

AN ASEAN IOD NETWORK INITIATIVE

ICDM Advocacy Dialogue

2024 ASEAN Board Trends Report & Launch of ASEAN Directors Registry

Refocus on Board Effectiveness

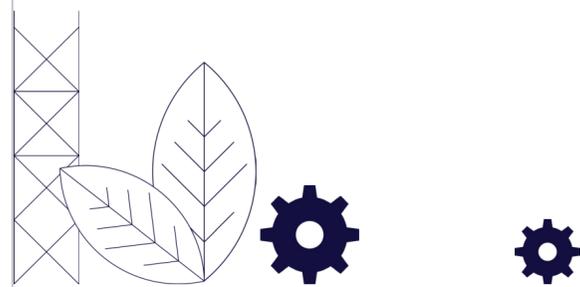
BY MICHELE KYTHE LIM
PRESIDENT & CEO · INSTITUTE OF CORPORATE DIRECTORS MALAYSIA

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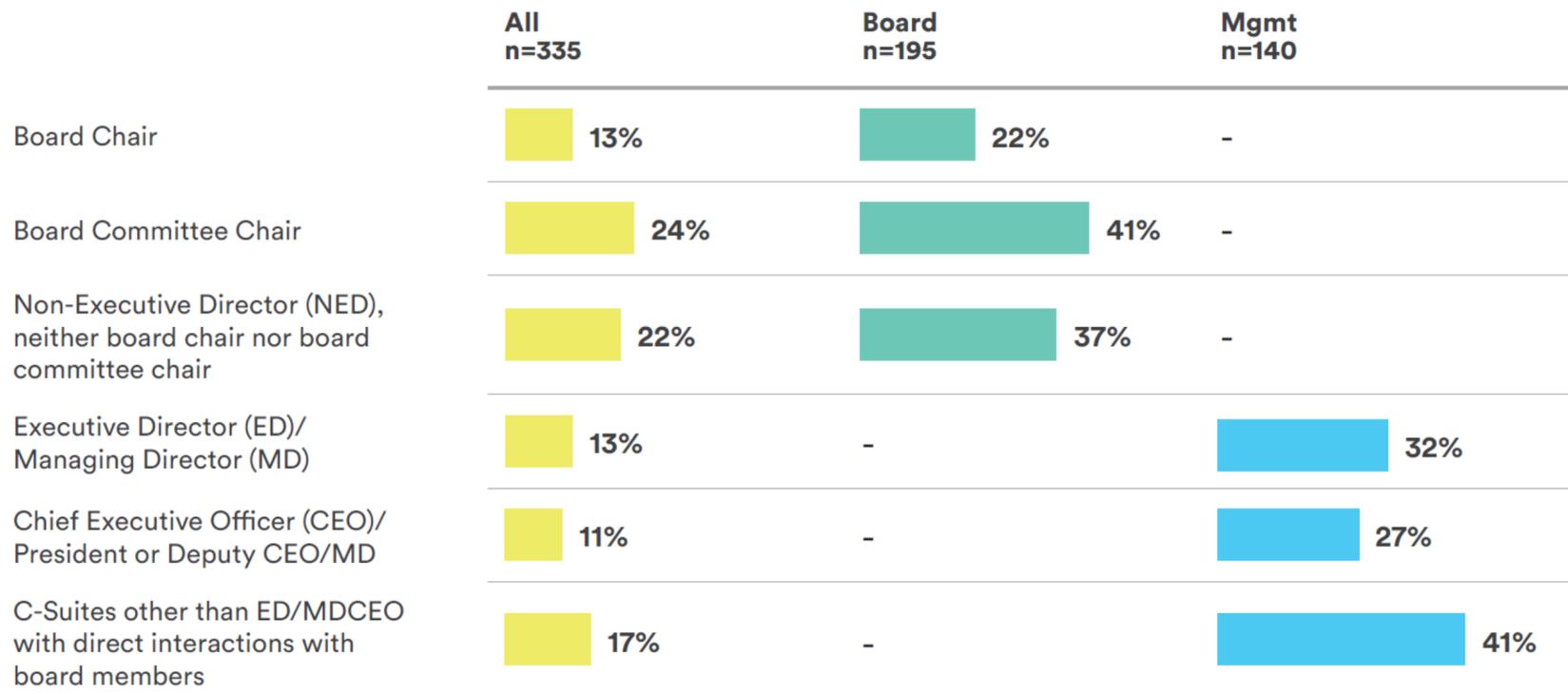
A regional collaboration to enhance director professionalism, elevate board effectiveness and strengthen good corporate governance in ASEAN

Respondents Profile

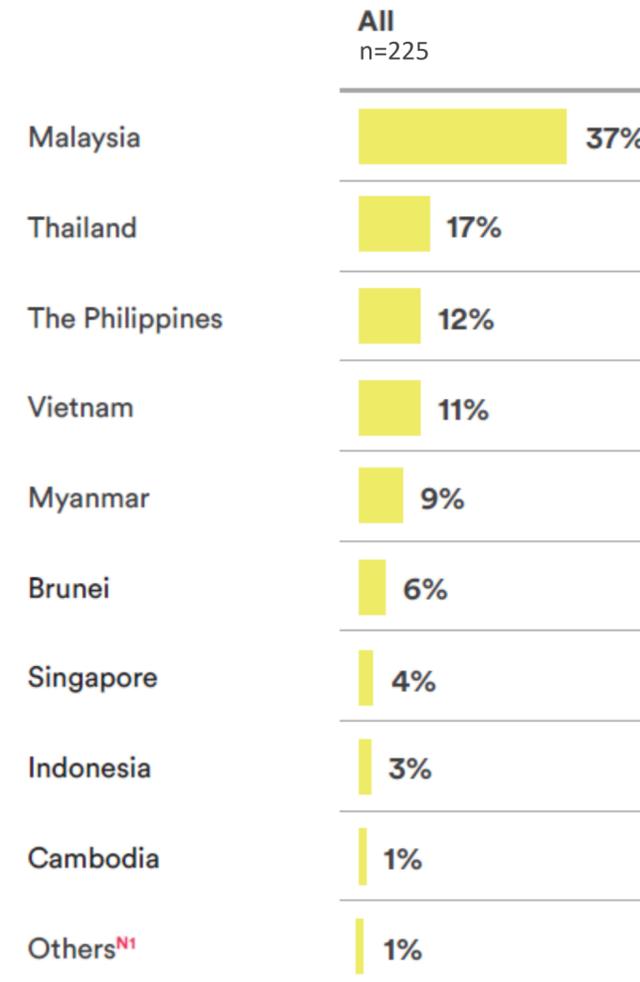
335 responses

By Designation



9 countries

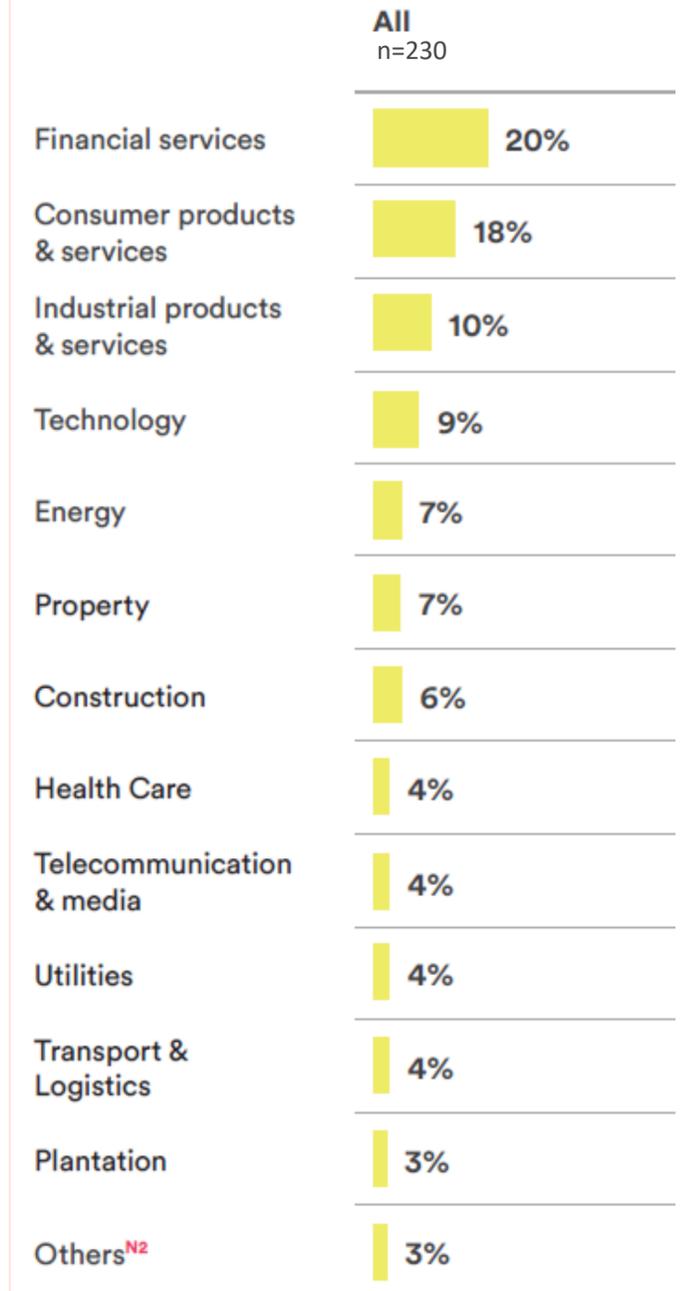
By Country



N1 – Others are Australia, UK and Zimbabwe

13 industries

By Industry

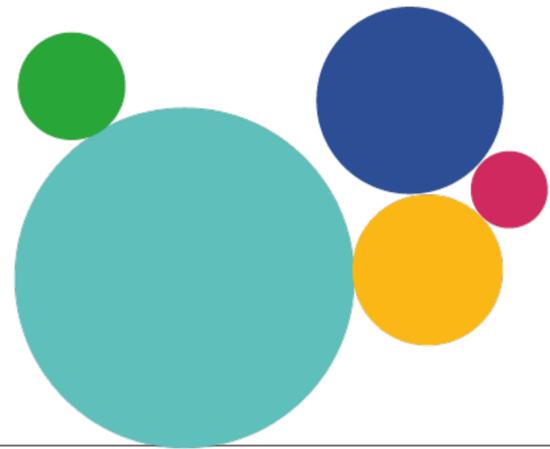


N2 - Others include not-for-profit organisation, NGO and diversified conglomerate



Business Outlook

How do you foresee the economic growth for your country?



Improve
Stays the same
Decline
Not sure

Economic recovery is still far behind

In the next 2 years		
All (n=335)	Board (n=195)	Mgmt (n=140)
39%	42%	36%
40%	42%	39%
16%	14%	19%
4%	3%	6%

More optimistic outlook for longer-term growth

In the next 3 to 5 years		
All (n=335)	Board (n=195)	Mgmt (n=140)
73%	75%	71%
12%	12%	11%
6%	5%	9%
9%	8%	9%

Board Agenda, Roles & Dynamics

Mismatch of top strategic priorities over key threats moving forward

Key threats next 2 years

Having the right talent & leadership

- 68% talent availability
- 39% inability to make right decision, not cultivating right culture
- 37% inability to innovate

Diplomacy in managing macro & geopolitical uncertainties

- 52% macroeconomic volatility
- 42% trade/supply chain risk, govt policies change, market protectionism

Sustainable operational strategy

- 46% inadequate financing, cost increase
- 40% changing customer demand, barriers
- 34% supply chain disruption, tech, energy

Strategic priorities next 2 years

Improve internal operations

- 68% improve biz model, restructuring
- 49% increase efficiency, process, supply chain mgmt, data-driven strategy
- 42% reevaluate risks & opportunities, BCP

Expansion, collaboration, innovation

- 48% market expansion, regional cooperation
- 44% innovative/new product & services

Sustainability for real

- 37% sustainability into culture, strategy

Focus on people

- 32% enhance talent strategy, workforce plan

What was done last 12 months

Improve internal operations

- 56% improve biz model, restructuring
- 56% increase efficiency, process, supply chain mgmt, data-driven strategy
- 56% reevaluate risks & opportunities, BCP
- 45% relook at cost optimization, capital allocation, debt restructuring, cashflow

Focus on sustainability & CG

- 44% sustainability into culture, strategy
- 41% ensure proper CG process, reporting

Innovation, digitalisation, expansion

- 41% innovative/new product & services
- 39% digitalisation, modernisation
- 35% market expansion, regional cooperation

Focus on people

- 38% enhance talent strategy, workforce plan



Board Agenda, Roles & Dynamics

Misalign in terms of areas boards should spend more time on & training needs

Areas boards should spend more time on by priority

	<u>All</u>	<u>Board</u>	<u>Mgmt</u>
■ Corporate growth strategy & plans, supply chain resilience	1	2	2
■ Human capital strategy, development, performance & rewards	2	3	1
■ Business model agility, diversification, transformation	3	1	5
■ Technology & innovation strategy	4	4	3
■ Corporate culture & ethics, purpose & long-term value creation	5	6	4
■ Sustainability, climate change & ESG agenda, metrics & targets	6	5	6

More challenging & require more training for you & board

	<u>All</u>	<u>Board</u>	<u>Mgmt</u>
■ Sustainability, climate change & ESG agenda, metrics & targets	1	1	1
■ Technology & innovation strategy	2	2	4
■ Corporate growth strategy & plans, supply chain resilience	3	4	2
■ Business model agility, diversification, transformation	4	3	3
■ Corporate culture & ethics, purpose & long-term value creation	5	5	4
■ Human capital strategy, development, performance & rewards	6	8	5

Board Effectiveness, Composition & Culture

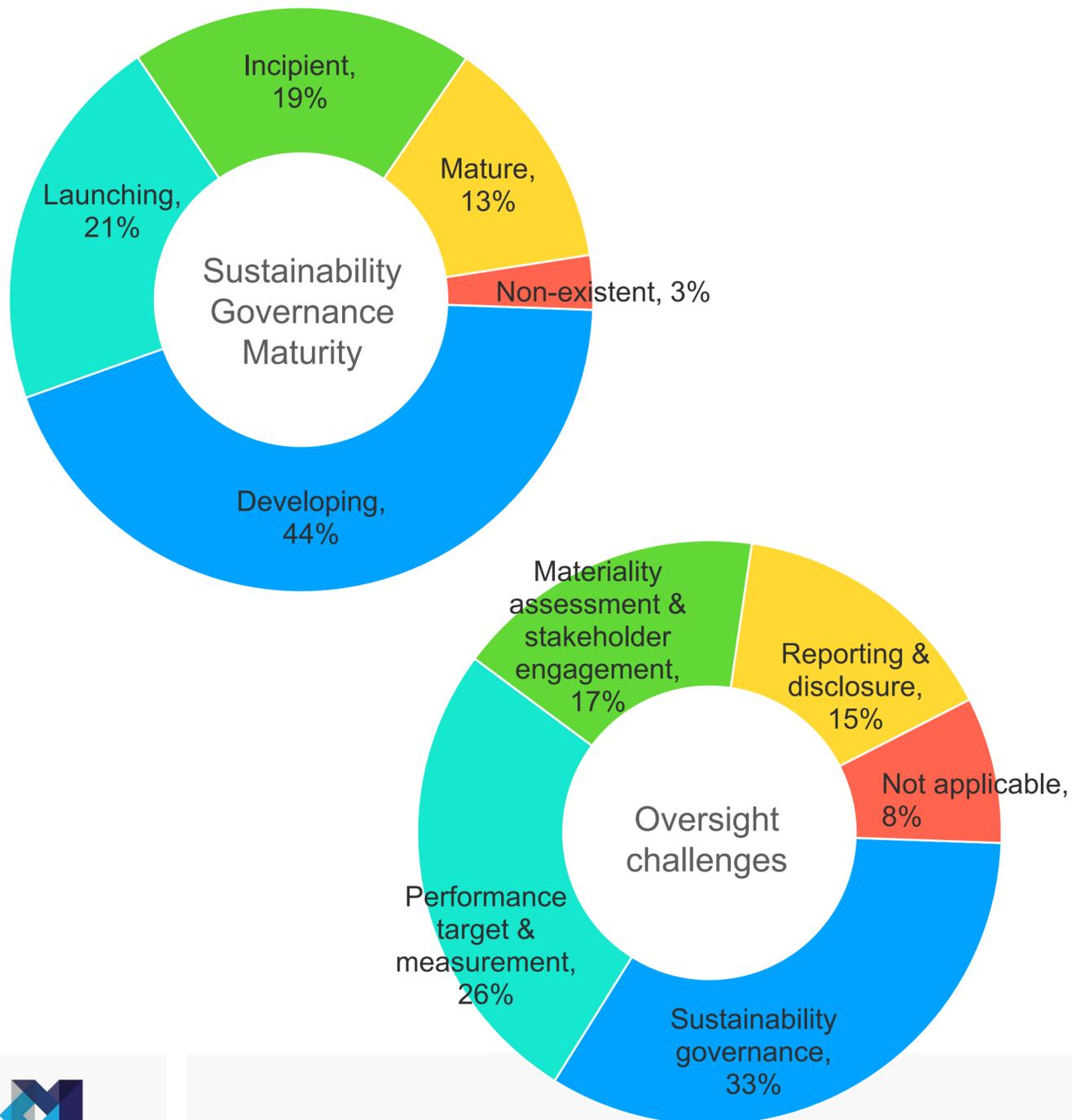
Board feels they did well, but management rated lower

My board...	All	Board	Mgmt
Brings value & improve the quality of management's decision-making	77%	80%	72%
Has cognitive diversity to maintain constructive discussion in providing strategic direction & challenge	74%	77%	70%
Understands his/her role, authority & priorities	72%	75%	68%
Has right blend of knowledge & experience to support the shifting needs of the business in the next 3 to 5 years	72%	76%	65%
Has right people & right skills to provide the strategic direction & challenge required to take the company forward	69%	73%	63%
Lacks diverse views which hampers insightful discussions, identification of blind spots, future-forward issues	53%	51%	56%
Actively engage in healthy discussions with no one individual director dominating discussions	57%	65%	46%
Rarely express their views and disagreements	11%	8%	16%



Board & Sustainability

Management less confident in their board's knowledge



The board needs more board development and capacity building to have sufficient understanding and knowledge on ESG matters	76%
The board is clear on what sustainability, climate and ESG matters are , how it may impact and can link to organisation strategy & goal setting	61%
The board will assign the ESG oversight responsibility to one of the existing board committees	53%
Sustainability matters is a regular discussion topic on the board agenda – embedded in the strategy, opportunity, risk framework	52%
The board able to monitor & discuss organisational sustainability performance report from management based on clear strategy, metrics and KPIs set	51%
Links sustainability and ESG metrics to management's KPI	46%
The board will set up a board ESG or sustainability committee next year for better oversight in the subject matter	45%
The board will add board member(s) with specific sustainability, climate or ESG-related skills/expertise as part of the board skills matrix	35%
The organisation links sustainability and ESG metrics to board's KPI	34%

5 Key Themes for 2024 & Beyond

How effective is your board?

1

Board agenda:
Realign & set your priorities right.

2

Board–management relationship & dynamics:
It takes two to tango.

3

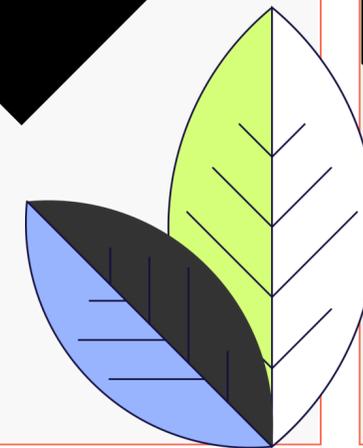
Board architecture & culture:
More progressive & forward-looking board needed.

4

Board effectiveness:
To do a stocktake.

5

Board & sustainability:
Reality vs theory.



Key Actions Moving Forward

If you want different results, do not do the same things. Albert Einstein

Undertake a formal board effectiveness evaluation

Reevaluate your board composition & remuneration package at regular intervals

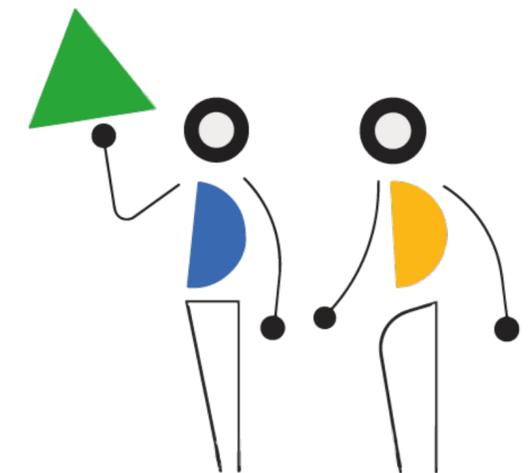
Work out your board-management relationship & dynamics

Relook at your organisation's materiality & key risks matrix, set your priorities right

Put more focus on talent governance & organisation culture

Look at your sustainability agenda & targets – no greenwashing!

Be an authentic & purposeful leader



The Role of the National Institute of Directors

We hear you. We will make it possible.

86%

Platform for directors to voice out concerns to the regulators, investors and relevant stakeholders

85%

Director programmes/training/dialogue on governance, board issues & trends

80%

Formal Director Certification programme

68%

Bespoke training programme tailored to your specific company needs

65%

Frequent networking opportunities

59%

Mentoring/coaching sessions

54%

Board & director effectiveness evaluation services

52%

Board sourcing & placement, pipeline building

38%

Knowledge sharing, research & advocacy on key board matters

37%

Other board advisory services, e.g. board composition, board remuneration

31%

Centralised ASEAN director registry platform

26%

Membership support

18%

Local & regional affiliation platform



The ASEAN Directors Registry

Supporting ASEAN board talents needs

Enhance Board Governance

- ASEAN – over \$3 trillion combined GDP – a consumer market of over 650 million people – dynamic economic powerhouse.
- Have a representation of the consumer market companies serve on their boards.

Qualified ASEAN Board Talent

- A growing pool of qualified ASEAN board talent from more than 17,000 Members + Alumni.
- Diverse industry experience.
- Wide ranging skillsets, including in demand ESG, technology, consumer insights, etc.
- Open doors to board opportunities outside of home country, including regional and international boards.

Custom Matching Service

- Understanding the business needs and defining candidate criteria.
- Screening and matching of potential candidates for consideration.
- Coordinating interviews.

For further information, please reach out to
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Directors' Dialogue: Making Boards Useful – What's Next?



Adrian Chan
Vice Chairman
Singapore Institute of Director
(SID)



Rina Neoh
Co-Founder/Managing Partner
Ficus SEA Fund | Ficus
Greentech Fund



Freda Liu
Host
The Shift Asia – Powering Positive
Change



Dr. Tran Ngoc Nguyen
Chairman
Petrovietnam Ca Mau
Fertilizer



Ria BWS Pardede Sidabutar
Board Member
Mitra Bisnis Keluarga Ventura

Panel Dialogue: Key Takeaways for Boards

The time is always right to do what is right. Martin Luther King

Do Not Pursue Diversity Merely for The Sake of Diversity : Diversity goes beyond gender and includes age, tenure, independence, skillset, international experience, industry knowledge, and cultural diversity. It is about effective diversity tailored to the organisation's strategic goals and development stage.

Do Not Let “Being New” Stop You From Voicing Out especially for young directors. Master the art of communication and propose solutions supported with facts and rather than solely highlighting the problems. It is important to demonstrate proposal impacts on finances and sustainability of the organisation.

Learning to Trust Better between Boards and Management. The chair has a large role in creating an environment where individuals feel comfortable expressing their views without fear of judgment or loss of face and ensuring constructive dynamics between both parties for effective collaboration.

Seek First to Understand using the 360-Degree Evaluation approach. Board members & senior management shall evaluate and provide feedback on each other's performance both qualitatively and quantitatively. Direct communication ensures alignment with organisational goals and values for a cohesive board dynamic.



Panel Dialogue: Key Takeaways for Boards

Critical Pillars in Shaping Future Boards

1

Ethics and Courage:
Directors prioritise stakeholders' interests with ethical conduct and bold decision-making.

2

Flexibility and Creativity:
Adapt creatively to dynamic business landscapes while embracing innovation.

3

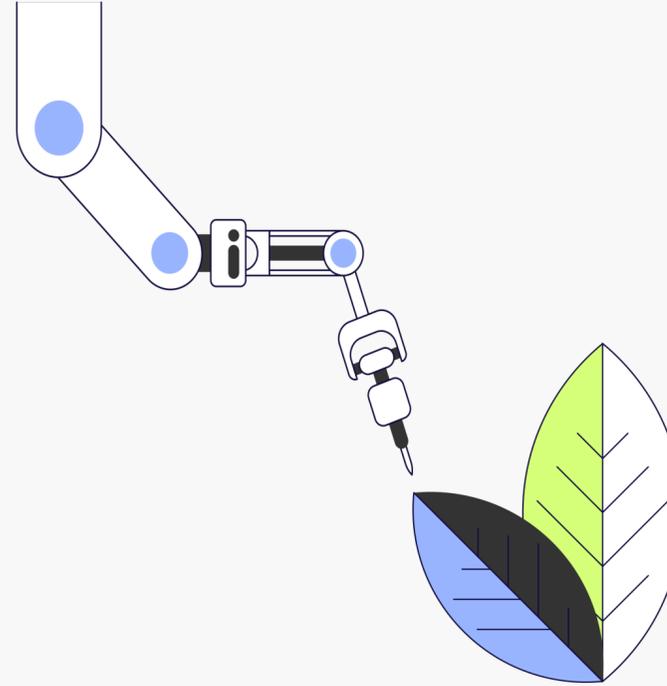
Agility and Governance:
Agile decision-making, rooted in strong governance principles driven by continuous learning.

4

Collaboration within ASEAN
Capitalising strength in unity to foster mutual growth within and out of the ASEAN community.

5

Integration of AI Strategies:
Embed into board functions for future readiness.



**Scan the QR code to
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Or click here

<http://bit.ly/ICDMresearch>