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NVG PRINCIPLES OF TATA STEEL GROUP

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NVG Principles of Tata Steel Group

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Abstract – The Guidelines presented herein are a refinement over the Corporate Social Responsibility Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs in December 2009. Significant inputs, received from diverse stakeholder groups across the country have been duly considered, and based on these inputs; appropriate changes have been made in the original draft Guidelines produced by the Guidelines Drafting Committee. This document therefore represents the consolidated perspective of vital stakeholders in India, and accordingly lays down the basic requirements for businesses to function responsibly, thereby ensuring a wholesome and inclusive process of economic growth.

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Mandate and process: These Guidelines have been developed through an extensive consultative process by a Guidelines Drafting Committee (GDC) comprising competent and experienced professionals representing different stakeholder groups. The GDC was appointed by the Indian Institute of Corporate Affairs (IICA) with a clear brief that the Guidelines must provide a distinctively 'Indian' approach, which will enable businesses to balance and work through the many unique requirements of our land. The process that was followed in developing these Guidelines relied heavily upon developing a consensus on various ideas that emerged from various stakeholder groups. Leading trade and industry chambers, who were represented in the GDC as well as actively engaged in the consultative process, have been key partners in the development of this consensus.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The principle recognizes that ethical conduct in all its functions and processes is the cornerstone of responsible business. The principle acknowledges that business decisions and actions, including those required to operationalize the principles in these Guidelines should be amenable to disclosure and be visible to relevant stakeholders. The principle emphasizes that businesses should inform all relevant stakeholders of the operating risks and address and redress the issues raised. The principle recognizes that the behavior, decision making styles and actions of the leadership of the business establishes a culture of integrity and ethics throughout the enterprise.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The principle emphasizes that in order to function effectively and profitably, businesses should work to

improve the quality of life of people. The principle recognizes that all stages of the product life cycle, right from design to final disposal of the goods and services after use, have an impact on society and the environment. Responsible businesses, therefore, should engineer value in their goods and services by keeping in mind these impacts. The principle, while appreciating that businesses are increasingly aware of the need to be internally efficient and responsible, exhorts them to extend their processes to cover the entire value chain – from sourcing of raw materials or process inputs to distribution and disposal.

Principle 3: Businesses should promote the wellbeing of all employees

The principle encompasses all policies and practices relating to the dignity and wellbeing of employees engaged within a business or in its value chain. The principle extends to all categories of employees engaged in activities contributing to the business, within or outside of its boundaries and covers work performed by individuals, including sub-contracted and home based work.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The principle recognizes that businesses have a responsibility to think and act beyond the interests of its shareholders to include all their stakeholders. The Principle, while appreciating that all stakeholders are not equally influential or aware, encourages businesses to proactively engage with and respond to those that are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights

The principle recognizes that human rights are the codification and agreement of what it means to treat others with dignity and respect. Over the decades, these have evolved under the headings of civil, political, economic, cultural and social rights. This holistic and widely agreed nature of human rights offers a practical and legitimate framework for business leaders seeking to manage risks, seize business opportunities and compete in a responsible fashion. The principle imbibes its spirit from the Constitution of India, which through its provisions of Fundamental Rights and Directive Principles of State Policy, enshrines the achievement of human rights for all its citizens. In addition, the principle is in consonance with the Universal Declaration of Human Rights, in the formation of which, India played an active role. The principle takes into account the “Corporate Responsibility to Respect Human Rights”, as referred in the United Nations “Protect, Respect, Remedy” Framework.

Principle 6: Business should respect, protect, and make efforts to restore the environment

The principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well being of society. The principle emphasizes that environmental issues are interconnected at the local, regional and global levels which makes it imperative for businesses to address issues such as global warming, biodiversity conservation and climate change in a comprehensive and systematic manner. The principle encourages businesses to understand and be accountable for direct and indirect environmental impacts of their operations, products and services and to strive to make them more environments friendly. The Principle urges businesses to follow the precautionary principle and not go ahead with a particular action if it is unsure of its adverse impacts.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The principle recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries. The principle acknowledges that in a democratic set-up, such legal frameworks are developed in a collaborative manner with participation of all the stakeholders, including businesses. The principle, in that context, recognizes the right of businesses to engage with the Government for redressal of a grievance or for influencing public policy and public opinion. The principle emphasizes that policy advocacy must expand public good rather than diminish it or make it available to a select few.

Principle 8: Businesses should support inclusive growth and equitable development

The principle recognizes the challenges of social and economic development faced by India and builds upon the development agenda that has been articulated in the government policies and priorities. The principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country, especially to that of the disadvantaged, vulnerable and marginalized sections of society. The principle also emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda. The principle reiterates that business prosperity and inclusive growth and equitable development are interdependent.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

This principle is based on the fact that the basic aim of a business entity is to provide goods and services to its customers in a manner that creates value for both. The principle acknowledges that no business entity can exist or survive in the absence of its customers. The principle recognizes that customers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available goods that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their customers. The principle also recognizes that businesses have an obligation to mitigating the long term adverse impacts that excessive consumption may have on the overall well-being of individuals, society and our planet.

NVG PRINCIPLES OF TATA STEEL GROUP

Since its inception, the Tata Steel Group has laid extreme emphasis on transparency, ethics and care for the community. The National Voluntary Guidelines (NVG) re-inforce the Company's belief in the stated principles and help maintain its focus

.PRINCIPLE 1: Ethics, Transparency and Accountability

The Tata Code of Conduct (TCoC) encapsulates the ethical practices followed by all Tata Group companies for over a century. These guidelines – repeatedly and continuously reaffirmed – has led to Tata Steel being ranked, once again, among the “World's Most Ethical Companies” in 2013 by the Ethisphere Institute. All employees, suppliers, vendors, contractors and their work forces, partners and joint ventures are expected to adopt TCoC or a joint code of conduct incorporating all elements of the TCoC. The Management of Business Ethics stands on the four-pillar concept of Leadership, communication and Awareness; Compliance structure; and Evaluation of Effectiveness. To improve the implementation of the TCoC, the Company has adopted various policies like the Gift Policy, Whistle Blower Policy, Sexual Harassment Prevention and Redressal Guidelines, etc. Tata Steel

has a zero tolerance policy towards corruption or violations of the TCoC. All officers have to submit a Conflict of Interest declaration (COI).

PRINCIPLE 2 Maximising the sustainability of goods and services throughout their lifecycle

The Company places great emphasis on making products and processes more efficient and sustainable. The Company's technology Roadmap identifies projects aimed at increasing the yield of high quality raw materials while effecting reductions in energy use and emissions. Making extensive use of life cycle assessment, the Company advises customers at the design stage of their products made from steel to help minimize energy usage. Tata Steel in Europe has invested significantly in the development of life cycle assessment models for many sectors. Developments in the automobile sector are driven by fuel efficiency, eco-friendliness, safety and cost. High strength steel makes automobiles safer and reduces the weight of vehicles thus reducing steel consumption, achieving greater fuel efficiency due to the lighter weight of the car and reducing carbon emissions throughout the value chain. NatSteel's Singapore plant processes and recycles ferrous scrap materials, in one of the world's most energy efficient Electric Arc Furnace, into high quality steel products used in the building and construction industry.

PRINCIPLE 3 Enriching the quality of life of employees and maximizing their potential

The Company believes that healthy employee unions, consultative and collective bargaining forums, platforms for employee participation and grievance redressal mechanisms secure employee well-being and industrial harmony. The core principles enshrined in its Human Resources Policy, and now applied across the Tata Steel Group worldwide, are: equality of opportunity, continuing personal development, fairness, mutual trust and teamwork. The Company conducts employee engagement surveys through expert agencies to identify areas to improve upon towards building a motivated and productive workforce. Both Tata Steel and NatSteel received the World Steel Safety & Health Excellence Recognition Award 2012 for positively embracing the safety and health principles of the World

Steel Association Tata Steel encourages its employees to priorities between work and a satisfying, enriching life. Based on the results of an Employee Happiness Survey, the Company focused on improvements in employee housing, services at its hospitals, canteens as well as other amenities. Several initiatives for women have promoted their work-life balance.

PRINCIPLE 4 Inclusive growths through stakeholder engagement

The Company's value creation process encompasses the interest of all its stakeholders. It believes in fostering relationships built on trust, mutual respect, open and credible communication with various stakeholders like customers, suppliers, vendors, employees, communities, investors, governmental bodies, media, etc. Various stakeholder facing departments exist to take the engagement forward by identifying issues and opportunities. The senior and top management also participate in these interactions as per well laid out engagement plans. The interests of rural communities where the Company operates, which are among the least developed regions of the country, are served through multiple agencies with well-defined objectives. Their purpose is to enhance the quality of life of people through interventions in health, education, agriculture, skills development, self-help groups and ethnicity. To foster greater social cohesion among communities for a sustainable society, the Company brings together community committee members and local opinion leaders with the management through structured mechanisms that encourage joint efforts to resolve local problems. The Company has created a Grievance Redressal Group to conduct third-party social audits of its Rehabilitation and Resettlement measures by an eminent group of people.

PRINCIPLE 5 Businesses should respect and promote human rights

Tata Steel believes that embedding respect for the human rights of stakeholders across its operations is central to creating a positive impact on the community it serves. Therefore, all constituent units of the Company accord the highest value to human rights, endorsing their universal, inalienable and incontrovertible nature. The Company also aims to guarantee equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and different ability status. Deployment of the Tata Code of Conduct through a formal structure for the Management of Business Ethics and auditable frameworks such as SA 8000 allow for widespread understanding of the applicability of human rights in business operations, including its supply chain. The Company's Corporate Social Responsibility & Accountability Policy, Human Resource Policy, Affirmative Action Policy, Sustainability Policy, Sexual Harassment Policy, Responsible Procurement Policy and vendor management process are aimed at perpetuating and promoting norms that reflect the commitment of the Company to ensure Human Rights for all stakeholders

PRINCIPLE 6 Protecting the Environment

Over the years, the Company has invested in initiatives that proactively nurture the environment. Various divisions of the Company across the world have each contributed to this effort. By-products of the steel making processes are not always easily recyclable – and thus the Company invests substantially in R&D efforts to enhance yield and maximize utilization of raw material. Reduce, reuse and recycle is the mantra that the Tata Steel Group follows. A key focus is the reduction of CO₂. Across all facilities of the Company, targeted emission parameters are monitored. All manufacturing sites have implemented Environment Management Systems. Regular audits and reviews ensure that continual improvement is achieved and wherever required, corrective actions are taken. Programmes such as Clean Green and Safe in Singapore, Green Team in Canada, YmGreen in the Netherlands and Greenfection in India have resulted in proactive action and significant energy saving.

PRINCIPLE 7 Policy Advocacy

As India's leading corporate entity and a member of the World Steel Association, the Company's endeavor is to bring an understanding of sector-specific, local and global sustainability concerns to local and national policy making processes. The Company is a member of the Steel Manufacturing, Mining and Environment committees of the Confederation of Indian Industries and the Federation of Indian Chambers of Commerce and Industry, as well as an executive committee member of the Federation of Indian Mineral Industries. The Company is listed among the "World's Most Ethical Companies". With a strong belief in sustainable progress, the Company has made suggestions to the Government of India to put into place certain procedures to aid in the area of Environmental Clearances, Mining issues and Policy Legislation. NatSteel, Singapore regularly engages with key government stakeholders to foster better relations and positively influence the construction industry.

PRINCIPLE 8 Inclusive Growth and equitable development

The operational areas of the Company in the states of Jharkhand and Odisha are plagued by poor social infrastructure for health services, education, roads, electricity and other basic amenities. The Tata Steel Rural Development Society and Tribal Cultural Society undertake development interventions in consultation with the community to complement the efforts of local government agencies. The thrust areas for the Company are education, sustainable livelihood – especially skill development and employability training – and health care, all of which are an element of the Human Development Index, a quality of life indicator. The Company's initiatives touched nearly 2 million lives last year. The Company's range of interventions encompassed infrastructure support to rural and urban

schools through scholarships and coaching classes as well as incentives like free mid-day meals to encourage attendance form part of its key thrust area for improving the quality of life. NatSteel, Singapore operations span several countries. It is actively involved in community work and corporate philanthropy through its "Building beyond Borders" programme

PRINCIPLE 9 Value to customers

Value creation is the process of going beyond meeting the customer's basic needs. The Company at its various geographies has developed a wide range of products that add value at multiple levels. The Indian and European operations have been working on developing further higher strength steels for more fuel efficient automobiles and efficient steel usage in construction. The Company also develops products which reduce the environmental impact during processing at its downstream industries. Tata Shakti, a flat product brand from the Company, introduced 'Roof Junction' – a solution to ameliorate problems caused by improper fixing resulting in rainwater leakage and subsequent rusting. Responsible Architectural Initiatives and Structural Engineering (RAISE) drive responsible construction practices. Build WISE offers individual home builders 'Supervisory Services' and the support of Customer Service.

CONCLUSION-

The importance of businesses in improving the quality of life is well recognized. However, there is growing awareness that in an increasingly complex world, businesses also have significant and long-lasting impacts on people, our planet and our ability to sustain the levels of holistic development that we all aspire to. This realization has also brought an increasing concern amongst all stakeholders, who are demanding that businesses of all types and sizes need to function with fairness and responsibility. Specifically, this calls for businesses being thoroughly aware and conscious of their social, environmental and economic responsibilities, and balance these different considerations in an ethical manner. The Guidelines emphasize that businesses have to endeavor to become responsible actors in society, so that their every action leads to sustainable growth and economic development. Accordingly, the Guidelines use the terms 'Responsible Business' instead of Corporate Social Responsibility (CSR) as the term Responsible Business' encompasses the limited scope and understanding of the term CSR.

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