



India Inc's litmus test for corporate integrity

Global Integrity Report 2024 - India
Edition

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Foreword



The world is becoming increasingly smaller as companies expand globally to maximize resources and achieve sustainable success. While benefitting from the diversity of this borderless digital business world, they also find themselves tackling the unknown—ever-evolving regulatory environments, tumultuous geopolitics, climate change challenges and unprecedented fraud risks. Amid these uncertainties, corporate integrity is the rudder that can continuously steer them in the right direction.

Today, corporate conduct has more far-reaching consequences than ever before, not only on the organization but also on the society and the environment, at large. It is, hence, imperative to prioritize organizational integrity and uphold its standards even in the face of financial turmoil. Tech intervention can help reimagine compliance protocols and assist companies with course correction as they navigate the integrity landscape.

The biennial Global Integrity Report offers an in-depth look at how companies approach integrity in these times of global uncertainties. EY India's Forensic & Integrity team has put together this first edition of the India Integrity report using the data inferences collected from the survey conducted as part of the global endeavor. The report aims to provide detailed insights on India Inc's perception of corporate integrity, examines risks to the ethics framework, and explores the potential of whistleblowing to enhance good governance.

It is interesting to note the contrasts that have emerged as a part of this report. While there was an encouraging increase in the number of respondents who felt their organization was fostering a culture of trust and integrity, there is also an alarming rise in the number of those who admitted they were aware of an integrity incident that had taken place in their organization. This points towards the dire need to build an integrity-first organization that prioritizes ethics even in the face of adversity. It is also indicative of the need for leaders to step into their roles as the trendsetters, encouraging the ethical way of working over quick fixes.

The India edition of the Global Integrity Report 2024 is an attempt to retrain the lens on corporate integrity in India Inc and provides actionable insights that can serve as the compass using which companies can promote a culture of trust and accountability.



Arpinder Singh

Global Markets and India Leader
EY Forensic & Integrity Services

Executive summary

The Global Integrity Report 2024 - India edition highlights the evolving state of corporate governance across India Inc. and reinforces the need for organizations to prioritize corporate integrity as the risk landscape continues to define how businesses operate. It is now an opportune moment for corporate India to emphasize the importance of integrity through a compliance-first approach.

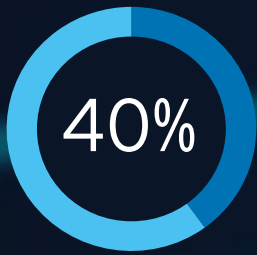
Compromised integrity: What price are we willing to pay?



faced a significant integrity incident in their organizations over the last two years

This is 24 percentage point higher than the global average

With financial challenges on the rise, Indian organizations seemed willing to overlook integrity for short-term achievements.



respondents admitted that employees were being more incentivized or pressured to violate organization's integrity standards over the last two years.

Tech-forward compliance is here



of the organizations are actively using one or more AI enabled tools

Public expectations of workplace conduct have increased



Employees' expectations for management's standards of behaviour have decreased



Integrity sinkholes: Navigating the slippery slope

01 Lack of action

Almost half (49%) respondents said they had seen behavior by other employees that would damage the organization's reputation if it was known externally and yet, no action was taken in the last two years

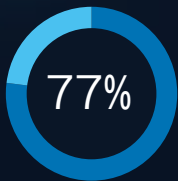
02 Overlooking breaches

It is easy to bypass the standard business rules and processes in the organizations, with more than half respondents (57%)--highest globally--admitting that to be the case

03 Lack of trust

29% respondents felt senior/executive management poses the greatest integrity risk

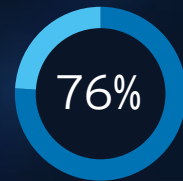
Whistleblowing: policy vs reality



strongly agreed that the employees could report wrongdoing at work without fearing negative consequences



had personally reported issues of misconduct in the last two years



respondents said they felt under pressure to not report misconduct

Introduction



In an era of interconnected businesses, organizations are increasingly adopting a global outlook to keep up with changing consumer expectations. India's rapid economic expansion over the past few decades and the quick shift to digitization during the course of the global pandemic, has placed it at a pivotal position on the world stage. However, with exponential growth comes the responsibility to ensure that the proliferation is in the right direction.

The Indian economy has displayed great tenacity and resilience in the face of uncertainties of the last few years. Given its relentless pace of growth, organizations have the chance to capitalize on the advantages if they are able to withstand the regulatory headwinds and the turbulence caused by geopolitical factors. Integrity is the cornerstone of maintaining sustainable growth. To build a robust foundation of ethics, inculcating good governance practices must be prioritized by India Inc.

Building a culture of integrity involves supporting ethical decision-making and prioritizing ethical behavior over short-term financial gains. Corporate integrity must pass the litmus test of a highly complex and increasingly uncertain business landscape.

Global Integrity Report 2024 - India edition documents country-specific findings from the larger survey and offers invaluable insights into the perception around ethics in the wake of macroeconomic and geopolitical upheavals and increased regulatory scrutiny.

This report is intended to provide an overview of the integrity quotient in Indian companies amidst the significant operational challenges and regulatory complexities facing them in the current scenario. It takes stock of the compliance environment in the country and traces the evolution of organizational integrity vis-à-vis the upheavals of the past decade. The key insights identified will serve as a moral compass for companies to help them navigate this complex business landscape through the lens of integrity.

97%

organizations are setting ethical standards for the appropriate use of AI

98%

are providing guidance to employees on the use of AI to improve business processes

1%

of the organizations surveyed have not set processes or policies to manage AI risks such as privacy or fraud



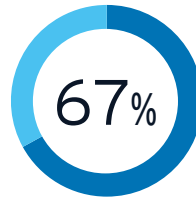
What is your organization's
integrity quotient?



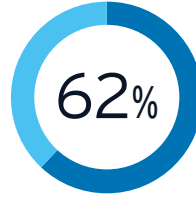
In today's tumultuous times, India Inc finds itself navigating a complex business landscape. The uncertain times are also posing a grave threat to corporate integrity.

Global Integrity Report 2022 documented how corporate India was adjusting to the new normal with a renewed sense of purpose. However, it also shed light on the resulting confusion that was putting a dent in companies' integrity agendas. As per Global Integrity Report 2024 surveys, India ranked the highest when it came to trust in employee integrity, with 98% of respondents agreeing that they had confidence in their organizations' ethics protocols.

When it came to identifying what was causing the improvement in compliance with integrity standards, respondents felt it was due to stricter regulations or pressure from regulators and law enforcement agencies, followed by direction from the management or leadership.



respondents from India claimed that compliance standards had become better over the last two years as opposed to



who thought that was the case back in 2022.

This 5 percentage point improvement in respondents' perception of compliance with integrity standards within their organizations is encouraging.



➤ Rising trust in compliance

To foster a culture of trust and accountability, employees must be confident about their organizations' compliance with integrity standards. Having confidence in their company's commitment to ethics encourages employees to act responsibly, benefiting the organization's reputation and public perception. For India Inc, interestingly, this confidence in organizations' commitment to integrity is evident from the survey findings.

Respondents were confident that their organization had set high integrity standards and abided by stipulated regulations. They also placed a lot of trust in the management's ability to uphold integrity standards of the organization. A whopping 93% of expressed confidence about employees in their organization abiding by relevant laws, codes of conduct and industry regulations and 92% were confident that the management in their organization also abided by the same. In fact, a staggering 95% were confident the management in their organization acts with integrity in the work they do.

When asked, a majority 94% of survey takers responded that they were fairly confident that their organizations had processes in place to manage, prevent, detect and respond to, significant integrity issues, including compliance and fraud issues and as many as 81% said that their organization had taken action against employees for breaching integrity standards or regulations in the last two years.

When it came to third parties such as suppliers, vendors, partners, and consultants, the confidence dropped marginally, with 88% respondents reiterating they were sure that the code of conduct was being honored. However, 94% of respondents had faith that they worked with integrity.

>> Persisting say-do divide

The findings of the previous survey brought to light the widening say-do divide between integrity expectations and fulfilment. Two years later, the gap still exists. Findings indicate a mistrust among employees in senior management. A majority, 83% of respondents, agreed that employees' expectations of standards of behavior from the management rose significantly in the past two years in their organizations. At the board level, too, the numbers indicate there is a disregard for integrity violations when it is committed by senior or top-performing members. This creates a rift between the employees and the board, leading to long-term integrity issues. Alarming, India ranked the highest amongst all countries globally—with 40% respondents admitting that the incentives or pressures faced by employees to violate organization's integrity standards had increased over the last two years.

More than half (62%) respondents—marked increase of 10% from Global Integrity Report (GIR) 2022 figures—strongly agreed that their organizations often tolerated unethical behavior when it involved senior or high performers. 29% respondents said that senior/executive management pose the greatest integrity risk—including compliance and fraud risks—for the organization over the next two years.

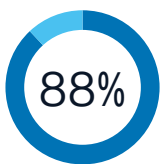
Other parties that also pose integrity risks for organizations:

34% Board directors

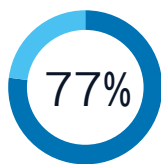
15% Significant business partnerships like joint ventures

7% Acquired entities

Concerningly, almost half (49%) respondents said they had seen behavior by other employees that would damage the organization's reputation if it was known externally and yet, no action was taken in the last two years. In line with this, 60% of respondents concurred their organization's integrity standards had become a point of discussion externally by the public, the press or social media, within the last two years.



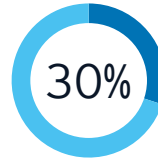
respondents did not prioritize stronger corporate reputation



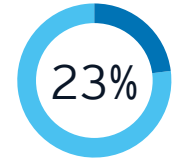
survey takers did not place any emphasis on building it.

Talking about incentives or pressures that led to increased integrity violations, respondents identified weakened processes and controls in the organization (40%) as the major contributor, followed by reduced focus on integrity and ethical behavior from senior management (30%) indicating a lack of clear communication from the top down, that led to brewing suspicions and reduced trust.

Some other catalysts for increased integrity incidences:



Weakening regulatory and enforcement environment

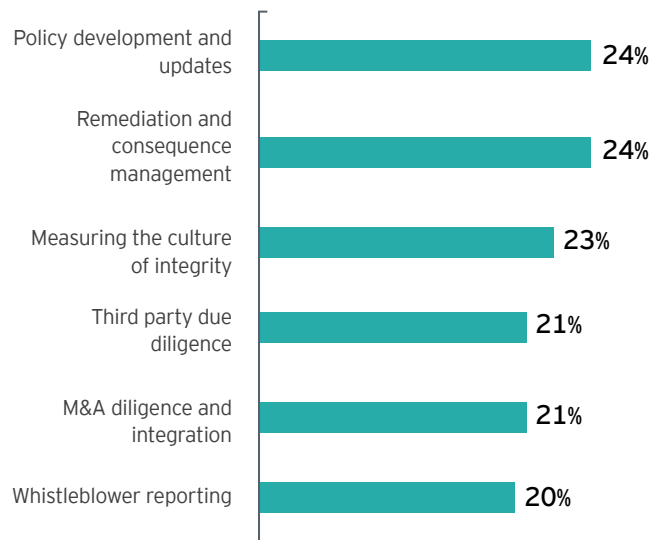


Organizations' declining financial performance

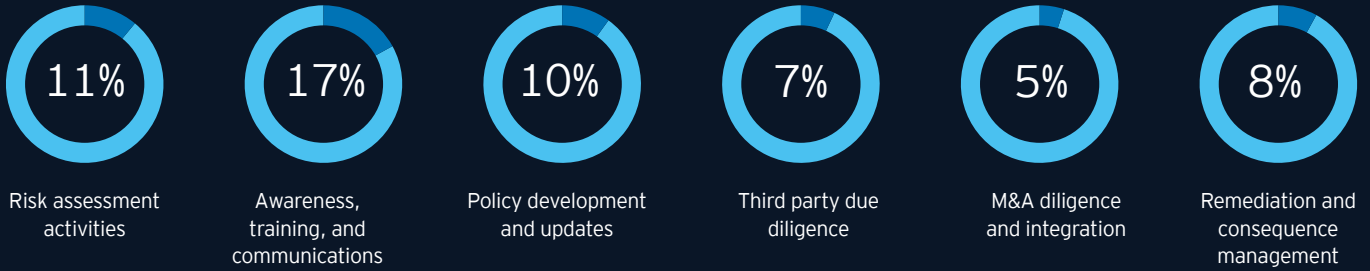
>> Raising the standards of integrity

Setting integrity standards is a continuous process and organizations must assess their priorities every few months. When asked what they considered being the most important areas for their organization's ongoing integrity standards in the next two years, respondents prioritized the need for awareness, training, and communications (35%), followed by risk assessment activities (24%).

Other frontiers for organizational integrity standards



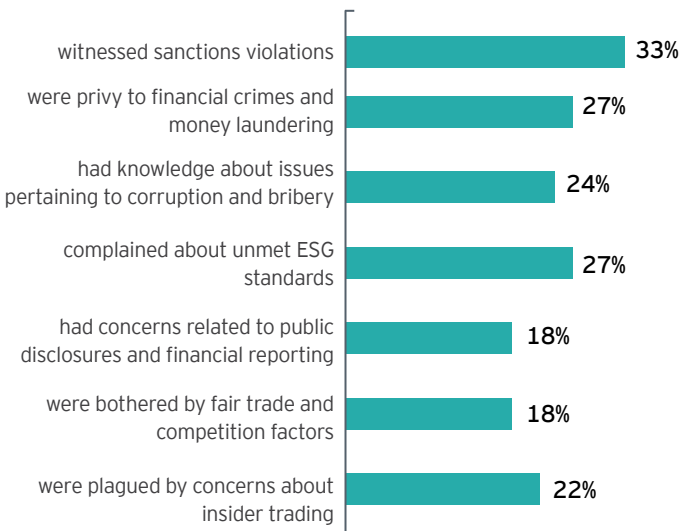
When it came to the apparent areas that need the most improvement over the next two years by survey takers, they identified the following as priorities:



Escalating integrity challenges: emerging threats

Almost half (45%) of the surveyed respondents revealed that their organization had experienced a significant integrity incident—such as a major fraud or regulatory compliance violation—in the last two years. This is in direct contrast with claims of improved integrity standards and is indicative of the gap when it comes to drafting ethics code to comply with and practising it on an everyday basis.

Of those who shared that they knew about integrity incidences taking place in their organizations



In the aftermath of the pandemic, when the business landscape was riddled with integrity risks, companies were willing to meet business expectations by any possible means. While most businesses have now found a steady footing in the market again, the mindset shift to working with integrity is yet to be prioritized. This reflects in the survey findings that reveal India ranked the highest in the world—with 40% respondents admitting that the incentives or pressures faced by employees to violate organization's integrity standards had increased over the last two years. Moreover, 62% survey takers from India—the highest globally—confessed that regulators had initiated action against their organizations for breaching integrity standards or regulations in the last two years. 34% of respondents continue to prioritize efforts to improve financial performance.

99%

did not consider minimizing regulatory/legal risks as high priority

Factors contributing to the integrity crisis

93% Indian respondents admitted that a third-party such as a supplier, customer, or joint venture partner, was involved in the integrity incident that took place in their organization. Other root causes that led to the integrity failure were identified to be:

44% The lack of internal resources to manage compliance and integrity activities

42% Involvement of external criminals or criminal organizations

40% Misunderstanding due to cross cultural differences or standards

31% Changing or competing regulatory requirements in different jurisdictions

27% Pressure by the management



India's legal and regulatory regime is witnessing a phenomenal refinement which includes embracing leading standards of disclosure, technology adoption, focus on investor protection and sustainability. With this refinement comes complexity and the heightened risk of human error. It is therefore not surprising that Indian regulators have been encouraging and even mandating the adoption of technological tools to automate compliance practice. Organisations have also been internalising the benefits of good governance by shifting away from the check-in-the-box approach towards compliance through design, training, and implementation. In the startup space, certain high-profile cases of fraud and mis-governance in recent times have underscored the relevance of compliance to business growth and brand creation. I think that subject to reasonable safeguards, we must welcome increasing integration of technology in legal and regulatory practice, serving more accurate due diligences, more efficient forensic investigations, and better man --agement of compliance requirements.

Attreyi Mukherjee

Senior Corporate Counsel, Tata Industries Limited

Incentives or pressures that led to increased integrity violations in the past two years



This correlation between integrity breaches and the lack of adequate measures to keep it in check along with financial shortcomings indicate a deliberate oversight on the part of organizations. Case in point, India also topped the list when it came to agreeing that it was easy to bypass the standard business rules and processes in their organizations, with more than half respondents' (57%) nods. While incentivizing ethic bypasses to gain business benefits might bring momentary relief to organizations suffering financial setbacks, the long-term repercussions would be dire.

When it came to factors that posed the greatest integrity risks for organizations over the next two years, conflicts of interest ranked as the first most important factor (100%). Not surprisingly, a full majority also foresaw companies not adhering to factors like sustainability and ESG standards, and data privacy and security presenting a significant risk for organizations at the same time. Interestingly, as many as 87% respondents did not prioritize improved long-term value creation.

Considering the growing awareness of the broader impact of business practices on society and the increased incidences of corporate governance failures making headlines, India Inc feels the pressure to be accountable on the integrity quotient. A whopping 92% respondents admitted that the public in India has higher expectations regarding how people should behave at work as compared to two years ago. However, conversely, being put under the microscope and having their every move monitored has an adverse effect on corporate integrity. 79% from India—the highest among all countries—strongly agreed that changes in society's expectations of good behavior were making it more difficult for their organizations to carry out business with integrity.

With the constant geopolitical upheaval across the world and consistent regulatory updates, there are newer threats to integrity. While India Inc is placing emphasis on having a stronger and more resilient business environment to deal with crises, only 30% respondents admitted to prioritizing it. 76% respondents confided that it was challenging for their organizations to maintain their standards of integrity in periods of rapid change or difficult market conditions.

Talking about the challenges of complying with regulatory updates, 69% Indian respondents strongly agreed that it was difficult to adapt to the speed and volume of changes in regulations these days.

Other challenges of complying with regulatory updates

76% Global political environment

76% Economic factors such as inflation, unemployment, and exchange rates

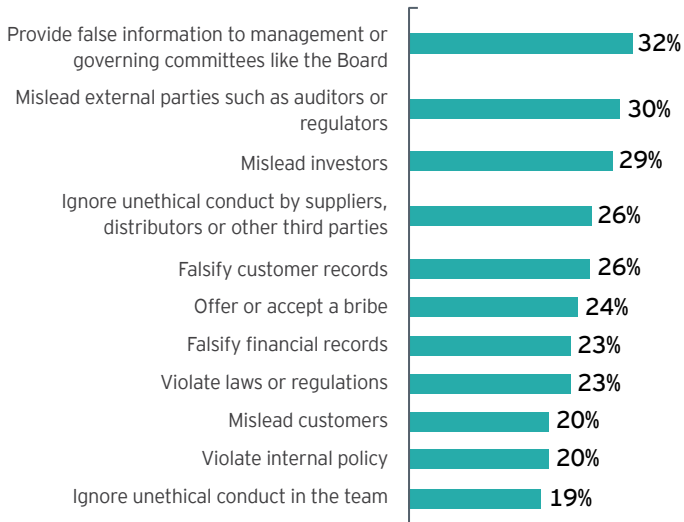
72% Global conflict and trade tensions

In all instances, India ranked the highest



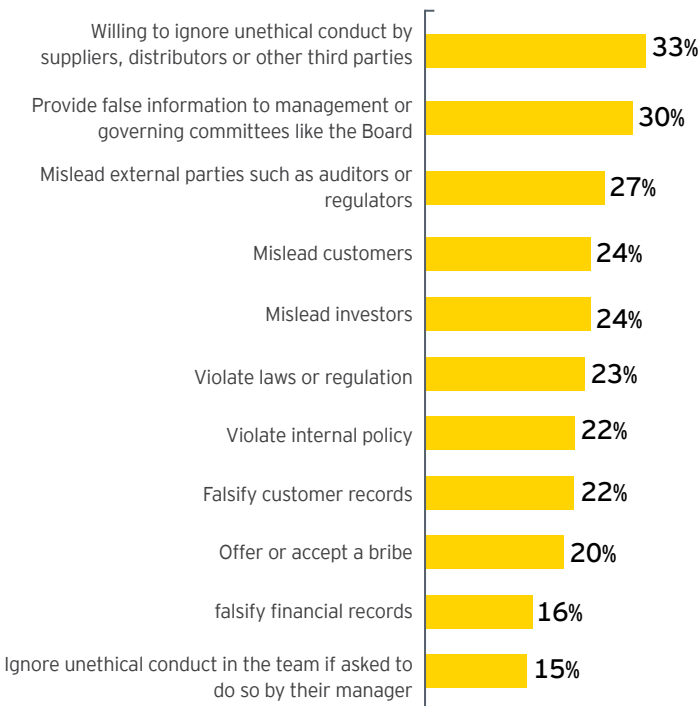
The impact of employee behaviour on corporate integrity

Employees, seeing the increasing number of integrity incidents in their organizations and the disregard for security and regulatory protocols, started succumbing to temptation when it came to acting with integrity. When asked what they would be prepared to do to improve their own career progression or remuneration packages, respondents said they could:



Even more disturbingly, as many as 69% strongly believed that some managers in their organizations would sacrifice integrity for short term personal financial gain. Meanwhile, 71% respondents think that their managers would do so for financial gain of the organizations.

In tandem with these findings, employees admitted that they would be:



This mindset threatens to topple the very foundation of the ethics framework and can result in loss of reputation for both the employee and the organization.

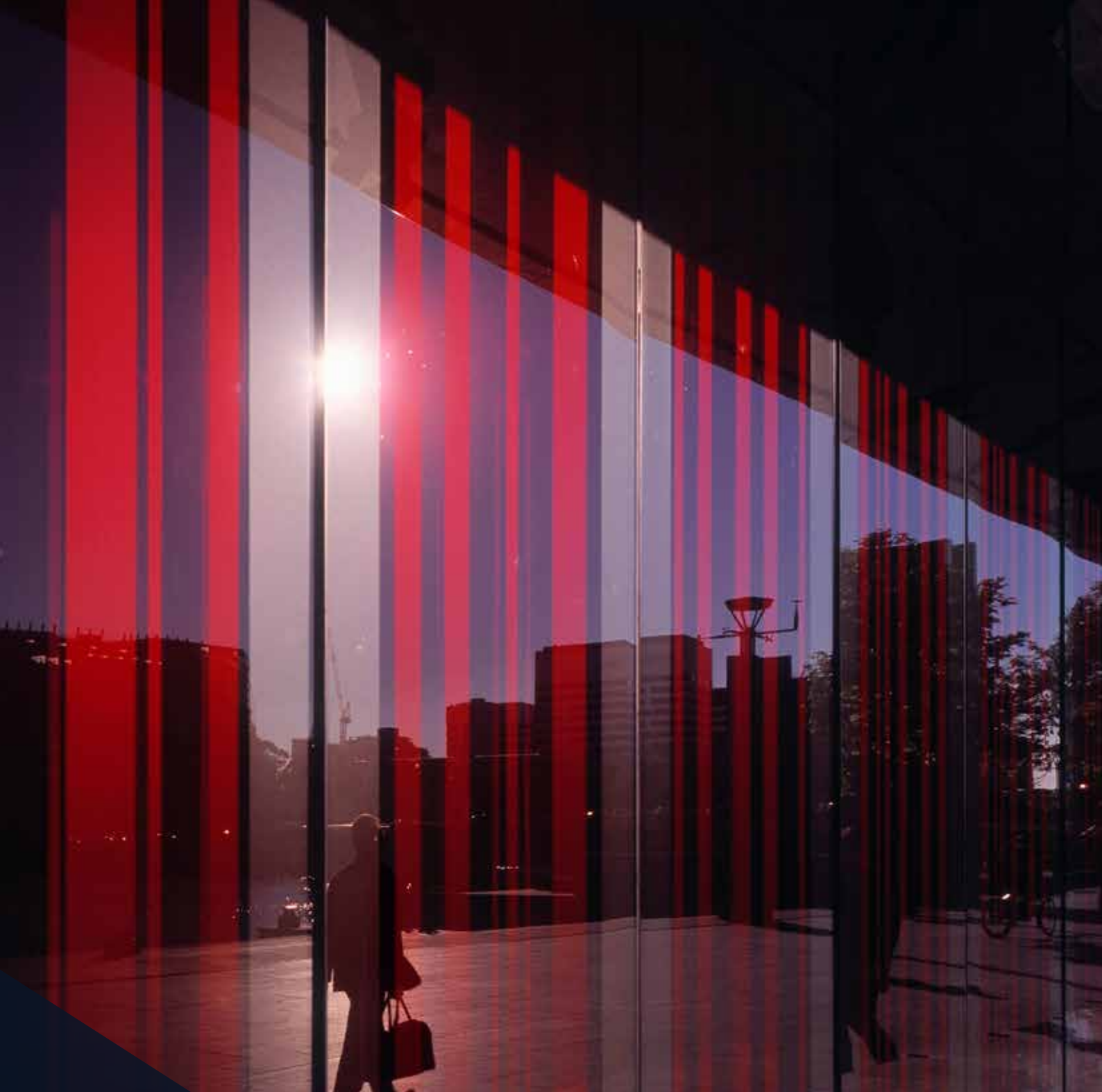
Not just themselves, employees were also confident that their peers would be willing to make similar integrity sacrifices. Here's what they think their colleagues are most likely to do:



Identify, evaluate, respond

When asked if their organization's ability to detect and respond to significant integrity issues had become better over the last two years, 65% Indian respondents answered in the affirmative, which is an encouraging development and can prove to be the catalyst for change. 77% respondents—the highest among countries—revealed that their organization's integrity standards were being discussed regularly with investors and other stakeholders over the last couple of years. Meanwhile, 83% said compliance with regulations was considered when making important decisions in their organizations.

100% of respondents said the area of financial crimes and money laundering was where their organizations would be willing to invest increased resources and budget to mitigate integrity risks, including compliance and fraud risks, over the next two years. Additionally, they might make investments in data privacy and security, public disclosures, and financial reporting in the immediate future.

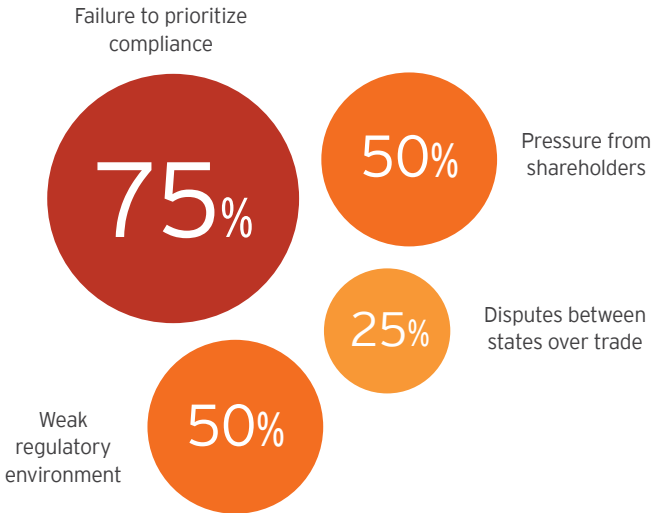


Is your organization rethinking its
whistleblower protocols?



Compliance is like a compass that helps evaluate how well an organization is doing. When there are mistakes in following regulations, it usually indicates integrity problems. Therefore, it becomes important to stay updated on changes and take appropriate action to maintain control, especially during times of regulatory changes

Factors leading to decline in compliance with organizations' standards



This points towards the lack of enthusiasm for compliance within the upper echelons of the organizations which then percolates down resulting in an overall state of apathy towards maintaining integrity or playing by the rules.

In ever-evolving corporate environments, robust whistleblowing mechanisms can set the tone just right for an organization's integrity agenda. In our survey, 32% said people were now more concerned about reporting misconduct than they were two years ago. With tech-interference, whistleblowing helplines are much more secure and enable complainants to voice their concerns without the fear of retaliation. Almost half (46%) respondents agreed that current solutions for whistleblowing were more advanced and offered greater anonymity and flexibility to raise concerns.

By opening a channel of communication between the employees and decisionmakers, a sound whistleblowing function can build trust and accountability and its proactive use can guide policy improvements, ethical training programs for continuous enhancement of the ethics framework. Encouragingly, 77% of respondents strongly agreed that the employees in their organizations could report wrongdoing at work without fearing negative consequences for themselves. Meanwhile, 45% felt it had become easier for employees to report their concerns in the last two years, a significant drop from 62% in 2022. 41% said whistleblowers were now offered more protection from retaliation in their organization.

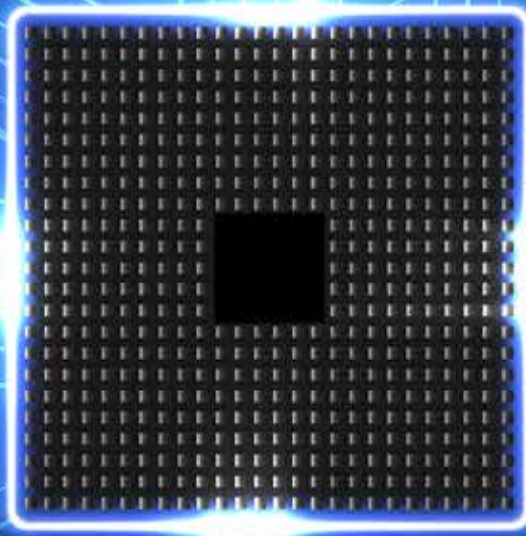
However, even with widespread awareness about the mechanism and no fear of retaliation for reporting instances of wrongdoing, only 50% admitted they had personally reported issues of misconduct in the last two years. This is concerning, considering 48% respondents shared that they had concerns about misconduct that they had not reported in the last two years.

As many as 76% respondents felt under pressure to not report misconduct. Meanwhile, 35% respondents felt employees of an organization were still afraid to use the whistleblower hotline. When asked why they would hold their tongue instead of voicing concerns over an instance of wrongdoing, respondents identified the following causes:



The fear also stems from conditioning based on the whistleblowing failure stories that make it to the media. Confirming the same, more than half respondents (51%) said they had faced or witnessed some form of retaliation or adverse consequences towards someone who reported misconduct through their organization's whistleblowing mechanism.

Despite 79% respondents admitting they knew a great deal about legal protections or policies to safeguard whistleblowers from retaliation in their country and organization, the underlying fear of coming under the scanner and becoming a target seems to be persistent.

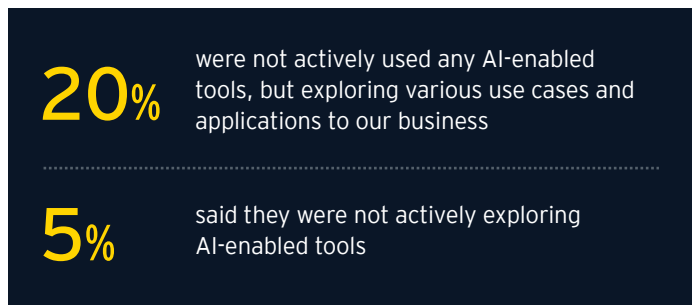


Is your organization ready to
integrate AI into its core?



Ten years after the launch of the Indian government's 'Make in India' initiative, India Inc continues to prioritize increasing innovation and creativity, with close to half (47%) respondents supporting the same, placing India way ahead of other countries. In fact, more than 20% of survey takers consider it to be the most important aspect. These survey findings are indicative of the leaps that technology adoption has made in digital India.

While there were a few teething troubles during the transition from traditional modes of working to digital in the wake of the pandemic, as evidenced in the findings of the last Global Integrity Report, 50% respondents shared their organizations were already actively using one or more AI-enabled tools and 25% were planning to explore and use it over the next two years.



50%

of the organizations surveyed are actively using one or more AI enabled tools

Artificial Intelligence and Machine Learning-based models are revolutionizing sectors known for their preference for the tried-and-tested. So much so, that a full majority of respondents said they were actively using or planning to use AI-enabled tools within their compliance functions, especially conducting due diligence. Since biased due diligences can heighten fraud risk and increase chances of non-compliance, the use of AI to vet the authenticity of processes and parties seems logical. Third party due diligence, such as performing diligence steps and addressing red flags, acquisition diligence, such as identifying risks and compliance gaps at targets, continuous improvement, such as ongoing review/testing of compliance activities and controls emerged as key preferred functions best suited to incorporate AI in our survey, with full majority identifying these as the functions that can benefit most from AI intervention.

Issues arising from AI implementation

While widespread AI adoption is empowering businesses in unprecedented ways, it must be responsibly used. Setting up good governance practices will help companies decide on judicious usage of tech-led innovation. Besides, adopting AI comes with its own set of challenges. Survey takers unanimously attributed it to three main factors:

01 Lack of executive support within organizations

02 Organizations' satisfaction with current compliance program and no perception of a need for change

03 Lack of funding to implement AI-based models

These issues can be addressed by first understanding the transformative ways in which AI can help businesses grow and why it is the need of the hour. Adequate training programs will help organizations establish the need to have an AI mindset. Allocating appropriate budgets to upscale the tech infrastructure to adopt AI must be prioritized by the Board if they want to stay ahead in the game and match steps with competitors. Alongside these activities, companies should work on strengthening their arsenal of skilled professionals who could devise newer ways of using AI for the organization's benefit through ample training and support sessions.

97%

of organizations are setting ethical standards for the appropriate use of AI

1%

of the organizations surveyed have not set processes or policies to manage AI risks such as privacy or fraud

Expanding reach: AI's broadening scope

Before going digital, adopting AI-led tools could have seemed like a stretch but now organizations are striving to reimagine their existing processes leveraging the power of technology and data. When asked what use-cases they think AI can have the greatest impact on within the compliance function, respondents identified six main areas where it could make an impact.

01 Using AI to communicate with employees via chatbots

02 Correlating disparate datasets for review

03 Assessing the risk score of potentially improper transactions, relationships, payments etc

04 Training and continuing advice such as responding to employee inquiries

05 Third party due diligence activities like performing diligence steps and addressing red flags

06 Confidential reporting such as whistle-blower report intake and triage

98%

are providing guidance to employees on the use of AI to improve business processes

“

Integrity in the human work force at a time when AI is going to disrupt the markets is the most crucial characteristics, even more critical than talent and experience. EY India's Integrity Report will help us a lot, as key decision makers in our organizations, to understand the trends and to accordingly tweak our policies and approach. Data within the report indicates that integrity could be compromised for financial gains which speaks volumes about the general perception. Likewise, the report also reveals that in challenging market conditions it is difficult for companies to maintain the integrity standards. This reveals that seniormost management was overconfident about the efficacy of their corporate integrity programs. The EY India Integrity Report is thus an eyeopener and will help corporate India to have right communication and policy framework. This is extremely useful for corporates like us.

Dr Mukul Shastry

General Counsel and Whole Time Director,
Cube Highways



Can your organization view integrity through the lens of ESG compliance?



Over the past two years, India Inc has been consciously aspiring and displaying intent and preparedness to combat climate change and meet the Sustainable Development Goals of the United Nations in many of its regulatory schemes internally such as the introduction of the Business Responsibility and Sustainability Reporting (BRSR) by SEBI. The emphasis placed on non-financial reporting has spurred a rejigging of business models towards taking a more sustainable approach. This is an encouraging development since sustainability is key to long-term business success. Today, customers are expecting it, investors demand it, employees value it, and shareholders rely on it.

Our survey findings are also indicative of this progress, with as many as 85% survey takers saying they know a great deal about ESG regulations and its impact in their organization. A whopping 90% rated their organization's transparency and communication to the public regarding its ESG initiatives and progress as "very good". When it came to the leadership prioritizing ESG goals to improve their non-financial reporting protocol, the response was positive with 80% respondents in agreement. Meanwhile, 76% strongly agreed that their organization had a good grasp on ESG regulations in applicable jurisdictions.

With the BRSR simplifying ESG reporting framework for India Inc with a unified, transparent format, emphasis can be now placed on transparency and accountability with regards to organizations' operations. 81% agreed that their organization's ESG targets and goals were realistic and measurable.

Top areas of focus for organizations with regard to ESG integrity over the next two years



When it came to the measures that their companies were already undertaking to understand and comply with organization's external ESG reporting requirements, the following factors came up: setting and publishing clear and measurable ESG goals/performance targets (50%), implementing specific controls or monitoring around ESG metrics and reporting (46%), defining and gathering necessary data sets for ESG reporting purposes (45%), engaging outside counsel or advisors for legal advice (43%), performing research on regulatory requirements (43%), formalizing an ESG governance framework, policy and reporting process (41%), and even waiting to see what other companies do (5%).

However, respondents did not necessarily think that their company's approach to ESG was correct. If they could have it their way, here's how they would prioritize it:



➤ Overcoming ESG reporting challenges in Indian Inc

Defining the correct ESG reporting protocol is certainly a leap in the right direction but compliance with these guidelines remains challenging. The business landscape must evolve to take the newly defined developments in its stride and meet expectations. As many as 83% respondents said their organization was well prepared to respond to evolving ESG requirements and disclosures. However, while identifying the greatest challenges for their organizations to meet its ESG regulatory requirements currently, respondents felt it was complying with new and changing ESG regulations in the various jurisdictions in which their organization operates (60%) to be the biggest hindrance. Inconsistent or inaccurate data to measure progress against performance targets and use for ESG reporting in public filings and statements (54%) was the second most-concerning aspect, followed by a lack of support and prioritization of ESG initiatives at the executive management level of management in the organization (42%), and the lack of dedicated resources and budget for ESG initiatives within the organization (39%).

It is only a matter of time before ESG reporting becomes part of an organization's compliance DNA. Currently, however, they are divided on who should shoulder the responsibility for ESG reporting. Respondents feel the responsibility for ESG compliance within their organizations lie with the following functions: sustainability (50%), risk management (47%), human resources (45%), finance (38%), marketing operations (37%), legal (34%).

While defining roles seems like the right way to proceed, creating several silos will hamper the benefits of achieving ESG goals. Organizations will be well advised to enhance ESG integrity within the organization such that it is embedded within every function and sustainability becomes the lynchpin for employees' conduct. A majority (56%) of survey takers feel that complying with new and changing ESG regulations in the various jurisdictions is the first step towards establishing ESG integrity. Having a team of dedicated resources and budget for ESG initiatives will be the next priority with more than half (53%) respondents agreeing. One of the most concerning factors about ESG reporting currently is the unavailability of reliable, consistent or accurate data to measure progress against performance targets and use for ESG reporting in public filings and statements and 50% respondents opine that this needs to be remediated immediately. Prioritization of ESG initiatives at the executive management level (40%) and setting clear and achievable ESG goals or performance targets (20%) were some other suggestions that came up.

“

ESG compliance is taking central place in business and several countries are coming up with stringent compliance criteria. It is important that companies not only increase awareness but also set realistic measurable goals and appropriate monitoring controls. Data plays a big role in ESG reporting and provides companies with the confidence of sharing metrics with the public. Integrity is the foundation stone not only for reporting requirements but also to drive sustainable growth and win public confidence.

Sanjay K Mathur

Vice President-Governance, Risk Management and Compliance, Tata Communications

What is next for India Inc?

Some key takeaways from the India Integrity Report 2024 are:

01

Ethical misconduct is one of the costliest forms of breaches that can take place in an organization in the reputational damages and regulatory wrath it can incur and should be treated with the same seriousness as any other form of fraud or violation.

02

Integrity failures can occur even in the most ethical organizations and hence periodic evaluations of the ethics framework and appropriate updating is necessary to keep pace with emerging fraud trends. Identifying the largest issues, drivers and lessons learned as a part of risk assessment activities can help identify systemic operational issues requiring more broad remediation across the organization. These measures can also further enhance compliance efforts.

03

With constant monitoring organizations can develop targeted education campaigns and on-demand communication channels for higher-risk employees, jurisdictions and compliance risk areas to achieve training modules.

04

Instead of incentivizing or pressurizing employees for financial growth, leaders should strive to establish trust within the organization, encourage a speak-up mindset and take appropriate action against reported misconduct. Senior management and top-performing employees within an organization must identify the role they play in shaping the integrity agenda and should take it upon themselves to model exemplary behavior.

05

There is a dire need to reimagine how reports of misconduct are investigated and resolved such that employees find inspiration to report any issues immediately.

06

Confidentiality is of utmost importance when it comes to handling whistleblower complaints against misconduct and organizations should establish mechanisms to ensure the protection of those who brought the issue to light. Mechanisms should also be set up to periodically update whistleblowers about the status of the investigation.



07

The whistleblower hotline should be easy to use, requiring minimal manual intervention such that whistleblowers don't get discouraged with the reporting process. Periodic audits must be conducted to evaluate the efficacy of the hotline and assess whether all compliance requirements are being adhered to or not. These audit findings can be shared within the organization to instill employees with the confidence to report.

08

When it comes to compliance and legal functions, technological intervention is the need of the hour and most organizations realize this. However, many are yet to deploy AI-based tools to reimagine their business process.

09

In the coming years, AI usage will become widespread but there will be a newfound realization about the ethical use of AI tools. Organizations will benefit from setting up an ethics protocol around AI usage right now, when it is still in its nascent stages, to ensure that they begin their AI journey on the right footing.

10

Organizations need to envision compliance through the lens of ESG. If they can prioritize their environmental, social, and governance responsibilities, compliance will be easy.

11

Employees should be periodically trained on the ESG reporting parameters such that they adopt it as a way of life and operate according to the same principles.

12

ESG adherence should extend beyond compliance and leaders need to propagate a sense of urgency to accomplish ESG goals within an organization. This will not only help the organization achieve better compliance, it will also put them on track for long-term and sustainable success that is in line with environmental and social goals and honors governance practices.

Survey methodology



The India edition of the Global Integrity Report 2024 is based on a survey of 100 board members, senior managers, managers and employees in a sample of large organizations and public bodies. Interviews were conducted by the global research agency, Ipsos, through online panels between October 2023 to January 2024.

Job title		
Board director / member	6	6%
Senior management	69	69%
Other management	15	15%
Other employee	10	10%

Size of company		
1,000 - 4,999 employees	54	54%
5,000 - 9,999 employees	23	23%
10,000+ employees	23	23%

Job role		
Finance	21	21%
Internal Audit	1	1%
IT	56	56%
Legal	1	1%
Marketing	2	2%
Sales	1	1%
All Other Job Roles (Incl. Other)	18	18%

Industry sector		
Financial Services	25	25%
Government and public sector	4	4%
Consumer Products, Retail and Wholesale	12	12%
Technology, Communications & Entertainment	54	54%
Energy & Resources	3	3%
Health Sciences & Wellness	5	5%
Advanced Manufacturing & Mobility	14	14%
Real Estate, Hospitality & Construction	9	9%
Professional Firms and Services	4	4%
Others	4	4%

Respondents could choose more than one industry sector so the % does not add up to 100

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