

ESG

Institute of Directors, Mumbai Region
presents

Regional Conference on

Transformational Boards: The Future of Digitization and ESG



September 01, 2023
12:00 PM - 06:00 PM



BSE International
Convention Hall, Mumbai

The **Institute of Directors (IOD), India** - Mumbai Region organised a regional conference on the theme **'Transformational Boards: The Future of Digitization and ESG'** on September 1, 2023. The conference was held at the iconic Bombay Stock Exchange International Convention Hall, Mumbai. It discussed how boards facilitate change via digitization, ESG, and expert approaches towards industry-oriented decision-making. The conference further addressed boards' understanding of ESG and digitization and complemented it with the ESG framework, cybersecurity, the impact of AI, and other entities contributing to growth; and also provided insights into real-world board strategies and practices. The conference was attended by more than 200 board members, key managerial personnel (KMPs), compliance professionals, and senior executives to take note of the latest transformations of boards and processes and how these can be beneficial to their organisations and institutions.

Opening Session – The Board's Futuristic Outlook on Digitization & ESG

The **'Opening Address'** was delivered by:

Mr. Vikesh Wallia

Honorary Zonal Director (Western Region)
Institute of Directors

This was followed by the **'Special Address'** delivered by:

1. Ms. Sushri Kamala Kantharaj

Chief Regulatory Officer
Bombay Stock Exchange Limited (BSE)

2. Mr. V. S. Parthasarathy

Independent Director, LIC, NIIT, Cloud9
former President and Group CFO, Mahindra

Mr. Wallia extended a warm welcome to all the distinguished speakers, event partners, and delegates to the event. He explained the theme of the session and outlined the panel discussion topics. He further introduced the various IOD initiatives, including training, networking, and cultivating a



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Honorary Zonal Director (Western Region)
Institute of Directors



Ms. Sushri Kamala Kantharaj
Chief Regulatory Officer
Bombay Stock Exchange (BSE) Limited



Mr. V. S. Parthasarathy
Independent Director LIC, NIIT, Cloud9 &
former President and Group CFO, Mahindra



Distinguished Speakers of the **Opening Session**
(L to R) **Mr. V. S. Parthasarathy**, **Mr. Vikesh Wallia** and
Ms. Sushri Kamala Kantharaj

culture of good corporate governance and board practices. He stressed the importance of elevating boardroom quality to meet global standards, advocating for board members with long-term vision, proficiency in emerging technology, and requisite experience and skills. In the contemporary corporate landscape, boards should possess sufficient capacity, quality, and quantity to facilitate India's growth trajectory. He outlined the IOD's mission to foster networking, knowledge sharing, community development, and societal contribution within boards. He advised directors to undergo periodic training to help keep themselves updated about changing board trends and regulations.

Ms. Kantharaj discussed the evolution of organizational management, regulations, strategies, and systematic processes over past decades. She urged boards to proactively establish high benchmarks, engage in discussions on challenging topics, pose questions, embrace technology, and view governance not as a mere compliance task but as a means to serve stakeholders, protect their interests, guide long-term journeys, and grasp intrinsic value. She emphasized the nature of digitization and encouraged boards to re-evaluate their current processes. Additionally, she addressed the role of AI in policymaking and making better decisions.

Mr. Parthasarathy commenced the session by thanking the dignitaries, including **Ms. Sushri Kantharaj** and **Mr. Vikesh Wallia**, for their presence. He introduced the concept of 'ICE', i.e., Innovation for long-term survival, Considerations related to climate change and environmental factors, and Experiential commerce for optimising customer experience. He said, 'When business prioritises people, processes, and missions, success and innovation follow suit'. In the digital age, adopting a digital mindset does not just mean acting digitally but being inherently digital. He underscored the significance of cybersecurity across all sectors, cost-effective decision-making, and mastering fundamentals before scaling up. He advised boards to concentrate on the governance process and the well-being of stakeholders and adopt a pragmatic and practical approach.

Plenary Session I – The Board's ESG Roadmap

The Session was chaired by:

Ms. Richa Arora

Managing Partner & Chief Executive Officer
ESG Stewardship Services, ECube Investment Advisors

The Session had the following distinguished speakers:

1. Mr. Pradeep Ramakrishnan

General Manager
Securities and Exchange Board of India (SEBI)

2. Dr. V. R. Narasimhan

former Dean
National Institute of Securities Markets (NISM)

3. Mr. Jambunathan Mallik

Non- Executive Director
Sulzer, India

4. Mr. Asoka Pieris

Regional Head - APAC & Middle East
BoardPAC

Ms. Arora discussed digital evolution with a focus on scalability, sustainability, and the evolution of legislation. She highlighted that boards lack complete knowledge of ESG and BRSR frameworks, and they must acknowledge this knowledge gap and undergo reskilling & training. She outlined several advantages of the BRSR framework, including its ability to make a substantial impact appealing to investors and customers, aiding in talent attraction and acquisition, enhancing customer engagement, providing evident and improved access to finance, integrating ESG into the core of the company, and fostering long-term value creation. She concluded by mentioning that boards need to adapt, adopt, and align ESG goals with Key Performance indicators (KPIs).

Mr. Ramakrishnan initiated by outlining SEBI's journey in embracing ESG principles. He mentioned how boards of organisations have gone through phases of resistance, adaptation, and eventual acceptance of these transformative changes. He also noted that even before it became mandatory, MSMEs had started to adopt BRSR standards. He emphasised the significance of leadership indicators in helping boards navigate the long-term implications of these changes. Furthermore, he underscored the importance of various agreements and principles, such as green bonds, blue bonds, and transition bonds, in facilitating access to finance and maximising wealth. He highlighted that the BRSR code is leading the way in bringing ESG considerations to the forefront and adopting a holistic approach. He mentioned the transformation of boards and their shift to virtual modes of operation, as well as changes in the NSE and BSE, including



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Sulzer, India



Mr. Asoka Pieris
Regional Head - APAC & Middle East
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Distinguished Speakers of the Session
(L to R) **Ms. Richa Arora, Mr. Pradeep Ramakrishnan, Mr. Jambunathan Mallik, Mr. Asoka Pieris and Dr. V. R. Narasimhan**

faster company filings, the pre-distribution of agendas through links, and alterations in shareholding patterns.

Dr. Narasimhan emphasized that boards should grasp the essence of ESG and scrutinize their present procedures and activities to identify how they can establish connections, uncover opportunities, and mitigate the impacts of current operations. He recommended boards to should set quarterly objectives, establish benchmarks, incorporate Key Performance Indicators (KPIs), and assume the responsibility of posing pertinent questions. He said, 'The imperative is to instill BRSR and ESG as a cultural practice rather than mere compliance'.

Mr. Mallik highlighted the need to comply, compete, and lead to acceleration in the industry. He discussed the significance of individual actions that can create a meaningful impact and how

these efforts can subsequently influence one's company. To establish a conducive culture at the organisational helm, boards must align with the right purpose, conduct materiality assessments, and comprehend external factors and dependencies, recognising that these aspects vary across sectors. When conducting a gap analysis, companies should set measurable goals, engage stakeholders, and prioritise critical areas for improvement.

Mr. Pieris discussed how digitization serves as a catalyst for preparing boards for ESG considerations. He emphasised the role of Artificial Intelligence and ESG assistance in bridging the knowledge gap. In a rapidly evolving environment where adapting can be challenging, he suggested that digitization offers a solution to surmount these challenges and encouraged boards to embrace it fully to reap its maximum benefits.

Plenary Session II – AI & Cybersecurity: Opportunities and Challenges before Boards

The session was chaired by:

Mr. Burgess Cooper

Cybersecurity Partner and Deputy Leader
EY, India

The Session had the following distinguished speakers:

1. Mr. Muralidharan Ramachandran

Independent Consultant, M. R. Advisory
Independent Director, Angel One Limited

2. Mr. Prasad Deore

Senior Director
Data Security Council of India (DSCI)

Mr. Cooper spoke about AI's transformative potential in shaping organizations across industries, offering efficiency gains, revenue opportunities, and improved threat detection. Yet, alongside these opportunities, a multitude of challenges arise, particularly within the cybersecurity domain. The digital terrain is rife with risks, spanning from sophisticated cyber threats to ethical quandaries surrounding AI implementation. He stressed that board decisions will define organizational resilience. Boards need to proactively embrace cybersecurity, ethical AI, and a culture of cyber awareness. To prevent advanced AI attacks, like poison GPT or phishing emails, boards should conduct mock drills, breach simulations, tabletop exercises, and automate security processes. It's essential to attract and recruit talented individuals and tap into emerging talent hubs.

Mr. Ramachandran discussed AI's capacity to comprehend user personas and tailor products and services accordingly,

drawing insightful data from sales and social profiling. Digitization was acknowledged as a key enabler, providing seamless access to information and services across various devices, enhancing convenience and stability. It was emphasized that boards should actively evaluate both the opportunities and risks associated with AI, establish a clear agenda, harness AI's potential while being mindful of the implications of responsible AI practices. Additionally, the conversation touched upon an enterprise version of ChatGPT, highlighting its adaptability and the need for fine-tuning to align with specific company requirements. Building cyber resilience capabilities, delineating boundaries, assessing risks, and defining risk tolerance were stressed as essential for effective governance. Furthermore, the discussion addressed common misconceptions among boards regarding AI outcomes, the need for more extensive training, challenges related to AI acceptance, and the importance of clear AI policies to mitigate uncertainties and foster informed decision-making.

Mr. Deore described the importance of accountability and caution when utilizing AI, especially considering the confidentiality of enterprise data. It highlighted the distinction between narrow AI, which is tailored for specific industries, and generic AI like ChatGPT, which is available to all. Responsible AI was stressed as a framework that seeks to eliminate bias and discrimination in AI algorithms and data, giving due consideration to compliance and governance within ethical, legal, and societal norms. The DPDA Framework is a promising approach that addresses data privacy and privacy posture. One of the most critical areas for governance and monitoring is the cybersecurity of children, as neglecting it can result in severe penalties. To avoid this, several measures were recommended, including:



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(L to R) **Mr. Burgess Cooper**, **Mr. Prasad Deore** and
Mr. Muralidharan Ramachandran

1. Establishing a dedicated privacy office
2. Ensuring consent or legitimate grounds for customer data
3. Incorporating a GRC (Governance, Risk, and Compliance) function and providing privacy notices

The overarching message conveyed the importance of boards staying updated with the latest technology trends, as data usage is prevalent across all sectors, making every company, in essence, a technology company.

This was followed by an **interactive Q&A session** with the audience.

Plenary Session III – Banking and Financial Schemes for MSMEs Growth

The session was chaired by:

Mr. Suresh Iyer

General Manager
State Bank of India (SBI)

The session had the following distinguished speakers:

1. Mr. Anand Chari

Deputy General Manager
BSE SME & Startup

2. Mr. Rajat Baid

Founding Partner
Srujan Alpha Capital Advisors

Mr. Iyer began by highlighting the integral role of MSMEs in our daily lives, underscoring their increased importance following the COVID-19 pandemic, and its role in driving India towards a \$5 trillion economy. He said that the Government of India has actively supported MSMEs; enhanced their export capabilities and enabled them to offer top-notch services. However, he also acknowledged that access to finance and credit remains a challenge for SMEs. Due to the scarcity of capital for SMEs, they could explore expansion opportunities through e-commerce. He further mentioned that the Budget of 2023 had introduced a series of initiatives aimed at stimulating growth and providing comprehensive support to the entire MSME sector, including the government's decision to restrict the imports of 200 products, a move expected to benefit SMEs. In conclusion, he emphasised that SMEs are focal points for achieving financial inclusion.

Mr. Chari discussed the remarkable accomplishments of SMEs, including the achievement of a 4,500-crore valuation by 452 companies, and also shed light on how this sector has evolved into a highly dynamic and vibrant part of the Indian economy in the past five decades. Listing on BSE not only brings liquidity for equity investors and promoters but also offers relaxed compliance requirements, providing a favourable



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environment for SMEs to thrive. Moreover, he pointed out that listing on the SME Exchange serves as a stepping stone for companies to seamlessly migrate to the main board when they are ready for the transition. He underscored the importance of understanding the significance of equity in the capital structure of SMEs. He encouraged companies to overcome hesitations and embrace the formalization process, which can lead to substantial benefits for their businesses. Maintaining a proper debt-to-equity ratio and a strong balance sheet is essential for business growth. SMEs should recognise that their transformation from informal to formal enterprises brings new responsibilities. These include understanding tax implications, adhering to principles of corporate governance, and ensuring compliance with regulatory requirements. This comprehensive approach would contribute to the sustained growth and success of SMEs in the Indian economy.

Mr. Baid highlighted the role of institutions such as the Chamber of Commerce in offering assistance in securing cost-effective funding sources, engaging merchant bankers, fostering vigilance within companies, and promoting awareness about equity and IPOs as viable tools. The evolving regulatory landscape and the inclusion of SMEs in listings have enabled quicker access to capital and accelerated growth, providing a compatible framework for expeditious operations and alleviating concerns about losing control over the company. Additionally, she outlined certain compliance measures:

1. Replacing quarterly reporting with half-yearly
2. Implementing a one-time listing
3. Appointing independent

When a company undergoes an IPO, it often experiences a positive peer effect. Equity should not be regarded as a replacement for debt but as a supplementary financial instrument. This approach contributes to improved financial hygiene, enhanced collateral value, increased credit approval likelihood, streamlined semi-annual compliance, strengthened

corporate governance, reduced bank interest rates, and an improved credit score.

This was followed by an **interactive Q&A session** with the audience.

Plenary Session IV – The Future of Fintech: Financial Inclusion and ESG

The Session was chaired by:

Mr. Naveen Chaluvadi

Chief Digital Officer
YES Bank

The session had the following distinguished speakers:

1. Mr. Praveen Gogia

former Executive Director
COO for Global Wholesale Tech and
Group Transformation Office

2. Mr. Pratekk Agarwaal

Founder & General Partner
GrowthCap Ventures

Mr. Chaluvadi mentioned about India's highly successful online payments system, the Unified Payments Interface (UPI), which recently reached a significant milestone by processing over 10 billion transactions in a single month. Various entities including the National Payments Corporation of India (NPCI), the Reserve Bank of India (RBI), FinTech companies, and the Indian government have been instrumental in fostering the growth of digital payments throughout the country. It is imperative for companies to prioritize transparency, enhance user experiences, and establish sustainable business metrics. Corporate boards must proactively embrace technology and remain vigilant about cybersecurity as part of their sustainability efforts, considering the adoption of cloud technology and exploring innovative solutions. He also touched upon topics like Central Bank Digital Currencies (CBDCs), digital currency, paperless banking transactions, and the development of block-chain infrastructure.

Mr. Gogia elaborated on immersion in digital transformation, emphasizing its inevitability. Some of the key points he mentioned that boards should consider include:

- The board should foster an open and adaptable approach to change, embracing different programs and frameworks while emphasizing real operational transparency.
- Openness to criticism is crucial, along with the willingness to overcome apprehensions about migrating data to the cloud.
- Recognizing the significance of cybersecurity and having a Chief Ethics and Compliance Officer (CECO) on the board is essential.



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Distinguished Speakers of the Session
(L to R) **Mr. Praveen Gogia**, **Mr. Naveen Chaluvadi**, **Mr. Sitaram Kunte, IAS (Retd.)**, and **Mr. Pratekk Agarwal**

- Encouraging cross-skilling and up-skilling in information technology while gaining sufficient knowledge of cyber-security is imperative for board members.

He said, **“Embrace Tech, Embrace Transparency”**. There are different ESG rules and various affiliations tailored to different industries. He suggested that one can start with any ESG rule, choose an appropriate framework, implement it with transparency, and this approach will naturally lead to positive outcomes.

Mr. Agarwal discussed the ongoing transformation occurring throughout India and how the Unified Payments Interface (UPI) has played a pivotal role in this shift. UPI's global impact has reverberated across the banking sector, e-commerce, fintech companies, and startups, catalyzing the development of efficient systems and enhancing transparency. Boards of organizations must wholeheartedly welcome this transformation, staying attuned to the present, making strategic investments, and seizing profitable opportunities. Regulatory bodies are actively engaged in the fintech evolution and are establishing lending guidelines.

While technologies like KYC, UPI, QR codes, and transaction source tracking are essential components of this digital revolution, they also serve the overarching goal of advancing financial inclusion.

This was followed by an **interactive Q&A session** with the audience.

Plenary Session V – Digitalization and Innovation: The Bedrock of Organization's future Growth

The Session was chaired by:

Mr. Dharmarajan S. Subrahmanian

Founder & Chief Executive Officer
Impactsure Technologies Private Limited

The Session had the following distinguished speakers:

1. Mr. Atul K. Chaturvedi

Founder
Quality Management Consultants

2. Ms. Namrita Mahindro

Chief Digital Officer & CIO
Aditya Birla Chemicals

Mr. Subrahmanian explained the evolution of organizations, moving away from cluttered rooms filled with gadgets, CPUs, monitors, fax machines, and server rooms staffed with IT personnel, towards a more streamlined setup with smartphones, laptops, and a reduced IT workforce. In this fast-paced era, businesses are experiencing rapid transformations. Digitalization has been a driving force, promoting innovation and leading to more efficient processes, greater agility, enhanced organizational resilience, a strategic mindset, the harnessing of untapped potential, reimagining operations, providing innovative solutions, creating disruptions, and identifying new opportunities. This era is characterized by the prominence of cloud computing and artificial intelligence, emphasizing the importance of delivering the right services to the right customers. Boards play a crucial role as custodians of change, determining how they embrace and adapt to these shifts in the business landscape.

Mr. Chaturvedi explained that in the context of contemporary business operations, the centrality of data in decision-making processes cannot be overstated. Data is the lifeblood of informed choices and strategic decisions. Digitization serves as the conduit for efficient data collection and analysis, fostering real-time monitoring, predictive maintenance, and heightened operational efficiency across various industries, from manufacturing to service delivery. The transformative power of data-driven insights is exemplified in cases where data prompts shift in marketing and advertising strategies, resulting in substantial performance improvements. A common thread woven through these insights is the paramount importance of continuous monitoring and improvement, compelling organizations to learn from failures and employ data as a catalyst for perpetual enhancement. Finally, the imperative of Return on Investment (ROI) emphasises the importance of aligning technical breakthroughs with defined corporate objectives and delivering demonstrable results.

Ms. Mahindro said that in the era of digital transformation, organisations are grappling with significant performance



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Distinguished Speakers live during the event
(L to R) **Ms. Namrita Mahindro**, **Mr. Dharmarajan Subrahmanian**, **Mr. Sitaram Kunte, IAS (Retd.)**, and **Mr. Atul Chaturvedi**

disparities, with laggards trailing leaders across various key metrics, from financial indicators to customer experience and sustainability practices. This discrepancy raises concerns about the potential for disruption in the coming decade, prompting the need for self-disruption strategies and the adoption of emerging technologies like Web3 and generative AI to drive innovation and enhance customer experiences. Operational enhancements are also essential, particularly in the face of volatile market dynamics, as organisations adapt their demand planning strategies with more sophisticated platforms for scenario planning and forecasting. Industry 5.0 is emerging as a global focus, emphasising not only efficiency but also the well-being of workers and the need for reskilling in a changing labour landscape. Furthermore, the adoption of automation and the creation of digital twins for processes and equipment are crucial aspects of digital transformation. Data-driven decision-making has become paramount, permeating all levels of the organisation, with data playing a proactive and continuous role in shaping strategies for planning, supply chain resilience, marketing communication, and operational excellence. Data-driven insights have proven invaluable, from managing crises to driving growth and improving customer retention, highlighting the central role of data in today's business landscape.

This was followed by an **interactive Q&A session**.

This was followed by a brief presentation by **Mr. Alhad Posam**, Enterprise Business Manager – India, BoardPAC Inc. He outlined his company's latest compliance software app, highlighting features that can be used for effective compliance with all applicable laws by the companies.

The '**Chairman Address**' was delivered by:

Mr. Sitaram Kunte

Honorary Chairman (Western Region)
Institute of Directors, India

Mr. Kunte expressed thanks and gratitude to all the attendees and highlighted IOD's commitment to continually upgrading

boardroom functioning for the betterment of India's growth story. He discussed the interconnectedness of board functioning and economic growth and expressed gratitude to keynote speakers, prominent business and industry leaders, magazine partners, CEOs, general managers, non-executive directors, regional heads, and IOD partners.

This was followed by a felicitation ceremony to welcome the newly joined IOD Fellows and Life Members from the Western Region.

Ms. Priti Arora, Regional Manager, Institute of Directors, Mumbai proposed the '**Vote of Thanks**'. She conveyed sincere thanks and gratitude to the distinguished chief guests, esteemed speakers, delegates. She also extended special thanks to the Event Partners. She concluded by announcing the Masterclass for Directors training program batches, and IOD's upcoming **2023 London Global Convention** to be held during **October 17-20, 2023** in London.

IOD is especially grateful to its event partners:

IOD's **Silver Partners** were:

1. Board PAC
2. Quality Management Consultants
3. Srujan Alpha Capital Advisors
4. Impactsure Technologies Private Limited

IOD's **Venue Partner** was:

Bombay Stock Exchange of India (BSE) ■

The report has been compiled by:

Mumbai Regional Team

Institute of Directors

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SPECIAL THANKS TO OUR PARTNERS & SUPPORTERS

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