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ETHICAL BUSINESS PRACTICES: THE UNBREAKABLE TRINITY OF CORPORATE CULTURE, INTEGRITY AND SUSTAINABILITY

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I. ABSTRACT

Ethical business practices have moved from the periphery of corporate governance to its normative and strategic centre. This paper examines how corporate culture, integrity, and sustainability operate together as the “Unbreakable Trinity” of responsible business conduct and argues that long-term profitability cannot be separated from legality, accountability, stakeholder trust, and social legitimacy. The research problem addressed is the continuing gap between formal compliance and substantive ethical governance, particularly where corporations satisfy minimum legal duties while failing to internalise ethical decision-making across management, reporting, technology, environmental performance, and human-rights responsibilities. Adopting a doctrinal and analytical methodology, the paper evaluates international standards such as the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, and the TRIPS framework, alongside Indian legal instruments including the Companies Act, 2013, SEBI’s Listing Obligations and Disclosure Requirements Regulations, CSR obligations, ESG disclosures, and business responsibility reporting. The study further draws upon comparative and Indian case studies, including Satyam, Enron, Volkswagen, Wells Fargo, Vedanta, and Tata Consultancy Services v. Cyrus Investments, to demonstrate how ethical failure produces legal sanctions, reputational harm, investor distrust, and institutional instability. The paper’s central finding is that corporate culture shapes behaviour, integrity directs behaviour, and sustainability preserves the legitimacy of business activity over time. It contributes to corporate law scholarship by presenting ethics not as a voluntary moral aspiration, but as a governance imperative that

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strengthens compliance, stakeholder confidence, digital accountability, environmental responsibility, and sustainable corporate competitiveness.

II. KEYWORDS

Corporate Culture, Integrity, Sustainability, Business Ethics, Corporate Governance.

III. INTRODUCTION

Presently, the determination of commercial success does not solely rely on the company's gross profit and its position in the market. Stakeholders - among them, customers, employees, investors, and regulators - are increasingly judging companies based on their ethics, public relations, and social responsibility. The practices of ethical businesses are not merely compliance with the law anymore; they are the main means for achieving and preserving growth and credibility.

The companies wishing to be ethical might suffer very badly in terms of their reputation, incur heavy fines, or simply go bankrupt as illustrated by many global scandals. Understanding the concept of ethical business practices can be simplified with the help of three major pillars which are the Corporate Culture, Integrity, and Sustainability. These pillars or dimensions are respectively the heart, the guide, and the vision of every organisation. Corporate culture is that particular quality of the company that, through its very nature, encourages and develops ethical behaviour amongst employees. Integrity acts as the moral compass that judges fairly and rightly all decisions through open and honest means.

Sustainability is the foresight that considers even the farthest future, making it certain that the business is continuously making dividends for both society and the planet with its future-oriented approach. The increasing global agreement on moral rule is not only supported but also strengthened by global frameworks like the Organisation for Economic Co-operation and Development (OECD)² Guidelines for Multinational Enterprises and the United Nations Global Compact (UNGC).³ In India, the government has shown its support by introducing laws like Section 135 of the

² OECD, *Guidelines for Multinational Enterprises* (2023).

³ United Nations Global Compact, The Ten Principles, [Homepage | UN Global Compact](#)

Companies Act, 2013⁴, which requires that certain companies pay for Corporate Social Responsibility (CSR) projects, thus putting the government's position in this matter its proper light.

A. Research Objectives

The present research seeks to achieve the following objectives:

1. To examine the conceptual relationship between corporate culture, integrity, and sustainability as the "Unbreakable Trinity" of ethical business practices.
2. To analyse the legal and regulatory framework governing corporate ethics in India, particularly under the Companies Act, 2013, SEBI's Listing Obligations and Disclosure Requirements Regulations, CSR obligations, ESG norms, and Business Responsibility and Sustainability Reporting requirements.
3. To evaluate relevant international standards on responsible business conduct, including the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, and sustainability-oriented trade principles.
4. To assess the role of judicial decisions and regulatory enforcement in recognising ethical governance, accountability, transparency, and stakeholder-oriented corporate responsibility.
5. To study Indian and comparative case studies, including Satyam, Enron, Volkswagen, Wells Fargo, Vedanta, and *Tata Consultancy Services v. Cyrus Investments*, in order to identify the legal, reputational, and institutional consequences of unethical corporate conduct.
6. To propose policy-oriented recommendations for strengthening ethical leadership, whistleblower protection, ESG standardisation, digital accountability, and sustainable corporate governance.

⁴ Companies Act, No. 18 of 2013, § 135 (India)

B. Research Questions

The present study is guided by the following research questions:

1. What legal and regulatory obligations do Indian corporate governance frameworks impose on companies to embed ethical conduct, transparency, sustainability, and stakeholder accountability in business operations?
2. How do corporate culture, integrity, and sustainability interact as the “Unbreakable Trinity” for establishing responsible and ethical business practices?
3. In what manner have Indian courts, regulators, and comparative international case studies recognised ethical governance failures as matters affecting corporate accountability, investor confidence, stakeholder trust, and institutional legitimacy?
4. How far do international responsible business conduct frameworks, including the United Nations Global Compact, OECD Guidelines, and UN Guiding Principles on Business and Human Rights, influence the development of ethical corporate governance standards in India?
5. What policy reforms are necessary to strengthen ethical leadership, whistleblower protection, ESG standardisation, digital accountability, and sustainable corporate governance in India?

C. Research Methodology

The present study adopts a doctrinal, analytical, and comparative legal research methodology. The doctrinal component is used to examine primary legal materials, including the Companies Act, 2013, SEBI’s Listing Obligations and Disclosure Requirements Regulations, CSR provisions, ESG-related disclosure norms, and judicial decisions concerning corporate governance, accountability, sustainability, and ethical business conduct. The analytical component evaluates how corporate culture, integrity, and sustainability collectively function as the “Unbreakable Trinity” of responsible corporate behaviour.

The study also adopts a comparative approach by examining selected Indian and international case studies involving ethical failures and governance responses. India

remains the principal jurisdiction of analysis, while comparative references are drawn from the United States and Germany through cases such as Enron, Wells Fargo, and Volkswagen. These comparative examples are used to demonstrate how unethical corporate conduct produces regulatory sanctions, reputational damage, investor distrust, and institutional instability across jurisdictions.

The research relies on both primary and secondary sources. Primary sources include statutes, regulations, judicial pronouncements, regulatory circulars, and international responsible business conduct frameworks. Secondary sources include scholarly literature, governance reports, institutional surveys, corporate ethics studies, and policy materials. The study is limited to doctrinal and qualitative analysis and does not undertake empirical fieldwork, interviews, or quantitative assessment of corporate performance. Accordingly, its conclusions are normative and analytical, focusing on legal principles, governance standards, and policy implications rather than statistical measurement.

IV. THE NEED FOR ETHICAL BUSINESS PRACTICES

A. Why Ethics Matter

Trust is one of the most valuable assets in the contemporary commercial environment. The Edelman Trust Barometer 2023⁵ does not support the claim that 87% of consumers avoid firms they recognise as unethical. Rather, its published findings state that business was the only institution viewed globally as both competent and ethical, with 62% of respondents expressing trust in business, compared with 51% trust in government. This finding indicates that ethical credibility has become central to institutional legitimacy and stakeholder confidence.

However, the continued relevance of ethics is also demonstrated by major corporate failures such as the Satyam corporate fraud in India,⁶ the Volkswagen emissions scandal, and the Wells Fargo unauthorised accounts controversy.⁷ These examples show that unethical corporate conduct can rapidly erode brand trust, invite regulatory

⁵ Edelman, *2023 Edelman Trust Barometer* (2023).

⁶ Satyam Computer Services Ltd. Scam (2009).

⁷ U.S. Department of Justice, *Wells Fargo Settlement* (2020).

scrutiny, and damage long-term organisational credibility. Companies that have inserted the ethical values or worked according to the ethics in their operations, however, gain greater stability, goodwill, and shareholder confidence. Ethics, therefore, are both a moral guide and a business advantage.

Ethical behaviour reduces the likelihood of risks by, decreasing the chances of lawsuits and safeguarding reputation by simply following transparency. Additionally, companies rooted in ethics are better able to gain staff, as today the professionals prefer working for scrupulous employers.

V. CORPORATE CULTURE - THE HEARTBEAT OF THE ORGANISATION

Workplace behaviour and adoption of decisions are moulded by the corporate culture of the companies, firms or businesses. It incorporates the core values, beliefs, and conduct guidelines of an organisation. By means of open dialogue, lucidity and ethical incentives in management play a key role in incorporating ethics into an organisation's core. The claim that businesses with strong ethical cultures have 50% fewer cases of organisational misconduct could not be verified from the Ethics & Compliance Initiative's 2020 Global Business Ethics Survey.⁸ Instead, the Ethics & Compliance Initiative's 2023 Global Business Ethics Survey indicates that stronger ethical cultures are linked with reducing workplace wrongdoing by over 400%.

This finding more accurately demonstrates the close relationship between organisational culture, ethical awareness, and the prevention of misconduct. One of the examples that come to my mind, while referring to responsibility, would be that of Johnson & Johnson's Tylenol crisis of 1982⁹, where they recalled millions of bottles of Tylenol after a poisoning case was reported and chose over and above profits. They were eventually hailed as a responsible company for having chosen to safeguard their goodwill despite having a costly exercise. Tata Group and Infosys are examples that

⁸ Ethics & Compliance Initiative, *Global Business Ethics Survey 2023* (ECI, 2023).

⁹ Johnson & Johnson, *Tylenol Crisis Case* (1982)

come to my mind with respect to companies that maintain the ethical standards portrayed by India.

VI. INTEGRITY - THE NORTH STAR OF DECISION-MAKING

Accountability and openness are the main components of integrity. It calls for an agile supply chain, inclusive governance, honest financial reporting, and honest advertising. Even the dominant corporations may face failure if they lack integrity, as displayed by Enron's \$74 billion scam, which incited the US to come up with the Sarbanes–Oxley Act (2002)¹⁰. Similarly, Wells Fargo's fake accounts crisis, which came to light in 2016, initially resulted in regulatory penalties totalling US\$185 million, including a US\$100 million civil penalty imposed by the Consumer Financial Protection Bureau.

The matter ultimately culminated in a US\$3 billion resolution¹¹ with the U.S. Department of Justice and the Securities and Exchange Commission in 2020, underscoring how systemic ethical failures can invite sustained, escalating, and long-term regulatory consequences. The \$1.5 billion accounting scam known as the Satyam Scandal (2009)¹² in India, which caused major changes to the Companies Act, 2013¹³ and reforms by the Securities and Exchange Board of India (SEBI)¹⁴, which established more strict exposure requirements and augmented the responsibility of independent directors. According to the Harvard Business Review (2022)¹⁵.

¹⁰ Sarbanes–Oxley Act, Pub. L. No. 107-204, 116 Stat. 745 (2002).

¹¹ Consumer Financial Protection Bureau, *Consumer Financial Protection Bureau Fines Wells Fargo \$100 Million for Widespread Illegal Practice of Secretly Opening Unauthorized Accounts* (8 September 2016); U.S. Department of Justice, *Wells Fargo Agrees to Pay \$3 Billion to Resolve Criminal and Civil Investigations into Sales Practices Involving the Opening of Millions of Accounts without Customer Authorization* (21 February 2020).

¹² Satyam Computer Services Ltd. Scam (2009).

¹³ Companies Act, No. 18 of 2013, §§ 149, 177, 139–148, 134(5) (India).

¹⁴ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (India).

¹⁵ Harvard Business Review, *The Business Case for Integrity* (2022)

Integrity is the keystone of business expansion. Businesses like Infosys¹⁶ have responded directly to the allegations made by whistleblowers, showing that the company's reputation, even in crisis times, is maintained by responsibility

1. **Difference Between Culture and Integrity:** Integrity is the moral principle that controls honesty and openness in business activities; on the contrary, corporate culture is the mutual behaviour and shared values. Integrity determines "how they should behave," whereas culture decides "how people behave." Collectively, they build the ethical framework of how the business functions.

VII. SUSTAINABILITY - BEYOND GREENWASHING

In the current era, sustainability has become a sort of strategic focus rather than an afterthought. John Elkington's book, "Triple Bottom Line" published in 1997¹⁷, argues for the "People, Planet, Profit" approach, underlining the importance of achieving a balance with regard to social justice, the planet's preservation, and profitability. Due to the practice of recycling and sustainability, the business world has leaders such as Patagonia in competitive innovation, proving that the preservation of the planet and profit can go side by side. Over 90% of the millennials have adopted sustainability as "a highly important or essential consideration in choosing a workplace," as reported by Deloitte in 2022.¹⁸

1. **Sustainability in India:** Section 135 of the Companies Act of 2013¹⁹ demands that Indian companies that have reached a given threshold allocate at least 2% of their net income to corporate social responsibility projects. Corporations like ITC have carried out watershed management and community mobilisation, while AMUL's synergistic model has enhanced rural prosperity and also empowered farmers. In addition, Geographical Indications (GIs) like Darjeeling Tea exhibit sustainability by conserving cognitive content and ethnic legacy and have been protected under the TRIPS Agreement²⁰.

¹⁶ Infosys Ltd., *Whistleblower Policy & Governance Reports* (2019–2023).

¹⁷ John Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business* (1997).

¹⁸ Deloitte, *Global Millennial Survey* (2022).

¹⁹ Companies Act, No. 18 of 2013, § 135 (India).

²⁰ WTO, *Agreement on TRIPS*, Apr. 15, 1994.

VIII. THE UNBREAKABLE TRINITY

The three strong pillars of the indissoluble trinity of ethics in the corporate context are integrity, sustainability, and corporate culture.

1. Culture is what shapes behaviour.
2. Integrity is what leads behaviour.
3. Sustainability means living or lasting for a long time. Sustainability ensures that something will last for If any of the pillar's collapse, then the whole edifice of ethics will fail. But together, when all these three are integrated, they create trust, resilience, investor confidence, and a company's social license to operate practices

IX. GLOBAL AND INDIAN FRAMEWORKS

The main things that regulate the ethical business practices are the frameworks, national and international, along with business ethics. The OECD Guidelines for Multinational Enterprises²¹ The UN Sustainable Development Goals (SDGs) are global standards for corporate ethics. By guarding Geographical Indications (GIs), the World Trade Organisation's (WTO) TRIPS Agreement²² promotes sustainability. In India, companies are mandated to track moral and sustainable business practices over SEBI's Listing Obligations and Disclosure Requirements (LODR)²³, Corporate Governance Guidelines, CSR standards²⁴, and ESG (Environmental, Social, and Governance) frameworks.

A. Ethical Business Practices in the Digital and AI-Driven Economy

Digitalisation has significantly changed how businesses operate in various areas. Today, with artificial intelligence, data analytics and synthetic intelligence being super important for how companies run. These methods make things run smoother and spark new ideas, but they also mention some serious ethical questions about being

²¹ OECD, *Guidelines for Multinational Enterprises* (2023).

²² WTO, *Agreement on TRIPS*, Apr. 15, 1994.

²³ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (India).

²⁴ Companies Act, No. 18 of 2013, § 135 (India).

open, avoiding unfairness, keeping our personal information safe and making sure we're responsible for what we do.²⁵ Algorithms are increasingly influencing our job decisions, lending practices, pricing strategies, and customer interactions. The opacity of such systems poses ethical risks, as accountability is spread among developers, managers, and corporations. Ethical business practices demand that technological decisions remain explainable, auditable, and subject to human oversight.²⁶ Algorithmic bias is a major ethical challenge. AI systems trained on historical data may perpetuate existing inequalities, leading to discriminatory outcomes. Ethical governance requires bias assessment, diverse datasets, and continuous monitoring to ensure fairness and inclusion. Data ethics is another critical pillar. Corporations often collect and monetise personal data beyond legitimate necessity. Ethical business conduct requires informed consent, data minimisation, and respect for individual autonomy. Excessive surveillance and opaque data practices undermine trust and violate ethical norms. International frameworks stress that digital innovation should prioritise human-centricity, rights, and social responsibility. Ethical businesses incorporate digital ethics into corporate governance through internal ethics committees, risk assessments, and accountability mechanisms.²⁷ Ethical business practices in the digital economy must go beyond mere compliance and embed moral responsibility in technological design and deployment to ensure long-term legitimacy and sustainability.²⁸

In the Indian context, ethical data governance must also be examined in light of the Digital Personal Data Protection Act, 2023²⁹ and the Digital Personal Data Protection Rules, 2025. The Act establishes India's principal statutory framework for the processing of digital personal data and recognises both the individual's right to

²⁵ Organisation for Economic Co-operation and Development, *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023), available at: [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD](#) accessed 3 January 2026

²⁶ UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (2021), available at: [Recommendation on the Ethics of Artificial Intelligence - Legal Affairs](#) accessed 3 January 2026.

²⁷ UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (2021), available at: [Recommendation on the Ethics of Artificial Intelligence - Legal Affairs](#) accessed 3 January 2026.

²⁸ United Nations, *Guiding Principles on Business and Human Rights* (2011), available at: [guidingprinciplesbusinesshr_en.pdf](#) accessed 3 January 2026.

²⁹ Digital Personal Data Protection Act 2023 (Act No 22 of 2023) (India).

protect personal data and the legitimate need to process such data for lawful purposes. For businesses operating in the digital economy, this framework converts ethical principles such as informed consent, purpose limitation, accountability, security safeguards, and respect for user autonomy into binding legal obligations. Data fiduciaries are required to process personal data only for lawful purposes, provide notice, obtain valid consent where required, protect personal data through reasonable safeguards, and respond to the rights of data principals. The DPDP Rules, 2025³⁰ operationalise several obligations under the Act, including notice requirements, consent-related processes, security safeguards, grievance redressal, children's data protection, and phased implementation of compliance duties. Accordingly, Indian businesses can no longer treat data ethics as a voluntary corporate value or merely as an international best-practice standard. Compliance with the DPDP framework is now an integral component of ethical corporate governance, particularly for enterprises using artificial intelligence, data analytics, digital platforms, targeted advertising, automated decision-making, and consumer profiling. The Act and Rules therefore strengthen the paper's central argument that integrity and sustainability in the digital economy require lawful, transparent, accountable, and human-centric data practices.

X. CORPORATE HUMAN RIGHTS RESPONSIBILITIES AND ETHICAL GOVERNANCE

Today, corporations substantially impact working conditions, environmental quality, and access to necessary services. Ethical business conduct is increasingly being considered an integral part of corporate responsibility for the implementation of human rights. Companies operating within global supply chains are putting both workers and local communities at risk of forced labour, unsafe working conditions, and other forms of environmental degradation. Ethical governance obliges companies to carry out due diligence on human rights issues, take notice of any adverse human rights impacts, and provide for remediation. This is further extended to cover business practices of subsidiaries, contractors, and suppliers. It follows that the codes of

³⁰ Digital Personal Data Protection Rules 2025, Ministry of Electronics and Information Technology (India).

conduct adopted by suppliers, mechanisms available for lodging complaints, and independent audits may give a guarantee that international human rights norms are being respected.³¹ When organisations engage in their operations that end up affecting the environment negatively, the impact also affects the human rights aspects, such as health, work, and the environment. In an ethical organisation, there should be management of resources, community relations, and preservation of the environment. Ethically, organisations should handle resources, communicate with the community, and ensure that the environment is conserved.³² In India, the values of dignity, equality, and justice are increasingly being emphasized as accountability in businesses. Thus, ethical governance can be considered the missing link between what businesses undertake and what is right and acceptable in terms of the constitution because economic development must be for everyone.³³ Companies that extend human rights to include these matters in their plans make investors feel comfortable and show that they care by doing the right thing. Companies that do otherwise may end up losing their good reputation and may have to comply with orders from the government.³⁴

Chapter IX: Ethical Leadership and Boardroom Responsibility

Ethical business is, in the end, the responsibility of its leaders. Boards of directors are fiduciaries who have the goal of merging corporate goals with ethical values³⁵. In all cases of business scandals, ethical failures show that the problem essentially lies in a leadership context where short-term profits take over as a substitute for ethical conduct. There is a need for ethical leadership that involves accountability, openness,

³¹ United Nations, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* (2011).

³² United Nations, *Guiding Principles on Business and Human Rights* (2011), available at: [guidingprinciplesbusinesshr_en.pdf](#) accessed 3 January 2026.

³³ Organisation for Economic Co-operation and Development, *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023), available at: [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD](#) accessed 3 January 2026.

³⁴ United Nations, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework* (2011).

³⁵ Organisation for Economic Co-operation and Development, *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023), available at: [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD](#) accessed 3 January 2026.

and ethical integrity that go beyond mere legality³⁶. Independent directors, ethics committees, and strong internal control structures are vital for institutionalising ethical monitoring. Ethical leaders create channels for effective communication and shield whistleblowers since they appreciate that internal mechanisms of accountability are effective in preventing systemic wrongdoing³⁷. Ethical leadership is further put to the test during crisis management. Open communication and taking responsibility for crisis-related actions are hallmarks that distinguish ethical organisations from those practising denial and deception.³⁸ Therefore, ethical leadership acts as the moral driving force behind the management of the corporation because ethical values are converted into practical action³⁹.

XI. MEASURING ETHICS - ESG, CSR, AND PERFORMANCE INDICATORS

Challenges exist in measuring ethical behaviour, since ethics are subjective and quantifiable. ESG and CSR data aim to create consistency in measuring ethics among companies.⁴⁰ Although ESG reporting can improve transparency, a weak approach can become simply a box-ticking exercise when removed from tangible action. Ethical enterprises place more value on impact rather than mere ticking boxes in ensuring that what they report represents actual social and environmental issues.⁴¹ CSR activities have the potential for inclusive development if they are incorporated within the strategy of the core business rather than being seen as something on the fringe of the core activity.

³⁶ UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (2021), available at: [Recommendation on the Ethics of Artificial Intelligence - Legal Affairs](#) accessed 3 January 2026.

³⁷ United Nations, *Guiding Principles on Business and Human Rights* (2011), available at: [guidingprinciplesbusinesshr_en.pdf](#) accessed 3 January 2026.

³⁸ Organisation for Economic Co-operation and Development, *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023), available at: [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD](#) accessed 3 January 2026.

³⁹ UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (2021), available at: [Recommendation on the Ethics of Artificial Intelligence - Legal Affairs](#) accessed 3 January 2026.

⁴⁰ Companies Act, No. 18 of 2013, §§ 149, 166, 177 (India); OECD, *Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023).

⁴¹ UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (2021), available at: [Recommendation on the Ethics of Artificial Intelligence - Legal Affairs](#) accessed 3 January 2026.

Ethical CSR brings together community development, the environment, and value creation on an ongoing basis.⁴² One worries about greenwashing, the overstatement of sustainability performance without follow-through. Greenwashing creates a lack of trust and misrepresents the ethical part of accountability. Therefore, the moral measurement that is considered valid would involve using a combination of the quantitative, qualitative and stakeholder engagement methods.

XII. ETHICAL CAPITALISM AND STAKEHOLDER GOVERNANCE

Ethical business practices represent a paradigm shift in governance, away from shareholder-centric governance towards stakeholder governance. Ethical capitalism understands that a balance of the interests of shareholders, employees, consumers, society, and the planet is a prerequisite for sustainable value maximisation.⁴³ Stakeholder-focused management helps facilitate communication, inclusiveness, and accountability. Trustworthy firms include stakeholders in decision-making, thus ensuring legitimacy and acceptance.⁴⁴ Such a strategy promotes resilience and flexibility of the organisation, especially during economic and social disturbances. It can thus be argued that ethical governance is a competitive advantage rather than a regulatory challenge.⁴⁵

A. Future Trajectory of Ethical Business Practices

The future of ethics in the corporate world is based on anticipatory governance. Since the drivers listed below are expected to raise more attention to ethics regarding business behaviour, they are going to be key. Ethical frameworks will need to transition from merely being reactive in nature for compliance to preventive governance, embedding ethics into the process of innovation, strategy, and corporate

⁴² United Nations, *Guiding Principles on Business and Human Rights* (2011), available at: [guidingprinciplesbusinesshr_en.pdf](#) accessed 3 January 2026.

⁴³ Companies Act, No. 18 of 2013, §§ 149, 166, 177 (India); OECD, *Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023).

⁴⁴ Organisation for Economic Co-operation and Development, *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023), available at: [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct | OECD](#) accessed 3 January 2026.

⁴⁵ Securities and Exchange Board of India, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Securities and Exchange Board of India, Business Responsibility and Sustainability Reporting framework; Companies Act, No. 18 of 2013, § 135 (India).

culture. Enterprises that have already started embedding ethical considerations into the long-term business process will define sustainable and responsible capitalism. Fundamentally, ethical business practices constitute no constraint on profitability but are essential enablers of legitimacy and trust in a long-term perspective within a transparent world economic environment.

XIII. JUDICIAL RECOGNITION OF ETHICAL BUSINESS PRACTICES - KEY CASE LAWS

Judicial pronouncements have assumed a critical role in shaping and cementing the ethical norms of business activities by applying the interpretations of corporate responsibility, accountability, and sustainability. The courts have recognized that ethics cannot be divorced from the operations of the corporation.

- 1. Satyam Computer Services Ltd. Case (India):** The Satyam scam marked the dawn of a new era in corporate governance in India. The extent of the fraudulent activities in the financial statements drew attention to the weaknesses of the board of directors, the ineffectiveness of the auditing process, and the loss of integrity at the management level. The legislative measures post scam has directly contributed to the formation of the Companies Act of 2013. This case highlights how a lack of integrity can cause instability in the institution as well as for the stakeholders on the market. ⁴⁶
- 2. The Case of Vedanta Resources: Environmental and Human Rights Perspective:** The judicial examination of the mining activities of Vedanta proves the link between business ethics, environmental concerns, and human rights. The judicial clarification is that economic development should be made without undermining environmental sustainability and human rights. This matter has reinforced the importance of sustainability as a constitutional and

⁴⁶ Securities and Exchange Board of India, *Order in the matter of Satyam Computer Services Ltd.* (15 July 2014) – official SEBI adjudication order (PDF): [Microsoft Word - Swaminathan%20Order%20Satyam%20final%2028.04.2014\[1\].docx](#) accessed 4 January 2026.

ethical imperative of business operating in and around sensitive environments.⁴⁷

- 3. Tata Sons Pvt Ltd & Anr. v. Cyrus Investments Pvt Ltd & Ors., (2021) 9 SCC 449:** In this significant corporate governance decision, the Supreme Court of India clarified that questions of oppression, mismanagement, boardroom decision-making, and majority rule must be assessed within the statutory framework of the Companies Act, 2013. While the Court declined to interfere with bona fide commercial decisions of the board and upheld the principle of corporate majority rule, the case remains relevant for examining transparency, fiduciary responsibility, good faith, and the limits of judicial intervention in internal corporate governance disputes.⁴⁸

XIV. COMPARATIVE INTERNATIONAL CASE STUDIES ON ETHICAL BUSINESS FAILURES

Cases drawn from other countries will show how a lack of ethics results in stern legal and monetary punishments as well as loss of reputation:

- 1. Enron Corporation (United States):** The significance of the fall of Enron explains the systemic failure in ethics that relates to fraudulent financial reporting, conflict of interest, and the improper use of accounting practices. It directly resulted in the Sarbanes-Oxley Act in 2002. Enron directly contributed to the passage of the Sarbanes-Oxley Act in 2002. The scenario identifies integrity as foundational in ethics.⁴⁹
- 2. Volkswagen Emissions Scandal Case:** In the Volkswagen emissions scandal, the company's use of emissions software showed that while technology can be highly advanced in terms of functions and capabilities, unethical use can ultimately cause harm and loss. The scandal showed that while companies can

⁴⁷ *Vedanta Limited v. State of Tamil Nadu & Ors., W.P. Nos. 5756/2019 and others* (Madras High Court), available at: [Vedanta Limited vs State Of Tamil Nadu](#) accessed 4 January 2026.

⁴⁸ *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd., (2021) 9 SCC 449* (Supreme Court of India), available at: <https://indiankanoon.org/doc/5416696/> accessed 4 January 2026.

⁴⁹ OECD, *Guidelines for Multinational Enterprises on Responsible Business Conduct* (2023); United Nations, *Guiding Principles on Business and Human Rights* (2011).

be sustainably compliant, sustainability can also be embodied in company values.⁵⁰

- 3. Wells Fargo Case:** Wells Fargo's unethical sales culture led to the opening of millions of unauthorised accounts. This case example highlights the dangers of the pressure for performance results when there is no ethical oversight. The fines imposed and the departures at the top head office underline the need for ethical oversight.⁵¹

XV. REGULATORY ENFORCEMENT AND ETHICAL ACCOUNTABILITY IN CORPORATE INDIA

After all, it is not voluntary compliance that sustains ethical business practice, but effective regulatory enforcement. The agencies responsible in India are the SEBI, MCA, and sector-specific regulators, which help translate the expectations into binding obligations.

SEBI's enforcement actions relating to fraudulent disclosure, insider trading, and market manipulation prove that ethical failure invites legal liability. The Satyam corporate fraud case illustrates how regulatory intervention often comes a little late but is transformative. Following the scandal, SEBI made disclosure norms more stringent, auditors more liable, and governance norms more strict—all measures increasing the transparency inherent in ethics.⁵²

Thus, in a similar vein, the Companies Act 2013 institutionalises ethics in statutory governance through independent directors, audit committees, related-party transactions, and mandatory CSR spending. This reflects shifting dimensions of

⁵⁰ United States Environmental Protection Agency, *Notice of Violation to Volkswagen AG* (2015), available at:

[Volkswagen Clean Air Act Civil Settlement | US EPA](#) accessed 3 January 2026.

⁵¹ Consumer Financial Protection Bureau v. Wells Fargo Bank, Consent Order (2016), available at: [Wells Fargo Banking Scandal - Markkula Centre for Applied Ethics](#) accessed 3 January 2026.

⁵² *SEBI Order in the matter of Satyam Computer Services Limited*, SEBI Press Release PR No. 067/2014 (16 July 2014), available at: [watchoutinvestors.com](#) accessed 5 January 2026.

governance from a shareholder-centric model to one oriented toward stakeholders based on ethics.⁵³

Additionally, regulatory enforcement serves as a deterrent since for any cases of misgovernance that incur penalties, it acts as a warning to be sustainable, since unethical behaviour is not acceptable in business. Ethical accountability, therefore, becomes a joint mandate between companies and regulatory bodies where the law serves as a floor and ethics as a ceiling.

XVI. WHISTLEBLOWING, TRANSPARENCY, AND ETHICAL RISK MANAGEMENT

Whistle-blowing systems are major tools for ensuring ethical business conduct. Most corporate scandals that come to light are not disclosed during audits and inspection visits but are brought forward from within a company by its employees. Ethics in governance hence mandate whistleblower protection and a system that supports ethical reporting. "The Companies Act of 2013 provides for vigil mechanisms for listed companies as well as such classes of companies as the Central Government may likewise specify through notification in the official gazette," thus ensuring transparency and consequences for the violations stated above.⁵⁴ However, the success of such mechanisms is culture dependent.

For instance, in an organisation that lacks ethical leadership, the whistleblower is often punished for reporting. A judicial awareness of the protection of a whistleblower significantly appreciates the value of such protection with regard to corporate ethics. It has always been recognised that only when there is a certain degree of transparency and good faith, the integrity of governance is maintained.⁵⁵ Internationally, regimes such as the Sarbanes-Oxley Act and the Dodd-Frank Act, under U.S. law, emphasise that the importance of a whistleblower's protection is recognised worldwide. From an

⁵³ *The Companies Act, 2013* (Act No. 18 of 2013), available at: [CompaniesAct2013.pdf](#) accessed 5 January 2026.

⁵⁴ *The Companies Act, 2013* (Act No. 18 of 2013), available at: <https://www.mca.gov.in/content/dam/mca/pdf/CompaniesAct2013.pdf> accessed 5 January 2026.

⁵⁵ *Tata Consultancy Services Ltd. v. Cyrus Investments Pvt. Ltd.*, (2021) 9 SCC 449 (SC), judgment text available via IndianKanoon search at: [Tata Consultancy Services v Cyrus Investments](#) accessed 4 January 2026.

ethical standpoint, the relation between integrity and accountability is achieved through whistleblowing.

It turns passive workers into ethical stakeholders with an early warning system for systemic unethical behaviour. As such, ethical risk management is required to absorb positive aspects of the whistleblower safeguard system with confidentiality and grievance redressal mechanisms.

XVII. POLICY RECOMMENDATIONS FOR ENHANCING BUSINESS ETHICS

The constantly changing context of corporate governance, digitalisation, and sustainable development requires an adaptive approach to the policy process to embed the culture of ethical business practices. While the legal framework helps to establish the minimum requirements to be met to comply with the context, the process of ethical governance is enhanced in the adaptive process of the policy context to address the changing needs of risk and demand.

- 1. Enhancing Corporate Ethics through Statutory Integration:** There needs to be greater emphasis on the integration of ethical standards within corporate law. Although the Companies Act, 2013 ensures that corporate governance norms are followed, the ethical liabilities of the director are implicit. The need is to make a statutory obligation of ethical behaviour and accountability to stakeholders, thus ensuring that corporate decisions remain within the framework of constitutional values of justice and fairness.
- 2. Mandatory Ethics Risk Assessment and Disclosures:** The frameworks ought to mandate corporations to carry out regular ethical risk analyses that encompass themes such as supply chains, data, and environmental issues, among others. The corporations ought to present these analyses in their financial statements for greater transparency. The move would eliminate greenwashing practices in organisations since they would be accountable in matters of ethics.
- 3. Enhancement of Whistle Blowing Protection:** Although the existence of vigil mechanisms is mandatory, there is limited enforcement. “The policy changes

must include an independent assessment of claims made in reports of wrongdoing, a credible punishment system for retaliation, as well as a confidentiality agreement.” “Whistleblower protection policies help deter individuals from engaging in mishandled cases and establish an ethics program in the organisation.”

4. **ESG Standardisation and Independent Verification:** Lack of standardisation in ESG factors makes ethical assessment difficult. Governments must therefore introduce harmonised ESG reporting formats, which should be subjected to third-party verification. These audits will increase authentic information, decrease misinformation, and align sustainability information with the underlying corporate behaviour.
5. **Ethical Governance in the Digital Economy:** However, due to the advent of AI and data-informed decision-making practices, there is a need for regulatory policy on ethical AI governance. This incorporates requirements for transparency, analyses for biases, explainability, and overall human governance for AI systems. Ethical digital governance promotes rights and fosters public trust with regard to innovation in technologies.
6. **Capacity Building and Ethical Education:** Ethics and best practices need to be embedded in the system through director/senior management/compliance officer training programs. It is the duty of the regulatory bodies and professional bodies to place emphasis on ethics education as part of capacity-building programs for corporate governance. Taken together, these recommendations are intended to build a foundation for changes in ethics in business from compliance-driven to values-driven.

XVIII. CONCLUSION

Ethical business behaviour has become a crucial and integral support pillar for a better world of corporate governance. The world has become more interconnected with the advancements made in technology and an ever-aware stakeholder community, where merely operational profitability is no longer the yardstick to judge the business performance of companies. Throughout this paper, it has been shown that the absence

of ethics in corporate issues such as corporate fraud, the environment, or corporate governance will inevitably lead to penalties of the law. Ethics in corporate governance enhances the legal integrity of the corporate entity.

All courts of law, governments, and jurisdictions worldwide agree that ethics must not be separated from the law concerning corporate issues. This analysis further underlines that ethical governance is a strategic imperative and not a moral ideal. By including ethics as a factor of governance, companies and businesses are then able to attain a competitive advantage and ensure that they have a social license to carry out their operations. This makes ethical capitalism a strategic integration of profit and people. The role of policy interventions cannot be overstated in supporting the culture of ethics. A robust framework, enforcement tools, protection for whistleblowers, ESG standardisation, and ethical digital governance can contribute significantly to an ethics framework. But the law cannot enable ethics on its own. Ethical business behaviour requires leadership integrity and stakeholder engagement to a great extent.

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