



THE 2024 ASEAN BOARD TRENDS

Refocus
on Board
Effectiveness



ICDM
Institute of Corporate
Directors Malaysia



**THE 2024
ASEAN BOARD
TRENDS** report
re-emphasizes the
need for boards to
take stock of their
board effectiveness
– looking inward
before looking
outwards.

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The Report

The past months have been a challenging one for businesses not just across ASEAN but globally, with a harsher VUCA business landscape, the impending financial crisis and geopolitical tussles among many other disruptions. As key corporate governance leaders, boards' primary roles are steering the corporate strategy, oversight over management, ensuring fair return for shareholders while overseeing the overall risk and opportunities and the wider stakeholders' interests.

The Institute of Corporate Directors Malaysia (ICDM) initiated and conducted the 2024 ASEAN Board Trends Survey in the last quarter of 2023 in collaboration with our ASEAN partners – the Institute of Directors Thailand (IoD Thai), Institute of Corporate Directors, Philippines (ICDPH), Vietnam Institute of Directors (VIOD), Myanmar Institute of Directors (MIOD), Singapore Institute of Directors (SID), Indonesian Institute of Corporate Directorship (IICD), Darussalam Assets Sdn Bhd and International Business Chamber of Cambodia (IBC) under the ASEAN IOD Network initiative, with the aim to better understand what affects ASEAN boards and directors - how the role of the board has changed over the past 12 months, what will be the important focus areas for boards in 2024 and beyond, apart from business performance and outlook as well as board effectiveness from the views of those working directly with the board members.

A total of 335 usable responses were received with varying degrees of completion. The responses gave rise to the alarming questions as to whether the board has the insight and foresight to assess and steer their organisation's business model, governance, talents, dynamics, and culture to position itself for the future. This re-emphasizes the need for boards to take stock of their board effectiveness – looking inward before looking outwards. Are they focusing on the right agenda and setting the right priorities with the management? Can they effectively be stewards to the management team with the current dynamics? Do they have the right members with the right skills, leadership qualities and mental shift to drive future growth? Are they constantly updating their own knowledge on the current and future business landscape and trends that may impact or give rise to new opportunities to their organisations?

#ProgressiveASEANBoards
#PurposefulLeadership
#ASEANdirectorsRegistry

**THE 5 KEY
THEMES FOR
2024 & BEYOND**
REFOCUS
ON BOARD
EFFECTIVENESS



In our previous 2022 report, we have recommended that boards should cultivate a forward-looking mindset and the right organisational culture to turn risks into growth opportunities. A paradigm shift to a progressive sustainability-driven governance model is also necessary for companies to further catalyse their overall growth.

From the current survey, we realised that in the pursuit for growth in a much more volatile, uncertain, complex, and ambiguous (VUCA) landscape over the past two years, boards and management will now need to look back internally and take a hard look at how they have managed through the years – whether what works then will be relevant and effective to bring the organisation forward.

1

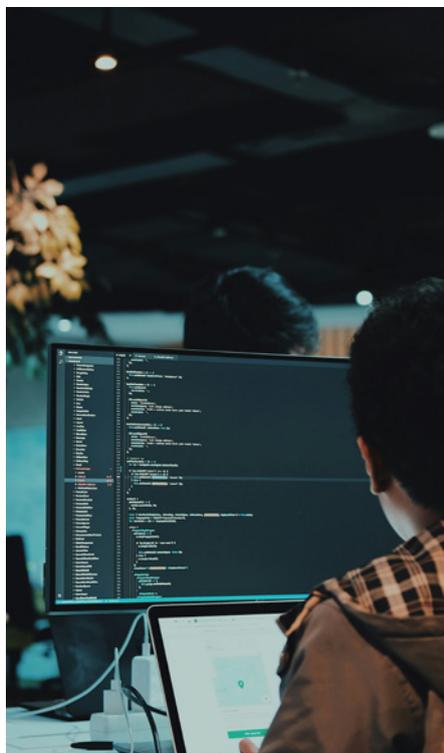
Board agenda: Realign & set your priorities right.

Boards are still adopting the same-old thinking and ways of doing things, looking at things through yesterday's lens. There seems to be a mismatch between the board's top strategic priorities over the key threats moving forward. They still set similar strategic priorities as previous years, not prioritising on mitigating, or managing identified key threats. Is your board continuously learning, being updated on the current and future business landscape and trends that may impact or give rise to new opportunities and risks to the organisation?

2

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

Misaligned priorities between the board and management are noted throughout the survey. Differing ideas are also noted on areas needing more attention from the board in addition to key strategic priorities moving forward for the organisation and board dynamics and effectiveness. How can the board and management have more meaningful discussions, realign, and agree on priorities and expectations of both sides? Do you have the right culture, setup, and relationship for this to happen? Sharpen your skills, acquire deeper knowledge, and find effective ways to connect with management for more meaningful conversation, oversight, and insight.



3

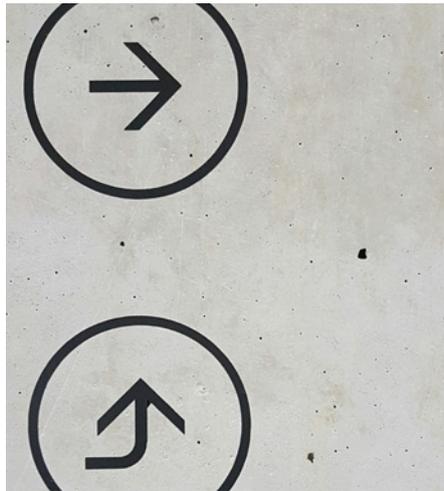
Board architecture & culture: More progressive and forward-looking board needed.

Management is less positive of their current board having the right people and skillsets to provide the strategic direction and challenge required to take the company forward, the right blend of knowledge and experience and, qualities to support the shifting needs of the business into the next 3 to 5 years. What kind of board should you be? How is your board culture? Do they have the avenue, courage, and candour to speak their mind and ask what needs to be asked? What is the role of the chairman in inculcating a progressive board culture and the right board-management dynamics?

4

Board effectiveness:
To do a stocktake.

Although boards may feel that they are doing well in their role, management feels their board lacks diverse views which hampers insightful discussions or identification of blind spots and issues important to the company's future. A small percentage feels that their board deliberations bring value and improve the quality of management's decision-making, with almost half of them saying their board members rarely express their views and disagreement. How effective are you as a board? What value can you bring to the table? Does the board have the right skills and mental shift to drive future growth?



5

Board & sustainability:
Reality vs theory.

Most board members understand that it is more than just a reporting requirement and are already embarking or planning to embark on sustainability management and governance. But the management are not very convinced that their board's current knowledge on sustainability is adequate to support their oversight role. The board does recognise that their oversight challenges are more on having the right governance in place and setting performance targets and measurements. What can you do to play your role effectively in ensuring that those targets are realistic and achievable? Health, safety and wellbeing, talent management and succession planning are among top key sustainability matters for the boards' attention. How is the board supporting and reflecting the strategic importance of the human capital function and talent issues through improved talent governance?

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

Albert Einstein

A German-born theoretical physicist





The responses we received gave rise to the alarming questions as to whether the board has the insight and foresight to assess and steer their organisation's business model, governance, talents, dynamics, and culture to position itself for the future.

Key actions moving forward

Undertake a formal board effectiveness evaluation

Understand the current landscape of your board, especially its composition and working dynamics within the board, board and management relationship, and identify key development and training needs for the board and senior management. Conduct a regular independent board evaluation encompassing a candid 360-degree assessment that will provide holistic perspectives for forward looking improvements.

Reevaluate your board composition & remuneration package at regular intervals

Revisit your nomination and appointment process. Do a proper board skills matrix analysis. Identify skill gaps according to the immediate and future direction of your organisation. Are you attracting the right board talent? Board nomination & remuneration committee (NRC) should lead discussions around strategic board succession and development and drive change together with the chairman or senior independent director. Boards should look beyond its circle when sourcing for board candidates. The ASEAN Directors Registry could be a good start for boards looking for international experience.



Work out your board-management relationship & dynamics

Boards need to act as the compass to steer the organisation towards the right direction while the management captains the ship. Understand the value of interpersonal relationships – being able to interact and work together with all stakeholders. Listen and observe more. Learn the art of asking the right questions to encourage robust discussions.



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

There should be a joint board-management strategic planning session to brainstorm and have open discussion to agree on the key material issues and risk matrix for the organisation. Boards can look from the wider perspective while management can provide key insights to actual operations on the ground. This provides a common understanding of the key issues within and out of the organisation from which the right priorities and agenda can then be set.

Talent governance and organisation culture

The organisation thrives when people in the organisation are happy and well. Board and management, as leaders of their people must engender a conducive organisational culture which in turn will cultivate good governance and improve innovation and productivity. Has the board considered expanding the remit of existing board committees, or implemented new ones to address shifting expectations of current and future employees?

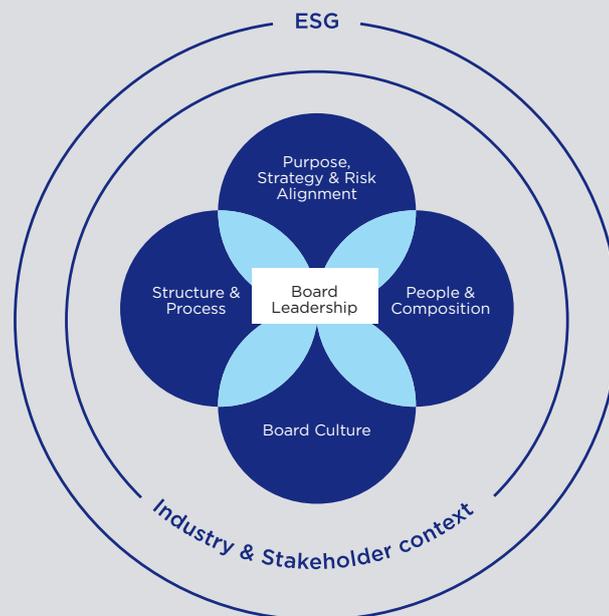
Look at your sustainability agenda and targets – no greenwashing

Boards need to acquire the required knowledge of the sustainability agenda, from the relevance to the core purpose of the business to the constant demand of regulators, investors, and the wider stakeholder group to be able to provide the right direction and questions to the management. Formal classroom learnings of theories are insufficient. Talk to others, join networks and forums to learn from each other and from those who have embarked on the journey. It could be trial and error, but it should be a genuine effort, not just greenwashing.



Be an authentic & purposeful leader

Be clear about your purpose, your role, whom you serve as the board, driven by values, moral and ethical discipline. Be mindful and authentic in your actions. Be curious and creative. Have the foresight and insight – look inward and outward of oneself, as well as the organisation. Have empathy and compassion. Set the right tone and most importantly, build trust.



Key elements of a well-structured board evaluation framework

Board Leadership roles and behaviour of chair/lead director and committee chairs

Purpose, Strategy & Risk Alignment clarity, alignment, contribution, time horizon

People & Composition competencies, diversity, individual/collective board performance

Structure & Process committees, meeting mechanics, agenda, information flow

Board Culture behaviours, relationship dynamics, working together

Source: Russell Reynolds Associates

**Leadership is having
 a compelling vision,
 a comprehensive plan,
 relentless implementation,
 and talented people
 working together.**

Alan Mullaly

An American aerospace engineer
 and businessman

Insights From The Survey Results

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

The Role of The National Institute of Directors

The ASEAN IOD Network was initiated in 2020 to pool resources and knowledge to better serve the board community in ASEAN and beyond. Apart from working on research studies and programmes, we are now looking at providing a wider range of board candidate selection through the ASEAN Directors Registry.

Areas the ASEAN directors would like the institute of directors to do more on. Ranked by order of importance.

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

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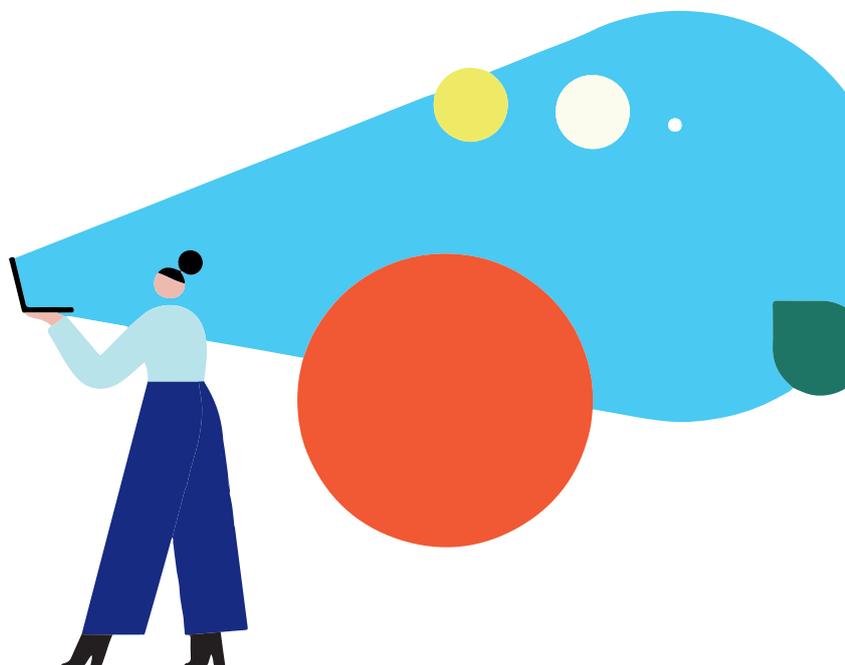
Business Performance & Outlook

Economic recovery is still far behind with only 39% foreseeing improvements in the next 2 years while 40% expect no change in growth. More optimistic outlook for longer-term growth with 73% foreseeing improvement in the next 3 to 5 years. Respondents from Vietnam are the most optimistic on their country’s growth compared to other ASEAN countries.

Q: How do you foresee the economic growth for your country?

	In the next 2 years			In the next 3 to 5 years		
	All (n=335)	Board (n=195)	Mgmt (n=140)	All (n=335)	Board (n=195)	Mgmt (n=140)
Improve	39%	42%	36%	73%	75%	71%
Stays the same	40%	42%	39%	12%	12%	11%
Decline	16%	14%	19%	6%	5%	9%
Not sure	4%	3%	6%	9%	8%	9%

A paradigm shift to a progressive sustainability-driven governance model is also necessary for companies to further catalyse their overall growth.



Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Board's Agenda, Roles & Dynamics

The past months have been a challenging one for businesses not only across ASEAN but globally, with an even harsher VUCA business landscape, the impending financial crisis and geopolitical tussles among the many other disruptions. The strategies of boards then were mostly focused on getting their act together internally. More importantly now, leaders needed to be agile, creative, and quick to market.

Q: What has been done differently in the last 12 months to ensure your organisational sustainability?

	All (n=335)	Board (n=195)	Mgmt (n=140)
IMPROVE INTERNAL OPERATIONS			
Improve business model agility/restructuring/diversification	56%	52%	61%
Increase operational efficiency, process improvement, supply chain management, data-driven business decisions & strategy	56%	58%	53%
Re-evaluate risks & opportunities, crisis & business continuity plans	56%	56%	54%
Relook at cost containment/optimisation, capital allocation, debt restructuring, cashflow	45%	43%	47%
Strengthen cybersecurity, improve cyber hygiene	25%	26%	24%
FOCUS ON SUSTAINABILITY & GOVERNANCE			
Integrate sustainability considerations into corporate culture, strategy, purpose & values	44%	43%	46%
Ensure proper corporate governance processes, ethics & reporting	41%	43%	39%
Measure and benchmark sustainability & ESG performance targets	25%	31%	18%
INNOVATION, DIGITALISATION, MODERNISATION, EXPANSION			
Innovative/new line of products & services	41%	42%	39%
Accelerate shift to business digitalisation & innovation, technology modernisation	39%	39%	37%
Market growth & expansion, leverage on regional & cross border cooperation, strategic partnerships, collaboration, outsourcing, JV, M&A	35%	31%	40%
FOCUS ON PEOPLE			
Enhance talent strategy (reward system, repurpose roles, development) & better workforce planning	38%	37%	39%
Improve board-management synergy, faster decision making, less bureaucracy	25%	27%	22%
Strategic engagement & communication with stakeholders	25%	25%	26%
Shift to flexible working models, more emphasis on employee safety & well-being	16%	13%	20%
Others	1%	1%	1%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Moving forward, whilst pursuing growth and expansion, organisations need to keep key threats in check and learn the lessons from the previous VUCA years. The inability to effectively pivot ideas into a new business line or model will pose a greater issue. To do this right requires having the right leaders and the right talent with the right skillset and diplomacy.

There appears however to be a mismatch between the board's top strategic priorities over the key threats moving forward. Their top strategic priorities for the next 2 years are just very similar to what they have been doing for the past difficult years. Boards and management need to realign their understanding of key threats for their businesses and the forward-looking strategic priorities to mitigate the key threats.

Q: In your opinion, what may be the top 5 key threats to your organisation over the next 2 years?

	All (n=335)	Board (n=195)	Mgmt (n=140)
HAVING THE RIGHT TALENT & LEADERSHIP			
Human capital – talent availability, health & safety, balancing needs for recruitment/layoff	63%	63%	64%
Leadership – inability to make right business/investment decisions, not cultivating the right culture	39%	37%	41%
Innovation – inability to innovate services/products offering/business model	37%	41%	33%
DIPLOMACY IN MANAGING MACRO & GEOPOLITICAL UNCERTAINTIES			
Macroeconomic volatility – prolonged economic stagnation, recession, high inflation, monetary policies, low exchange rates	52%	54%	48%
Geopolitical – trade risks/supply chain, change of government & policies	42%	42%	41%
SUSTAINABLE & EFFECTIVE OPERATIONAL STRATEGY			
Financial – inadequate cash-flow/financing, increased operational cost	46%	44%	50%
Sales – changing customer demand, cross border barriers	40%	38%	41%
Operations & production – logistics/supply chain disruption, technology adoption, energy prices	34%	31%	37%
OTHERS			
Regulatory – heightened requirements	28%	27%	30%
Environment – impact of climate change/biodiversity loss affecting your operation/produce/ commodity supplies	25%	28%	21%
Technological – evolving technology, cyber risks	22%	23%	21%
Internal control – the organisation's ability in maintaining reasonable assurance while responding to change	18%	18%	16%
Stakeholder capitalism – social activist, climate activist etc	6%	5%	6%
Others	2%	2%	2%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: What will be the top 5 strategic priorities to drive your company's success over the next 2 to 3 years?

	All (n=335)	Board (n=195)	Mgmt (n=140)
CONTINUOUS IMPROVEMENT ON INTERNAL OPERATIONS			
Improve business model agility/restructuring/diversification	60%	58%	62%
Increase operational efficiency, process improvement, supply chain management, data-driven business decisions & strategy	49%	46%	54%
Re-evaluate risks & opportunities, crisis & business continuity plans	42%	45%	39%
MARKET EXPANSION, STRATEGIC COLLABORATION AND INNOVATIVE OR NEW PRODUCT LINES & SERVICES			
Market growth & expansion, leverage on regional & cross border cooperation, strategic partnerships, collaboration, outsourcing, JV, M&A	48%	47%	49%
Innovative/new line of products & services	44%	45%	44%
Accelerate shift to business digitalisation & innovation, technology modernisation	31%	33%	28%
SUSTAINABILITY FOR REAL, NOT GREENWASHING			
Integrate sustainability considerations into corporate culture, strategy, purpose & values	37%	39%	34%
FOCUS ON PEOPLE. NO TALENT, NO TALK!			
Enhance talent strategy (reward system, repurpose roles, development) & better workforce planning	32%	29%	36%
OTHERS			
Relook at cost containment/optimisation, capital allocation, debt restructuring, cashflow	29%	26%	34%
Ensure proper corporate governance processes, ethics & reporting	18%	22%	14%
Strengthen cybersecurity, improve cyber hygiene	15%	15%	14%
Strategic engagement & communication with stakeholders	15%	12%	18%
Improve board-management synergy, faster decision making, less bureaucracy	13%	13%	14%
Measure and benchmark sustainability & ESG performance targets	13%	13%	13%
Shift to flexible working models, more emphasis on employee safety & well-being	2%	2%	3%
Others	1%	1%	1%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: Over the next three years, what are the top 3 strategies most likely to be adopted by your organisation to address the global supply chain issues?

	All (n=335)	Board (n=195)	Mgmt (n=140)
Diversification of suppliers (multi-sourcing of raw materials)	51%	50%	53%
Inventory optimisation and simplification of supply chains	46%	45%	46%
Increased focus on environmental sustainability	44%	47%	41%
Using AI and other technologies for supply chain optimisation	40%	36%	44%
Regionalising the supply chain (local, neighbouring country)	37%	35%	39%
Restructuring of supply chains in line with geopolitical fault lines	36%	37%	35%
Others	6%	4%	9%

**Stop greenhushing
 and avoid the risks of
 greenwashing by tying
 sustainability to your
 corporate purpose
 and growth strategy.
 Consumers are hungry
 for you to put your money
 where your values are - just
 like they're doing.**

Suzanne Shelton
 Senior Partner, Shelton Group,
 an ERM Group Company



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There are some differing views in terms of the areas needing more attention from the board, areas that are more challenging and will require more training and board dynamics and effectiveness. While boards place greater importance on business model agility, diversification and transformation, management believe human capital strategy and development should be a priority. Board and management will need to have more meaningful discussions, realign, and agree on priorities as well as expectations of both sides. Conducive working relationships and dynamics are needed to make this work. Boards may need to ensure culture transformation throughout the organisation – at board level, management and working level.

Q: Areas your board should spend more time on, are already spending the right amount of time or should spend less time on.

Note: Results here show the overall responses based on weighted average of spend more time, sufficient time, less time	All (n=290)	Board (n=173)	Mgmt (n=117)
Corporate growth strategy & plans, supply chain resilience	80%	80%	79%
Human capital strategy, development, performance & rewards	79%	79%	80%
Business model agility, diversification, transformation	78%	82%	71%
Technology & innovation strategy	76%	76%	76%
Corporate culture & ethics, purpose & long-term value creation	73%	73%	74%
Sustainability, climate change & ESG agenda, metrics & targets	71%	74%	68%
Business operations, performance & financials	71%	73%	68%
Risk management & internal controls	69%	70%	67%
Stakeholder engagement & communication, branding & reputation	68%	68%	69%
Cybersecurity governance & strategies	66%	68%	62%
Board composition, refreshment & succession planning/pipeline	64%	67%	60%
Board dynamics, effectiveness & development	64%	64%	64%
Board-management relationships, leadership	62%	63%	61%
Compliance & regulatory, data privacy, intellectual property	61%	62%	59%
Workplace transformation, diversity, equity & inclusion	60%	61%	58%
Operational safety, health & wellbeing, labour/human rights	58%	59%	56%
Internal & external audit matters	57%	57%	56%
Board remuneration & senior executive pay & incentives	55%	59%	50%
Others	1%	1%	1%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: What are the top 5 areas that are more challenging and will require more training for you and your board members?

	All (n=290)	Board (n=173)	Mgmt (n=117)
Sustainability, climate change & ESG agenda, metrics & targets	55%	58%	50%
Technology & innovation strategy	47%	50%	41%
Corporate growth strategy & plans, supply chain resilience	46%	46%	47%
Business model agility, diversification, transformation	46%	49%	43%
Corporate culture & ethics, purpose & long-term value creation	38%	35%	41%
Human capital strategy, development, performance & rewards	31%	29%	34%
Cybersecurity governance & strategies	30%	31%	28%
Business operations, performance & financials	29%	27%	32%
Risk management & internal controls	28%	30%	26%
Board dynamics, effectiveness & development	20%	18%	23%
Board composition, refreshment & succession planning/pipeline	17%	16%	19%
Stakeholder engagement & communication, branding & reputation	17%	15%	20%
Compliance & regulatory, data privacy, intellectual property	16%	17%	14%
Board-management relationships, leadership	11%	9%	14%
Workplace transformation, diversity, equity & inclusion	11%	13%	7%
Internal & external audit matters	7%	10%	3%
Board remuneration & senior executive pay & incentives	7%	5%	9%
Operational safety, health & wellbeing, labour/human rights	6%	5%	7%
Others	0%	0%	1%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Board's Effectiveness, Composition & Culture

Although the boards in general may feel that they are doing well in their role, having the right blend of knowledge and people on board, and that they can still contribute and balance their time commitment while being on multiple boards, management's response reflects lower percentages on all fronts. There is also much higher percentage of management saying their board members rarely express their views and disagreements. It is interesting to note that the management feel that refreshing board composition in order to have more diversity on board, having more robust onboarding programmes for board members and a more candid and robust board and director effectiveness evaluation process will improve the board dynamics more than just having informal offsite board meetings throughout the year or having more deliberation on sustainability. Hence more substance over form.

Q: How much do you agree or disagree with the following statements?

Note: Results here show the overall responses based on weighted average of strongly agree, agree, neutral, disagree, strongly disagree to not applicable	All (n=290)	Board (n=173)	Mgmt (n=117)
My board deliberations bring value & improve the quality of management's decision-making	77%	80%	72%
My board has cognitive diversity to maintain constructive discussion in providing strategic direction & challenge required to take the company forward	74%	77%	70%
My board understands his/her role, authority & priorities	72%	75%	68%
My board has the right blend of knowledge & experience to support the shifting needs of the business in the next 3 to 5 years	72%	76%	65%
My current board composition has the right people and right skills to provide the strategic direction & challenge required to take the company forward	69%	73%	63%
My board lacks diverse views, which hampers insightful discussions or identification of blind spots and issues important to the company's future	53%	51%	56%
There is significant increase in time commitment to the board(s) I sit on	75%	80%	69%
I realised I can contribute more & plan to take up more board roles	71%	72%	69%
I can balance my time commitment & obligations to multiple boards	70%	74%	64%
Being on multiple boards has challenged my effectiveness as a director	54%	54%	54%
I gave up or plan to give up one or some of my board roles due to increased time commitment expected on boards I currently sit on	47%	46%	48%

Q: Which of the following scenario is applicable to your board room discussions?

	All (n=290)	Board (n=173)	Mgmt (n=117)
My fellow board members actively engage in healthy discussions with no one individual director dominating discussions.	57%	65%	46%
My fellow board members occasionally engage in rigorous challenge (such as risky transactions).	22%	18%	28%
My fellow board members rarely express their views and disagreements.	11%	8%	16%
My fellow board members are unafraid to take an unpopular stance.	9%	9%	9%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: Which of these measures can further improve your board dynamics and effectiveness to support the emerging needs of the business?

	All (n=267)	Board (n=164)	Mgmt (n=103)
Increase interactions and cooperation with the management in both formal and informal settings	48%	48%	50%
More tailored trainings on latest trends/emerging risks for boards together with senior management	47%	50%	42%
Enhance board meeting agenda with effective board papers, time allocation for deliberation & decision-making	39%	40%	36%
More informal/offsite board meetings throughout the year	39%	43%	31%
Increase deliberation on sustainability, ESG and climate-related matters	37%	42%	29%
Refresh board composition, review board selection & nomination criteria, have more diversity on board	31%	28%	35%
A more candid and robust board & director effectiveness evaluation process	30%	29%	32%
More regular independent sessions of NEDs without the presence of EDs	27%	27%	26%
More robust onboarding programmes for board members	26%	21%	33%
More effective chairmanship, give equal opportunity for all board members to contribute to board deliberations	23%	18%	31%
Address stakeholders need and conduct regular engagement	19%	20%	19%
Establish new board committee/widen board committee scope to apprehend the new challenges	19%	20%	18%

Regulation is most effective at addressing measurable issues such as wages and carbon emissions. However, it's much harder to regulate qualitative issues such as providing employees with meaningful work and skill development.

Alex Edmans
Professor of Finance,
London Business School



Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Both board and management recognise the need to improve their sustainability committee which ties in to the top 5 areas that are more challenging and will require more training – No 1. Sustainability, climate change & ESG agenda, metrics & targets. The role of the GRC, RMC and chair will be very important when they look at forward looking growth strategies for the organisation and in treading the macro and geopolitical risk in the current business landscape. Management also feels that the NRC will need to further improve; this is especially true with the need for boards to put higher priority on talent strategy moving forward.

In terms of board replacement, there seems to be a sense of collegiality in the ASEAN culture and a consensus on how current board composition can be improved. It boils down to board selection, nomination, and appointment of new independent directors. There needs to be more diverse boards in terms of age, tenure, gender, geographic experience, and current skillsets related to digital, technology, artificial intelligence, sustainability and ESG. Interestingly, possibly due to influence by Asian cultural norms, diversified perspectives, or cognitive diversity (differences in the way the group thinks), skillsets related to people management and communications are not a popular choice when it comes to how board composition can be improved. These skillsets are in fact crucial for effective leadership. Could an abundance of differing opinions make progress difficult?

Q: Which role would need to improve further next year?

	All (n=260)	Board (n=161)	Mgmt (n=99)
Sustainability Committee (SC)	48%	48%	47%
Governance, Risk & Compliance Committee (GRC)	36%	32%	41%
Risk Management Committee (RMC)	33%	34%	32%
Board Chair	27%	29%	25%
Nomination & Remuneration Committee (NRC)	22%	20%	26%
Audit Committee (AC)	18%	20%	15%
Nomination Committee (NC)	8%	7%	11%
Remuneration Committee (RC)	7%	6%	8%
Others	1%	1%	2%

Q: Should any of the board members be replaced in the next 2 years?

	All (n=258)	Board (n=159)	Mgmt (n=99)
None	49%	52%	43%
1	21%	17%	28%
2	21%	23%	17%
3 or more	9%	8%	11%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: Which aspects of current board composition can be improved?

	All (n=258)	Board (n=159)	Mgmt (n=99)
The board selection, nomination & appointment of new independent directors	81%	81%	83%
Generational difference (i.e. diversity in terms of age)	71%	70%	73%
Skills set – related to digital, technology, artificial intelligence	60%	62%	57%
A good mix of new and old directors and minimum presence of overly long tenure directors	60%	57%	64%
Gender balance	58%	59%	56%
Participation of directors from other nationalities/with international expertise	55%	54%	57%
Participation of women directors	52%	53%	52%
Skills set – related to sustainability, ESG	49%	51%	46%
Relevant industrial experience and skills set	47%	47%	47%
More diverse cultures	41%	40%	43%
Skills set – related to people management, communications	40%	39%	41%
Diversified perspectives/cognitive diversity	35%	38%	31%

Boards & Sustainability

Management is less confident of their board’s knowledge on sustainability and capability to support the board oversight role in this area. However, they are quite aligned on all other fronts as per the questions below. Boards must enhance their knowledge and expertise to be able to effectively contribute to the agenda.

Q: Is your current knowledge on sustainability adequate to support your board oversight role?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Yes	64%	67%	59%
No	36%	33%	41%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: What is the stage of sustainability management and governance maturity at your organisation/board?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Developing: We have engaged in sustainability management & governance matters for 1-3 years	44%	46%	42%
Launching: We recently launched a sustainability plan & initiative	21%	25%	16%
Incipient: We have not started such any initiative yet but plan to do so soon	19%	17%	21%
Mature: We have engaged in strategic sustainability management & governance matters for 4+ years	13%	9%	20%
Non-Existent: We have nothing in place and have no specific plans yet	3%	3%	2%

Q: What is the driving factor for the sustainability agenda in your organisation?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Our organisation's purpose of existence	43%	43%	44%
Reporting requirements	31%	34%	28%
Attracting investors	17%	15%	21%
Competitor	4%	3%	5%
Others	4%	5%	2%

Q: Which of the following areas do you think has the deepest connection to an organisation's sustainability agenda?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Strategy and vision development	36%	39%	32%
Leadership stakeholder trust and culture building	24%	25%	24%
Enterprise risk management	16%	13%	19%
Opportunity creation – products, services, sales, profitability	13%	11%	15%
Organisational resilience building	11%	11%	9%
Others	0%	0%	1%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: What is the governance structure for sustainability in your board?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Not formally embedded yet	27%	30%	23%
Fully integrated into whole board	19%	20%	18%
Added responsibility to an existing board committee	19%	15%	25%
A dedicated board sustainability committee	19%	20%	17%
Multiple board committees' responsibility	12%	11%	14%
One board member to champion	4%	3%	4%

Although most have started embarking on their sustainability journey, there is still a lot that needs to be done to engrain sustainability and ESG into the DNA of the organisation. Formal and informal learnings are a must.

Q: What is your main challenge when it comes to exercising oversight on sustainability?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Sustainability governance – Putting in place appropriate oversight structure for sustainability within the company; overseeing the setting of relevant sustainability policies, strategies, priorities and plans for the company; inculcating a conducive culture within the company.	33%	34%	33%
Performance target & measurement – Ensuring that realistic and clear sustainability targets are put in place for the company.	26%	25%	28%
Materiality assessment & stakeholder engagement – Reviewing and endorsing materiality process undertaken by the company in identifying, prioritising and managing economic, environmental and social risks and opportunities (“sustainability matters”) deemed material to the company and stakeholders.	17%	19%	15%
Reporting & disclosure – Developing an appreciation of the relevant regulations, guidelines, frameworks and standards in place (both mandatory and non-mandatory); ensuring availability of reliable data and disclosures.	15%	15%	15%
Not applicable. My organisation has yet to look at sustainability agenda.	8%	7%	9%
Others	0%	1%	0%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

Q: How is your company identifying the sustainability agenda that is most relevant to the business?

	All (n=245)	Board (n=149)	Mgmt (n=96)
Conduct materiality assessment	43%	44%	42%
Consult with external experts	43%	42%	45%
Engage external stakeholders	35%	36%	33%
Consult with internal stakeholders	34%	32%	38%
Use an evidence-based approach, i.e. science-based targets	22%	20%	25%
Not applicable. My organisation has yet to look at sustainability agenda.	11%	12%	9%
I'm not sure	7%	6%	8%
Others	0%	1%	0%

Q: Please choose which answers best describe your organisation and board oversight over the following statements:

	All (n=228)	Board (n=136)	Mgmt (n=92)
The board needs more board development and capacity building to have sufficient understanding and knowledge on ESG matters	76%	79%	71%
The board is clear on what sustainability, climate and ESG matters are (collectively referred as sustainability matters in this survey) and how it may impact and can be linked to the organisation strategy and goal setting	61%	62%	59%
The board will assign the ESG oversight responsibility to one of the existing board committees	51%	53%	55%
Sustainability matters is a regular discussion topic on the board agenda – embedded in the strategy, opportunity, risk framework	52%	47%	60%
The board is able to monitor and discuss the organisational sustainability performance report from management based on clear strategy, metrics and KPIs set	51%	49%	54%
The organisation links sustainability and ESG metrics to management's KPI	46%	41%	52%
The board will set up a board ESG or sustainability committee next year for better oversight in the subject matter	45%	41%	50%
The board will add board member(s) with specific sustainability, climate or ESG-related skills/expertise as part of the board skills matrix	35%	32%	38%
The organisation links sustainability and ESG metrics to board's KPI	34%	30%	39%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

**Q: Select the top 5 sustainability matters that your company is spending the most time on at Board/
 Board Committee level.**

	All (n=228)	Board (n=136)	Mgmt (n=92)
Health, safety & wellbeing	48%	51%	43%
Energy management	48%	51%	43%
Talent management & succession planning	40%	42%	38%
Waste management	30%	33%	26%
Legal/regulatory/compliance	30%	29%	32%
Risk & opportunity	28%	26%	32%
Climate change	27%	31%	22%
Anti-bribery/corruption/fraud/money laundering	24%	23%	25%
Purpose & values, ethics, culture	22%	20%	26%
Diversity, equity & inclusion	21%	15%	29%
Community/society investment/considerations	21%	22%	20%
Labour practices & human rights	21%	20%	22%
Emissions management	20%	21%	20%
Data governance/privacy/security	20%	16%	26%
Water management	19%	24%	13%
Reporting & disclosures, transparency	19%	17%	23%
Supply chain management	17%	19%	13%
Biodiversity	8%	7%	9%
Others	0%	0%	1%

Note that percentage numbers in graphs/charts may be +/- 100% due to rounding-error.

When it comes to sustainability reporting, slightly over half of the respondents have seen added value to their organisation. Conversely, the remaining respondents either haven't observed any benefits as yet or have not engaged in sustainability reporting to assess its true impact.

Q: Do you think sustainability reporting has added value to your organisation?

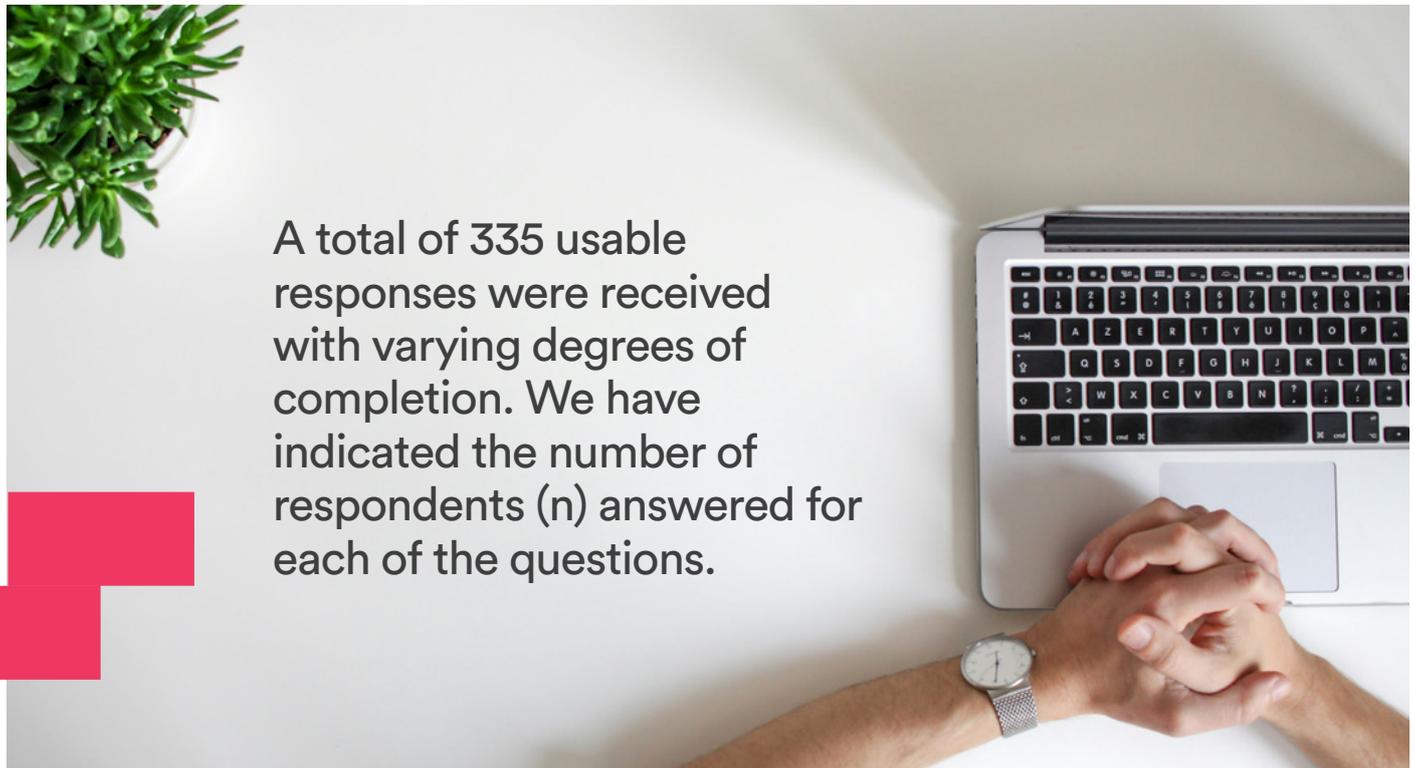
	All (n=228)	Board (n=136)	Mgmt (n=92)
Yes, have seen improvement in mitigating our impacts to the economic, environmental, social and governance	25%	24%	26%
Haven't seen any benefits yet	23%	24%	22%
Haven't done any sustainability reporting yet	21%	23%	18%
Yes, have seen improvement in processes and efficiency	19%	18%	20%
Yes, have noticed new market access and opportunities	7%	7%	8%
Yes, have noticed improvement in brand loyalty	4%	4%	5%
Other comments	1%	1%	1%



Are boards constantly updating their own knowledge on the current and future business landscape and trends that may impact or give rise to new opportunities to their organisations?



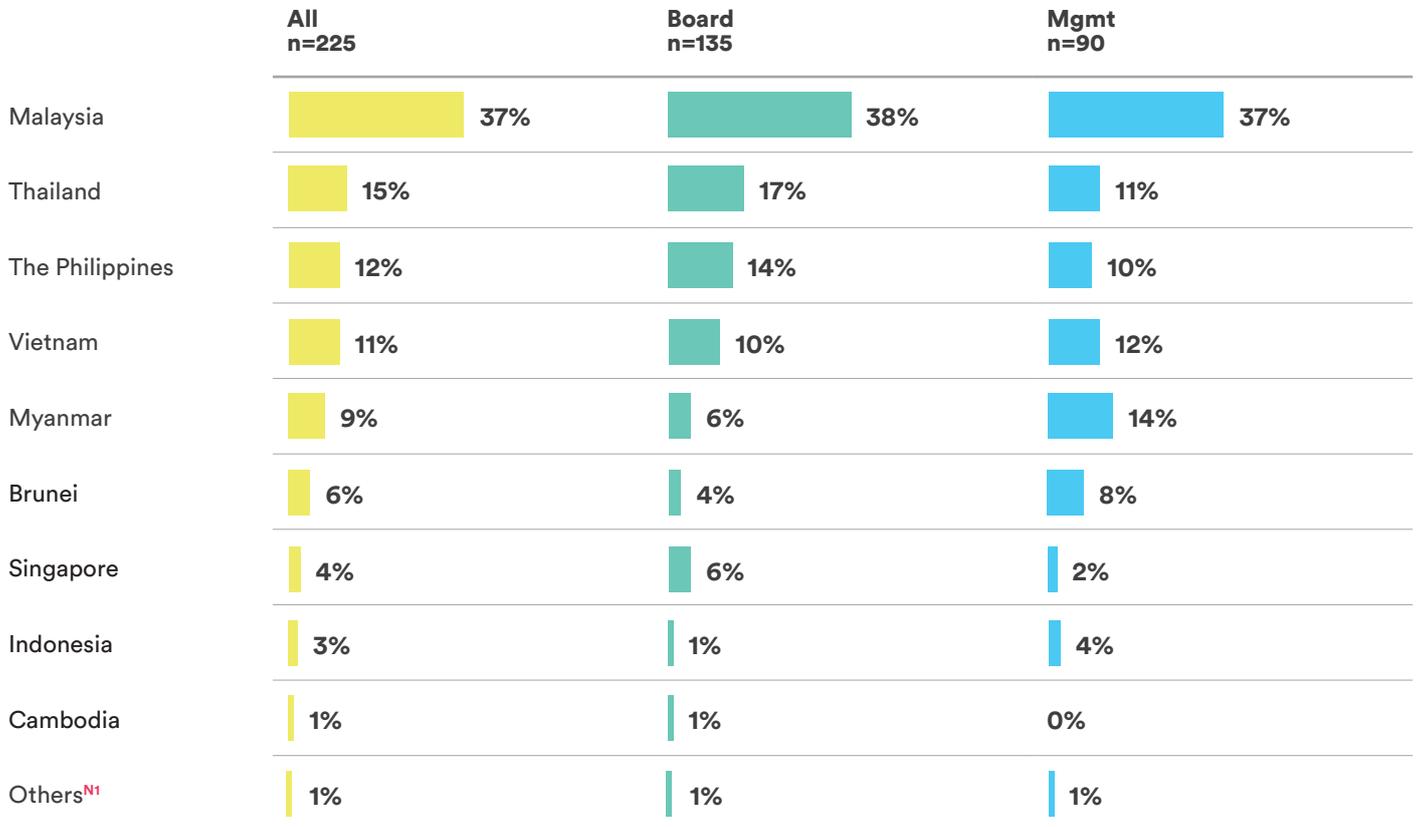
The Respondents



By Designation

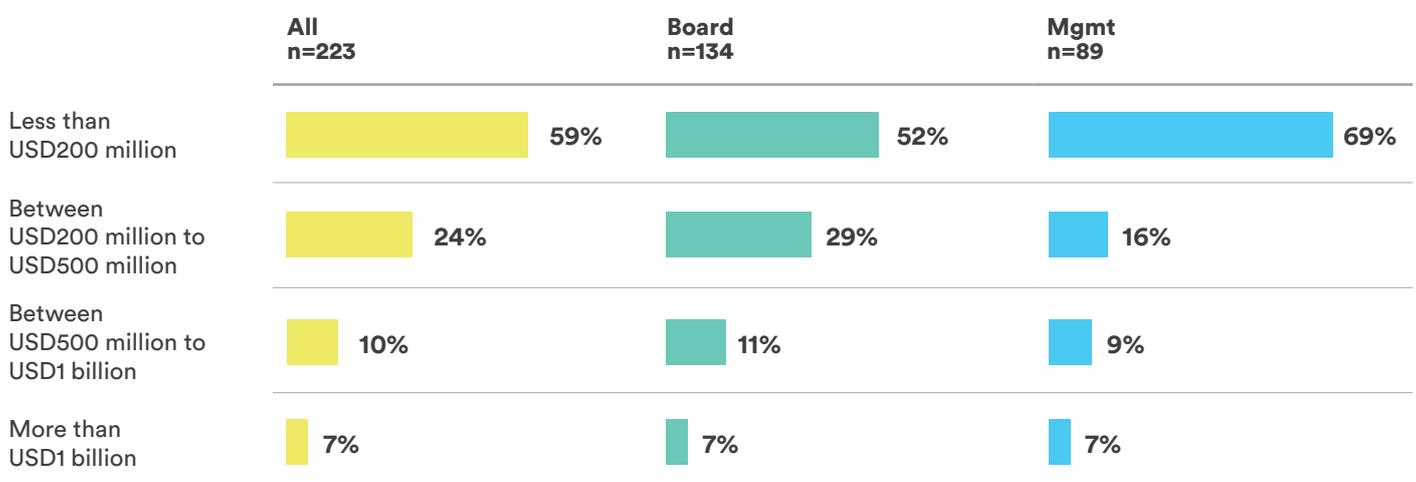
	All n=335	Board n=195	Mgmt n=140
Board Chair	13%	22%	-
Board Committee Chair	24%	41%	-
Non-Executive Director (NED), neither board chair nor board committee chair	22%	37%	-
Executive Director (ED)/ Managing Director (MD)	13%	-	32%
Chief Executive Officer (CEO)/ President or Deputy CEO/MD	11%	-	27%
C-Suites other than ED/MD/CEO with direct interactions with board members	17%	-	41%

By Country



N1 - Others are Australia, UK and Zimbabwe

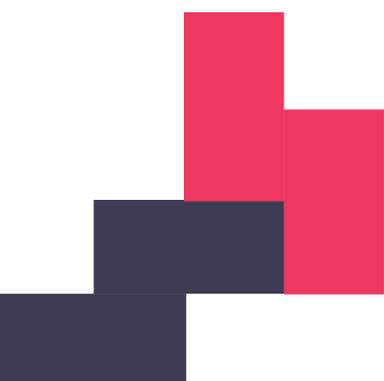
Size of the company by revenue per annum



By Industry

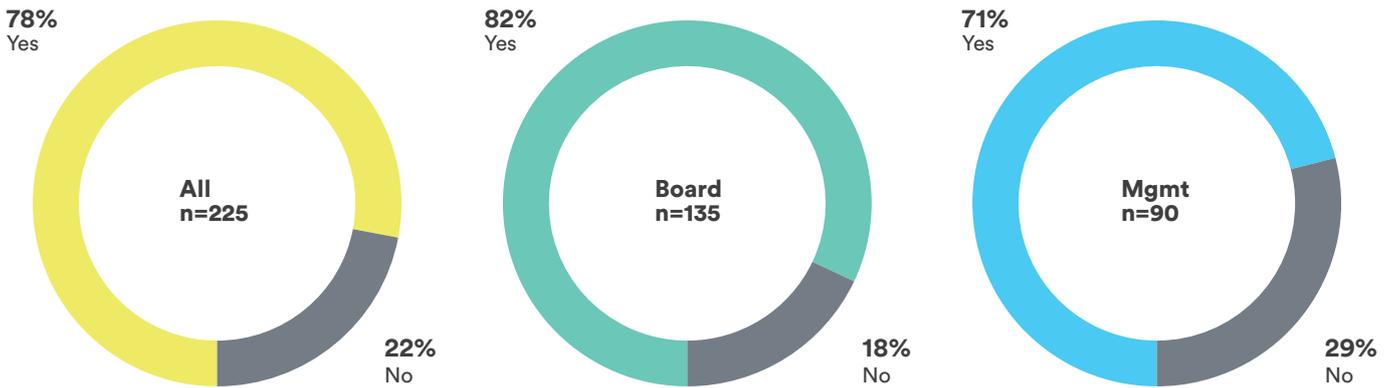
	All n=230	Board n=136	Mgmt n=94
Financial services	20%	20%	21%
Consumer products & services	18%	18%	19%
Industrial products & services	10%	13%	6%
Technology	9%	8%	10%
Energy	7%	8%	5%
Property	7%	8%	5%
Construction	6%	7%	3%
Health Care	4%	1%	9%
Telecommunication & media	4%	4%	4%
Utilities	4%	3%	5%
Transport & Logistics	4%	3%	5%
Plantation	3%	4%	3%
Others ^{N2}	3%	2%	2%

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

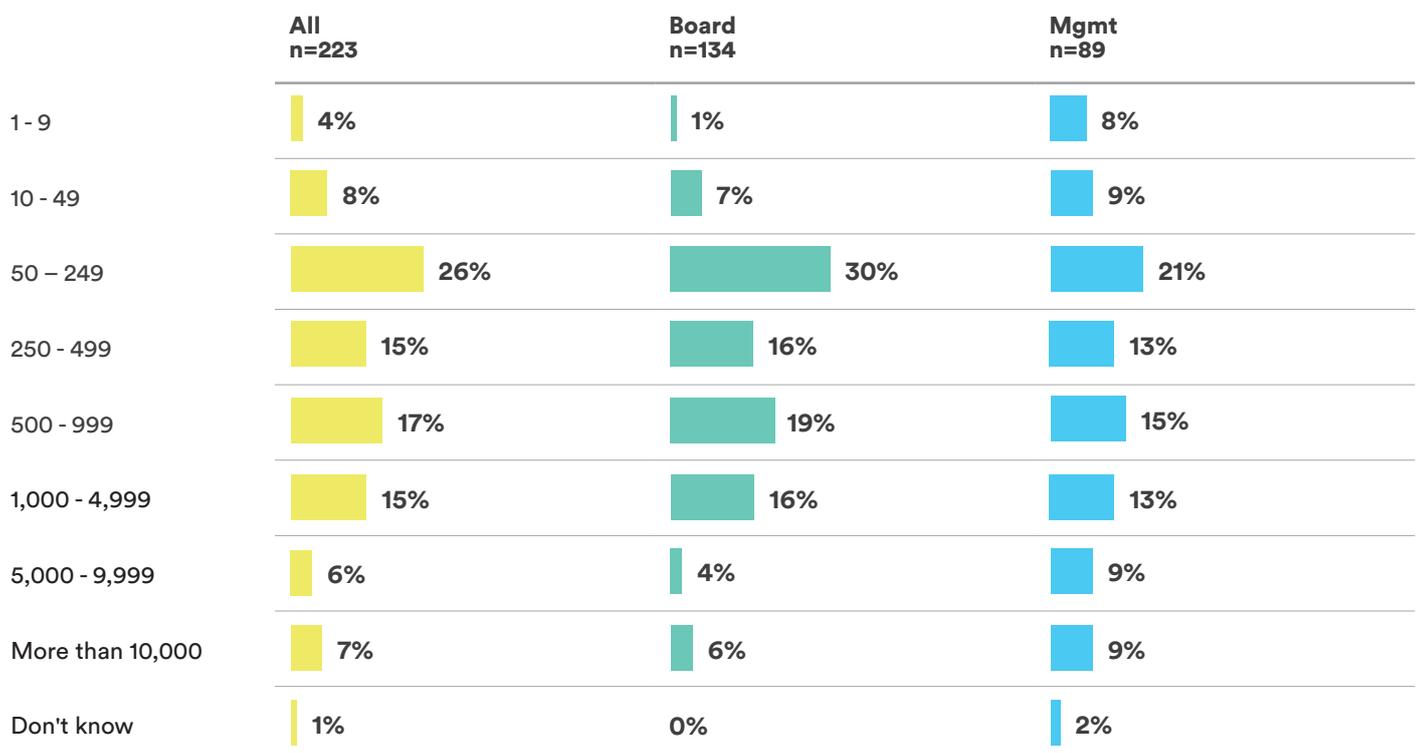


As key corporate governance leaders, boards' primary roles are steering the corporate strategy, oversight over management, ensuring fair return for shareholders while overseeing the overall risk and opportunities and the wider stakeholders' interests.

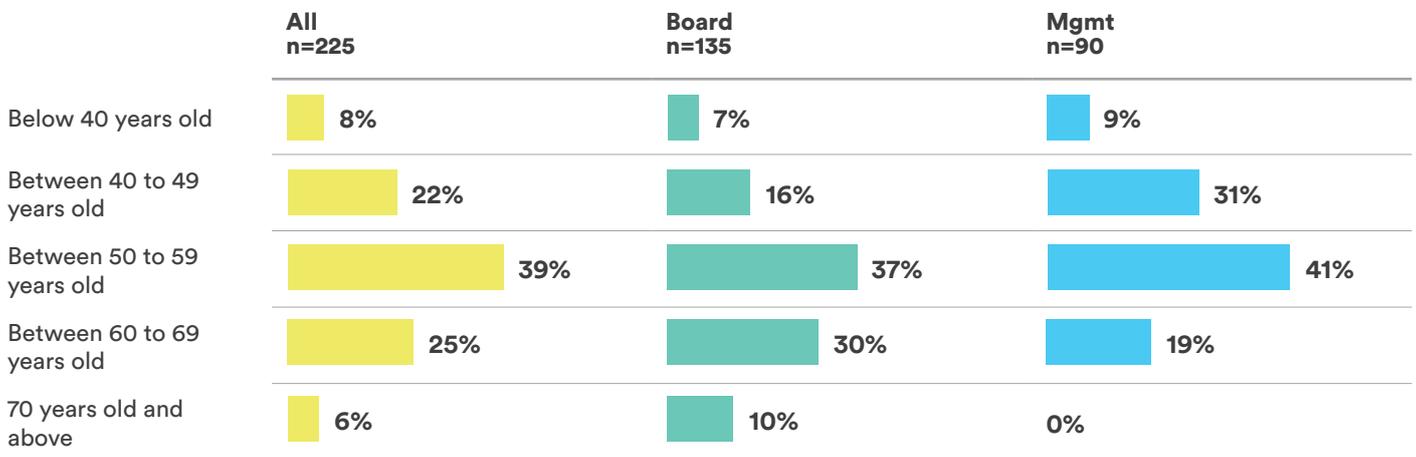
Member of the Institute of Director in country of residence



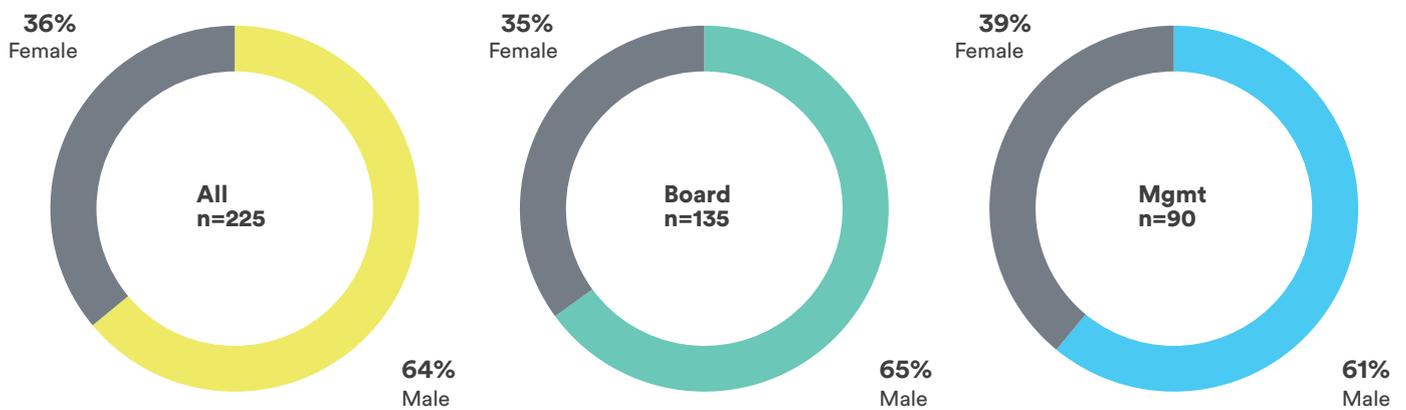
Size of the company by number of employees



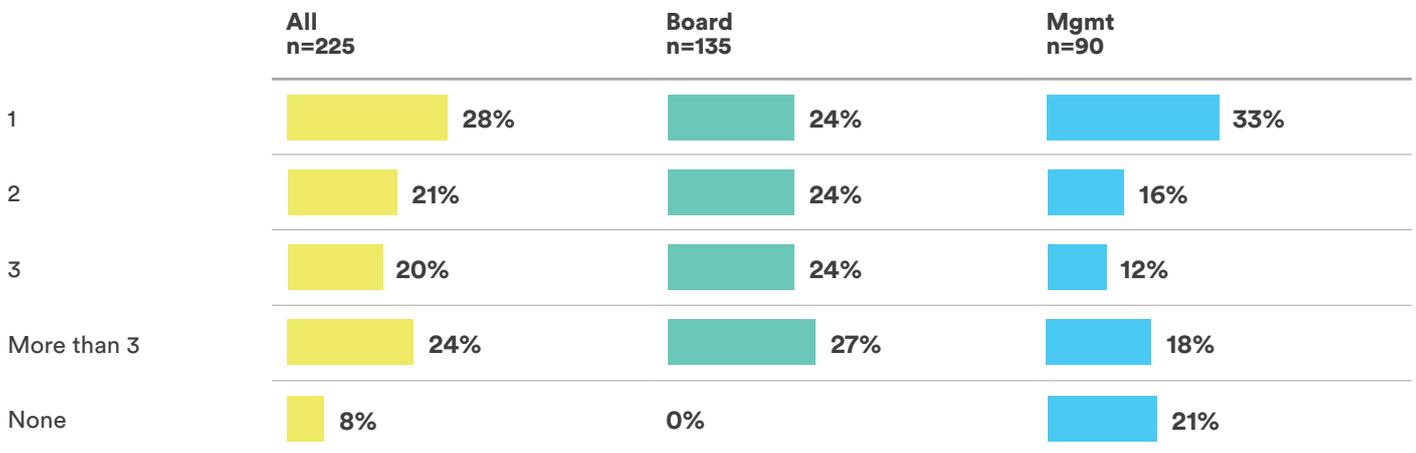
Age



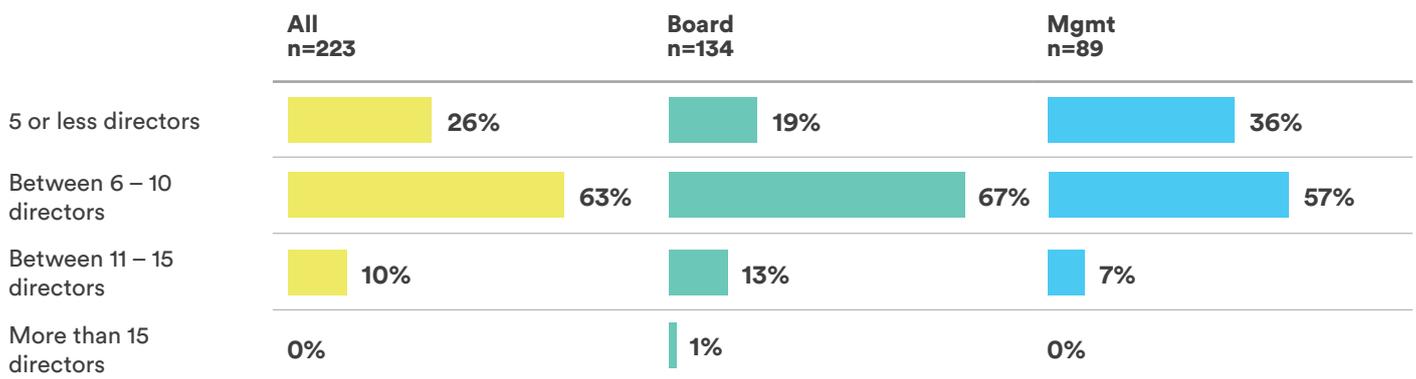
Gender



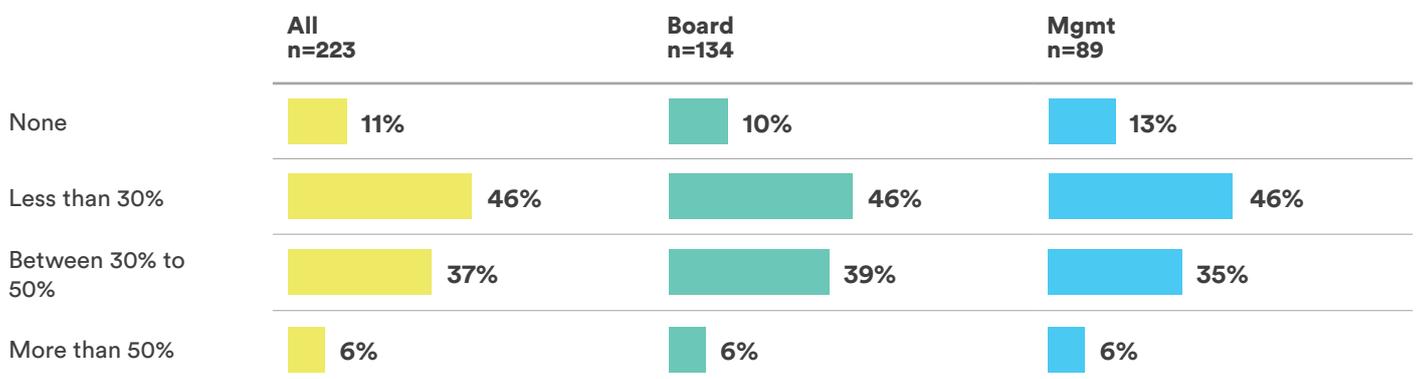
Number of board seats



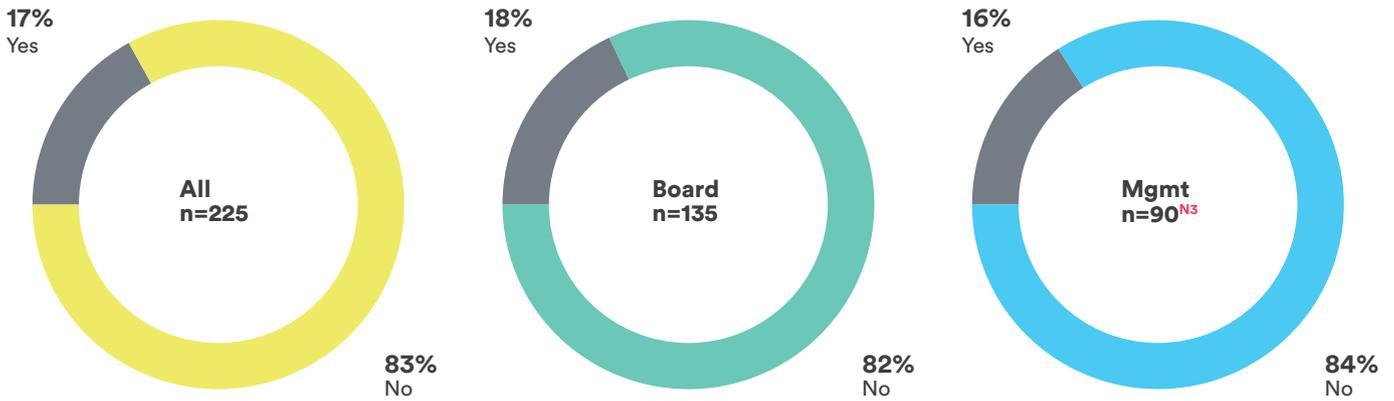
Board size



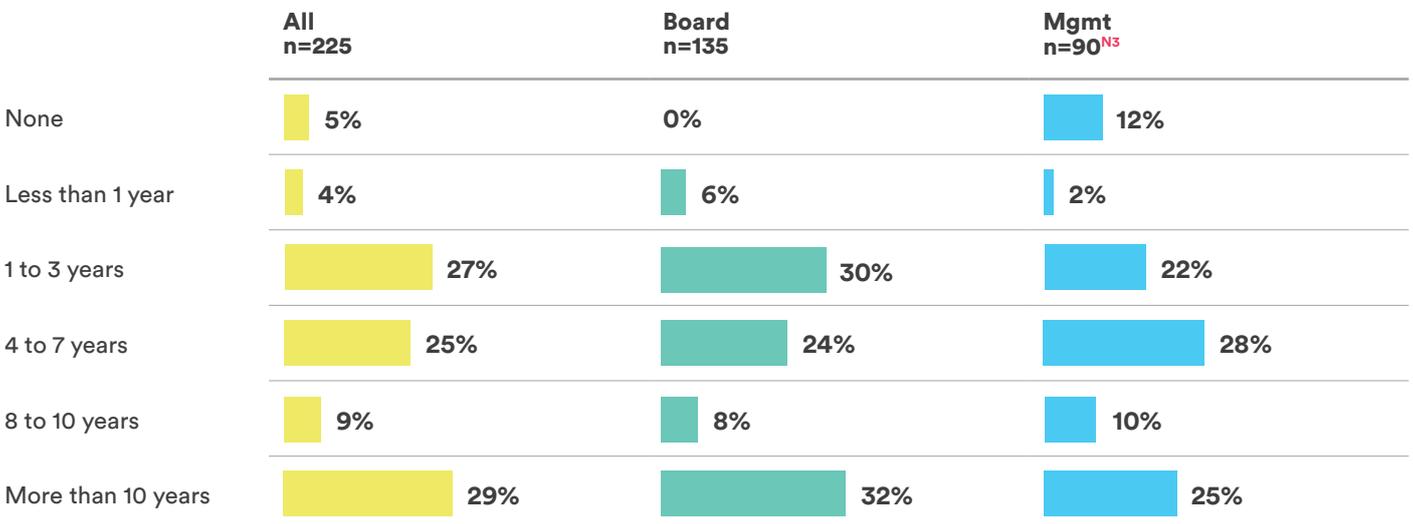
Percentage of women on the board



Holding directorship outside home country

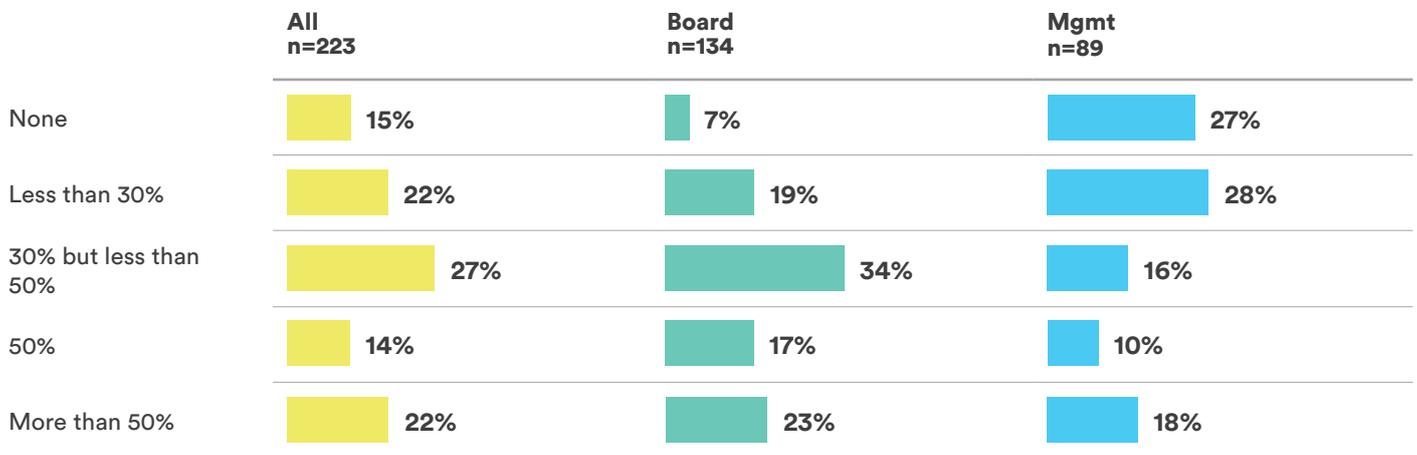


Years of board experience



N3 - These refer to their experience dealing with their board

Percentage of independent directors on the board



**Leadership should mean
giving control
rather than taking control
and creating leaders
rather than forging followers.**

Captain L. David Marquet
U.S. Navy (retired)



Acknowledgements

The Institute of Corporate Directors Malaysia (ICDM) extends its gratitude to all 335 respondents who took part in the survey. ICDM also expresses its deep appreciation to our eight ASEAN partners – the Institute of Directors Thailand (IoD Thai), Institute of Corporate Directors, Philippines (ICDPh), Vietnam Institute of Directors (VIOD), Myanmar Institute of Directors (MIoD), Singapore Institute of Directors (SID), Indonesian Institute of Corporate Directorship (IICD), Darussalam Assets Sdn Bhd and International Business Chamber of Cambodia (IBC) that have been very supportive of the ASEAN IOD Network initiatives.





Institute of Directors Thailand (IOD Thai)

The Thai Institute of Directors Association (IOD) is a leading organisation dedicated to improving director professionalism and corporate governance in Thailand. Founded in 1999, two years following the 1997 Asian financial crisis, the IOD has been at the forefront of promoting good governance practices in the Thai companies. Through its various activities, the IOD had helped develop professional standards of directorship, and provides best practice guidelines for company directors to perform their duties effectively up to the international standards.

It is the IOD's belief that with effective directors, the company will be guided in the way that it can be managed and operated effectively, hence, resulting in shareholders' value and sustainable growth of the Thai economy.

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Institute of Corporate Directors, Philippines (ICDPH)

The Institute of Corporate Directors, Philippines (ICDPH) is a non-stock, not-for-profit organisation dedicated to professionalising corporate directorship and raising the corporate governance standards of the Philippines. The institute was established in 1999 by Chairman Emeritus Dr. Jesus P. Estanislao in the aftermath of the Asian financial crisis, to establish and promote higher corporate governance standards in the Philippines. ICDPh is part of the Centers for Excellence in Governance (CEG).

ICDPH is the only institution in the Philippines accredited as a corporate governance training body by the Securities and Exchange Commission (SEC), the Insurance Commission (IC), and the Governance Commission for Government Owned or-Controlled Corporations (GCG).

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Vietnam Institute of Directors (VIOD)

Vietnam Institute of Directors (VIOD) is a leading professional organisation which promotes corporate governance standards and best practices in the Vietnamese corporate sector. Formed by the Vietnam Corporate Governance Initiative with technical support from International Finance Corporation and Swiss State Secretariat for Economic Affairs; closely collaborates and partners with State Securities Commission of Vietnam, Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange; VIOD aims to advance board professionalism, promote business ethics and transparency, create a pool of independent directors, build a network to connect corporate leaders and stakeholders, and help companies gain investor confidence.

VIOD is governed by a Board of Directors composed of a diverse group of business leaders representing the private sector, including investment funds, international legal and accounting firms, and board members of well-known companies.

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Myanmar Institute of Directors (MIoD)

Myanmar Institute of Directors (MIoD) is an independent organisation promoting corporate governance standards and best practices in Myanmar. Its vision is to strengthen Myanmar by advancing the highest level of ethical values, corporate governance, and the professional development of directors. Governed by a board of directors who are a diverse group of business leaders and advocates of good corporate governance, the institute aims to advance board professionalism, promote business ethics and transparency, create networks between corporate leaders and stakeholders, and boost investor confidence in Myanmar's private sector.

The MIoD also benefits from an Advisory Council with top officials from key regulatory bodies such as the Directorate of Investment and Company Administration (DICA) and the Securities and Exchange Commission of Myanmar (SECM), and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI).

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Singapore Institute of Directors (SID)

Singapore Institute of Directors (SID) is the national association of company directors. SID promotes the professional development of directors and corporate leaders and provides thought leadership and benchmarking on corporate governance and directorship. It works closely with the authorities and its network of members and professionals, to uphold and enhance the highest standards of corporate governance and ethical conduct. Formed in 1998, the membership of SID comprises mainly directors and senior leaders from business, government agencies and non-profits.

SID has a comprehensive training curriculum that covers the spectrum of a director's developmental journey. Members have access to a range of resources, including research publications, forums, seminars, benchmarking awards and indices, board appointment services and regular networking and social events.

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Indonesian Institute of Corporate Directorship (IICD)

Indonesian Institute for Corporate Directorship (IICD) is a non-profit organisation founded by ten (10) highly reputable Indonesian Business Schools and preeminent individuals. Since its inception in 2000, IICD which envisioned itself to be "Internalising Best Practices of Good Corporate Governance and Directorship" has been actively working on Seminars, Trainings, Panel Discussions, Curriculum Design, and research activities on GCG and Directorship. IICD with its alumni of more than 9,000 Senior Managers, Directors, and Commissioners positions itself to support the decision makers as the strategic partner in GCG implementation.

IICD programs have been supported by The World Bank, International Finance Corporation, Global Corporate Governance Forum, Center for International Private Enterprise, Asian Development Bank as part of the development of Good Corporate Governance implementation in Indonesia.

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Darussalam Assets Sdn Bhd

Darussalam Assets Sdn Bhd is a private limited company established in 2012 to own Brunei's Government-linked companies. Its shareholder is the Minister for Finance Corporation (MOFC). Darussalam Assets is an integral part of the government-led initiative to spur economic development, with the strategy of turning the companies into world-class corporations.

Its portfolio of companies is in various sectors of the economy, including aviation, telecommunications, power utilities, logistics, agribusiness, food and beverage, leisure and tourism, medical, education, hospitality, and real estate. It is currently looking at setting up the national institute of directors in Brunei.

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International Business Chamber of Cambodia (IBC)

The International Business Chamber of Cambodia (IBC) is a non-profit organisation with over 120 member companies covering various industries and nationalities. Established in Phnom Penh in 1993 as 'The Corporate Club' with a mission to provide leadership in creating a forum for local and international businesses and business associations interested in Cambodia to work together in the spirit of friendship and cooperation for mutual benefit. The chamber also foster constructive relations with the Cambodian Royal Government to promote policies, laws, and regulations conducive to the development of the business environment.

IBC plays an active role in promoting trade and investment in Cambodia and become the first to visit and contacted organisation by many foreign business delegations planning to visit the country. The chamber also promotes corporate social responsibility and good governance to enhance the international reputation of Cambodia's business community and engage in other initiatives that encourage and support foreign investment and business in Cambodia.

The IBC has strategic relationships with the World Economic Forum (WEF), Grow Asia and a member of the International Chamber of Commerce (ICC). The Institute of Directors Working Group within IBC is creating a national institute of directors, known as the Cambodian Institute of Directors (CIoD) which will be launched in Q1 2024. Initially, the CIoD will operate within the IBC.

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About ICDM

The Institute of Corporate Directors Malaysia (ICDM) promotes sustainability-driven governance and empowers boards and directors with forward-thinking mindsets, practical knowledge, and essential competencies to enhance professionalism and effectiveness. ICDM offers a comprehensive suite of board advisory and consultancy services and runs a series of development and advocacy programmes to build a robust corporate governance culture in Malaysia. Established by the Securities Commission (SC) Malaysia and supported by Bank Negara Malaysia, Bursa Malaysia, and the Capital Market Development Fund, ICDM serves as the national institute of directors and aims to be the leading influence of excellence in governance. www.icdm.com.my

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