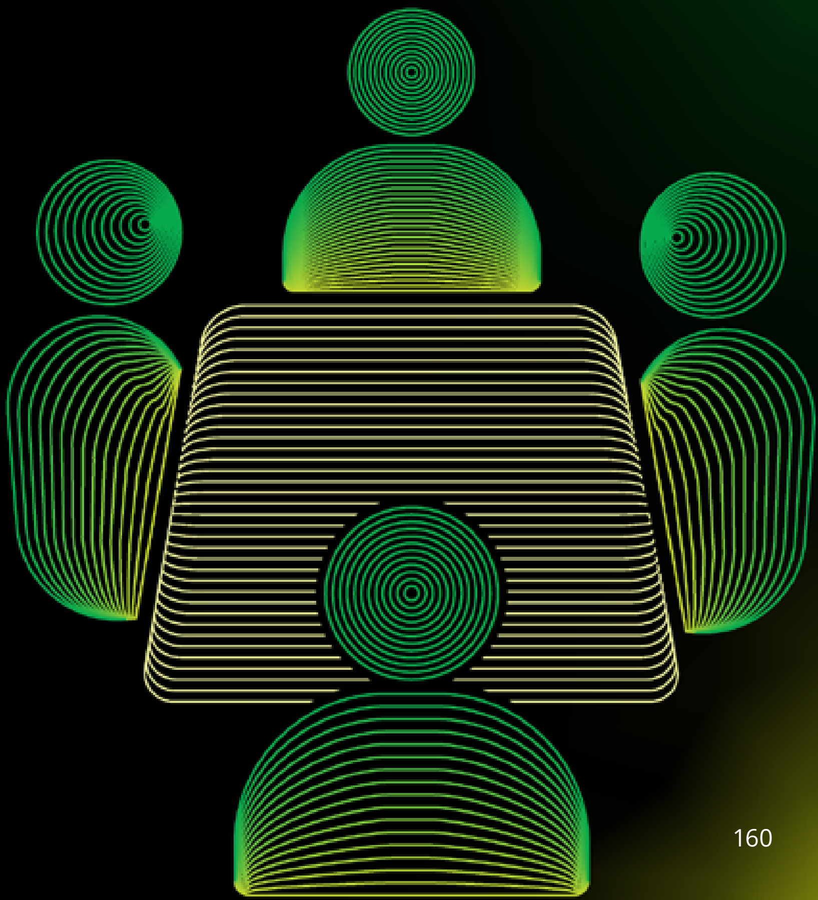
Board

Global developments in the past few years have fundamentally reshaped corporate responsibilities, compelling businesses to look beyond profit-driven motives and address societal and environmental challenges. Stakeholders today demand organisations act with integrity, prioritise sustainability and demonstrate accountability to build and sustain trust. In response, Boards are evolving to meet these elevated expectations, taking on multifaceted roles that extend well beyond traditional oversight.

The Boards of the Future must set forward-looking agendas that balance immediate business imperatives with long-term resilience. This requires fostering innovation, driving inclusivity, asking the right questions and cultivating adaptability to navigate the complexities of an interconnected world. The rise of new-age risks, such as climate change, cybersecurity, geopolitical instability and disruptive technologies, makes it essential for boards to approach governance with diverse perspectives and a proactive mindset. These risks are no longer peripheral concerns; they are central to the sustainability and competitiveness of businesses.

Aligning with evolving shareholder and societal expectations, Boards have the opportunity to drive meaningful growth and foster enduring value for stakeholders. This approach positions them as catalysts for progress, steering their organisations through complexity towards a future defined by innovation and sustainable success.



With this as the context, the cohort of Independent Directors (IDs) discussed the following critical themes requiring greater board focus and attention:

- The growing importance of customer centricity
- GenAI and beyond
- Boosting value through alliances and venturing
- Environment, Social and Governance (ESG): From awareness to action
- Integrating talent strategy into Board discussions
- Evolving risks and compliance
- Addressing cyber risks

Growing importance of customer-centricity

Financial performance, risk management and compliance have always been a priority agenda for corporate Boards as they discharge their fiduciary responsibilities; customer-related matters have largely been left to executive teams with periodic updates coming to the Boards or relevant sub-committees. However, with the evolving market dynamics, increasing competition and changing consumer behaviour, customer-centricity is a strategic priority for organisations across industries. As a key stewardship responsibility, Boards do intend to play a more active role in understanding, overseeing and shaping customer journeys, and engagement strategies as a key growth and value driver.

- Enhancing boardroom excellence through customer insights
  IDs play a critical role in embedding customer-centricity into boardroom discussions. By consistently reviewing key customer metrics, such as satisfaction, Net Promoter Score (NPS), churn rates and service delays, IDs ensure that customer experience remains a top priority. They should challenge the management team on how customer data and insights are shaping strategy and decision-making, particularly in tracking market trends to stay competitive. In B2B sectors, for instance, fostering stronger collaboration with partners and distributors can provide deeper insights into end-consumer behaviours, helping boards adapt to evolving customer needs and drive long-term, sustainable growth. In B2C sectors such as BFSIs and NBFCs, where regulatory scrutiny is higher, adopting effective methods to gather customer insights and using them to enhance decision-making and ensure compliance is crucial.

- Guiding questions for reflection

  – How can the Board effectively balance regulatory compliance with the goal of enhancing long-term customer satisfaction?

  – Are we actively engaging with key customers or distributors to gain direct insights that drive innovation and improve alignment with customer needs?

  – Is the board maintaining a strategic focus on customer-centric goals, avoiding operational details while ensuring alignment with the organisation's growth objectives?

GenAI and beyond

As AI continues to transform industries, boards must prioritise its strategic importance within their governance frameworks. However, several obstacles hinder effective oversight. A significant challenge is the limited AI expertise among board members, which can prevent them from guiding AI initiatives effectively or aligning them with long-term organisational goals. Many organisations also grapple with inadequate data infrastructure, which undermines the reliability and scalability of AI models. Another pressing issue is the misalignment between AI projects and broader business strategies. When initiatives are siloed, they often fail to achieve meaningful outcomes or align with organisational priorities. Moreover, a short-term focus on financial results can stifle AI innovation, which thrives on sustained investment and strategic foresight. Boards need to collaborate closely with management to ensure AI initiatives are integrated, aligned and capable of delivering lasting value.

- Given AI's transformative potential, boards must enhance their oversight to navigate both its opportunities and risks effectively. Deloitte's Governance of AI: A critical imperative for today's Boards reveals that, so far, board-level engagement with AI has been limited. Across industries and geographies, AI is not a topic of discussion that comes up often at board meetings. Only 14 percent of respondents say their board discusses AI at every meeting, 25 percent say it is on the agenda twice a year, and 16 percent say AI is discussed annually. Nearly half (45 percent) of respondents say AI has not yet made it onto their Board's agenda at all. The first step for boards is to bridge the knowledge gap surrounding AI.

Empowering directors with workshops, training programmes and regular engagements with AI experts can deepen their understanding of AI technologies, trends and strategic implications. With this knowledge, boards will be better equipped to steer AI initiatives and make informed decisions. Boards can also enhance collaboration with the management through cross-functional teams to ensure accountability and alignment with AI adoption.

- Guiding questions for reflection

  – How can AI literacy be improved so that Boards feel confident putting it on their agenda and supporting management in their AI adoption and implementation process?

  – Is there a strong data governance framework in place to ensure data quality, availability and regulatory compliance for effective AI deployment?

  – Are AI initiatives aligned with the organisation’s broader business strategies, and are performance metrics integrated into regular evaluations?

  – Do we have a robust and adaptable risk management framework to address AI-specific challenges, such as ethical concerns, bias and data security?

Boosting value through alliances and venturing

Start-ups are reshaping industries, offering organisations opportunities to enhance innovation and competitive advantage. Boards must view investments in start-ups not as standalone ventures, but as strategic pillars aligned with the company's long-term vision. This requires a cohesive approach to integrating start-up collaborations into the corporate strategy, ensuring they contribute meaningfully to enterprise value.

- Harnessing start-ups for strategic growth
  A key challenge for IDs in undertaking stewardship is the fragmented management of start-up investments, often handled by family offices or separate entities with limited reporting to the main Board. To address this, Boards should demand regular, transparent updates to monitor alignment with the organisation's strategic objectives. Similarly, shifting focus from traditional ROI metrics to broader strategic value enables boards to capture opportunities in areas such as emerging technologies or market shifts that drive sustainable growth.

Start-up investments and even alliances should also be seen as tools to build resilience and risk management, offering a hedge against disruption. By embedding these collaborations into innovation strategies, Boards can better anticipate and respond to market changes.

This stewardship role requires a strong understanding of the venture and partnership ecosystem. Directors ensure investments align with the company's vision while enhancing competitive relevance. Proactive oversight of start-up engagements, supported by clear alignment with corporate goals, enables Boards to unlock their full potential. By championing start-ups as strategic allies, Boards can foster sustained innovation, build enterprise value and position their organisations for long-term success in an evolving market landscape.

- Guiding questions for reflection

  – Are start-up investments and collaborations adequately aligned with the organisation's long-term vision and regularly reviewed as part of Board discussions and agenda-setting?

  – How can the Board establish a more structured governance framework to effectively integrate start-up collaborations into the company's operational and strategic priorities?

  – What measures should the Board adopt to evaluate the impact of start-up collaborations, beyond financial metrics, including innovation contributions, cultural transformation and customer outcomes?

ESG: From awareness to action

Today's corporate Boards are faced with a fundamental shift in how they approach sustainability—no longer is it merely a compliance obligation but a strategic imperative with the potential to influence long-term value creation. Boards that prioritise short-term shareholder value over sustainable initiatives risk overlooking the critical importance of long-term projects, such as climate action. Economic pressures, such as high inflation, often drive focus towards immediate threats, such as cybersecurity, while the gradual nature of climate risks delays strategic planning. However, the long-term consequences of inaction on climate issues can be just as catastrophic to business continuity, underscoring the need for Boards to allocate significant time to forward-looking, sustainability-focused initiatives.

- From awareness to action
  While many Board members acknowledge the significance of climate issues, translating this recognition into meaningful action remains a challenge. Many companies, even with high ESG scores, have been criticised for "greenwashing"—attaining favourable ratings without making substantial contributions to environmental sustainability. This discrepancy underscores the importance of ensuring that ESG efforts are not just superficial but impactful. The gap between recognising the importance of ESG and embedding it into the corporate DNA presents a pressing concern. IDs must lead the charge in bridging this gap, ensuring that climate awareness translates into actionable, measurable strategies that align with long-term business objectives.

  The market for sustainable practices, including renewable energy and recycling, is expected to grow rapidly. This presents a significant opportunity for organisations to align with emerging trends in sustainability. IDs on boards are ideally positioned to guide companies towards these opportunities. As demand for corporate responsibility in environmental and social practices increases, sustainability can become a key driver of corporate value, fostering trust and loyalty among customers and investors. However, the path to effective ESG implementation is not without challenges. Regional variations in political and regulatory landscapes can create discrepancies, with some regions actively adopting renewable energy practices, while others remain resistant. To navigate these differences, IDs must adapt strategies to local realities while maintaining alignment with global ESG standards. The economic threats posed by climate change, such as heat stress, water scarcity and extreme weather events, require boards to integrate climate risks into business strategies. Proactive climate action can help mitigate these risks, protect businesses and unlock new opportunities. Ultimately, IDs must foster an ESG-driven culture within the organisation, embedding these principles into daily operations and setting measurable goals. By creating an environment where ESG is a core organisational value, they can drive both innovation and long-term growth.

- Guiding questions for reflection

  - How is the Board ensuring that ESG strategies are integrated into the company's long-term vision, and how are these initiatives aligned with both regulatory requirements and business objectives?

  - In what ways is the board promoting transparency and accountability in ESG reporting, ensuring that metrics accurately reflect the company's impact, while fostering stakeholder trust and avoiding greenwashing?

  - What specific milestones have the Board set to monitor the progress of ambitious sustainability goals, and how are these milestones being tracked and adjusted to ensure continued alignment with evolving market and technological opportunities?

  - How is the Board incorporating climate-related risks into its governance framework, and what proactive measures are being taken to manage potential disruptions to infrastructure, productivity, and supply chains?

Integrating talent strategy into board discussions

One of the most pressing concerns for Boards is talent retention, especially as attrition rates have risen across industries. Key leadership positions, such as CXOs, are pivotal to business continuity. However, the pandemic's disruptions have highlighted the risks of losing these senior leaders, prompting Boards to rethink succession planning and compensation strategies. At the same time, there is increasing focus on the employee experience across levels of the organisation, not just the executive team. IDs must ensure that talent management practices are aligned with the company's long-term goals, fostering a culture that attracts and retains top talent while also empowering employees at other levels.

- Elevating talent oversight
  Many Boards still lack the comprehensive oversight required to manage talent effectively. According to Deloitte's Chair of the Future report, while Boards are aware of the need to diversify leadership and ensure leadership pipelines, many struggle to translate this awareness into tangible action. Talent should be a standing agenda item in board discussions, especially as organisations prioritise digital transformation, diversity and employee engagement. IDs should ensure that talent management is not siloed but integrated with overall strategic goals. The Board must maintain oversight on key metrics, such as retention, leadership development and skill gaps, while also cultivating a culture of feedback and continuous learning.

- Guiding questions for reflection

  – How is the Board ensuring the creation of a robust leadership pipeline across critical business roles, and what measures are in place to identify and nurture high-potential talent for the future?

  – In what ways is the Board driving the evolution of an organisational culture that not only fosters inclusivity and innovation but also prioritises employee well-being and resilience in a post-pandemic world?

  – How is the Board using advanced technologies and data-driven insights to strategically align talent management with the company's evolving business objectives and ensure long-term competitiveness?

Evolving risks and compliance

Boards and risk management committees have the ultimate oversight over a company's risk-management practices towards value preservation and creation. Risk, compliance and regulation will remain an integral part of the Board's agenda. However, Boards need to be cautious of risk-management approaches that focus too heavily on compliance "box ticking" at the expense of creating value. Traditional approaches to risk management often ignore the interconnected nature of modern ecosystems and fall short of addressing emerging risks. To remain effective, Boards must evolve their oversight strategies.

Boards must prioritise scenario planning and horizon scanning to build organisational resilience, allocating time to evaluate external dependencies and ecosystem vulnerabilities, such as client stability and supply chain risks. The siloed nature of many organisations further exacerbates these challenges. Risk ownership is often fragmented across business units, leading to inconsistent responses and a lack of coordinated strategies. Boards should advocate for clear accountability frameworks and the integration of risk management into daily business practices to ensure alignment and responsiveness. Ultimately, Boards need to shift risk management from a compliance-driven exercise to a strategic, dynamic process. By addressing the root causes of missed targets and using insights for improvement, Boards can enhance their role as stewards of long-term organisational stability and growth

- Building resilience with smarter Board strategies
  To effectively navigate today's complex risk and compliance landscape, Boards must adopt proactive, integrated strategies.

  - It is critical to include external dependencies, such as client financial health and ecosystem vulnerabilities, in risk assessments. Progressive risk frameworks should incorporate mechanisms to provide early warning signs of emerging external, macro and systemic risks.

  - Boards should dedicate 75 percent of meeting time to strategic, future-focused discussions and streamline compliance reviews using pre-meeting preparation with senior leadership.

- Establishing dedicated risk teams equipped with technology and real-time monitoring capabilities can enable faster, more dynamic responses to evolving risks. Embedding risk management into daily operations fosters a culture where employees actively identify and address risks as part of their roles. Designating risk representatives within business units ensures regular reporting and shared accountability.

- To enhance accountability, Boards should shift from punitive measures to balanced frameworks that reward proactive risk management and risk-aware culture building.

- Boards must focus on strategic risk management, aligned with the organisation's risk appetite while evaluating key business decisions. Periodic alignment sessions can harmonise risk appetite across leadership, ensuring coherent decision-making.

- Budgeting processes can be designed to align financial resources with identified risks and opportunities.

- Structured root-cause analyses of missed targets should inform future risk mitigation efforts.

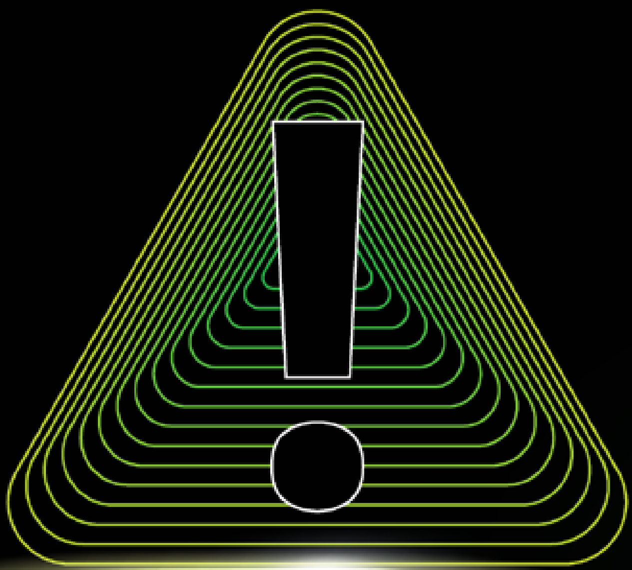
- Boards should focus more on crisis management and business continuity management while evaluating risk and compliance matters. In the evolving Brittle, Anxious, Non-linear and Incomprehensible (BANI) world, the question is no longer “if” but “when” risk will materialise.

- Guiding questions for reflection

  - What training opportunities can help the Board upskill and understand risk oversight?
  - Would the Board benefit from bringing in an internal or external expert?
  - Is there a need to recruit Board members with more experience in a particular area of risk management?
  - What best practices being followed globally could the Board consider adopting for its organisation and how much does it plan to invest in proactive risk management?
  - Have succession plans for the Board and management been adequately designed to include leaders with experience in emerging technologies?

Addressing cyber risks

One of the emerging risks that organisations grapple with predicting and tackling is cyber risks, which present an additional layer of complexity. These threats require a proactive and integrated approach that ties cyber strategies into broader risk protocols. Boards must move beyond punitive responses to risk lapses, encouraging leaders to prepare for cyber risks by adopting a proactive and transparent risk mitigation framework. This could include regular risk assessments of systems, data and networks, employee training and advanced monitoring tools that share insights in real time. Well-planned multi-layered security systems, such as zero-trust architecture and robust incident response plans can also help organisations stay one step ahead of cyberattacks.



Disparities in risk appetite across leadership levels can also hinder cohesive decision-making. To manage disparity, Boards should develop a unified risk framework aligned with business objectives and risk tolerance, facilitate regular dialogue to harmonise perspectives on risk, simulate potential cyberattack scenarios to illustrate impact and provide leaders with tailored risk metrics and dashboards to enable financial planning and resource allocation to identified risks, ensuring that investments support resilience.

Boards must grasp technology-induced risks and their impact on corporate resilience. As digital risks grow, with cyber threats and emerging concepts such as the metaverse, Boards must navigate associated complexities. To do so, directors must adopt a digital perspective on operations and include specialist "digital directors" on the board. Just as financial literacy is essential today, boards must become digitally native to stay effective in the future.

- Guiding questions for reflection

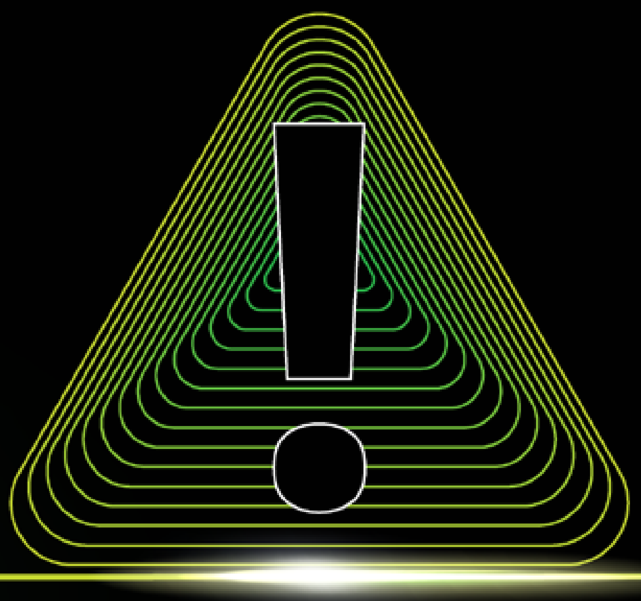
  - How can the Board ensure it stays actively engaged with the evolving landscape of technology, remaining agile and responsive to emerging innovations and capabilities?

  - Are our cybersecurity risks adequately integrated into the organisation's overall risk management framework, and how often is this alignment reviewed?

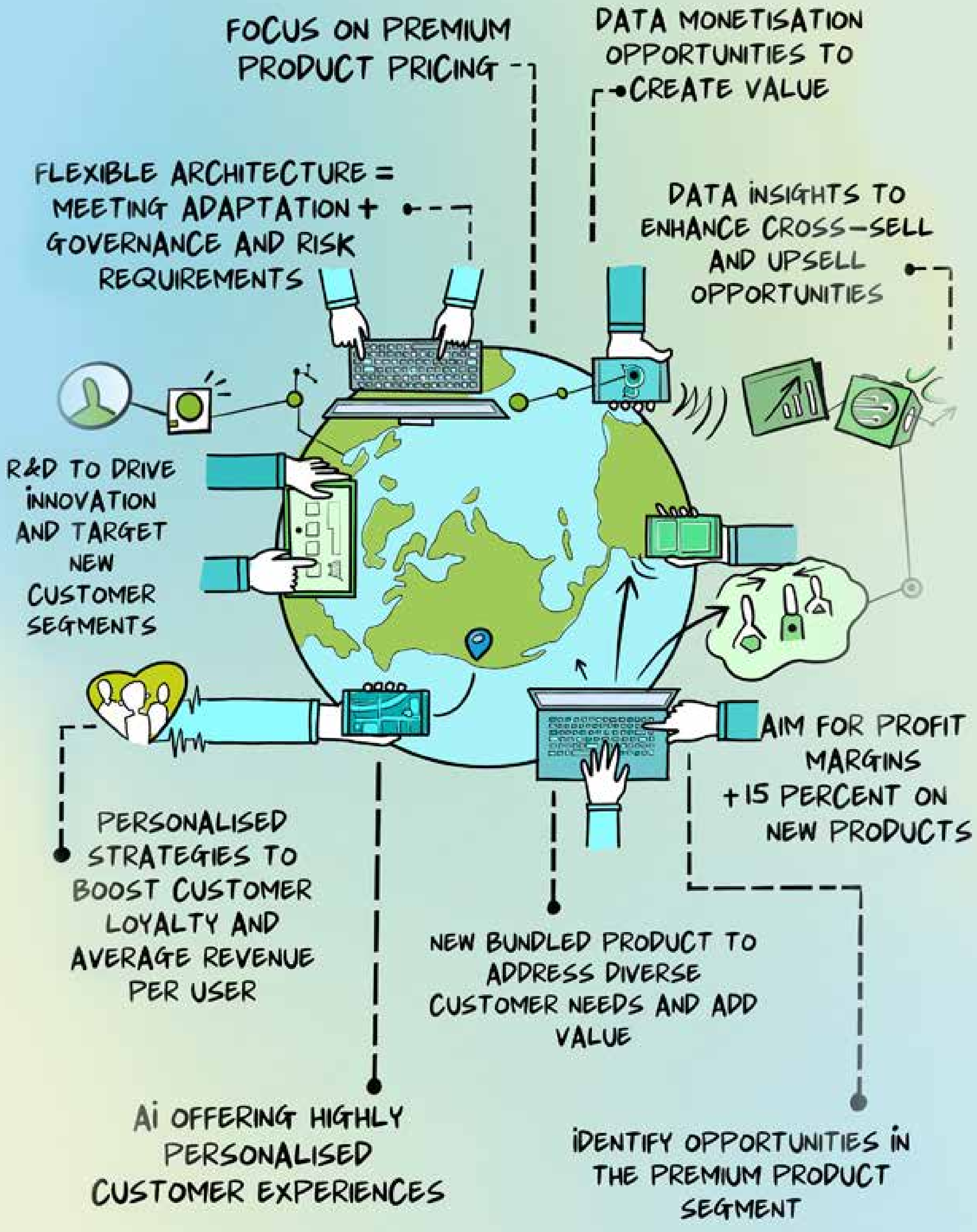
  - When was our incident response plan last tested, and are we confident in its effectiveness against emerging cyber threats?

Future Boards must embrace risks, adapt swiftly and align with sustainable growth

In the evolving landscape of corporate governance, Boards of the future will need to place a strong emphasis on qualitative rather than purely quantitative performance evaluations. This shift is essential to ensure alignment not only with the organisation's strategic goals but also with its broader impact on the community and stakeholders. As businesses face an increasingly complex, fast-paced environment, the value of more frequent, meaningful and deep dialogue between Boards and management becomes apparent. This, coupled with regular, in-depth board evaluation and governance discussions, will provide critical insights that help Boards stay agile, informed and better prepared to lead organisations through challenges.



DIGITAL



FOCUS ON PREMIUM PRODUCT PRICING
DATA MONETISATION OPPORTUNITIES TO CREATE VALUE
FLEXIBLE ARCHITECTURE = MEETING ADAPTATION + GOVERNANCE AND RISK REQUIREMENTS
DATA INSIGHTS TO ENHANCE CROSS-SELL AND UPSELL OPPORTUNITIES
R&D TO DRIVE INNOVATION AND TARGET NEW CUSTOMER SEGMENTS
AIM FOR PROFIT MARGINS +15 PERCENT ON NEW PRODUCTS
PERSONALISED STRATEGIES TO BOOST CUSTOMER LOYALTY AND AVERAGE REVENUE PER USER
NEW BUNDLED PRODUCT TO ADDRESS DIVERSE CUSTOMER NEEDS AND ADD VALUE
AI OFFERING HIGHLY PERSONALISED CUSTOMER EXPERIENCES
IDENTIFY OPPORTUNITIES IN THE PREMIUM PRODUCT SEGMENT