BOARD STEWARDSHIP

Enabling Future Boards

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THE REBOOT OF INDIAN BOARDROOMS: THE TIME IS NOW!

BY GUEST EDITOR-
BY MONICA AGRAWAL,
MANAGING DIRECTOR-FINANCIAL SERVICES, APAC
INDIA LEAD-BOARD SERVICES AT KORN FERRY

DR. GANESH NATARAJAN'S REMARKABLE JOURNEY: FROM RURAL VILLAGE TO LEADING BOARDROOMS

Leadership Lessons: Inspiring Stories of Visionary CEOs

Our May 2023 issue got a very warm reception from the readers, with Sutapa Banerjee on the cover! Sutapa Banerjee's interview attracted many hits on the website and likes on our LinkedIn page as well. Our Guest Edit by Tarun Rai was hugely liked all across not only because Personal Branding is so critical to grab board opportunities, but also due to much news around the topic courtesy HBR article on the subject at the same time. Anil Khatri's ask on Audit to provide more was also liked and commented on. Our other contributors also attracted likes and multiple clicks. Audience feedback is our huge motivation and please keep mailing more to us.

Our website www.boardstewardship.com continues to track the daily board opportunities for our readers right from global news of the appointment of Indian American Punit Renjan to the SAP Board, the first non-German to Chair the Supervisory Board of a DAX40 company, it is a great entry of an Indian into German Boards. We are also giving the breaking news on our website, e.g. two Independent Directors resigning together from the board of Liberty Shoes, while to some this might be a concern to few this could be an opportunity as well.

Heartening to see women making big news in Corporate Governance, the appointment of Ravneet Kaur, a Punjab cadre IAS as Chairperson of the Competition Commission of India is one such news, while the news of Manju Agrawal joining the seventh board as Independent Director was another major news.

RBI Governor flagging Governance gaps at some Banks is a concern more so due to duel regulations from RBI and Co's Act. Mr. Shaktikanta Das rightly wants the Bank MD & CEO to function under the overall supervision, direction, and guidance of the board but maintaining their independence. A daunting task for Independent Directors on Bank boards.

While our website catches the hot news, our e-magazine delivers the best of features, interviews, and offbeat coverage to give interesting reads.

Team 'Board Stewardship' is delighted to present June 2023 issue with Dr. Ganesh Natarajan on the cover. A trailblazing Independent Director, Dr. Ganesh Natarajan, Shares His Remarkable Journey from a Village to Corporate Success with our readers. He delivered unprecedented success for APTECH and Zensar Technologies over twenty-five years and then in Independent Director and Non-Executive Chairman roles across best-known Indian and Global companies, including SBI. He is Chairman of 5F World, Honeywell Automation India Ltd., and the Lighthouse Communities Foundation. An alumnus of IIT Bombay and NITIE, Dr. Natarajan is respected for his expertise in technology and digital leadership. We are grateful to him that he spared his valuable time for us not only for the interview but for the special photo shoot as well.

Our Guest Editor Monica Agrawal, Managing Director – Financial Services, Asia Pacific I India Lead – Board & CEO Services at Korn Ferry, has interviewed and placed many Independent Directors on Boards in India and abroad. She has set up India Board Practice for Korn Ferry in 2018 and has partnered with leading Indian and International organisations to build diverse boards. In 2018, she co-authored 'Boards That Lead' a pioneering study on board practices in India jointly with NSE. I am sure our readers will enjoy and benefit from her insights on 'The Reboot of Indian Boardrooms: The Time is Now.'

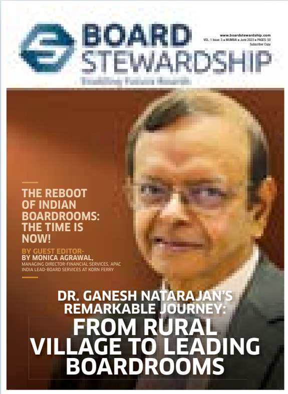
Our Chief Compliance Officer of the month is Vallari Gupte, CS LLB with 20 years of expertise in Company Secretarial practices and Legal affairs. She has worked with multinational companies listed on BSE, NSE, and NYSE, and is a registered Independent Director and Governance practitioner. Passionate about ESG implementation and integrated reporting, she actively contributes to CEAT's ESG Council. We are so happy that she shared insights on improving Corporate Governance with Team Board Stewardship for our readers.

Many more subject matter experts have contributed articles to make your reading of this issue more fulfilling!

Your feedback is always awaited and helps us make your e-magazine better every time in the future. Happy reading Board Stewardship June 2023!

Vikesh Wallia
Managing Director & Editor Board Stewardship

JUNE 2023



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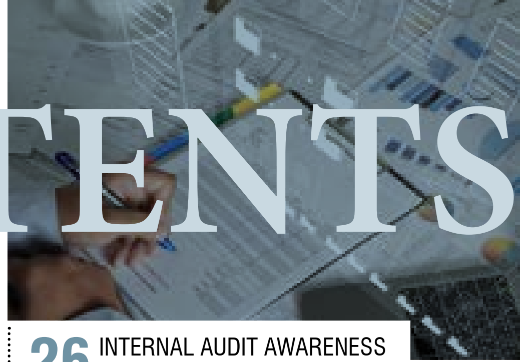

THE REBOOT OF INDIAN BOARDROOMS: **THE TIME IS NOW!**

Monica Agrawal
Managing Director - Financial Services, Asia Pacific
India Lead - Board Services at Korn Ferry

Normally, compliance with regulations is seen as a challenge and a cost to doing business. Never has this provided an opportunity for India Inc to up its game as it is doing now! A board is a true strategic asset when it can serve the dual, perform-transform agenda, delivering on the current business requirements while preparing the organisation for a better future.

As the Companies Act, 2013 approaches a decade of existence, many companies are on the move to reboot their boardrooms by bringing in the best talent to fill the upcoming vacancies on their boards. With numerous Independent Directors (IDs), who have served two consecutive terms, stepping down, it is expected that there will be 2000 ID shifts in the next 6-24 months.

The boards are at an inflection point, the reboot that is underway is not just a necessity but an opportunity for companies to assemble the best team on their board that can steer them into a thriving future. A future-focused board is a powerful strategic asset for any company and can elevate the capabilities of the leadership to achieve strategic outcomes. Unlike traditional succession planning, Board Progression is a continuous process to build and leverage a board that has the required complementary qualities to add distinctive value and is embedded into the business.

So, what does the best board look like? Along with an ideal set of experiences and capabilities that should be present at the board table, organisations need board directors who can support the management to 'perform' and 'transform', not just in their own area, but horizontally, across the broader enterprise and ecosystem.

With newer agendas of changing customer preferences, tech disruption, cybersecurity, ESG, diversity & inclusion, and talent development dominating boardroom conversations, there is a need for skilled & experienced board directors who are proactive, consultative, and can bring in agile transformation leveraging their varied expertise. The ideal board members embody the qualities of courage, collaboration, constructiveness, coaching, and credibility. They possess the courage to foster a culture of open dialogue and critical thinking, a constructive and collaborative approach to drive progress, a coaching mindset to empower management, and the credibility to lead by example.

With a huge requirement of IDs looming on the horizon, organisations are proactively widening their candidate pool to bring in the best from each arena. We are seeing a rise in trends such as cross-pollination where senior executives of companies are being encouraged to join the board of a company from a different sector to increase the learning scope and bring new perspectives. While many successful CEOs and CXOs, in their late fifties and sixties, are in demand to be on boards, ambitious youngsters and statured professionals, working and retired alike, are also getting ready to join boards and create an impact.

This decade holds immense potential, with 2024 being a transformative year for India Inc. It is crucial for organisations to reimagine and reboot their boards to capitalise on this opportunity. The journey toward a thriving future starts here!

Authored by Monica Agrawal, Managing Director - Financial Services, Asia Pacific | India Lead - Board Services at Korn Ferry. She has set up India Board Practice for Korn Ferry in 2018 and has partnered with leading Indian and International organisations to build diverse boards. In 2018, she co-authored 'Boards That Lead' a pioneering study on board practices in India jointly with NSE.

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Key Appointments & Resignations - May 2023

Generational Change at Spencer's Retail, Shashwat Goenka Appointed Chairman

The board of Spencer's Retail, a multi-format retailer under the RP-Sanjiv Goenka Group, has appointed Shashwat Goenka as the Chairman of the company. This follows the resignation of Sanjiv Goenka as Chairman. Shashwat Goenka, who already holds a directorship on the company's board, currently serves as the sector head for retail and FMCG within the group. The company said that the change in leadership is part of its succession planning strategy.

Keki Mistry To Retire from HDFC AMC Board

HDFC's CEO, Keki Mistry, will step down from his position as the Non-Executive Director of HDFC Asset Management Co. which runs the mutual fund business. Mistry who retires by rotation has expressed his desire not to get reappointed. He is likely to step down from various other board positions in the coming months. In recent media interactions, Mistry had hinted that he would like to retire after the ongoing merger between HDFC Ltd and HDFC Bank. A fellow Chartered Accountant Keki Mistry has been with HDFC since 1981.

Infosys Appoints Helene Auriol Potier as Independent Director

Infosys has announced the appointment of Helene Auriol Potier as an Independent Director, effective from May 26, 2023, for a three-year term. With extensive experience spanning the United States, Europe, Africa, and Asia, Helene Auriol Potier has built a distinguished career in digital technologies and the telecommunications industry. Currently, Helene serves as an Independent Non-Executive Director on the boards of Safran S.A., Accor S.A., Randstad N.V., and Oddo BHF S.C.A.

3rd Term For Vijay Shekhar Sharma As Chairman Of Paytm Bank

Vijay Shekhar Sharma, the CEO of Paytm, has received approval from RBI to serve as the part-time chairman of Paytm Payments Bank for a one-year term. This marks Vijay Shekhar Sharma's third term as the part-time Chairman of Paytm Payments Bank. As the majority stakeholder in the company, Vijay Shekhar Sharma's re-appointment reinforces his leadership role within Paytm. Earlier this year, Surinder Chawla was appointed as the new Managing Director and CEO of Paytm Payments Bank for a three-year tenure.

Krithivasan takes over as TCS CEO

K Krithivasan took over as the new Chief Executive and Managing Director of TCS on June 1. The change in leadership comes at a challenging time for the IT services industry, with a slowdown in demand, senior-level retirements within TCS, and uncertainties in the global economic landscape. Notably, Chief Technology Officer K Ananth Krishnan, instrumental in shifting TCS' focus from outsourcing to consulting, is set to retire in October, and Chief Operating Officer NG Subramaniam, who has been leading TCS' strategy in areas like artificial intelligence and 5G solutions, is set to retire in May next year.

Tarun Rai Retires From Wunderman Thompson

Tarun Rai, Executive Director of Strategic Initiatives at Wunderman Thompson APAC, has announced his retirement. Having joined the advertising agency as a young account executive in 1988, Rai quickly ascended the ranks. By 2002, he became a managing partner at JWT. He played a pivotal role in leading the merger between Wunderman and JWT, following which he assumed the position of Chairman and Group CEO for South Asia. In early 2022, Rai took over as the Executive Director of Strategic Initiatives and oversaw the operations across the APAC region. Tarun Rai's retirement marks the culmination of an incredible journey characterised by excitement, fulfillment, and rewarding experiences in the dynamic world of advertising.

Key Corporate Governance News – May 2023

Two Independent Directors, Sanjay Bhatia and Arvind Bali resign from Liberty Shoes

Arvind Bali Kumar and Sanjay Bhatia have resigned from the post of Independent Directors at Liberty Shoes Limited effective May 24, 2023. Arvind Bali also served as the Chairman of two important board committees, the Audit Committee and the Nomination and Remuneration Committee. Bali has cited preoccupation with other engagements and personal reasons for quitting the board position, as per the resignation letter available on the exchanges' website. Sanjay Bhatia was also a member of the company's audit committee. He is the Managing Director of Hindustan TIN Works Limited.

Wipro chairman chooses a 50% pay cut

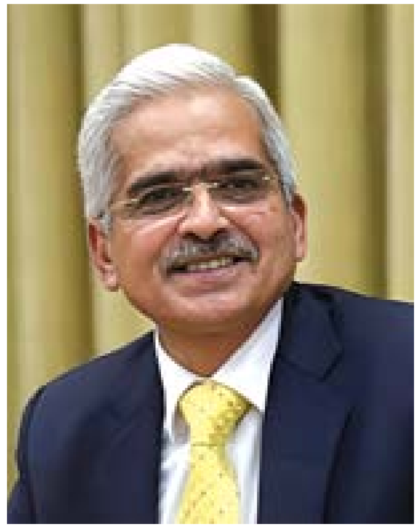
Rishad Premji, Chairman of Wipro, a prominent IT company, has voluntarily decided to reduce his remuneration by nearly 50 percent for the fiscal year ending in March 2023. According to reports, his total compensation for this period stands at $951,353, which is nearly half of his previous year's earnings.

Along with his base salary, Rishad Premji is eligible for a commission based on incremental consolidated net profits. In addition, Jatin Pravinchandra Dalal, the Chief Financial Officer of Wipro, has voluntarily reduced his compensation by almost 32 percent. For the fiscal year 2022-23, Dalal's total earnings amounted to $1.1 million, a decrease from the previous year's $1.6 million.

SEBI releases consultation paper on disclosures by FPIs

Markets regulator Securities and Exchange Board of India has issued a consultation paper on proposed guidelines on additional disclosures by Foreign Portfolio Investors (FPIs). The new norms will apply to the FPIs who have more than 50% concentration of their portfolio in a single corporate group. All such concentrated funds excluding those owned by the government sovereign wealth funds, pension funds, and public retail funds will be considered high-risk offshore funds.

SEBI
भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India



RBI Governor Warns of Volatility in Private Banks Due to Governance Lapses

In a recent statement, the Governor of the Reserve Bank of India (RBI), Shaktikanta Das, raised alarm over governance lapses observed in certain private banks, citing the possibility of increased volatility within the sector. He stated, "During the course of our supervisory process, certain instances of using innovative ways to conceal the real status of stressed loans have also come to our notice." He urged directors to look beyond the data and presentations provided by the management and consider a broader perspective.

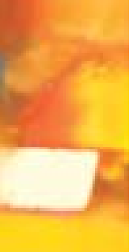
CII
Confederation of Indian Industry

R. Dinesh Of TVS Appointed CII President

The national council of the Confederation of Indian Industry (CII) has elected new office-bearers for the fiscal year 2023-24. R. Dinesh, the Executive Vice-Chairman of TVS Supply Chain Solutions, has been appointed as the President of CII for 2023-24, taking over from Sanjiv Bajaj, the Chairman and Managing Director of Bajaj Finserv Limited. R. Dinesh, a fourth-generation TVS family member, has been extensively engaged with the Confederation of Indian Industry (CII) at various levels, including state, regional, and national. In 1995, he established TVS Supply Chain Solutions (previously known as TVS Logistics), which, under his guidance, has grown into a billion-dollar company with a worldwide footprint spanning continents and catering to customers in more than 50 countries.

~ COVER **STORY** ~

DR. GANESH NATARAJAN is a highly accomplished individual with a distinguished track record of leading two public companies _ APTECH and Zensar Technologies over twenty-five years and then in Independent Director and Non-Executive Chairman roles across best-known Indian and Global companies. He is Chairman of 5F World, Honeywell Automation India Ltd., and the Lighthouse Communities Foundation. An alumnus of IIT Bombay and NITIE, Dr. Natarajan is known for his expertise in technology and digital leadership. Dr. Natarajan's insights on Corporate Governance are widely respected, evident in his insightful discussions with Team Board Stewardship.



Dr. Ganesh Natarajan's Remarkable Journey:

From rural village to leading boardrooms

IN ADDITION TO HIS PROFESSIONAL ACHIEVEMENTS, DR. NATARAJAN IS ACTIVELY INVOLVED IN VARIOUS SOCIAL ORGANISATIONS, INCLUDING EDUCATE GIRLS AND THE ASIAN VENTURE PHILANTHROPY NETWORK. HE ALSO HOLDS DIRECTORIAL POSITIONS IN ESTEEMED INSTITUTIONS LIKE THE STATE BANK OF INDIA AND HINDUJA GLOBAL SOLUTIONS. HIS EXPERTISE IN TECHNOLOGY AND COMMITMENT TO MENTORING START-UPS HAVE EARNED HIM RESPECT WITHIN THE INDUSTRY.

Kindly share about your Personal and Board Journey.

My personal journey started from Ranchi, where I grew up in a factory area in a village called Tatisilwai. Despite not attending a prestigious school, I pursued mechanical engineering and industrial engineering and BIT and NITIE, went on to obtain a PhD from IIT Bombay, and completed an advanced management program at Harvard Business School. I started my career at Crompton Greaves and later started my own company. Eventually, I became the CEO of APTECH, leading it to remarkable growth and a listing on the London Stock Exchange (LSE). Later, I became Vice Chairman and MD of Zensar Technologies and successfully drove digital transformation and offshore work for Fortune 500 and FTSE 100 companies. Over the course of 25 years, I held these two CEO positions and later transitioned to becoming an Independent Director on many prominent boards, including Hinduja Global Solutions, Honeywell Automation India Limited, and the State Bank of India. I have also actively participated in and led social organisations such as the Asian Venture Philanthropy Network, Social Venture Partners, Educate Girls, and Lighthouse Communities Foundation, and oversee our consulting and investing company, 5F World, and skills company, Global Talent. Presently I split my time between three areas, with 50% focus on large boards, 30% on the social sector, and 20% on consulting, advisory, and start-up investing. My purpose is to continue to learn and contribute my expertise and make a meaningful impact.

What are two-three major milestones achieved by India in Corporate Governance?

I believe there have been significant milestones achieved in the realm of Corporate Governance. The committees established under the leadership of Mr. Uday Kotak and Mr. Narayana Murthy have played a crucial role in driving progress. Moreover, a recent noteworthy development took place during a day-long interaction between the directors of public sector banks and the esteemed Reserve Bank of India, where we had the privilege of engaging with the highly competent Reserve Bank Governor, Mr. Shaktikanta Das, and his team. The discussion focused on governance, and Mr. Das provided us with 10 points outlining principles for effective board management and participation. This has been instrumental in the remarkable success I have seen in the State Bank of India and many other well-managed companies, as our boards now command great respect. Many have implemented the practice of separating the roles of chairman and managing director, and all of them boast of a strong contingent of Independent Directors, including several accomplished women. These advancements are a testament to the adaptability and evolution of company law. Notably, the State Bank of India, guided by the ground-breaking RBI Act, has led the way in driving positive change, and Honeywell, in India as well as globally is setting new benchmarks in sustainability. While our public limited company governance structures have always been robust, they continue to improve with each passing day.

What is your important concern about the current board agenda in India and why?

The specific concern I have noticed in certain leaders is fortunately not prevalent in the three public limited company boards I have served on for the last few years. Our boards, including the companies where I was the Managing Director, demonstrate a commendable level of respect for all individuals. However, a significant issue arises when a board is treated as a mere rubber stamp, even in publicly traded companies and this must be avoided at all costs. Fortunately, the State Bank of India and Honeywell set a high standard in this regard. SBI is a high-involvement board activity, with many Board members attending as many as seventy Board and Committee meetings per year. The positive aspect is the extensive involvement of board management in these committees, as well as the active participation of executive directors and many managers. This management style promotes a highly consultative approach with the board. Unfortunately, I have come across certain companies in my consulting work, which I won't name, where key decisions are solely made by the founder or promoter, with the board being informed at the last minute. In such cases, the final decision-making authority rests with the promoter. This practice is particularly concerning in promoter-driven companies but is by and largely absent in multinational corporations or professionally managed firms.

How has the role of Independent Directors evolved in India since the Companies Act 2013?

The role of Independent Directors in India has evolved significantly since the implementation of the Companies Act 2013. They now play a crucial role in ensuring good governance, protecting minority shareholders' interests, and upholding integrity. Additionally, Independent Directors bring valuable insights and expertise in understanding business models, introducing new products and services, and participating in succession planning. They also contribute to shaping the organisation's culture and values. Moreover, their diverse experiences enable them to drive new initiatives such as digital transformation and ESG practices, adding substantial value to the board. Their evolving role is highly regarded by progressive management and forward-thinking leaders.

Is the ESG approach helping improve board performance?

The environmental, social, and governance factors (ESG) approach is instrumental in enhancing board performance. When I led Zensar in 2004, I focused on the "triple bottom line" i.e. PPP: Profits, People, and Planet. By prioritising employees' well-being and environmental concerns, we built a stronger company. Our data showed that employees engaged in social service and personal development became more committed and loyal, leading to better retention. Today, in a job market where people frequently change roles, long-term alignment with company values is crucial. A strong focus on ESG creates value for shareholders and stakeholders. It's not just about printing an ESG report; it's about implementing these principles throughout the year. Leaders, founders, top management, and Independent Directors must champion ESG practices. By integrating ESG into daily operations, companies can generate sustainable value. ESG ensures companies fulfill their responsibilities and thrive amidst changing market dynamics. In short, the ESG approach significantly improves board performance. It requires continuous practice and delivers value to shareholders and all stakeholders involved.

The role of Independent Directors in India has evolved significantly since the implementation of the Companies Act 2013. They now play a crucial role in ensuring good governance, protecting minority shareholders' interests, and upholding integrity"

What more can SEBI/MCA do to enhance Corporate Governance in India?

The Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs (MCA) have played a commendable role in promoting Corporate Governance in India. A notable example of this is the State Bank of India, with the Reserve Bank of India (RBI) also playing a crucial role. One excellent measure has been the MCA's proposal of allocating 2% of the average profits of the past three years for Corporate Social Responsibility (CSR). Initially, there was resistance from companies arguing for their autonomy in making contributions, but the CSR bill proved to be a visionary step that greatly advanced the social sector's growth in the country. It is essential to recognise and implement the valuable suggestions and contributions put forth by regulators. Recently, during the meeting with RBI, I gathered suggestions for the State Bank and other corporate boards, emphasising the importance of fostering a collaborative relationship between regulators and companies to benefit stakeholders. Being receptive to recommendations for improving Corporate Governance in India is crucial.

How to enhance the ethics, diversity, and values quotient in the boardroom?

To ensure effective board composition, careful selection of Independent Directors is crucial. Hasty decisions based solely on representation compulsions should be avoided, and instead, a thoughtful approach prioritising the right people is essential. For instance, our board at Honeywell Automation benefits greatly from the presence of Neera Saggi, an exceptional Independent Director. With a distinguished background as a highly accomplished bureaucrat and experience serving on esteemed boards, Neera brings valuable expertise that com-

> *It's concerning to see individuals serving on too many boards, which raises doubts about their ability to add genuine value. Effective directors should be deeply involved and engaged, meeting the expectations placed on individuals in important institutions. Their commitment is crucial for providing substantial value to the company and its management."*

plements my own. This diversity of perspectives, combined with four or five operating directors, greatly enhances the value of our board discussions. A similar dynamic can be observed at State Bank, where our Independent Directors have diverse backgrounds from LIC, the Reserve Bank, auditing, and corporate realms. As a representative with a technology background, my presence as a Board member and Chairman of the IT Strategy Committee of the Bank added value to the committee as well as Board discussions. Of course, spending adequate team with the teams and consultants outside the Board meetings also enabled me to add significant value. Thoughtful selection of board members sets apart successful, well-managed companies from those that merely rubber-stamp decisions.

How do you rate the success of women on boards in India?
Assessing the success of women on corporate boards in India is a task that requires me to rely on my personal experiences. From my involvement with companies like Honeywell Automation and Hinduja Global Solutions, where I serve on the board alongside accomplished women such as Neera Saggi and Bhumika Batra from Crawford Bailey, and in the past with Madhabi Buch, current SEBI Chairperson, I have witnessed their exceptional capabilities. Women directors, in my experience, exhibit meticulous preparation, thoughtful analysis, and pose insightful and incisive questions. Although my exposure to women on boards has been limited, I must mention that my wife, who serves on external boards, dedicates significant effort to her role. I firmly believe that leveraging the expertise, knowledge, and unique perspectives that women bring to the table can create substantial value. However, I would like to emphasise that if the inclusion of women on boards is solely driven by a mandate rather than their qualifications and contributions, it may not yield substantial benefits.

What is your view on the availability and quality of Independent Director's talent in India today? Are we running short on this?
The issue is not the number of Independent Directors, but the lack of a standardised identification process. The Institute of Directors (IOD) should be recognised for certifying qualified Independent Directors. However, we need a searchable database documenting the skills and expertise of each director. Companies should have easy access to this database to quickly find suitable candidates. If the database doesn't exist, I strongly urge the IOD or a similar organisation to establish one. This will prevent the repetition of names and ensure a broader pool of competent directors. It's concerning to see individuals serving on too many boards, which raises doubts about their ability to add genuine value. Effective directors should be deeply involved and engaged, meeting the expectations placed on individuals in important institutions. Their commitment is crucial for providing substantial value to the company and its management.

What is Ganesh Natarajan's USP for boards?
With my diverse background in manufacturing, services, consulting, and human resources, I bring valuable insights to various aspects of board discussions. My core expertise lies in digital solutions, and I advise on digital matters in most of the boards I serve on. Having successfully led public limited companies for 25 years, I bring practical experience to the table, understanding the expectations of customers, employees, shareholders, and all stakeholders. I am selective when it comes to board positions, as I believe in dedicating ample time and attention to each organisation. Currently serving on three public company boards, I prioritise quality over quantity. By efficiently managing my schedule and commitments, including travel, I ensure I can contribute effectively to each board I am part of.

How do juggle your personal life with so much travel and board meeting reading?
Balancing work and personal life is a challenge, but I've learned to maximise every minute. I was inspired by Mr. K K. Nohria, an exceptional Managing Director at Crompton Greaves, who taught me the value of minimising time spent in meetings. To maintain productivity, I keep most meetings under 25 minutes and expect punctuality from participants. This approach allows me to achieve more while still having quality time for friends and personal interests. I prioritise investing, corporate responsibilities, and social engagements, ensuring a well-rounded life. Although I only sleep five hours a night, I maintain an active mindset throughout the day, staying productive.

How can aspiring Directors reach out for opportunities? What is your one message to aspiring directors?
When aspiring directors seek out opportunities, it is essential to approach the process proactively but selectively. Often, I receive calls from highly qualified individuals, including bright and certified women, who are eager to secure board positions. However, there seems to be a disconnect as these talented individuals are not clear about their objectives and hence do not articulate what they would bring to the Board. It highlights the need for a proper knowledge base that accurately identifies suitable candidates for board roles.

My advice to aspiring directors is to prioritise value over quantity when it comes to accumulating board positions. Thoroughly research and prepared for board meetings is essential to fully engage in discussions. Avoid multitasking and be present in the moment. Invest time outside of meetings to understand the company and its operations. By demonstrating genuine interest and commitment, you'll add value and build positive relationships with the management team. Proactively seek opportunities with a focused and value-driven approach to succeed as an Independent Director.

DNV

Whether certifying products, sharing claims or optimizing and decarbonizing supply chains, DNV helps companies manage risks and realize their long-term strategic goals, improving ESG performance and generating lasting, sustainable results. Combining sustainability, supply chain and digital expertise, DNV works to create new assurance models enabling interaction and transaction transparency across value chains. Drawing on our wide technical and industry expertise, we work with companies worldwide to bridge trust gaps among consumers, producers and suppliers.

Our Service Portfolio

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- Supply Chain
- Governance
- Product Assurance
- Sustainable Finance
- Risk Management
- Digital Assurance
- Circularity and Recycling
- Cybersecurity

DNV 's ESG due diligence assessments can inform business decisions and strategy at many levels in an organisation and across different growth areas, zones, business units etc. Through experience we have developed and follow a number of principles that ensure ESG assessments produce insights that are helpful for mitigating risks.

By 2025, we will:

- Reduce our carbon footprint by 50%
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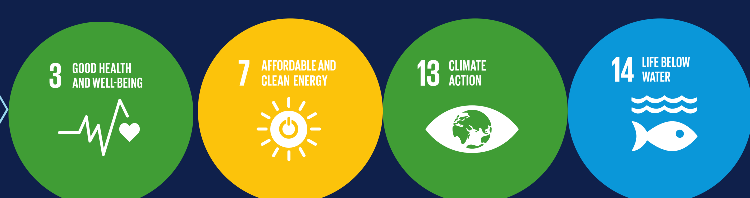
- Become climate positive
- Help our customers to decarbonise
- Make an impact on SDGs 3, 7, 13 and 14



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BY KERSI F. PORBUNDERWALLA
CEO, The Corporate Governance Institute, Copenhagen, Denmark

THE AIM, APPLICATION, AND TRANSFORMATION OF GOVERNANCE, RISK AND COMPLIANCE ACTIVITIES AND PROCESSES

THE UPDATED CONCEPT OF CORPORATE GOVERNANCE PIVOTS AROUND INTEGRITY, RESPONSIBILITY, ACCOUNTABILITY, TRANSPARENCY, AND ETHICS (IRATE). THESE COMPONENTS CAN ENSURE THAT NON-COMPLIANCE TO THE GOOD GOVERNANCE CODEX IS NOT AN OPTION FOR SENIOR MANAGEMENT AND THE BOARD OF DIRECTORS

Every organisation's process, policy, or procedure must include multiple elements of good Corporate Governance. Corporate Governance is a means to achieve Corporate Excellence if all 70+ components of good governance are embedded in the organisation. The IRATE components of Corporate Governance focused on developing actions that have several advantages.

- Help to create a good brand image for the company.
- Successful brand image results in corporate trust and brand loyalty
- Employee commitment, stakeholder engagement, and customer loyalty will result in a more significant commitment to the employees
- When there's a commitment, the stakeholders and management/employees will turn more creative.

Sound Business Practices and IRATE Governance go hand in hand

Creativity is vital to get a competitive edge in the current competitive atmosphere. Therefore, management must ensure that IRATE Governance results are embraced and adopted to promote the development of products and services. Therefore, IRATE governance must be integral to the existence of a company.

- It begins with how a corporation is administered or controlled by focusing on the IRATE components of Good governance. Then, it will inspire and strengthen investors' confidence by assuring the company's commitment to high growth and earnings.
- The performance of IRATE components will aggravate the need to change the Corporate Governance concept that deals with achieving the primary objectives of Corporate Governance.
- The IRATE Corporate Governance processes and systems aim to achieve the specific goals of fulfilling owners' long-term strategic stakeholder claims.
- Take care of the interests of employees.
- Consider the atmosphere and regional community to maintain outstanding relations with suppliers.
- To fulfil all the applicable legal and regulatory conditions that focus on sustainability.

IRATE advantages are gathered from the brand image, loyalty, and commitment rewards

Therefore IRATE Corporate Governance is about how corporations are transparent, supervised, managed, controlled, and held accountable to the shareholders and all stakeholders.

With the rapid pace of globalisation, many companies have been forced to utilise international financial markets and face greater competition than before, to be global and look for growth. Therefore, management must be aware of the importance of improved international standards of Corporate Governance that focus on IRATE. Corporate policymakers and business managers can achieve global advantages by establishing IRATE procedures for proper control of, e.g. bribery/corruption and sustainability, supervision of information flow in the company (disclosures)

Implementing proper and adequate operation for IRATE checks and balances

IRATE procedures can be used for resolving and conforming different corporate participators' clashing interests and opinions. The implemented operation ensures the responsibility of the Board of Directors to all stakeholders of the corporation, i.e. managers, shareholders, suppliers, creditors, auditors, controllers, workers, guests, and society in general, for giving the company a fair, transparent, and productive administration.

IRATE processes are not mere company administration but a Corporate Governance and administration system that focuses on the established code of conduct for a corporate entity's sustainable management and proper functioning.

IRATE governance techniques wisely and participating in results, any organisation can motivate all stakeholders toward the corporation's goals by demonstrating the advantages to stakeholders of the IRATE success. Therefore, good governance is good business. The focus on IRATE will provide significant efforts from management and the board to take the organisation forward and maximise future value and shareholders' wealth.

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INDEPENDENT DIRECTORS HAVE A BROADER RESPONSIBILITY TO REPRESENT STAKEHOLDERS AND MAKE A MEANINGFUL IMPACT: VALLARI GUPTE

Vallari Gupte
Secretary/Compliance Officer, Ceat Ltd

VALLARI GUPTE, AN EXPERIENCED COMPANY SECRETARY AND LAW GRADUATE, BRINGS AROUND 20 YEARS OF POST-QUALIFICATION EXPERTISE IN COMPANY SECRETARIAL PRACTICES AND LEGAL AFFAIRS. SHE HAS WORKED WITH MULTINATIONAL COMPANIES LISTED ON BSE, NSE, AND NYSE, AND IS A REGISTERED INDEPENDENT DIRECTOR AND GOVERNANCE PRACTITIONER. PASSIONATE ABOUT ESG IMPLEMENTATION AND INTEGRATED REPORTING, SHE ACTIVELY CONTRIBUTES TO CEAT'S ESG COUNCIL. VALLARI HAS BEEN RECOGNISED AS A SUCCESSFUL COMPANY SECRETARY UNDER 40AND WAS INVITED AS A PANELIST ON THE SUBJECT OF ESG AT THE NATIONAL FORUM OF ICSI.IN ADDITION TO OVERSEEING GOVERNANCE PRACTICES THROUGHOUT THE ORGANISATION, SHE DEDICATES HER SPARE TIME TO COLLABORATING WITH SEVERAL NGOS IN PUNE, FOCUSING ON SOCIAL ISSUES. RECENTLY, SHE SHARED INSIGHTS ON IMPROVING CORPORATE GOVERNANCE WITH TEAM BOARD STEWARDSHIP.

Kindly share your two/three key milestones in your professional career

In my professional career, I have achieved several significant milestones. Firstly, as a trainee after qualifying as a CS, I had the opportunity to attend board meetings of subsidiary companies, which was a major achievement early on. Secondly, at KPIT Technologies, I took on the responsibility of handling the secretarial function for about eight to nine months, reporting directly to the CFO and coordinating board meetings with the Chairman and Managing Director. Thirdly, I played a crucial role in the IPO process for Tech Mahindra, co-ordinating with stakeholders, agencies, exchanges, and regulators. Lastly, in my current organisation, I have been leading the development of the Integrated Annual Report for CEAT for the past four years and now handling BRSR implementation and compilation. Additionally, I have received recognition for my work on the launch of the first integrated report in CEAT and for successfully managing the stock options process in a previous organisation. These milestones have been significant highlights in my career journey.

What are the three top things on your wish list from regulatory authorities to help improve Corporate Governance?

In my opinion, it is crucial to provide clear information regarding any anticipated changes in the law. This is an area where communication gaps exist between what regulators want to convey, how company secretaries interpret it, and how it is ultimately implemented. There may be numerous conditions, exceptions, and exclusions to consider. Simplifying governance requirements or norms for specific types or categories of companies could be an effective approach for regulators. Additionally, regulators could consider conducting sessions with compliance officers to clarify their expectations from companies, similar to the programs currently organised by professional forums such as ICSI or ICAI. It would be beneficial for regulators to occasionally engage in such sessions, apart from seeking consultation papers or public opinions, as this would provide valuable interaction with professionals and company secretaries. These interactions can help streamline practices toward better governance.

What should be the top three priorities of a Chief Compliance Officer to improve ESG in the company today?

As a compliance officer, governance is our key focus, impacting overall business management, stakeholder relationships, and ESG aspects. Governance being an invisible catalyst towards sustainable progress, our role involves enhancing integrity, establishing robust policies and systems, and implementing checks and balances. Compliance officers are crucial in the mandatory Business Responsibility and Sustainability Reporting (BRSR) for listed companies. At CEAT, as part of the ESG council, we actively discuss and develop solutions to improve these parameters. For instance, I have helped develop the business model design and also implemented a technology-driven grievance addressal mechanism to develop a robust governance process as well as building database for ESG reporting. We can also support the organisation not only in ESG reporting but also preparing and participating in the ESG assessments. Compliance officers also play a vital role in guiding and collaborating with relevantbusiness functionsto improve reporting considering the challenges of consolidating data from multiple locations.

Since you are also a certified Independent Director- what is the change that you would want to bring on boards as an Independent Director?

As Independent Directors, our comprehensive understanding of the business is crucial. We must support the business appropriately and provide constructive feedback to define ethical boundaries and contribute to good governance. It's not just about establishing committees and policies; it's about examining internal processes and providing relevant information to stakeholders like regulators, exchanges, media, and the annual report. Independent Directors should offer valuable guidance to the board and management, speaking up, voicing concerns, and representing investors, communities, and employees. This goes beyond fulfilling statutory requirements; it's about making a meaningful impact by embracing our broader responsibilities.

Since you have worked in the service industry as well as the manufacturing sector, please tell us how the Corporate Governance perspective differs in these two.

In the corporate world, there isn't a single answer that applies universally to all industries. Moreover, the key factor that determines the approach is the management style. Whether it's a service industry or a manufacturing industry, if the management prioritises integrity and transparency, it effectively upholds Corporate Governance. This means that every decision is made consciously, considering the rights and responsibilities towards stakeholders, and ensuring proper disclosure from the company. Therefore, I believe it is the management or the board that ultimately drives governance within the organisation, rather than the specific industry itself.

Compliance officers play a vital role in guiding and directing relevant parties to improve reporting and clarity, considering the challenges of consolidating data from multiple locations

What is your view on regulatory changes/ activism, shareholder activism,etc?

Regulatory changes are necessary at times, but as a company secretary, I believe it would be beneficial for regulators to provide company secretaries and compliance officers with sufficient time to understand and implement the changes, rather than overwhelming them with multiple changes simultaneously. This would prevent the changes from becoming mere check-box activities, contrary to the regulators' intentions. In terms of shareholder activism, individual or retail shareholders in India exhibit minimal activism compared to institutional investors, who often rely on proxy advisors. The role of proxy advisors is gaining significant importance, as they provide guidance on good governance. Investors are also conscious of your efforts and progress on ESG, which is a welcome movement considering the need of the hour.

How do you keep yourself abreast of fast-changing regulations?

Staying updated in the corporate world is a tough task. With multiple sources like WhatsApp and Emails, tracking changes and circulars becomes challenging. There is no single platform for seamless access to information, making daily updates demanding. To address this, our team regularly gathers to discuss developments and strategies. Despite technological support, the speed of changes makes it hard to keep pace. Overall, staying consistently updated in real-time with all the information remains a formidable challenge.

Would you want to give some tips on board management to our readers?

In my opinion, effective board management goes beyond just the board meetings. It involves maintaining continuous communication and coordination with board members throughout the year, ensuring they are well-informed about regulatory changes and any pertinent matters. This responsibility falls not only on the compliance officers but also on the management team. It is crucial for the management to update directors on key issues and seek their opinions. Given the dynamic nature of the world today, it is impractical to save all discussions for board meetings alone. By establishing a stronger connection with directors outside of formal meetings, we can enhance board management significantly.

ROLE OF INDEPENDENT DIRECTORS

BY SUDHAKAR SARASWATULA
– Former Vice-President (Corporate & Secretarial) Reliance Industries Limited

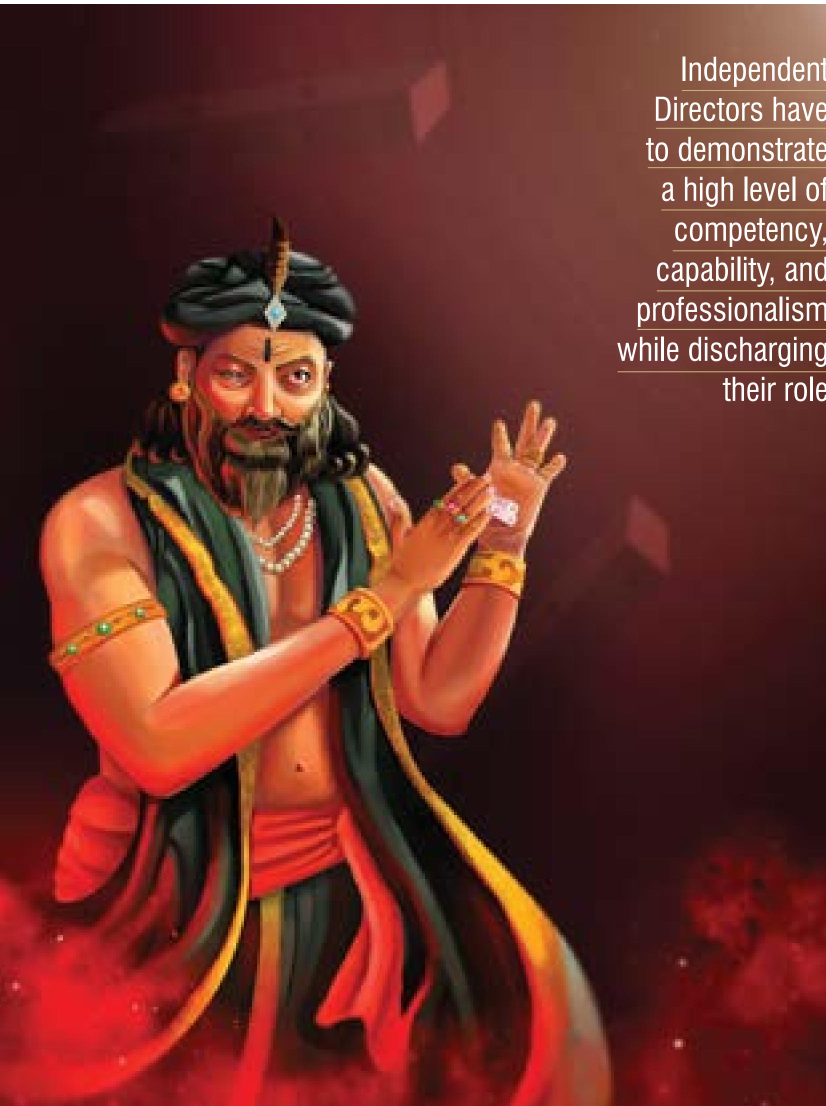
The essence of good Corporate Governance of any company depends upon its Board of Directors. Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency, and accountability in the higher echelons of management. As mentioned in the Kumar Mangalam Birla Committee report, strong Corporate Governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high-quality accounting practices.

Boards are the bedrock of Corporate Governance, presumed at all times to be acting in the best interests of the company, its shareholders, and other stakeholders. An independent, vigorous, and diligent Board of Directors is one key to good Corporate Governance. A major focus area for companies is Board composition. The board of directors shall have an optimum combination of Executive and Non-Executive Directors. Among the Non-Executive Directors are Independent Directors, who have a key role in the entire mosaic of Corporate G overnance and the composition of the board of directors that is critical to the independent functioning of the board.

Concept of Independent Directors

The concept of Independent Directors was first introduced through the Kumar Mangalam Birla Committee Report on Corporate Governance appointed by the Securities Exchange Board of India (SEBI). Independent Directors is one of the important concepts of Corporate Governance and have a very crucial role to play. They are seen as catalysts of change and are supposed to be the real guardians, custodians, and gatekeepers of Corporate Governance and protect the interests of various stakeholders of the Company. The concept of Independent Directors was recognised by the Companies Act, 2013 (hereinafter referred to as “the Act”), which has made their appointment mandatory for all listed companies and for a certain class of public companies.

Independent Directors have to demonstrate a high level of competency, capability, and professionalism



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while discharging their role. They must always ensure to maintain their independence from Promoters and Management, to continue to act as Independent Directors.

The dilema of Independent Directors

There is always a perennial question that how independent an Independent Director is supposed to be and how to measure his independence, that troubles the minds of all concerned. Independent Directors are often assumed to be appointed by the Promoters of the company who effectively control the ownership and management of the company. In such a scenario how such Independent Directors be independent in a real sense and how they are expected and can play an independent role dispassionately is a big question mark. Several times even the Independent Directors are under the impression that they were appointed and if they speak against the wishes of the promoters they may be removed. This assumption may lead them to compromise in performing their role as Independent Directors.

Though this assumption to some extent may be correct but not completely. On the recommendation of the Nomination & Remuneration Committee, the Board of Directors considers the appointment of the Independent Director subject to the approval of shareholders by way of an ordinary or special resolution, as the case may be. Hence though the promoter as a major shareholder may be playing a crucial role in the appointment of an Independent Director, but approval of other shareholders is certainly required.

Once appointed an Independent Director has his own duties, accountabilities, and responsibilities towards the company and of its stakeholders. Considering the duties, responsibilities, and obligations of Independent Directors prescribed both under the Act and the Listing Regulations, the Independent Directors are expected to exercise reasonable care, skill, and diligence while discharging their responsibilities in safeguarding the interest of the company and its stakeholders. As per Section 149(12) of the Act, an Independent Director shall be held liable, in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently. Hence Independent Directors are expected not only to be vigilant, and diligent, but also not to be negligent.

An Independent Director is expected to come prepared for the Board and Committee meetings and he should not hesitate to question the management and express his dissent wherever he feels like. He is expected to have the ability to put hard questions to the management and should be able to say ‘No,’ wherever he has to. Sometimes it may so appear that it is easier said than done, but considering the attached expectations to the role as well as the accountabilities, responsibilities, and liabilities, Independent Directors should develop the ability to play their efficiently and effectively.

Role of Independent Director & *Mahabharata*

To explain on what sort of role an Independent Director has to play we can draw an inference from an episode from *Mahabharata* i.e., the disrobing of *Draupadi*.

In the *Sabha Parva* of Mahabharata, there was an episode of a game of dice, between the *Pandavas* and *Kauravas*, wherein *Shakuni*, while playing for *Duryodhana*, cheated the *Pandavas* of their entire possessions including themselves as well as their queen *Draupadi*. On the orders of *Duryodhana, Duhsasana* dragged her into the assembly hall and tried to disrobe her. During this entire episode, several people of eminence were present but were mute spectators.

By drawing an inference from this episode, we may learn and understand the role of a Promoter, Board of Directors, and in particular the Independent Directors. Let us equate the role of Dritarashtra to that of the Promoter, *Duryodhan, Duhsasana, Karna,* and *Shakuni* as executive directors, *Bhishma, Drona, Vidura*, and *Kripacharya* as the Independent Directors, *Pandavas* and *Draupadi* as minority and oppressed community and the game of dies and disrobing of *Draupadi* as the abuse of processes by the executive directors. It was said that in the assembly hall only *Vikarana* who was one of the hundred brothers of *Duryodhana,* could speak and said that whatever is happening was completely wrong and should be stopped. He may be equated to the whistle-blower who was thrown out of the assembly hall. This episode gives the impression that had *Dhritarashtra* or *Bhishma, Drona, Vidura*, and *Kripacharya* played their role as a promoter or Independent Directors effectively and efficiently, the *Kurukshetra* war would have been avoided. None of them could raise to the occasion and could stop the wrong from happening quoting their own self-imposed compulsions.

From this episode, we can learn a corporate lesson that everyone whether a Promoter or the Board of Directors and in particular the Independent Directors have to play their expected role efficiently and effectively without any fear, by raising to the occasion and not allowing the wrong happenings.

Conclusion

The concept of Independent Directors is evolving and is gaining maturity. The Independent Directors are gaining clarity on the type of role they are expected to perform and the attached responsibilities, accountabilities, and liabilities. Increasing the effectiveness of their role is significant to achieving high governance standards as Independent Directors are the backbone of Corporate Governance.

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'BEING GOOD, DOING GOOD': THE CHALLENGE OF WHY IT'S SO DIFFICULT?

(DESPITE ALL THE RESEARCH, CONTEXT, AND CONTENT AVAILABLE ABOUT ESG, THERE IS A SENSE OF RELUCTANCE IN THE TRANSITION TOWARDS POSITIVE ESG. WHY IS IT SO DIFFICULT TO MOVE TOWARDS IT? WHAT IS IT THAT BOARDS CAN DISCUSS AND STEWARD WITH THE STAKEHOLDERS FOR A BETTER SOCIETY, AND FOR THE LONG-TERM BETTERMENT?)

In recent years, the concept of Environmental, Social, and Governance (ESG) has gained significant traction in the world of finance and investment. ESG factors, which consider a company's environmental and social impact, as well as its Corporate Governance practices, have become a crucial lens through which investors evaluate the long-term sustainability and resilience of businesses. However, despite its growing prominence, there remains a persistent challenge in demystifying ESG and understanding why it is often perceived as a difficult endeavour. After all, one would assume that it is all about value system, and walking that path. Therein lies the complexities surrounding its implementation.

At its core, ESG embodies a set of humane values that emphasise the significance of "being good" and "doing good." It represents a shift from a solely profit-driven approach to a more holistic and responsible approach to business and

investment. ESG seeks to align financial objectives with broader societal goals, recognising that the well-being of our planet and communities is interconnected with long-term financial success. By integrating ESG considerations into decision-making processes, businesses can create positive social and environmental impacts while delivering sustainable financial performance.

The challenge in demystifying ESG lies in its multifaceted nature and the complexity of measuring and quantifying its impact. Unlike traditional financial metrics that are often quantitative and easily quantifiable, ESG factors encompass a broad spectrum of qualitative and intangible aspects. Environmental factors encompass issues such as carbon emissions, resource management, and biodiversity conservation. Social factors consider aspects such as human rights, labour practices, and community engagement. Governance factors focus on board diversity, executive compensation, and transparency. And these aspects are only indicative and broad representations of being fair and objective to all stakeholders. Evaluating and analysing these multifaceted dimensions require specialised expertise, reliable data and data standards, and comprehensive frameworks.

Furthermore, the lack of standardised reporting and disclosure practices poses a challenge in effectively evaluating and comparing ESG performance across companies. While there have been commendable efforts to establish global standards, such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), variations in reporting frameworks and the absence of mandatory reporting requirements hinder transparency and comparability. This information asymmetry makes it difficult for investors to accurately assess a company's ESG performance and integrate it into their investment decisions.

Another obstacle is the perception that ESG investments do not generate substantial financial returns. This notion stems from the misconception that prioritising social and environmental considerations necessarily comes at the expense of financial performance. However, a growing body of evidence suggests otherwise. Numerous studies have demonstrated that companies with strong ESG practices often exhibit superior operational performance, risk management, and long-term value creation. Incorporating ESG factors into investment strategies can lead to improved risk-adjusted returns and enhanced portfolio resilience. Nonetheless, debunking this myth and dispelling the notion that ESG investments are financially inferior remains an ongoing challenge.

Addressing the challenge of demystifying ESG requires collaborative efforts from various stakeholders. Regulators, policymakers, and industry bodies must work together to establish robust reporting standards and disclosure frameworks that enhance transparency and comparability. Financial institutions and asset managers need to develop comprehensive ESG strategies, integrating ESG considerations into their investment decision-making processes and actively engaging with companies to drive positive change. Furthermore, educating investors and the wider public about the financial and societal benefits of ESG is crucial in dispelling myths and misconceptions.

Demystifying ESG is not an insurmountable task. It requires a shift in mindset, recognising that ESG is not an obstacle but an opportunity to align financial objectives with societal needs. By embracing the humane values of "being good" and "doing good," businesses and investors can create a positive impact on society and contribute to a more sustainable and equitable future. Demystifying ESG begins with acknowledging its inherent values and understanding that it goes beyond a mere compliance exercise or a marketing tool. ESG integration represents a fundamental shift in how we perceive the role of business in society and the responsibility of investors to consider the broader implications of their financial decisions.

Moreover, the difficulties associated with ESG implementation should not be seen as deterrents but rather as opportunities for innovation and progress. Companies and investors must embrace the challenge of navigating through the complexities of ESG, seeking new ways to measure and assess their impact, and leveraging technology and data analytics to enhance transparency and accountability. By doing so, we can unlock the full potential of ESG and harness its power to drive positive change.

Ultimately, the journey toward demystifying ESG requires a collective effort. It necessitates collaboration among businesses, investors, policymakers, and civil society to foster a culture of responsible investment and sustainable business practices. Investors have a critical role to play in demanding greater transparency and accountability from companies, while companies must proactively integrate ESG considerations into their strategies and operations. Regulators and policymakers must provide clear guidance and establish a conducive regulatory environment that incentivises ESG integration and aligns financial markets with long-term sustainable goals.

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FROM JOURNEY TO MILESTONE: **MY PATH TO BECOMING AN INDEPENDENT DIRECTOR**

My first board appointment was a 'milestone'. It was the journey that enabled this milestone and more. The journey is more important to me, as it continues to power me towards more meaningful, impactful milestones.

I landed my first appointment as an Independent Director, through my network; I was referred. This I am sure, is the way it happens for most, but to refer a "fresher" for an Independent Director role, is difficult to come by. A young company then looking to get listed (is now listed), driven by a highly motivated, young MD, sounded perfect to me. So, I did my due diligence and appraised myself with all that I possibly could have and decided to commit myself to this company.

Capt Tapas Majumdar

Founder Director @ The Sustainability Practitioners, Independent Director at Mcon (listed), Sustainability (ESG) Reporting & Assurance, Member Board of Studies (BOS)

Referring someone to a position as important as an Independent Director, especially a "fresher", is also a reputational risk which you would undertake only if you are very confident about the person. Reaching this level, where you get referred, is because of the journey, the referral is a byproduct.

The company meanwhile was looking at my experience in Sustainability, handling PnL, amongst other things, which I am sure the others were also at par if not better. What seemed to tilt the needle was their image of me, their validation of my reputation, their confidence in the value proposition (of trust, ethics and decision-making) that I brought to the table. Being an ex-army officer of course helped.

The many small things about the journey, are the key to the milestones, these includes,

- Practicing work ethics and values, this was easier because of my background. I have been successful in setting expectations right for anyone who dealt with me. This image preceded me. This is how you get to be known and people draw lines that should not be crossed with you.
- Without a Purpose, everything is pointless. At a young age I decided to join the army. All my activities were aligned to this one purpose. Everyone could clearly see me in uniform and so could I and eventually I donned the uniform. Purpose is derived from passion.
- Knowledge is power. Learn what you need to, from whom you need to, and when you need to. Either you know or you learn. My IOD certification, IICA certification, 6 Sigma qualification and courses in Block Chain and Cyber security, only reinforces my commitment to a larger role.
- Believe in people to deliver, enable it. In my journey, I have had the opportunity to work with some great, promising, and emerging talent. Never met anyone with no talent at all. How best your team develops is up to your leadership. Some of my satisfying milestones are seeing my ex-team members taking leadership roles and growing in their career. Add value to people that, participate in full, build bridges.

To conclude, Independent Directorship to me is commitment to Good Governance, to the company, its shareholders, and stakeholders. The more you stay the course on commitment, the more milestones you achieve.

***Capt Tapas** — is a senior Sustainability professional, an Independent Director on Company Boards, an entrepreneur, and An Ex-Army Officer. He brings 30 years of industry leadership experience to the table coupled with his value system from the army tenure. He is the Founder Director of "The Sustainability Practitioners".*
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Sandeepan Reddy
Certified Corporate Director / Financial Coach / Eduentrepreneur / Farmer / Investor / Educator

BOARD READY

HOW TO BE BOARD READY

A corporate board of directors are a group of people that are elected/appointed to represent the shareholders in an organisation. Being "board ready" means being prepared to assume a role and contribute effectively to the strategic decision-making process of an organisation. I am a Board Member of a few organisations and sharing you my experience for persons who aspire to join a corporate board. The following key steps can be taken to position yourself as a strong Board Ready Candidate.

Experience and Expertise

To be Board ready it is crucial to accumulate a diverse range of experience and expertise that aligns with the needs of the organisation. I am serving on a few non-profit boards, advisory roles, or even participating in industry associations to enhance my experience and expertise. These opportunities allow me to develop a deep understanding of governance, financial literacy, risk management, and strategic planning. At the same time, other board members on such non-profit boards also help me network for other board opportunities.

Your Network is your Net Worth

Building a robust professional network is a must for board success. Enrolment conversions with peers, mentors, and industry leaders who can vouch for your skills and character. Attending industry conferences, seminars, and networking events to expand your network to stay up-to-date with industry trends. Being visible and leveraging social media platforms to create credibility in the relevant industry space. One of the core needs is building relationships with those peers who are already serving on boards and can provide valuable insights and potential recommendations. Your ex-seniors, customers, suppliers, and promoters are a great asset. Your co-members are from various associations and industry bodies and are very useful contacts to explore board opportunities.

Sharpen your Board Skills

Required skill sets for board ready individuals are strategic leadership, strategic thinking, financial acumen, and effective communication. Apart from these key qualities, one is expected to be conversant with board practices and processes. One must also prepare for the likely board liabilities that come with this opportunity.

One must fully know the key regulatory authorities and their role in Corporate Governance regulations for the boards. Attending a good training program from the Institute of Directors or similar bodies is highly recommended. We need to seek opportunities to upgrade these skills through executive education programs, workshops, and courses specifically designed for aspiring Board members.

Lifelong Learning

Lifelong Learning is the concept of pursuing additional education and the development of further skills beyond an individual's formal or compulsory education. Lifelong learning is much needed for adequate boardroom performance and be self-motivated based on a pursuit to learn more, gain new skills, or support professional development for boards. There are programmes which provide valuable guidance, mentorship, and networking opportunities.

Summary

Being board ready is not only a chance to contribute to the board's success but also an opportunity for personal and professional growth along with good financial rewards as well. Invest in your continuous personal development, and be prepared to make a meaningful impact at the height level of Corporate Governance.

***Sandeepan Reddy** a Board Member is a BE, PGDM, and MDP from IIM-A, and has rich experience across finance, education, strategy, advisory, and marketing communication functions in education and other sectors. He is the Founder of Synergy Group of Schools, with two CBSE schools and 21 preschools. He is a Director at I. & I. Financial Services Pvt. Ltd, with an AUM of Rs. 200 Cr +.*
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GAINING WORLDWIDE IMPORTANCE & **ITS SIGNIFICANCE FOR INDIA**

by **J C LADDHA,**
Managing Director, DAA Consulting Pvt. Ltd.

A business rooted in sustainability is one that exhibits the ability to conform to a world undergoing rapid change while acknowledging and accounting for external factors that may impede its continued survival. By planning for these factors, businesses can thrive now and in the future.

As the world progresses and societal standards shift, it becomes imperative for corporations to extend their responsibilities beyond just economic prosperity. This is because corporations need to be accountable for society's needs and ecological concerns.

It is of the utmost importance for enterprises to embrace prudent measures that account for their duties towards the environment, society, and governance (ESG), in a manner that ethically integrates these considerations with their financial aspirations.

Corporations should not treat ESG responsibilities as a mere checklist, but consciously balance financial goals with environmental, social, and governance considerations. ESG offers an opportunity for long-term value and growth while contributing to society and the environment. The combination of expertise and benevolence can have a positive influence. By joining forces with accomplished individuals and selfless contributors, we have a valuable opportunity to effectuate positive changes in our society.

ESG requires more than good intentions; it needs a practical plan that integrates principles throughout a business, from investing to innovation, using the best talent and technology. By making ESG a central focus, companies can address challenges, capitalise on opportunities, and achieve sustainable business advantages that adapt to a changing world. Infusing ESG metrics throughout operations promotes transparency and trust for long-term success.

To understand ESG, let's break down each element.

Environment: Companies must prioritise sustainability by efficiently using resources, reducing waste through recycling, and preventing environmental damage. This includes promoting cleaner production methods, environmentally friendly technologies, and renewable energy. Regrettably, Volkswagen neglected its duty to ensure environmental preservation by deliberately permitting its vehicles to discharge nitrogen oxide at an alarming rate of 40 times the permissible amount just to become the world's leading car maker. (source: Forbes.com)

Social: To uphold ethical standards, corporations are required to ensure that all individuals have access to comparable career prospects and promote the health of their workers by fostering equilibrium between work and personal life. Adherence must also be paid towards preventing cases of children being employed under duress. This is in addition to securing just compensation for employees while ensuring satisfactory facilities are provided on-site. They should be accountable to stakeholders by disclosing product risks and providing ways to responsibly dispose of them. They should also invest in promoting societal well-being through products, technologies, and processes and in rehabilitating communities impacted by their operations.

Governance: It is incumbent upon corporations to observe ethical principles, abide by legal statutes, and desist from malicious or deceitful dealings. They should also promote ethical behaviour and have mechanisms to address customer concerns. Furthermore, it is imperative for them to conform strictly to guidelines governing working conditions and human entitlements, as well as integrity, wellness, and safeguarding the ecological sphere, throughout their entire business proceedings.

ESG-A License For Business Practices

ESG practices are now crucial for companies, and demonstrating responsibility is mandatory. To satisfy legal demands, corporations are obligated to establish a committee devoted to corporate social responsibility (CSR). It is incumbent upon these organisations to formulate appropriate policies and expend no less than 2% of their profits towards the implementation of CSR activities. Moreover, corporations must be transparent in disclosing pertinent information regarding said initiatives. The top 1000 listed companies are also required to produce business responsibility reports that disclose a

Key Drivers Of NGBRC

1 The UN's guiding principles for human rights in the context of business operations seek to promote accountability and redress any violations thereof, while simultaneously encouraging nations to develop their own implementation schemes. These measures are designed as a means of ensuring that private entities respect fundamental ethical standards concerning matters related to humanity itself.

2 **UN Sustainable Development Goals (SDGs):** The 2030 Agenda for Sustainable Development established 17 SDGs, recognising the role of businesses as a key driver for economic growth and calling on businesses to adhere to UNGPs.

3 **The Paris Agreement on Climate Change:** It obliges nations to execute measures dedicated to curbing the effects of climate change while also concentrating efforts on adapting and adjusting accordingly. India ratified the agreement in 2016, and its commitments are called National Determined Contributions (NDCs).

4 **Core Conventions 138 & 182 on Child Labour by the International Labour Organisation (ILO):** In 2017, India ratified these conventions, which deal with the minimum age of employment for children and the worst forms of child labour.

5 **Annual Business Responsibility Reports & Companies Act, 2013:** Top 1000 listed companies must submit annual business responsibility reports, and the Companies Act, 2013 requires companies to undertake CSR activities in line with national socio-economic priorities.

Here are the nine principles of the NGRBC (National Guidelines on Responsible Business Conduct):

1. Corporations must conduct themselves with uprightness, morality in conduct, lucidity, and openness, as well as answerability. They must demonstrate these traits at all times.
2. Enterprises must fabricate merchandise and provisions with caution for the well-being of humanity, while also considering sustainability.
3. It is imperative for enterprises to provide fitting acknowledgement and priority for the well-being of every worker, regardless of their placement in the hierarchical sequence.
4. Corporations must regard the concerns of all invested parties with esteem and attentiveness. The satisfaction of these stakeholders should be a chief objective for companies, which need to remain mindful of their needs at all times.
5. Companies must respect and promote human rights.
6. Organisations have a paramount duty to revere the environment and implement protocols that shield it from harm.
7. Companies must engage in influencing public and regulatory policy in a responsible and transparent manner.
8. Companies should promote inclusive growth and equitable development.
9. Businesses must interact with their clientele in a conscientious and commendable manner that yields benefits.

diverse set of sustainability criteria.

In 2011, the Ministry of Corporate Affairs (MCA) divulged a set of guidelines known as the National Voluntary Guidelines on Social Environment and Economic Responsibilities that pertained to businesses conforming to responsible behaviour. Despite thorough analysis and examination, the regulations were overhauled in 2015. This resulted in their reincarnation as the National Guidelines on Responsible Business Conduct (NGRBC), crafted to be compatible with both the Sustainable Development Goals (SDGs) and the Respect Pillar of the United Nations Guiding Principles' tailored criteria. These guidelines are currently recommendatory in nature and are designed to help companies go beyond regulatory compliance.

Sustainability Reporting Challenges

Sustainability reporting in India faces challenges due to environmental exploitation amidst economic growth, with British Telecommunications finding Indian corporate reporting unsatisfactory in comparison to other countries. Indian companies have failed to develop innovative solutions to sustainable issues despite proactive attitudes. Slow progress in sustainability reporting is due to a lack of credible projects for corporations to support. This is due to a preference for funding projects in industrialised areas rather than poorer areas in need of financial aid. The absence of proper authority to identify rural society's needs exacerbates the issue, and the reasons for underspending or not spending the CSR-prescribed amounts are varied.

To summarise, Mr. Kumar Mangalam Birla, the Chairman of Aditya Birla Group, has highlighted the need for companies to approach sustainability strategically to create business value, not just comply with governance. Many top-performing companies focus on ESG, intensify efforts to reduce emissions, manage waste, and conserve resources, taking a long-term view of sustainability and social responsibility. This shift towards responsible growth can help these companies gain long-term competitive advantages and have a positive impact on the world in the next 50 years.

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INTERNAL AUDIT **AWARENESS**

by **S BHASKAR**
Chief Internal Auditor - Tata Capital Ltd., Former President - IIA India, Former Member- IIA Global Committees CREA & IRC,Served as a Member of the AAC for UNOPS, CII National Committee- Financial Reporting

Every year, the month of May is dedicated to Internal Audit Awareness Month to build greater awareness of Internal Audits. There is a natural assumption that the key stakeholders understand the internal audit's role and contributions to the organisations. However, in reality, the Audit Committee and other board members quite often may have preconceived ideas about internal audits based on their past exposure & experience. If they have been around in organisations where the stature of the internal audit function is positioned high & involved in a deep understanding of strategic business risks, they will expect the internal audit function in their new organisations to perform at the same level. However, if they have been around weak and ineffective internal audit functions (or if this is their first association with internal audit), their expectations may be limited & could see Internal Audit merely as a compliance requirement.

As a Compliance Requirement:
WHY, WHO?

a Section 138 of the Companies Act read along with Rule 13 of The Companies (Accounts) Rules, 2014 lays down that prescribed class or classes of companies shall be required to appoint an internal auditor, who shall either be a chartered accountant (whether in practice or not) or a cost accountant (whether in practice or not), or such other professional as may be decided by the Board to conduct an internal audit of the functions and activities of the company.

b As per Rule 3(xiv) of The Companies (Auditor's Report) Order, 2020, popularly known as CARO 2020, the statutory auditor's report on the accounts of a company shall include a statement on the following matters, namely:

- Whether the company has an internal audit system commensurate with the size and nature of its business
- Whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor

Thus, even if a company is not required to have an internal audit function under

Section 138, it may still get covered under the requirements of Section 143 (11) and CARO, 2020 resulting in the requirement to have an internal audit function commensurate to its size and operations, or else risk a qualification in the CARO report by the Statutory Auditor.

HOW, WHAT, WHEN, WHERE

As per Rule 13 issued under Section 138 of the Companies Act, the Audit Committee of the company or the Board shall, in consultation with the Internal Auditor, formulate the scope, functioning, periodicity, and methodology for conducting the internal audit. The ICAI Guidance Note on The Companies (Auditor's Report) Order, 2020, provides guidance to the statutory auditor to evaluate whether the internal audit system is commensurate with the size of the company and the nature of its business. If the statutory auditor determines that the internal audit system is not commensurate with the size and nature of business of a company, then the auditor should communicate with the Audit Committee or Board and seek their inputs as part of "Communication to Those Charged with Governance" and accordingly report the fact under this report.

Considering the above requirements, it becomes obligatory for a company to implement a robust internal audit system, and demonstrate the same to statutory auditors, failing which an adverse communication can be reported in the auditor's report. Thus, these requirements need to be kept in mind by the company when devising the policies and procedures in relation to the internal audit system. Thus, while taking a decision on scope, functioning, periodicity, methodology, organisational hierarchy, qualification, etc., it is imperative for Board or Audit Committee or Senior management to look for a reference point of the good practices or standards of the internal audit profession so that they can rely upon such good practices/standards to deliver their responsibility effectively.

STANDARDS ON INTERNAL AUDITING

Adoption of uniformly acceptable practices is required to demonstrate the effectiveness of internal audit activity to various stakeholders such as regulators, statutory auditors, etc. in a confident and objective manner, by following a set of minimum requirements that are followed widely by the industry within the internal audit fraternity. Considering that none of the internal audit related standards are mandated by law in India, the audit committee or the board or senior management (as applicable) needs to decide on which standards they plan to use. The law has left the task of formulation of scope, functioning, periodicity, and methodology for conducting an internal audit to audit committees or the board of directors in consultation with the internal auditor

The following Internal Auditing Standards are available in India:

- **a** Standards on Internal Audit (SIAs), issued by the Institute of Chartered Accountants of India
- **b** Internal Audit & Assurance Standards, issued by The Institute of Cost Accountants of India
- **c** International Standards for the professional practice of Internal Auditing (IPPF), issued by the Institute of Internal Auditors, USA

While all these standards are based on similar principles about the concept of internal auditing, there are aspects which can be different from each other. Thus, an internal auditor needs to understand these standards well before making a proposal to adopt any of them by the audit committee or board.

VALUE PROPOSITION BEYOND COMPLIANCE REQUIREMENT

As Board members & leaders, the importance of setting the right "Tone at the Top" is most essential to promote a culture that values internal controls, risk management, and ethical behavior.

The importance of this cannot be overemphasised since this alone will inspire trust and cooperation from employees, enabling the Internal Audit function to operate effectively. The support and guidance from Boards and Audit Committees are instrumental in elevating the Internal Audit function. This support ensures that Internal Audit departments have the necessary tools, resources, and authority to fulfill its responsibilities with diligence and integrity.

Another typical challenge is that even legislators, regulators, standard setters, investors, and even the general public don't fully grasp what the internal Audit function(IAF) does, what are its capabilities, and the value that internal audit can deliver beyond "Compliance Requirement". It's important for Management and the audit committee to fully appreciate the role internal audit plays in addressing a spectrum of critical and emerging risks and not merely get confined to compliance & as a traditional financial control assurance function.

As Board members, it would help to reflect on the following questions:

- Does management reach out to the IAF for advice and insight on a new or emerging risk?
- Does management understand the IAF processes for assessing risks and do they fully engage with the IAF in assessing and monitoring critical risks in the organisation?
- Does management invite IAF to "the table" when business/strategic risks are being discussed?
- Does management and the audit committee understand that the IAF follows a code of ethics and standards set by The IIA/ICAI/ICMAI when undertaking the IA work? Are they aware of the results of the IAF's quality assessment, and when the next one is scheduled?
- Does management and the audit committee know which risks we are not addressing due to resource limitations or lack of expertise?

Ultimately, the Internal Audit Function in an organisation would be as "Effective" as its Management & the Board wants it to be.

S Bhaskar, *Board Member- Global Internal Audit Foundation (IIA), Former President- IIA India, Chief Internal Auditor- Tata Capital Limited*
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"HOW TO ENHANCE VALUATION OF YOUR BUSINESS"

by **CA PRAMOD JAIN**

Independent Director, Valuation Professional, Chartered Accountant, Insolvency Professional, IndAS / IFRSs, Corporate Governance, CSR, ESG, SDG & BRSR Specialist

Two of the key responsibilities of the top management of any business organisation are, firstly to create maximum value and secondly, to take care of all foreseeable risks to which a business may be exposed to.

In the process, the top management can also achieve an increase in the valuation of the business. Interestingly, the valuation of a business also plays a pivotal role in attracting investors, negotiating favourable financing terms, and planning for a potential sale.

Increasing the valuation of your business requires strategic planning, meticulous execution, and a focus on key value drivers. In this article, we will explore effective strategies that can help entrepreneurs achieve higher Value Creation and Risk management thereby elevating the valuation of their businesses.

By implementing these strategies, entrepreneurs can position their companies for long-term success and attract potential investors or buyers on very attractive valuations.

Build a Solid Foundation with a Scalable Business Model

A strong and scalable business model is the bedrock of a valuable business. Assess your current business model and identify areas that can be optimised for scalability. Determine if your revenue streams are diversified across multiple customer segments or industries. Consider developing recurring revenue streams or long-term contracts to increase stability and predictability. Investors value

hances the perception of your business's value and can lead to a higher valuation.

Cultivate a Talented and Committed Team

The strength and expertise of your team are vital factors that impact your business's valuation. Invest in recruiting, retaining, and developing talented professionals who align with your business vision. Create a positive work culture, offer training programs, and provide growth opportunities to foster employee loyalty and commitment. Investors assess the quality of the team driving the business, and a competent team capable of sustaining growth enhances your business's perceived value.

Foster Strong Customer Relationships

Establishing and nurturing strong customer relationships is key to the long-term

> The strength and expertise of your team are vital factors that impact your business's valuation. Invest in recruiting, retaining, and developing talented professionals who align with your business vision

businesses with growth potential, and a scalable model demonstrates the ability to expand and capture market opportunities.

Protect and Leverage Intellectual Property Assets

Intellectual property (IP) assets are valuable and can significantly contribute to a business's overall worth. Evaluate and protect your IP, including patents, trademarks, copyrights, and trade secrets. Engage legal professionals to ensure proper protection and explore opportunities to expand your IP portfolio. Investors are often attracted to innovative and unique assets that provide a competitive advantage. Demonstrating a robust IP portfolio en-

success of any business. Focus on customer retention and satisfaction by delivering exceptional products or services and personalised experiences. Provide prompt and reliable customer support to build trust and loyalty. Encourage repeat business and generate positive customer feedback, testimonials, and case studies to showcase your business's value. A loyal customer base and positive reputation contribute to a higher valuation.

Enhance Financial Performance

Robust financial performance is a fundamental factor when assessing a business's value. Implement rigorous financial management practices to improve perfor-

mance and profitability. Monitor key financial metrics such as revenue growth, profit margins, and cash flow. Optimise your cost structure and streamline operations to improve efficiency. Consistent profitability and financial stability demonstrate the potential for long-term value creation and attract investors seeking a solid return on their investment.

Expand Market Reach and Geographic Presence

Expanding your market reach and geographic presence can significantly increase the valuation of your business. Conduct thorough market research to identify new target markets, both domestically and internationally. Develop effective strategies to enter these markets and diversify your customer base. Establish strategic partnerships, expand distribution channels, and leverage technology to extend your business's reach. Demonstrating growth potential and access to untapped markets makes your business more attractive to potential investors and can result in a higher valuation.

Embrace Technological Advancements and Innovation

In today's rapidly evolving business landscape, embracing technology and fostering innovation are essential for increasing valuation. Evaluate your technological capabilities and invest in relevant tools and platforms to improve operational efficiency and enhance customer experiences. Innovate within your industry by developing new products or services that address emerging market needs. A technologically advanced and innovative business is often perceived as more valuable by investors looking for businesses that can adapt and thrive in a changing environment.

Establish Strong Corporate Governance

Strong corporate governance practices inspire confidence in investors and contribute to a higher valuation. Implement transparent reporting mechanisms, maintain accurate financial records, and ensure compliance with relevant laws and regulations. Establish a board of directors or advisory board comprising experienced professionals who can provide guidance and strategic oversight. Strong governance practices demonstrate your commitment to transparency, accountability, and long-term sustainability, factors that investors value when considering the valuation of a business.

Conclusion

Increasing the valuation of your business requires a strategic approach and diligent execution. By building a scalable business model, protecting intellectual property, cultivating a talented team, fostering strong customer relationships, enhancing financial performance, expanding market reach, embracing technology and innovation, and establishing strong Corporate Governance, entrepreneurs can significantly increase their business's value. It is essential to continuously evaluate and adapt these strategies to meet market dynamics and position your business for long-term success. By implementing these strategies, entrepreneurs can attract potential investors or buyers and achieve a higher valuation for their businesses.

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DESIGNING THE FRAMEWORK FOR CODE OF CONDUCT

Do you believe that there is something called an absolute? By absolute, I mean that one universally valid ethical or moral system applies to everyone, whether one acknowledges or accepts it. I wish there could have been something called an absolute, but then you also know that one person's terrorist is often another's martyr. The difference in these absolutes gives rise to subjective and relative interpretations and thus creates interpersonal conflicts of values and interests. Sometimes, even when one knows the difference between rights and wrongs, one is unwilling to act upon the right, thus bringing in intrapersonal conflicts of values and interests.

Even if companies strive to unitise their code of conduct, its implementation is mediated or moderated by individual personal and professional values and choices. The question is even more pertinent for the board of directors and chairperson as they deal with organisational strategic decisions. The positional powers, aspirations, inclinations, values, and sensitivity of board members towards the concerned issues have the potential to influence it all. Despite having the rules of professional conduct

in place, it is ironic that in many cases, the board practices are maneuvered to meet the management requirements. As a result, they suffer groupthink, social loafing, group polarisation, and bandwagon effect resulting in poor ethical and moral show. Also, too many fixations on the issues hamper the organisational purpose. So, the question is how to engage the whole organisation in setting a code of conduct. How should the members process and evaluate the course of action?

One way to resolve this issue is to standardise the proceedings through expressed regulations. In that case, the code of conduct loses its ethical and moral charms and moves swiftly to legal vicinities. These codes are then enforced upon the members, and they willingly or unwillingly have to accept the enforced regulations. Challenging such regulations then is an energy and time-draining process. Another way to examine this conduct is to create openness and ethical sensitivity among its members. However, the challenge remains whether such sensitivities can be built unless those involved are willing to deal with transparency, mutual trust, openness to valid considerations, lawfulness, and competency in balancing their acts practically, legally, ethically, and morally. So, what if Michael Woodford remained binding to Kikukawa, with whom he was once inspired for his visionary leadership and creative destruction at Olympus? So, what would have happened if you, for example, took the risk of calling a spade a spade? Furthermore, when your calling goes against the wind.

Micheal Woodford was fired from Olympus and even feared for his life. His ability to resolve dichotomy to balance his performance and conformance role as a director strengthens us with an example of setting a code of conduct. One may learn to balance organisational purpose, values, and strategies, i.e. means to achieve the ends. These individual perspectives require enough strength and determination to call a spade a spade. While organisations spend immensely in hiring and sustaining (un)competent board members, everything boils down to their intention to choose what they choose. Whether companies choose to pay its member to be a principal's puppet or a wise and true reflector of circumstances, organisations may choose to create, suggest, advise, prescribe, or enforce their ethical and moral code of conduct; nothing productive could be done unless one and all learn to be responsibly responsible and align and remains committed to the true organisational purpose, values, and means. Such alignments would also need one to overcome the chaos of their personal and professional values and demonstrate their principled absolute at par.

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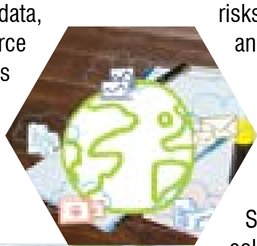
LEVERAGING TECHNOLOGY FOR ENHANCED ESG COMPLIANCE: **A PATH TOWARDS SUSTAINABLE BUSINESS PRACTICES**

by **MANOJ SONAWALA**
Chairman- Manoyog GRC Advisors Pvt. Ltd.

IN TODAY'S RAPIDLY CHANGING BUSINESS LANDSCAPE, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) COMPLIANCE HAS BECOME A CRUCIAL ELEMENT OF CORPORATE RESPONSIBILITY. ORGANISATIONS WORLDWIDE ARE INCREASINGLY ADOPTING SUSTAINABLE PRACTICES TO MITIGATE RISKS, ENHANCE THEIR REPUTATION, AND CONTRIBUTE TO A BETTER FUTURE. TECHNOLOGY, WITH ITS TRANSFORMATIVE CAPABILITIES, PLAYS A PIVOTAL ROLE IN FACILITATING AND STRENGTHENING ESG COMPLIANCE EFFORTS. THIS NOTE EXPLORES THE MYRIAD WAYS IN WHICH TECHNOLOGY CAN BE HARNESSED TO DRIVE ESG COMPLIANCE ACROSS VARIOUS ASPECTS OF BUSINESS OPERATIONS

Data Management and Reporting: Data lies at the heart of ESG compliance. Technology enables efficient data collection, management, analysis, and reporting, thereby supporting organisations in meeting their ESG obligations. Automated systems can streamline data collection processes by integrating data from multiple sources, ensuring accuracy and consistency. Robust reporting tools allow organisations to generate comprehensive reports on environmental impacts, social initiatives, and governance practices. Moreover, advanced analytics capabilities empower businesses to derive actionable insights from the vast amounts of ESG data, enabling informed decision-making and continuous improvement.

Monitoring and Reporting Tools: Real-time monitoring is essential for effective ESG compliance. Technology solutions enable organisations to monitor and track their environmental performance, such as energy consumption, greenhouse gas emissions, and waste management. Sensor-based IoT devices and connected systems provide granular data, offering insights into resource usage and identifying areas for optimisation. These tools not only facilitate internal monitoring but also enable transparent reporting to stakeholders, fostering trust and accountability.



Supply Chain Transparency: Supply chains have a significant impact on ESG compliance. Technology enhances supply chain transparency by enabling companies to trace the origin of raw materials, monitor working conditions, and assess suppliers' ESG performance. Blockchain technology, for instance, provides a decentralised and immutable record of supply chain activities, ensuring trust and authenticity. Digital platforms and collaborative tools facilitate information sharing and engagement with suppliers, enabling mutual commitment toward sustainable practices.

ESG Risk Assessment: Identifying and mitigating ESG risks is critical for sustainable business operations. Technology, specifically artificial intelligence (AI) and machine learning (ML), plays a vital role in assessing and managing ESG risks. These technologies can analyse vast datasets, identify patterns, and correlate various factors to identify potential risks. By automating risk assessments, organisations can efficiently identify and prioritise ESG risks, enabling timely interventions and preventive measures.

Stakeholder Engagement: Technology platforms provide an avenue for effective stakeholder engagement, a vital component of ESG compliance. Social media, online forums, and collaboration tools allow organisations to communicate, gather feedback, and address concerns from a diverse range of stakeholders. These platforms foster transparency and inclusivity, enabling stakeholders to actively participate in shaping ESG initiatives. By incorporating stakeholder perspectives and leveraging technology-driven engagement, businesses can build stronger relationships, strengthen trust, and drive meaningful change.

Sustainable Operations: Technology solutions can optimise resource usage, enhance the energy efficiency, and reduce environmental impact within an organisation's operations. IoT devices and smart sensors enable real-time monitoring of energy-consuming equipment, facilitating proactive energy management. Smart building systems leverage automation and data analytics to optimise energy usage, HVAC systems, lighting, and overall facility management. By integrating technology-driven sustainability measures into their operations, organisations can achieve significant cost savings, reduce their carbon footprint, and demonstrate a commitment to sustainable business practices.

ESG Performance Benchmarking: Technology provides benchmarking tools that enable organisations to compare their ESG performance against industry peers and best practices. Digital platforms and data analytics allow businesses to assess their progress, identify gaps, and set ambitious yet achievable sustainability goals. By leveraging technology-enabled benchmarking, organisations can gain insights into leading practices and learn from industry leaders, fostering continuous improvement and innovation in ESG compliance.

Investor Relations: Investors increasingly consider ESG factors when making investment decisions. Technology platforms play a crucial role in facilitating transparent communication between companies and investors regarding their ESG practices and performance. Online portals, data analytics, and interactive reports provide investors with comprehensive and up-to-date information, enabling them to assess the ESG performance of potential investments. By leveraging technology, organisations can attract and retain socially responsible investors, access sustainable finance options, and enhance their reputation in the investment community.

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Conclusion

Technology offers tremendous opportunities for organisations to strengthen their ESG compliance efforts and drive sustainable business practices. From data management and reporting to stakeholder engagement and supply chain transparency, technology plays a pivotal role in supporting ESG compliance across various aspects of business operations. However, it is important to note that technology is an enabler, and a genuine commitment from organisations and their leadership is paramount to embedding sustainable practices into their core business strategies. By harnessing the power of technology and combining it with a strong commitment to ESG compliance, organisations can pave the way for a more sustainable and responsible future.

Knowledge Partner
BoardPAC

STRENGTHENING BOARD-LEVEL SECURITY: THE VITAL ROLE OF BOARD PORTALS IN LARGE COMPANIES

In today's digital age, security has emerged as a paramount concern for all large organisations, especially publicly listed companies. The consequences of security breaches can be severe, ranging from financial losses and reputational damage to legal repercussions. To mitigate these risks, organisations must prioritise robust security measures at every level, particularly within their boardrooms. In this article, we will delve into the importance of security for publicly listed companies and large enterprises, with a specific focus on the role of board portals in enhancing security and adding value to the overall governance process.

The board of directors in a publicly listed company or a large private enterprise holds immense responsibility. They

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make critical decisions that impact the company's direction, investments, and long-term success. Therefore, it becomes imperative to protect the confidentiality, integrity, and availability of sensitive board-level information. Here are key reasons why board-level security is of utmost importance:

Confidentiality of Information: Boardrooms often deal with highly confidential and strategic information such as financial reports, mergers and acquisitions, intellectual property, and market-sensitive data. Maintaining strict confidentiality ensures that this information remains within the boardroom and isn't accessed by unauthorised individuals.

Protection against Cyber Threats: Cybersecurity threats are on the rise, and companies are primary targets for hackers seeking financial gain or competitive advantage. Robust security measures must be in place to safeguard board communications, documents, and discussions from unauthorised access or manipulation.

Compliance and Regulatory Requirements: Public-listed companies are subject to numerous compliance and regulatory frameworks, such as the General Data Protection Regulation (GDPR), Clause 49 in the listing agreement of the Stock Exchange in India, and industry-specific regulations. Ensuring board-level security helps organisations fulfill their obligations and minimise legal risks.

Reputational Risk Mitigation: A security breach can irreparably damage a company's reputation. By prioritising board-level security, organisations demonstrate their commitment to protecting stakeholders' interests, fostering trust, and preserving their brand image.

Companies should have a good security system in place, along with a dedicated team to constantly monitor and upgrade the security of the company. However, board-level information requires reinforcement of security to avoid the outlined risks stated above. The best way to do this is to use a board portal that has military-grade security to run board meetings and store board documents.

The Role of Board Portals in Enhancing Security

Board portals, such as BoardPAC, have emerged as invaluable tools for companies seeking to strengthen security at the board level. These platforms provide a secure, centralised environment for board members to access, collaborate, and communicate effectively. Here's how board portals add value to security:

Secure Document Management: Board portals enable secure storage and sharing of confidential board documents, eliminating the need for physical copies, or sending documents via normal emails, and reducing the risk of unauthorised access. Advanced encryption such as AES 256, access controls on a document and user level, and document versioning features ensure the integrity and confidentiality of sensitive information. It is essential that the board portal be certified by the International Organisation of Standardisation with a certification such as ISO 27001. ISO 27001 is a global standard for managing and safeguarding sensitive information assets.

Encrypted Communication: Board portals facilitate secure communication channels, such as encrypted messaging and video conferencing capabilities, ensuring that discussions between board members remain private and protected from interception or eavesdropping. Some board portals don't support video conferencing forcing the members to use an external application to connect, or they charge extra for this feature. It is essential to ensure that the board portal offers an integrated video conferencing feature and that it opens within the platform itself, to ensure the security of information.

Multi-Factor Authentication: Board portals employ robust user authentication mechanisms, such as multi-factor authentication (MFA), including biometric scanning or two-factor authentication, to ensure that only authorised individuals can access board materials. This helps prevent unauthorised entry into the portal and safeguards against identity theft or account compromise. Even if the account was compromised a reliable board portal will have a "Remote wipe out" option, that can erase the sensitive data on the compromised device. The erased data should ideally be backed up on the cloud to be retrieved and installed in the board member's new device.

Granular Access Controls: Board portals offer administrators the ability to assign granular access controls to board documents, allowing them to restrict access based on roles, permissions, and document sensitivity. This ensures that board members only have access to the information relevant to their responsibilities, reducing the risk of data leaks. An advanced board portal would even have the option to pre-approve devices to ensure that only the board members' devices have login capabilities.

Audit Trails and Compliance: Board portals provide comprehensive audit trails that track and document every action taken within the platform with the log data. These trails facilitate compliance with regulatory requirements by allowing organisations to demonstrate the integrity and security of their board-level communications and document management processes.

In today's digital age, the security of board-level information has become paramount for large organisations, particularly publicly listed companies. The role of board portals in enhancing security cannot be overstated, as they provide a centralised and secure environment for effective board collaboration and communication. Adopting a board portal with advanced security features is a proactive step towards ensuring the confidentiality and integrity of board-level information in today's evolving threat landscape.

If you would like to discover how your company can empower the board with a board portal that ensures military-grade security for your confidential information, please get in touch with your local BoardPAC representative at
india@boardpac.co or call +91 9820692101

JHS KNOWLEDGE MEET

ALL WORK AND NO PLAY MAKE A DULL TEAM!

JHS WAS ESTABLISHED ON 10TH SEPTEMBER, 1990 AND CARRIES A LEGACY OF 32 YEARS. JHS BLENDS CAPABILITIES OF 20+ LEADERS WITH IMPECCABLE TRACK RECORD AND YOUNG, ENERGETIC 350+ TEAM. JHS IS A FULLY INTEGRATED PROFESSIONAL SERVICES, MULTI-LOCATION FIRM THAT SYMBOLISES ASPIRATIONS OF THE TRUE EMERGENT INDIA. ASSURANCE, CONSULTING, TAXATION, RISK ADVISORY ARE SOME OF THE SERVICES OFFERED BY JHS.

A happy team JHS

A warm welcome to Chief Guest Mr Nilesh Shah

Since its establishment in 1990, JHS & Associates LLP has believed in making work enjoyable for all and celebrating a day, every year with clients and team. JHS team comprises of over 20 leaders and, a mix of another 350 highly energetic and dedicated multilocation team members. JHS is a fully integrated professional service, multi-location firm that symbolises aspirations of the true emergent India. Assurance, Consulting, Taxation, and Risk Advisory are some of the services offered by JHS.

JHS organised a funfilled memorable evening for its clients and team, which was a grand success. The event, held on 02nd May 2023 at Courtyard by Marriot Andheri East - Mumbai, was an opportunity for informal interaction and family-like bonding for all.

The event began with a welcome speech by JHS's Senior Partner Mr. Huzeifa Unwala, who shared the success stories of the year gone by and expressed gratitude for the clients' loyalty and support. This was followed by a highly insightful presentation highlighting on Economy and Markets by Chief Guest Mr. Nilesh Shah (Group President & Managing Director at Kotak Mahindra AMC). The audience enjoyed his insightful talk and closing with a Q&A.

Throughout the evening, JHS's team members were on hand to engage with clients and answer any questions they had. This helped to build strong relationships and reinforce JHS's commitment to providing personalised services.

To make the evening more engaging, JHS arranged exciting Games. This created a fun and relaxed atmosphere, which helped clients to enjoy some fun moments.

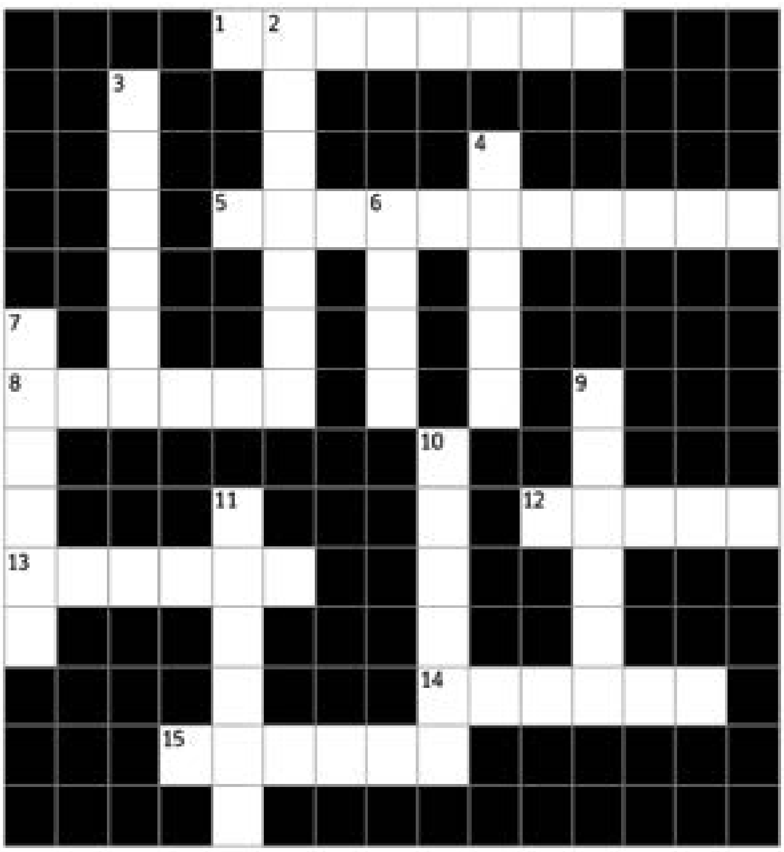
The evening ended with clients and associates carrying home memories of an evening well spent together, while the team JHS geared up for another year of hard work and success of JHS and its clients.

BOARD QUIZ

CROSSWORD ON INDIAN BUSINESS FAMILIES

Prof. G.Mohan (59) is a Management Consultant and Management Trainer. He has 35 years long experience in industry and academia. He was a professor at Administrative Staff College of India (ASCI), Hyderabad. Prof. Mohan conducts Business Quizzes as a hobby. He maintains a popular quizzing web-site **http://indiabusinessquiz.com** His twitter handle is **@go_mohan**. He lives with his family in Hyderabad.

If you know the families behind the various well-known Indian companies, answering this crossword would be breeze.

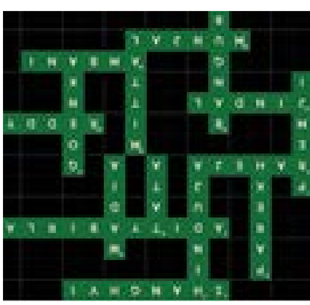


ACROSS

1 Sun Pharmaceuticals is controlled by this Gujarati family (8)
5 One arm of the well-known family group now controls Ultratech Cement (6,5)
8 The family that now owns the battery major Exide Industries (6)
12 The family name of the promoters of Apollo Hospitals (5)
13 The family name of the promoters of JSW Steel Ltd (6)
14 The billionaire family that controls Reliance Industries (6)
15 The family behind Hero Motocorp (6)

DOWN

2 This multinational business family promoted IndusInd Bank (7)
3 This low-profile family runs the adhesives and chemicals major Pidilite Industries (6)
4 This group has been in business since 1736 and now controls Britannia (5)
6 This group also controls and manages Voltas Ltd (4)
7 The family known for its philanthropy and Wipro Ltd (6)
9 The surname of the family that manages the Kolkata based power major CESC Ltd (6)
10 The promoter family of the telecom major Bharti Airtel (6)
11 The family that owns over 60% of Shree Cements Ltd (6)



SOLUTION

Across
1 SHANGHVI
5 ADITYA BIRLA
8 RAHEJA
12 REDDY
13 JINDAL
14 AMBANI
15 MUNJAL

Down
2HINDUJA
3PAREKH
4WADIA
6TATA
7 PREMJI
9 GOENKA
10 MITTAL
11 BANGUR

go.mohan@gmail.com

GET TO BOARD:

DUE DILIGENCE

Due diligence is an essential step in the selection of a company before joining. It is unlike an executive joining because as an Independent Director, there are legal liabilities associated with the role, hence one must be very cautious about scanning the company thoroughly before accepting the appointment letter.

The due diligence process is usually at two levels. When you are invited to the first meeting, it is expected that this could be part of preliminary meetings with two or three candidates to shortlist one or two of them. The second level meeting could be the final meeting before joining and accepting the appointment letter. The checklist for both remains the same except that at the first interview it could be general due diligence to meet NRC members and understand their needs. While at the final level, the study must be thorough and ultimate to facilitate decision-making. A quick checklist could be as under:

1 Due diligence about the company

Check out the company's financial history, past performance, and trend of top line and bottom line to assess the financial strength. Also, look for any positive or negative news about the company. Check out the competition and how the company fares when compared with the competition in terms of market share and market reputation. Also, check out the market capitalisation trends over the years and compare the same with the competition. Check out analyst reports on the company.

2 Due diligence about the board

Check out the names of people on the board, see which other boards they are on, and how long the board membership has lasted for individual board members. You should analyse the rate of churn on the board and for KMPs as well. If directors/KMPs have been having short tenures and a high rate of churn one needs to take it as a red flag and analyse the company carefully.

Check the board composition, the ratio of independent and women directors, nominee directors, and any non-executive director in particular. Try to figure out why the nominee director and non-executive directors are on the board.

Check out the profile of the Promoters, Chairman, and Independent Directors. You may like to find out which other boards these Independent Directors are on. This may give you an indication of the overall profiling of the Independent Directors.

Try to check out if the board composition is as per regulatory guidelines. You may like to find out the gaps in the board to see what kind of a person they may be seeking.

This is to give you an overall idea about the company you will be having in the boardroom and think carefully if you will enjoy the company of such people in the boardroom.

3
Due diligence about board committees

The number of board committees and their membership can be found on the website of the company or the stock exchange filing. The board committees are a very important part of board performance. You can analyse the profile of board committee members and their competency in handling the relevant board committee issues. Try to pick up clues for discussion at the first and second-level interviews. Analyse the board committee composition and the profile of the committee members. Sometimes you will find no committee member with social work background on the CSR committee or there may be a lack of risk management competency on the risk management committee. This will help you as an icebreaker for your first meeting.

4
Due diligence on business

A good analysis of the industry and sector should be made to find out whether it is a sunrise sector or whether the industry is facing specific headwinds. Is the industry highly regulated which makes working difficult in general? It often creates scope for

unethical practices. The general industry trends, presence of any cartels, and competitive moat should also be understood.

5
Due diligence on company culture

Please go through the company website carefully and check out the statement on the purpose of the business and vision and mission statements. Check out if the company has posted the code of conduct, the draft of the appointment letters for Independent Directors, and the whistleblower policy on the website. Also, check out whether the company has set up a POSH committee and posted the details. The presence of all these things indicates complete transparency at the company's end and clarity on these policies down the line with employees and suppliers as well as other stakeholders. You may check out the personal lifestyle /social background of the promoters as well.

6
Financial Due diligence of the company

This is the most important part of the due diligence and a good scanning of the annual report for two-three years should be carried out. One needs to conduct a thorough analysis of the financial ratios of the company. Are there any comments from the auditors on the balance sheet? How well the borrowing is being serviced? In case of any discomfort with the debt-equity ratio, the same may be very explicitly discussed in the interview. More so if there is any debt service default or any adverse news in the media.

An important reference document is the analyst report about the company. One must carefully go through at least two reports from different analysts before joining a company board.

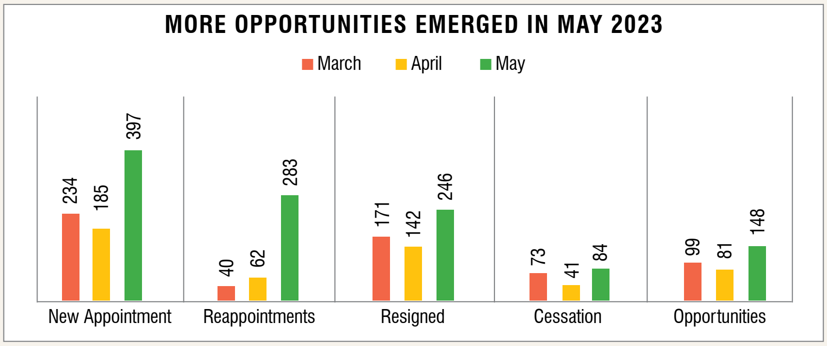
7
Due diligence on safety net

Please check out the policy on the insurance of directors and find out the detail of insurance policies that they have issued for other Independent Directors. In the annual report, also check out the reports on ESG, BRSR, and CSR, Auditors' comments, and Secretarial Report.

DIRECTORS APPOINTMENTS AND RESIGNATION TRENDS

Monthly Report for May 2023

This tracker from the Board Stewardship research team gives you a monthly trend in the appointments and resignations of the Directors of over 7,000 listed companies in India. Keep digging and you will find an opportunity for yourself too.



Appointments and Resignations Data Analysis

- A total of 148 fresh vacancies opened for Independent Directors in May 2023, 83% higher than the last month, where no concurrent appointments were made.
- 101 Women Directors were appointed in May, 2-1/2 times the last month's figure.
- Interestingly 65% of Women Directors received a fresh appointmentwhile 35% were reappointed. Whereas for male Directors new appointments stood lower at 56%.
- Overall reappointments went up by 350% over April 2023 to 283.
- In total 1,010 board movements registered in May 2023, more than double for a typical month.

DATA BANK REPORT- APRIL 2023

There are three major public data banks for Independent Directors in India and Board Stewardship research team brings you the latest report every month. Databanks maintained by search firms are their confidential data.

IICA ID Databank Statusas on 31st May 2023

ID Registered	Women ID Registered	Companies Registered	Searches Made by Companies	Passed Online Proficiency Self-Assessment Test
22,332	6,522	2,874	10,256	12,156

Primedirectors.com ID Databank Status as on 31st May 2023

ID Registered	Women ID Registered	Companies Registered	Searches Made by Companies	Passed Online Proficiency Self-Assessment Test
19,158*	1,127	NA	NA	NA

*No change over last month's report in the Primedirectors.com ID Databank

Note: Organisation for Non-Executive Independent Directors (ONEID) by IOD Databank data is not in public domain.

IICA ID Databank Trends

- New registrations jumped in May 2023 to 559 compared to only 133 in April 2023.
- Women participation was much higher with 128 new women members' getting registered, 5X more than last month when only 23 had registered.
- Number of company registrations increased by 34 compared to only 5 in April 2023.
- 250 members passed the online proficiency test in May 2023 vs only 68 in April 2023.That still leaves over 10,000 registered members who have not passed the test yet.

IMPORTANCE OF PERSONAL BRANDING TO BE AN **INDEPENDENT DIRECTOR**

Your personal brand is the combination of reality and the perception about you. As Jeff Bezos says, "Your brand is what people say about you while you are not in the room." Thus, personal branding is the art of creating a unique brand identity and positioning for the Brand YOU as well as the strategy for building and upholding the Brand YOU's desired reputation, according to the definition given above.

What is the value of a powerful personal brand?

Your impact grows if your own brand is powerful. Others will be more inclined to trust you, listen to you, and take you seriously. To be noticed, however, one must be recognised for one's identity, principles, and abilities.

4Ps of per branding

Product is you; what you are what are your key attributes and features, and why should people want to engage you? You must promote your own brand. Make a decision about what to advertise and how to promote yourself. What function can you fulfill on the board you join, and what value can you bring? Place means you will only be present on the platforms that support your brand value and connect you with your target customers. So you should prefer LinkedIn and other specialised platforms for executives, over Facebook. A price that is consistent with your brand should demonstrate the value you bring.

How to Build Your Personal Brand?

You should be a natural "storyteller" and an outstanding communicator in order to excel at the board level. Sharing authentic and burning stories can be the best approach to leverage your personal brand. Here are some tips for building a strong and effective personal brand…

✔ **Think about fit**

Be clear about the kind of boards that best suit your qualifications, expertise, and areas of interest. Before deciding whether you can publicly support them and ultimately work for them, take the time to fully comprehend what they do and how they select their members.

Educate yourself about board issues

Learn more about what it takes to be "board ready" by participating in conferences or programs connected to boards. The information and expertise you obtain will benefit both you and your own brand.

✔ **Building Credibility**

Your credibility is your currency. The more credible you are the better value your personal brand has. It is more likely for people to warm up to you, to turn to you for help and advice, and bring you on to boards, because they trust you.

✔ **Collaboration and Partnership**

A boardroom is often a place where there is mutual trust and consideration despite opposing opinions. This requires more than just talking or connecting; here, you have to be accountable for your body language, tone of voice, and choice of words. Be genuine, so that people can trust you as a collaborator and a partner.

✔ **Serve on nonprofit and smaller boards first**

Become familiar with the responsibility of being a board member. Try to gain experience by first serving on smaller private company boards. Every experience will help you build a stronger personal brand. The stronger your personal brand is the more you will be noticed and the brighter your chance of being considered for the board seat you aspire to.

✔ **Network, network, network**

Go all out on the networking! Identify your target audience and put all your energy behind it. Do not waste your time and resources behind irrelevant contacts.

Let people know that you are interested. The more people you are connected with, the more visible you are. When it comes to informal gatherings, do your homework to know your audience. More specifically, try to subtly learn about the backgrounds, personalities, and individual objectives of board members to figure out how best to engage them.

Out of sight is out of mind. Thus, stay in touch with your friends on a frequent basis. Continue to strive for a face-to-face meeting with your connections so that you have a chance to leave a lasting impression.

✔ **Build your brand on social media**

Ultimately, it is about getting attention from the right people. If you are trying to get a board seat, it is advisable to start following the CEO and people who are already on the board on a social media platform, like some of their posts, or leave a meaningful comment. Avoid writing comments merely congratulating or complimenting people. Also, you want to make posts that highlight your knowledge and skills while still fitting within their board strategy. Then when a board position becomes available, they will know who you are and what you stand for.

There are also Facebook and LinkedIn groups that are a great way to start networking and promoting your brand among other like-minded people.

Knowledge Partner

S V & Partners

ASK THE BOARD EXPERT

MR SUHASS VAIDYA
CS, LLB, Partner-
S V & Partners,
Law Firm

Q One of the directors of our company had not attended any board meeting since April 2022. What is his status?

A Pursuant to the provision of Sec. 167 (1) (b) of the Companies Act, 2013. he has vacated his office of Director and cannot function as Director of the Company.

Q Our company had given the loan to another company which they are unable to repay. Can we convert the outstanding loan and interest into equity shares of that Company?

A Unless the approved terms of lending included the option of conversion of loan to equity, you may not be able to convert it now. The restriction of prior approval by way of special resolution is in Sec 62 (3) of the Companies Act, 2013.

Q What are the ESG reporting requirements and applicability?

A The ESG reporting in India is called as Business Responsibility and Sustainability Reporting as prescribed by SEBI. Certain elements are applicable to all companies as part of the Board Report under Sec 134 of the Companies Act, 2013. The SEBI requirements of BRSR reporting are mandatory for the top 1000 companies by market capitalisation wef FY 2022-23.

Q What is the approval requirement for the company to sell the property owned by it to one of the directors?

A Pursuant to provisions of Sec 188 of the Companies Act 2013, prior approval of members is required before the sale of company property to the director. If you are a listed company, you will also require prior approval from Audit Committee.

Q One of the designated insiders wants to amend his trading plan. Can the company review and approve the same?

A Trading Plan once approved cannot be amended. The Insider is required to implement the approved trading plan. In case the plan is not approved and disclosed to stock exchanges, the Compliance officer can consider the amendment. The amendments shall be reviewed for approval as if it is the proposed trading plan from insider.

Q Can we appoint an Ex-partner of our statutory audit firm as an Independent Director?

A Criteria for eligibility for Independent Director is prescribed in section 149 (6) of the Companies Act, 2013. If the proposed appointee was partner of the Audit firm during last three financial years, he is ineligible to be appointed as Independent Director.

suhass.vaidya@svpartners.in

Minal Talwar
Manager- Legal & Secretarial at Tasty Bite Eatables Limited

BE BOARD READY
TAKE A MOCK TEST

1. The time gap between the two record dates shall be:
a. at least thirty working days
b. at least ten days
c. at least twenty days
d. at least thirty days

2. The listed entity shall prepare and submit un-audited or audited financial results on a half-yearly basis in the format as specified by the Board from the end of the half-year to the recognised stock exchange(s):
a. within forty-five days
b. within sixty days
c. within fifteen days
d. within thirty days

3. The functions of the Risk Management Committee shall be:
a. reviewing the risk management plan
b. monitoring and reviewing of cyber security
c. monitoring the risk management plan
d. all of the above

4. The board of directors shall meet at least four times a year, with a maximum time gap between any two meetings:
a. one hundred and twenty days
b. one hundred and twenty-five days
c. one hundred days
d. one hundred and ten days

5. In case of any change or appointment of a new share transfer agent the listed entity shall intimate such appointment, to the stock exchange(s) of entering into the agreement:
a. within seven days
b. within ten days
c. within fifteen days
d. within three days

6. The top 500 and 1000 entities shall be determined on the basis of as at the end of the immediate previous financial year:
a. highest Reserves
b. market capitalisation
c. highest market price of a share
d. highest equity share capital

7. The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof:
a. exceeds fifty percent
b. exceeds forty percent
c. exceeds ten percent
d. exceeds twenty percent

8. In the nomination & remuneration committee, the directors shall be Independent Directors:
a. at least forty percent
b. at least fifty percent
c. at least ten percent
d. at least twenty percent

9. No prior approval of the audit committee is required where the Related Party Transactions are:
a. transactions entered into between a holding company and its wholly-owned subsidiary
b. transactions entered into between two government companies
c. both A and B are correct
d. none of the above

10. The listed entity shall give prior intimation to the stock exchange about the meeting of the board of directors in which the proposals:
a. proposal for buyback of securities
b. proposal for voluntary delisting by the listed entity
c. financial results
d. all of the above

11. The statutory auditor of a listed entity shall undertake a limited review of the audit of all the entities/companies whose accounts are to be consolidated with the listed entity as per in accordance with guidelines issued by the SEBI on this matter:
a. as 21
b. as 24
c. as11
d. as 16

12. The listed entity shall be allowed to change its name subject to compliance of:
a. at least fifty percent of total revenue in the preceding one-year period has been accounted for by the new activity suggested by the new name.
b. the amount invested in the new activity/project is at least fifty percent of the assets of the listed entity
c. a time period of at least one year has elapsed from the last name change
d. all of the above

13. The listed entity shall give prior intimation to the stock exchange(s) before the date on and from which the interest on debentures and bonds, and redemption amount of redeemable shares or of debentures and bonds shall be payable:
a. at least seven working days
b. at least eleven working days
c. at least three working days
d. at least nine working days

14. The nomination committee shall comprise of:
a. at least four directors
b. at least one director
c. at least two directors
d. at least three directors

15. The listed entity shall file with the recognised stock exchange(s) on a quarterly basis, ________, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter:
a. within twenty one days from the end of each quarter
b. within seven days from the end of each quarter
c. within twenty eight days from the end of each quarter
d. within fourteen days from the end of each quarter

16. With effect from April 1, 2020, the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall:
a. be an additional director
b. be an executive director
c. be a non-executive director
d. be an alternate director

17. The audit committee shall review, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given:
a. at least on a quarterly basis,
b. at least on a half yearly basis,
c. at least on a monthly basis,
d. at least on a bi-monthly basis

18. What is the agenda in the Independent Director's Meeting:
a. to review the performance of the chairperson of the listed entity
b. to assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors
c. to review the performance of Non-Independent Directors and the board of directors as a whole
d. all of the above

Answers to the Mock Test

1) d. at least thirty days
2) 1. within forty-five days
3) d. all of the above
4) a. one hundred and twenty days
5) d. within seven days
6) b. market capitalisation
7) a. exceeds fifty percent
8) b. at least fifty percent
9) c. both A and B are correct
10) d. all of the above
11) a. as 21
12) d. all of the above
13) b. at least eleven working days
14) d. at least three directors
15) a. within twenty one days from the end of each quarter
16) c. be a non-executive director
17) a. at least on a quarterly basis,
18) d. All of the above

Ms. Minal Talwar is a Company Secretary and a law graduate. She also holds many certifications from prestigious institutes w.r.t. Corporate Governance, Ethics, Data Privacy, etc. She has been associated in the fields of Corporate Governance and Ethics for 10+ years
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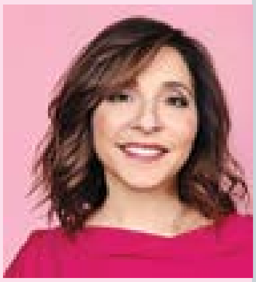
GLOBAL BOARD NEWS & VIEWS

Linda Yaccarino Takes Over as the new CEO of Twitter



• Linda Yaccarino, the former head of advertising at NBC Universal, has been named as the new CEO of Twitter, while Musk will continue to be engaged as the executive chairman and chief technology officer. With only a small percentage of Fortune 500 tech companies led by women, Yaccarino's appointment makes her a rare example of a woman at the top of a major tech firm. She has risen steadily through the ranks of some of America's largest media companies, building relationships with big brands and working with new media platforms such as Apple News, Snapchat, and YouTube.

Morgan Stanley CEO James Gorman Set to Step Down

• Morgan Stanley's CEO, James Gorman, announced during the bank's annual shareholder meeting that he will be stepping down from his position within the next 12 months. Although the exact timing of the transition is yet to be determined, both Gorman and the board expect it to happen unless there are significant changes in the external environment. Gorman, who has been the CEO since January 2010, will take on the role of executive chairman for a period of time to facilitate the transition to new leadership. The board is currently considering three internal candidates to succeed Gorman as the next chief executive.

Illumina Chairman Removed in Proxy Battle with Carl Icahn

• Illumina, the world's largest gene sequencing company, has witnessed a significant shakeup in its leadership following a proxy battle led by veteran activist investor Carl Icahn. Shareholders voted to oust John Thompson, the company's Chairman and approved the nomination of Andrew Teno, a nominee supported by Icahn. Teno secured a board seat during the company's annual meeting, while Thompson was removed from his position. However, two other Icahn-backed nominees failed to gather enough votes to secure board seats. As a result, Illumina's Chief Executive Officer, Francis deSouza, and Director Robert Epstein were re-elected to their positions.

In addition to the leadership shakeup, shareholders also rejected Illumina's proposed pay for senior executives in 2022.

Credit Suisse ordered to pay $926M to ex-Georgian prime minister

• In a significant legal blow to Credit Suisse, the bank has been ordered by a Singapore court to pay $926 million to Bidzina Ivanishvili, the former prime minister of Georgia. According to the court's findings, Credit Suisse failed to fulfill its fundamental duty of safeguarding the assets and should have taken measures to prevent unauthorised access by Patrice Lescaudron, an advisor at Credit Suisse Trust in Singapore who was subsequently convicted of fraud.

Lescaudron was convicted in a Swiss court in 2018 for his fraudulent activities, which included falsifying trades and hiding losses. Despite being released in 2019, Lescaudron took his own life in 2020.

CREDIT SUISSE

GLOBAL BOARD NEWS & VIEWS

Two Major Exits in a Week: WeWork CEO and CFO quit

● WeWork's CFO, Andre Fernandez, resigned effective June 1. Fernandez's departure comes less than a year after assuming the role and follows the recent exit of WeWork's CEO, Sandeep Mathrani.

WeWork clarified that Fernandez's resignation was not due to any disagreements. Outgoing CEO Sandeep Mathrani expressed appreciation for Fernandez's partnership and dedication.

To address its financial challenges, WeWork reached agreements in March to reduce its debt by approximately $1.5 billion and extend certain maturity dates, aiming to preserve cash. The company has been affected by widespread layoffs in the tech sector over the past nine months, despite benefiting from the shift towards flexible work outside traditional offices driven by the pandemic.

John Allan, chairman of Tesco, to resign following allegations regarding his conduct

● Tesco Chairman John Allan has announced his resignation following allegations of misconduct made against him. The claims against Allan include accusations of inappropriate touching and comments towards employees. While Allan vehemently denies three out of the four claims, he admits to making a comment about a dress suiting a female CBI worker's figure, for which he immediately apologised. Tesco has conducted an extensive review of the allegations but found no evidence of wrongdoing. However, the company expressed concerns that the allegations could overshadow its operations. Allan's departure from Tesco will take place in June, concluding his eight-year tenure.

Lawyers career at stake as AI Chat bot made up cases for a brief

● A recent story in The New York Times raises serious doubts about the potential of AI. According to the news report attorney Steven Schwartz of the law firm Levidow, Levidow, and Oberman took the assistance of an open AI Chatbot for writing a brief. Schwartz's firm sued the Colombian airline Avianca. The document cited more than half a dozen court decisions, including "Varghese v. China Southern Airlines," "Martinez v. Delta Airlines" and "Miller v. United Airlines." Unfortunately, it turned out that the Chatbot had fabricated these cases. The lawyer might face sanctions during the next hearing.

Prudential CFO resigns after conduct 'falls short of standards'

● Prudential, the insurance giant, has announced the resignation of its chief financial officer, James Turner, following an investigation into a code of conduct violation related to a recent recruitment process. The investigation revealed that Turner had not met the company's high standards. Turner, who had been in the role for just over a year, stepped down immediately and was replaced by Ben Bulmer, the current CFO of Prudential's insurance and asset management business. The company emphasised that the incident had no impact on its financial performance, reporting, or broader operations. Prudential said: "The group sets itself high standards and Mr Turner fell short on this occasion."

LESSONS FOR INDEPENDENT DIRECTORS FROM *THE KUNG FU PANDA*

APURV NAGPAL
Innovation Guru / Futurologist / Marketing Expert / On Advisory Committee & Mentor of several start-ups / Visiting Faculty IIM Ahmedabad / And Best-selling Author

KUNG FU PANDA IS A FEATURE-LENGTH ANIMATED 2008 MOVIE FROM DREAMWORKS STUDIO ABOUT AN UNLIKELY HERO, A PANDA, BECOMING A KUNG FU WARRIOR. IT FEATURES THE VOICES OF JACK BLACK, ANGELINA JOLIE, DUSTIN HOFFMAN, JACKIE CHAN, AND LUCY LIU (AMONGST OTHERS)

How to motivate your team

Everyone knows the carrot and stick method. But what should be the carrot? Is it the same for everyone? The Kungfu master realises that his latest pupil, the Panda, needed a completely different motivation to the rest of his students. Perhaps Independent Directors can try to figure out which incentive schemes would work well for different kinds of employees in their organisation

Diversity

When a Panda, who's crazy about Kung-fu but has no formal training, seeks to join an elite Kungfu school, what do you think happens? Most Boards across India behave similarly when an 'outsider' seeks to join. They usually have the same composition – some folks from IIMs, some successful entrepreneurs, and a few former members of the government (bureaucrats, public policy experts, economists, etc). And they rapidly close the door when an 'outsider' (not any of the above) seeks to join boards, as an Independent Director for the first time. At the end though, they lose out on the fresh perspectives, and different approaches the new mind can bring. As the students of the Kungfu school rapidly find out with the Panda, who successfully tackles challenges that were beyond the scope of their usual training.

Set the right expectations for senior employees

Tai Lung, a leopard is a former star pupil of the Kungfu school, but becomes enraged and seeks to destroy the school only because he is fed incorrect expectations by his Master. Independent Directors can possibly intervene if they see their star executives becoming disillusioned by incorrect career path expectations. Else the CXOs can leave and even join competitors.

There is no magic ingredient

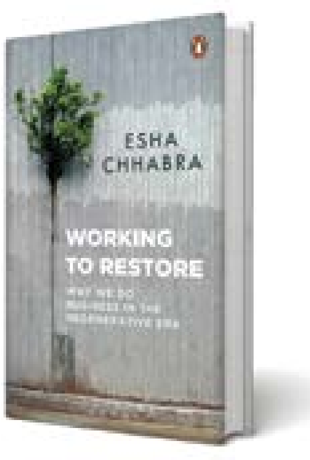
There are no shortcuts to success. No magic pills, no secret ingredients. A point brought about beautifully in Kung Fu Panda via the Dragon Scroll. Too often corporates waste resources in search of that quick route to success, that one viral product/service/ad, rather than doing the basic steps right. Independent Directors, who often can have a macro view of the corporate, can be perfectly placed to spot this happening and correct it.

Apurv Nagpal retired after two decades of varied corporate roles in India and abroad, now mentors different start-ups, travels (has been to over 60 countries across all 7 continents), attends major sporting events (has been to all FIFA World Cups since '98), does film reviews on his YouTube channel with his wife/family and teaches innovation, his forte, as Visiting Faculty at his alma mater, IIM Ahmedabad
apurvnagpal@hotmail.com

ESHA CHHABRA is an award-winning journalist and author whose work focuses on the intersection of business, technology, and social good. Her latest book, Working to Restore: Why We Do Business in the Regenerative Era, is a comprehensive guide to regenerative practice, providing insights into how businesses can actively contribute to restoring the natural balance of our planet. Through examples from companies who have put these principles into action, this book provides an inspiring read for any business looking to design sustainable strategies for the future.

~ BOOK **REVIEW** ~

WORKING TO RESTORE: WHY WE DO BUSINESS IN THE REGENERATIVE ERA



Team Board Stewardship

Most of us are now aware that the modern business world runs off an unsustainable system, with plenty of negative impacts on people and the environment. In her book, Working to Restore: Why We Do Business in the Regenerative Era, Esha Chhabra suggests that businesses can be more than just a source of economic gain; they can also help to restore the natural balance of our planet.

At the core of her argument is the idea of regenerative practices – a set of principles and systems designed to not just reduce the rate of environmental damage but to contribute actively in restoring the environment. Chhabra points out that this doesn't have to be done through radical changes, as any small practices can make a difference. She also stresses the importance of collective action – businesses working together can bring about greater impact than any individual business.

Chhabra's book is a comprehensive guide to the world of regenerative practices and provides examples from companies that have incorporated these practices into their operations. It is clear from her work that sustainable practices are no longer optional, but essential for businesses to remain competitive in the future. She also stresses the importance of applying regenerative practices holistically, rather than as isolated strategies.

Overall, Working to Restore: Why We Do Business in the Regenerative Era is an inspiring book for businesses that want to be more sustainable and take a more holistic approach toward profit. Chhabra's argument is compelling, and her insights provide a glimpse of what the future of regenerative business could look like.

Lessons for Independent Directors

One of the key lessons for Independent Directors from the links provided is the need to recognise the importance of sustainability and regenerative practices. Now more than ever, businesses must take a holistic approach to their operations, making sure that their strategies are not just lucrative, but also environmentally conscious and pursue a regenerative agenda.

These practices must be incorporated not just into individual companies, but also on a collective level. Furthermore, Independent Directors should be aware of the power of collective action and how it can bring about greater positive change than any individual business.

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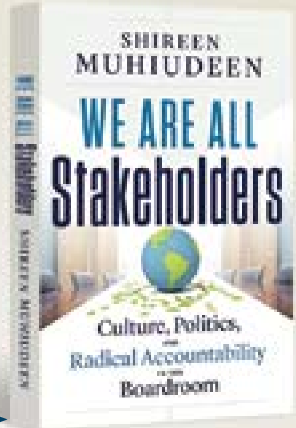
Enabling Future Boards

BOOK SHELF

All books are available on Amazon

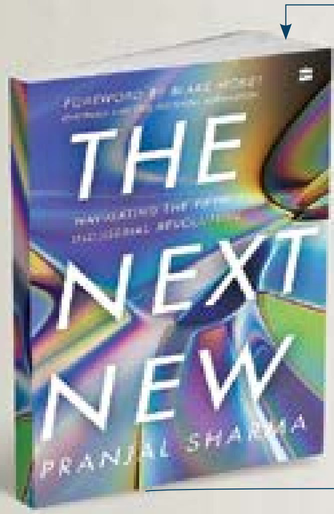


Title: **We Are All Stakeholders: Culture, Politics, and Radical Accountability in the Boardroom**

Author: **Shireen Muhiudeen**

Publisher: **Lioncrest Publishing (25 April 2023)**

"We Are All Stakeholders: Culture, Politics, and Radical Accountability in the Boardroom" by Shireen Muhiudeen challenges the prevailing boardroom culture that prioritises short-term profits over stakeholder well-being. It emphasises the need for change in boardroom politics as consumers demand transparency, diversity, and sustainability commitments. Covering ESG issues and power dynamics, the book helps navigate evolving boardroom values. With the boardroom as the pinnacle of corporate leadership, navigating its messy politics requires knowledge and readiness for the future, which this book provides.



TITLE: **The Next New: Navigating the Fifth Industrial Revolution**

AUTHOR: **Pranjal Sharma**

PUBLISHER: **HarperCollins India (26 May 2023)**

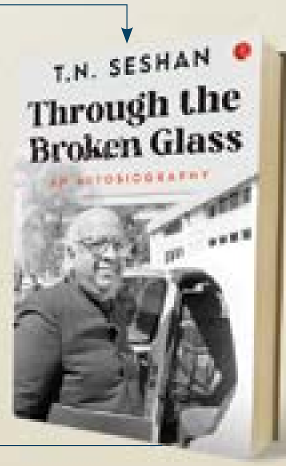
"The Next New" explores transformative changes across industries such as mobility, aerospace, smart manufacturing, green energy, automation, artificial intelligence, and disruptive technologies. These changes have profound effects on professional careers and revenue models, with the transition being valued at trillions of dollars. The book draws on interviews with business leaders and cutting-edge research from Markets and Markets to provide a practical roadmap for businesses to navigate this emerging ecosystem. By embracing these changes, businesses can position themselves for success in the fifth industrial revolution.

TITLE: **Through the Broken Glass: An Autobiography**

AUTHOR: **T.N. Seshan**

PUBLISHER: **Rupa Publications India; First Edition (5 June 2023); Rupa Publications India**

August 2, 1993: A turning point for Indian democracy. Chief Election Commissioner (CEC) T.N. Seshan issued an order indefinitely postponing elections, defying expectations in a democratic system. Supported by the Supreme Court, Seshan's bold move aimed to combat government influence and rampant electoral malpractice. In his autobiography, "Through the Broken Glass," Seshan recounts his unwavering efforts to revolutionise India's electoral reforms. Fearlessly challenging those in power, his book offers thought-provoking insights and inspires readers with his solitary struggle for monumental change in the electoral system.



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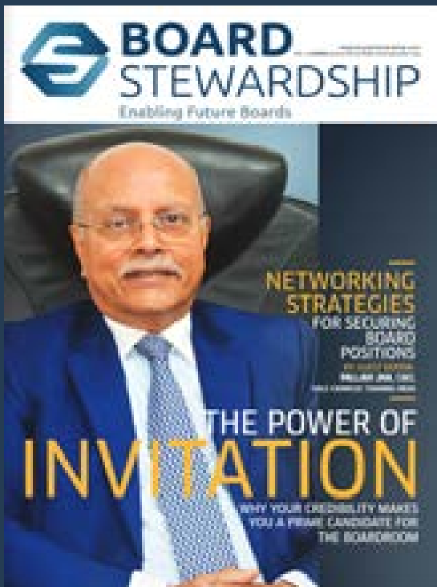

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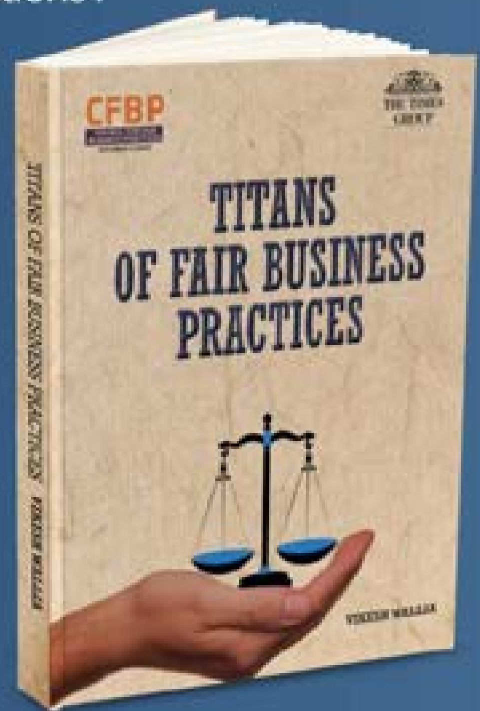

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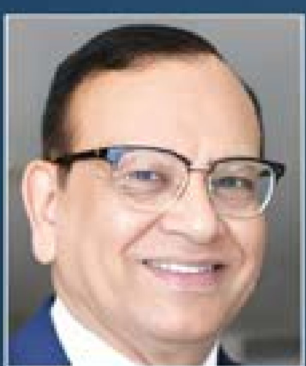

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