Putting Values and Ethics into Practice in NatSteel
By Mr Chuah Yak Ngi

Incorporated in 1961, NatSteel Pte Ltd was a leading Pan-Asian company that delivered reinforcement steel products and solutions for the construction industry. In 2005, it was partially acquired by the Tata Group, though its brand name was retained. Similar to the SAF, values and ethics anchor the decisions Natsteel employees make in their line of work, and this can be attributed to the Tata Code of Conduct (TCoC), a unified code of conduct that employees from both Tata Steel (one of the 7 major companies in the Tata Group) and NatSteel adhere to.

THE TATA CODE OF CONDUCT (TCoC)

Mr Chuah explained that a unified code of conduct like the TCoC is essential in such a big enterprise like the Tata Group. To him, values and ethics are not just an abstract description of ideal behaviour but are integral to the Tata brand, as they foster trust and goodwill among shareholders, employees, partners and the wider community. Mr Chuah elaborated further that the key to successfully incorporate values and ethics in any organisation is to manage any form of wrong-doing firmly and effectively.

The TCoC, established in 1998, was designed to:

- Uphold the highest standards of corporate and personal conduct;
- Guide and support decision-making;
- Deter wrong-doings, promote honest and ethical conduct, ensuring compliance with laws, rule, and regulations;
- Promote a unifying sense of values across the Tata Group;
- Encourage and govern prompt internal reporting of potential violations and ensure accountability.

6 Before its acquisition by Tata Steel, NatSteel had operations spanning across the region, with an annual steel production capacity of over 2 million tonnes. Natsteel has since received several awards and accolades in the areas of green practices, work-life harmony and efficient processes.

7 Tata Group is an Indian multinational conglomerate company that encompasses seven business sectors: communications and information technology, engineering, materials, services, energy, consumer products and chemicals. The major Tata companies are Tata Steel, Tata Motors, Tata Consultancy Services (TCS), Tata Power, Tata Chemicals, Tata Global Beverages, Tata Teleservices, Titan Industries, Tata Communications and Taj Hotels.
THE MANAGEMENT OF BUSINESS ETHICS FRAMEWORK

• In addition to the TCoC, the Tata Group set up a Management of Business Ethics (MBE) framework to ensure compliance and fair application of its code of conduct to all its employees. The framework also seeks to guide its leaders and ethics counsellors in ensuring that the main principles (values and ethics) of its code of conduct are practiced by all employees in the group. As a result, these leaders and ethics counsellors have to prepare a MBE plan as part of their Annual Business Plan (ABP) exercise, focusing on what is known as the MBE’s “4 pillars”:

(1) Leadership

• Is there an environment conducive for ethical conduct?
• Is there a direction in implementing the MBE plan?
• Has the plan been periodically reviewed and communicated to staff?
• Is the MBE plan an integral part of the ABP

(2) Implementation and Compliance Structure

• What are the roles of leadership in guiding and driving ethical conduct?
• What is the structure of facilitating ethical conduct?
• How can stakeholders participate?

(3) Communication and Training

• Are there relevant training courses and materials to help ethical conduct?
• Can the participants understand the various resources available to help them in their ethical conduct?

(4) Measurement

• What methods are used to evaluate the results of the structure, training, and communication of ethical conduct?
• What are the results?
• What follow-up actions are used in response to the results?

THE TCoC and MBE PLAN ARE VERY IMPORTANT TO NATSTEEL

• Mr Chuah concluded by emphasising the importance of the TCoC and MBE plan to Natsteel — both receive high-level support and representation at top level meetings. For example, the Group Chairman personally conducts meetings with ethics counsellors to understand the ethical dilemmas ground-level employees face, while the Chief Ethics Officer, who is also the head of ethics development, is a member of the Group Executive
Regular reviews are also conducted through monthly teleconferences, benchmarking across the group, as well as other forms of smaller reports to continually ensure that the TCoC is properly implemented and up to date.

**SHOULD ETHICS DEVELOPMENT BE INSTITUTIONALISED?**

- The two previous presentations focused on the importance of human resource (HR) management in inculcating values and ethics in an organisation. However, another component that is equally important is the institution itself — institutionalised support from the top level management is vital.

- Ethics management in Tata Steel is done differently from many other organisations. Rather than relying solely on manuals and seminars, new roles and managerial positions were created to manage and implement ethics, and mandatory annual plans for ethics development were instituted. This could be a model for the public service to study in greater detail should they wish to invest in the ethical development of its officers.

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*Chuah Yak Ngi* is Chief Ethics Counsellor (CEC) of NatSteel Holding. He is also concurrently the Head of its Group Internal Audit. In his role as CEC, he supports the implementation of the Management of Business Ethics framework which includes promoting/implementing the Tata Code of Conduct (TCoC), developing policies/guidelines to address potential ethical issues, ensuring the presence of trained personnel to support the counselling needs of stakeholders, and receiving reports on TCoC violations while facilitating objective investigations and ensuring timely resolution (whistle blower scheme). He holds a Bachelor of Computer Science, a Master of Business Administration and is also a Chartered Accountant (ISCA).

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The Group Executive Council makes strategic decisions for the whole Tata Group. Since the Chief Ethics Officer is a member of this council, this shows the importance and level of commitment Tata places on ethics development.