

## **High agility in strategy key for dealing with governance risks and challenges: Farhad Forbes**

### **5 Key Governance Trends: Board and Management dynamics, Economic volatility, Artificial intelligence oversight, Focus on human aspect, ESG and DEI**

With well-informed and empowered stakeholders paying close attention to many aspects of board performance, the coming years will see further scrutiny of board quality, effectiveness, and composition said **Mr Farhad Forbes, Chairman, CII Corporate Governance Council & Co-Chairman, Forbes Marshall**, while addressing the 16<sup>th</sup> CII Corporate Governance Summit. He underlined that ESG is one of the key governance differentiators post the pandemic and is now mainstreamed into corporate governance. Companies and stakeholders need to focus on aspects such as protection of minority shareholders; accountability of the board of directors and management of the company; timely reporting and adequate disclosures to shareholders; role of the regulators and corporate social responsibility keeping in view the evolving risks, he emphasized. He added that organizations need to display high agility and adaptability in aligning their strategies and processes with the evolving risks, challenges and the evolving concept of Corporate Governance.

Mr Forbes highlighted some of the most important trends that are likely to shape corporate governance practices this year such as the Board and Management dynamics, a volatile economy, oversight of artificial intelligence, focus on human aspect, ESG compliances and diversity, equity and inclusion. Given the critical role that artificial intelligence is going to play and its benefits, there is need for effective board education, training, monitoring, compliance and risk management in order to keep up with AI related developments since cyber security and data governance is still in relative infancy, he added.

While sharing his views at the Summit, **Mr N Venkatram, Chairman, CII National Committee on Financial Reporting & Managing Partner and CEO, Deloitte India**, observed that “a trusted business outperforms, not by accident, but by design. With myriad stakeholders holding organizations accountable, trust must evolve from merely being a sentiment to a strategic priority for the managements and boards alike. Trust should be quantified, measured, managed, and reported. It deserves as much attention from Boards as other vital issues such as cybersecurity, financial planning, and resourcing.”

**CA. (Dr.) Debashis Mitra, Past President, The Institute of Chartered Accountants of India (ICAI)**, while speaking at the Summit, said that Audit of Financial Statements plays a very important role in Corporate Governance. He observed that the Companies Act, 2013 read with Rules thereunder deal with Audit & Auditors as well as with Accounts of Companies and the SEBI Listing Obligations & Disclosure Requirements, play an important role in ensuring Corporate Governance. Dr. Mitra stated that The Institute of Chartered Accountants of India (ICAI), setup under an Act of Parliament has been playing a useful role in providing guidance to the Auditors in carrying out the Attest function, developing the Accounting and Audit &

Assurance Standards, ensuring audit independence, Sustainability Reporting Standards. Use of Technology in carrying out Audit is encouraged & full advantage of Artificial Intelligence & Block chain is being taken. Forensic Standards as well as Valuation Standards have been developed by ICAI to ensure Effective Corporate Governance, he added.

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