts to restrain and control corporate power operate on two levels.[63] The first level attempts to regulate MNCs through universal standards. These efforts endeavour to apply above and beyond local regulations. The attempts at this level include efforts in global and regional bodies, such as the United Nations, OECD and European Union.[64] The efforts consist of standards of operations and can include monitoring, assessment and necessary enforcement.[65] The first level also includes activists, such as non-governmental organizations (NGOs) that engage and mobilize developed legal systems to battle corrupt corporate practice. The second level of legal setting is the direct involvement of State regulation, such as the ATCA.[66]

3.13 **Corporations Owe an Ethical Duty towards Society (CSR)**

Corporate Social Responsibility refers to the ethical behaviour of a company towards the society. Carroll proposed a four part definition of CSR ("pyramid of Corporate Social Responsibility") suggesting that corporations have four responsibilities or four faces to accomplish to be good corporate citizens: economic, legal, ethical and philanthropic (also referred to as altruistic or humanitarian).[67] Basically the concept of corporate charitable gifts runs counter to the aim of maximizing shareholder wealth and thus calls into question traditional corporate law norms"[68]CSR is the result of perceived change in societal expectations regarding the role of companies within society.[69]

CSR should actually relate to the way business is conducted. It is not necessarily the quantum of funds spent that matters, it is how one spends it."[70]CSR is not philanthropy. The move away from CSR as charitable donations was noted by the representative of KPMG,[71] in the report titled, "CSR: Towards a Sustainable Future". The report noted that until the 1990s, CSR was dominated by the idea of philanthropy and that business efforts were often limited to one-time financial grants. However, over the past few years, the concept of CSR has changed. There is an apparent transition from giving as charity to giving as a strategy or

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[62] *Id.*
[63] William Bradford, Beyond good and evil: Toward a Solution of the Conflict between Corporate Profits and Human Rights.
[64] *Id*
[65] *Id*
[66] *Id*
[67] Louis Prandtl, *A Briefing Paper on Corporate Social Responsibility: Mandatory or Voluntary?* (Apr 19, 2008), available at http://mydd.com/users/louisprandtl/posts/a-briefing-paper-on-corporate-social-responsibility-mandatory-or-voluntary
[68]TarjaKetola, *A Holistic Corporate Responsibility Model: Integrating Values, Discourses and Actions*, Journal of Business Ethics, Vol. 80, No. 3 (Jul., 2008) (pp. 419-435)
[69] Lisa Whitehouse, Corporate Social Responsibility: Views from the Frontline, Journal of Business Ethics , Vol. 63, No. 3 (Feb., 2006), pp. 279-296, http://www.jstor.org/stable/25123709
[70] Corporate Social Responsibility in India: No Clear Definition, but Plenty of Debate (August 02, 2011), India Knowledge@Wharton
[71] Lisa Whitehouse, *supra* note 31

responsibility."[72]The change in this image of CSR can be explained by the fact that the amount of money donated to charity does not reflect the extent to which the company is socially responsible.[73]

CSR has become an integral part of the corporate strategy. The current understanding of CSR also attempts to deploy a company's core competencies to help address the society's problems. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them.[74] These programs include all stakeholders viz., shareholders, employees, customers, suppliers, project affected people – directly or indirectly. With Indian economy expected to grow 8-9% annually with one of the youngest population in the fore in the world, responsibility of Government, Corporates and all other stakeholders of the Society in which we live increases to preserve, protect and mitigate the hardships of the people of India and also elsewhere.[75]

The concepts of CSR, corporate citizenship, corporate social performance, corporate sustainability and increasingly, responsible business, are prominent aspects of many companies in India. CSR leverages the unique expertise and resources of the company to create economic value by creating social value."[76] For example, it is becoming increasingly common to see private businesses undertake social, environmental and economic responsibilities, such as establishing charitable trusts, foundations and mega institutions by running community development programs and forming partnerships with the government or NGOs.[77] Numerous examples can be given from the corporate side, such as-

- Organizations like Bharath Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.[78]
- A large proportion of the profits of the Tata Group companies, for example, go to its charitable foundations and back into Indian society. The Godrej Group has

[72]*Supra* note 32
[73]Dhir, Aaron A., *Realigning the Corporate Building Blocks: Shareholder Proposals as a Vehicle for Achieving Corporate Social and Human Rights Accountability*, American Business Law Journal, Vol. 43, No. 2, 2006. Available at SSRN: http://ssrn.com/abstract=842266
[74]RamyaSathish ,Corporate Social Responsibility in India - Putting Social-Economic Development on a Fast Track, http://www.chillibreeze.com/articles_various/CSR-in-India.asp
[75]NilakantaShastry Tata, Voluntary Guidelines on Corporate Governance and Corporate Social Responsibility (CSR) – a tool to enhance the Brand value of a country (August 29th, 2011), http://www.indiacsr.in/en/?p=1688
[76]*Supra* note 32
[77]India Releases Voluntary National Responsibility Guidelines ,http://www.india-briefing.com/news/india-releases-voluntary-national-responsibility-guidelines-4925.html/ (July 21, 2011)
[78]*Supra* note 36

constructed schools, medical clinics, and living facilities for employees on a scale unknown in American companies.[79]

Thus, through the years, the corporate entities have redefined their objective of 'profit maximization' to 'profit optimization'.[80]

3.13.1 **India's Step towards Adopting Mandatory CSR Policy**

The Ministry of Corporate Affairs had published 'Corporate Social Responsibility – Voluntary Guidelines' in December 2009.Its fundamental principle is thus – "Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board."[81] These guidelines were further refined after extensive inputs from stakeholders.[82] Yet, these guidelines have not been received by many corporations and are still in the nascent stage.

At present, spending on CSR activities is part of the voluntary guidelines laid out by the MCA. However, the new Companies Bill, 2009 would make it mandatory for corporate to 2 per cent of their profit for corporate social responsibility.[83] Subsequently, the MCA proposed that every company having (net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more) or (a net profit of Rs. 5 crore or more during a year) shall be required to formulate a CSR Policy. In case any such company does not have adequate profits or is not in a position to spend prescribed amount on CSR activities, the directors would be required to give suitable disclosure/reasons. However in case of PSUs, those government companies whose net profit is less than Rs. 100 crore have to contribute 3 per cent of their income for CSR, and PSUs with profits between Rs. 100-500 crore would be required to earmark 2-3 per cent. Further, those companies earning a profit of Rs. 500 crore and above, CSR spending should be between 0.5 to 2 per cent of the net profit.[84] A report by SMC Global Securities suggested that, "if the proposal becomes a guideline, then all the profit making companies will have to pay 2 per cent of their PAT (Profit After Tax) as CSR. Hence, the total amount that Indian corporates have to spend on CSR works out to Rs. 8,700 crore every financial year or around $2 billion."[85]

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[79] *Supra* note 37
[80] Sattwik Shekhar, Corporate Social Responsibility: The Lessons from the Corporate World (June 26th, 2011)
[81] *available at*: http://www.mca.gov.in/Ministry/latestnews/CSR_Voluntary_Guidelines_24dec2009.pdf
[82] *available at*: http://www.nfcgindia.org/pdf/National_Voluntary_Guidelines.pdf
[83] Voluntary CSR not working, to be made mandatory: Moily (Jul 20, 2011)
http://articles.economictimes.indiatimes.com/2011-07-20/news/29794947_1_csr-activities-suitable-disclosure-adequate-profits
[84] Voluntary CSR not working, to be made mandatory: Corporate Affairs Minister (July 20th, 2011)
http://www.indiacsr.in/en/?p=1151
[85] Mandatory for India Inc to pay CSR tax: VeerappaMoily (July 20, 2011)
http://profit.ndtv.com/news/show/mandatory-for-india-inc-to-pay-csr-tax-veerappa-moily-165064

In India business sector has generated wealth for shareholders for decades. However, the country continues to grapple with problems of poverty, unemployment, illiteracy and malnutrition. This widening gap between India and Bharat needs to be bridged.[86] There is a need for mandatory CSR policy.

3.14 **Existing Guidelines and Principles Supporting the Implementation Of A Code Of Ethics For Corporations**

- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977);
- ILO Declaration on Fundamental Principles and Rights at Work (1998);
- OECD Guidelines for Multinational Enterprises (2000);
- United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises (2003);
- United Nations Global Compact (2000)
- Kimberley Process Certification Scheme (2000);
- Extractive Industries Transparency Initiative (2002);
- Voluntary Principles on Security and Human Rights (2007); and
- Equator Principles (2006)

These instruments - some voluntary and others not in force - indicate that there have been efforts to gather an international endorsement to corporate responsibility[87]. The lack of a successful or binding legal mechanism is rather palpable at this stage since no legal consensus has been achieved from the 1970s.[88] While the drafts and instruments can provide for evidence of State practice, their significance and influence are debated to this date.[89]

3.15 **Human Rights Norms for Business**

The UN set out in 1997 to create a draft on corporate liability which was completed in 2004. The document, the UN Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights was however not adopted.[90] The draft's task was to recognize the effects of TNCs on human rights and to make recommendations.[91] The articles consisted of human rights standards in areas on humanitarian law, civil, political, economic, social and cultural rights, as well as consumer protection and environmental practices. Part of the controversy was the non-voluntary character of the norms which differed from previous voluntary efforts. It included mechanisms of reporting, monitoring and verification. An approval from the UN bodies

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[86] Corporate Social Responsibility in India: No Clear Definition, but Plenty of Debate
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[87] *Id.*

[88] *Id.*

[89] *Id.*

[90]Weissbrodt& Kruger, supra note 8, at 901.

[91] The UN Sub-commission on the Promotion and Protection of Human Rights created the Working Group on the Working Methods and Activities of Transnational Corporations.

would have inclined the instrument to have a legal standing, even if considered soft law it could be interpreted as current international customs. Nevertheless, the UN Commission on Human Rights declared in 2004 that although it is an important instrument, the norms have no legal standing.[92]

The greatest shortcoming of the *UN Norms* is that they do not contain a workable enforcement mechanism[93]. While possible mechanisms for enforcement are contemplated including State reporting to UN treaty bodies, the *UN Norms* do not propose a definitive enforcement mechanism in support of the accountability standards they seek to inaugurate[94]. According to George Bilchitz, reliance on State reporting on corporate compliance with the *UN Norms* is dependent on State willingness and capacity to enforce the *UN Norms.*[95]

On June 16, 2011, the Human Rights Council of the United Nations approved the "Guiding Principles on Business and Human Rights: Implementing the United Nations Framework "Protect, Respect and Remedy".

The framework consists of three underlying principles - the State duty to protect against human rights abuses by third parties, including business; the corporate duty to respect human rights and the need for more effective remedies.[96] The State duty to protect is an obligation which is a cornerstone of international human rights law and is regularly utilised by the United Nations Treaty – Monitoring bodies (TMBs) in describing the obligations of States with regard to all substantive human rights. The duty to protect is the most relevant to the conduct of TNCs because it includes obligations on the State with regard to violations by third parties such as TNCs.[97] On the basis of its usage by the TMBs, Ruggie argues that this imposes an obligation on States to take all necessary steps to protect against such abuse, including to prevent, investigate, and punish the abuse and provide access to remedies and to regulate and adjudicate on abuses.[98]

The second principle is the corporate duty to respect human rights - put simply, to do no harm. But it is not a purely negative obligation. The duty to respect in essence means to act with due diligence in order to avoid infringing on the rights of others[99] and therefore requires taking action to discover and then act upon any (potential) human rights violations.

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[92] The UN Commission on Human Rights did not officially vote on the matter, but the norms were put aside. *See* Giovanni Mantilla, Emerging International Human Rights Norms for Transnational Corporations, 15 Global Governance 279, at 285-287 (2009).
[93] G Bilchitz "Corporate Law and the Constitution: Towards Binding Human Rights Responsibilities for Corporations" (2009) SAJHR 769.
[94]*Id.* at 770
[95]*Id.* at 770
[96] See J Ruggie "Interim Report of the Special Representative of the [UN] Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises" (2006) E/CN.4/2006/97.
[97]Ruggie, 2007, p5, Human Rights Committee, General Comment 31, para 8
[98]Ruggie, 2008;LDhooge "The Alien Torts Act and the Modern Transnational Enterprise: Deconstructing the myth of judicial Activism" 35 Geo. J. Int'l L. 3 (2003) 3.
[99]Ruggie Report, 2009

Ruggie gives various examples of the implementation of the duty to respect including; the creation of corporate human rights policies with detailed guidance where necessary; impact assessments of a company's existing and proposed activities; integration of human rights policies throughout the company; and monitoring and auditing of human rights performance utilising the Global Compact and other relevant instruments[100]

The final principle is access to remedies[101]. This includes both judicial and non-judicial mechanisms to investigate, punish and seek redress for abuses[102]. Ruggie finds that the existing patchworks of remedies are in many respects ineffectual and require strengthening[103]. States should strengthen judicial capacity to hear claims and enforce remedies against all corporations operating in their territory and reduce barriers to justice including for foreign plaintiffs.[104] Non-judicial remedies including company-level grievance procedures, State-based non-judicial mechanisms and multi-stakeholder and industry initiatives all need to meet certain criteria to be credible and effective.[105]Ruggie sets out a number of criteria; they must be legitimate, accessible, predictable, equitable, rights-compatible and transparent.[106]

Although not binding, the Guiding Principles are likely to be applied progressively, and followed by companies and the States that are part of the international community. Indeed, they are a distillation of the general rules of human rights protection, and have been explicitly accepted by the UN HRC.[107] It is even expected that, eventually, they will become binding and will establish adequate monitoring mechanisms.[108]

In a global economy, the widely held view that the protection of Human Rights is a government and not a corporate responsibility is not tenable.

The modern corporation must accept that the political economy has changed and that corporate survival will not be assured by a slavish devotion to shareholders and a constant battle against the existence and interests of stakeholders but rather by engaging, and even accommodating, individuals and legal communities where they operate, whose interests can be served in such a way as to enhance the corporate reputation and its profitability. A many studies reached the conclusion that corporate profitability and the protection of human rights are not mutually exclusive and each may even be a necessary condition for the attainment of the other.

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[100] G Fletcher, Tort Liability for Human Rights Abuses (2008), p.17-19
[101]Ruggie Report, 2008
[102]Id.
[103] Id.
[104] Id.
[105] Id.
[106]Ruggie Report, 2008
[107] Available at http://www.slg.la/wp-content/uploads/SLG-BBandHHRR.eng_1.pdf
[108]Id.

At least in the area of human rights, the shareholder model lies vanquished, and corporations can no longer profitably deny all responsibility for acts of torture, extrajudicial killing, rape or forced labour undertaken by the governments or militias of the foreign countries in which they do business. With adoption of General Principles, a new Global challenge has begun and will set directions of future, where corporates cannot deny respect for human rights, as these international standards and set of rules will make them legally accountable.

Finally, corporates need to remind themselves that business without conscience is a formula for human exploitation and not development as has been pointed out by Mahatma Gandhi.

3.16 **Need for a Corporate Code of Ethics:**

Past mass disasters like the Bhopal Gas Tragedy in India in 1984 and the Shell Oil Spill in Nigeria in 2008 have clearly shown that when foreign companies are not accountable to governments, this can lead to non-compliance with basic safety and operational standards, resulting in widespread human rights abuse. In Bhopal and Nigeria alike, victims of disasters still await compensation from the companies (Union Carbide and Shell Oil). In the absence of international conventions that clearly outlines the jurisdiction of the State and accountability of companies, a Corporate Code of Ethics is necessary to avoid tragedies like these in future. The existence of multilateral instruments in soft law, such as the 'Guidelines for Multinational Enterprises of the Organization for Economic Corporation and Development' is a step in the right direction in terms of outlining accountability of multinational corporations. However, applying these guidelines in a domestic setting and ensuring that companies can be held accountable for human rights abuses by the local government can be done most effectively by forming a specialized Corporate Code of Ethics.

In terms of locally owned companies operating in a State, a Corporate Code of Ethics is still vital to ensure protection and respect for human rights. Although there is no dispute based on whether the State has jurisdiction in these cases, a Corporate Code of Ethics does more than just outline accountability of companies. A Code of Ethics also provides basic guidelines for companies to create a working atmosphere that incorporates business respect for human rights. In different regions, different vulnerable groups exist (E.g. in some areas, there may be tribal employees/ linguistic minorities working at the companies) and a Code of Ethics that clearly outlines the specific challenges faced by marginalized groups is necessary to ensure equal human rights respect and protection for all. Also, a Code of Ethics is needed to correlate company policy with other relevant laws of the region to ensure that company operation keeps pace with environmental, labour, anti-corruption, non-discrimination and property laws amongst others. If there is no Code of Ethics, it can lead to serious implications for the rights-holders (who include not only employees, but people living in the surrounding areas and other stakeholders in the company) as well as for the business itself.

A Code of Ethics will provide the company with guidelines on its far-reaching human rights impact, and existing laws governing human rights in the territory. Also, in a situation where human rights abuses take place, businesses cannot plead ignorance of existing norms since they have been set out in the Code of Ethics. In short, a Corporate Code of Ethics is extremely important from the point of view of the State in order to clearly define legal liability of companies and enforcement of law to ensure protection and respect for human rights.

The law governing corporations and their responsibility towards human rights and environmental degradation is widely understood to bind states under customary international law.[109] For instance, the U.N Human Rights Council has stated that "The positive obligations on states parties to ensure Covenant rights will only be fully discharged if individuals are protected by the state, not just against violations of Covenant rights by its agents, but also against acts committed by private persons or entities…"[110] Moreover, the International Standard ISO 26000 that provides guidance on social responsibility for the public and private sectors, includes 83 member states.[111]All business enterprises have an obligation to respect and protect human rights through their conduct. This obligation is independent of, and reinforced by State obligations under international law and domestic laws regarding human rights.

3.17 **Indian Scenario**

A number of instances of similar human rights and corporate ethics abuses including grave human rights violations can be cited throughout India. One of the most potent incidents has been the Bhopal Gas Tragedy – 1984. "It has been 26 long years since one of the world's worst industrial disasters struck Bhopal. However, even today, most of the victims await justice even as the main accused of the tragedy, Warren Anderson, walks free."[112]Another article titled "Second India Scandal Has Business Leaders Rethinking Ethical Standards" shows how grave the situation in India is. It states – "Recent scandals in India's technology industry have triggered new scrutiny of the country's ethics practices and standards. In the most recent development, WIPRO, one of India's biggest computer outsourcing firms, was blacklisted by the World Bank for allegedly providing "improper benefits" to Bank staff, reports Forbes."[113] There are many more such examples. Such incidents emphasize the maxim 'prevention is better than cure.'

The human rights impact of companies is assessed by using the following international conventions as yardsticks: the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on

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[109]International Law Commission's Articles on "Responsibility of States for Internationally Wrongful Acts," adopted in November 2001, *available at* http://daccessdds.un.org/doc/UNDOC/GEN/N01/477/97/PDF/N0147797.pdf?OpenElement.

[110]UN Human Rights Council, General Comment 31,8.

[111]*See* International Organization for Standardization (ISO), ISO 26000 – Social Responsibility, *available at* http://www.iso.org/iso/social_responsibility.

[112]

[113]*available at*: http://www.globalethics.org/newsline/2009/01/19/india-scandal-2/

Economic, Social and Cultural Rights (ICESCR) and the Declaration on Fundamental Principles and Rights at Work as set out in the eight International Labour Organization (ILO) Conventions. In terms of respecting the human rights of certain marginalized populations, the United Nations instruments outlining the rights of women, children, indigenous peoples, ethnic minorities, those with disabilities and migrant workers can be used. State obligations regarding prevention of human rights violations by private enterprises have also been commented upon by the United Nations treaty bodies.[114] Specific comments regarding different rights like the right to work, right to health and right to water have also been made by these treaty bodies.[115] Even sub-regional human rights mechanisms in regions like South-East Asia and the Middle East have outlined broad obligations to protect human rights.

The presence of several international instruments outlining human rights, as well as the discussions on how the conduct of private actors can affect human rights serves to show that the protection of human rights is important enough to occupy a significant part of the international agenda. Businesses, through their activities have an impact on virtually all internationally recognized human rights, and hence they have a responsibility to respect all the rights.[116]In the presence of these instruments, states that have ratified the instruments also have an obligation to adhere to them. States can be held directly responsible under international law if they do not adequately regulate the conduct of businesses to ensure compliance with the various international human rights treaties.

Therefore, a Corporate Code of Ethics will outline the responsibilities of businesses, the responsibilities of the State, legal accountability, domestic laws and international obligations. This will serve as an invaluable guide to both businesses and the State in judging the human rights impact of businesses, making sure that no laws (domestic or international) are violated and ensuring that lack of respect for human rights will result in appropriate punishment and remedy.

India has been slow to join the international movement towards greater corporate respect for human rights and state protection against corporate human rights abuses. Critics assert that the Indian government has hitherto ignored the link between its promotion of greater freedom for business growth and the greater likelihood of harmful societal effects, including human rights violations.

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[114]UNHRC, General Comment 31. On the obligation to legislate with regard to private actors, the UNHRC has commented that ". . . a State party does not only have an obligation to protect individuals against violations by Government officials but also by private parties. It thus notes with deep concern the absence of legislation providing effective protection against violations of Covenant rights by non-governmental actors. Comments on United Kingdom of Great Britain and Northern Ireland (Hong Kong), Human Rights Committee, [10], UN Doc CCPR/C/79/Add.57 (1995).

[115]General Comment 18, 'The Right to Work', UN Doc. E/C.12/GC/18, adopted 24 November 2005 at para. 35.; General Comment 15, 'The Right to Water (Arts. 11 and 12)', adopted 26 November 2002, at para 23, UN Human Rights Compilation at 106; and General Comment 14, 'The Right to the Highest Attainable Standard of Health (Art. 12)', adopted 11 August 2000, at para. 35, UN Human Rights.

[116]John Ruggie, *supra*.

Recently, however, the National Human Rights Commission (NHRC) of India has decided to draft a Corporate Code of Ethics. The NHRC Code of Ethics for Indian Industry is a positive development that should be welcomed by the public and private sector alike, as it gives recognition to the harmful effects on business society and takes steps to protect against or mitigate such effects.

Until now, Indian businesses have been left to their own devices with regard to corporate social responsibility (CSR). Some have well developed and internationally recognized CSR programs. The Tata Group provides the best example:

> "Every employee of a Tata company, including full-time directors and the chief executive, shall exhibit culturally appropriate deportment in the countries they operate in, and deal on behalf of the company with professionalism, honesty and integrity, while conforming to high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be so by third parties. Every employee of a Tata company shall preserve the human rights of every individual and the community, and shall strive to honour commitments. Every employee shall be responsible for the implementation of and compliance with the Code in his /her environment. Failure to adhere to the Code could attract severe consequences, including termination of employment."[117]

Tata takes its ethical obligations to the community quite seriously. It is clearly opposed to corruption and fraud by promoting transparency in all aspects of its business. However, the example it has set is not widely followed.

While some companies have worked hard to install the values of social responsibilities into their business practices, Indian businesses generally do not adhere to any codes of ethical conduct. As a result, the public sector has a major role to play in implementing CSR programs. It has already made some progress with regard to state-owned businesses.

The Corporate Public Sector Enterprises (CPSE), for instance, was initially introduced for ensuring equity and justice to the society as a whole. Over the past few decades, it has worked hard to achieve this aim, with moderate success. The government has recognized that public-sector business undertakings impact customers, employees, shareholders, communities and the environment[118]. It has issued guidelines on Corporate Social Responsibility for Central Public Sector Enterprises (CPSEs) following the Committee on Public Undertakings (1993-94), which recommended various measures in its 24th Report on 'Social Responsibilities and Public Accountability of Public Undertakings'.[119]

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[117]Tata Code of Conduct, Clause 17, *available at* http://www.tata.com/aboutus/articles/inside.aspx?artid=NyGNnLHkaAc=.

[118]*See* Public Sector Undertakings in India, *available at* http://india.gov.in/spotlight/spotlight_archive.php?id=78#mf8

[119]*Id.*

Indian industry organizations have taken similar initiatives. The Confederation of Indian Industry (CII) released a Code of Business Ethics to its members (more than 8000 member companies), aiming to reduce corruption and ensure transparency among business communities through effective ethical practices in the organization.[120]The Federation of Indian Chambers of Commerce and Industry (FICCI) have also adopted a similar stand when it comes to ethics in business. It promotes a value-based business model for creating social and economic values. A few of the measures include:

- Calculating benefits and costs to make the business case;
- Identifying and managing positive as well as negative impacts;
- Integrating CSR best practices into key business areas;
- Recognizing outstanding efforts towards this end.[121]

Despite these initiatives, private businesses still do not adhere to codes of ethical conduct. Thus, in addition to inter-organizational policies, the government must also be vigilant and draft laws concerning corporate liability for human rights violations. However, this proves difficult in India for at least two reasons.

First, corruption is rampant at all levels of governance structures. Moreover, the corporate sector has a strong influence on government policies, given its financial strength and the fact that many elected officials maintain corporate ties or active businesses. To achieve any political success, then, corporations must therefore be convinced that such laws would not harm their business interests, but simply protect the rights of those most vulnerable to human rights violations.

Second, while corporate law directly shapes what companies do and how they do it, its implications for human rights remain poorly understood. Traditionally, the two have been viewed as distinct legal and policy spheres, populated by different communities of practice. That trend is beginning to change, largely due to international initiatives, such as the UN's "Protect, Respect, Remedy" Framework. But the governments have been slow to respond. Since the link between corporate law and human rights has not been identified or accepted by the Indian government, it is unlikely to pass legislation in this area with any urgency.

Within India, then, the NHRC is poised to play a crucial role in bridging this divide. In the absence of effective legislation, voluntary guidelines put forth by governmental and non-governmental institutions are the best means through which to promote human rights. The NHRC is ready to promulgate code of ethics that would limit corporate abuses and nudge corporations towards greater social responsibility and respect for human rights.

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[120]*CII Releases 'Code on Business Ethics',* ECONOMIC TIMES, *available at* http://articles.economictimes.indiatimes.com/2011-07-05/news/29738986_1_code-member-companies-business-ethics

[121] FICCI Socio Economic Development Foundation, *A Business Case for CSR*, *available at* http://www.ficci-sedf.org/businesscaseforcsr.htm

Both legally and strategically, India stands to benefit from improving business ethical standards. From a legal perspective, the growing international consensus on the state responsibility to prevent corporate human rights violations obliges India to take further steps to protect its citizens from such abuses. From a strategic perspective, India needs to strengthen its position in the international community. It can do so by pushing for strong laws to curb corporate human rights abuses that will signal its intent to conform to international laws and guidelines. India, as a member country of the United Nations, has pledged under Articles 55 and 56 of the UN Charter to take joint and separate action to promote universal respect for, and observance of, human rights and fundamental freedoms, without distinction as to race, sex, language, or religion. India has also ratified the ICCPR and the ICESCR, and has definite human rights obligations. Since business operations affect human rights on a large scale, the State has a responsibility to ensure that corporate conduct is conducive towards creating an atmosphere of respect for the human rights of all.

Before the Indian government acts, though, Indian corporations must take their own affirmative steps towards greater respect for human rights. By adopting the NHRC code of ethics, they would follow the lead of hundreds of multinational corporations that have adopted the U.N.'s "Protect, Respect and Remedy" framework or similar frameworks. The sustainability of India's economic growth demands nothing less.

Introspection

This chapter calls for describing the contemplation of legal thoughts, developments and practicing conduct in the context of 'Legal Framework for Business Ethics'. In this section, complex litigations are reviewed and regulatory investigation of international legal system that is formulated in respect with Human Rights and Business Ethics is reflected. The spirit of law, the object and goals of various national and global legal initiatives made in direction of Business Ethics is emphasized.

This chapter introduced the ' Three Pillar' of Prof. John Ruggies, - "Protect, Respect, Remedy" framework. Mr. John Ruggies framework has been presented as a first referral point for understanding the role of State and Business for protecting and respecting Human Rights of the citizen against any third party exploitation, such as Trans National Companies (TNC). It also serve as a guiding principle for defining the role of State under Corporate Code of Ethics in terms of shielding and curing human rights infringement caused by TNC's. The chapter outlines the substantiative jurisdictional limitation for the enforcement of effective remedy against human rights violation by third party. International Legal framework is the major component of this chapter. Under this various internationally drafted and accepted legislative norms are described, such as UNGC. As UN Global Compact is the world's largest corporate citizenship initiative. The Global Compact is a principle based framework for business stating 10 principles in the area of human rights, labour, environment and anti- corruption. These principles of Global Compact laid down the foundation for designing the outlay of Code of Ethics, as it incorporate various elements that are broadly related to the area of Ethics, alike Principle of Human Rights, Anti-

Corruption etc. Further, this chapter represents the Guiding Principles for the Implementation of United Nations, “ Protect, Respect, Remedy” framework, that narrates the element of Human Rights due diligence, duty of State to respect, protect and fulfill, role of civil society for protecting the human rights of the citizens. Exemplification about the national stature in the area of ethics is presented by, describing the role of National Human Rights Commission over the matter of business ethics. To justify the entire theoretical framework projected in this part of the report, various International and National case studies (Nigeria- Oil Spill Case, Bhopal Gas Tragedy) of business ethical failure is illustrated, which is substantiated with remedial policies and judgment made after happening of such instances.

This entire chapter advocates about the legislative backdrop for the formulation of Code of Ethics, and exert upon the need for having a concrete Code of Ethics for Indian Industry. It began from the international initiatives mentioned in earlier paragraphs, which are proven as a milestone and builds the premise for developing such Code, and flows down with the current Indian scenario, where various steps are taken towards making business responsible.In synthesis with the above content, in the next chaptera comprehensive review of legal norms and standards which are already in practice in the various countries such as Japan, South Africa, Brazil, France, Germany, Indonesia – arereviewed critically with the objective of making the premise for having distinct code for Indian Industry stronger. The norms of these countries are taken under review as they are the leading nation having a distinct legislation in respect of corporate ethics and related issues. These nations set a path for us and inspire us to develop our own code and operationalize it, so that as a business instrument it could protect and promoting Indian industry in long run.

It concludes that when company executives behave unethically, that behavior often ends up in the news. While most companies have ethics policies, they don't necessarily enforce or even follow them. By incorporating ethics into the very heart of the business and reinforcing the idea of ethical behavior, businesses can run efficiently, legally and honorably.

Chapter – IV

Review of Global Norms and Standards

In a bid to promote social- and environment-responsible businesses, in accordance with the global ethical trade practices - defined by Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization conventions – various standards had been practised in the last millennium that address the issues of environment and human rights. The list included Social Accountability (SA8000) and Global Reporting Initiative (GRI). One of the drawbacks of these standards was that they treated social and environmental accountability of businesses distinct from profitability.

In the present millennium, the United Nations Global Compact or UNGC has been instrumental in encouraging businesses to adopt sustainable and socially responsible policies integral to their business, and to report on their implementation. The Compact has adopted a principle-based framework for businesses, comprising of ten principles in the areas of human rights, labour, the environment and anti-corruption. In a way, the Global Compact is the world's largest corporate citizenship initiative and as voluntary initiative that works towards two primary objectives: (1) "Mainstream the ten principles in business activities around the world", and (2) "Catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs)."[122]With Governments framing policies for facilitating the adoption of the principles, sometimes necessitated by business fallouts and governance needs, a large number of standards have been developed worldwide. In this chapter, the major standards developed and their contributions to creating socially responsible businesses are highlighted.

4.1. **Key International Norms and Standards**

John Ruggie, UN Special Representative, proposed a framework on business and human rights to the UN Human Rights Council in June 2008. The framework comprised of three pillars:

i. The state duty to protect against human rights abuses by third parties, including business;

ii. The corporate responsibility to respect human rights;&

iii. Greater access by victims to effective remedy, both judicial and non-judicial.

This framework was unanimously accepted by the Human Rights Council; and, has subsequently influenced most of the policy/norm development. Therefore, in our discussion,

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[122] Source: http://www.unglobalcompact.org/AboutTheGC/index.html

we categorize the norms as 'early' or pre-2008 development, and 'recent' or post-2008 development.

4.2.1. Early Development

i. **Company Act, 2006 (United Kingdom)** was instrumental in incorporating environmental and social concerns in business decision making. According to the Act:

- Company directors have to consider the environmental and social impacts of their decisions; and

- The largest public companies have to annually report on their environmental and social impacts of their decisions.

The Act, despite being helpful in curbing direct environmental and social impacts, has little bearing on indirect repercussions of actions. For instance, there was no judicial accountability if the impact of the action was outside U.K. This is one of major revisions sought by Corporate Responsibility (CORE) Coalition, an alliance of voluntary organisations, trade unions and companies that was instrumental in building public support for the Act.

ii. **New Economic Regulation Act (France)** was adopted by the French parliament in May 2001. The Act was aimed at adding an "ethical" aspect to financial practices, clarifying competition rules, improving social dialogue and enforcing consumer rights. The new legislation was particularly aimed at strengthening the powers of works councils in takeovers, mergers and proposed share exchanges. The ethical aspects included:

- Improving the rules governing both takeover bids and proposed share exchanges, and beefing up the measures against the "money laundering" of the proceeds of organised crime;

- introducing mechanisms to improve the regulation of competition; and
- Reforming the possibilities for individuals to hold more than one office, strengthening the power of minority shareholders, and making the remuneration for directors and top executives more transparent.

The financial crisis of 2008, which hit the French economy severely, revealed that there was scope for improvement. As a result, more stringent regulations were enacted in October 2011 that integrated business and ethical practices.

iii. **Law of Limited Liability Company Act, 2007 (Indonesia):** Limited Company is a kind of legal entity used by many businessmen because the provisions enable separation of assets belonged to the company and to the shareholders; it is the separation that leads to limited liability. The purpose of this separation is that the separated property is outside the individual's property. Thus, limited liability enables shielding of personal assets of both shareholders and directors from personal liability. This benefit, however, raises possibility of power misuse; shareholders or directors may put the interest and asset of corporation in danger. In Indonesian law (Act 40/2007), there are provisions to prevent the agency, fraud, sham, or facade, group enterprises, and unfairness/justice problem. This concept is called piercing the corporate veil[123].

After lengthy discussion, the Indonesian House of Representatives passed the Bill on Limited Liability Companies into law on the 23rd of July 2007; and it was signed by the President on the 16th of August 2007, leading to its inception as Law No 40 of 2007 or simply "Law 40". Law 40 revoked the previous limited liability companies' law or "Law 1"(of 1995) regarding Limited Liability Companies. In general, the Law 40 was very similar to Law 1. However, Law 40 provided more details, made some interesting changes and introduced certain "new concepts". Among the introduced concepts were: Business Plans, Corporate Social Responsibility, and Business Segregation. The major breakthroughs in Law 40 were:

- Increased corporate accountability and transactional transparency, particularly related to crossholdings, and interim dividend declaration. As per the new provisions, companies were allowed to declare interim dividends but in the eventuality of losses, the dividends had to be returned.

- Corporate Social and Environmental Responsibility (CSER) was made compulsory for organizations: with business related to natural resources and/or whose business may affect the environment must perform CSER. Also, the cost of implementing CSER programs had to be included as operational cost to the Company.
- For conducting General Meeting of Shareholders (GMS), physical presence was no longer compulsory; GMS could be held through teleconference, video-conference or other electronic media that allowed all participants to see /hear directly and to participate in the meeting. Minutes still had to be agreed and signed by all GMS participants. Law 40 also allowed for electronic evidence by accepting electronic signatures.

4.2.2. Recent Development

i. **Financial Statement Act, 2008 (Denmark)[124]*:*** This Act is unique as it asks Danish businesses to choose whether or not they wish to work on corporate social

[123]Black's Law dictionary defines piercing the corporate veil as the judicial act of imposing personal liability on otherwise immune corporate officers, directors, and shareholders for the corporation's wrongful act.
[124] Source: http://www.csrgov.dk/sw51190.asp

responsibility (CSR). While CSR, itself is not mandatory and firms may choose whether or not to invest in that sector, there is a statutory requirement from 2009 that large businesses in Denmark must take a position on CSR in their annual reports. Under this amendment, in future large businesses must account for their work on CSR in their annual reports. The aim is to inspire businesses to take an active position on social responsibility and communicate this. The statutory requirement is part of the Government's action plan for CSR (May 2008) and is intended to help improve the international competitiveness of Danish trade and industry.

The Act covers large businesses in accounting class C, and listed companies and state-owned companies in accounting class D. Large businesses in accounting class C are businesses that exceed at least two of the following three size limits:

- Total assets/liabilities of DKK 143 million
- Net revenue of DKK 286 million
- An average of 250 full-time employees

Subsidiaries are exempted from having to report on social responsibility if the parent company does so for the entire group.

The Act was enforced in 2009, with same reporting requirement has also been introduced for institutional investors, mutual funds and other listed financial businesses (financial institutions and insurance companies, etc.), not covered by the Danish Financial Statements Act. For these businesses, the requirement has been introduced in Executive Orders issued by the Danish Financial Supervisory Authority.

ii. **Government of Japan's Ethics on Industry*:*** Japanese companies had been leaders in adopting ethics and CSR standards. In 1997, Japanese Government facilitated in establishing Business Ethics Research Centre (BERC) to support adoption of corporate ethics. BERC began as a small consortium of 14 companies (in 1997) but soon gained acceptance in the industry. In 2006, BERC had over 100 member corporations. However, the tsunami that ravaged Japan in 2011 exposed some glaring gaps in implementation. Speculators were horrified to note that Tokyo Electric Power Co. (Tepco) had not notified the Government or the public on the potential hazard of a meltdown in Daiichi plant. Since then, the Japanese Government is taking steps to incorporate individual accountability in corporate decision making process.

Introspection

The objective of the chapter is to reflect upon the global norms and standards that are accepted by various developed and developing countries. Countries like, United Kingdom, Indonesia, France, Denmark and Japan have certain enactments that are formulated in concern of issues like environment, transparency in financial practices, corporate accountability, and corporate ethics. The preamble of these acts laid down with the aim of ensuring and strengthening ethical practices in business among various part of the nation.

Under Company Act 2006 of United Kingdom, certain clause are incorporated for promotion of environmental and social concern in the decision making process of business. It calls up company's director for annual reporting on environment and social impact for their operations. Unlike UK, France has a New Economic Regulation Act adopted by French parliament in May 2001. This act is an effort towards incorporating "ethical" aspects to financial practices, competition norms, social interaction and consumer rights. This regulation was move inclusive in nature as it entails many components other than financial disclosure and fair trade practices. In year 2011 these regulations are enacted more strictly, that integrated business and ethical practices. Such revision was brought as an effect of global economic slowdown. This effort of UK highlights the need of exploring meaning and content of corporate accountability.

Government of Indonesia has a Law of Limited Liability, Companies Act 2007, as "Law 40" replaced with "Law 1". In this revision, new features of Corporate Social Responsibility, increased accountability and transactional transparency are added. This revision was more likely for preventing the internal trade practices of the organization. This action of Indonesia calls for defining clear accountability of the organization.

Amongst the global recent development in the field of corporate ethics, Denmark has made a remarkable difference. As, under this Financial Statement Act 2008, the Government of Denmark made CSR as a statutory requirement from 2009 for large business, apart from this they must make compulsory reporting on CSR in their annual report. These developments are amongst the recent development in the area of corporate ethics; however Japan has developed standards of ethics for its Industry in year 1997. Japanese Government also established a Business Ethics Research Centre, to support adoption of corporate ethics.

The standards and norms of these nations sets the path for developing a unique Code of Ethics for Indian Industry. They bring inspirational drive for us to strive for an effort towards formulation and implementation of Code at the national level.

Hereby, in synthesis with previous chapter the legal background in sphere of Ethics is narrated explanatively. Further, in the next chapter we discussed about the social and economic dimension of corporate ethics, which will give an insight about relative impact of corporate ethics on society and economy.

Chapter –V

Social and Economic Aspects of Corporate Ethics

While discussing standards and norms in the preceding chapter, three major aspects were highlighted:

i. **The need for defining the sphere of corporate accountability:** CORE points out, in the U.K. Company Act (2006), that while organizations are liable to legal action if the violation is in U.K., off-shore violations can go unpunished. This implies that ethical and societal violations could happen in countries that do not have a good legal enforcing system. This concern of off-shore violation was also illustrated in the case of Nike.
ii. **The need for moving beyond ethics and social responsibility code adoption:** There were two instances – one of France and the other of Japan – where economies suffered despite having adopted codes of ethics and social responsibility; the implementation aspect largely went unnoticed. This also indicates that there is a reluctance on the part of corporations to embed ethics and social responsibility into systems and culture because it conflicts with profit objective.
iii. **The need for accountability:** In a limited company, there are possibilities of managers escaping the responsibility of their actions. Therefore, it is important that adequate checks and balances are imposed to ensure transparent accounting and responsibility definition as highlighted in Indonesia's 'Law 40'.

It is apparent, from the discussions in the previous chapter, that a bulk of the effort is aimed at addressing #3, while the other two have received lesser attention. Both these aspects are shrouded in debate and arguably represent the greatest challenge to implementation of the contours outlined in the Global Compact. In this chapter, the key issues related to the implementation of the first two aspects are highlighted.

5.1. The Debate on Sphere of Corporate Accountability

In July 2010, the International Organization for Standardization (ISO) issued the Final Draft International Standard of its social responsibility guide, ISO 26000, for approval by its national member bodies. This marked the culmination of six years of work by a multinational working group that aspired to provide guidance to all kinds of organizations on the principles and practices of social responsibility. The draft raised two questions central questions to the implementation of corporate social accountability – (1) how should the boundaries of an organization's responsibility (and accountability) for environmental or human rights abuses be defined; and (2) Can a company be penalized for actions committed by third parties?

Earlier versions of ISO 26000, including the Draft International Standard that had been approved by an overwhelming majority of member bodies in February, 2010, had maintained that the sphere of accountability would be defined by the organization's degree of control or influence over others' conduct (ISO 2009a, 2010a). The argument was based on Ruggie's concept of "sphere of influence" (Global Compact Critics 2010). This approach was similar to other leading social and environmental initiatives, including the Global Reporting Initiative (GRI), the European Union's Eco-Management and Audit Scheme (EMAS) and the ISO 14001 environmental management system standard (ISO2004). This approach was, however, contested by Ruggie. In November 2009, Ruggie wrote to the WGSR, pointing out that that the treatment of sphere of influence was inconsistent with his proposed three-part "protect, respect, remedy" framework. This critique was grounded in the argument that the ability to influence others through CSR was distinct from actually causing or contributing to human rights impacts (Ruggie 2009)[125].In the run-up to the final WGSR meeting in Copenhagen in May 2010, the ISO working group accepted Ruggie's view, thoroughly rewriting the definition of "sphere of influence" and the two key passages in which the concept was explained and applied.

The effect of the changes was to retreat substantially from the proposition that responsibility should arise from an organization's ability to influence (influence as 'leverage') and replace it with a much stronger insistence on causal contribution to harm (influence as 'impact').This change implied that corporate responsibility for social, environmental and human rights abuses should not be limited to situations of causal responsibility, but should be extend to situations in which an organization has the ability to influence others' values or behaviour. A small group known as Integrated Drafting Task Force (or IDTF) worked on substantially rewriting the definition of sphere of influence and the main clauses elaborating upon the concept. Most references to responsibility arising from and increasing with the ability to influence were removed, and replaced with arguably a narrower focus on causal contribution to harm (influence as 'impact').

The change, both in its draft form and in the Copenhagen meeting, attracted severe criticisms on grounds of a new Note was introduced during the rewriting process that said – "There is no necessary link between the ability to influence and the responsibility to exercise that influence" (ISO 2010c, 11). Several governments, NGO, consumer and SSRO ("service, support, research and others") experts objected to this Note on the basis that it unduly narrowed the scope of social responsibility, gave organizations an excuse not to take responsibility instead of encouraging them to take responsibility, and unnecessarily highlighted the absence of responsibility in a negative way. Several industry experts and a few government representatives, however, spoke in favour of the Note; some reiterating Ruggie's reasoning, others insisting that ISO 26000 needs a clear statement of what "sphere of influence" is not. The IDTF Convenor repeatedly tried to close discussion in more positive terms, suggesting that "the ability to influence does not, in itself, mean there is a responsibility to exercise that influence", but reluctantly accepted comments when numerous hands went up in protest.

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[125]John Ruggie's 2009 Report on Business and Human Rights. Source: http://internationallawobserver.eu/2009/05/28/john-ruggies-2009-report-on-business-and-human-rights/

Though the draft and the standard have failed to make much progress thereafter, the importance of the debate was that it brought the debate on spheres of accountability to the fore. This remains one of the thorniest questions in the quest for adoption of ethical standards. In this discussion, the sphere of authority is defined by the sphere of influence and not leverage.

5.2. **The Debate on Moving Beyond Adoption of Codes**[126]

The French economic experience and the meltdown of Daiichi plant of Tepco, exposed that mere adoption of codes are not sufficient; the codes need to embedded in practice. The New York Times reported on March 17 that government officials were "almost completely reliant" on Tepco for information on the Daiichi plant. If not reliant, the government officials could have been guilty of mistaken, perhaps even negligent complicity, or at least naiveté, given Tepco's track-record in distorting and falsifying information submitted to the government. Tepco's reputational capital had suffered such a meltdown by 2011 that even the responsibility of subterfuge naturally claimed the high ground in the public's eye; the record of lies had deprived the company of the benefit of doubt. Even as its employers were risking their very lives heroically to save Japan, the ethical meltdown raised questions – How did the potential disaster go unnoticed? A similar question is raised when one investigates the role of managers in creating the financial crisis of 2008.

The lesson for business practitioners around the world, from these examples should be move to out from the feeling of security and complacency in *knowing* that their respective companies could not suffer a similar ethical meltdown because they have instituted codes of ethical conduct and ethical procedures. It should be noted that Tepco had instituted a rather sophisticated ethical conduct system in 2002. This means that the mere existence of a corporate code of ethics and an 'ethics line' in a company with a squalid corporate culture is no check on unethical conduct. In fact, some argue, that it creates a shield. The constant repeating and emphasizing of the 'ethical lines' in publicity can actually enable sordid, narcissistic managers to be *even more* unethical because the window-dressing can absorb the slack. The public's perception of a company's commitment to 'corporate citizenship' can act as a default having its own momentum in blocking recognition of the onslaught of unethical conduct. This aspect can be very well recognized by unsavoury executives, who can take advantage of this sociological phenomenon of group-think.

Even if not intended as mere window-dressing, corporate ethical statements, procedures and organizational design are enervated or even impotent relative to a corporate culture formed by people all too comfortable taking the road easiest travelled when the travelling gets bumpy. According to TEPCO's web-site, "In September 2002, TEPCO implemented countermeasures to guard against a reoccurrence of incidents with regard to inspection and maintenance operations at nuclear power stations. At the same time, the Company announced four commitments in the interest of creating a 'Corporate system and climate of

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[126] Adapted from: http://thewordenreport.blogspot.com/2011/03/ethical-meltdown-in-japan-on-toxicity.html

individual responsibility and initiative.' The actualization of the four commitments has been adopted as our social mission, and the entire Company is deeply involved in the effort." This includes the following imperative, according to the company: "Disclose information on the management and operation of our nuclear power stations, so the public is able to confirm that our plants are being operated safely" and "Creating systems to ensure the observance of ethics."

Yet, Tepco's corporate ethical system, although organizational in design and formal extent, was to be geared to individual responsibility—meaning that individual employees should take responsibility for their actions; nothing is said about corporate responsibility—executives and the company spokespersons taking responsibility for corporate mistakes. Moreover, as the company's record attests, simply having a formal ethical code and a "social mission," and even a formal intent to disclose inconvenient information, does not necessarily have any actual bearing or impact in flesh and blood terms where motives at the moment are in line with power. That is to say, the tendency to hide bad information from the public out of fear is real because it is felt, that the existence of something written down on plaque or in an organizational structure chart is mere parchment. The challenge is to deal with the way top executives individually and as a group deal with fear and discomfort when the company itself screws up or performs badly, financially or otherwise, because they typically have the power to act in moments of crisis as they will. In the end, it may come down to the type of people that are hired (ultimately by the board of directors).

Introspection

This chapter attempts to clarify the debate and dilemmas that are brought to defining the essence of corporate accountability. Itstrives towards bringing forward the relation between quality and accountability. The social aspect of ethics is merely not about preaching for the societal compassion. It is relatively about facilitation for sensitizing the organization towards effective implementation of ethical standards and norms.

This chapter presents the debate over criticisms of John Ruggies philosophy for interpreting "sphere of accountability" in context with "sphere of influence", and the new change made in the definition of "sphere of accountability". This discussion holds importance as without outlining the broader canvass of accountability, we cannot chalk out the ethical accountability of any organization. Both terms are interconnected, yet it was significant discussion amongst the international standardization association to clearly spell out the content of accountability. With many frictions in opinion it is analyzed that quality enhancement of corporate accountability is far from a technical task. It is interwoven with debates on politics of principles. It is a field of strongly competing truth, each with their rationale and appeal.

The former part of the chapter emphasized upon, need of having effective operational model for implementation of Code of Ethics. It presents the case study of French economic experience of Diiachi plant of Tepco. This case study is a great source of learning that mere formulation and adoption of ethical standards are not sufficient, if its optimal implementation is not ensured. It requires a well developed and managed operation system, backed up by regular monitoring and feedback mechanism. If a complete system for implementing ethics in business operation is designed and worked with, then it will ultimately help for keeping the internal value system of the organization intact. The objective behind such initiative is to contribute towards strengthening the roots of the organization i.e. its 'value system' and to enrich the philosophical and moral belief of the corporate.

Corporate accountability can be defined as the ability of those affected by a corporation to control that corporation's operations. This concept demands fundamental changes to the legal framework in which companies operate. These include environmental and social duties being placed on directors to counterbalance their existing duties on financial matters and legal rights for local communities to seek compensation when they have suffered as a result of directors failing to uphold those duties. Human rights, development and environmental organizations, trade unions, progressive think tanks and even some of the more enlightened sections of the corporate sector are now uniting behind the concept of corporate accountability. Instead of urging companies to voluntarily give an account of their activities and impacts, and voluntarily improving their social and ethical performance (if it also happens to make business sense), the corporate accountability "movement" believes corporations must be "held to account" – implying enforceability. In the next two chapters an in depth research methodology, data and its interpretation capture the diverse organisations thought and insights. This concisely appraises the concept of corporate stakeholders' participation and how it is fundamentally required for operationalizing corporate ethics.

Chapter –VI

Methodology

6.1.**Introduction**

This chapter gives a brief about the research methodology adapted for conducting the research under reference. The objectives, working Hypothesis,type of research, research design, sample design, observational design explaining the techniques used for data collection, data collection,**e**xecution of the project,and analysis of data**.**

While conducting the study it has been kept in mind that the study,meet on the common ground of scientific method employed by it. The study satisfy the following criteria of scientific research……

1. The purpose of the research is clearly defined and common concepts are used.
2. The procedural design of the research is carefully planned to yield results that areas objective as possible.
3. The research team has reported with complete frankness, flaws in procedural design and estimates their effects upon the findings.
4. The analysis of data is sufficiently adequate to reveal its significance and themethods of analysis used are appropriate. The validity and reliability of the data are checked carefully.
5. Conclusions are confined to those justified by the data of the research and limited tothose for which the data provide an adequate basis.
6. The Tools were developedscientifically and pretested before going for final trial.
7. During the whole process expert opinions and critical appraisal from time to time enhanced the quality of the research.
8. The Research Team beingexperienced, having good reputation/knowledge in research was able to attain the maximum authentic research work.

6.2 Research Methodology

Objectives of the study: To develop a structure for facilitating framing of Code of Ethics by Indian Industry, by drawing from international norms and domestic practices. The study will attempt to answer the following moot questions:

- Is the competitive efficiency of enterprises achieved by compromising long-term sustainability of the social and human resource base?

- In case such a compromise is really taking place, what measures are necessary to ensure responsible sustainable business?
- How then to redefine "code of ethics" incorporating the concerns for long-term business gain?

Indian industry is at crossroads today. On the one hand it faces the prospect of reduced supply of raw material in the years to come. On the other hand, the compulsions of WTO agreement open it up to threats of competition from global players who have better access to cheaper and unrestricted supply of raw materials.

Under such circumstances "community" is considered a "natural" ally in any endeavour to increase the "value" for the society. We suggest a marriage between the two extremes to take care of concerns related to value creation and sustainability. A Code of Ethics and subsequent facilitation of a process of 'responsible business' involving all the stakeholders will help ensure such marriage with the 'State' taking up the 'priestly' duties. Such mechanism will help develop a new model of "Management" — a tri-polar one involving the communities, industries and the State.

In this context, a compliance review is an important tool to develop the ethics program of a company. The objective is to validate the company's performance against generally accepted criteria and report to the stakeholders the extent to which the company fulfils its assertions and commitments.

Hypothesis: India is a signatory to the Global Compact and Millennium Development Goals, but we yet to have our own code for promoting ethical business practices. There is thus a need to develop our own structure for facilitating adoption of code of ethics by Indian industry.

For developing working hypotheses of the study the following approach were used:

(a) Discussions with industry colleagues and experts about the problem, its origin and the objectives in seeking a solution;

(b) Examination of data and records, available, concerning the problem for possible trends, Peculiarities and other clues;

(c) Review of similar studies in the area / of the studies on similar problems; and

(d) Exploratory personal investigation which involves original field interviews on a limited scale with interested parties and individuals with a view to secure greater insight into the practical aspects of the problem.

Nature of study: Exploratory in Nature

Sample Size: Quantitative data was collected from ten sectors – Steel, Power, Mines, Paper, FMCG, Sugar, Banking & MFI, Tea, Insurance, Natural Gas, Heavy Engineering, BPO, Industry Associations and NGO. Total number of organization covered in the study is 20. Total Number of respondents were 737 (n= 737). Approximately 36 respondents from each organization participated. A mixed representation of Public and Private Sector has carefully been chosen. Apart from this Industry Association and NGO Sector were also covered, their names are given below:

Public Sector Enterprises	Private Sector Enterprises	Industry Associations	NGO
Steel Authority of India	Tata Steel Ltd.	Bombay Chamber Of Commerce and Industry	Sa-Dhan
Punjab National Bank	Yes Bank	SCOPE	Volkart Foundation
Gas Authority of India Limited	ITC Limited	Indian Sugar Mill Association	JEM Foundation
National Thermal Power Corporation	Hindustan Unilever Limited	Indian Tea Association	
Coal India Limited	Tata Consultancy Services	Indian Chamber of Commerce	
National Buildings Construction Corporation			
National Insurance Limited			
Garden Reach Shipbuilders and Engineers Limited			

Methods of Data collection:

The data was collected through primary and secondary sources. Both quantitative and qualitative methods were used.In the present study, it was imperative that an assessment is made on the practice of ethics in corporations. This assessment had two major purposes as follows----

1. It enabled understanding of the extent of practice of ethics within a company.
2. The understanding of ethics practice in turn aided in the identification of the scope of improvement.

As far as collecting data on the practice of ethics is concerned, however, had two major impediments that could have led to erroneous response as follows----

1. The respondents may not be keen in revealing the lapses in the conduct of ethics within the organization.
2. Given the limited knowledge on ethical practices in the country, the respondentsmay not be aware of ethical provisions to notify lapses in implementation within the organization.

Therefore, we focused on a mixed methodology (Yin, 1994), wherein we administered a questionnaire and simultaneously conducted IndepthInetrviwswith senior managers of the organization. The objective was to triangulate the two data sources for drawing richer inferences.The method of triangulation was proposed by Jick (1979)[127]. The method is useful in scenarios where either pure qualitative or quantitative data is deemed inappropriate for drawing inferences; and the inferences are possible through a cross validation. Though there have been several revisions to method proposed by Jick based on context suitability, the fundamentals have remained the same. Before moving on to discuss the methodology used, we briefly explain the concept of triangulation.

6.3. Triangulation Methodology

An analytical approach known as "triangulation" integrates multiple data sources to improve the understanding of a problem and to guide programmatic decision-making to address such problems. Triangulation can be used by researchers to assess the impact of widely disseminated interventions at the population level. Whereas traditional intervention research seeks to definitively answer a pre-formed hypothesis, triangulation seeks to strengthen interpretations and improve decisions based on the available evidence. Triangulation does not infer causality, but offers a rational explanation or interpretation of the data at hand.

Advantages of Triangulation: There are many advantages to triangulation. First, triangulation can make use of pre-existing data sources. This allows for rapid understanding of the situation and facilitates timely, appropriate decisions in crises. Second, by examining information collected by different methods, by different persons, and in different populations, findings can corroborate each other and reduce the effect of both systematic bias and random error present in a single study. However, it is important to be aware that bias and error can also be increased in the final results if the analyst does not take care to fully understand each data source and what it represents. Triangulation can also combine information from quantitative and qualitative studies, incorporate prevention and care

127Jick, T.D (1979). Mixing Qualitative and Quantitative Methods: Triangulation in Action, Administrative Science Quarterly, Vol. 24, No. 4, Qualitative Methodology. (Dec., 1979), pp. 602-61 1 program data, and make use of expert judgment. Triangulation provides a method to evaluate interventions andassess population-level outcomes.

Triangulation is a "mixed method" research, as it involves the act of combining several research methods to study one thing. They overlap each other somewhat, being complimentary at times, contrary at others. This has the effect of balancing each method out and giving a richer and hopefully truer account. The effect is rather like the use of telescope arrays, such as that shown in the photo above, which makes use of many small telescopes spread over a large area to simulate the effect of one very large telescope. Not only does the array have the power of one very large telescope but it is more nimble, more practical and has the ability to cross-check itself. Because each individual telescope's view overlaps that of its neighbours, the accuracy of each telescope can be validated to a certain extent by the others. This last property is a key benefit of triangulation in research.

Need for Triangulation in this Study

Triangulation was deemed appropriate in the context of this study as it was anticipated that managers may not have been (or wanted to be) in the position to diligently articulate the practice of ethics within the organization. This assumption was validated through observations in the questionnaire responses, where the following trends were found (refer comments in Chapter 7):

i. *While managers realised the importance of social responsibilities and free labor, the interpretations are narrow and largely realted to controllable corruption.*
ii. *A large number of implementation and scope related questions not being answered. This indicated that while the managers 'knew' the key words of ethics, there was an apparent lack of a deeper understanding of the same.*
iii. *Managers largely chose not to answer the section on ethical violation in the questionnaire. This was either a reflection on there their lack of knowledge or reluctance to divulge data. In either case, the inferences drawn based on questionnaire responses would have been inadequate.*

The information from the indepth interviews from the decision level officials, semi-structured interview schedules from the managers and focus group discussions among the different stakeholders was triangulated and interpreted into the conclusions.

6.4. Data Collection

For triangulating the primary quantitative data, a four step approach was adopted. This comprised of:

i. Extensive study of organizational literature on code of ethics. This included –

Written Policies	Primary Sources	Documents Examined
Employee policies and procedures manual including Gender policy	Board members and senior management	List of charitable contributions, including volunteer time
Community policy	Accounting personnel	List of most frequently used vendors
Purchase policy	Human resources personnel	Access to employment grievance file
Employment compensation & benefits and promotion policy	Marketing personnel	Access to job postings
Environmental policy	Vendors	Access to payroll register
International relationship policy	Customers	Communications from business bureaus or any other regulatory agency concerning non-compliance
Marketing/ Customer Satisfaction/ Return policy	Purchasing personnel	Copy of workers compensation policy and premium payments
Ethics code for whistle blowers policy	Individual responsible for community development	Copy of employee evaluation form and access to employee files to ensure evaluations are completed
Organisational accountability policy, including; - Policy on adoption of Global Reporting System - Policy on Healthy Workplace	Individual responsible for environmental programs	Access to payroll tax returns
	Personnel from Pollution Control Board	Employment statistics for current and prior years (if available) including number of women and minorities in management positions, number of promotions from within versus external hires, and number of employees leaving the organisation
	Labour Commissioner	
	Local/ National/ International NGOs	
	Personnel from Social Welfare Board	
	Representative from Advertisement Council	

ii. **Open-ended qualitative data gathering [Round 1]:** The study of organizational literature enabled identification of notes for open-ended interviews and group discussions. Each session typically lasted between 30 minutes to 1 hour; one was exceedingly long and spanned for more than 150 minutes. Participants/interviewees were encouraged to share their experiences as the central idea was to gather as much insight as possible. Besides interviewing, the following methods were used:

- Focused group discussions with stakeholders (broadly narrated in 7.1.1) to capture the qualitative aspects of the intervention. It was a separate group consisted 15-20 respondents from the randomly selected twelve organisations
- Participatory Workshop' about ethical practices/norms with the organisation

iii. **Semi-structured qualitative data gathering [Round 2]:** The next round of were more structured, based on the inputs received in the previous round; though still predominantly open-ended. These sessions lasted between 30 – 45 minutes. The focus in these interviews was to ascertain the validity of the views expressed in the previous round of interviews, and to gain further insights o**n ethical conduct of the organization.**

iv. **Structured qualitative data gathering [Round 3]:** This round of data collection was held to resolve dissonances. Therefore, the queries were very specific in nature.

After triangulating the qualitative and quantitative data, the code of ethics was derived in a two-step process:

i. Workshops and in-house research based on discussions, to prepare the draft framework for Code of Ethics
ii. After consultations with the Stakeholders, the 'draft framework' was to be modified into a final Code of Ethics.

6.5. Procedure for Data Collection

The procedures followed to collect data were:

- Engagement was performed by a practitioner having adequate technical training and proficiency in the attest functions.

- Engagement was performed by a practitioner having adequate knowledge in the subject matter of the assertions.
- Due professional care was exercised in the performance of the engagement.
- The work was adequately planned and properly supervised.
- A sufficient understanding of the communications and control structures was obtained to plan the review and to determine the nature, timing, and extent of tests to be performed.
- Sufficient evidence was obtained to provide a reasonable basis for the conclusion that is expressed in the report.

Project at a Glimpse

S. No	Activity	Rationale	Action Plan	Target Beneficiaries	Expected Outcome
1.	Pre-Research	Preparation of Questionnaire and Scheduling	• Brain Storming Sessions with Experts • Field-Work to develop the Draft Questionnaire	Industry and Civil Society	Draft Questionnaire and Scheduling
2.	Testing Questionnaire	To get the response from users perspective	Test with Industry and Civil Society Institutions	Industry and Civil Society	Finalise Questionnaire
3.	Data Collection from Industry and Civil Society	To understand the reflections about the specific need and demands from User	Data collection from organisations across the country and industrial sectors	Industry and Civil Society	Completion of data collection

		Organisations			
4.	Collation and Analysis of Data	Develop First Phase Report for Draft Tool Kit	• Data Analysis • Preparation of Draft Report	Industry and Civil Society	First Report

Plan for processing and analysis: The data collected was analyzed using the latest SPSS package and frequency distribution tables with diagrammatic representations were done to simplify the results of the study.

Chapter VII

Data and its Interpretations

7.1. Methodology

As described in chapter VI, data in this study was collected at two levels – top management (Board Members, CEO, CFO, V.P. and G.M) and middle management (Senior Managers and Managers). The objective of collecting data at two levels was to ascertain the extent to which plans were being implemented. Data from the top management was qualitative, collected through open-ended interview, while data from the middle management was collected based on various dimensions related to ethics discussed in the previous chapters. Some other points were introduced based on the discussions with the top management, which broadly corroborated with Elankumaran et al. (2005). Per organization, 36 respondents were requested to avoid bias. Identification and categorization of the respondents was avoided to retain anonymity.

7.2. Top Management Interview Results

Key points reflected in the conversation with top management are presented in Annexure 7.1, at the end of the chapter. A thematic classification using data coding (Silverman, 2004)[128] represents the following key points reflected are:

i. There is a perceived need that code of ethics should be mandatory, but there is a debate on whether the code should be mandated by the government or be left as a voluntary organizational practice.

ii. The code is required as–

  a. it makes good business sense in adopting ethics;
  b. it would enable positive community action and stakeholder engagement;
  c. it would check violations in law;
  d. it is an investment in good cause;
  e. it would create an achievement motivation;
  f. it would promote transparency and good governance and reduce corruption;
  g. it will act as a protective tool kit;

iii. The code has to address the following –

  a. Partnerships with organizations;
  b. Sustainable business;
  c. Employee welfare/ working condition norms/ human rights;

[128] Silverman, D (2004) Doing Qualitative Research, Sage Publications Ltd; Second Edition.

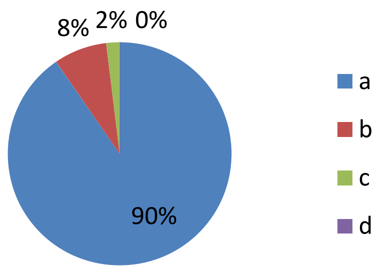
d. Environmental concerns;
e. Whistle-blowers protection;
f. Good governance and transparency in business and with stakeholders;
g. Stakeholder welfare;
h. Reduction in malpractices;
i. Discrimination

iv. For effective implementation, the code has to –

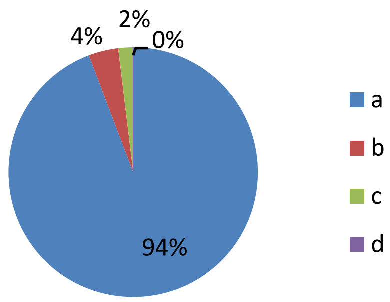
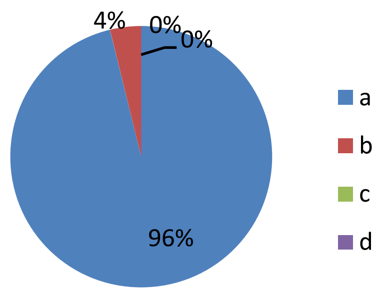
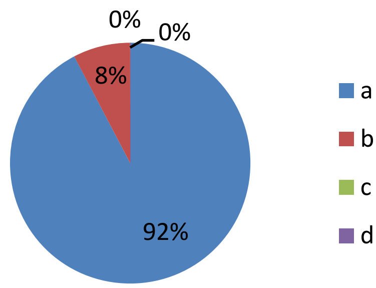
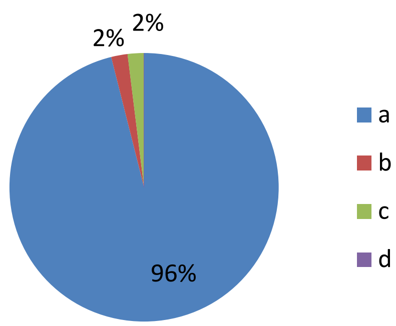
a. Be subjected to periodic internal and external audits;
b. Have legal enforceability status.

A large section of managers in the fundamental premise with which they were founded (need for social welfare) had manifested in their focussing a lot more on ethics and society that private companies. It was also suggested, by both private and public sector organizations, that the need for creating a code of ethics was most relevant to the unorganized sector.

7.3. **Results from Questionnaire Survey**

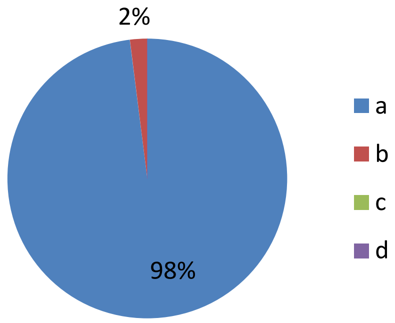
<table>
<tr><td colspan="2">I. Ethical Aspects in the Organization</td></tr>
<tr><td colspan="2">I.1. Is there knowledge and practice of corporate laws and corporate ethics in the organisation at different levels?</td></tr>
<tr><td>Knowledge of Corporate Laws:
a. Yes
b. Upto Large Extent
c. Partially
d. No</td><td>


</td></tr>
</table>

Practice of Corporate Laws: a. Yes b. Upto Large Extent c. Partially d. No	
Knowledge of Corporate Ethics: a. Yes b. Upto Large Extent c. Partially d. No	
Practice of Corporate Ethics: a. Yes b. Upto Large Extent c. Partially d. No	
I.2. Does the Organization have a Management System for Ethics?	
For the Oversight of Ethics: a. Yes b. In Process of development c. Yet to be developed d. No	

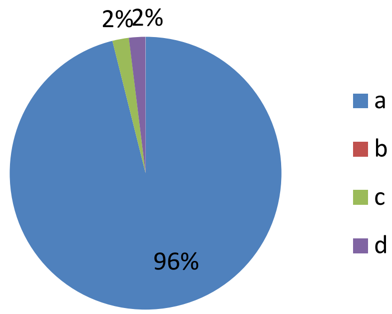
For the Promotion of Ethics:

a. Yes
b. In process of development
c. Yet To be developed
d. No



For the Monitoring of Ethics:

a. Yes
b. In process of development
c. Yet to be developed
d. No



Inference: *Data suggests that -*

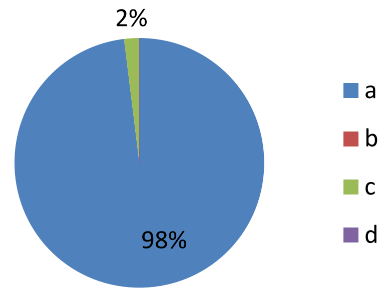
i. *at the middle-management level, there is good awareness on the knowledge of corporate ethics and corporate laws.*
ii. *the middle management largely percieves that the organizations are equipped with systems for overseeing, promoting and monitoring ethics.*

II. Ethics in the Organization

II.1. Does the organization have policies and plans with respect of code of conduct, corporate social responsibility, and other ethical issues/ plans/policies for next 3 years?

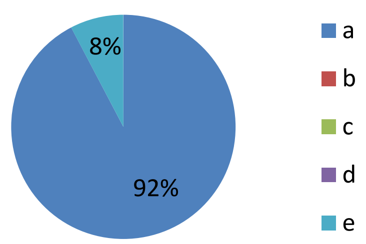
With respect to Code of Conduct:

a. Yes
b. In process of development
c. Yet to be developed
d. No



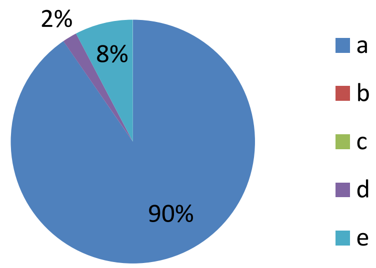
With respect to Corporate Social Responsibility:

a. Yes
b. In process of development
c. Yet to be developed
d. No
e. No Response



Other Ethical Issues/ Plans/Policies:

a. Yes
b. In process of development
c. Yet to be developed
d. No
e. No Response



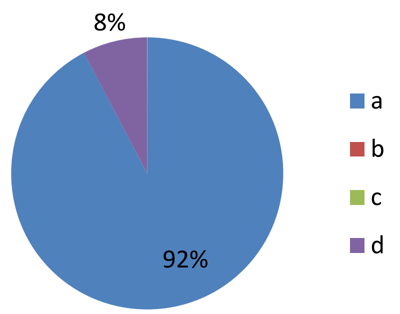
Inference: *The managers percieve that the organizations are by and large prepared with policies and plans for managing code of conduct, corporate social responsibility, and other ethical issues for the next 3 years.*

Comments: *It is interesting to note that a good proportion of managers chose not to respond to the preparedness related to corporate social responsibility and other ethical issues. This is possibly an indication of the fact that while managers are aware of their organizational code of conduct, they are not sure about the preparedness to effectively manage corporate social responsibility issues and other ethical issues.*

III. Degree of Institutionalization

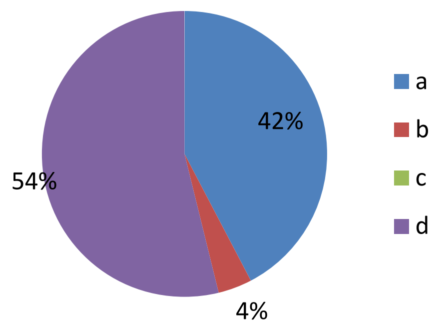
III.1. Does the organisation have a policy/commitment statement affirming the organisation's commitment to compliance and continuous improvement in the corporate ethic areas?

a. Yes
b. In the process of development
c. No
d. No response

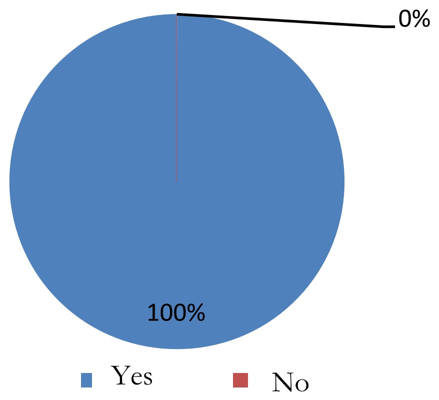


III.2. Is there any Policy and Mechanism been followed by the Organisation in relation to the below mentioned at different level in the Organisation: (a)Displacement, (b)Resettlement, (c) Rehabilitation

a. Yes
b. In the process of development
c. No
d. No response

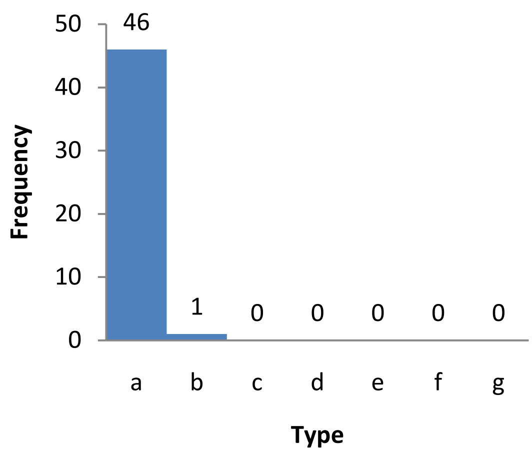


III.3. To meet Social Responsibilities and to achieve success in the Marketplace, Participants and their agents are to uphold the highest standards of Ethics. Does the Organisation have the same?

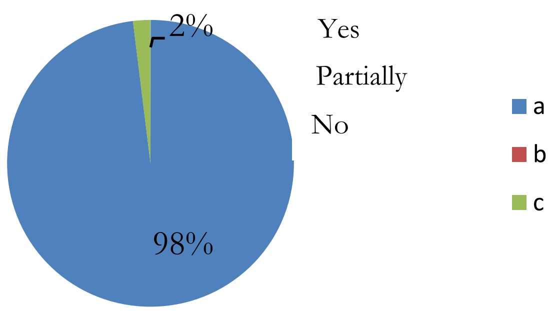


Check the relevant:

a. Non-existence of corruption, extortion, or embezzlement
b. Disclosure of information
c. No improper advantage
d. Fair business, advertising and competition
e. Whistle-blowers
f. Community engagement and economic development
g. Protection of intellectual property

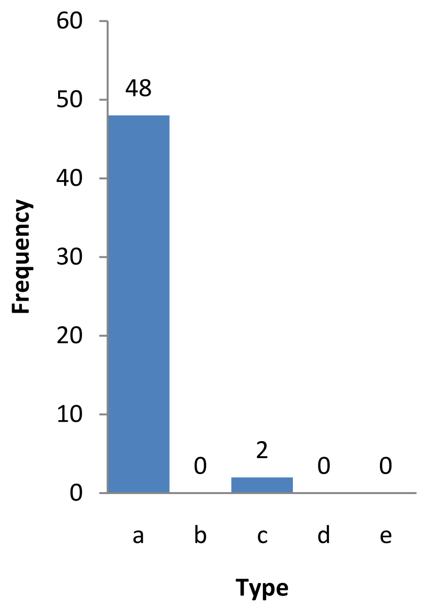


III.4. Does the organisation have procedures to ensure that all employment is freely chosen and forced labour is never used?



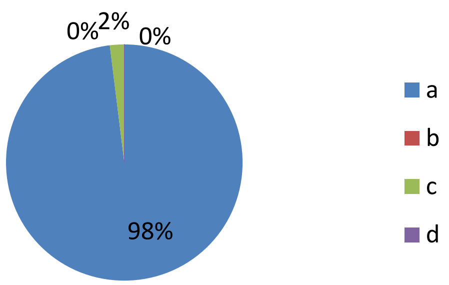
Check whichever applies:

a. The organisation assures that its workers are free to quit their job and leave upon reasonable notice
b. The organisation does not require workers to pay a deposit upon being hired
c. The organisation does not withhold workers' government-issued identification (passports or work permits) upon hire.
d. The organisation assures that its workers are free to enter and exit the organisation and housing during their non-work hours and within emergency periods
e. The organisation does not use involuntary prison labour or labour from beggars homes

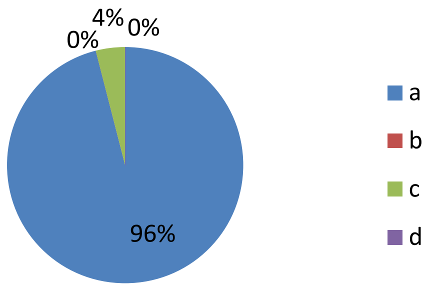


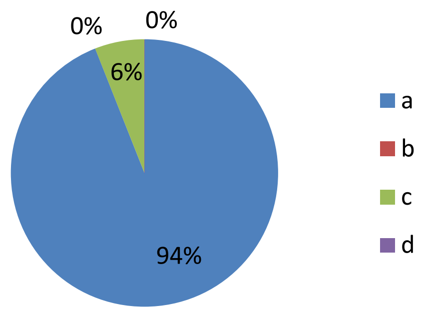
III.5. Does the organisation communicate Information about its business ethics expectations, performance and practices to its management/ workers/ stakeholders?

Management:
a. Yes
b. Partially
c. As per need
d. No



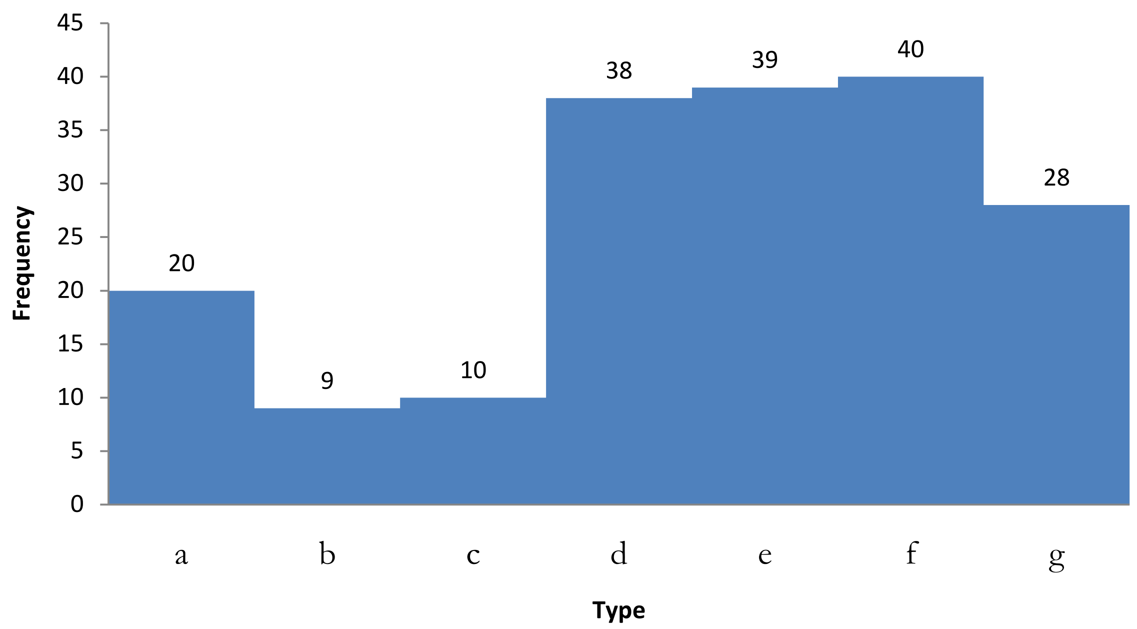
Workers:
a. Yes
b. Partially
c. As per need
d. No



Stakeholder: a. Yes b. Partially c. As per need d. No	

III.6. Indicate the scope of the policy/commitment statement and how it is implemented by checking the following as applicable:

a. The policy/commitment statement is signed by company executive management.
b. The same policy/commitment statement applies to different levels of the organisation (within/ outside of the organisation)
c. The different policy/commitment statement applies to different levels of the organisation (within/ outside of the organisation)
d. Website
e. Meeting
f. Circulars
g. Handbooks



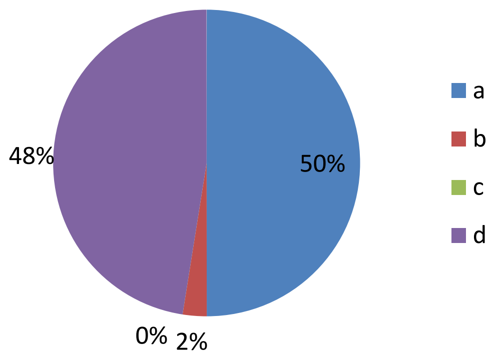
III.7. Is the policy/commitment statement made available to the organisation's workers?

a. Is yes

b. Partially

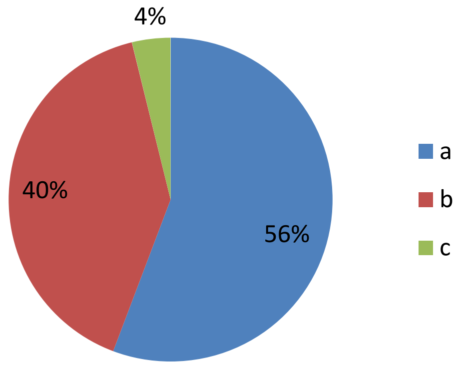
c. As per need

d. No



Please indicate how the policy/commitment statement is made available to workers:

a. Policy/commitment statements are available via means accessible to all workers (i.e. internal website, common area bulletin boards, etc.) in their native language(s)
b. Policy/commitment statements are included in hand-outs provided to all workers worker handbook, worker orientation training materials, program awareness documents, etc.) in their native language(s)
c. Others



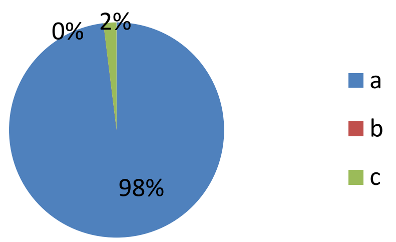
III.8. Does the organisation communicate information about its performance, practices and expectations to

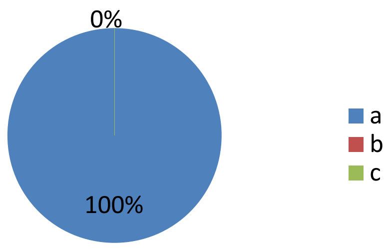
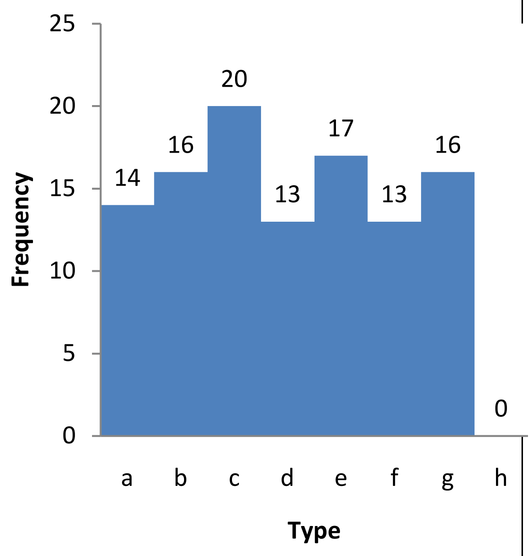
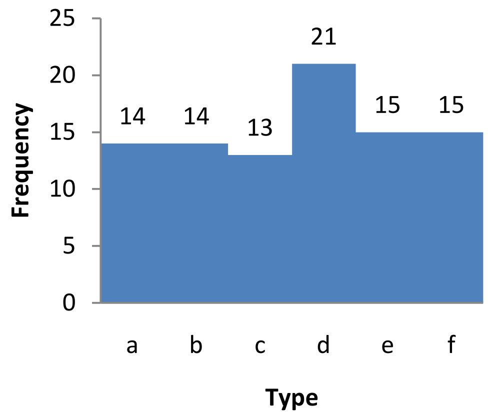
Workers:

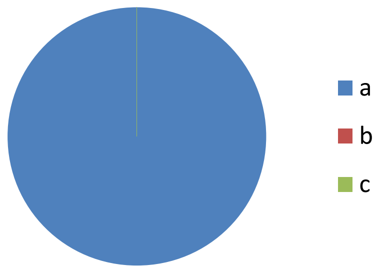
a. Yes

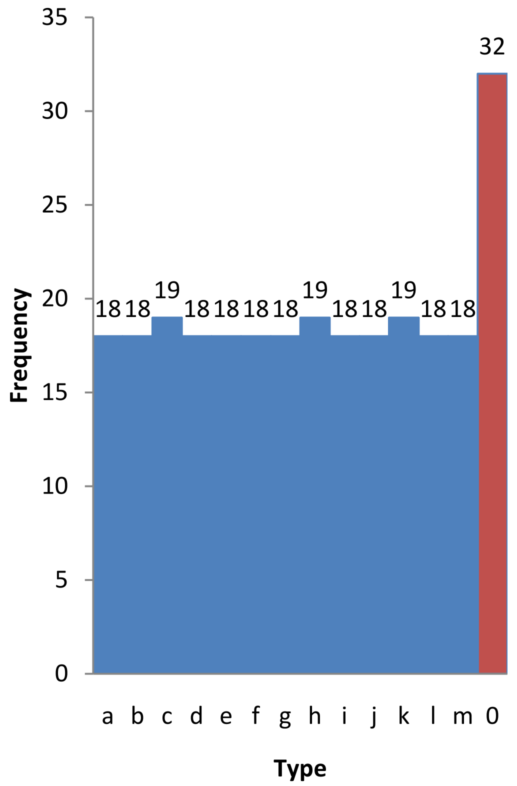
b. Partially

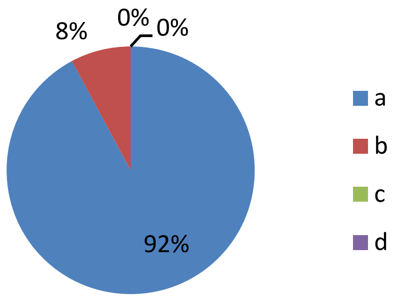
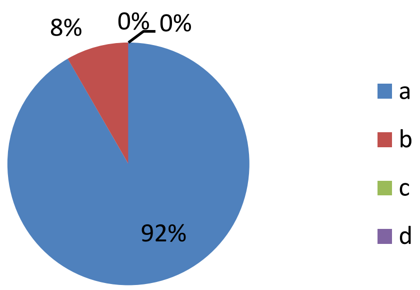
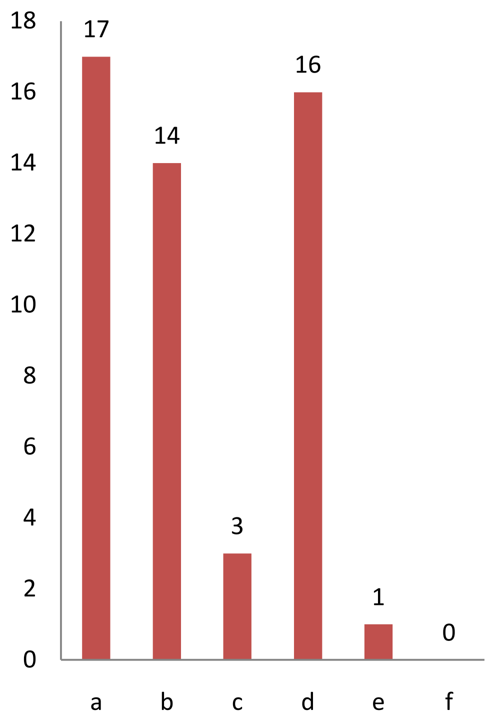
c. No



Stakeholder: a. Yes b. Partially c. No	
Workers: a. Worker handbooks and other hand-outs. b. Notice boards and other postings. c. Communications from managers and supervisors. d. Worker-accessible electronic communications (company intranet and email). e. Formal training. f. All communications made in the workers' native language(s). g. Feedbacks h. Other.	
Stakeholders: a. Feedback from Society b. Feedback from Organisation's Advertisement Firms c. Promotional and Response campaigns d. Annual report or other company publication. e. Promotion of social activities and programmes f. Company internet (public website).	

<table>
<tr><td colspan="2">III.9. Does the organisation have a program and/or procedures for workers to communicate openly with management regarding working conditions norms?</td></tr>
<tr><td>a. Yes
b. Partially
c. No</td><td>
</td></tr>
<tr><td>Please describe your program and/or procedures policy.

a. Freely chosen employment
b. No use of child labour
c. Non-discrimination
d. Non-exploitation
e. Displacement at different levels in the organisation
f. Resettlement of employees
g. Rehabilitation of employees
h. No harsh or inhumane treatment
i. Minimum wages system
j. Proper working condition/hours
k. Freedom of association at different levels
l. Insurance (health/accident) of employees
m. Risk assessments
n. Incident investigation, worker complaints. training records corrective action records.
o. No response</td><td>
</td></tr>
</table>

III.10. Does the organisation provide training for manager and workers on whom to implement its policies, procedures and improvement objectives?	
Managers: a. Yes b. Often c. Sometimes d. No	
Workers: a. Yes b. Often c. Sometimes d. No	
Check whichever is applicable: a. The organisation provides orientation training fo new managers/ workers that cover essential information applicable to all workers. b. The organisation provides refresher training annually to all the managers/workers. c. The organisation provides managers the same training that it provides to workers. d. The organisation provides managers with additional training specific for manager's responsibilities. e. The organisation does not require managers to take training. f. Other.	

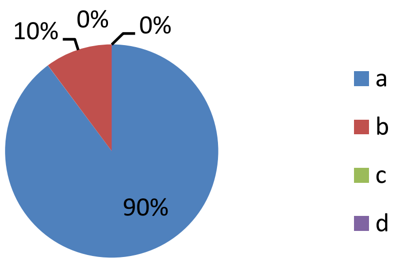
III.11. Does the organisation perform a periodic, top-level assessment of the status of managers/ workers/ stakeholders and business ethics programs, including; progress toward meeting improvement objectives, results of audits, and completion of corrective actions, in order to identify opportunities for improvement?

a. Yes

b. Often

c. Sometimes

d. No



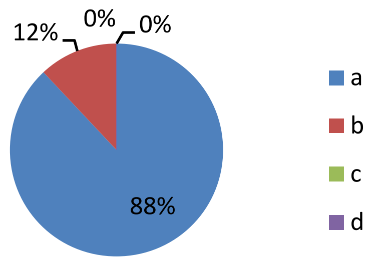
III.12. Does the organisation periodically review its progress in achieving its performance objectives and targets?

a. Yes

b. Often

c. Sometimes

d. No

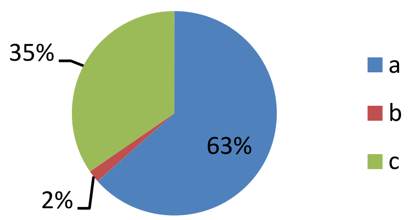


III.13. Does the organisation conduct periodic business ethics audits in order to assess conformance to regulatory requirements, the requirements of code of conduct, and other contractual requirements?

a. Yes

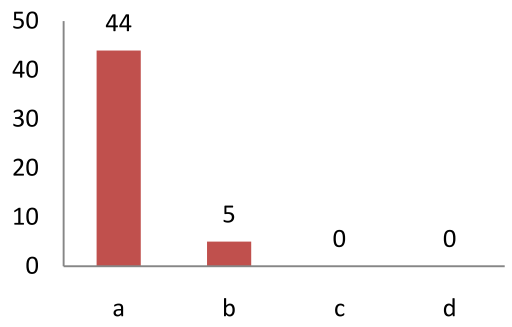
b. No

c. No response



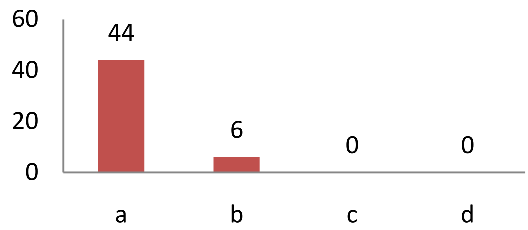
Regular audits are performed to assess compliance with:

a. Applicable regulatory requirements.
b. Company management system requirements.
c. Company work practices and procedures.
d. Other.



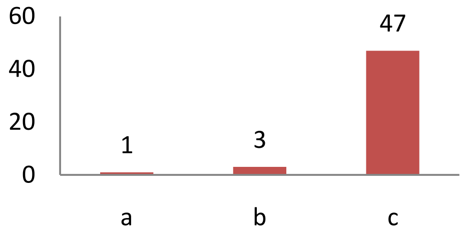
Audits done by:

a. Company auditors
b. Third party
c. Regulatory agencies
d. Other.



Frequency of audit:

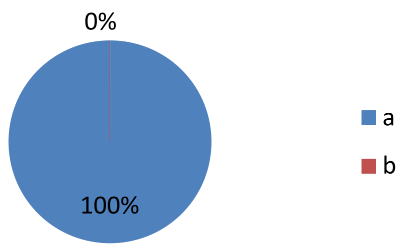
a. More than once per year
b. Once per year
c. No comments

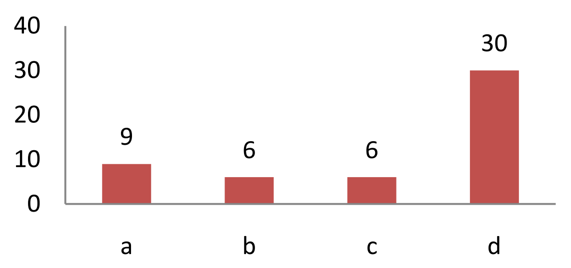
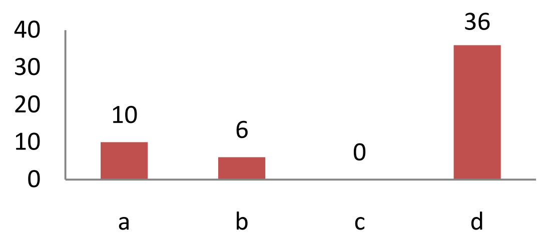
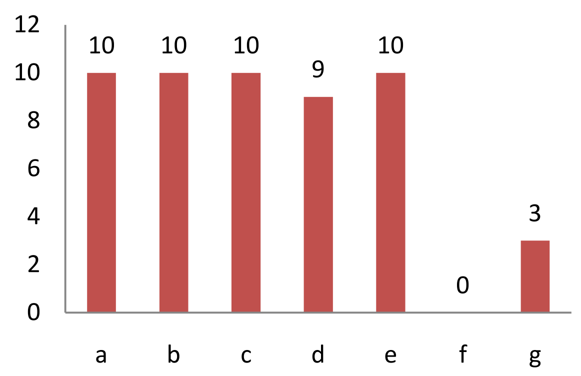


III.14. Does the Organisation have a process to implement timely corrective action for deficiencies identified by internal or external assessments, inspections, investigations and reviews?

a. Yes

b. No



<table>
<tr>
<td>The corrective action process addresses issues identified by:
a. Management system audits
b. Internal regulatory compliance evaluations.
c. Inspections by regulatory agencies.
d. No comment</td>
<td>
</td>
</tr>
<tr>
<td>Management reviews.
a. Incident investigations.
b. Worker complaints.
c. Other.
d. No Comments</td>
<td>
</td>
</tr>
<tr>
<td>The process includes:
a. Evaluation of cause(s).
b. Identification of corrective actions.
c. Identification of preventive actions.
d. Completion dates.
e. Tracking of action items to closure.
f. Other.
g. No comments</td>
<td>
</td>
</tr>
</table>

Inferences and Comments:

i. *The managers largely concur that there are provisions for meeting ethical issues (III.1), corporate social responsibility (III.3), organizational communications (III.5, III.8 and III.9), training (III.10 and III.11), review (III.12), conducting audits (III.13) and implementing corrective action (III.14)*

ii. *While managers realise the importance of social responsibilities (III.3) and free labor (III.4), the interpretations are narrow and largely realted to controllable corruption.*

iii. *The large proportion of managers percieve that workers are not adequately included in communications related to ethics (III.7).*

iv. *There are some apparent ambiguities in the delegation responsibility of and exact implementation details. This is reflected by –*

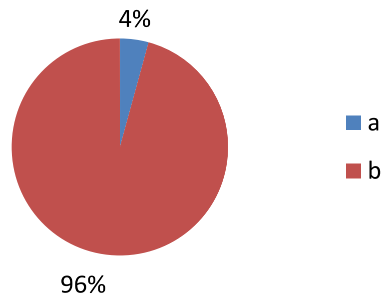
- *the relative lack of reposes in option #2 and #3 policy commitment and implementation (III.6);*
- *a large number of implementation and scope related questions not being answered (e.g. III.2, III.9, III.13,& III.14).*

IV. Violation of Ethics

IV.1. Has the organisation ever been cited for violation of ethics resulting in monetary penalties and/or formal corrective actions mandated by a government authority or a court in the past 3 years?

a. Yes

b. No



IV.2. Indicate the nature of the violation(s) and actions taken for its remedy?

- No Response

IV.3. Manner in which organisation violate ethics?

- No Response

IV.4. Number of cases in the courts and reasons?

- Labour court
- Civil court
- Criminal court
- Arbitration

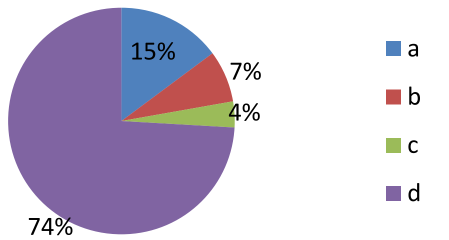
- No Response

Comments: *Managers largely chose not to answer this section. This could be a reflection of either their lack of knowledge or reluctance to divulge data. It is interesting to note that 3 respondents reported that there was an ethical violation (IV.1), when the number of respondents per organization was 10. This implies that ethical breaches are barely embedded in organizational memory and / or the organizations are very reluctant to respond to such details. This in turn indicates the need for empowering employees to talk/report about ethical issues without apprehension.*

V. Perception and Status

V.1. What percent is invested to social philanthropy?

a. 3 percent or less
b. 3 to 5 percent
c. Exact percentage not known
d. No response

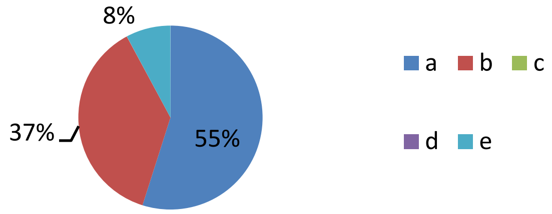


V.2. Rate as per Importance in the Organisation (1-10)

Type of Responsibility	Mean	Std. Dev
Economic Responsibility	6.78	2.25
Legal Responsibility	8.31	2.4
Responsibility towards Rivals/ other Organisation	8.56	1.24
Responsibility towards Government/ Politics	7.78	2.12
Environmental Responsibility	8.72	2.36
Philanthropic Responsibility	8.66	1.38
Social Responsibility	8.38	1.84
Ethical Responsibility	8.91	2.39
Social Reputation	8.25	1.65
Relationship with Employees	8.81	2.42

V.3. What type of organisation do you prefer?

a. Ethics/ Value-Based
b. Ethics/ Value-Led
c. Ethics/ Value-Less
d. Ethics/ Value-Neutral
e. No response



Comments:

i. *A large proportion of managers (89 percent) are not aware of details like extent of spending in corporate social responsibility.*
ii. *It is surprising to note that economic responsibility has the lowest rating (V.2). This could be either because of the fact that the companies chosen were established companies with healthy profit-lines or because the managers colored their responses to represent a good social outlook of their organization in the survey. The latter, if true, would mean that there is a lack of confidence to talk freely on ethical issues even in cases of anonymous questionaire sessions (as in this study)*
ii. *Managers wanted their organizations to be pro-ethical.*

7.4.**Quantitative Analysis**

On the basis of the data about the preparedness of plans and policies for Ethical Issues, Code of Conduct, Corporate Social Responsibility it is found that more than 90% of the organizations have strategies for the above mentioned issues for the next three years. This shows their pro activeness and acceptability for responsible and ethical business practice.

The data bring out that 92% of the organization have commitment for ensuring compliance and continuous improvement in the policies of corporate ethics but 54% of them showed reluctance in answering about the policy for displacement, rehabilitation, resettlement whereas 42% of the organizations have such policies to ensure ethical conduct of governance in their organization. It is observed that the pioneering organizations are upholding the high standard of ethics and at the same point the various internal and external stakeholders are encouraged to associate with ethical standards in order to create a culture within and beyond the business, because the society have priority trend for those socially and ethically responsive business hubs over those who are not. According to the available data it is revealed that 98% of the organizations provide chance to choose employment without the practice of forced labour. Meanwhile rest of the 2% of the organization did not clarify their stand. The other aspect presents a picture that 50% of the organizations made their policy available to their workers whereas 48% partially made it accessible. This showed a mixed behavior of the organization about disclosure of its policies. More positive results of up to 100% have been shown on communicating the policies and performance to the workers and management than making concrete policy statement available to them. Ninety percent of the organizations perform a periodic, top-level assessment of the status of managers, workers, stakeholders and business ethics programs, including; progress toward meeting improvement objectives, results of audits, and completion of corrective actions. A crucial dimension is that 63% of the organization undertake business ethic audit whereas 35% did not respondent to this question, this shows their reluctance in admitting their gap of undermining the importance of business ethics by not assessing the same in a regular span of time.

In accordance with the data that are available 96% of the respondents reported that they never been cited for violation of ethics resulting in monetary penalties and or formal corrective actions mandated by a government authority or a court in the past 3 years, this is against 4% of those who admitted that they have been cited for such act. In the next segment when detail about such act is called upon no response is recorded by the organizations. This shows a protective screening exercised by the respondents to pass only good to others.

The trend from the data shows that 74% of the total respondents do not have information about their spending on corporate social responsibility. On asking about the rating of various form of responsibility on the basis of their importance the highest priority is given to the ethical responsibility, followed by social responsibility and economic responsibility at the last. Today, businesses are expected to extend their attention beyond stockholders, customers and employees to include other stakeholders such as the community and environment. The concept of ethical responsibility emerged as an expectations and consists of transparent organizational management; careful consideration of the business environment, human rights, employment and in particular, compliance with ordinances, regulations, and laws. Code of Ethics can facilitate to more sustainable business by encouraging good stakeholders' relationships with society.

7.5. **Qualitative Analysis**

The Focus Group/Open Group Discussions

Focus Group Discussion is a group situation in which the participants talk with each other under the guidance of a facilitator. Each participant is stimulated by the comments of others and in turn stimulates them. For conducting the FGD it is required to form rapport with the participants. The researchers prior to the FGD informally became friendly and established rapport with them.

"Building rapport" refers to establishing a connection with participants that facilitates comfortable and open communication. Rapport is important to the facilitation process, because it can dramatically influence the willingness of participants to answer questions, and how openly and honestly they answer the questions they are asked. The purpose of focus groups is to gain information about the topic(s) of interest from the perspective of participants. Rapport helps achieve this.
Participants as Experts

Individuals are being invited to participate in focus groups because they are viewed as possessing important knowledge about particular experiences, needs, or perspectives that we hope to learn more about as a result of the discussion. Research team let the participants

know that they are there to learn from them. Expressing this to participants helped to establish a respectful appreciation for valuable contributions that they made to the study.
Professional Competence: It was taken further into consideration that :
Researchers not misrepresent or misuse their expertise as researchers.
Researchers are expected to fulfill the highest standards in their work.
Respect for People's Rights, Dignity, and Diversity.

Qualitative Sample Size

The study under reference included in the sample size 13 FGDs (one from each randomly selected organization) as to get the qualitative representation of the data with quantitative data. The collation of data from these FGDs at a level and at the same time triangulation of these FGDs with the quantitative data captured helped to get (a) more representation of the respondents from different groups in less time i.e. extended sample size, and b) In-depth discussion on various issues among the respondents which laid the building blocks for the formulation of important policy formulation and its implications.

Type of the Group

The groups were not exactly homogeneous as with the staff, the other important stakeholders were also included. Therefore technically the FGDs can be called as open group discussions.

Venue

The venues were easily accessible; approachable the seating arrangement was Circular, so as to see each other comfortably to feel physically & psychologically comfortable.

Duration

Ranged from 45- 1.5 Hrs. depending on the interest of the respondents & the information needed.

Topic Guide

The Topic-Guide had detailed instruction for the facilitators, as to cover the main sub-topics & issues keeping in mind that the number of the items should not exceed.

Facilitator's Characteristics

The facilitators were trained who possessed 1) the Knowledge of the subject, 2) were sensitive to cultural Norms of the community, 3) were able to build rapport with participants 4) were aware of tone of voice. As overly assertive, aggressive or imperative who could intermediate the participants particularly in the case of probing questions.

Facilitator's Role

The Facilitator's Role was to orient the group well; put fourth issues in proper questions. Neutral; there is no right/wrong answers; gestures/non-verbal communications were taken care of; no personal opinion; listen and encourage, guide, control the time as a moderator; at the end extend thanks to the participants and answered questions if they had.

Recording of the Information

The discussion were recorded verbatim; notes were taken on each comment made by putting a bullet, and noted the details and discussions **Statements were grouped by categories so that general trends become quantifiable data**.

The project research team had interest in qualitative- quantified data therefore descriptive information was written, the relevant statement when a participant makes it. If someone else agreed with the statement a check was placed next to it. Then the information is tabulated, responses in each categories are counted. The only limitation of this method was that specific responses for a topic are lost because of pre-grouping by categories. On the contrary to balance that another method of collecting quantitative information was to take consensus vote.

Preparation of Socio-Gram

Socio-grams were prepared in all the FGDs as to get the group dynamics and the representation of the involvement or participation of all the respondents.

7.6 **Qualitative Analysis of the 13 Focus Group Discussions**

Respondents/Sample

To triangulate the data, "Open Group discussions" were conducted in selected organizations. The discussion was supposed to be focused but as the members were from the different groups of stakeholders (Executive and Non-executive staff of the organization, Vendors, NGOs, and others consisting of members from trade unions, officials from labour department, department of safety and environment.) technically it cannot be called as Focus Group Discussion but at the same time the purpose and process was the same.

Pre-Requisites for FGDs Conducted

A day before the participants of the FGDs was informed about the purpose and agenda/ issues of the discussion going to be conducted. The time for the FGD was also decided in consultation of the participants. They gave the Discussion –Time, according to their suitability and availability. A day before all the different teams conducting the FGDs selected the place. Each group was having 10-12 members participating in the FGD. One Facilitator, 2 recorders and 1 recorder for the Sociogramme were the members of the team to conduct the FGD. The total time for conducting each FGD varied between 45 minutes to one hour depending on the issues discussed by the participants. This time excludes the preparation time i.e. all the arrangements required for smooth FGD. Tape recorders were also used to record all the proceedings of the discussions.

Sample Size- Total 13 Open Group Discussions were conducted in all. Each group had minimum of 12 and maximum of 15 participants. All the FGDs were started with the self-introduction in the group. Facilitator explained them again the aim of conducting the discussion and expectations from the members participating in the discussion. Rules for the process were set.

The Salient Features of the Analysis

The groups were asked to discuss about whether there is Knowledge and Practice of Corporate Laws and Corporate Ethics in their Organizations at Different Levels or not.

Following is the organization wise comprehensive features of the discussions among the groups:

1) **Indian Chamber Of Commerce**

The FGD reveals that there is a need of Code of Ethics (but voluntary Guidelines). There is need to have Good Ethical Business. The Community Action and Stakeholder Engagement is the important aspect. The organization keeps a Check in Violation of Laws. The SME's are very important .The Investments in Good Cause ensure the CSR participation. The organization feels they want to have Partnership with Ethics based Organizations but practically it is difficult. The organization works on achievement Motivation and responsibility towards Environment. The Stakeholders Matters for Good Governance but for that malpractice Check is needed.

2) **Tea Industry**

The FGD conducted revealed that the group feels that there is need of Code of Ethics (Voluntary). The organization has its own CoE. The organization does not have gender bias/ discrimination. Almost all respondents felt that the Good Governance is essential for sustainable business. The group emphasized the fact that partnership with Ethics based Organization is a difficult task but not impossible.

3) **Tata Steels**

The discussion revealed (almost all the respondents) that the Code of Ethics is already developed. They have a separate Department for it (since last 12 years).They follow their own CoE. They believe that Good Ethical Business will act as a measurement tool. The role of Ethics in stakeholder engagement and partnership with organisation is really required. They follow the environment and employee protection tool keeping a check on all type of discriminations, employee welfare, R&R related issues. They also have whistle-blower's protection and conflict resolution. Good governance and transparency in business and with stakeholders, and fair engagement of stakeholders is the key for Ethics. There is periodic internal and external assessment. The organization keeps good relationship with employees and stakeholders. Legal responsibility and Ethical behaviour towards rivals and other organisation is always kept in mind.

4) Jute Industry

There is a need of Code of Ethics is been felt by almost all the respondents. The discussion revealed that the respondents know that the organization have its own CoE. The discussion concluded with the fact that the sustainable business is affected by the partnership with Ethics based organization. The group said that there should be a check for employee welfare and the working condition norms.

5) Ship Building Company

Need of Code of Ethics is there as to keep a check on Violation of Laws. Most of the respondents felt that Good Governance will keep check on malpractice. The respondents feel that the organisation has its responsibility towards Environment and they follow West Bengal Environment Policy. More than 60 % respondents feel that there is no political interference in trade union election. Others did not comment. The company follows the employee protection policy and CSR is mandatory. Most of the respondents reflected that Ethical and Human Right aspects are protected by the organization.

6) National Insurance

The respondents (most of them) reflected that Code of Ethics should have a parameter tool for its Code. The stakeholder engagement is need of the hour. The partnership with Ethics based organization can act as a protective mechanism and will lead to transparency. The 100% of the respondents said CSR should be made mandatory.

7) MMTC Limited

The respondents were of the opinion (almost all) that there is a need of Code of Ethics (Voluntary Guidelines).This Code will act as a protective mechanism for the organisation. The welfare of the employee should be taken care of.

8) SAIL

The discussion among the respondents emphasized the fact that there is a need of Code of Ethics (As Government Notifies/ Mandatory or Voluntary). It will help as a protective tool mechanism for industry on the contrary it should have gauging parameters for every Code. This should be followed by both PSU and Pvt. Undertaking. The respondents came out with the fact that the organization has started parking money for CSR, with next 5 year plan and there is a policy for the stakeholder engagement. As far as the check in violation of Law is concerned PSU's are bound by RTI Act, It should be common for both PUSs and Pvt. Undertakings. The R&R related issues need regulations.

9) ITC

The group feels that Code of Ethics should be in the form of Voluntary Guidelines .The Good Ethical Business can build a transparent society. Role of Ethics in stakeholder engagement and partnership with organisation is an important aspect. With the Good Ethical business practice transparency will increase. The organization follows its own Codes which increases more paper work formalities. The respondents said that CoE should never be made mandatory. The Code of Ethics to be voluntary, this will increase the transparency and accountability leading to good governance. The respondents feel that the organization follows an environment and employee protection mechanism.

10) CIL

Almost all the respondents said that Code of Ethics as government notifies whether mandatory or voluntary should be followed by both PSU and Pvt. Undertakings. There is a need of Good Ethical business practice but there are R&R related issues. The employee protection & responsibility towards environment should be focused. The respondents said that role of Ethics in stakeholder engagement and partnership with organisation can play as environment and employee protection tool.

11) Yes Bank

The respondents were of the opinion that the need of Code of Ethics (voluntary) can keep a check on violation of Laws and will promote good governance, and keep malpractice check. The organization has a responsibility towards environment. The group feels that good governance gets transparency in business and with stakeholders and fair engagement of stakeholders helps in the responsibility towards environment. The organization bears the CSR for social development and the employee protection also.

12) HUL

The respondents reflected that there is a Need of Code of Ethics and it should be made mandatory for sustainable and transparent business. The Fair engagement of stakeholders will keep a check on the malpractice, and employee welfare. The respondents were of the opinion that role of Ethics in stakeholder engagement and partnership with organisation get good Ethical Business practice.

13) NTPC

The respondents said that there is a need of Code of Ethics and it should be made mandatory. But at the same time the respondents felt that there should be gauging parameters for every Code going to be followed by both PSU and Pvt. Undertaking. The respondents reported that the organization has started projects for CSR. The group was of the opinion that the role of Ethics in stakeholder engagement and partnership with organisation can act as Environment and Employee protection tool. The organization keeps a check on all type of discrimination does Employee Welfare and considers the R&R related issues.

Analysis (with few of the verbatim) of all the FGDs together comprehensively--

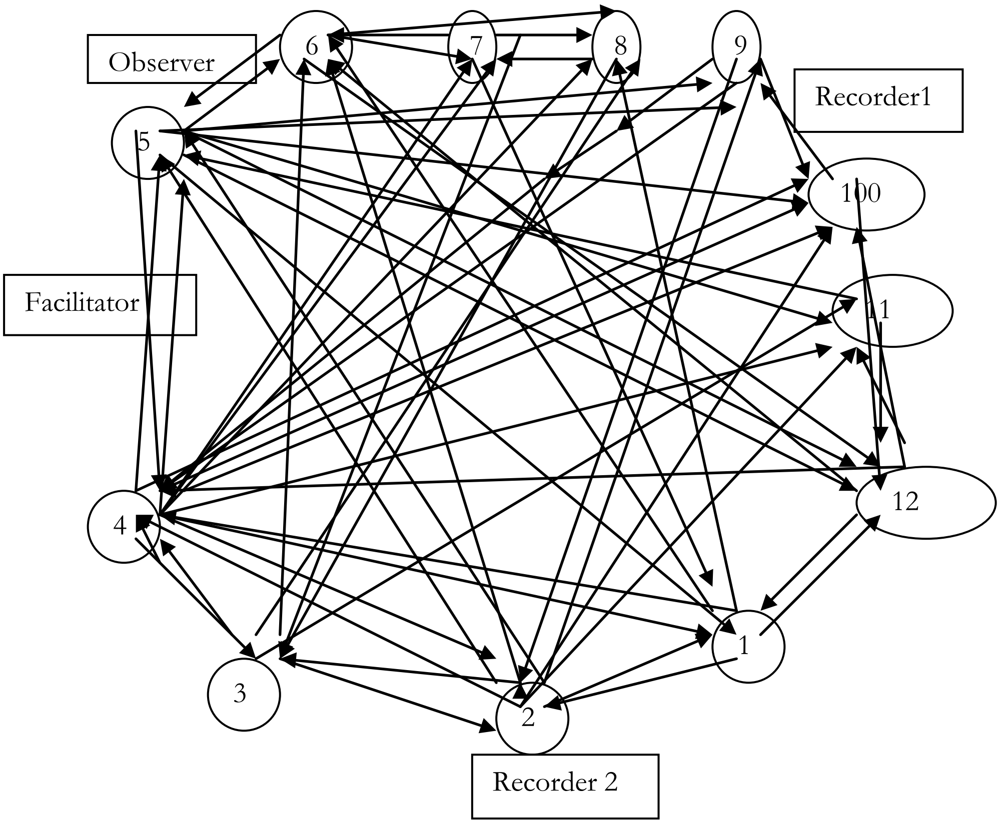
Knowledge of Corporate Laws: Almost all (more than 90%) of the respondents agreed to the fact that at different levels in the organizations there is knowledge about the Corporate

Laws. Whereas in case of 60% of the respondents the complete information for that is restricted to the concerned department only. The staffs both executive and non-executive were upfront in answering "*Yes hamare pas apne Laws bhihein or who bhijosarkar ne banayehein*". Whereas others took little time to understand. "*corporate law toh hein tab bhi sab kuch thik- thak chalta hein*" One of the vendors responded. In NGO's perspective the one's run by the corporates or 89uuuu7assessed feel that definitely the corporate Laws are there's"*Mujhe lagta hein ki sab organisations apne apne laws banate hein sath he govt. Ke dayare ka bhi dhyan rakhte hein*"

Practice of Corporate Laws: "*Jo neyam banayen hei nunhey to follow karna he padega*" all the respondents (more than 90%) reported**.** It needs to be added that these 90% respondents include all the staff from the sample organizations. One of the vendors reported " *Neyam toh apne fayde ke liye banaye jate hein or ya phir unhe apne jaroorat ke hisab se tod marod liya jata hei".* This is clear that leaving only 10 % of the respondents almost all feel that the organizations are practicing the corporate Laws. Whereas the others (10%) feel that the organizations follow the laws but with their own revisions or needs.

Knowledge and Practice of Corporate Ethics: Only TCS and TATA Steels have the corporate ethics department fully functional with ethical officer and counsellors. Their FGD gives a different perspective. They are following the code of ethics but it's difficult to balance the ethics followed inside the company and outside the world. " *AApapnetak to sab lagoo kar sakten hein magar jab baat market ya dusre stakeholders ki aate hei to its really difficult*". The Vendors and suppliers feel that these two companies creates hurdles on the name of ethics " *Hum market mein hein profit ke liye business India mein aise nahin hota, Hamare level per to haem in apne profit ko to dekhna he padega*". But Yes, The respondents commented that any problems taken to the ethical officer is taken care off. They feel that these companies have high ethical code of conduct. Whereas the Govt. undertakings are waiting for the govt.'s guideline to come. "*Sarkar Hamein jab nirdeshdege hum follow kareinge magar abhi tak esa kuch ayaya nahin hei*" Out of the total discussions conducted only around 50% respondents were of the opinion that knowledge and practice of corporate ethics is prevalent in their respective organizations. Whereas the others commented it does not exist in formal form. If there is some complaint in this regard the person need to go to the HR department only. The solutions to these problems becomes than in-house or individual decisions.

All the FGDs show that the respondents feel that code of ethics should be made mandatory for all. This will help in transparent and sustainable business. The respondents were of the opinion that role of Ethics in stakeholder engagement and partnership with organisation get Good Ethical Business practice. Almost all the respondents of the opinion that CSR can help for the overall development of the society.



Sciogramme – Diagrammatic representation of the participation of the respondents during one of the FGDs conducted. The group was having good interaction and discussion on the various issues raised by the facilitators. The direction of the arrows shows that the discussion was two ways reflecting all participated in the discussion. Only respondents' no. 8 & 9 were having some personal differences which the facilitator was not able to resolve due short of time. Whereas, these people contributed individually by participating in the discussion among the group.

Chapter –VIII

Code of Ethics for Indian Industry

A larges number of the top-management respondents, in their interviews, felt that the code of ethics should be left voluntary (refer Annexure 4.1). This discord stems from the fact that ethics is institutionalized through culture (Sims, 1991)[129], and culture of organizations can be distinct. As a result it is not possible to frame one fit-for all code of ethics. Therefore, the focus in this research is on developing a minimal set of practices that need to be incorporated. The actual code of ethics followed by an organization could be made more elaborate based on the needs and the culture within the organization.

8.1. **The Code of Ethics**[130]

Based on the discussions and the information gathered from primary data, the following 12-point code may be derived.

A. Inclusive Business:

In India, inclusion is one of the key deterrents to growth. Therefore the first tenet to ethical behaviour has to be inclusiveness. As per this tenet, all companies must refrain from undertaking projects or activities that would be detrimental the wider interests of the communities in which they operates. This implies that companies should respect the local culture, customs and traditions in which it operates.

Meeting wider community interests may not always be possible in the short run, particularly in businesses that involve relocation and rehabilitation (R&R). In such cases, the companies must ensure: (1) the R&R is made less emotionally, physically, and economically draining for the affected communities; and (2) the company must ensure adequate skill enhancement among the affected communities to ensure employability.

B. Accountable Business:

The agitation and the mass uproar surrounding the Lokpal movement suggest that there is need for creating accountable entities. This aspect should be incorporated in business ethics. As per this tenet, companies must conform to trade procedures, including licensing, documentation and other necessary formalities, as applicable. Also, practices and business conduct should be adopted that shall: (1) benefit the country, localities and communities, to the extent possible and affordable, and (2) be in accordance with the laws of the land.

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[129]Sins, R.R (1991).The institutionalization of organizational ethics, Journal Of Business Ethics, Volume 10, Number 7¸ 493-506

[130] While preparing the Code of Ethics, various accepted national and international organization codes had been consulted, including Tata Code of Conduct, Canadian Marketing Association, and ACS code of ethics.

C. Transparent Business Standards:

In addition to accountability, the other aspect in governance is (business) transparency (Carstens, 2005). In order to promote transparency, companies must prepare and maintain its accounts fairly and accurately and in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business.

Internal accounting and audit procedures should be promoted that fairly and accurately assesses all business transactions and disposition of assets. Internal controls to provide assurance to the company's board and shareholders should be enforced to ensure that transactions are accurate and legitimate. All required information should be made accessible to company auditors and other authorised parties and government agencies. In this context:

i. There should be no wilful omission of any company transactions from the books and records, no advance-income recognition and no hidden bank account and funds;

ii. There should not be any wilful, material misrepresentation of and / or misinformation on the financial accounts and reports shall be regarded as a violation of the Code, apart from inviting appropriate civil or criminal action under the relevant laws.

iii. No employee should be allowed to make, authorise, abet or collude in any improper payment, or unlawful commission.

D. Commitment to Professed Quality and Representation Accuracy:

The company should remain committed to supply goods and services at world class quality standards, backed by after-sales services consistent with the requirements of its customers. At no point should a company backtrack from delivering the promised quality of goods and services to the customer; and at no point should a company wrongfully project the quality of its goods and services. In this regard, the following aspects must be adhered:

i. <u>Representation accuracy</u>*:* Offers must be clear and truthful and shall not misrepresent a product, service, solicitation or program and shall not mislead by statement, or technique of demonstration or comparison.

ii. <u>Timeliness:</u> Descriptions and promises shall reflect actual conditions, situations and circumstances existing at the time of the promotion.

iii. <u>Evidence</u>*:* Test or survey data should be competent, reliable and must support the specific claim for which it is cited

iv. Identity: Every offer and shipment should identify the marketer and provide the consumer with sufficient information to be able to contact the marketer.

v. Disguise: No person should make offers or solicitations in the guise of research or a survey when the real intent is to sell products, services, or to raise funds.

vi. Disparagement: No offer shall attack or discredit, or disparage products, services, advertisements or companies using inaccurate information.

vii. Representation*:* Photography, artwork or audio-visual representation must accurately and fairly illustrate the product offered.

E. Fair Competition*:*

While fostering competitiveness, companies must ensure that they do not engage in unfair trade practices. This should include: restrictive trade practices, abuse of market dominance, or similar unfair trade activities.

F. Equal opportunities employer:

Companies should provide equal opportunities to all qualified employees regardless of their race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability. To meet this intent, human resource policies should promote diversity and equality in the workplace, as well as compliance with all local labour laws, while encouraging the adoption of international best practices.

G. Upholding of Employee Human Rights:

Employees should be treated with dignity and efforts should be made to make work environment free of all forms of harassment- physical, verbal or psychological. Employee policies and practices should be made consistent with applicable laws and other provisions of company code. Concerns related to respect for the right to privacy and the right to be heard, and that in all matters related to equal opportunity must be provided to those eligible based on merit. Also, employees must be allowed to raise their concerns to the top-management without fear and intimidation; and the rights of whistle-blowers must be respected

H. Health, Safety and Environment

Companies should strive to provide a safe, healthy, clean and ergonomic working environment for their employees and indirect workers. Prevention of wasteful use of natural resources should be promoted and organizations need to commit to improving the environment.

I. Corporate Citizenship

Companies should remain committed to good corporate citizenship by: (1) compliance of all relevant laws and regulations, and (2) actively assisting in the improvement of quality of life of the people in the communities in which they operate. The company should foster and encourage volunteering by its employees and collaboration with community groups. The company should not treat these activities as optional, but should strive to incorporate them as an integral part of its business plan in a bid to attain inclusive growth.

J. Stakeholder Representation

Companies should create provisions to ensure representation of all stakeholders, at appropriate forums. This should also include indirect stakeholders like the public and third party. All information requirements of stakeholders must be transparently disclosed.

K. Business Association

Companies should ensure that all their business partners conduct their business in accordance with the code of ethics within their scope of operations.

L. Conflict of interest

All forms of conflict of interest must be avoided. This tenet should be equally applied from the top-management to the workers. This would include-

i. Assuming a conflicting position of responsibility in any other enterprise and for not-for-profit organisation without specific sanction. The following may, however, be exempted – a) Nominations to affiliated enterprises, b) memberships to professional bodies, c) memberships in government committees, and d) exceptional circumstances, as determined by a competent authority.

ii. Employees entering into agreements or contracts that could benefit the individual at the cost of the company's interest. This should include all forms of transactional payments, which need not be monetary in nature.

iii. Influencing decisions from positions of authority.

iv. Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee.

Chapter – IX

Parameterizing Codes

In this chapter, the codes developed in the previous chapter are parameterized. Parameterizations are important as the focus in ethical conduct has to be on measurement because mere formulation and adoption of codes or 'ethical lines' is not sufficient. Through this measurement, a tool would be created for taking stock of the process in ethical code adoption in the organization.

9.1. Code Parameters

A. Inclusive Business

A.1. What is the business need for engaging the society?

3 = Business survival is independent of the engagement.

2 = Business survival is dependent on engagement, but there are no pressing needs to address.

1 = Business survival is dependent on engagement.

A.2. What proportion of the society within the sphere of influence is benefitting from social responsibility projects?

3 = Entire community in the programme area.

2 = Most of the community members in the programme area.

1 = Some of the community member in the programme area.

0 = Only few members of the community

A.3. What is the predominant mode (in terms of expenditure and resource allocation, both direct and indirect) in which the society is being catered?

3 = Skill development

2 = Direct employment

1 = Infrastructure creation

0 =No structured undertakings

A.4. What is the level of planning involved in undertaking projects?

3 = Every micro-details prepared

2 = Aggregate planning

1 = Ad-hoc planning

0 =No planning at all

A.5. What is the level of remuneration sharing offered to the society?

3 = In proportion to their costs

2 = At market wage levels

1 = Lower than market wage levels

0 =No remuneration is offered

A.6. How often do the managers listen to the concerns of the society?

3 = Frequently (at least once a month)

2 = Occasionally (at least once a quarter)

1 = Annually

0 =No such provisions exist

A.7. How many programmes, involving investment and skill enhancement of the community, are floated after listening to concerns of the community per year?

3 = Over 5 per year

2 = 3-5 per year

1 = 1-3 per year

0 =No such provisions exist

A.8. How do the managers perceive the intensity of the engagement?

3 = extremely intensive

2 = Intensive

1 = There is scope for improvement

A.9. How does the community perceive the intensity of the engagement?

3 = extremely intensive

2 = Intensive

1 = There is scope for improvement

B. Accountable Business

B.1. To what extent does the organization conform to trade procedures, including licensing, documentation and other necessary formalities?

3 = Full compliance.

2 = Compliance to all legally enforced trade practices

1 = Partial compliance

B.2. To what extent do the practices adopted benefit the country, localities and communities in which it operates?

3 = Beneficial to all - country, localities and communities

2 = Benefits the localities and communities

1 = There is scope for improvement

C. Transparent Business Standards

C.1. To what extent does the organization promote transparent book keeping?

3 = There are no wilful omissions of any company transactions from the books and records, no advance-income recognition and no hidden bank account and funds

2 = There is some degree of wilful omissions of any company transactions from the books and records, advance-income recognition and hidden bank account and funds

1 = Most of the accounts of the organization are kept hidden

C.2. How does the organization penalize employees that make, authorise, abet or collude in an improper payment, or unlawful commission?

3 = the employee conduct is probed and penalties are out melted without bias if the employee is found guilty.

2 = the employee conduct is probed, but penalties are left to the discretion of the senior officials. 1 = There are no such provisions.

D. Commitment to Professed Quality and Representation Accuracy

D.1. To what extent does the organization offer clear and truthful representation of its product, service, solicitation or program?

3 = There are no violations on that count.

2 = The representation is sometime distorted

1 = There are no provisions for checking.

D.2. To what extent does the organization ensure that descriptions and promises reflect actual conditions, situations and circumstances existing at the time of the promotion?

3 = There are clear provisions for checking and the system ensures that there are no discrepancies.

2 = There are no provisions but factual representations are ensured

1 = There are no provisions.

D.3. To what extent does the organization refer to test or survey data by a competent, reliable organization before making product or service claims of performance?

3 = There are well defined systems for ensuring that the communication on product or service is based on reliable survey or test data.

2 = There are no systems but managers are entrusted with the responsibility for ensuring that the communication on product or service is based on reliable survey or test data.

1 = There are no provisions.

D.4. There are systemic provisions to ensure that no person makes offers or solicitations in the guise of research or a survey when the real intent is to sell products, services, or to raise funds.

3 = There are well defined systems for ensuring that no person makes offers or solicitations in the guise of research or a survey when the real intent is to sell products, services, or to raise funds

2 = There are no systems but managers are apprised and entrusted with the need for self-regulation.

1 = There are no provisions.

D.5. To what extent does the organization ensure that the information conveyed in its advertisements convey accurate information?

3 = There are well defined systems for checking such violations.

2 = There are no systems but managers are entrusted with the need for compliance.

1 = There are no provisions.

D.6. To what extent does the organization ensure that photography, artwork or audio-visual representations are accurately and fairly illustrated in the product offered?

3 = There are well defined systems for checking such violations.

2 = There are no systems but managers are entrusted with the need for compliance.

1 = There are no provisions.

E. Fair Competition

G.1. To what extent does the organization ensure that they do not engage in unfair trade practices, like restrictive trade practices, abuse of market dominance?

3 = There are well defined systems for checking such violations.

2 = There are no systems but managers are entrusted with the need for compliance.

1 = There are no provisions.

F. Equal opportunities employer

F.1. To what extent does the company discriminate among employees with regard to race?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.2. To what extent does the company discriminate among employees with regard to caste?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.3. To what extent does the company discriminate among employees with regard to religion?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided.

1 = There are no provisions.

F.4. To what extent does the company discriminate among employees with regard to colour?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.5. To what extent does the company discriminate among employees with regard to ancestry?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.6. To what extent does the company discriminate among employees with regard to marital status?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.7. To what extent does the company discriminate among employees with regard to gender?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.8. To what extent does the company discriminate among employees with regard to sexual orientation?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.9. To what extent does the company discriminate among employees with regard to age?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.10. To what extent does the company discriminate among employees with regard to nationality?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.11. To what extent does the company discriminate among employees with regard to ethnicity?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.12. To what extent does the company discriminate among employees with regard to disability?

3 = There are well defined systems for ensuring that equal opportunities are provided.

2 = There are no systems but care is taken to ensure that equal opportunities are provided

1 = There are no provisions.

F.13. To what extent does the company penalize employees found guilty of discrimination in any form?

3 = There are well defined systems for ensuring that strictest penalty is offered.

2 = There are no systems and decisions are made on case to case basis

1 = There are no provisions.

G. Upholding of Employee Human Rights

G.1. To what extent do the employees face physical harassment at the work-place?

3 = There are well defined systems for ensuring no harassment of this nature.

2 = There are some cases of harassment of this nature.

1 = There are no cases of harassment of this nature.

G.2. To what extent do the employees face verbal harassment at the work-place?

3 = There are well defined systems for ensuring no harassment of this nature.

2 = There are some cases of harassment of this nature.

1 = There are no cases of harassment of this nature.

G.3. To what extent do the employees face psychological harassment at the work-place?

3 = There are well defined systems for ensuring no harassment of this nature.

2 = There are some cases of harassment of this nature.

1 = There are no cases of harassment of this nature.

G.4. To what extent are employee policies liked to the code of conduct?

3 = They are highly inter-linked.

2 = They are somewhat inter-linked.

1 = There are no links whatsoever

G.5. To what extent does the organization hear concerns related to right to privacy?

3 = There is full time manager for addressing all the concerns.

2 = There are managers with additional responsibility for hearing the concerns.

1 = There are provisions for reporting concerns.

G.6. With what degree of ease can an employee raise his/her concern with the top management?

3 = The top management is always available.

2 = The top management is available on special request.

1 = There are provisions for reaching the top management.

G.7. To what extent does the organization protect whistle-blowers?

3 = Whistle-blowers are always protected.

2 = Whistle-blowers get support based on agenda.

1 = There is no protection for whistle-blowers.

H. Health, Safety and Environment

H.1. To what extent does the organization strive to provide a safe environment to its direct employees?

3 = Environmental safety is never compromised.

2 = Environmental safety depends on work-context.

1 = There are no provisions for checking environmental safety.

H.2. To what extent does the organization strive to provide a safe environment to its indirect employees?

3 = Environmental safety is never compromised.

2 = Environmental safety depends on work-context.

1 = There are no provisions for checking environmental safety.

H.3. To what extent does the organization strive to provide a healthy environment to its direct employees?

3 = Environmental health is never compromised.

2 = Environmental health depends on work-context.

1 = There are no provisions for checking environmental health.

H.4. To what extent does the organization strive to provide a healthy environment to its indirect employees?

3 = Environmental health is never compromised.

2 = Environmental health depends on work-context.

1 = There are no provisions for checking environmental health.

H.5. To what extent does the organization strive to provide a clean environment to its direct employees?

3 = Environmental cleanliness is never compromised.

2 = Environmental cleanliness depends on work-context.

1 = There are no provisions for checking environmental cleanliness.

H.6. To what extent does the organization strive to provide a clean environment to its indirect employees?

3 = Environmental cleanliness is never compromised.

2 = Environmental cleanliness depends on work-context.

1 = There are no provisions for checking environmental cleanliness.

H.7. To what extent does the organization strive to provide an ergonomic workplace to its direct employees?

3 = Workplace ergonomics is never compromised.

2 = Workplace ergonomics depends on work-context.

1 = There are no provisions for ensuring workplace ergonomics.

H.8. To what extent does the organization strive to provide an ergonomic workplace to its indirect employees?

3 = Workplace ergonomics is never compromised.

2 = Workplace ergonomics depends on work-context.

1 = There are no provisions for ensuring Workplace ergonomics.

H.9. To what extent does the organization promote prevention of wasteful use of natural resources?

3 = Always.

2 = Promoted in relevant areas

1 = No promoted at all.

H.10. To what extent does the organization commit to improving the environment?

3 = Most of the times

2 = Restricted in relevant areas

1 = No commitment at all

I. Corporate Citizenship

I.1. To what extent does the organization comply with all relevant laws and regulations?

3 = There is a high degree of compliance

2 = There is a moderate degree of compliance

1 = There is a low degree of compliance

I.2. To what extent does the organization provide assistance in the improvement of quality of life of the people in the communities in which it operates?

3 = There is a high degree of assistance

2 = There is a moderate degree of assistance

1 = There is a low degree of assistance

I.3. To what extent does the organization foster and encourage volunteering by its employees and collaboration with community groups?

3 = There is a high degree of encouragement

2 = There is a moderate degree of encouragement

1 = There is a low degree of encouragement

I.4. To what extent does the organization include community in its business plan?

3 = There is a high degree of inclusion

2 = There is a moderate degree of inclusion

1 = There is a low degree of inclusion

J. Stakeholder Representation

J.1. To what extent does the organization include social holders in business decisions?

3 = There is a high degree of inclusion

2 = There is a moderate degree of inclusion

1 = There is a low degree of inclusion

J.2. To what extent does the organization include third party in business decisions?

3 = There is a high degree of inclusion

2 = There is a moderate degree of inclusion

1 = There is a low degree of inclusion

J.3. To what extent does the organization transparently share information with the stakeholders?

3 = There is a high degree of transparency

2 = There is a moderate degree of transparency

1 = There is a low degree of transparency

K. Business Association

K.1. To what extent does the organization ensure that all their business partners conduct their business in accordance with the code of ethics within their scope of operations?

3 = There is a high degree of monitoring

2 = There is a moderate degree of monitoring

1 = There is a low degree of monitoring

L. Conflict of Interest

L.1. To what extent does the organization ensure that individuals are restricted from assuming conflicting position of responsibility in any other enterprise and for not-for-profit organisation without specific sanction?

3 = There is a high degree of control

2 = There is a moderate degree of control

1 = There is a low degree of control

L.2. To what extent does the organization ensure that individual employees are restricted from entering into agreements or contracts that could benefit the individual at the cost of the company's interest?

3 = There is a high degree of control

2 = There is a moderate degree of control

1 = There is a low degree of control

L.3. To what extent does the organization ensure that individual employees are restricted from influencing decisions from positions of authority?

3 = There is a high degree of control

2 = There is a moderate degree of control

1 = There is a low degree of control

L.4. To what extent does the organization ensure that individual employees are restricted from accruing benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee?

3 = There is a high degree of control

2 = There is a moderate degree of control

1 = There is a low degree of control

L.5. To what extent does the organization ensure that individual employees are restricted from full disclosure in instances with potential conflict of interest that exist due to historical reason?

3 = There is a high degree of control

2 = There is a moderate degree of control

1 = There is a low degree of control

9.2. **Notes**

The four alternative rankings for each indicator provide an assessment on the level of participation existing within the project. Scoring on various criteria enables the organizations to identify where there are problems, where decisions need to be taken to alter the current working practices and to assist in identification of new aims and criteria. In a nutshell, this exercise not only gives an understanding of participation in ethical standards within an organization but also helps the organization assess their own position and define their roles better.

9.3. **Comments**

The parameters outlined in the previous section would perform a dual role. First, it would enable organizations to monitor the effectiveness of their code of conduct. Second, it would enable identification of the scopes for improvement. It may be noted that the code developed comprises of the minimum threshold that need to be attained; more exhaustive codes of conduct may be developed by organizations based on their perceived need and the willingness to imbibe ethical conduct. We had emphasied earlier that the role of organizations has to transcend the step of ethical code formulation; the code needs to be embedded within organizational culture, systems and processes. The manner in which this aspect is catered would should be left to the individual organizations as they would be better judge on what may work and what may not work in the organization.

Chapter –X

Issues and Challenges in Implementation

Since the early nineties, the onset of the process of 'Liberalization, Privatization and Globalization' (LPG) has drastically changed the approach and attitude of managers towards business. With LPG, completion of the first decade of this millennium reflects clear directions i.e. gone are the days when 'standards' were centred on only the material aspects of the product. Issues related to value, ethics and human rights are important concerns for industry now. Under the present World Trade Organization (WTO) regime, the 'mantra' of market is no longer sacrosanct unless complemented by a structure of systematized in-built processes. To bring industry in harmony with the present context requires certain re-crafting their old documents, particularly their code of ethics. This is the gap that this study has addressed.

It was expressed earlier (in Chapter 7) that mere formulation of ethical codes is not sufficient; the codes need to be embedded within the organizational systems and design. Therefore, we conclude the report by identifying the key challenges in implementation.

10.1. **Implementation Aspects Highlighted during Interactions**

During our interactions with the organisation's respective representatives it was felt that a large proportion of them were not apprised of the intricacies of the existing code of conduct. This aspect was also apparently reflected in their responses to the questionnaire. Therefore, having a code of ethics is just part of the task. To make the code operational, ethics managers are needed who could be approached by employees for counselling. Three other aspects related to administration of the code of ethics need mention:

i. Given the apparent limited awareness of ethics, training sessions should be conducted within the organization on regular basis;

ii. It was revealed through the questionnaire survey that there is a perceived difference in the level of manager's awareness to ethics and that of workers. Therefore, efforts must be made by companies to ensure that even the workers are apprised of the ethical stance of the organization; and

iii. There has to be top-management champions for promoting ethics in corporations, because it needs constant patronage; particularly as ethics could conflict with profitability (at least in the short run).

10.2. **Guidelines for Implementation**

We recommend that for implementing the code of ethics in organizations, the following guidelines are adhered to:

A. Appoint an Ethics Champion in the organization: This is crucial as ethics adherence should be treated as a full time job. Otherwise the codes would remain a mere publicity tool relevance in day to day activities of the organization. This could create the risk of repeating a Tepco meltdown (explained in §5.3).

B. Empower the Ethics Champion: Appointment is only the first step towards adoption of ethics. The team needs to be sufficiently empowered by creating an organizational mandate.

C. Build organizational Awareness on Ethics: The ethical stance of organizations must be communicated to all parties. During our interviews and discussions, it was perceived that while the top- and middle-level managers were fairly abreast with the provisions, the lower levels and the third parties were not. Care and efforts should be made to include all parties in the awareness building sessions.

D. Embed the Code of Ethics in Organizational Systems and Designs: The code of ethics must not be treated as an additional system. Instead, it should form the meta-system within which all organizational processes must be incorporated.

E. Monitoring mechanisms must be set up for tracking the adoption of ethics within the organization: In this regard, the scale provided in Chapter 9 may be used either in its existing or an adapted version suited to the organization's needs and priorities.

Chapter –XI

Conclusion and Suggestions

Based upon the reflections on the data, it is interpreted that the organizations are well conversant with the rules of corporate law and norms of corporate ethics, it is also shown that the respondents of the respective organizations practices the same law and ethics in working operations, thus it highlights a paradox between reality and claim. With the evolving global social demand for accountability of Governments and Corporations, represented in instances like the Financial Crisis (2008) and the *Lokpal* movement, the proactive transformation into an ethical organization has been desirable. In the past one year, India witnessed several scams of unprecedented magnitude. They relate to, among others, allocation of 2G spectrum, *Adarsh* Housing Society, Commonwealth Games and land scams in Karnataka. These scams have established a dangerous nexus between politicians-administrators-businessmen. Corruption undermines the fundamental values of human dignity and non-discrimination and also the rule of law framework. It hinders the fulfilment of other basic rights. It affects the citizen's faith in the State and threatens democracy. Observers say that corruption has become "a low-risk, high-profit business". It appears that the nexus between politicians-administrators-businessmen is too formidable and impregnable with the result that it might be "business as usual". In this backdrop, the NHRC's framework viz. parameterising the Code of Ethics will act as the guiding principle and make a positive dent with respect to business and human rights.

In recent times, Indian industry associations have taken a pro-active stand in favour of business ethics. The Confederation of Indian Industry (CII) released a Code of Business Ethics to its members; aiming to reduce corruption and ensure transparency among business communities through effective ethical practices in the organization[131]. The Federation of Indian Chambers of Commerce and Industry (FICCI) have also taken a similar stand when it comes to ethics in business. It promotes a value-based business model for creating social and economic values. A few of the measures include:

- Calculating benefits and costs to make the business case;
- Identifying and managing positive as well as negative impacts;
- Integrating CSR best practices into key business areas;
- Recognizing outstanding efforts towards this end[132].

The code of ethics would allow organizations to*:*

1) Enhance competitive efficiency of enterprises in a transparent way;
2) Act as a protector towards promoting national, regional and local social interests; and

[131] *CII Releases 'Code on Business Ethics',* ECONOMIC TIMES, *available at* http://articles.economictimes.indiatimes.com/2011-07-05/news/29738986_1_code-member-companies-business-ethics

[132] FICCI Socio Economic Development Foundation, *A Business Case for CSR*, *available at* http://www.ficci-sedf.org/businesscaseforcsr.htm

3) Enhance a culture of self-introspection by enterprises towards long term sustainability.

From this perspective, the utility of adopting a code of ethics cannot be overemphasized. However, as maintained in previous discussion, adoption does not simply imply the formulation of a code; rather, it is just the starting point. Ethics has to be built within the organizational systems, processes, structure and staff. The NHRC has made a good beginning by encouraging the process of development of the code of ethics, unique exercise to keep India abreast of the major global developments. To realize this intent, we believe that NHRC may act as the nodal agency for:

i. Facilitating the introduction of code of ethics, through external independent counsellors; creating a pool of knowledge that can be seamlessly cross-deployed to benefit corporations in their quest towards imbibing the code of ethics; and facilitating in information and knowledge sharing across participating companies; and
ii. Developing the necessary culture to validate companies performance against generally accepted norms, and at the same point to follow the measurement which has been developed for the stakeholders viz. company's commitment.

In a couple of days the new company act be introduced in India. At this juncture, it is important that mechanisms are created wherein the Government could that ensure the know-how is created for circulation in the industry on the code of ethics, and the corporations should willingly come forth to adopt the code. However, in our opinion, introducing code of ethics should be a voluntary act; but organizations have to state their position and communicate the same to the stakeholders clearly.

Before the Government of India steps, the Indian corporations must take affirmative action towards greater respect for human rights. By adopting the NHRC code of ethics, they would follow the lead of hundreds of multinational corporations that have adopted the U.N.'s "Protect, Respect and Remedy" framework or similar frameworks. The sustainability of India's inclusive growth demands nothing less.

Annexure-I.I

Profile of the Organization

Tata Group

"Sustainable development cannot be achieved by a single enterprise or even by the entire business community in isolation. It is a pervasive philosophy to which every stakeholder in society and participant in the global economy must willingly subscribe…" The Tata Group of Companies has always believed strongly in the concept of collaborative growth, and this vision has seen it emerge as one of India's and the world's most respected and successful business conglomerates. The Tata Group has traced a route of growth that spans through six continents and embraces diverse cultures. The total revenue of Tata companies, taken together, was 67.4 billion USD (around Rs319,534 Crore) in 2009-10, with 57 per cent of this coming from business outside India. Over 395,000 people worldwide are currently employed in the seven business sectors in which the Tata Group Companies operate. The Tata Group of Companies has business operations (114 companies and subsidiaries) in seven defined sectors – Materials, Engineering, Information Technology and Communications, Energy, Services, Consumer Products and Chemicals. Tata Steel with its acquisition of Corus has secured a place among the top ten steel manufacturers in the world and it is the Tata Group's flagship Company. Other Group Companies in the different sectors are – Tata Motors, Tata Consultancy Services (TCS), Tata Communications, Tata Power, Indian Hotels, Tata Global Beverages and Tata Chemicals.

Tata Steel

Established in 1907, is among the top ten global steel companies with an annual crude steel capacity of over 28 million tons per annum (mtpa). It is now one of the world's most geographically-diversified steel producers, with operations in 26 countries and a commercial presence in over 50 countries. Tata Steel has always believed that the principle of mutual benefit - between countries, corporations, customers, employees and communities - is the most effective route to profitable and sustainable growth. Tata Steel's vision is to be the world's steel industry benchmark through the excellence of its people, its innovative approach and overall conduct. Underpinning this vision is a performance culture committed to aspiration targets, safety and social responsibility, continuous improvement, openness and transparency.

<u>Financial</u>

The Tata Steel Group, with a turnover of US$ 22.8 billion in FY '10, has over 80,000 employees across five continents and is a Fortune 500 company.

Financial					
Year	Gross Revenue	Expenditure	Profit After Tax	Taxes	Dividends
2010-2011	32,692.81 Cr	21,769.77 Cr	6865.69 Cr	2,911.16 Cr	1,307.77 Cr

Ethical Policy and Practices

Ethical behaviour is intrinsic to the way Tata conduct their business and this part of other legacy from the founder of the Tata Group, Jamsetji Tata, who believed that business, must operate in a way that respects the rights of all its stakeholders and creates an overall benefit for society. Corporate citizenship means taking all necessary steps to maintain a safe, healthy and fair workplace for all our employees and contractors, protecting the environment, respecting and engaging with local communities, and maintaining high ethical standards wherever they operate. Environmental sustainability has become an increasingly important item on the Tata Steel agenda. Tata Steel is committed to ensure zero harm to our employees, contractors and the communities in which they operate. This is integral to Tata's business process and is laid down in Tata Steels health and safety policies, standards and working procedures. Tata aspire to be the health and safety benchmark for the steel industry globally, and our goal is to achieve a lost time injury frequency (LTIF) rate of 0.4 or lower by 2012.Tata Steel believes in adopting the best practices in terms of corporate governance that have been and continue to be developed. The company conducts all aspects of its business with full transparency and accountability.

The Tata Steel Group is proud of its longstanding reputation as a fair and caring employer, and respects all human rights both within and outside the workplace. The Tata Code of Conduct stipulates that all employees have a personal responsibility to help preserve the human rights of everyone at work and in the wider community.

YES Bank

Introduction

YES BANK is a state-of-the-art high quality, customer centric, service driven, private Indian Bank catering to the **"Future Businesses of India".** As the **Professionals' Bank of India,** YES BANK has exemplified 'creating and sharing value' for all its stakeholders, and has created a differentiated Banking Paradigm. As part of the differentiated strategy, YES BANK has had a strong focus on **Development Banking,** as is evident from the cutting-edge work that the Bank has done in the area of **Food & Agribusiness,** Infrastructure, Microfinance, and Sustainability which in most cases has been first-of-its kind in India. Since inception in 2004, YES BANK has fructified into a "'**Full Service Commercial Bank**" that has steadily built **Corporate and Institutional Banking, Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking, and Wealth Management** business lines across the country, and is well equipped to offer a range of products and services to corporate and retail customers. YES BANK offers a full-range of client-focused corporate banking services, including working capital finance, specialized corporate finance, trade and transactional services, treasury risk management services, investment banking solutions and liquidity management solutions among others to a highly focused client base. The Bank also has a widespread branch network of **over 325 branches across 200 cities, with over 312 ATM's.** Since inception, YES BANK has adopted innovative and creative technologies that facilitate robust systems and processes and facilitate in the delivery of world-class banking solutions that significantly improve the business and financial efficiency of our clients.

Financial

During the financial year ended March 31, 2011, the Bank has issued 7,479,855 shares pursuant to the exercise of stock option aggregating to ` 840,738 thousands.

Financial					
Year	Gross Revenue	Expenditure	Net Profit	Taxes	Dividends
2010-2011	4,665.02 Cr	3,937.88 Cr	727.14 Cr	14.42 Cr	.041 Cr

Organization's Achievement

In a span of 7 years, YES BANK has received significant national and global recognition and accolades including being recently awarded **India's No. 1 New Private Sector Bank** at the **Financial Express Best Banks Awards 2011,** and the **Fastest Growing Bank,** in the **Business Today-KPMG Best Banks Annual Survey 2008, 2009 2010.** YES BANK received the **Rank 1 Sustainable Bank of the Year (Asia/Pacific) award** at the **FT/IFC Sustainable Finance Awards 2011, London**, and in 2008 was ranked the **Emerging Markets Sustainable Bank of the Year.** The Bank has also been awarded the "**Most Innovative Bank in India**" at the **New Economy First Annual Banking and Finance Awards 2008**, held in London. YES BANK has been included as a Founding Member of the

select Community of Global Growth Companies (GGC) at the **World Economic Forum (WEF), Geneva.**

Ethical Policy and Practices

YES BANK is committed towards building the "***Best Quality Bank of the World in India***", the sustained growth of YES BANK is based on the six key pillars of Growth, Trust, Technology, Human Capital, Transparency and Responsible Banking YES Bank's focuses on **Governance and Good Corporate Citizenship,** actualized through YES BANK's **Responsible Banking** approach, stands evidence to YES BANK's strategic vision.

As a new age private sector Bank, YES BANK is establishing the highest standards of Corporate Governance across the organisation. With an excellent Board of Directors and the institution of all recommended sub committees, the Bank is already compliant with all statutory requirements. YES BANK is ordained to set the highest standards of Corporate Governance right from its inception benchmarked with the best class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organizational values, credo and actions of its employees. Transparency and accountability are the fundamental principles to sound Corporate Governance, which ensure that the organization is managed and monitored in a responsible manner for 'creating and sharing value'.
YES BANK believes that there is a need to view Corporate Governance as more than just regulatory requirements as there exists a fundamental link with the organization of business, corporate responsibility and shareholder wealth maximization. Therefore, YES BANK is articulating a multi-stakeholder model (including shareholder value) of accountability that will manage the symbolic relationship between the various stakeholders. This approach will be central to the day-to-day functioning of the Bank and in implementation of its business strategy.

ITC Limited

<u>Introduction</u>

ITC was incorporated on August 24, 1910 under the name Imperial Tobacco Company of India Limited. As the Company's ownership progressively Indianised, the name of the Company was changed from Imperial Tobacco Company of India Limited to India Tobacco Company Limited in 1970 and then to I.T.C. Limited in 1974. In recognition of the Company's multi-business portfolio encompassing a wide range of businesses - Cigarettes & Tobacco, Hotels, Information Technology, Packaging, Paperboards & Specialty Papers, Agri-business, Foods, Lifestyle Retailing, Education & Stationery and Personal Care - the full stops in the Company's name were removed effective September 18, 2001. The Company now stands rechristened **'<u>ITC Limited</u>'.**

ITC - Tribeni Paper Board

ITC's Paperboards and Specialty Papers Division is India's largest, technologically advanced and most eco-friendly, paper and paperboards business. The business caters to a wide spectrum of packaging, graphic, communication, writing, printing and specialty paper requirements through its four world-class manufacturing units, 6 sales offices and a network of more than 50 dealers in India, along with an international trade network of 18 distributors / agents and 4 finishing operations close to the market for providing faster service to the customers. It is the largest exporter of coated boards from India.

In November 2002, the Bhadrachalam division merged with the Company's Tribeni Tissues Division to form the Paperboards & Specialty Papers Division. ITC's paperboards' technology, productivity, quality and manufacturing processes are comparable to the best in the world. In 1990, ITC acquired Tribeni Tissues Limited, a Specialty paper manufacturing company and a major supplier of tissue paper to the cigarette industry. The Tribeni unit specializes in fine papers and tissues and the product range from this unit comprises opaque papers for fine printing like the Bible, dictionaries, cigarette tissues, medical grade papers, anti-rust papers, electrical insulation papers, decor surface, printing and barrier papers. The production lines for cigarette component papers and communication papers have been upgraded in 2008 to ensure that all products continue to meet exacting international benchmarks.

<u>Financial</u>

ITC is one of India's most admired and valuable corporations with a market capitalization in excess of 140000 Cr amongst the top 10 private sector companies in terms of market capitalization. The Net Turnover at 21167.58 crores grew by 16.6% primarily driven by a 23.1% growth in the non-cigarette FMCG businesses, 22.9% growth in Agri business and 17.6% growth in the Hotels segment. The Paperboards, Paper and Packaging segment recorded yet another year of steady growth in revenues and profits. Segment revenues grew by 13% over the previous year to touch ` 3667 crores. Segment results at ` 819 crores reflect a growth of 20%.

Ethical Policy and Practices

ITC Limited has been one of the frontrunners in India to have put in place a formalised system of Corporate Governance. Its governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the "triple bottom line", namely the conservation and development of the nation's economic, social and environmental capital. ITC's Corporate Governance structure, systems and processes are based on two core principles i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and (ii) This freedom of management should be exercised within a framework of effective accountability. Ethical Corporate Citizenship means setting exemplary standards of ethical behaviour, both internally within the organization, as well as in external relationships. ITC believes that unethical behaviour corrupts organizational culture and undermines stakeholder value. Governance processes in ITC continuously reinforce and help realize the Company's belief in ethical corporate citizenship."

Hindustan Unilever Limited

Introduction

Hindustan Unilever Limited (HUL) is India's largest Fast Moving Consumer Goods Company with a heritage of over 75 years in India and touches the lives of two out of three Indians. With over 35 brands spanning 20 distinct categories such as soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, and water purifiers, the Company is a part of the everyday life of millions of consumers across India. Its portfolio includes leading household brands such as Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and Pureit. In 1931, Unilever set up its first Indian subsidiary, Hindustan Vanaspati Manufacturing Company, followed by Lever Brothers India Limited (1933) and United Traders Limited (1935). These three companies merged to form HUL in November 1956. HUL offered 10% of its equity to the Indian public, being the first among the foreign subsidiaries to do so. Unilever now holds 52.10% equity in the company. The rest of the shareholding is distributed among about 360,675 individual shareholders and financial institutions.

Financial

The Company has over 16,000 employees and has an annual turnover of around Rs.19, 401 crores (financial year 2010 - 2011). HUL is a subsidiary of Unilever, one of the world's leading suppliers of fast moving consumer goods with strong local roots in more than 100 countries across the globe with annual sales of about €44 billion in 2011. Unilever has about 52% shareholding in HUL. The company created history when it was listed in the Bombay, Calcutta, and Madras Stock Exchanges in 1956 and offered 10% of its equity to Indian shareholders. It became the first subsidiary of a foreign company in India to offer equity to the Indian public. Today, HUL shares are listed on the Bombay Stock Exchange and the National Stock Exchange.

Financial					
Year	Net Sales	Net Profit	Operating cost and Expenses	Taxes	Dividends
2010-2011	19,401 Cr	2,306 Cr	17,035.90 Cr	576.93 Cr	1641.96 Cr

Ethical Policy and Practices

The foundation of HUL is rooted in stringent corporate governance principles of fairness, transparency, and accountability. Being ethical is not only the right thing to be, it is also a good business practice and leads to more successful and profitable operations.

HUL's Code of Business Principles (CoBP) lays down the framework of standards within which they work. It supports their approach to governance and corporate responsibility. With respect to shareholders, the CoBP states that they conduct their operations in accordance with internationally accepted principles of good corporate governance. HUL provides timely, regular, and reliable information about their activities, structure, financial situation, and performance to all shareholders. At HUL, they believe in creating long term value for the shareholders.HUL has a history of consistent dividend payment to its shareholders.

In 2008, HUL was in the top five of Standard & Poor's Environment, Social and Governance India Index, which measured 50 companies from a pool of 500 Indian companies that had the highest score in terms of environmental, social, and corporate governance responsibility. In 2009, Unilever and HUL have both been named in the Forbes 'Top 100 Most Respected Companies' list for the first time in the survey's four-year history. Unilever has been named in the 2009 World's Most Ethical (WME) Companies list.

Transparency and accountability are the two basic tenets of Corporate Governance. We, at Hindustan Unilever, feel proud to belong to a Company whose visionary founders had laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above. Responsible corporate conduct is integral to the way we do our business. The company's actions are governed by its values and principles, which are reinforced at all levels within the Company. At Hindustan Unilever, they are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legal requirements. Their Code of Business Principles is an extension of their values and reflects their continued commitment to ethical business practices and regulatory compliance.

Tata Consultancy Services

Introduction

Established in 1968, Tata Consultancy Services has grown to its current position as the largest IT services firm in Asia on the basis of its outstanding service record, collaborative partnerships, innovation and corporate responsibility. TCS is a part of the Tata Group, which founded by Jamsetji Tata in 1868 which is one of India's most respected institutions today. TCS mission reflects the Tata Group's longstanding commitment to providing excellence, to help customers achieve their business objectives by providing innovative, best-in-class consulting, IT solutions and services, to make it a joy for all stakeholders to work with TCS. TCS has a inherited values of Leading change, Integrity, Respect for the individual, Excellence, Learning and sharing. Tata Consultancy Services is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, ensuring a level of certainty that no other firm can match. TCS offers a consulting-led integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model™ (GNDM™), recognized as the benchmark of excellence in software development. TCS has over 214,000 of the world's best-trained IT consultants in 42 countries.

Financial

On consolidated basis for the year 2010-11, revenues at 37,324.51Cr were higher by 24.30% over the previous year's revenues of 30,028.92 Cr. Operating profit (profit before taxes excluding other income) at 10,416.62 Cr was higher by 29.92% over the previous year's operating profit of 8,017.56 Cr. Net profit for the year at 9,068.04 Cr was higher by 29.53% over the previous year's net profit of 7,000.64 Cr. On unconsolidated basis, revenues at 29,275.41 Cr for the year 2010-11 were higher by 27.04% over the previous year's revenues of ` 23,044.45 Cr.

Financial					
Year	Net Profit	Net Revenue	Operating cost and Expenses	Taxes	Dividends
2010-2011	9068 Cr	37928.51 Cr	26907.89 Cr	1830.83 Cr	1644.47 Cr

Ethical Policy and Practices

TCS corporate sustainability strategy with measurable delivery of responsible action globally in the marketplace, workplace, community and environment has enabled us to reach this prestigious goal. TCS regards climate change mitigation and environmental improvement as essential features of its sustainable business philosophy. TCS is committed to continuously benchmarking and enhancing our own environmental performance through the reduction of our carbon and ecological footprints with the involvement of their business associates and partners, thereby striving to be leaders in their industry sector. Through their services and solutions, TCS endeavour to help customers improve their environmental performance toward their sustainability objectives. Human capital is TCS' most valuable asset. It recognize that occupational health and safety (OH&S) and the overall well-being of our employees are integral to our aspirations of growth and success. OH&S considerations will be integral to all activities, infrastructure and processes, and meet the expectations of regulators, employees and customers across all the countries that they operate out of.

As a brand, TCS is the 76th Most Trusted Brand according to The Brand Trust Report, 2011.TCS has been ranked as the world's 7th greenest company in Newsweek's Green Rankings 2011. In addition, TCS is the highest ranked Asia-based company and second highest ranked globally in the Information Technology & Services company category.TCS has successfully achieved Platinum+ status globally in the Corporate Responsibility Index arising from the external review carried out by Business in the Community on April 1, 2011.

TCS embodies the Tata group's philosophy of building strong sustainable businesses that are firmly rooted in the community and demonstrate care for the environment. The elements that make for strong corporate sustainability at TCS include fair, transparent and value-driven corporate governance, a strong strategy for longer-term business growth, best-in-class HR processes, initiatives for community betterment, and their stewardship of the environment.By combining ethical values with business acumen, globalisation with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organisations.. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors.

Sa-Dhan

Introduction

Sa-Dhan is developed and designed as a specialized network of Community Development Finance Institutions (CDFIs) that could take forward the collective requirements of several MFI (Micro finance Institution) models, primarily promoted by Non-Government Organisations (NGOs) organizations: dialoguing with policy makers, capacity building, and identification and development of minimum standards of performance in a participatory manner, so that the challenge of professionally creating a large number of sustainable livelihoods is made possible. At the preparatory policy workshop organised by WWB-New York, consensus quickly emerged on the strategy to expand Microfinance service provision as articulated by the draft ***'Dhakka'*** paper, which strongly argued for the need to adopt a three-track approach in working on increasing the provision of Microfinance services. Following this agreement, it became necessary to define the contours for the Association. On 14th September 1998, the leading Microfinance stakeholders, got together to establish the body, and agreed on Mr. Mathew Titus to lead and establish the Association. The Association - **Sa-Dhan** - was thus incorporated on July 21st, 1999.

Area of Operation

Sa-Dhan provide a forum for organizations and individuals engaged in the field of community development finance, to meet, share and exchange their experiences, expertise and resources. It act as a catalyst for further building the field of community development finance in India, to strengthen the capacities of CDFIs through research, consultancy and training in different aspects of community development finance. It disseminate and publish sound financial practices from India and abroad. Sa-Dhan chief stream is to serve the micro finance industry by establishing jointly, minimum standards of performance, both developmental and financial, which members would have to adhere to and encourage CDFIs to adopt the same. It establishes linkages between members and ResourceCentre.htm institutions, such as funding agencies, training, and consultancy and research institutions so that overall objective of better and effective performance of the microfinance sector can be met. Sa-Dhan makes representation to the Government of India (GoI), the Reserve Bank of India (RBI) and other regulatory and policy making bodies to promote CDFIs and help create a favourable policy environment for CDFIs, both at the national and international level. It facilitates in establishing the bodies to support and represent CDFIs. **Sa-Dhan** has the powers to frame rules and bylaws, and to amend them under its Constitution, and the Governing Board shall have power to control the affairs of the Association. **Sa-Dhan's** mission is to build the field of community development finance in India to help its member and associate institutions to better serve low-income households, particularly women, in both rural and urban India, in their quest for establishing stable livelihoods and improving quality of life.

Sa-Dhan membership stands at 220 including 169 MFIs. The others are Capacity Builders, Bulk Lenders etc. Sa-Dhan member MFIs represent over 80% of client outreach and portfolio outstanding of India's "MF sector". Membership in Sa-Dhan though is categorized around operational features of organizations. Four types of organizations qualify to become its member: Category A: Capacity Building Organisations (CBOs) who promote self-help groups and provide capacity building inputs, or, Technical Service Providers (TSPs) who provide technical support to NGO-MFIs Category B: Organisations not purely structured as financial intermediaries, but either provide micro-credit to groups/individuals or provide bulk credit to MFIs for micro-credit Category C: Organisations purely structured as financial institutions Category D: Formal or Informal Networks/Channels for both support and capacity building.

Financial

Sa-Dhan is an Indian association of financial institutions that aims to build the field of community development finance in India. It aims to help its 251 member institutions serve low-income households in both rural and urban India. As of March 2010, Sa-Dhan reported serving 25.8 million clients through its member organizations, which hold an aggregate gross loan portfolio of INR 171 billion (USD 3.79 billion.

Sa-Dhan Introduces Code of Ethics

Sa-Dhan, a microfinance network with 251 member organizations in India, has introduced a code of conduct in an effort to ensure borrowers are treated in an ethical way. The code, which was developed through consultation with microfinance institutions (MFIs), government representatives and a range of other stakeholders, consists of ten components: integrity & ethical behaviour, transparency, fair practice, assessing need for financial services, appropriate interaction & collection practices, privacy of client data, governance, client education & financial literacy, competition, and feedback & grievance mechanisms [1]. The code of conduct also outlines the role of policy makers and the steps required for implementation including: the collection of data; analysis; capacity building workshops; enforcement; and integration with policies, training and MFI implementation.

Volkart Foundation

Introduction

The Volkart Vision Foundation emerged from the Volkart Brothers‘ Welfare Foundation, which was founded on December 4, 1973. In February 2001, the foundation introduced a change to the articles of incorporation that represented a change in the foundation‘s statement of purpose. This enabled the foundation to continue as an organization with a non-profit status. The foundation was founded in 1951 on the occasion of Volkart Group‘s centenary
anniversary. It works in close collaboration with the Volkart Foundation India in Mumbai and the Volkart Foundation in Winterthur. In 2009, Marc Reinhart accepted responsibility for the day-to-day business operations of Volkart Vision and, as president, head of the Foundation Board. The other Foundation Board members are Rebecca Vermot and Judith Forster. Judith Forster as managing director) and Fabienne Thomas (as project leader) are responsible for operational business.
There are close ties between the Volkart Foundation in Winterthur and the Volkart Foundation India in Mumbai.

The Volkart Foundation which is based in Winterthur is an umbrella foundation with a passive character. It supports selected institutions and foundations primarily in the fields of art and culture, but also in social, environmental and health areas. Volkart vision aims to fund, support and further develop water programs and the advancement of women. Knowledge concerning these areas is acquired and passed on to others, while existing networks are employed and new ones created. Volkart work together with local NGOs in selected countries, mainly in Central America (especially in Mexico) and East Africa. Most of the projects Volkartsupport are located in rural areas and are implemented at a household or village level, or within a defined region. The projects provide support to people seeking to claim their rights.The ideas projects and organizations that are promoted by Volkart Vision are managed by local personnel and benefit them and their environment. When implementing projects it takes great care that none of those involved is negatively affected. Volkart Vision also promotes and supports pioneer projects.

Projects and Programs

The foundation supports NGOs and institutions, which work for the poor and the marginalized in field of education, health, medical care and community development.

Volkart Foundation - India, does not by itself operate projects or participate in any activity but gives funds to NGOs, Institutions and Organizations working in the field of community development and for the betterment of the poorer section of the people. The Foundation has a strong rural orientation. The foundation gives grants / funds and concentrates largely on Education, Medical Care and Social Welfare of the poor. Volkart has partnership collaboration with Hemophilia Society, Karaikal, Satseva, Impact India Foundation, Vimochana, Child Line, Ramakrishna Mission Students Home, AWMH Maharashtra, Helpers of the Handicapped

Under **Education,** preference is given to education of poor children of under privileged section of the community; assist handicapped children to be educated so that they are able to lead a normal life. Facilities for upgrading the existing infrastructure of the institution for the benefit of education of the children are also activities which could be included in this funding criterion.

In the field of **Medical activities** the foundation gives assistance for activities carried out by institutions which benefit the poor. Cataract operations, corrective surgeries, upgrading of medical facilities available at the institution for the benefit of the poor and marginalized. Assistance is also given for the process of mobility of the services to reach the beneficiaries in remote parts (e.g. providing vehicles).

Social welfare includes among other activities, funding institutions providing training in health care and for dissemination of information of health, preventive care, training program for handicapped persons, for physiotherapy and training of teachers dealing with handicapped and the mentally challenged children and activities which are beneficial to the poor children and the aged. Recently, the Foundation has funded Community Health Initiative of the Impact India Foundation, which is working in the five villages of Thane district. The Foundation has also funded for Mobile Clinics under the supervision of Impact India Foundation. These Mobile Clinics are being used for outreach services in the tribal areas of Maharashtra.

The Foundation has **funded** Yuva Parivartan, a project of Kherwadi Social Welfare Association, Mumbai. Yuva Parivartan means youth transformation. This project seeks to bring unmotivated dropouts to the centre and influence them to learn a skill leading to income generation and economic independence. The vocational training program started by Kherwadi Social Welfare Association was funded by Volkart Foundation in Thane, Vasai and Ambernath areas in Maharashtra.The Foundation funded an Oraganization, AngaKarunya Kendra, at Banglore which organizes camps wherein assistive are given to the physically handicapped persons. Last year the Organization helped 1000 disabled people with various types of assistive.

GAIL

Introduction

GAIL (India) Limited is a state-owned natural gas processing and distribution company headquartered in New Delhi, India. It has six segments: Transmission services of natural gas and liquefied petroleum gas (LPG), Natural gas trading, petrochemicals, LPG and Liquid hydrocarbons, GAILTEL and Others. GAIL (India) Ltd was incorporated in August 1984 as a Central Public Sector Undertaking (PSU) under the Ministry of Petroleum & Natural Gas (MoP&NG). The company was initially given the responsibility of construction, operation & maintenance of the Hazira – VijaypurJagdishpur (HVJ) pipeline Project. It was one of the largest cross-country natural gas pipeline projects in the world. Originally this 1800 Km long pipeline was built at a cost of Rs 1700 Cr and it laid the foundation for development of market for natural Gas in India.

Working and Operation

GAIL, after having started as a natural gas transmission company during the late eighties, has grown organically by building large network of Natural Gas Pipelines covering over 8500 Km with a capacity of around 160 MMSCMD; two LPG Pipelines covering around 1900 Km with a capacity of 3.8 MMTPA of LPG; seven gas processing plants for production of LPG and other Liquid Hydrocarbons, with a production capacity of 1.4 MMTPA; and a gas based integrated Petrochemical plant of 410,000 TPA polymer capacity which is further being expanded to a capacity of 900,000 TPA. As a part of its initiative towards reducing carbon footprint and creating a path of sustainable growth, GAIL is building a portfolio of renewable businesses. The company has successfully commissioned a wind energy power project of 4.5 MW capacity in Kutch district of Gujarat. The Company is now executing another 15 MW wind energy power project in Gujarat and 100 MW Commercial Wind Energy Generation Project in the states of Tamil Nadu and/or Karnataka.

Financial

This year the turnover for the organization has amounted to 32,459 Cr and the annual profit after tax is 3,561 Cr., the total expenditure of the organization amounting for the year2010-2011 is 27769.66 Cr. The organization has spent Rs.59.90Cr. on Corporate Social Responsibility projects and initiatives this fiscal year. GAIL has a consistent track-record of dividend payment. So far, it has disbursed dividend of ` 8,325 crore to its shareholders.

Ethical Policies and Practices

Company has set high standards of discharging Corporate Social Responsibility (CSR). The quantum of CSR allocation is 2% of profit after tax of the previous financial year for CSR programmes. CSR allocations are used for economic, environmental and social up-liftment of communities in and around the work centres in the major thrust areas such as Community Development, Infrastructure, Drinking water/Sanitation, Literacy Enhancement/ Empowerment, Educational Aids, and Healthcare/Medical. Besides specific social welfare programmes, the CSR funds are also used to provide relief to victims of national calamities. Major initiatives undertaken by the Company under these thrust areas are detailed in Management Discussion & Analysis.

Company is a responsible Corporate Citizen and Health, Safety and Environment (HSE) excellence has been extensively promoted as a corporate culture within the organization. The Safety & Health of employees and external stakeholders are embedded in the core organizational values of the Company. The HSE policy, inter-alia, aims to ensure safety of public, employees, plant & equipment, The Company has constituted HSE, sub-committee of the Board of Directors to review its HSE performance and emergency preparedness in the Company. Company is committed to promote globally comparable levels of Health, Safety, environment and environment Loss Control in the areas of its business of Exploration and Production of Hydrocarbons, Natural Gas and LPG transmission, Production of LPG, Petrochemicals etc., with clear emphasis on improving the Environment for Sustainable Development. Projects, E&P etc. are brought under the monitoring purview of HSE. PNGRB regulations are being adopted at all sites. The safety and occupational health of its employees and external stakeholders are of paramount importance and all these attributes are embedded within the core organizational values of your Company. GAIL continues to give utmost importance to train the employees on HSE aspects. Apart from employees; spouses, children, contract workers, tanker drivers, nearby villagers etc. are also imparted safety training. Newly recruited trainees are given one week specific HSE training at site. GAIL had organized a two day workshop for all business heads and fire & safety personnel. In the workshop, the participants were exposed to external faculties, PNGRB regulations etc. Another two day training program was organized for business heads on 'Industrial Safety Sensitization' including introduction to 'Behaviour Based Safety' aspects.

Steel Authority of India Limited

Introduction

SAIL traces its origin to the formative years of an emerging nation - India. After independence the builders of modern India worked with a vision - to lay the infrastructure for rapid industrialization of the country. The steel sector was to propel the economic growth. Hindustan Steel Private Limited was set up on January 19, 1954.Steel Authority of India Limited (SAIL) is the leading steel-making company in India. It is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets. SAIL is also among the five Maharatnas of the country's Central Public Sector Enterprises.

SAIL manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheets, electrical sheets, structural, railway products, plates, bars and rods, stainless steel and other alloy steels. SAIL produces iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials, including the Company's iron ore, limestone and dolomite mines. The company has the distinction of being India's second largest producer of iron ore and of having the country's second largest mines network. This gives SAIL a competitive edge in terms of captive availability of iron ore, limestone, and dolomite which are inputs for steel making.

Durgapur Steel Plant

Durgapur Steel Plant set up in the late 50's with an initial annual capacity of one million tonnes of crude steel per year, the capacity of Durgapur Steel Plant (DSP) was later expanded to 1.6 million tonnes in the 70's. A massive modernisation programme was undertaken in the plant in early 90's, which, while bringing numerous technological developments in the plant, enhanced the capacity of the plant to 2.088 million tonnes of hot metal,1.8 million tonnes crude steel and 1.586 million tonnes saleable steel. The entire plant is covered under ISO 9001: 2000 quality management system.

DSP produces 2.088 million tones of hot metal, 1.8 million tones of crude steel and 1.586 million tones of saleable steel annually. Situated at a distance of 158 km from Calcutta, its geographical location is defined as 230 27' North and 880 29' East. It is situated on the banks of the Damodar River. The Grand Trunk Road and the main Calcutta-Delhi railway line pass through Durgapur.

Ethical Policies and Practices

SAIL recognizes that its business activities have direct and indirect impact on the society. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders. The Company is committed to continuously improving its social responsibilities, environment and economic practices to make positive impact on the society. SAIL reaffirms its commitment to contributing towards a clean and sustainable environment and continually enhancing its environmental performance as an integral part of its business philosophy and values.

The Durgapur Steel Plant township is spread over a sprawling 40 kms and has more than 25,000 dwelling units. And it has housing facilities for the employees of DSP, ASP and other business associates. The other amenities include schools, both primary and secondary, a modern 640 beds hospital with modern medical facilities, the picturesque park, a number of cultural centres, a stadium with a sitting capacity of 15,000, etc.

Over the years, it has contributed in a major way for providing tube well facilities in the water-scarce peripheral areas. Another notable contribution has been the efforts taken towards enlightenment of the region through up-gradation or additions to educational facilities in basically rural areas surrounding the steel township. It has also assisted in developing roads and other facilities. Durgapur Steel Plant has played a major role in encouraging and developing small-scale industries in the region.

Since its inception in 1973, much before 'Corporate Social Responsibility' became a buzzword, SAIL put in place systems for socio-economic development of the neighbourhoods and communities amidst which its plants and units operate. The objective was to plough prosperity back into the environment from which its strengths emanate, to minimize inequalities by providing quality education, healthcare, infrastructure and employment avenues to all, to ensure that man and nature live in harmony, to preserve the originality and beauty of Indian culture while simultaneously promoting scientific temperament and modern technology. In short, ***to make a meaningful difference in people's lives*** – a credo that SAIL has been upholding proudly ever since.

National Thermal Power Corporation

Introduction

India's largest power company, NTPC was set up in 1975 to accelerate power development in India. NTPC is emerging as a diversified power major with presence in the entire value chain of the power generation business. Apart from power generation, which is the mainstay of the company, NTPC has already ventured into consultancy, power trading, ash utilisation and coal mining. NTPC ranked 341st in 2010, Forbes Global 2000' ranking of the World's biggest companies. NTPC became a Maharatna company in May, 2010, one of the only four companies to be awarded this status. The total installed capacity of the company is 36,014 MW (including JVs) with 15 coal based and 7 gas based stations, located across the country. In addition under JVs, 5 stations are coal based & another station uses naptha/LNG as fuel.

NTPC has been operating its plants at high efficiency levels. Although the company has 17.75% of the total national capacity, it contributes 27.40% of total power generation due to its focus on high efficiency. As per new corporate plan, NTPC plans to become a 75 GW company by the year 2017 and envisages to have an installed capacity of 128 GW by the year 2032 with a well-diversified fuel mix comprising 56% coal, 16% gas, 11% nuclear energy, 9% renewable energy and 8% hydro power based capacity.

Strategic Plan

As such, by the year 2032, 28% of NTPC's installed generating capacity will be based on carbon free energy sources. Further, the coal based capacity will increasingly be based on high-efficient-low-emission technologies such as Super-critical and Ultra-Super-critical. Along with this growth, NTPC will utilize a strategic mix of options to ensure fuel security for its fleet of power stations.

Financial

The organization has shown income growth 17%whereas the PAT 4.29%.The financial highlights of NTPC for the year 2010-2011 is as follows:

Year	**Income**	**Expenditure**	**Profit After Tax**	**Dividend**
2010-2011	**57,407.30 Cr**	**46,996.40 Cr**	**9,102.59 Cr.**	**3133.26 Cr**

Ethical Policies and Practices

At NTPC corporate governance philosophy stems from their belief that corporate governance is key element in improving efficiency and growth as well as enhancing investor confidence and accordingly, the Corporate governance philosophy has been scripted as under-

"As a good corporate citizen, the company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success."

NTPC believes in corporate governance including all the key areas of Corporate Governance by combining best legal and management practices, ethics, wealth, creation management and foresight. NTPC not only believes in adopting best corporate governance system but also in proactive inclusion of public interest in its corporate priorities and has developed extensive societal outreach.

NTPC is fully **committed to achieving high standards of corporate governance** and developing mutual trust via **expansive CSR initiatives.** NTPC has been a committed and socially responsible organization since its inception and has formulated specific guidelines for the welfare of Project Affected Persons (PAP's). It is one of the firsts in the corporate sector to formulate comprehensive resettlement and rehabilitation policy for addressing the issue of PAPs. In line with its social objectives, the company has focused on effective resettlement and rehabilitation (R&R) of PAPs and also community development works in and around the projects. The concept of Corporate Social Responsibility is deeply ingrained in NTPC's culture.

Through its expansive CSR initiatives NTPC strives to develop mutual trust with the communities that surround its Power Stations. Right from social to developmental work of the community and welfare based dependence, to creating greater self-reliance; constant endeavor is to institutionalize social responsibility on various levels. NTPC's CSR-CD Policy, July 04, establishes NTPC foundation as a trust and initiating scheme for economic self-reliance of physically challenged persons (PCP).NTPC's approach towards CSR, further articulated in the corporate objectives on sustainable power development, is as follows, to contribute to sustainable power development by discharging corporate social responsibilities, to lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilization, peripheral development and energy conservation practices. NTPC has marked 15-20% of its CSR-CD budget for education to individual stations.

Punjab National Bank

Introduction

With over 60 million satisfied customers and more than 5100 offices including 5 overseas branches, PNB has continued to retain its leadership position amongst the nationalized banks. The bank enjoys strong fundamentals, large franchise value and good brand image. Besides being ranked as one of India's top service brands, PNB has remained fully committed to its guiding principles of sound and prudent banking. Apart from offering banking products, the bank has also entered the credit card, debit card; bullion business; life and non-life insurance; Gold coins & asset management business, etc. PNB has earned many awards and accolades during the year in appreciation of excellence in services, Corporate Social Responsibility (CSR) practices, transparent governance structure, best use of technology and good human resource management.

Organization's Business and Operation

Bank always looked at technology as a key facilitator to provide better customer service and ensured that its 'IT strategy' follows the 'Business strategy' so as to arrive at "Best Fit". The Bank has made rapid strides in this direction. All branches of the Bank are under Core Banking Solution (CBS) since Dec'08, thus covering 100% of its business and providing 'Anytime Anywhere' banking facility to all customers including customers of more than 3200 rural & semi urban branches. The Bank has also been offering Internet banking services to its customers which also enables on line booking of rail tickets, payment of utilities bills, purchase of airline tickets, etc. Towards developing a cost effective alternative channels of delivery, the Bank with 5050 ATMs has the largest ATM network amongst Nationalized Banks.

Financial

Since its humble beginning in 1895 with the distinction of being the first Swadeshi Bank to have been started with Indian capital, PNB has achieved significant growth in business which at the end of March 2011 amounted to Rs 5,55,005 crore. PNB is ranked as the 2nd largest bank in the country after SBI in terms of branch network, business and many other parameters. During the FY 2010-11, with 39.16% share of CASA to domestic deposits, the Bank achieved a net profit of Rs 4433 crore. Bank has a strong capital base with capital adequacy ratio of 12.42% as on Mar'11 as per Basel II with Tier I and Tier II capital ratio at 8.44% and 3.98% respectively. As on March'11, the Bank has the Gross and Net NPA ratio of 1.79% and 0.85% respectively. During the FY 2010-11, its ratio of Priority Sector Credit to Adjusted Net Bank Credit at 40.67% & Agriculture Credit to Adjusted Net Bank Credit at 19.30% was also higher than the stipulated requirement of 40% & 18% respectively.

The performance highlights of the bank in terms of business and profit are shown below:

Rs. In Crore

Parameters	Mar'09	Mar'10	Mar'11	CAGR(%)
OperatingProfit	5690	7326	9056	26.16
NetProfit	3091	3905	4433	19.76
Deposit	209760	249330	312899	22.14
Advance	154703	186601	242107	25.10
TotalBusiness	364463	435931	555005	23.40

Ethical Policies and Practices

With its policy of inclusive growth, the Bank's mission is "Banking for Unbanked". The Bank has launched a drive for biometric smart card based technology enabled Financial Inclusion with the help of Business Correspondents/Business Facilitators (BC/BF) so as to reach out to the last mile customer. The Bank has started several innovative initiatives for marginal groups like rickshaw pullers, vegetable vendors, dairy farmers, construction workers, etc. Bank has launched a welfare scheme of adoption of village viz., "PNB VIKAS". Under the scheme, Bank has selected 117 villages (60 in lead districts and 57 in non lead district) in different circles for all-round improvement in the living standards of the villagers. Besides, Bank has formed "PNB PRERNA", an association of the wives of the Bank's senior management. The association through its voluntary initiatives has undertaken activities like distribution of food to the poor and needy, provision of computers, books, stationary items to poor girl students at various orphanages and schools etc. Punjab National Bank with more than 5000 domestic offices including Extension Counters has the largest network amongst the nationalized banks i.e. next only to SBI. The bank has a strong franchise value and provides a host of financial products and services, both to the retail customer and corporate business. It has continued to fulfil its social responsibilities and made significant progress in adoption of technology, keeping with its objective of transforming itself into a techno-savvy Bank.

National Buildings Constructions Corporation Limited

Introduction

NBCC was incorporated as a Public Limited Company in November, 1960, as a wholly owned Government of India Enterprise under the aegis of the Ministry of Urban Development. Beginning with a turnover in thousands, NBCC, based on latest audited results has posted a total Income of INR 3231.45 crore as at March 31, 2011.The Corporate Mission enshrines building a high degree of customer satisfaction and providing services confirming to ISO 9001:2008 series. ISO 9001:2008 Certification has been awarded to NBCC for its Project Management and Consultancy Divisions.

Areas of Operations

NBCC's areas of operation include (i) project management consultancy ("PMC") for civil construction projects, (ii) civil infrastructure for power sector and (iii) real estate development. The project management consultancy projects being executed by NBCC are of diverse nature such as residential including housing complexes, commercial buildings, institutional complexes, universities, research centre, hotels, airports, runways, T.V. towers, sewage treatment plants roads & highways. In civil infrastructure for power sector segment, NBCC services include civil construction works for power plants such as chimneys, cooling towers and balance of plants. NBCC real estate development activities focus on the development and construction of two principal types of real estate projects, namely, Residential projects, such as apartments, townships and plotted developments and Commercial Projects, such as corporate office blocks, shopping mall.

Financial

The authorized, issued and paid-up equity share capital is Rs. 120 Cr. This includes Rs. 30 Cr of fully paid-up bonus shares to the existing share holder s as on 26-09-2011. The entire paid up share capital of Rs. 120 Cr of the company is held by the President of India and its nominees. The turnover of NBCC for 10-11 has increased to Rs. 3126.77Cr (previous year Rs 2981.98 Cr.) showing increase of 4.86%. Net profit before tax 200.63cr (previous year Rs.174.50 Cr.), the income total for the organization 2010-2011 was 323,145.20 lac against the annual expenditure of 301,750.04lac.

Ethical Policies and Practices

The core corporate value that NBCC believes in are pro-activeness, responsiveness, speed economy and quality, transparency, customer satisfaction, social obligation, mutual respect and trust, organizational and professional pride. NBCC is committed to implement the best practices on Corporate Governance. NBCCs philosophy on Corporate Governance is thus based on transparency, disclosures and reporting which conforms fully to laws, regulations and guidelines. Its objective is to create value for the stakeholders while being a responsible corporate citizen. The company is managed by the Board of Directors which formulates business strategies and policies.

NBCC Corporation is engaged in implementing the best practices on Corporate Governance with philosophy based on transparency, disclosures and reporting which conforms fully according to laws, regulations and guidelines. Objective is to create value for the stakeholders while being a responsible corporate citizen. In preparation of Annual Report, the Accounting Standards issued by the Institute of the Chartered Accountants of India have been followed. Project In-charges and other functionaries in the Corporation are required to comply with provisions of the works manual. In view of the organizational changes, Delegation of Powers has been suitably modified from time to time. Guidelines are also being issued by the Vigilance Division for proper execution of works at project sites. On matters of strategic importance involving high stakes, the Sub-committee of Directors with association of experts/consultants have been constituted

NBCC apportion and spend 3% of PAT in its CSR activities and interventions. To establish itself and remain as a responsible corporate entity conscious of its social responsibilities to all stakeholders including the Govt., clientele, shareholders, employees, local community and society at large NBCC undertakes CSR activity under its integral business operation. Corporate Social Responsibility of NBCC is broadly framed taking into account the various measures like welfare measures for the community at large, contribution to the society at large by way of educational & socio-economic and cultural development, imparting education, training and social awareness especially with regard to the rural populace, the disadvantaged, backward class, minority communities etc. NBCC act as a good Corporate Citizen, subscribing to the principles of Global Impact for implementation. The approach of NBCC towards CSR is oriented to identify and formulate projects in response to the need of society and to implement them with full involvement and commitment in a time bound manner.

National Insurance Company Limited

Introduction

NIC is the oldest Insurance Company in India. Since incorporation in the year 1906, NIC has been carrying on general insurance business under private management until 1972, when its services were dedicated to the nation by the General Insurance Nationalization Act. NIC started functioning as a subsidiary of the General Corporation of India (GIC) taking in its fold 22 foreign and 11 Indian Insurance Companies which were amalgamated with it. Since then, NIC have been in the service of the nation carrying on general insurance business guided by our mission and values. **National Insurance Company Limited** was incorporated in 1906 with its **registered office in Kolkata**. Consequent to passing of the General Insurance Business Nationalisation Act in 1972, 21 Foreign and 11 Indian Companies were amalgamated with it and National became a subsidiary of General Insurance Corporation of India (GIC) which is fully owned by the Government of India. After the notification of the General Insurance Business (Nationalisation) Amendment Act, on 7th August 2002, National has been de-linked from its holding company GIC and presently operating as a Government of India undertaking.

Business and Operations

National transacts general insurance business of Fire, Marine and Miscellaneous insurance. The Company offers protection against a wide range of risks to its customers. The Company is privileged to cater its services to almost every sector or industry in the Indian Economy viz. Banking, Telecom, Aviation, Shipping, Information Technology, Power, Oil & Energy, Agronomy, Plantations, Foreign Trade, Healthcare, Tea, Automobile, Education, Environment, Space Research etc. Befittingly, the product ranges, of more than 200 policies offered by NIC cater to the diverse insurance requirements of its **14 million** policyholders. Innovative and customized policies ensure that even specialized insurance requirements are fully taken care of.

Financial

National Insurance is the second largest non-life insurer in India having a large market presence in Northern and Eastern India. Company witnessed another year of high business growth in the fiscal 2010-11. During the year under review Global Gross Direct Premium of the Company was 6245.17 Cr as against 4645.97 Cr in the previous year, thereby recording an overall increase of 34.42% of premium income. The net premium income of the Company was 5389.71 Cr in 2010-11 as against 3977.65 Cr in 2009-10 with a retention ratio of 86.30% current year against previous year's ratio of 85.62%. Total investment in India stands at 8386.66 Cr as on 31st March 2011 as against 6365.40 Cr as on 31st March 2010. The Company earned a Net Profit Before Tax of 75.40 Cr in 2010-11. The accretion in total funds in 2010-11 has been 1506.34crore as against 431.37 Cr in the previous year. The total assets of the Company amounted to 19365.22 Cr as against 18000.47 Cr in 2009-10.

Ethical Policy and Practices

Effective communication channels, best HR Practices coupled with an objective and transparent approach in all employee related matters have played a key role improving the employee morale leading to a high productivity. In recognition of the principle of employee as an internal customer, the company had also launched an internal grievance redressal forum titled as "National Insurance Company Employees' Grievance Redressal Forum" (NICEGRF) to provide for a Structured System for redressal of employees grievance within a definite time frame. The said system enables an aggrieved employee to approach the highest authority in the company to seek redressal of his grievance.

As a part of Corporate Social Responsibility National Insurance collaborated with NGOs, Orphanages, Special Schools, Rotary Clubs, Tiger Conservation Projects, Health Care Promotion and Sporting activities by way of sponsorship of such events. Brand NIC also made inroads into the psyche of young & educated generation through sponsorship of seminars and workshops conducted in eminent educational & professional institutions.Brand NIC also made its presence felt in the minds of the young and educated through sponsorship of seminars and workshops conducted in eminent educational institutions such as Symbiosis, CMA, Bengal Engineering College and other professional colleges. In conclusion, it may be said that the Companieswell-structured publicity activities in 2010-11 has contributed to making NIC a visible and vibrant brand.

Standing Conference of Public Enterprise - (SCOPE)

Introduction

Standing Conference of Public Enterprises (SCOPE) is the apex body of Central Government owned Public Enterprises. SCOPE has all the Central Public Enterprises, a few State Government Enterprises and some nationalised banks as its members. A registered society called "New Horizon" was set up in New Delhi on September 29, 1970. Within a short span of three years, the founding fathers visualized a greater role for this Society and converted it into an apex body for all Central Public Sector Enterprises. SCOPE thus came into being on April 10, 1973 . It was formally recognized by the Government of India on 8th November 1976 by a decision of Union Cabinet. A Central Information Centre baptised as New Horizon was set up. This was given the trappings of a permanent exhibition on public sector. The people behind the transitional of this innovative idea of an apex body of Public Enterprise were :Mr. N.. Kashyap, ICS, then Chairman, Indian Oil Corporation, Mr. Mohammed Fazal, then CMD, Hindustan Insecticides Ltd: Mr.Satish Chandra, ICS, then CMD, Fertilizer Corporation of India and few others. Gradually the amorphous concepts began to take shape. With the help and inspiration of the late Mr. Mohan Kumaramangalam, then Minister for Steel and Mr. Praxy Fernandes, then Director General, BPE, New Horizon was rechristened as Standing Conference Of Public Enterprise (SCOPE).

The basic objective of SCOPE is promoting "better understanding among the public about the individual and collective contribution of public sector". SCOPE vision is "To enable its member enterprises to be globally competitive in a market driven environment" with Mission "To facilitate the endeavours of its members in improving their overall performance and to promote their legitimate aspirations by strengthening their effective and sustained engagement with stakeholders".

Roles and Operations of SCOPE

SCOPE performs a consultative and interactive role between the enterprises and various Ministries/Departments of the government. It encourages and generates the atmosphere of collective endeavour for public enterprises. It works with the member enterprises, governments, international organizations and NGOs to help, enhance efficiency in member enterprises. Its mandate includes promoting debate with top management and key decision-makers to develop strategies for improving performance and developing a competitive edge. Its operations are directed towards enhancing standards of Corporate Governance and Corporate Social Responsibility in PSEs to the best prevalent practices in the world. Sharing knowledge with international bodies like OECD, ILO etc. to benchmark standards of governance. Also organizing interaction between international/government delegations and PSEs.

SCOPE organizes interactions/discussion meetings with eminent personalities and interest groups to evolve a view and suggest new policy initiatives. It also organizes numerous seminars, workshops, training programmes and conferences to bring under sharp focus economic and management issues and for training the managers of the enterprises to compete in increasingly competitive business environment.

SCOPE has set up a Centre for Development to help enterprises develop strategic direction and capabilities to meet rising expectations from diverse stakeholders; to facilitate and provide a range of management services to the enterprises to enable them acquire and sustain a vast portfolio of skills in effectively managing business in a competitive and global environment; and, to act as nodal point for sharing and disseminating learning for enterprises excellence.

To meet these objectives, the Centre undertake studies, research, preparation of status papers, survey on selective basis by engaging appropriate institutions/individuals, in order to provide necessary inputs for creating awareness and influencing policy formulation. It identifies the needs and organizes high quality programmes/ conferences/ seminars/ workshop etc in order to spread the learning and focus attention on relevant issues. The Centre also networks with member organization and professional institutions and work towards assisting the member enterprises in a manner that helps them to achieve their strategic goals. It also provides consultancy services in collaboration with reputed professional institutions.

Indian Sugar Mills Association (ISMA)

Introduction

The oldest industrial association in the country was established in 1932 when tariff protection was granted to the industry. It is recognized by the Central and State Governments as the Central Apex Organization to voice the cause of the sugar industry. Sugar mills in the private sector as well as the public sector are eligible to become members of ISMA. Its total strength of membership as on stands at 234 and accounts for about half of country's total sugar production. ISMA's history is synonymous to the growth of the sugar industry in India which also began in early 1930s.

It is an Apex organization and maintains close contacts with all regions in India through a network of regional associations and with international organizations and associations through international bodies. ISMA is the interface between the industry and Government on matters relating to sugar policy, statistics on production, sales, exports/ imports, prices etc.

Roles and Operations of Association

ISMA maintains database for the sugar industry which is shared with all the member factories, media and also various Government organizations. The Association publishes a monthly journal, "Indian Sugar" as well as yearly publications called "Indian Sugar Year Book". List of sugar mills in India, Bangladesh, Pakistan, Nepal and Sri Lanka giving all relevant information about each sugar factory is also published. A statistical handbook is also prepared every year on production, prices, sales, exports/imports etc.

India entered the sugar export market for the first time in the year 1957 which was entirely on the initiative of ISMA. ISMA itself then undertook export of sugar as the export agency of the Government for which a separate wing was started.

The office of the Association functions through its Executive Committee, Governing Council and various standing sub-committees on specific issues. Special cells have also been created to provide guidance and help to the members on important topics.

ISMA's R&D Cell on sugarcane has successfully identified promising sugarcane varieties in improving sugarcane productivity which received recognition from various research institutes and Government organizations etc. The results have been encouraging in the recent two years.

ISMA'S Statistical services maintain global & domestic agricultural market intelligence, key indicators, outlook analysis, a wealth of data on sugarcane & its by-products. Reporting includes Indian current scenario on sugarcane acreages, World sugar forecasts, harvesting & crushing reports, historical detailing on acreages/ yields/ production/ utilization/ stock position/ policies and related data upto State/Country level.

Particulars	2006-07	2007-08	2008-09	2009-10
No. of factories in Operation	501	516	488	490
Cane Acreage (000 Hectares)	5151	5055	4415	4175
Sugar Production (000 Tonnes)	28328	26356	14538	18912
Molasses Production (000 Tonnes)	13089	11313	6542	8400

ISMA is the member of several International Industry Associations including International Sugar Organization, World Sugar Research Organization, World Association of Beet and Cane Growers and Global Alliance for Sugar Trade Reforms and Liberalization. India is largest consumer of sugar and 2nd largest producer in the world.

Bombay Chamber of Commerce and Industry

Introduction

The Chamber was founded in 1836 by seven Britishers and three Parsees "to encourage a friendly feeling and unanimity among commercial men on all subjects involving the common good, to promote and protect the general mercantile interests of this [Bombay] Presidency, to collect and classify information on all matters of general mercantile interest, to obtain the removal of all acknowledged grievances." Objects and duties included simplification and facilitation of business practices, communication with public authorities on all matters of mercantile interest and to carry out arbitration of disputes among members.

Today, the membership of the Chamber is over 4,000 and includes most reputed large and medium, professionally managed, corporate manufacturing and commercial companies, financial institutions, multinationals, public sector companies, auditors, architects and chartered accountants. The member companies of the Chamber together contribute roughly one third of India's GDP in the manufacturing and services sector. The Chamber provides a forum for interaction of its members and formation of considered industry opinions and viewpoints. The Chamber provides services to its members through dissemination of information, publications, special studies and through activities like organizing business delegations, seminars and training programmes. The Chamber also provides labour advisory services for its members. Other services include visa facilitation services to its members and issue of non-preferential certificates of origin.

Roles and Operation of Bombay Chamber of Commerce

The role of the Chamber in the development of the city and the region is of particular significance. The Chamber is recognized by the Government of India to issue Certificates of Origin for non-preferential countries. The Chamber disseminates useful information on business and commerce in sending important Govt. Notifications and Circulars on Banking, Taxation, International Trade, Labour Laws etc. as issued by the respective Ministries and Departments of the Government of India and State governments. In addition to this, the amount of Dearness Allowance component of the emoluments of industrial employees is also calculated and provided as part of this service. Services such as safety and environment audit can be provided on demand and for a fee. A Panel of Arbitrators provides commercial arbitration services to members. The Panel comprises eminent persons and former judges having expertise and experience in different areas like legal affairs, engineering and labour.

Ethical Policy and Practices

The Bombay Chamber of Commerce & Industry instituted the Good Corporate Citizen Award in 1994 to recognize and honour conspicuous achievement by corporate in terms of service to the civic community in addition to outstanding operational performance. The Bombay Chamber believes that, industry has a major role to play in the betterment of society by making a positive contribution to the community.

The Bombay Chamber of Commerce & Industry shares with its member companies a firm belief in Social Responsibility. While our member companies undertake numerous CSR activities on their own, Bombay Chamber of Commerce & Industry provides a platform for those members who are looking for suitable projects and activities to fulfill their responsibilities.

The Bombay Chamber has produced publications on various themes related to Environment, Safety & Health (ESH). A handy digest containing a summary of the latest legal decisions, relevant to line as well as Managers, in their day to day interaction with employees/unions/Government, published every month. The digest is prepared by careful selection from over 7 law journals like the LLJ, LLN, FLR, FJR, CLR, LLR, LIC and similar sources.

The Code of Ethics for member companies has been approved at the Managing Committee meeting held on November 9, 2010. It is being widely circulated among our members for voluntary adoption. Member companies are requested to inform us of their adoption of the Code. The Code has also been adopted by the Chamber in respect of its own functions.

Coal India Limited

Introduction

National Coal Development Corporation was formed with 11 collieries with the task of exploring new coalfields and expediting development of new coal mines. Coal India Limited (CIL) as an organized state owned coal mining corporate came into being in November 1975 with the government taking over private coal mines. With a modest production of 79 Million Tones (MTs) at the year of its inception CIL today is the single largest coal producer in the world. Operating through 81 mining areas CIL is an apex body with 7 wholly owned coal producing subsidiaries and 1 mine planning and Consultancy Company spread over 8 provincial states of India. CIL also fully owns a mining company in Mozambique christened as 'Coal India Africana Limitada'. Further, it also owns 26 technical & management training institutes and 102 Vocational Training Institutes Centers.

Raniganj Coalfield, which falls under E.C.L is the birth place of coal mining in the Country. In 1774, first mining operation in the Country was started in this Coalfield by Sumner & Heatly. In 1820, first Coal Company M/s. Alexander & Company was established. In 1835, first Indian Enterprise i.e. M/s. Carr & Tagore Company was formed. In 1843, the first joint stock coal Company i.e. M/s. Bengal Coal Company was formed. Since then, underground coal mining operation had been continuing in Raniganj Coalfields by numerous small owners. Raniganj Coalfield remained the principal producer of coal in India in 19th Century and considerable period of the 20th Century.

Business Operations of CIL

At present ECL has 149 no. of operating mines out of which 85 are underground mines, 24 are opencast mines. As on 1.4.2010, the total coal reserve in ECL command area upto 600 metre depth is 47.08 Billion tone out of which 29.72 billion tone is in the State of West Bengal and 17.36 Billion tone is in the State of Jharkhand. The Raniganj measures coal has special characteristics containing the best type of non-coking coal reserves in the country with average ash percentage of less than 20%. All the heat intensive industries like glass, ceramics, fertilizers, refractories, forging etc use Raniganj coal. The major portion of export coal from the country is contributed from Raniganj coalfield.

Financial

The authorized share capital of the company was Rs. 8904.18 Cr. as on 31 March 2011. There are 149 ongoing projects of CIL having sanctioned capacity of 438.73 Million Tones, with total sanctioned capital of Rs.25, 938.77 Cr. CIL and its subsidiaries have achieved an aggregate pre- tax profit of Rs.16463.23 Cr Against pre-tax profit of Rs.13964.93 Cr in 2009-2010. The proposed dividend by the director was of Rs. 2463.38 Cr @ 3.90 Rs. Per share of

Rs.10 each. Out of total dividend Government of India gets Rs.2217.04 Cr and other investors get Rs.246.34 Cr.

Ethical Policies and Practices

CIL believes, Corporate Governance is for ensuring values, ethical business conduct, transparency, disclosures as per laws, rules and guidelines. CIL is committed to observe corporate governance practices at different level and to achieve its objectives.

CIL has compliance with the condition of Corporate Governance as stipulated in the guidelines on Corporate Governance for Central Public Sector Enterprise (CPSE's) issued by department of Public Enterprises, Government of India and as provided in clauses of 49 of the listing agreement.

CIL concerns are community welfare. The scope of activities of Corporate Social Responsibility is normally extended within the radius of 15 KMs of Coalfield Areas. The major activities that are undertaken in the CSR activities sinking of Wells/tube wells/hand pumps and other water supply schemes, Village road (approach road) construction, Construction of Rest shed (Bus shelter) for passengers, Financial assistance for Village electrification, Construction of School Building, Construction of Library Building, Scholarship to needy meritorious students and emerging sports talents, Solar lights in villages, Medical treatment to villagers at their door step through Mobile Medical Vans and Medical camps organized at Villages, Providing aids during natural calamities, any other items which benefit the community at large.

CIL believes "Mining with human face", through socially sustained inclusive development. It pursue a structured CSR policy in and around mining area to improve quality of life with community consensus and inclusive participation.

MMTC Limited

Introduction

Established in 1963, MMTC, one of the two highest foreign exchange earner for India, is a leading international trading company with a turnover of around US$ 10 billion. It is the largest international trading company of India and the first Public Sector Enterprise to be accorded the status of "FIVE STAR EXPORT HOUSE" by Government of India for long standing contribution to exports. MMTC is the largest non-oil importer in India. MMTC is major global player in the minerals trade and is the single largest exporter of minerals from India. MMTC is the largest importer of gold and silver in the Indian sub-continent, handling about 146 MT of gold and 1250 MT of silver during 2008-09. MMTC supplies gold on loan and outright basis to the exporter, bullion dealers and jewellery manufacturers on all India basis. MMTC has retail jewellery & its own branded Sterling Silverware (Sanchi) showrooms in all the major metro cities of India.

Area of Operation

MMTC's diverse trade activities encompass Third Country Trade, Joint Ventures, Link Deals - all modern day tools of international trading. Its vast international trade network, which includes a wholly owned international subsidiary in Singapore, spans almost in all countries in Asia, Europe, Africa, Oceania and Americas, giving MMTC a global market coverage. As a leading player in fertilizers and fertilizer raw material, MMTC has become a major fertilizer marketing company in India, through planned forward integration of its import activities with the direct marketing of Urea, DAP, MOP, Sulphur, Rock Phosphate, SSP and other farming and agricultural inputs. MMTC also supplies branded hallmarked gold and studded jewellery. Assay and hallmarking units have been set up at New Delhi, Ahmedabad & Kolkata for testing the purity of gold and gold articles duly accredited with Bureau of Indian Standards. MMTC is India's largest seller of imported non-ferrous metals viz. copper, aluminium, zinc, lead, tin and nickel. It also sells imported minor metals like magnesium, antimony, silicon and mercury, as also industrial raw materials like asbestos and also steel and its products. MMTC imports quality products conforming to international specifications like ASTM or BSS or LME approved brands. MMTC is amongst the leading Indian exporters and importers of agro products. The company's bulk exports include commodities such as rice, wheat, wheat flour, soya-meal, pulses, sugar, processed foods and plantation products like tea, coffee, jute etc. MMTC also handles items like textiles, Mulberry raw silk, building materials, marine products, chemicals, drugs and pharmaceuticals, processed foods, hydro carbons, coal and coke. MMTC has promoted along with government of Orissa, a million tonnes capacity Iron & Steel plant and a 0.8 million tonne capacity Coke.

Financial

Company recorded its highest ever top-line consecutively for the seventh year. Company has achieved record level business turnover of Rs. 688,545 million during 2010-11 registering a growth of over 53% over the previous year. This best ever business turnover since MMTC"s inception in 1963 includes Exports of Rs. 36,934 million, highest ever Imports of Rs. 633,008 million and domestic trade of Rs. 18,603 million. The other trade related earnings contributed Rs. 2,015 million. The trading profit earned by your Company stood at Rs. 3,300 million as against Rs 3,176 million during last year. The net profit earned by the company during 2010-11 amounted to Rs. 1,216 million

Ethical Policy and Practices

MMTC's social and welfare activities promote welfare of the employees through various schemes like sports activities, liberal loan facilities like house building advance, conveyance loan, house hold loan, marriage advance, etc. MMTC also provides subsidized canteen facilities, medical treatment, and residential accommodation in some of the major cities for its employees. MMTC also takes care of employees' families through merit scholarship, tuition fee reimbursement, etc. MMTC is committed towards environmental up keepment through a forestation in the mining areas, development of tribal areas and infrastructure development through rail links, port facilities, etc. contributing to the welfare of communities in which it operates is a natural element of MMTC's activities. MMTC continues its unstinted efforts to promote clean environment and scientific development of mines as also support the government relief measures in natural calamities. The Company and its employees have lived up to the responsibilities as Corporate Citizens and have been playing their role in the times of crisis in the country.

Indian Tea Association

Introduction

Founded in 1881, the Indian Tea Association is the premier and the oldest organisation of tea producers in India. The Association has played a multi-dimensional role towards formulating policies and initiating action towards the development and growth of the Industry, facilitate liaison with the Tea Board, Government and other related bodies. The ITA has branches at different locations in Assam and West Bengal. The ITA and its branches represent over 60% of India's total tea production as well as exports. As employers, ITA member gardens provide direct employment to more than 400,000 people.

Roles and Operations of the association

The association act as a representative for the tea growers and thus on behalf of various them it undertakes certain operations that justifies its role to be the leading organization for governing tea industry in the nation. The activities that it exercise as regular part of action for discharging its responsibilities are as follows, **Industrial Relations,** undertakes industry-wide negotiations on labour related issues. Helps maintain healthy industrial relation at the grass-root level through labour advisory services to the garden managers. **Technical Matters,** provides a forum for discussion on technical issues affecting industry such as Electricity, Machinery, Energy Consumption, Packaging and Quality Management. **Marketing**, formulates and advises on marketing arrangements and strategies in both domestic and export sectors. **Information** develops and maintains industry's data bank and provides an effective information system. **Exports**, formulates strategies and advises the shaping of policy on export to promote Indian tea exports. **Finance** ensures adequate financing for tea industry through coordinating with Financial Institutions and Banks. **Supplies** ensure timely and adequate movement of vital inputs to tea gardens. **Taxation,** liaises with the Government to foster rational and conducive tax environment for the tea industry. Provides advice on tax matters to members. **Social and Community Welfare,** undertakes family welfare programs in tea estates, social and community development programs in the areas of education, health, sports, agricultural extension work, small tea grower development and training programs, etc., in tea growing areas. **Infrastructure** Ensures smooth flow of goods within India and overseas by liaising with the Railways, Shipping etc.

The role of ITA includes handling of labour disputes arising in any individual tea estate and negotiating with the Union or the Unions for settlement of such disputes/grievances. The support services of the Branches and the Zones of ITA extend beyond handling of industrial relations. Any problem of tea estates, whether of individual or collective nature, relating to land, supply of inputs, supply of power, law and order etc. which require interaction with Government or outside agencies are handled by ITA Branches/Zones and the Head Office in Calcutta. The grass root service given by ITA though its Branches/Zones is unique in its nature.

Ethical Policies and Practices

The tea estates in the North Eastern region in India are located in industrially backward areas. Teas being the only organised industry in the private sector in this region, people outside the tea estates have high expectations from the industry. To meet these expectations, ITA and its Branches continue to undertake many projects for the people living in areas surrounding the tea estates. Such projects include financial assistance in building or extension of school and colleges, construction of Sports Stadiums and Cultural Complexes etc.

The Dooars Branch ITA (DBITA) undertook a project with the sponsorship of UNICEF/UNFPA, known as the Integrated Parasite Control and Family Welfare Project, with the aim of improving the health standard of the workers and their children, creating awareness on Family Welfare and providing support services for these. The Dooars Branch has initiated a novel concept among tea garden workers in the form of Mother's Club. This involves a process of empowerment of women and along with it, a better tomorrow for the workers in general. Assam Branch of ITA , on behalf of all its member companies, stepped in to provide a support service through their agriculture projects at various locations in Assam - the services include supply of high yielding varieties of seedling at free or concessional prices along with fertilizer and pesticides, and technical and advisory through professionals.

Indian Tea Association being a responsible citizen undertakes various community welfare activities. ITA is imbibed with the philosophy of doing with a strong social commitment, to ensure its social commitment the association manages different welfare programs and activities in its distinct operational estates.

JEM Foundation

Introduction

JUSCO EDUCATION MISSION FOUNDATION, a registered trust was established in 2008 by Jamshedpur Utilities and Services Company to ensure the growth and sustainability of the undertaken educational initiatives in the area where company operates. Ever since its inception, the trust has earnestly executed its mandate of ameliorating the quality of life of the communities through education. The main focus of the trust has been to promote formal education from preschool to professional stage through the establishment and management of educational institutions.

Area of Operation

The Trust has been initiating, maintaining and operating institutions that are aligned to National Education objectives and guidelines to create opportunities for students and trainees to improve and increase their academic, professional, technical knowledge and skills. Educational Services offered by the trust span requirements of pre-school children, primary and secondary grade students, undergraduate and graduate students seeking professional, industrial and vocational education and training needs of working professionals. JEM Foundation also provides educational scholarship for deserving candidates from economically backward, marginalized communities who have academic and technical potential for further education. Educational institutions are not just about bricks, mortar and concrete, but about building character, enriching minds and enriching experiences that lasts a lifetime.

Ethical Policy and Practices

The people at JEM Foundation institutions believe in creating a space where youth and experience come together for the singular purpose of learning about life and living. Life is not a set of instructions but is a series of experiences that define the learning process. A true learning community goes beyond books, beyond instructions, beyond limited structured curriculum, to opportunities that enhance experiential learning that enables one to explore new realms of wisdom. In the pursuit of educational excellence the teachers and staff at JEM Foundation work closely with all stakeholders who impact the process of student development. Henry David Thoreau said, "If you have built castles in the air, your work need not be lost; that is where they should be. Now put foundations under them". With this belief JEM Foundation institutions help in laying that foundation upon which students may build their dreams.

In fulfilment of its CSR vision and commitment, Jamshedpur Utilities & Services Company Limited (JUSCO) established two English Medium Schools in Jamshedpur in 2005. To ensure the growth and sustainability of these educational initiatives, the company formed the JUSCO Education Mission Foundation in 2008, entrusting the schools to the Trust for management and mandating it to expand into higher and vocational education. The endeavor of JEM Foundation educational institutions, is to ensure a holistic development of the student's personality by nurturing the pursuit of knowledge, cultivating an appreciation for the arts, literature, sports and games, as well as instilling high regard for human values and social consciousness.

Garden Reach Shipbuilders & Engineers Limited

Introduction

The Company came into being in 1884 as a small factory on the Eastern Bank of the river Hooghly. It was renamed Garden Reach Workshop in 1916, and was incorporated as a Company under the Indian Companies Act of 1913 with effect from 26th February 1934 (Registration No. 7891 of 1933-34). The company was taken over by the Government of India on 1st April, 1960.

The Company was put on a dynamic path of growth and diversification and to reflect its multifarious activities in a true sense, the Company's name was changed to Garden Reach Shipbuilders & Engineers Limited with effect from 31st December 1976. GRSE has gradually expanded and modernised to meet growing maritime needs- particularly those of Indian Navy and Coast Guard.

GRSE is among the leading shipyards in the country and the premier yard in the East. It builds a wide range of ships from modern Warships to sophisticated Commercial Vessels, from small Harbour Craft to fast and powerful Patrol Vessels. It is among the few shipyards in the world with its own Engineering and Engine Manufacturing divisions. Growing on its solid base of experience of over 100 years of excellence, GRSE looks confidently ahead to the challenges of the new millennium.

Financial

The Authorized Capital of the Company as on 31 Mar 11 was 125 Cr. During the year under review, the Government of India did not make any fresh investment the Share Capital of the Company. The Paid-up Capital as on 31March 2011 therefore remained at 123.84 Cr. Considering to the financial performance of the company in year 2010-2011 it has distributed the dividend of 24.77 Cr to its shareholders. The company recorded a Profit Before Tax of 1162.76 Cr as against 130.73 Cr in the previous year registering a growth of 2%. The Net profit Amounted to 115.71 Cr. as compared to 714.41 Cr in the previous year. The company has apportioned amount of 2.28 Cr. towards its CSR activities.

Ethical Policies and Practices

GRSE has always been actively involved in CSR activities, GRSE's CSR Policy was formulated on 11 Nov 10. A s a responsible Corporate Citizen, GRSE utilizes a part of the Company's profit as per Guidelines issued by the Government of India, from time to time, for undertaking various Development initiatives and projects for inclusive growth of the community/society. GRSE as a Company endeavours to go beyond statutory requirements towards making reasonable impact environmentally, socially and economically. GRSE had engaged professional agencies to conduct Baseline Surveys in Kolkata and Ranchi and has partnered with NGOs/Institutes and Organizations to undertake long term medium term and short term CSR projects in line with the recommendations of the baselines survey reports. The identified thrust areas are Healthcare, education& Skill Development and Community Development.

Garden Reach Shipbuilders and engineers have its own drafted Code of Conduct and Business Ethics. The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company. This code is intended to serve as a basis for ethical decision - making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards. The general principles of Code of Conduct and Business Ethics of Garden Reach Shipbuilders and Engineers Limited contains Contribute to society and human wellbeing, Be honest and trustworthy & practice integrity, Be Fair and take action not to discriminate, Honor confidentiality, Pledge & Practice.

GRSE believes in Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards. Excellence is perhaps the most important obligation of a professional, everyone, therefore, should strive to achieve the highest quality, effectiveness and dignity in their professional work.

Annexure – I.II

Questionnaire

QUESTIONNAIRE FOR TOP-LEVEL MANAGERS

Top-Management :

1. Do you feel that Corporate Ethics is better Instrumental part for Corporate Accountability?
   - YES
   - CAN BE
   - NOT VERY MUCH
   - NO

2. Is it practically accepted that better Corporate Ethics ensures Transparency/ Accountability?
   - YES
   - UPTO LARGE EXTEND
   - NOT SURE
   - NO

3. Then as a Country till date why we don't have Code of Ethics?

4. There are several Codes for Industry but how Code of Ethics could be Implemented?

5. Do you feel Code of Ethics have Direct Relationship with Values of the Organisation and does it have repel effect on the Organisation?
   - YES
   - UPTO LARGE EXTEND
   - NOT SURE
   - NO

6. The Policy and Mechanism been followed by the Organisation in relation to:
   - Displacement

- Resettlement
- Rehabilitation

7. What type of Organisation do you Prefer/ Yours is?
- Ethics/ Value-Based
- Ethics/ Value-Led
- Ethics/ Value-Less
- Ethics/ Value-Neutral

8. Role model of ethic practice for your organisation?
An India Organisation:
A foreign Organisation:

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Annexure – I.III

QUESTIONNAIRE FOR EXECUTIVE AND NON-EXECUTIVE STAFF

ASPECTS

I.3. Does there is Knowledge and Practice of Corporate Laws and Corporate Ethics in the Organisation at Different Levels?

Knowledge of Corporate Laws:
- YES
- UPTO LARGER EXTENT
- PARTIALLY
- NO

Practice of Corporate Laws:
- YES
- UPTO LARGER EXTENT
- PARTIALLY
- NO

Knowledge of Corporate Ethics:
- YES
- UPTO LARGER EXTENT
- PARTIALLY
- NO

Practice of Corporate Ethics:
- YES
- UPTO LARGER EXTENT
- PARTIALLY
- NO

I.4. Does the Organisation have a Management System for Ethics?

For the oversight of Ethics:
- YES
- IN PROCESS OF DEVELOPMENT
- YET TO BE DEVELOPED

- NO

For the Promotion of Ethics:

- YES
- IN PROCESS OF DEVELOPMENT
- YET TO BE DEVELOPED
- NO

For the Monitoring of Ethics:

- YES
- IN PROCESS OF DEVELOPMENT
- YET TO BE DEVELOPED
- NO

Please give the details of members, and their responsibility.

===

ETHICS

II.2. Does the Organization have Policies and Plans in respect of CoC, CSR and Other Ethical Issues/ Plans/Policies for next 3 Years?

In respect of Code of Conduct (CoC):

- YES
- IN PROCESS OF DEVELOPMENT
- YET TO BE DEVELOPED
- NO

In respect of Corporate Social Responsibility (CSR):

- YES
- IN PROCESS OF DEVELOPMENT
- YET TO BE DEVELOPED
- NO

Other Ethical Issues/ Plans/Policies:

- YES
- IN PROCESS OF DEVELOPMENT
- YET TO BE DEVELOPED
- NO

(Enclose the annexure of Plans and Policies)

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DEGREE OF INSTITUTIONALISATION

1. Does the Organisation have a Policy/Commitment Statement affirming the Organisation's commitment to Compliance and Continuous Improvement in the Corporate Ethic Areas?
    - YES
    - IN THE PROCESS OF DEVELOPMENT
    - NO

    Please attach your policy/commitment statement(s).

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2. Is there any Policy and Mechanism been followed by the Organisation in relation to the below mentioned at different level in the Organisation:
    *Displacement *Resettlement *Rehabilitation

    - YES
    - IN THE PROCESS OF DEVELOPMENT
    - NO

    Please Attach the Policy and Mechanism Documents

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3. To meet Social Responsibilities and to achieve success in the Marketplace, Participants and their agents are to uphold the highest standards of Ethics. Does the Organisation have the same?
    - YES
    - NO

    Check all that is relevant:
    - Non-existence of Corruption, Extortion, or Embezzlement
    - Disclosure of Information
    - No Improper Advantage
    - Fair Business, Advertising and Competition
    - Whistleblowers
    - Community Engagement and Economic Development
    - Protection of Intellectual Property

I.5. Does the Organisation have Procedures to ensure that all Employment is Freely Chosen and Forced Labour is never used?
- YES
- PARTIALLY
- NO

Please describe your program and/or procedures. Check whichever applies:

- The organisation assures that its workers are free to quit their job and leave upon reasonable notice
- The organisation does not require workers to pay a deposit upon being hired
- The organisation does not withhold workers' government-issued identification (passports or work permits) upon hire.
- The organisation assures that its workers are free to enter and exit the organisation and housing during their non-work hours and within emergency periods
- The organisation does not use involuntary prison labour or labour from Beggars Homes

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I.6. Does the Organisation Communicate Information about its Business Ethics Expectations, Performance and Practices to its Management/ Workers/ Stakeholders?

Management:

- YES
- PARTIALLY
- AS PER NEED
- NO

Workers:

- YES
- PARTIALLY
- AS PER NEED
- NO

Stakeholder:

- YES
- PARTIALLY
- AS PER NEED
- NO

I.7. Indicate the scope of the Policy/Commitment Statement and how it is Implemented by checking the following as applicable:

- The policy/commitment statement is signed by company executive management.
- The same policy/commitment statement applies to different levels of the organisation (within/ outside of the organisation)

- The different policy/commitment statement applies to different levels of the organisation (within/ outside of the organisation)
- Website
- Meeting
- Circulars
- Handbooks
- Other please mention………………….

I.8. Is the Policy/commitment Statement made Available to the Organisation's Workers?

- YES
- PARTIALLY
- AS PER NEED
- NO

Please indicate how the policy/commitment statement is made available to workers. Check the following as applicable:

- Policy/commitment statements are available via means accessible to all workers (i.e. internal website, common area bulletin boards, etc.) in their native language(s)
- Policy/commitment statements are included in hand-outs provided to all workers worker handbook, worker orientation training materials, program awareness documents, etc.) in their native language(s)
- Others. Please describe:__________ (Annexure)

I.9. Does the Organisation communicate Information about its Performance, Practices and Expectations to: <u>WORKERS/STAKEHOLDERS</u>

Workers:

- YES
- PARTIALLY
- NO

Stakeholder:

- YES
- PARTIALLY
- NO

Please indicate the means of communication

<u>WORKERS:</u>

- Worker handbooks and other hand-outs.
- Notice boards and other postings.
- Communications from managers and supervisors.
- Worker-accessible electronic communications (company intranet and email).
- Formal training.
- All communications made in the workers' native language(s).

- Feedbacks
- Other. Please describe:______

STAKEHOLDERS:
- Feedback from Society
- Feedback from Organisation's Advertisement Firms
- Promotional and Response campaigns
- Annual report or other company publication.
- Promotion of social activities and programmes
- Company extranet (public web site).
- Other. Please describe:______

I.10. Does the Organisation have a Program and/or Procedures for Workers to communicate openly with Management regarding Working Conditions norms?
- YES
- PARTIALLY
- NO

Please describe your program and/or procedures policy. Check whichever is applicable:
- Freely Chosen Employment
- No use of Child Labour
- Non-Discrimination
- Non-exploitation
- Displacement at different levels in the Organisation
- Resettlement of Employees
- Rehabilitation of Employees
- No Harsh or Inhumane Treatment
- Minimum Wages System
- Proper Working Condition/Hours
- Freedom of Association at different levels
- Insurance (Health/Accident) of Employees
- Risk Assessments
- Incident investigation
- Worker complaints. Training records Corrective Action records.

I.11. Does the Organisation provide training for Manager and Workers on whom to implement its Policies, Procedures and Improvement Objectives?

Managers:
- YES
- OFTEN
- SOMETIMES
- NO

Workers:

- YES
- OFTEN
- SOMETIMES
- NO

Check whichever is applicable:

- The Organisation provides orientation training for new managers/ workers that covers essential information applicable to all workers (e.g. benefits, code of conducts, requirements etc.).
- The Organisation provides refresher training annually to all the managers/workers.
- The Organisation provides managers the same training that it provides to workers.
- The Organisation provides managers with additional training specific for manager's responsibilities.
- The Organisation does not require managers to take training.
- Other. Please describe:______

I.12. Does the Organisation Perform a Periodic, top-level assessment of the Status of Managers/ Workers/ Stakeholders and Business Ethics Programs, including; Progress toward Meeting Improvement Objectives, Results of Audits, and Completion of Corrective Actions, in order to identify Opportunities for Improvement?

- YES
- OFTEN
- SOMETIMES
- NO

Please indicate how the review is performed, including the review frequency anddate of the last review.

I.13. Does the Organisation Periodically review its Progress in achieving its Performance Objectives and Targets?

- YES
- OFTEN
- SOMETIMES
- NO

I.14. Does the Organisation conduct Periodic Business Ethics Audits in order to assess conformance to Regulatory Requirements, the Requirements of Code of Conduct, and other Contractual Requirements?

- YES
- NO

Check whichever is applicable:

Regular audits are performed to assess compliance with:

- Applicable regulatory requirements. (e.g. organisation Code of Conduct)
- Company management system requirements.
- Company work practices and procedures.
- Other. Please describe:___________

Audits done by:

- Company auditors.
- Third party (e.g. consultant, registrar).
- Regulatory agencies (describe):____________
- Other. Please describe:____________________

Frequency of Audits:

- Annually
- Other. Please describe:_____

I.15. Does the Organisation have a process to implement timely Corrective Action for Deficiencies Identified by Internal or External Assessments, Inspections, Investigations and Reviews?

- YES
- NO

Please describe the organisation's corrective action process/program by Checking whichever is applicable:

The corrective action process addresses issues identified by:

- Management system audits
- Internal regulatory compliance evaluations.
- Inspections by regulatory agencies.

Management reviews.

- Incident investigations.
- Worker complaints.
- Other. Please describe:____

The process includes:

- Evaluation of cause(s).
- Identification of corrective actions.
- Identification of preventive actions.

- Completion dates.
- Tracking of action items to closure.
- Other. Please describe:______

VIOLATION

IV.5. Has the Organisation ever been cited for Violation of Ethics resulting in Monetary Penalties and/or Formal Corrective Actions mandated by a Government Authority or a Court in the past 3 Years?

- YES
- NO

Indicate the nature of the violation(s) and actions taken for its remedy?

Nature	Action
1.	1.
2.	2.
3.	3.

IV.6. Manner in which Organisation violate ethics?

Check whichever is applicable:

- Circumvention of law on minimum number of regular paid staff
- Policy of information of labour in the area where company operates
- Lack of transparency in negotiations
- Joint venture without participation of labour
- Merger without wide consultations
- Liquidation without wide consultation
- Lock-out without wide consultations
- Retrenchment without wide consultation
- Golden handshake without wide consultation
- Misleading Advertisements
- Chosen employment
- Use of child labour

- Discrimination (Race, Caste, Gender, Colour, Region etc.)
- Exploitation
- Harsh or inhumane treatment
- Non-payment of minimum wages
- Improper working condition/hours
- Non-freedom of association
- Lack of safety issues (Health/Accident)
- Ignore worker complaints.
- Any Other....................

I.16. No. of cases in the courts and reasons?

Labour court:

- No. of cases:
- Reason:

Civil court:

- No. of cases:
- Reason:

Criminal court:

- No. of cases:
- Reason:

Arbitration:

- No of cases:
- Reason:

===

PERCEPTION AND STATUS

1. What percent is invested to social philanthropy?

- -------%.

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2. Rate the following as per Importance in the Organisation (1-10)

- Economic Responsibility
- Legal Responsibility
- Responsibility towards Rivals/ other Organisation
- Responsibility towards Government/ Politics
- Environmental Responsibility
- Philanthropic Responsibility
- Social Responsibility
- Ethical Responsibility
- Social Reputation
- Relationship with Employees

IV.7. What type of Organisation do you Prefer and which is yours?

- Ethics/ Value-Based
- Ethics/ Value-Led
- Ethics/ Value-Less
- Ethics/ Value-Neutral

==

Annexure – I.IV

ASPECTS

1. Does the organisation require its workers to be in compliance with Human Rights, Central Labour Acts, Environmental, Health and Safety Laws, Regulations and Policy/ Commitment Statement made?

   - Human Rights Act: YES NO
   - Central Labour Acts: YES NO
   - Environment: YES NO
   - Health and Safety: YES NO

---

2. Does there is Knowledge and Practice of Corporate Laws and Corporate Ethics in the Organisation at Workers Level?

   Knowledge of Corporate Laws:
   - YES
   - UPTO LARGER EXTENT
   - PARTIALLY
   - NO

   Practice of Corporate Laws:
   - YES
   - UPTO LARGER EXTENT
   - PARTIALLY
   - NO

   Knowledge of Corporate Ethics:
   - YES
   - UPTO LARGER EXTENT
   - PARTIALLY
   - NO

   Practice of Corporate Ethics:
   - YES
   - UPTO LARGER EXTENT
   - PARTIALLY
   - NO

==

ETHICS

1. Do you think that proper ethical/value practices are followed by your Organisation?
   - YES
   - NO

   Check which is applicable:
   - Business integrity: (e.g., no corruption, extortion, embezzlement, or falsification)
   - No undue advantage: (e.g., no bribe or other means of gaining advantage)
   - Disclosure of information: (e.g., business activities, structure, financial situation)
   - Fair business practices: (e.g., advertising and competition, safeguarding customer data)
   - Protection of identity: (e.g., anonymity for workers reporting policy violations)

---

2. Does the organisation follow the basic Ethical Issues in respect to their workers?
   - YES
   - NO

   Check whichever is applicable:
   - Occupational safety (e.g., control of hazardous conditions and potential accidents)
   - Emergency preparedness (e.g., planning, preparation, detection, and incident response)
   - Occupational Injury/Illness (e.g., reporting, treatment, counselling, case management)
   - Industrial hygiene (e.g., control of exposure to chemicals and other agents)
   - Physically demanding work (e.g., heavy lifting, prolonged repetitive or forceful tasks)
   - Machine safeguarding (e.g., physical guards, interlocks, and protective barriers)
   - Living conditions (e.g., dormitory and canteen conditions, sanitation, safety)
   - Environmental permits (e.g., permit registration, maintenance, compliance reporting)
   - Pollution prevention (e.g., energy and resource conservation, waste reduction)
   - Hazardous substances (e.g., material handling, storage, recycling, disposal, spill control)
   - Wastewater & solid waste (e.g., waste stream monitoring, control, treatment, disposal)
   - Airborne emissions (e.g., emission characterisation, monitoring, control, mitigation)
   - Product content (e.g., controlled materials, disclosure, testing, recycled content)

DEGREE OF INSTITUTIONALISATION

1. Is there any management representative in the organisation with assigned responsibility for assuring and facilitating compliance with workers for Business Ethics, Laws, Policies and Commitments?
    - YES
    - NO

    (Mention the Detail/s)

---

2. Does the organisation have a policy, program and/or procedures for workers to communicate openly with management regarding working conditions norms?
    - YES
    - NO

    Please describe your policy program and/or procedures. (Annexure of Policies)

    Check which is applicable:
    - Freely chosen employment
    - Free entry exit system
    - Child Labour
    - Discrimination
    - Non-exploitation
    - Harsh or Inhumane treatment
    - Minimum wages
    - Working condition/hours
    - Freedom of association
    - Insurance (Health/Accident)
    - Risk Assessments.
    - Incident investigation
    - Worker complaints: Training records corrective action records.
    - Others if any…………………

Is the Worker group satisfied with the Policies/Plan/ Behaviour and other activities of the Organisation?

- YES
- NO

Check which is applicable:

- Fully Satisfied
- Partly Satisfied
- Dissatisfied
- Other, Suggestion if any…………………………….

---

3. Is the policy/commitment statement made available to the organisation's workers?

- YES
- IN THE PROCESS
- NO

Check which is applicable:

- Website
- Meeting
- Circulars
- Handbooks
- Notice boards and other postings
- Communications from managers and supervisors
- Workers orientation training materials
- Program awareness documents
- Others please mention.........

---

4. Does the organisation have a process to assess worker understanding of and obtain feedbacks on problems/practices and conditions improvement?

- YES
- NO

Check which is applicable:

- Workers take tests to assess knowledge gained from training.
- Workers take competency tests of their skills (e.g. optimum use of resources).
- Workers are asked or invited to complete surveys.
- Suggestion boxes or email addresses are provided to workers for the purpose of obtaining feedback.
- Workers are asked or invited to participate in focus groups.
- Workers are asked or invited to participate on work area inspections.

- Workers are asked or invited to participate on incident investigations.
- Workers are asked or invited to participate on complaint/concerns investigations.
- Workers are asked or invited to participate in developing and improving work practices and procedures.
- Other. Please describe:___

---

5. Does the organisation have flexible communication mode among the different levels (i.e. Top-Middle-Low)?
- YES
- NO

Check which is applicable:

(Top to Low level)	(Low to Top level)
• Easy	Easy
• Difficult	Difficult
• Not Possible	Not Possible

==

VIOLATION

IV.8. Manner in which Organisation violate ethics?

Check whichever is applicable:
- Circumvention of law on minimum number of regular paid staff
- Policy of information of labour in the area where company operates
- Lack of transparency in negotiations
- Joint venture without participation of labour
- Merger without wide consultations
- Liquidation without wide consultation
- Lock-out without wide consultations
- Retrenchment without wide consultation
- Golden handshake without wide consultation
- Chosen employment
- Use of child labour
- Discrimination
- Exploitation
- Harsh or inhumane treatment
- Non-payment of minimum wages
- Improper working condition/hours
- Non-freedom of association

- Lack of safety issues (Health/Accident)
- Ignore worker complaints.
- Other if any.................................

IV.9. Is the Organisation ever been sued for Violation of Value/Ethics and Responsibility resulting in Monetary Penalties and/or Formal Corrective Actions mandated by a Government Authority or the Court?

- YES
- NO

Indicate the nature of the violation(s) and actions taken for its remedy?

Nature	Action
1.	1.
2.	2.
3.	3.

==

PERCEPTION AND STATUS

1. Do you feel, Organisation recognizes that the quality of products and services, regularity of production and workers morale are enhanced by a safe and healthy work environment and organisation is providing you with the same?

- YES
- NO

Check which is applicable:

- Machine Safeguarding
- Industrial Hygiene
- Safety
- Emergency Preparedness and Response
- Occupational Injury and Illness
- Dormitory and Canteen

---

2. Rate the following as per Importance in the Organisation (1-10)

- Economic Responsibility
- Legal Responsibility
- Responsibility towards Rivals/ other Organisation
- Responsibility towards Government/ Politics
- Environmental Responsibility
- Philanthropic Responsibility
- Social Responsibility
- Ethical Responsibility
- Social Reputation
- Relationship with Employees

---

3. What type of Organisation do you Prefer and which is yours?

- Ethics/ Value-Based
- Ethics/ Value-Led
- Ethics/ Value-Less
- Ethics/ Value-Neutral

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Annexture – II

(i) Millennium Development Goals (MDGs)

The Millennium Development Goals (MDGs) are eight international development goals that all 193 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. They include eradicating extreme poverty, reducing child mortality rates, fighting disease epidemics such as AIDS, and developing a global partnership for development. The aim of the MDGs is to encourage development by improving social and economic conditions in the world's poorest countries. They derive from earlier international development targets, and were officially established following the Millennium Summit in 2000, where all world leaders present adopted the United Nations Millennium Declaration.

The Millennium Summit was presented with the report of the Secretary-General entitled 'we the Peoples: The Role of the United Nations in the Twenty-First Century'. Additional input was prepared by the Millennium Forum, which brought together representatives of over 1,000 non-governmental and civil society organisations from more than 100 countries. The Forum met in May 2000 to conclude a two-year consultation process covering issues such as poverty eradication, environmental protection, human rights and protection of the vulnerable. The approval of the MDGs was possibly the main outcome of the Millennium Summit. In the area of peace and security, the adoption of the Brahmin Report was seen as properly equipping the organization to carry out the mandates given by the Security Council.

The MDGs were developed out of the eight chapters of the Millennium Declaration, signed in September 2000. There are eight goals with 21 targets, and a series of measurable indicators for each target.

Goal 1: Eradicate extreme poverty and hunger :

- Target 1A: Halve the proportion of people living on less than $1 a day
    - Proportion of population below $1 per day (PPP values)
    - Poverty gap ratio [incidence x depth of poverty]
    - Share of poorest quintile in national consumption
- Target 1B: Achieve Decent Employment for Women, Men, and Young People
    - GDP Growth per Employed Person
    - Employment Rate

    - Proportion of employed population below $1 per day (PPP values)
    - Proportion of family-based workers in employed population
- Target 1C: Halve the proportion of people who suffer from hunger
    - Prevalence of underweight children under five years of age
    - Proportion of population below minimum level of dietary energy consumption

Goal 2: Achieve universal primary education :

- Target 2A: By 2015, all children can complete a full course of primary schooling, girls and boys
    - Enrollment in primary education
    - Completion of primary education
    - Literacy of 15-24 year olds, female and male

Goal 3: Promote gender equality and empower women :

- Target 3A: Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015
    - Ratios of girls to boys in primary, secondary and tertiary education
    - Share of women in wage employment in the non-agricultural sector
    - Proportion of seats held by women in national parliament

Goal 4: Reduce child mortality rates :

- Target 4A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
    - Under-five mortality rate
    - Infant (under 1) mortality rate
    - Proportion of 1-year-old children immunized against measles[16]

Goal 5: Improve maternal health :

- Target 5A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
    - Maternal mortality ratio
    - Proportion of births attended by skilled health personnel

- Target 5B: Achieve, by 2015, universal access to reproductive health
    - Contraceptive prevalence rate
    - Adolescent birth rate
    - Antenatal care coverage
    - Unmet need for family planning

Goal 6: Combat HIV/AIDS, malaria, and other diseases :

- Target 6A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS
    - HIV prevalence among population aged 15–24 years
    - Condom use at last high-risk sex
    - Proportion of population aged 15–24 years with comprehensive correct knowledge of HIV/AIDS
- Target 6B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it
    - Proportion of population with advanced HIV infection with access to antiretroviral drugs
- Target 6C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases
    - Prevalence and death rates associated with malaria
    - Proportion of children under 5 sleeping under insecticide-treated bednets
    - Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs
    - Prevalence and death rates associated with tuberculosis
    - Proportion of tuberculosis cases detected and cured under DOTS (Directly Observed Treatment Short Course)

Goal 7: Ensure environmental sustainability :

- Target 7A: Integrate the principles of sustainable development into country policies and programs; reverse loss of environmental resources
- Target 7B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

  - Proportion of land area covered by forest
  - CO_2 emissions, total, per capita and per $1 GDP (PPP)
  - Consumption of ozone-depleting substances
  - Proportion of fish stocks within safe biological limits
  - Proportion of total water resources used
  - Proportion of terrestrial and marine areas protected
  - Proportion of species threatened with extinction
- Target 7C: Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation (for more information see the entry on water supply)
  - Proportion of population with sustainable access to an improved water source, urban and rural
  - Proportion of urban population with access to improved sanitation
- Target 7D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum-dwellers
  - Proportion of urban population living in slums

Goal 8: Develop a global partnership for development :

- Target 8A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system
  - Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally
- Target 8B: Address the Special Needs of the Least Developed Countries (LDC)
  - Includes: tariff and quota free access for LDC exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA (Overseas Development Assistance) for countries committed to poverty reduction
- Target 8C: Address the special needs of landlocked developing countries and small island developing States
  - Through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly

- Target 8D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term
    - Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small Island developing States.
    - Official development assistance (ODA):
        - Net ODA, total and to LDCs, as percentage of OECD/DAC donors' GNI
        - Proportion of total sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)
        - Proportion of bilateral ODA of OECD/DAC donors that is untied
        - ODA received in landlocked countries as proportion of their GNIs
        - ODA received in small island developing States as proportion of their GNIs
    - Market access:
        - Proportion of total developed country imports (by value and excluding arms) from developing countries and from LDCs, admitted free of duty
        - Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries
        - Agricultural support estimate for OECD countries as percentage of their GDP
        - Proportion of ODA provided to help build trade capacity
    - Debt sustainability:
        - Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)
        - Debt relief committed under HIPC initiative, US$
        - Debt service as a percentage of exports of goods and services

- Target 8E: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries
    - Proportion of population with access to affordable essential drugs on a sustainable basis
- Target 8F: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications
    - Telephone lines and cellular subscribers per 100 population
    - Personal computers in use per 100 population
    - Internet users per 100 Population

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(ii) The Narmada Valley Development Project

The Narmada Valley Development Project was the single largest river development scheme in India. It was one of the largest hydroelectric projects in the world, displaced approximately 1.5 million people from their land in three states (Gujarat, Maharashtra, and Madhya Pradesh). The environmental costs of such project, which involves the construction of more than 3,000 large and small dams, are immense.The project could devastate human lives and biodiversity by inundating thousands of acres of forests and agricultural land.The State (India) wanted to build these dams on the Narmada River in the name of National Development. ButHow can you measure progress if you dont know what it costs and who has paid for it?

Damming the Narmada River will degrade the fertile agricultural soils due to continuous irrigation (rather the seasonal irrigation which is dependent on the monsoon), and salinization, making the soil toxic to many plant species. The largest of the dams which, if completed, will flood more than 37,000 hectares of forest and agricultural land, displacing more than half a million people and destroying some of India's most fertile land. The proposed dams could affect millions of people but only a certain percentage of them will be privy to the governments resettlement and rehabilitation (R & R) programs.The problem here arises in defining who are Project-Affected Persons (PAPs). The World Commission on Dams urges that the impact assessment includes all people in the reservoir, upstream, downstream and in catchment areas whose properties, livelihoods and nonmaterial resources are affected. It also includes those affected by dam-related infrastructure such as canals, transmission lines and resettlement developments. In reality, however, people affected by the extensive canal system are not considered as PAPs. These people are subject to R & R packages, but not the same ones as those living in the reservoir area. Unbelievably, those not entitled to any compensation at all are the hundreds of thousands whose lands or livelihoods are affected by either project-related developments or downstream impacts.

The government of India supports the building of over 3,000 dams on the Narmada River. What the State fails to take into account are the infinite costs of what it terms National Development; the millions of lives affected by the devastating environmental impacts of building dams.

The World Bank had originally supported the Sardar Sarovar with a $450 million loan.However, after appointing an independent panel to review the impacts of the project the Bank withdrew support. The panel expressed much concern that the environmental and social impacts of the project had not been properly considered.The Court is one of the most formidable opponents of the NBA.It has exercised its power over the people through judgements to continue with building of dams along the river, disregarding concerns about the Damsenvironmental and social impacts.

It is unethical to choose to improve one set of population's lives while destroying another set of population. It is sad to realize that thousands of families will go through many difficult times and that they were ignored by their own country.Development banks have, over the many years, been susceptible to world pressures and ethical challenges and, as this kind of, have developed procedures for evaluating social and environmental impacts of projects and incorporating them in choice making.Eco- dharma calls for solidarity, constructive resistance, and ecologically and economically viable communities. The dissertation recommends that for a sustainable future, India must combine indigenous, appropriate, and small- or medium-scale industries as an alternative model of development in order to help reduce systemic poverty while enhancing ecological well-being.

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(iii) The Bhopal Disaster Case

Developing countries, such as India, are particularly vulnerableas they lack the infrastructure (e.g. communication, training, education etc.) required to maintain technology but arenevertheless, eager to set up and maintain industrial plants. Asa result, they compete globally to attract multinationalcompanies for their investment and capital, and in this process,often tend to ignore the safety and health violations that many MNC's engage in. "Developing countries confer upon MNC's acompetitive advantage because they offer low-cost labor, accessto markets, and lower operating costs. Once there, companieshave little incentive to minimize environmental and human risks. Lax environmental and safety regulation, inadequate capitalinvestment in safety equipment, and poor communications betweencompanies and governments compound the problem"

Bhopal is the site of the greatest industrialdisaster in history. On the night of December 23, 1984, adangerous chemical reaction occurred in the Union Carbidefactory when a large amount of water got into the MIC storagetank # 610. The leak was first detected by workers about 11:30p.m. when their eyes began to tear and burn. They informed theirsupervisor who failed to take action until it was too late. Inthat time, a large amount, about 40 tons of Methyl Isocyanate (MIC), poured out of the tank for nearly two hours and escapedinto the air, spreading within eight kilometers downwind, overthe city of nearly 900,000. Thousands of people were killed(estimates ranging as high as 4,000) in their sleep or as theyfled in terror, and hundreds of thousands remain injured oraffected (estimates range as high as 400,000) to this day. The most seriously affected areas were the densely populated shantytowns immediately surrounding the plant -- Jayaprakash Nagar, Kazi Camp, Chola Kenchi, and the Railway Colony. The victimswere almost entirely the poorest members of the population.This poisonous gas caused death and left the survivors withlingering disability and diseases. Not much is known about thefuture medical damage of MIC, but according to an internationalmedical commission, the victims suffer from serious healthproblems that are being misdiagnosed or ignored by local doctorsExposure to MIC has resulted in damage to the eyes and lungs andhas caused respiratory ailments such as chronic bronchitis andemphysema, gastrointestinal problems like hyperacidity andchronic gastritis, ophthalmic problems like chronicconjunctivitis and early cataracts, vision problems, neurologicaldisorders such as memory and motor skills, psychiatric problemsof various types including varying grades of anxiety anddepression, musculoskeletal problems and gynecological problemsamong the victims. It is estimated that children born in Bhopalafter the disaster face twice the risk of dying as do childrenelsewhere, partly because parents cannot care for themadequately. Surprisingly enough, despite the serious healthproblems and the deaths that have occurred, Union Carbide claimsthat the MIC is merely a "mild throat and ear irritant".

The Bhopal disaster was the result of a combination of legal,technological, organizational, and human errors. The immediatecause of the chemical reaction was the seepage of water

(500 liters) into the MIC storage tank. The results of this reactionwere exacerbated by the failure of containment and safetymeasures and by a complete absence of community information and emergency procedures. The long term effects were made worse bythe absence of systems to care for and compensate the victims.Furthermore, safety standards and maintenance procedures at theplant had been deteriorating and ignored for months.

This disaster gave rise to the world's largest lawsuit, one thatspanned half-way around the world and dragged on for more thanseven years. Although the final settlement ($470 million)satisfied the imperatives of the company and the Government ofIndia, it was condemned by the victims.

For years after the tragedy, the delay in delivering finalcompensation to the victims has further propagated the sufferingto the victims. Furthermore, other elements of relief ordered bythe Indian Supreme Court haven't been implemented. These are themedical surveillance program, the contingency insurance and thenew hospital. There has been much dissent and several organizations have voiced that the settlement with Union Carbide, made on behalf of the victims by the Indian government, should be voided. These petitioners argue that the Indian courthad no authority to dismiss criminal charges or grant immunityagainst future charges, to Union Carbide since pleas bargainingis not permitted under Indian law.

December 4, 1984: Warren Anderson, the chairman of Union Carbide, is among nine people arrested. But he was freed on bail of $2,000, upon a promise to return. Union Carbide is named as the 10th accused in a criminal case charged with culpable homicide

October 1991: The Supreme Court of India upholds the civil settlement of $470 million in its entirety and sets aside portion of settlement that quashed criminal prosecutions that were pending at the time of settlement. The Court also:

- Requires Government of India to purchase, out of the settlement fund, a group medical insurance policy to cover 100,000 persons who may later develop symptoms;
- Requires Government of India to make up any shortfall, however unlikely, in settlement fund;
- Gives directions concerning the administration of settlement fund;
- Dismisses all outstanding petitions seeking review of settlement; and
- Requests UCC and UCIL to voluntarily fund capital and operating costs of a hospital in Bhopal for eight years, estimated at approximately $17 million, to be built on land donated by the state government.

UCC and UCIL agree to fund the hospital, as requested.

November 1999: Several victims and survivors' organisations file an action suit against Union Carbide and its former CEO, Warren Anderson, in federal court of New York, charging Carbide with violating international human rights law, environmental law, and international criminal law.

August 2002: Charges of culpable homicide are maintained against Anderson by Indian court, which demands his extradition to stand trial.

July 19, 2004: India's Supreme Court orders the Central Bank to pay out more than 15 billion rupees, part of the original $470 million received as compensation kept in the account since 1992.

Estimates of the number dead and injured vary widely. Poordocumentation, mass burials and cremations, and conflictingmedical opinions ensure that the precise number will never beknown. In addition, death records may not include homeless andtransient individuals who perished. The original count of thedead was more than 2,000. By 1987, the official death toll stoodat about 3,500 and by 1992, it was over 4,000. Victims'organizations placed the figure many thousands higher. Inaddition, 30,000 to 40,000 people were maimed and seriouslyinjured, and 200,000 were otherwise affected through minorinjury, death of a family member, and economic and socialdislocation.

Not very much is known about the environmental impacts of the gasleak from the Bhopal plant. The Indian Council of AgriculturalResearch has issued a preliminary report on damage to crops, vegetables, animals, and fish from the accidents, but these offerfew conclusive findings since they were reported in the earlystages after the disaster. This report however, did indicate thatthe impact of whatever toxic substances emerged from the Carbideplant were highly lethal on exposed animals. Large number ofcattle (estimates range as high as 4,000), as well as dogs, cats,and birds were killed. Plant life was also severely damaged byexposure to the gas. There was also widespread defoliation oftrees, especially in low lying areas.

In mid-July 1985, the government of India Health Minister statedthat 36 pregnant women had spontaneously aborted, 21 babies wereborn with deformities, and there were 27 stillbirths, allsuspected to have been caused by the poison gas leak in Bhopal.An examination of 114 women in the field clinics in two of thegas affected slums in Bhopal three months after the disasterrevealed that an extremely high proportion of these women haddeveloped gynecological diseases such as leucorrhoea (90%),pelvic inflammatory disease (79%), cervical erosion and/orendocervicitis (75%), excessive menstrual bleeding since exposureto the gas (31%), and suppression of lactation (59%). Also, there were several thousand pregnant women in the communitiesthat were among the worst affected by the gas. Respiratorycomplication and the resulting hypozyia were bound to affect thefetuses as much as it did the mothers.

The ethical dilemmas of disasters, as a whole, embrace much more than direct ethical principles for research. They are present in almost all aspects of disaster management from pre-event planning until closing a mission, and leaves nobody untouched. Therefore, it will require substantial efforts to obtain enough information and facts that will substantiate, beyond any reasonable doubt, such a shift of ethical paradigms. This will not occur rapidly, but as long as the dilemmas are brought into the open, at least they will be explored.Many additional ethical dilemmas and issues will become apparentas more aspects of Disaster Medicine and Disaster Management are examined. Solutions, at best, will be difficult, since ethics, among other qualities, entail a crucial and fascinating blend of ethnic culture, religious beliefs, Human Rights, International Humanitarian Law and cost, but awareness is a beginning.

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- Charan Lal Sahu Etc. vs Union Of India and Ors on 22 December, 1989, Equivalent citations: 1990 AIR 1480, 1989 SCR Supl. (2) 597
- Abhishek Malviyavs Addl. Welfare Commissioner And ... on 5 February, 2001

(iv) Shriram Fertilizer Case

Public Interest Litigation was filed requesting the courts to lay down the norms for determining the liability of enterprises engaged in the manufacture and sale of hazardous products and the closure of 'Shriram' on the ground that it was hazardous to the community. On the 4th of December, 1985, a major leakage of Oleum gas took place from one of the units within the plant, Two days later, on the 6th of December 1985, another leakage took place although a minor one when Oleum gas leaked out again from the joints of a pipe in the plant. Persons affected by the gas leak were nearly 2 lakh people within a three kilometer radius. The court observed Shriram had been negligent in the operation and maintenance of the caustic chlorine plant and did not take the necessary measures for improving the design and quality of the plant.

In India, industrialization took place without due consideration of its impact on the environment which was degrading day after day due to the non-implementation of precautionary measures and proper management of disposal methods. Thus environmental protection becomes mandatory for Organisation's Ethical Practice. The slow contamination of air due to environmental pollution amounts to a violation of the fundamental right of right to life. In fact, the right to-life Guaranteed in Article 21 of the Constitution embraces the protection and preservation of nature's gifts without which life cannot be enjoyed.

In cases of industry related environmental pollution by ways of gas leakage or by discharging untreated industrial effluents into water bodies, the court has opined that "If an industry is established without obtaining the requisite Permission and clearances and if the industry continued to be run in blatant disregard of citizens living in the vicinity, this court has the power to intervene and protect the fundamental right to life and liberty of the citizens of the country." The Bhopal Gas tragedy is a live example of the dangerous consequences of industrial gas pollution. Nearly 40 tons of toxic methyl isocyanides (MIC) gas escaped into the atmosphere on the night of December 3rd 1984 causing the death of nearly 3500 people who lived in the vicinity and approximately 2lac people were affected by the disaster. The Supreme Court held that the right to life and liberty included Pollution free environment guaranteed under Article 21.The Fundamental Duties under Article 48A and 51A (g) were also referred to in this decision. The court ordered the Union carbide corporation to pay compensation amounting to us$ 470 million. A similar approach was adopted in the Shriram food fertilizer (Oleum gas leak) case which occurred as if on cue exactly a year later on 4th December 1985 when Oleum gas leaked out of its caustic chlorine plant.

The directive principles of state policy (DPSP) which act as guidelines for the state explicitly mention the duty to protect the environment through article 48A and by means of fundamental duties enshrined in article 51A (g). Article 48A proclaims that the state shall endeavor to protect and improve the environment and to safeguard the forests and wild life of the country.

Instead of showing the myriad ways that business, ethics, and environmentalism conflict and lead to impossible choices, it is more useful to ask, "How is it possible to put these ideas together?"In today's world, all three issues require serious consideration. Organisations need follow a proper Code of Ethics and must continue to create value for their financiers and other stakeholders. Business leaders can no longer afford the ethical missteps that led to the epidemic of scandals in the last decade. Most of the methods, concepts, ideas, theories, and techniques used in business do not put business, ethics, and the environment together. Neither ethics nor regard for natural systems is typically central to the way we think about business. Business language often is oriented toward seeing a conflict between business and ethics. Profits are routinely juxtaposed with doing the right thing, as if making an ethical decision means profits must be reduced. Sometimes difficult choices which distribute harms and benefits to communities and employees are qualified as "business decisions," signaling that business and ethics are not compatible.

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Abbreviation

BBC:	British Broadcast Channel
BERC:	Business Ethics Research Centre
CSR:	Corporate Social Responsibilities
CPSE:	Corporate Public Sector Enterprise
CII:	Confederation of Indian Industry
CORE:	Corporate Responsibilities
CSER:	Corporate Social Environmental Responsibilities
CoE :	Code of Ethics
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
DII:	Defense Industry Initiative
EBEN :	European Business Ethics Network
ESG:	Environmental Social and Governance
FICCI:	Federation of Indian Chambers of Commerce and Industry
GRI:	Global Reporting Initiative
GM:	General Manager
GMS:	General Meeting of Shareholders
HRC:	Human Rights Commission
HRW:	Human Rights Watch
ICESCR:	International Covenant for Economic Social and Cultural Rights
IDTF:	Integrated Drafting Task Force
ILO:	International Labour Organization
ICCPR:	International Covenant for Civil and Political Rights
ISO:	Indian Standard Organization
ICESR:	International Covenant for Economic and Social Rights
IBM:	Indian Business Machine
LPG:	Liberalization Privatization and Globalization
MNC:	Multi National Company
NHRC:	National Human Rights Commission
NHRI:	National Human Rights Institution
NGO:	Non-Government Organization
OECD:	Organization for Economic Co-operation and Development
PSU:	Public Sector Unit
PAT:	Profit After Tax
R&R:	Relocation & Rehabilitation
SCOPE:	Standing Council of Public Enterprise
SSRO:	Service Support Research and Others
TEPCO:	Tokyo Electro Power Corporation
TMB:	Treaty Monitoring Bodies
TNC:	Trans National Corporation

UN:	United Nation
US:	United States
UDHR:	Universal Declaration of Human Rights
UK:	United Kingdom
VP:	Vice President
WTO:	World Trade Organization

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