BUSINESS ETHICS AND SOCIAL SUSTAINABILITY

Break-out session

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ANTI-TRUST

Regarding your company's and/or your competitors' product and services, **it is forbidden**:

- To discuss current or future prices or supply conditions.
- To discuss any increase or decrease in price or change of supply conditions.
- To discuss pricing procedures.
- To discuss standardizing or stabilizing prices or commercial supply conditions.
- To discuss current or future demand.
- To ask competitors why a previous bid was so low, or to describe the basis for a previous bid.
- To discuss profit levels.
- To discuss controlling sales or allocating markets for any product.
- To discuss future design or marketing strategies.
- To discuss credit terms.
- To discuss banning or otherwise restricting legitimate advertising by competitors.
- To discuss allocating customers.
- To discuss volumes.
- To discuss any other subject likely to restrict competition.

Regarding your company's and/or your competitors' selection of their supplier companies, **it is in particular forbidden:**

- To disclose or discuss the identity of suppliers if this identity is a competitively sensitive information.
- To discuss any boycotting of a company because of its pricing or distribution practices.
- To discuss strategies or plans to award business or remove business from a specific company.
- To discuss prices, margins, payment terms, volumes, markets, customers or marketing strategies of suppliers with competitors.

Regarding your company's and/or competitors' trade secrets, **it is forbidden**:

- To discuss trade secrets or confidential information of your company or any other member

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CHATHAM HOUSE RULES

Please also keep in mind

- Participants attending the training **may discuss the details** of the discussion in the **outside world**, but **may not discuss who attended or identify what a specific individual said**
- Provides anonymity to speakers and encourages sharing of information;
- Used throughout the world;
- Allows people to speak as individuals, and to express views that may not be those of their organizations;
- Encourages free discussion

AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

10:50 – 11:15	**Introduction Break-out session – Day 1**
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INTRODUCTION

Expectations towards the industry: Guiding Principles

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THE GUIDING PRINCIPLES

Business Ethics

Companies are expected to uphold the highest standards of integrity and to ***operate honestly and equitably*** throughout the supply chain in accordance with local laws.

BMW GROUP · DAIMLER · FCA · Ford · GM · HONDA · JAGUAR · Land Rover · NISSAN · SCANIA · TOYOTA · VOLKSWAGEN · VOLVO · VOLVO

Environment

Companies are expected to support a proactive approach to environmental responsibility by protecting the environment, conserving natural resources and reducing the environmental footprint of their production, products and services throughout their life cycle.

A comprehensive approach includes but is not limited to:

- **Energy Consumption & Greenhouse Gas Emissions:** Companies are expected to implement a comprehensive energy reduction strategy and management program while increasing use of renewable energy.
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- **Responsible Chemical Management:** Companies are expected to identify, minimize/minimize or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance. Companies should also be aware of any use of reportable substances in processes and finished products, and actively investigate suitable substitutes.

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- **Health & Safety:** Companies should provide workers a safe and healthy working environment that meets or exceeds applicable local laws and industry standards for safety and occupational health.
- **Harassment:** Companies should provide a work place free of harassment against workers in any form.
- **Non-Discrimination:** Companies should not tolerate any form of discrimination in respect of employment and occupation and should provide equal employment opportunities regardless of worker or applicant characteristics such as race, color/colour, age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union association, covered veteran status, genetic information or marital status.

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THE PRACTICAL GUIDANCE

Business Ethics - A comprehensive approach includes but is not limited to:

Responsible Sourcing of Materials

Anti-Corruption, Financial Responsibility/Accurate Records, Disclosure of Information

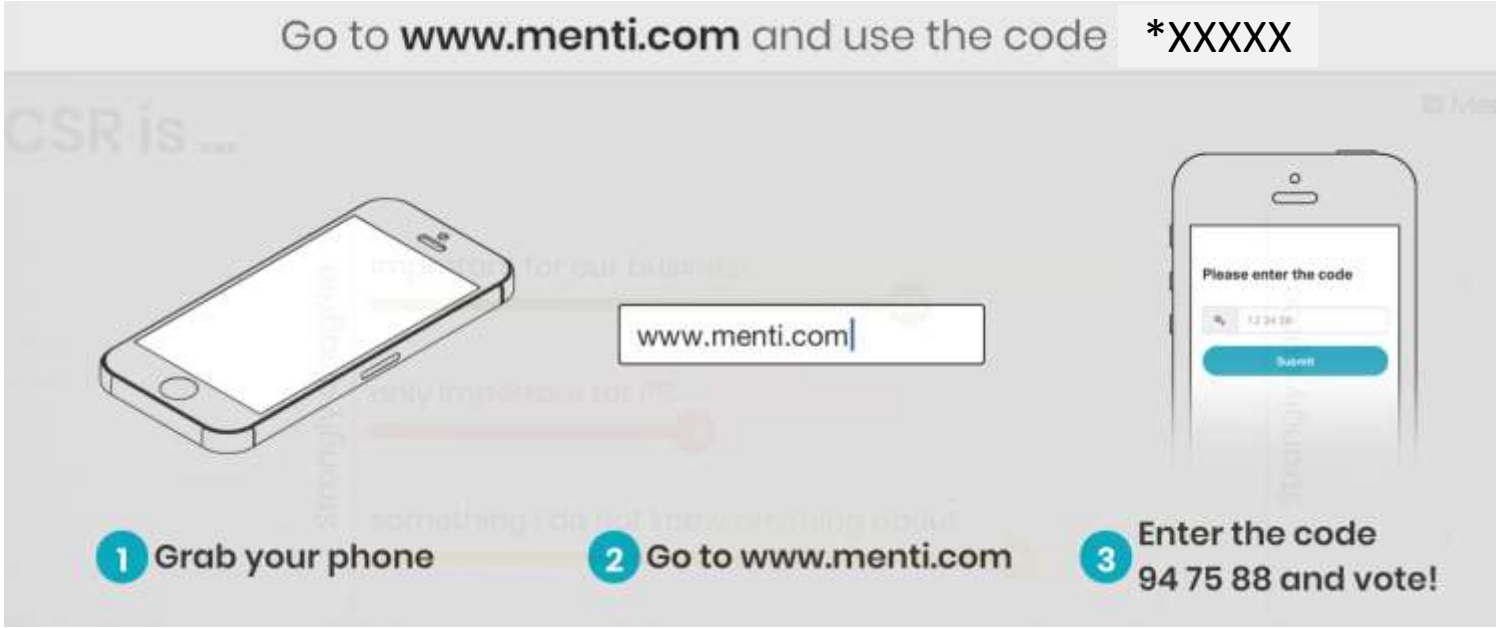
Protection of personal data and Identity, Non-Retaliation

Fair Competition/Anti-Trust, Conflicts of Interest, Export Controls and Economic Sanctions

Counterfeit Parts, Intellectual Property

POLLING EXERCISE

On which topic of the Guiding Principles/Practical Guidance would you like to receive more information?



*Code to be shared with the participants during the session

ANTI-CORRUPTION

What is corruption?

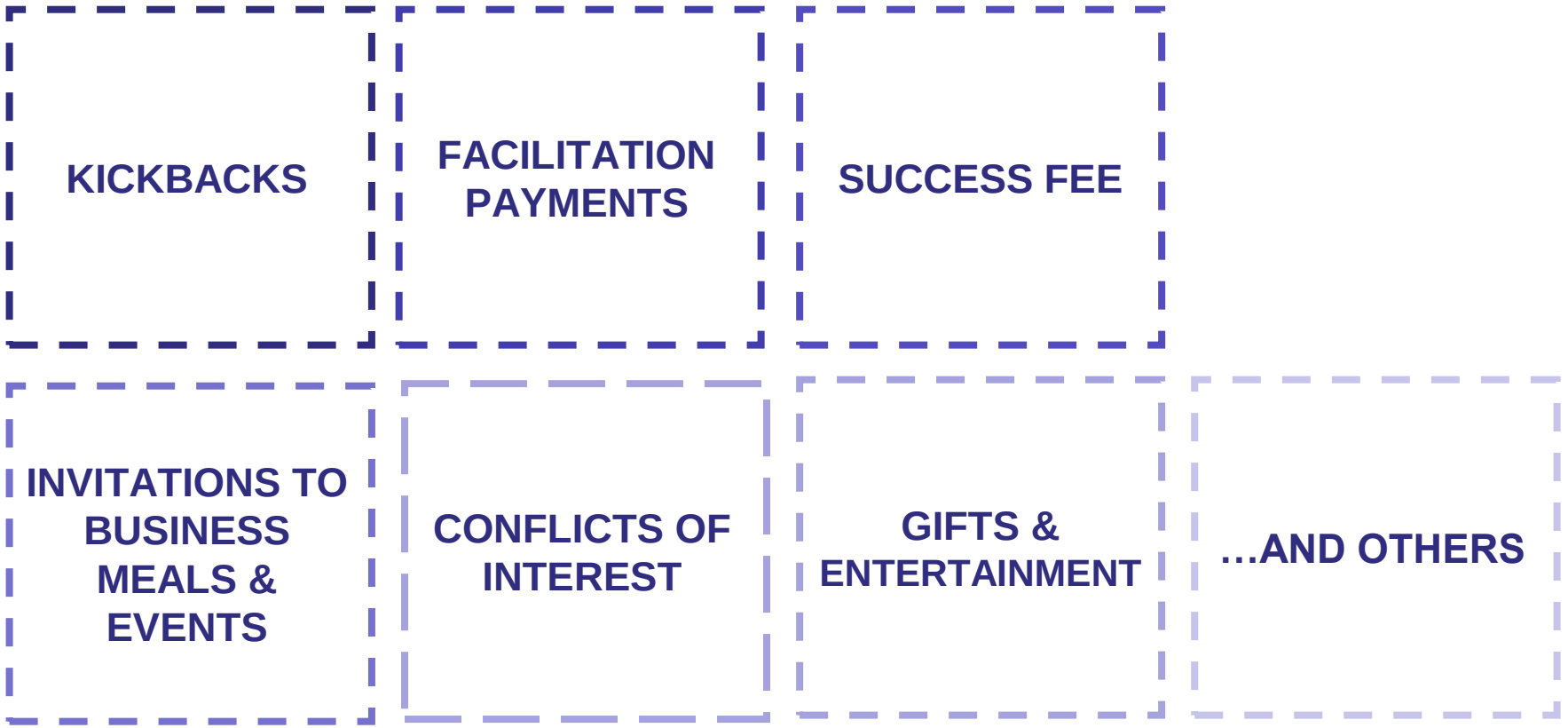
Corruption is a criminal offense!

- Corruption is defined as the **abuse of entrusted power for private gain**
- Corruption does not only relate to **public officials,** but also to giving and receiving bribes in **commercial practice**
- Corruption is **illegal worldwide**

ANTI-CORRUPTION

Corruption can appear in different forms

Some of the forms are:

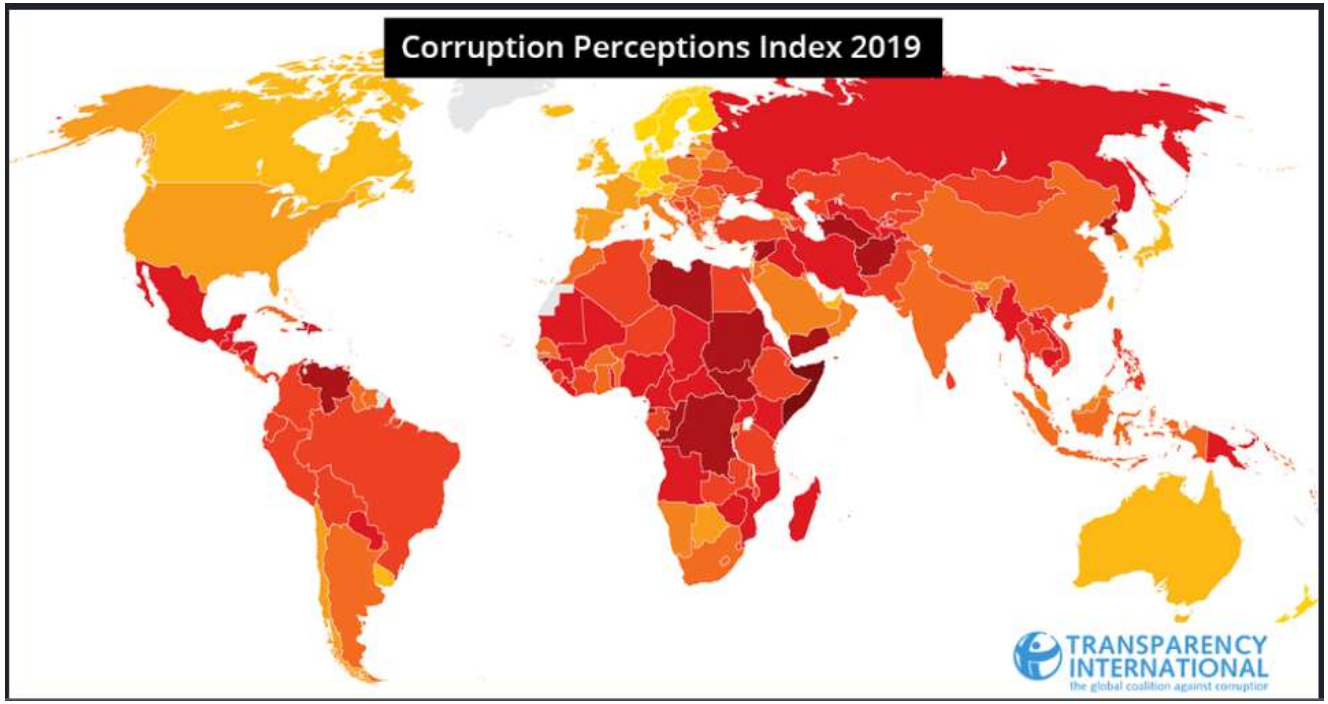


ANTI-CORRUPTION

Conducting business in some countries may have increased compliance risks

- More than 2/3 of countries score below 50 on this year´s CPI
- In particular, growth markets show below average scores
- This fact reveals the continued failure of most countries to significantly control corruption

Worldwide business – worldwide corruption risks[1]

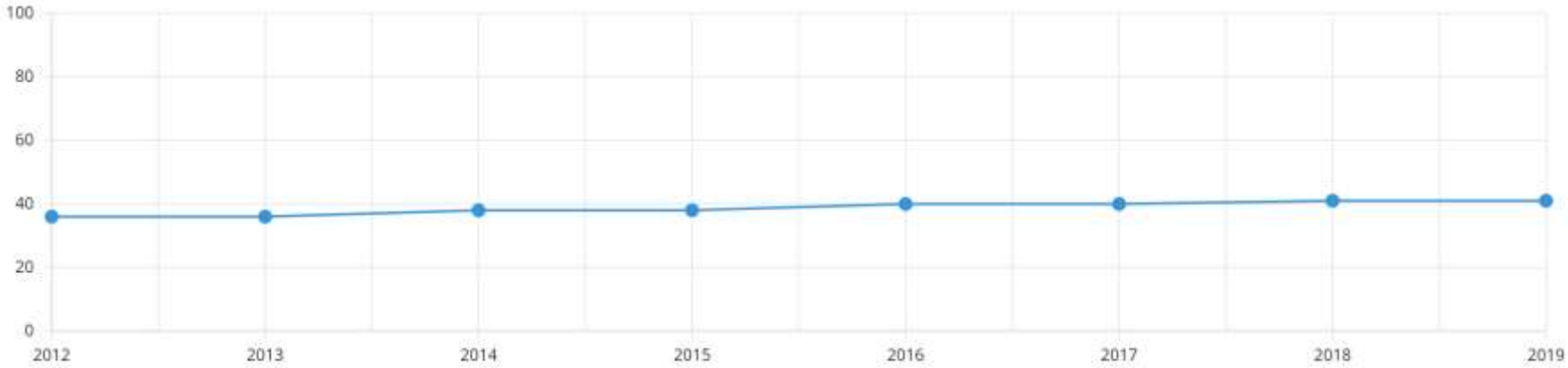


- The CPI scores 180 countries and territories by their perceived levels of public sector corruption, according to experts and business people.
- 100 is very clean and 0 is highly corrupt

Source: https://www.transparency.org/en/cpi/2019/results

ANTI-CORRUPTION

Overview of India



Rank	Score	Places change
80/198	41/100	-2

India has slipped two spots to number 80 in the Corruption Perceptions Index (CPI), with its score remaining the same at 41

In India, unfair and opaque political financing, undue influence in decision-making and lobbying by powerful corporate interest groups, has resulted in stagnation or decline in the control of corruption

Source: https://www.transparency.org/en/cpi/2019/results/ind

Anti-corruption

What are potential warning signals (“Red Flags”) for Business Partners?

Excessive commissions to agents or consultants

Refusal to accept compliance provisions in contracts

Consultants **without relevant experience**

Third parties that are **shell companies**

Third parties related to or closely associated **with foreign official**

Excessive discounts to distributors

ANTI-CORRUPTION

Dealing with Public Officials

Be sensitive when dealing with public officials

It is not permitted to offer or accept gifts, entertainment, invitations or anything else of value which can be or appear to be any form of a bribe to or from the public officials.

PUBLIC OFFICIALS (GOVERNMENT AND ELECTED) ARE ESPECIALLY:

- ❑ Employees acting in an official capacity for or on behalf of a government agency or entity e.g. judges, mayors, district councils, minister, sport soldiers,…
- ❑ Employees of public institutions: journalists from public sector, universities, etc.
- ❑ Employees of companies with the state as major stake holder

Compliance Management System

How can I set up a policy/code of ethics?

Preparation

- Consider mission, values, vision of the company
- Define the place and the role of the code
- Prepare benchmarks
- Research of norms and legislation

Execution

- Consult internally with the relevant departments, e.g. HR, compliance officer, in certain cases perhaps the CEO
- Stakeholder feedback
- Contact communication to discuss the layout of the code and the communications strategy
- Escalate the document and the ideas to the necessary decision-making fora

Implementation

- With the approval of the board, create the final policy/code
- Start communication within the company. Trainings, e-learnings are common ways to roll-out such an instruments and don’t forget refresher trainings.

Approval on establishing the policy/code

Approval on the policy/code

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Codes of Conduct

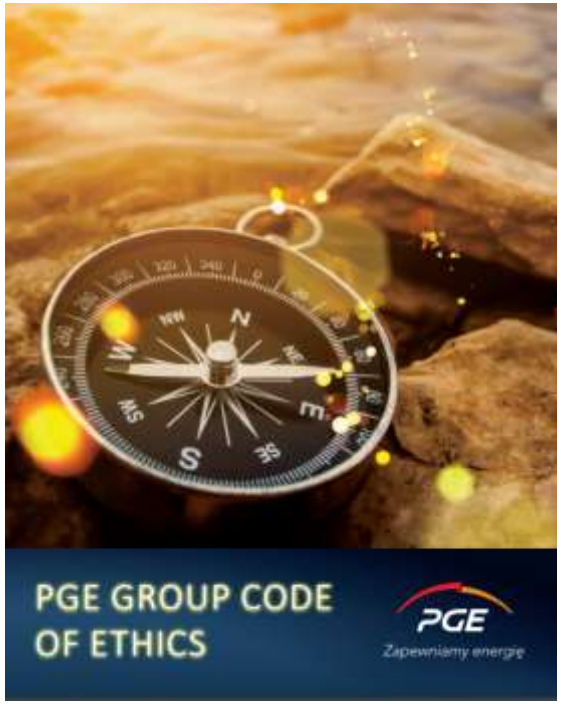
How can I set up a policy/code of ethics?

Issue:

- Unethical business conduct is a reputational and operation risk for PGE Group
- Proactive actions needed to minimize corruption and human rights related risks

Solution:

- This code of ethics is a collection of PGE Group's values and principles.
- The Code defines PGE Group's fundamental ethical values and standards that are expected of employees, including the management.
- Every employee of PGE Group is required to know the Code and respect the values and principles referred to therein.
- PGE Group's Code of Ethics governs the way in which violations and non-observance of these binding values and principles are to be reported.



Results:

- Clear and user-friendly code of conduct published in 2016
- Good awareness of ethics at executive level and at lower levels

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Compliance Management System

A good compliance management system is key in curbing corruption!

How can I set up appropriate and risk-based Compliance structures?

Implementation

1. Compliance **Organization**
2. Compliance **Risk Assessment/Ongoing Monitoring**
3. **Code of Conduct**
4. Compliance **Business Partner Due Diligence**
5. **Whistleblower System, Investigation and Sanction Processes**
6. **Board Oversight** of Compliance and Risk Issues

Whilst the following elements can be considered for the design of own Compliance structures,

- the specific design and content of the Compliance elements and
- their individual significance within the Compliance structures

is determined and implemented by the operational management of the company through its own responsibility and based on its individual risk analysis

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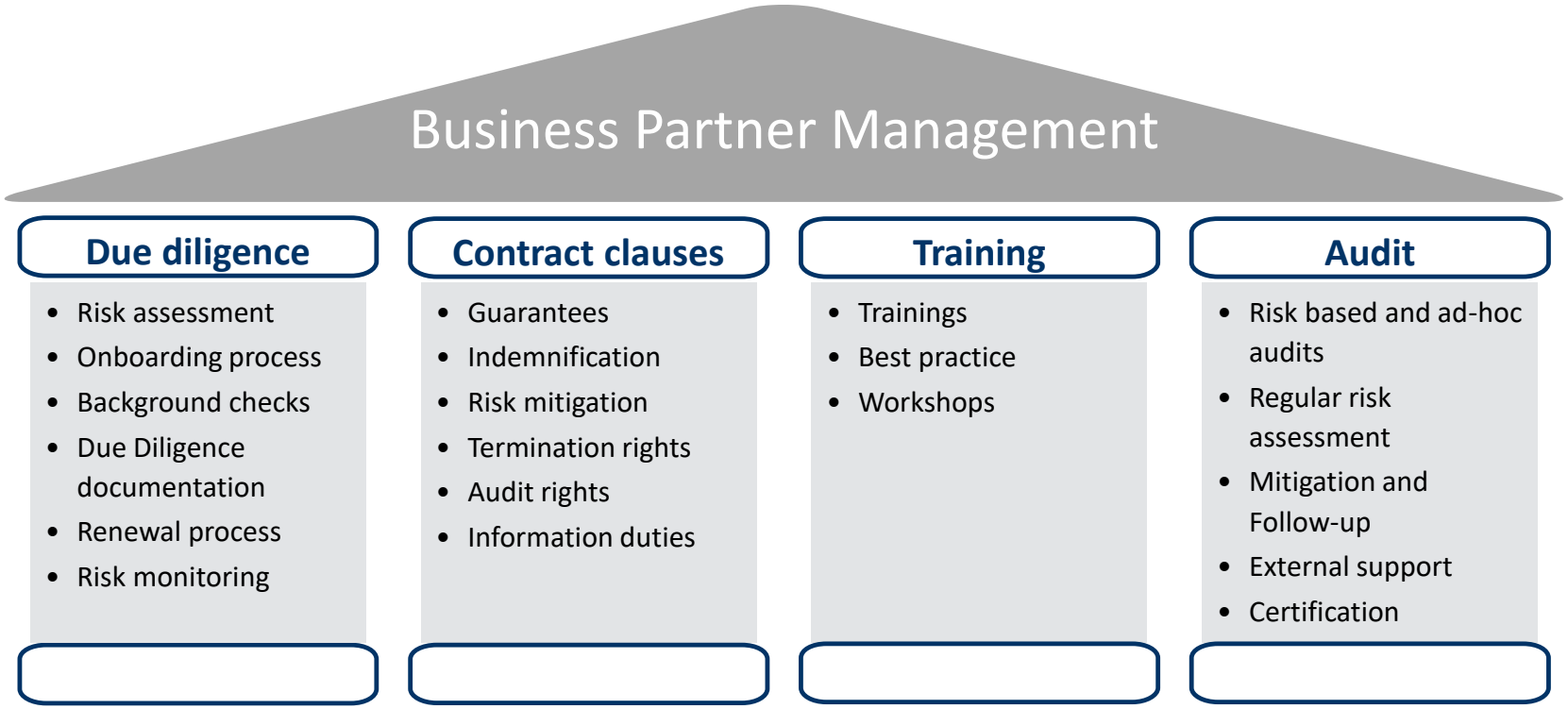
Compliance Management System

How can I set up my own Business Partner Management to ensure compliance?

The implementation of the following four pillars is recommended:



Compliance Management System

Checklist

- Develop a code of ethics including anti-corruption
- Train your employees on anti-corruption, money laundering, data protection, anti-trust law, etc.
- Appoint a responsible person for compliance obligations
- Document compliance with law and statutes in your transactions
- Set-up an effective Whistleblower System

THE GUIDING PRINCIPLES

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THE PRACTICAL GUIDANCE

Human Rights and Working Conditions - A comprehensive approach includes but is not limited to:

Child Labor/Labour and Young Workers, Forced Labor/Labour

Wages and Benefits, Working Hours

Freedom of Association

Health & Safety

Harassment, Non-Discrimination

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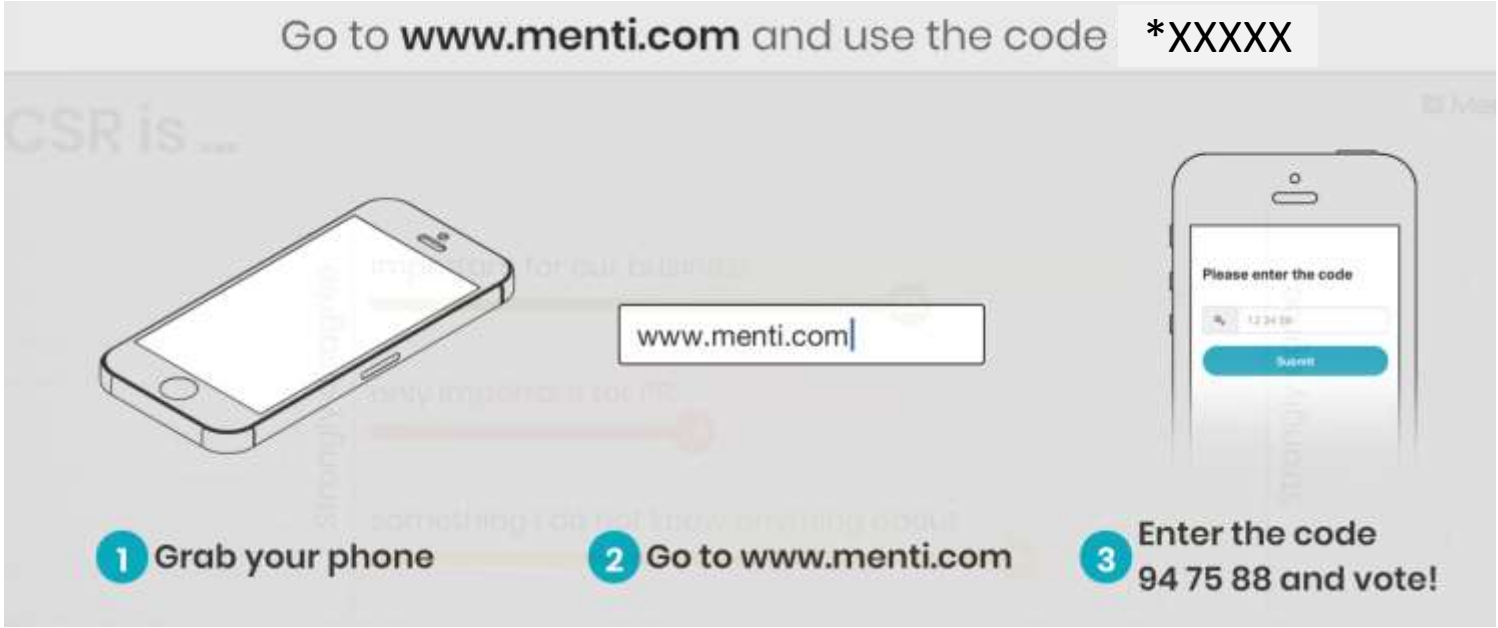

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IMPROVEMENT PLAN EXERCISE

Identifying key local challenges

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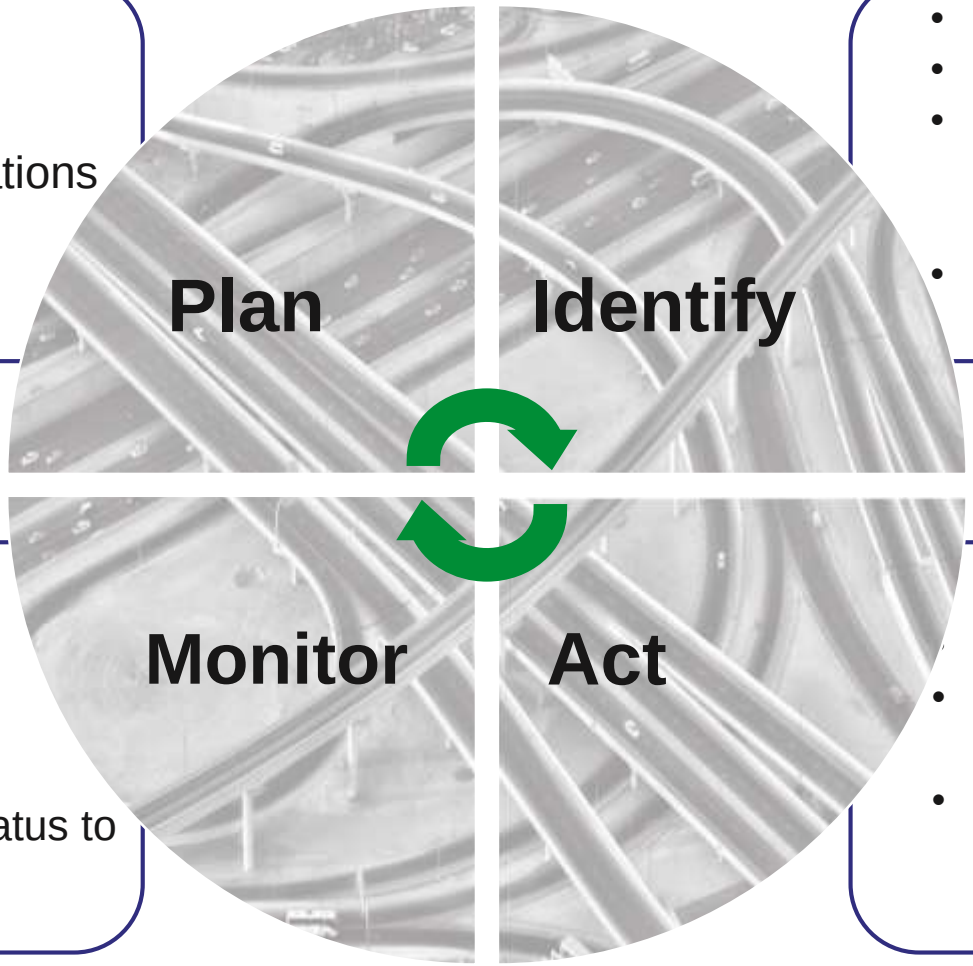
THE IMPROVEMENT PLAN

How to make an improvement plan

- Establish goals, company regulations and policies



- Identify challenges
- Root causes analysis
- Identify and agree workable corrective and preventive actions
- Designate responsibilities

- Establish strategy to monitor improv-ements
- Communicate status to key stakeholders

- Implement actions
- Allocate realistic budget
- Set ambitious & reasonable timeline

GROUP EXERCISE – 1 H 30

Your group task for the day

KEY CHALLENGES (SELECT 3)	ROOT CAUSES (SELECT 3 PER CHALLENGE)	PLANNED CORRECTIVE AND PREVENTIVE ACTIONS (SELECT 2 PER ROOT CAUSE)	BUDGET	PERSON IN CHARGE	TIMELINE

Coffee Break

15 min

GROUP EXERCISE – 1 H 30

Format

40 min Brainstorming session

- Each table brainstorms:
  - What are the biggest challenges & issues you face/d in regards to business ethics, human rights and working conditions?
  - Where do you need support?
- Each table creates top 3 list of challenges they want to address in improvement plan

50 min Group discussion & analysis

- Each table presents 3 top challenges
- Trainer presents data analysis on biggest challenges
- Comparison / discussion

WHAT DOES THE DATA SAY

The biggest local sustainability issues with direct, short-term effect are:

Shortage in skilled workforce
All major HR studies have indicated that there is a critical shortfall of talent in both technical and commercial level in the Automobile industry

Legal compliances of sub suppliers
Suppliers need to ensure that their suppliers are compliant to regulations pertaining to social and business ethics

Supply chain disruption due to communal protest
In 2016, Maruti Suzuki India Ltd suspended production at its plants in Haryana due to communal protests which disrupted supplies of certain components

Child labor and forced labor
Paint used by car makers Vauxhall linked to illegal mines in India reliant on child labour and debt bondage

Demand and supply fluctuations leading to job insecurities
In 2019, the fall in the automobile industry has hit about five lakh workers in the Pimpri Chinchwad industrial belt in Pune.

High gender pay gap
Women in India earn 19% less than men, reflecting the high gender pay gap in the country

Labour relations

In 2019, around 800 workers from different automobile companies protested against layoffs and the delay in wage settlements

In 2014, around 2,600 Bosch workers went on strike demanding a hike of Rs 20,000 per month

In 2010, employees of MRF tyre at 3 manufacturing plants in India protested demanding to end contract labour.

In 2005, employees at 2 wheeler factory in Gurgaon, started protesting against differentiation in wage rates.

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WHAT DOES THE DATA SAY

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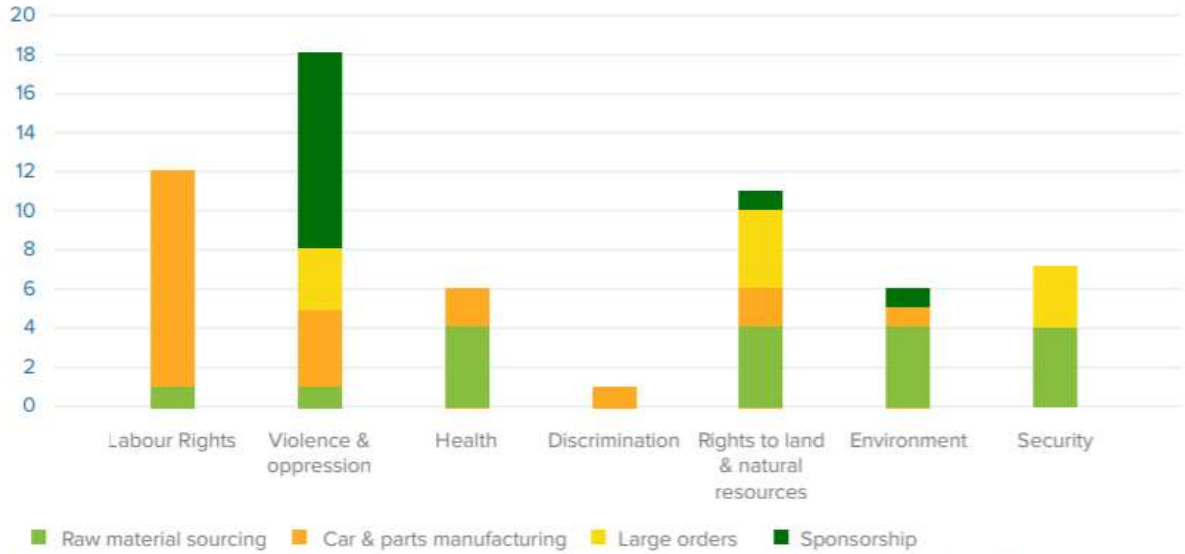

Figure 1: Types of human rights allegations among company responses sought by Business & Human Rights Resource Centre from automotive companies, by value chain stage

Source: https://www.business-humanrights.org/sites/default/files/BHRRC_AutomotiveSector_OCT2018.pdf

Alleged labour rights abuses were mainly documented at the car and parts manufacturing level (91.7%). Specifically, these concerned freedom of association/union rights, living wage, and forced labour, among other allegations.

WHAT DOES THE DATA SAY

The biggest local sustainability issues with long-term effect are:

Counterfeit auto parts

As per 2019 report, the INR 22,000 crore (INR 2200 Million) counterfeit auto parts industry is growing and has doubled in the last five years giving competition to OEMs

Materials Sourcing

Rare-earth metal minerals (e.g. neodymium and dysprosium) are needed to develop battery/hybrid and electric cars. With over 90% of the market controlled by China, there is significant risk of a supply disruption and a hike in the pricing of some minerals to almost double

Disruption in supply chain due to environmental disasters

Torrential rain in Tamil Nadu has led to shutdowns at a number of OEM and tier supplier plants in areas surrounding the flooded city of Chennai.

Disruption in supply chain due to outbreak of Pandemic

China accounts for 27% of India's automotive part imports. Owing to the closure of the factories, there has reportedly been a delay in the production and delivery of vehicles like Bharat Stage Four (BS-IV) compliant models. Japanese auto parts maker Denso Corp has slashed global production by around 50% due to the coronavirus. This has led to **loss of jobs especially of migrant and contractual workers**. But now as factories are opening up and auto industry depends on supply chain operations and manufacturing plant units, which employ a large number of migrant and contractual workers. Any disruption with regards to their shortage and manpower limitation shall cause hindrance in getting back. According to India's largest two-wheeler manufacturer, Hero MotoCorp: "it is working with smaller number of people in a single shift. A part of the contract workers have gone back home, so they have started hiring locals and training them on work parameters".

Changing Legislative Scenarios

The auto sector had already undergone considerable slowdown over the last 12-18 months due to structural changes beginning with the Goods and Services Tax, shift to Shared Mobility, Axle-load reforms, the Bharat Stage-IV (BS-IV) to Bharat Stage-VI (BS-VI) transition, Liquidity Crunch and so on. MHCV sales were impacted the most, due to the planned BSVI transition in the latter half of March and early April. This shall lead to loss in jobs and reduced dependence on suppliers affecting the whole supply chain

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GROUP DISCUSSION

Theory VS Reality

- What is your opinion when you compare the results of your previous discussion and the data we collected before this training?
- What is/should be your final top 3 list of issues & biggest non-compliances?

Closing – Day 1

- Summarize the topics discussed on Day 1
- Upcoming tasks to be discussed on Day 2

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IMPROVEMENT PLAN EXERCISE

Root causes and actions

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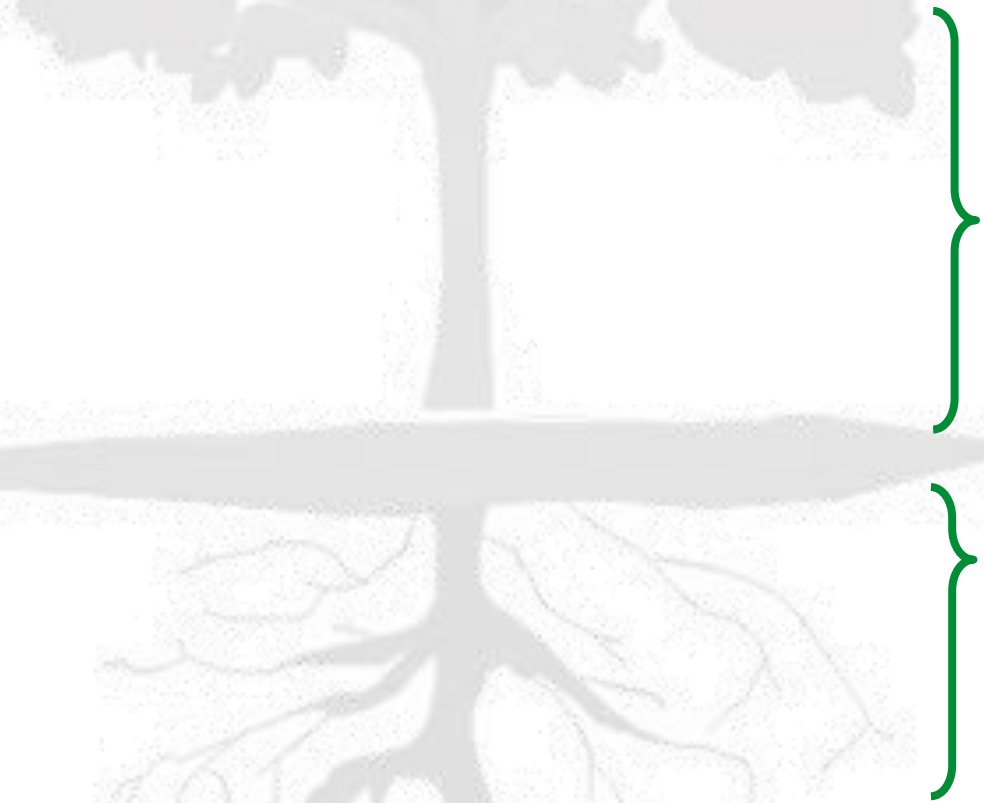
ROOT CAUSE ANALYSIS

Root causes are…

- the fundamental reasons of recurring trouble or failure of a process.
- Once they are resolved, similar problems won't reoccur.



Symptoms of problems are above the ground and obvious

Underlying causes are below the ground and obscure

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METHODOLOGY: ROOT CAUSE ANALYSIS

5 Whys

Fishbone methodology

Affinity diagrams

ROOT CAUSE ANALYSIS

5 Whys

Case Study: Workers' satisfaction is low

- **Q1: Why are workers dissatisfied?**
  → Because their concerns are not heard and addressed by the management e.g. unofficial pressure to do unpaid overtime.
- **Q2: Why are concerns not heard and addressed by the management?**
  → Because communication between workers and management is generally less direct and raising such concerns to the management is not part of the culture.
- **Q3: Why isn't the local corporate culture changing its ways?**
  → Because there is no program and target to drive such cultural change.
- **Q4: Why hasn't a program and target been set?**
  → Because worker satisfaction and communication are not set as key performance indicators and therefore are not prioritized by management
- **Q5: Why isn't upper management setting such KPIs?**
  → Because they lacked awareness of the issue before the employee satisfaction survey revealed that this communication channel is being missed.

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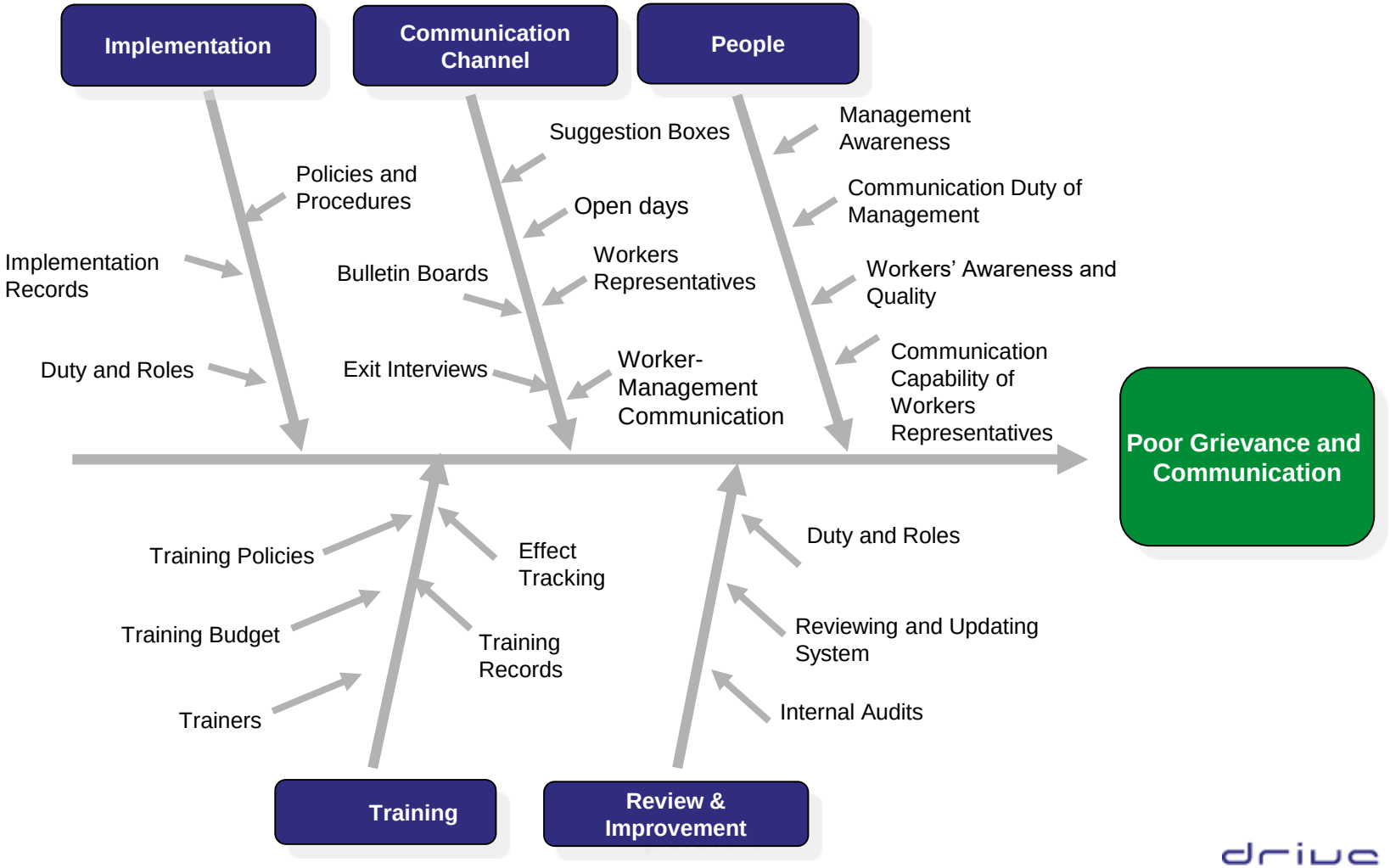
ROOT CAUSE ANALYSIS

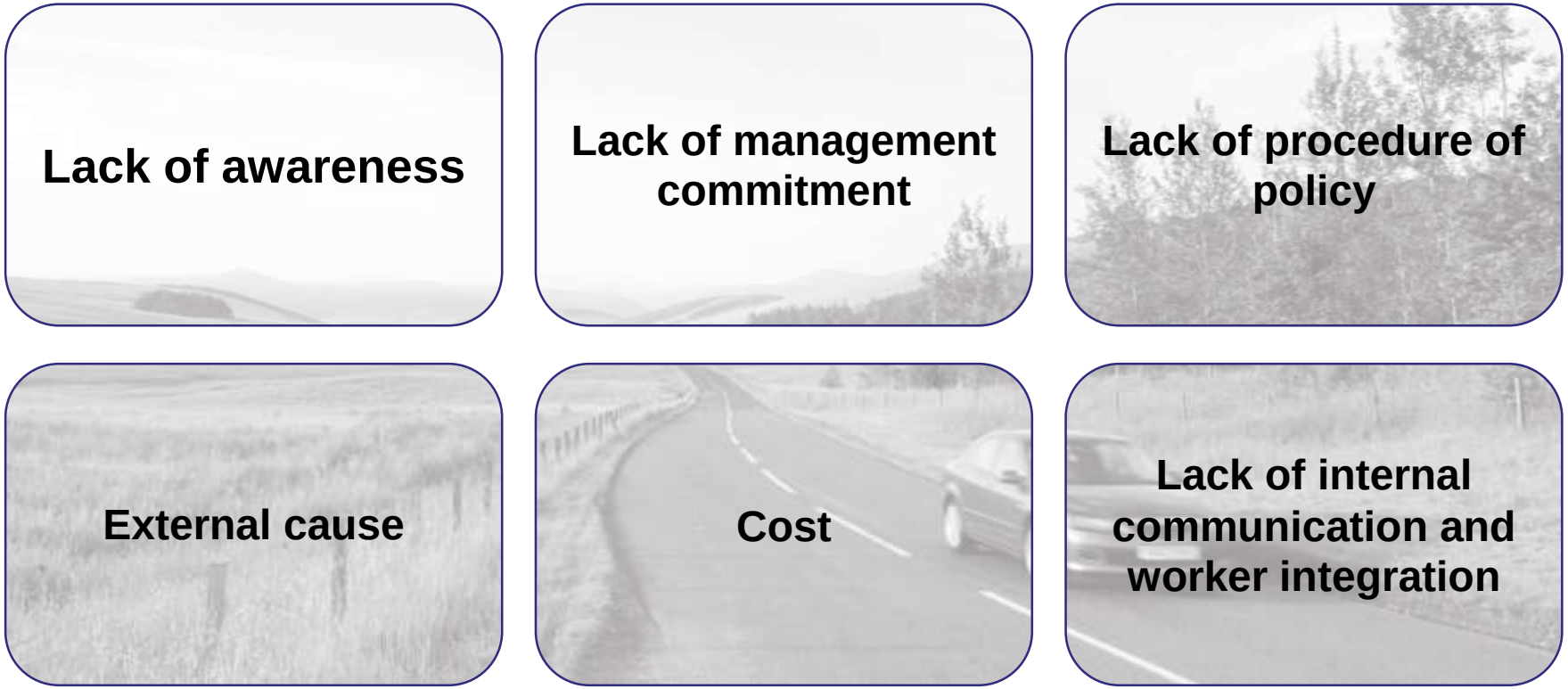
Fishbone methodology



ROOT CAUSE ANALYSIS

Affinity diagrams: Root cause classification

…generate, organize, and consolidate information



PLANNED ACTIONS

Corrective and preventive actions

Corrective action

Short-term

- Immediate remediation to remove / address the non - compliances

Preventive action

Long-term

- Address root cause issue
- Ensure issue does not reoccur
- Long-term implementation
- Focused on management systems

Coffee Break

15 min

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10:10 – 12:00	**Improvement plan exercise: Identifying root causes and actions (Cont.)**
12:00 – 12:10	Coffee break
12:10 – 13:10	**Improvement plan exercise: Budget, responsibilities and timeline**
Participants regroup	
13:10 – 13:30	**Closing**

IMPROVEMENT PLAN EXERCISE

Root causes and actions (cont.)

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REMINDER

Morning session conclusion

- Top 3 challenges, issues, non-compliances
- Where do you need support
- Root cause analysis methodology

GROUP EXERCISE – 1 H 45

Improvement plan column 2 + 3

KEY CHALLENGES (SELECT 3)	ROOT CAUSES (SELECT 3 PER CHALLENGE)	PLANNED CORRECTIVE AND PREVENTIVE ACTIONS (SELECT 2 PER ROOT CAUSE)	BUDGET	PERSON IN CHARGE	TIMELINE

GROUP EXERCISE – 1 H 45

Format

45 min Brainstorming session

- Each table brainstorms:
  - root causes and actions/countermeasures for each challenge
  - Participants share practical experience on how to deal with issues, what works, what does not work etc
- Each table creates top 3 list of root causes for each challenge
- Each table identifies two actions per root cause

60 min Group discussion

- Each table presents root causes and challenges
- Trainer presents best practices, case studies and solutions check-list to address challenges
- Comparison / discussion

Case Studies

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Case Study 1: Bosch Group (1/3)

Focus topic: Business Ethics; and Human Rights and Working Conditions

Issue: Adherence to sustainability principles in the supply chain

Background: Bosch has supply relationships in 50 countries. Direct and indirect materials are purchased from a total of around 40,000 suppliers.

Root Cause Analysis:

- Suppliers not aware about the required compliances
- Lack in understanding of mechanism to deal with working conditions, human rights and business ethics
- Lack of control over third party suppliers (engaged by Bosch Group's suppliers)

Corrective Actions:

- Develop a code of conduct to followed by suppliers
- To train and implement sustainable supply chain principles into existing practices
- Ensure compliance by third party suppliers (engaged by Bosch Group's suppliers)

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Case Study 1: Bosch Group (2/3)

Focus topic: Business Ethics; and Human Rights and Working Conditions

Preventive Actions: What are actions taken up by Bosch Group?

- The Code of Conduct for suppliers defines the principles and demands on suppliers for cooperation with Bosch
- The Code of Conduct covers the principles of Human rights, Child labor, Forced labor, Freedom of association, Equal opportunities, Fair working conditions, Work safety and health protection, Environment protection, Avoiding conflicts of interest, Free competition, Corruption, Trade secrets and Money laundering.
- Suppliers are expected to comply with the applicable laws, the basic principles of the United Nations Global Compact and Bosch Group's Code of Conduct in the course of their business activities with Bosch.
- Suppliers must communicate Bosch Group's Code of Conduct to third parties to fulfill their contractual obligations towards Bosch, take the principles of the Code of Conduct into consideration when selecting such third parties and endeavor to ensure such third parties compliance with the Code of Conduct.
- Bosch reserves the right to verify supplier's compliance with the principles of this Code of Conduct by means of an audit.
- For the regular assessment of suppliers in terms of their sustainability performance, Bosch Group has established two processes: the CSR quick scans and the more comprehensive CSR drilldeep assessments.

Case Study 1: Bosch Group (3/3)

Focus topic: Business Ethics; and Human Rights and Working Conditions

Results:

- Around 1,600 CSR quick scans were performed in 2019 revealing irregularities at some 50 suppliers, who then had to take measures such as making safety installations in the workplace or improving evacuation routes
- Since 2011, Bosch has carried out more than 1,000 CSR drill-deep assessments at some 900 suppliers. The number of suppliers covered by drill-deep assessments is to increase to 1,000 in 2020. In a small number of cases, the deviations were not remedied and Bosch consequently terminated the business relations. This affects about five suppliers each year
- In 2019, around 5,500 of suppliers already had ISO 14001 certificate. Non-manufacturing suppliers are not required to introduce an environmental management system, but they do have to implement measures suitable for satisfying the objectives of ISO 14001.

Lessons learned:

- A sustainable supply chain ensures socially responsible business practices. These practices not only benefit the planet and people but also support business growth.

Case Study 2: Ashok Leyland (AL) (1/2)

Focus topic: Business Ethics; and Human Rights and Working Conditions

Issue: Compliance with social and environmental standards along the entire value chain

Background: AL engages with over 550 suppliers out of which 98% of AL's suppliers are local (India).

Root Cause Analysis:

- Increasing complexity in supply chain leading to lack of focus on social and environmental practices

Corrective Actions: Ensure that sustainability standards are complied with and increase transparency and resource efficiency in supply chain.

Preventive Actions: What are actions taken up by AL?

- Manage supplier relationships through a commercial framework aligned with values and applicable regulatory frameworks
- A supplier evaluation check sheet is developed and the same is used to assess the suppliers. A PDCA cycle is followed to ensure compliance at suppliers pertaining the required sustainability parameters.

Case Study 2: Ashok Leyland (AL) (2/2)

Focus topic: Business Ethics; and Human Rights and Working Conditions

Preventive Actions: What are actions taken up by AL?

- The supplier on-boarding rating considers the following 5 aspects into account, Environment management, Labor practices, Occupational health and safety, Legal compliances and Process capability
- Every year, audits are conducted at supplier base to ensure their compliance with all the applicable laws and regulations. Every supplier is assessed and given a score card based on performance, overall quality, productivity, cost competitiveness and keeping social and environmental aspects into deliberation. The top suppliers with highest scores are usually assessed once in two years. The suppliers who have medium or low scores, are assessed every 6 months. AL also supports suppliers in strengthening their systems
- AL has performance dashboards for each supplier and the criteria differs based on the category of supplier. This is done every quarter and the report is shared with the suppliers to apprise them on the areas for further improvement

Results:

- Under the supplier evaluation programme in FY 2019, 250 suppliers were evaluated
- In the audits conducted at supplier base, there were no any incidences of violation of human rights or legal requirements
- All units are required to have local procurement plans that, in addition to benefitting local suppliers and creating employment, build capacity through training of small business entrepreneurs

Lessons learned:

- A sustainable supply chain ensures socially responsible business practices. These practices not only benefit the planet and people but also support business growth.

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Solutions check-list

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Business Ethics: Solutions to meet expectations

- ✓ Conduct due diligence to understand the source of the raw materials, don't knowingly provide products containing raw materials that contribute to human rights abuses and ethics violations
- ✓ Use validated conflict free smelters and refiners for procurement of tin, tungsten, tantalum and gold – responsible minerals sourcing
- ✓ Develop policies and procedures to explicitly prohibit corrupt practices
- ✓ Train employees to identify warning signs and establish controls to reduce likelihood of corrupt practices, conflicts of interests
- ✓ Clearly and accurately record financial transactions in books and records
- ✓ Comply with data privacy laws on personal data (consumer & employee)
- ✓ Abstain from any type of anticompetitive business practice, including cartel arrangements, abuse of economic dependence

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Human Rights & Working Conditions: Solutions to meet expectations

Child Labour and Young Workers

- ✓ Use age verification systems, require proper documentation upon hiring
- ✓ Closely observe special restrictions when young workers are employed:: e.g. do not permit young workers to perform hazardous or night work

Forced Labour

- ✓ No restrictions for workers to voluntarily end their employment, such as excessive notice periods
- ✓ Security must not be allowed to intimidate or restrict the movement of workers
- ✓ Overtime must be strictly voluntary but in adherence to national regulations
- ✓ The factory must not retain workers' (including migrant workers) **original personal documents or deposit money**

Human Rights & Working Conditions: Solutions to meet expectations

Wages and Benefits

- ✓ Pay contractually-agreed wages, no vouchers or goods, in timely manner
- ✓ Use in-factory bank machines to pay wages
- ✓ Do not reduce wages for disciplinary reasons
- ✓ Ensure sub-contracted workers receive legally required wages/benefits
- ✓ Ensure proper maternity benefits are provided

Working Hours

- ✓ Use a time-keeping system and mandate days off
- ✓ Comply with applicable laws on working hours/overtime compensation
- ✓ Indicate processes for worker overtime but accordance to national regulations
- ✓ Ensure that all overtime is voluntary

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Human Rights & Working Conditions: Solutions to meet expectations

Freedom of Association

- ✓ Establish methods to communicate concerns: Direct and anonymous (e.g., suggestion boxes)
- ✓ Use communication cascades
- ✓ Promote independently elected health and safety committees
- ✓ Make sure employees receive copies of signed collective bargaining agreements

Harassment and non-Discrimination

- ✓ Prohibit pregnancy testing
- ✓ Pay attention to specific activities where discrimination needs to prohibited: Hiring, Salary, Advancement, Discipline, Termination
- ✓ Maintain specific policies prohibiting harassment

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Human Rights & Working Conditions: Solutions to meet expectations

General

- ✓ Establish 2-way communications channels between management and employees in order to identify risk, pain points, and nascent dissatisfaction
- ✓ Some possible solutions:
  - ✓ Employee satisfaction survey
  - ✓ Internal innovation / idea collection (Kaizen-type)
  - ✓ Besides formal employee representation draw up a network of ambassadors, who can help address specific problems, inform and motivate the workforce
  - ✓ Create opportunities where employees can meet management to discuss their problems
  - ✓ Reward achievement
  - ✓ Show example: management to show that they abide by rules, as well

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GROUP DISCUSSION

Complete your list of actions: Which new actions can you add to your list?

Corrective action	Preventive action
Short-term	**Long-term**
• Immediate remediation to remove / address the non - compliances	• Address root cause issue • Ensure issue does not reoccur • Long-term implementation • Focused on management systems

Coffee Break

15 min

AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

10:50 – 11:15	**Introduction Break-out session – Day 1**
11:15 – 12:30	**Improvement plan exercise: Identifying key local challenges**
12:30 – 12:45	Coffee break
12:45 – 13:20	**Improvement plan exercise: Identifying key local challenges**
13:20 – 13:30	**Day 1 Closing - Summarize the topics discussed on Day 1 and upcoming tasks to be discussed on Day 2**
Day 2	
09:30 – 10:00	**Day 2 Opening – Registration and Connection to Day 1**
10:10 – 12:00	**Improvement plan exercise: Identifying root causes and actions**
12:00 – 12:10	Coffee break
12:10 – 13:10	**Improvement plan exercise: Budget, responsibilities and timeline**
Participants regroup	
13:10 – 13:30	**Closing**

IMPROVEMENT PLAN EXERCISE

Budget, responsibilities and timeline

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GROUP EXERCISE – 1 H

Improvement plan column 4 - 6

KEY CHALLENGES (SELECT 3)	ROOT CAUSES (SELECT 3 PER CHALLENGE)	PLANNED CORRECTIVE AND PREVENTIVE ACTIONS (SELECT 2 PER ROOT CAUSE)	BUDGET	PERSON IN CHARGE	TIMELINE

GROUP EXERCISE – 1 H

Format

20 min Improvement plan best practice

- Trainer presents best practice improvement plan

20 min Brainstorming session

- Each table brainstorms:
  - Budget, person in charge, timeline for each action

20 min Group discussion

- Each table selects one challenge and presents full improvement plan for it
- Trainer gives feedback
- Closing and conclusion

Improvement Plan Best Practice

Case: Maruti Suzuki

Issue:

- Impact on business continuity due to supply disruptions

Project definition: *Responsible Sourcing of Materials*

Root Cause analysis:

- Lack of actions plans
- Lack of supply chain engagement
- Lack of compliance mechansims

Solution analysis:

- Developing code of conduct and imparting training to suppliers

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Improvement Plan Best Practice

Case: Maruti Suzuki

Corrective actions:

- Assess the aspects which can disrupt supply chain and develop mechanism to address the same
- Addressing compliance to national, state and local regulations

Preventive actions:

- Proactive engagement with suppliers to study and formulate time-bound action plans in the areas such as quality, financial health, compliances, risk management, safety and environmental standards and capability development through Comprehensive Excellence programme
- The comprehensive excellence programme for the suppliers is to identify weak areas of their business and help them improve
- Maruti Suzuki Suppliers Welfare Association (MSSWA), a forum for suppliers' interaction with the Company's top management
- Quality Month to enhance quality consciousness among suppliers
- Value Analysis & Value Engineering (VA-VE) programme to achieve cost competitiveness jointly with suppliers
- Vendor HR Meet to sensitise suppliers' CEOs on HR topics
- Adherence to applicable regulatory compliances, including, but not limited to, prohibition on employment of child labour, forced labour and prevention of sexual harassment of women at workplace, are included as contractual requirements for suppliers
- The Company promotes respect for human rights among suppliers through contractual obligations.
- Maruti Suzuki Green Procurement Policy: The policy focuses on environment protection through low carbon society and biodiversity conservation. It encourages suppliers to establish an Environmental Management System (EMS) at their facilities.

Improvement Plan Best Practice

Case: Maruti Suzuki

Implementation plan:

- Person in charge: Procurement Dept., and EHS Dept.
- Timeline: Depends on suppliers (no access to this information)
- Budget: Depends on suppliers (no access to this information)
- Success measurement / KPIs:
  - ✓ compliance to appliable rgulations
  - ✓ compliance to Maruti Suzuki's contractual requirements
  - ✓ number of supplier/vendor meetings

Improvement Plan Best Practice

Case: Maruti Suzuki

Results:

- Complying with rapidly evolving regulatory landscape
- Mitigating risk of disruption in the value chain
- Promoting safety culture, employee wellbeing and workplace ergonomics across the value chain
- Continuing socially responsible business practices across value chain
- Mitigating operational and reputational risks from suppliers' non-compliance
- Minimizing the environmental and social footprint of products
- Supplier safety programmes: ~90% of supplier plants have implemented fire safety counter measures and ~75% of the supplier plants have implemented OHSAS 18001
- 485 suppliers are ISO 14001 certified
- Through its Comprehensive Excellence (CE) programme, the Company aims to upgrade the performance of Tier-I suppliers in areas such as quality, safety, financial capability, human resources and risk management. Based on the assessment plants are required to implement improvement measures. As on 31st March, 2019, ~50% of the supplier plants were meeting the performance standards laid down under the CE programme.

Lessons learned:

- Improve the continuity of supply of products or services, preventing costly downtime and reputational damage

GROUP DISCUSSION

- What is your feedback after doing the exercise?
- Did you encounter any difficulties?
- What are 3 words that summarize the discussion at your table?

CLOSING

Please regroup with other session

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