

Report on Board of Directors and Corporate Strategy in a VUCA World (September 10, 2022)

Indian Chamber of Commerce (ICC) has organised a conclave on Board of Directors and Corporate Strategy in a VUCA World on 10 September, 2022. The primary agenda has been to understand the level of strategic uncertainties that companies and their boards have been facing currently. The conclave primarily has focused on providing insights on how to tackle the strategic challenges and make effective decisions to achieve sustainability in business. The esteemed guests present were Mr. Saket Mehra, Partner, & National Leader-Automotive, Grant Thornton, CA Ravi Kumar Patwa, Chairman of Institute of Chartered Accountants of India, Eastern Region, Ms. Madhura Mitra, Director, PWC, CMA Chittaranjan Chattopadhyay- Council Member and Head of BFSI & Indirect Taxation, Institute of Cost and Management Accountants of India, CS Ravi Varma, Company Secretary and V.P. Compliance , TEXMACO Rails & Engineering Pvt. Ltd., CS Ashok Purohit, AGM Legal & Assistant Company Secretary, Emami Ltd., Shri Alok Kumar Chattopadhyay, Dy. Director and Advisor (F&A), ICC. Shri Alok Kumar Chattopadhyay, in his welcome speech, said, "The world has changed dramatically and in order to address the rapid changes in the market, long-term strategic planning is required. The Board of Directors should address challenges and should come up with new ways of making business." Ms. Madhura Mitra said, "India has committed to bring down carbon emissions to zero by 2030. For that, it needs to come out of coal. The country needs to transition but the transitioning should be with justice. Corporates utilize 2% of their profits towards CSR activities but they only cater to the education and plantation field. But for just-transitioning, the corporates need to take care of conventional practices like the usage of lesser water and lesser chemicals. Risk

assessment is important for corporate companies to know where they stand and to make their business future-proof. The Board of Directors needs to anticipate the future to make effective decisions. R&D is very important and short-term goals should be formulated accordingly. Companies should come up with Carbon Pricing, which will help them to choose between green hydrogen and natural gas in the near future. According to figures, by 2050, floods and droughts both would increase in India. Therefore, decisions should be made knowing the current scenario as well as the future."Mr. Saket Mehra said, "Energy cost has increased by 3 times since 2019 in Europe. IoT (Internet of Things) should be implemented in the corporate houses, especially in agriculture/agricultural dependent economy like India, monitoring cattle health, and water requirements. In order to survive in the VUCA world, India should sign treaties with other countries. The Board of Directors has the power to question the management. An open Board culture is important so that individuals can voice their opinions." CA Ravi Kumar Patwa said, "The top corporates are no longer holy cows. Minor shareholders also expect returns when they invest. A trust factor should be built between the investors and governance. Concerns of shareholders need to be kept in mind. Investors should be active and agile. Strategic decision-making should always be long-term and not short-term. The Board of Directors should think of the 3P's - Profit, Planet, and People."CMA Chittaranjan Chattopadhyay, talking about the strategies, said, "Planets should be livable and healthy. Therefore, strategies in the VUCA World should be curated keeping in mind the characteristics of VUCA. Real leaders have a key role to play in order to develop these strategies. Moreover, local content is important to increase the productivity of the corporate houses. In order to survive in a volatile world, SWOT analysis and Balanced Scorecard is important. LoNGPESTEL and DESTEP analysis is important to fight the complex situations in

the corporate field." CS Ravi Varma, while focusing on the role of independent directors, said, "Independent directors should be impartial in decision-making. While decision-making requires independence, working with the management requires involvement. Thus, the directors need to adapt to changes proactively. The tastes of consumers should be considered while trying to build strategies for the VUCA World. The boardroom resembles the Mahabharata, where silence can make or break the company. Corporates, today, are not only competing for business but also for governance." CS Ashok Purohit, said, "VUCA is not only impacting business but also our life. Responsibilities of the director include holding the office of the chairperson of the Board/Committees. Remuneration paid to directors of the peer companies plays a key role in zeroing on the remuneration of the director. In VUCA, there is no clear enemy and thus directors should make effective strategies to manage conflicts between shareholders. This can be done by providing equity shares and dividends, to be specific." The conclave concluded with the criterion that the Board of Directors needs to keep in mind while addressing the uncertainties in business. Achieving sustainability should be the ultimate goal of the corporate houses.