



BENTLEY
UNIVERSITY

**Center for
Business Ethics**



Raytheon Lectureship in Business Ethics

Ethical Corporate Governance as a Competitive Advantage

S.D. Shibulal

Co-Founder and Former CEO, Managing Director,
and Member of the Board of Infosys

November 6, 2014



BENTLEY UNIVERSITY is a leader in business education. Centered on education and research in business and related professions, Bentley blends the breadth and technological strength of a university with the values and student focus of a small college. Our undergraduate curriculum combines business study with a strong foundation in the arts and sciences. A broad array of offerings at the Graduate School of Business emphasize the impact of technology on business practice. They include MBA and Master of Science programs, PhD programs in accountancy and business and selected executive programs. The university is located in Waltham, Mass., minutes west of Boston. It enrolls nearly 4,200 full-time and 140 part-time undergraduate students and 1,400 graduate and 43 doctoral students.

THE CENTER FOR BUSINESS ETHICS at Bentley University is a nonprofit educational and consulting organization whose vision is a world in which all businesses contribute positively to society through their ethically sound and responsible operations. The center's mission is to provide leadership in the creation of organizational cultures that align effective business performance with ethical business conduct. It endeavors to do so by applying expertise, research and education and taking a collaborative approach to disseminating best practices. With a vast network of practitioners and scholars and an extensive multimedia library, the center offers an international forum for benchmarking and research in business ethics.

Through educational programs such as the Raytheon Lectureship in Business Ethics, the center is helping to educate a new generation of business leaders who understand from the start of their careers the importance of ethics in developing strong business and organizational cultures.



W. Michael Hoffman, PhD

Executive Director
Center for Business Ethics and
Hieken Professor of Business
and Professional Ethics
Bentley University

In 2005, in his landmark book, *The World Is Flat*, Thomas Friedman insightfully argued that in the 21st century, economic, cultural, and technological power was rapidly spreading around the globe and in the process, a new, “flatter” world order was emerging. Friedman opens the book by describing a visit to the campus of a global high-tech leader . . . not Google, Apple, or IBM, and not in Silicon Valley, but Infosys in Bangalore, India. His point is clear: If one were searching for an example of a company leading the transformation of the global economy, one would do well by first looking at India’s high-tech innovator, Infosys.

The rise of Infosys is the stuff of legends. Begun with \$250 in 1981 by seven young entrepreneurs, the company today has annual revenues of more than \$8.25 billion and employs over 165,000 people. If this were only a rags-to-riches story, it would be impressive enough, but in 1981, the average Indian was living on less than one dollar a day and the country lacked a developed entrepreneurial culture. Today, India has an average income of almost \$1,600/year¹ and in terms of purchasing power parity, India ranks as the world’s fourth largest economy, just after the European Union, the United States, and China.

In practical terms, in the early 1980s, India was known to most people, in the U.S. at least, for its delicious curries, enlightened gurus, and extreme poverty. The aspirations of the Infosys founders to build a business based on software outsourcing could have been seen as either very courageous or crazy.

Did India have world-class programmers at the time? Certainly. The question was not one of talent, but trust. Infosys had to convince its overseas clients that they could be trusted, and to this end, committed themselves from the start to good governance practices. As Mr. Shibulal sees it, the special source of his company’s greatness was not simply its technical prowess, but its commitment to ethical governance. Infosys demonstrated that no matter what the country, culture, or the level of income, the value of business ethics is universal.

¹ See <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

The **Raytheon Lectureship in Business Ethics** at Bentley University is made possible through the generous support of the Raytheon Company.

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(From left) Greg Moffatt, Director, Ethics and Business Conduct, the Raytheon Company's Integrated Defense Systems; S.D. Shibulal, Co-Founder and Former CEO, Managing Director, and Member of the Board of Infosys; and W. Michael Hoffman, Founding Executive Director of the Center for Business Ethics and Hieken Professor of Business and Professional Ethics at Bentley.



Thomas A. Kennedy, PhD

Chairman of the Board and
Chief Executive Officer
Raytheon Company

Raytheon believes in a values-based ethics program, and we believe in the value of ethics education. We invest in ethics and provide employees with robust, award-winning ethics education to reinforce how important doing the right thing in business is to our success.

We talk about ethics so our employees know it is OK to ask questions and raise concerns, to take an “ethics check,” if you will. By supporting this process, we build upon a strong ethical foundation and reinforce a culture of integrity at the company. A strong ethical culture requires work. We believe that working at ethics pays dividends, and that it gives us a competitive advantage.

Raytheon’s support for the Center for Business Ethics at Bentley University has a long history. The center has provided leadership in this important field for the academic and business communities extending now for two generations. Bentley is increasingly recognized for promoting ethical business practices and cultures not just in the United States, but internationally as well. This is especially significant as our world is increasingly interdependent, and having ethical business partners is a global imperative.

The Raytheon Lectureship in Business Ethics at Bentley has added relevance in this environment. Having respected corporate leaders share their insights and commitment to business ethics helps show the way for all of us. Promoting further dialogue and discussion about ethical business practices enlightens and inspires us to redouble our own commitment. Raytheon is proud to partner with Bentley and the Center for Business Ethics to give voice to ethical excellence in business.

Infosys is a global leader in consulting, technology, and outsourcing solutions. As a proven partner focused on building tomorrow's enterprise, Infosys enables clients in more than 50 countries to outperform the competition and stay ahead of the innovation curve. With \$8.25 billion in FY14 revenues and more than 165,000 employees, Infosys seeks to provide enterprises with strategic insights on what lies ahead. It helps enterprises transform and thrive in a changing world through strategic consulting, operational leadership, and the co-creation of breakthrough solutions, including those in mobility, sustainability, big data, and cloud computing.



S.D. Shibulal meets with Bentley University students after delivering the Raytheon Lecture in Business Ethics to students, faculty, staff, and friends at Bentley University.



S.D. Shibulal

Co-Founder and
Former Chief Executive Officer,
Managing Director, and Member of the Board
Infosys

S.D. Shibulal (Shibu) is co-founder and former CEO and managing director of Infosys. He was instrumental in the development of the Infosys Global Delivery Model, which established a new standard for the delivery of outsourced IT services and helped set the stage for the company's evolution into a leading provider of multinational business consulting and IT services. Infosys is a global leader in consulting, technology and outsourcing solutions. Shibu is also a trustee of the Infosys Science Foundation. He holds a master's degree in computer science from Boston University, and a master's degree in physics from the University of Kerala, India.

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Ethical Corporate Governance as a Competitive Advantage

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A large, bold, black outline letter 'G' that serves as a decorative element for the start of the main text.

Good afternoon ladies and gentlemen. It is my pleasure to be addressing you as part of the Raytheon Lectureship in Business Ethics series.

This day, the sixth of November, has a very special place in history. On this day in 1860, a well-known lawyer and civil rights activist, Abraham Lincoln, was elected the 16th president of this country. Just over a century later, on this day in 1962, the United Nations General Assembly adopted a resolution which condemned the apartheid in South Africa. Coincidentally, on the same day, the Kingdom of Saudi Arabia abolished slavery. Clearly, we have witnessed events on this date that changed the course of history. I hope I am not raising your expectations for today's session too high. I have nothing as historic planned for my lecture.

Distinguished leaders of successful global enterprises and intergovernmental organizations have graced this stage in the past. It is therefore an honor and privilege for me to be here to speak with all of you today.

I was delighted to be invited to deliver this lecture. Bentley University, through various platforms, has been doing a commendable job over several decades. It has been sustaining the dialogue on various facets of an important and much-needed topic: business ethics. I saw this invitation as a wonderful opportunity to continue that dialogue by talking about my own experiences and learnings from Infosys in the field of business ethics. Today, I will specifically talk about one of its facets, ethical corporate governance and the role that it played in the evolution and success of Infosys. I stress upon *ethical* corporate governance and not just corporate governance. In my view, "ethical corporate governance" is all about following the spirit of corporate governance and not just the letter.

There has never been a better time than now to discuss the importance of ethical corporate



Infosys – Bangalore, India

governance in the corporate world. The events that led to the recent global economic turmoil have proven beyond doubt that it was indeed a crisis of trust. The consequences of not institutionalizing ethical corporate governance principles were clearly far reaching and crippling. With this backdrop, let me share with you the Infosys story.

Infosys is a global leader in consulting, technology, and outsourcing solutions. As a proven partner focused on building tomorrow's enterprise, Infosys enables clients in more than 30 countries to outperform the competition and stay ahead of the innovation curve. With revenues of \$8.25 billion in FY14 and over 165,000 employees, Infosys provides enterprises with strategic insights on what lies ahead.

We have over 900 clients — 13 of them generate over \$100 million in annual revenues and 526 of them generate more than \$1 million in revenues. We get over 61 percent of our revenues from North America, 25 percent from Europe and the balance from the rest of the

world. We service clients across all vertical industrial sectors — banking, financial services, insurance, communication, retail, consumer goods, logistics, life sciences, public sector, manufacturing, energy, and utilities.

We offer the entire gamut of technology services — from custom application development to products and platforms. We have long-term, strategic relationships with some of the most respected global brands in every vertical sector.

We help enterprises transform and thrive in a changing world through strategic consulting, operational leadership, and the co-creation of breakthrough solutions, including those in mobility, sustainability, big data, and cloud computing. Infosys helps solve important problems for enterprises and consumers alike. It helped one of the world's largest telecom provider to launch a cashless, mobile wallet service in India. It helped transform the in-store experience of a retailer in the U.S. through its mobile point-of-sale solution thereby reducing

the long waits in the check-out queues. It built a National Emergency Warning System for use across Australia that can send millions of alerts in emergency situations to those affected by natural disasters saving lives and homes. It designed lightweight wings to make a commercial aircraft more fuel efficient, and in so doing shrank the Pacific Ocean crossing time.

Although Infosys today is a truly global corporation with operations across 33 countries and over 165,000 employees, the company had a humble beginning. Started by seven of us with an initial capital of just \$250 in 1981, we had an audacious vision of creating a globally respected corporation. The recognitions from our stakeholders for our business performance are equally matched by our achievements in corporate governance. We were voted India's best-managed company for five years in a row from 1996 to 2000. In 2001, Infosys was ranked second in corporate governance among 495 emerging companies in a survey conducted by CLSA Emerging Markets. Infosys has been voted India's Most Admired Company in *The Wall Street Journal Asia 200* survey every year since 2000. Infosys was also ranked No.1 among the best-managed companies in the annual survey of Euromoney Best Managed Companies in 2013. As part of our commitment to follow global best practices, we substantially comply with the Euroshareholders Corporate Governance Guidelines 2000 and the recommendations of the Conference Board Commission on Public Trusts and Private Enterprises in the U.S. We also adhere to the United Nations Global Compact (UNGC) and the Organization for Economic Co-operation and Development (OECD) principles.

Now let me share with you the details of this journey. In doing so, I will focus on three aspects: purpose, principles and practices.

Purpose

At Infosys, we have always believed that the primary purpose of any public corporation is to create wealth legally and ethically while adhering to the laws of every single land in which we operate. Even when we started out in 1981, we had an audacious vision to be a globally respected corporation. Our core belief about the role of corporations and our vision served as strong anchors. They allowed us to remain rooted to our corporate governance practices, during easy times and testing times.

At Infosys, we have also used corporate governance as a competitive advantage. To explain this I need to give you some context regarding our origin and the business environment in the early 1980s. Infosys is a company founded in India. In the '80s, most large businesses in India were either state run or family run, with very few professional companies. We wanted Infosys to be one of the first examples of a large, well-managed and respected professionally run Indian company.

Our challenge on the global front was even higher. Among our clients in the U.S., which was our primary market, the perception of India was not very favorable. I was the first salesperson at Infosys. I recall even today that my client



Some of the Infosys team in the early 1980s (S.D. Shibulal at far right)

presentations in those early days used to start with a world map. The conventional wisdom at that time would have dissuaded us from pursuing those markets or from focusing on the huge marketing expenses to build our brand. On the contrary, to overcome the liability of origin we used governance as a competitive advantage. To give confidence to our clients, we adopted globally respected management practices and quality certifications for process and software development. As early as 1993, when we were running only 25 active projects, we got ourselves certified for ISO, the world's pre-eminent quality management systems standard. In 1999, when we touched our first \$100 million, we were among the first Indian companies to be successfully certified at the highest level (Level 5) in the Capability Maturity Model (CMM) by the Software Engineering Institute. In 2000, when we grew to \$200 million in revenues, we adopted the Malcolm Baldrige National Quality Award framework, one of the most prestigious Total Quality Management models. We were the first Indian company to be listed on NASDAQ and became the first Indian company to be SOX (Sarbanes-Oxley) compliant. We were also the first Indian company to file our primary financial statements in compliance with International Financial Reporting Standards (IFRS). At the same time, we started benchmarking our corporate governance practices with the best managed companies in the world. These initiatives allowed us to gain the confidence among our key stakeholders. As the adage goes, "Best is good, better is best." We have always followed the principle of continuous improvement to stay ahead and lead.

Our purpose was driven by our core belief in the role of a public corporation, our vision to be globally respected, and our need to overcome our liability of origin.

Principles

At Infosys, we have always believed in the power of the written word and the need for codifying our principles and practices. Even in our early days, we recognized the need for doing this. This helped us in many ways. It allowed us to not just scale quickly but also do it in a sustainable manner. It also ensured that the most recently hired employee is as conversant with the principles as any other employee.

The board of directors at Infosys is at the core of our corporate governance practice. It oversees how the company's management serves and protects the long-term interest of all our stakeholders.

The corporate governance philosophy of Infosys is based on a set of simple principles:

1. To satisfy the spirit of the law and not just the letter of the law;
2. To be transparent and maintain a high degree of disclosure levels. Our philosophy is captured in the now well-known adage, "When in doubt, disclose";
3. To make a clear distinction between personal conveniences and corporate resources;
4. To communicate externally, in a truthful manner, about how the company is run internally;
5. To comply with the laws in all the countries in which we operate;
6. To have a simple and transparent corporate structure driven solely by business needs; and
7. To act in accordance with the belief that management is the trustee of the shareholders' capital and not the owner.

Let me share with you three instances when these principles were truly tested and how, like in every case, we upheld the principles.

In the first case, when a senior executive and a member of the board was charged with sexual harassment of a fellow employee, the

board acted swiftly to provide redress and took action against the senior executive. Also it was disclosed to the shareholders immediately.

The second case that comes to mind is the crisis in 2003 when the technology bubble burst. We internally knew that our business outlook had worsened considerably due to the crisis and we would not be in a position to meet expected historical growth. Upholding our principle of “When in doubt, disclose,” we went public with our assessment and shared transparently the business outlook with the market. While the immediate response was negative, this was seen as a huge positive for our image as a transparent company.

In the third case, we applied the principle of being truthful in our interaction with all our stakeholders to our employees. During the crisis, we communicated the gravity of the situation to all our employees and chose “variable pay” over “variable employment.” In other words, by making adjustments in pay rather than laying off any employees, we were able to retain our credibility and generate goodwill.

Practices

Most large corporations struggle to convert their intent, captured in principles, into action. Being able to convert intent into action determines success and sustainability. Practices also determine how well we are able to adhere to the spirit and not just to the letter.

At Infosys, we have taken each of the principles and looked at what are the relevant structures, systems and processes we need to convert our intent into action.

Let me illustrate this with examples from three areas which have a significant bearing on corporate governance processes — constitution and operations of the board, performance evaluation of management, and addressing information asymmetry between the executive team and investors.

1. The Infosys board of directors has an appropriate mix of executive and independent directors. Independent directors are those members of the board who are neither promoters nor part of the executive team. This is important to maintain the independence of the board and separates its functions of governance and management. We firmly believe that board independence is essential to bring objectivity and transparency. As of March 31, 2014, the majority of our board members are independent members. All the key board committees — audit, management development and compensation, stakeholder relationship, nominations and governance, risk management and corporate social responsibility — are headed by independent directors. We have clearly articulated policies on board meetings, compensation, selection of agenda items, performance reviews, and availability of information to board members.
2. To ensure the performance accountability of the executive team, Infosys uses one of the most respected performance management frameworks, which is known as the “Balanced Scorecard.” This also allows the board to track performance against the strategic objectives of the company. The variable compensation of the CEO and the executive team is linked to performance against the targets in the Balanced Scorecard, which is signed off with the board at the beginning of each year. We also have a comprehensive enterprise risk management framework that allows us to identify, assess, monitor and mitigate the various risks to key business objectives.
3. Infosys has always given revenue and profit guidance to communicate the management’s outlook on business performance. We do this to ensure transparency and reduce the information asymmetry between management and shareholders. Infosys also ensures fairness, transparency and accountability in our interactions with all our stakeholders



Remote opening bell of NASDAQ, where Infosys was listed to coincide with its 25th anniversary

- clients, investors, employees, vendors, governments and members of the larger society. We accomplish through appropriately designed processes and systems that allow us to stay true to our intent.
- 4. Infosys always has striven to stay ahead of the regulatory guidelines. We have done this to strongly signal our intent to lead rather than follow:
 - a. We publish our annual report in compliance to the regulations of seven different countries.
 - b. We were the first Indian company to adopt the Sarbanes-Oxley and were the first Indian company to be listed on NASDAQ.
 - c. We were the first Indian company to adhere to all the 19 norms of the Cadbury Committee in 2001 even though doing so was not mandatory.

Conclusion

Public corporations have been one of the primary institutions that have contributed to economic progress in the 20th century. No other corporate form has been more central to job creation, innovation, and wealth creation. They have also given ordinary people a chance to invest directly and gain a share of the wealth created.

However, the last decade has been marked by several failures of large public corporations that threaten this pre-eminent status. The statistics are not encouraging — as per one report, the number of public companies dropped dramatically in the Anglo-Saxon world — by 38 percent since 1997 in America and by 48 percent in Britain. In 2011, the average number of Initial Public Offerings (IPOs) in the U.S. alone was a mere one-fourth of the average number during the period of 1980 and 2000. I understand that creative destruction and survival of the fittest is the mechanism of the markets to stay efficient. And yet, many of the spectacular failures of corporations in the last decade clearly trace their roots to failures in governance.

Despite these governance failures, I am optimistic that public corporations can continue to retain their pre-eminent status even in the 21st century as well. But for this to happen, they have to learn to respect their social contract — ethical corporate governance is the first and most important step to ensure this. Each one of us — corporate leaders, board members, C-Suite executives, investors, managers, analysts, members of the larger society — have to play a role in achieving this and hold corporations to a higher standard. I am hopeful we can do this.

Thank you once again.



Infosys pyramid – Bangalore, India

Q&A

Below are highlights of S.D. Shibulal's question-and-answer session with Bentley University students, faculty, staff, and guests.

QUESTION: *In mentioning the “Balanced Scorecard,” you stated that there are financial and non-financial goals. Could you specify what kinds of non-financial goals Infosys was interested in?*

S.D. SHIBULAL: There are quite a few non-financial goals we aim at. For example, we do a customer satisfaction survey every year. Every year we have a goal that our customer satisfaction survey should improve by 10 percent. This has always been a journey for Infosys. In everything I talked about, we have not achieved the end game. We fall down occasionally; this is a journey for us. We always believed in contin-

uous improvement, and customer satisfaction is one index that comes to my mind. Next, for example, is employee attrition, which is another non-financial number. Infosys is comfortable with about 10 to 12 percent. Other non-financial indicators we track are employee satisfaction and investor confidence. So a number of non-financial goals are tracked.

QUESTION: I'd like to know what your company does for the communities that are around you.

S.D. SHIBULAL: At Infosys we have someone who works specifically with the neighboring communities. We created something called the

Infosys Foundation in 1999. Remember that, in 1999, Infosys had only \$100 million in revenue, and we said we would contribute up to 1 percent of our profits toward the foundation. The foundation does all kinds of social activities: they build hospitals, homes — in fact, we built 3,000 homes in Karnataka. Now the interesting part is that most of the corporate governance standards in India are actually set by Infosys. Because we were number one, we were leading and most of [what became standard] practices were our practices that were adopted later across the country.

Regarding the 1 percent that goes toward the foundation, the government of India has passed a new law which states that all public corporations in India have to contribute up to 2 percent of their profits toward corporate social responsibility. We did it in 1999, and finally now it has become law. There are a number of examples I could give you like this.

The Infosys Science Foundation does a lot of work in education scholarship, health-care activities, building hospitals, building homes, and a number of things like that. Even the Science Foundation is a social enterprise; it is not a profit enterprise. It aims to encourage the creation of basic science learning in the country where slowly the number of people entering the basic sciences is coming down. So there is a lot of social work which we do.

QUESTION: *It's generally accepted that failure in corporate governance was one of the major drivers of the financial crisis. What is your view on some of the corporate governance issues that aren't currently being addressed that could lead to significant problems in the future?*

S.D. SHIBULAL: I think if you look at governance as a mechanism to create trust, the crisis which we faced was more about trust than anything else. This is confirmed in many of the numbers; for example, if you look at confidence in CEOs, it has dropped down to something like 30 percent

today. If you look at the number of companies that have launched IPOs in the U.S., it has come down substantially in the last 15 years. If you look at the number of public corporations in the U.S. alone, it has come down by 38 percent, and in the U.K., it has come down by over 40 percent. So I think the crisis of trust will lead to a number of things: Number one, people will choose not to invest. Public corporations are run by raising capital from the public, and that capital is used to create employment, to create wealth, to create innovation, to create quality of life, to create progress. So these entities have to exist, because in today's world, we do not really have any other mechanisms that will create that kind of impact to society. I remember when I was coming out of college in 1977, in India, for example, the only job I could dream of, was a government job: It was either a bank job or a government job, but the banks were also owned by the government. Private enterprise was not known in India. Today if you look at it, all the progress that has been talked about, such as the average income going from \$15 to \$1,600, it was not done by the government — it is done by private corporations. And if you can't sustain this [progress] and social progress declines, you will have a problem. If you can't manage the corporations properly, the biggest deficit that will result is in terms of trust.

QUESTION: *You mentioned that when the economy declined, your company chose not to respond through a reduction in staff. Could you expand a little on that, and in particular what is the principle guiding you?*

S.D. SHIBULAL: One needs to look at the context of these things. In the U.S. for example, if you get laid off, you have a social security net immediately; you get unemployment benefits. India is a very different country. There is no unemployment insurance; there is no social security safety net. Getting secondary employ-

ment is almost impossible. Here, employment is very different; it is very dynamic. You have Social Security. You have unemployment programs in place. You have support systems. In India, you don't have that. That's point number one. Point number two is this: We looked at the situation and even financially it didn't make sense [to lay off our employees]. If you fire 10,000 people, you will save some "X" amount of money; your margins may go up by 1 or 1½ percent, or whatever. However, you would have broken the trust of the employees and the incoming employees. The people we recruit are coming from universities. We recruit tens of thousands of people. So if you fired people, they are all graduates of the colleges where we are going to be recruiting next year. For a service corporation, the biggest assets are its people. And we get some of the best people in the country. (After they go to Bentley, they join Infosys!) So it was a logical decision to make. Now you could look at it in multiple ways, and we thought it would be a violation of trust [if we engaged in massive layoffs]. And in the long-term it played out.

We do use performance-based separation. That's different. We have always done that.

QUESTION: *There are contrarians out there that argue against Sarbanes-Oxley and ethical corporate governance because they say it adds more reporting and detracts from the bottom line. How do you reply?*

S.D. SHIBULAL: There are two issues here. First there is the law of the land, and from my perspective the law is the law. It is black and white. You can argue that a regulation is not appropriate; that is a different issue. However, once you have a regulation, you have to comply, because it goes back to our principle that one has to comply with the laws and regulation in every country in which we operate.

There are times when a regulation doesn't make sense. Then we will work with the government to change the regulation. That would be a

different arm of the corporation, but our finance department will say, "There is a regulation, and we have to follow it."

QUESTION: *There have been American corporations that have gotten into trouble for not following American regulations abroad. How would you comment on that?*

S.D. SHIBULAL: You have to follow the rules in the lands where you operate. You don't have a choice. That is why we operate in 33 countries, and we follow the regulations when we operate in those countries. For example, in France, employees can only work 33-hour workweeks. You can't go in and say, "We are from India and we are going to work 50 hours." Occasionally, you do get into conflicts. I have not come across too many examples of such conflicts. At that point you need to get expert advice and make a choice. In some cases, we actually go to the government and say, "There is a conflict. We are following this." They may not respond, but we would tell them what we are doing. At least you get it out, move on, and hope for the best.

QUESTION: *You mentioned that you have hundreds of clients and that your products give them a competitive edge. How do you decide who to help, especially if customers are competitors? And do you disclose to one that their competitor is coming to you?*

S.D. SHIBULAL: Yes, we work with all the competitors. That is very common for us. In the 34 years of Infosys's history we have never had any litigation with a client or anyone else on intellectual property issues. Remember, we are the custodians of their intellectual property, so we really have to be extremely careful about how we handle this. We maintain clear "Chinese Walls" between our clients. There are situations where a person [i.e., an Infosys employee] is working for a client, and after stopping work with that client, cannot work for any competitors for a period of time — maybe six or eight

months, or something like that. There are rules and regulations that are contractually signed off. The clients will set the requirements on disclosing or not disclosing. We may say, for example, "We work with your competition," but we won't say who it is. Sometimes it is completely obvious, but still we won't say the name. We follow the contracts and we maintain the Chinese Walls. Almost every large company

in this country will be an Infosys client, and almost all of them compete with each other. If you look at the financial industry, many of the banks are our customers. They all compete with each other. So we have a responsibility to make sure that their intellectual property is segregated out.

Thank you.



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