



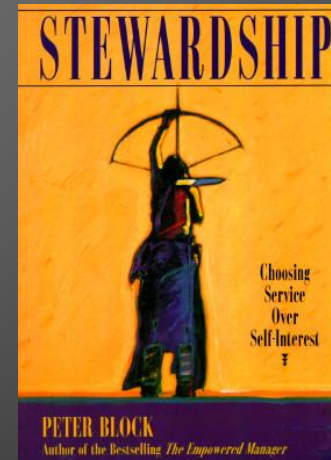
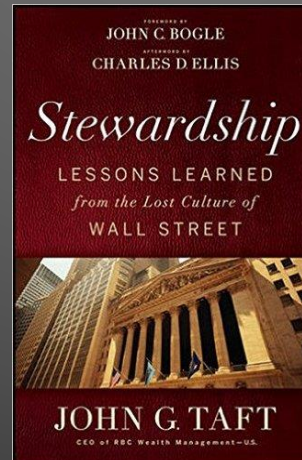
ISMS Representatives:

- Manerep Pasaribu
- Mohammad Hamsal
- Lamhot Henry Pasaribu
- Andreas Pardyanto



Stewardship

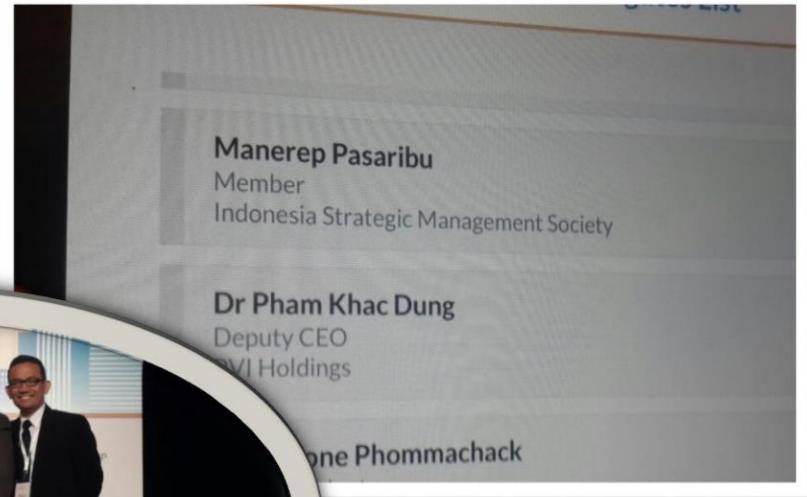
An Overview from Stewardship Asia Roundtable 2016 & Internal Meeting Shangri-La Hotel & Temasek Holdings Building, Singapore August 17-18, 2016 dan Training Stewardship di Temasek (Holding) Singapore tgl 9 Nov 2016



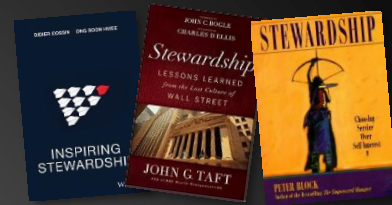
Stewardship Asia Roundtable 2016



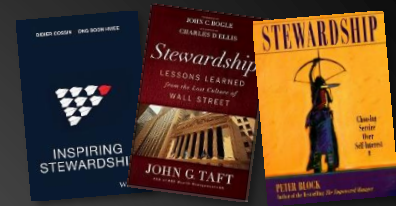
Stewardship Asia Roundtable 2016



Stewardship Asia Roundtable 2016



Stewardship Asia in Brief

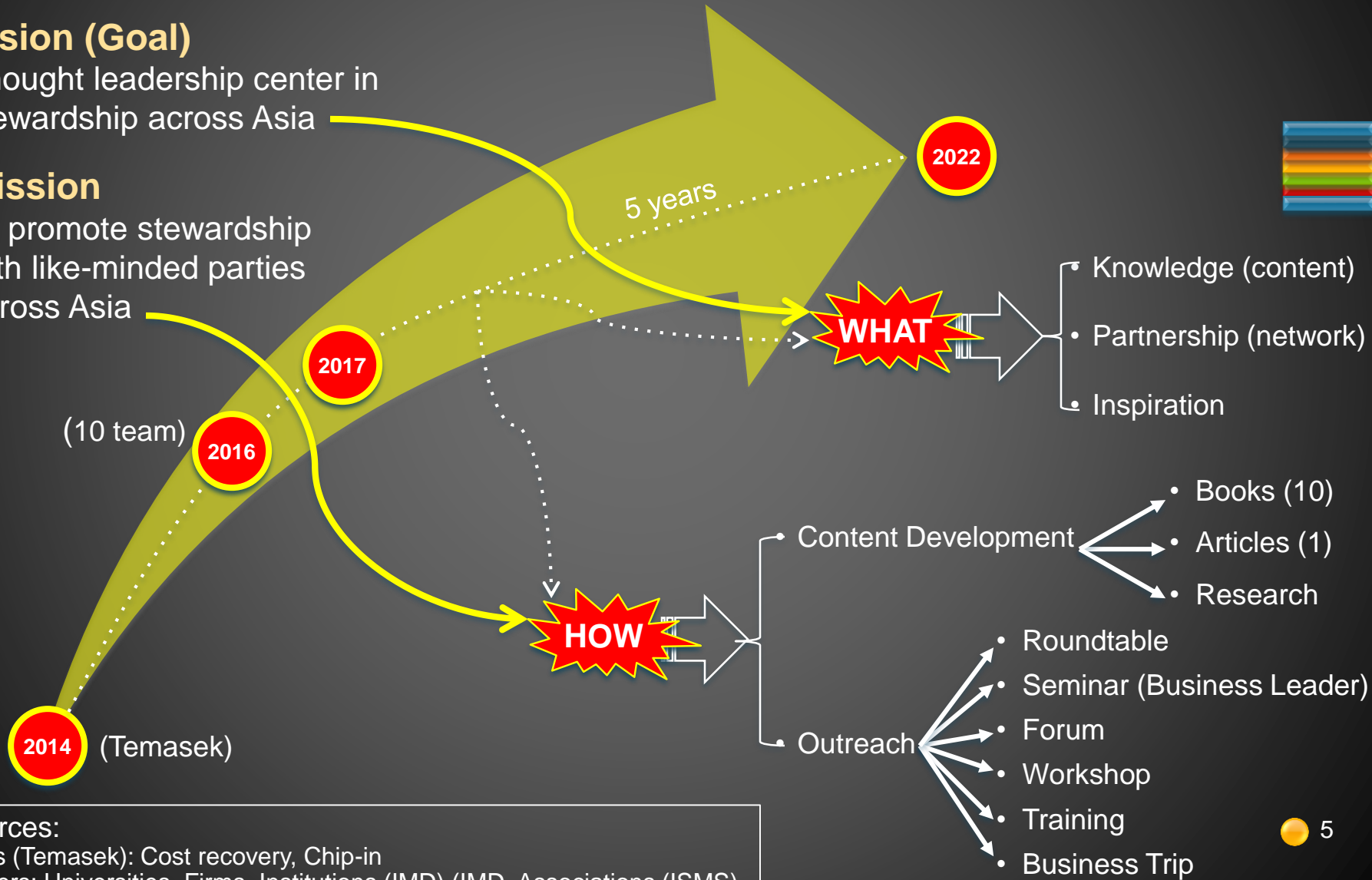


Vision (Goal)

Thought leadership center in stewardship across Asia

Mission

To promote stewardship with like-minded parties across Asia



Resources:

- Funds (Temasek): Cost recovery, Chip-in
- Partners: Universities, Firms, Institutions (IMD) (IMD, Associations (ISMS)

About Stewardship Asia Center



Stewardship Asia aims to foster effective stewardship and governance amongst business and leaders.

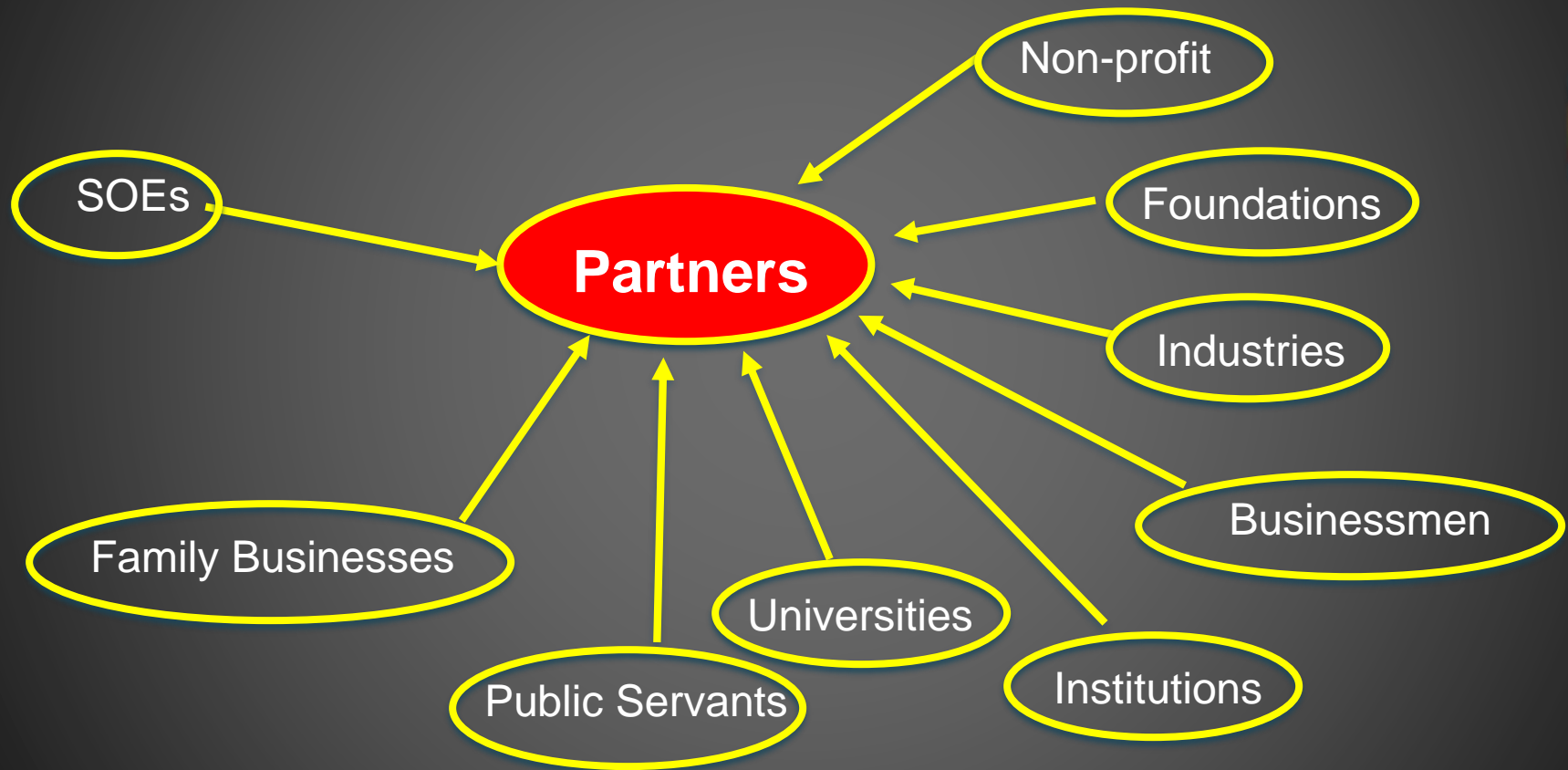
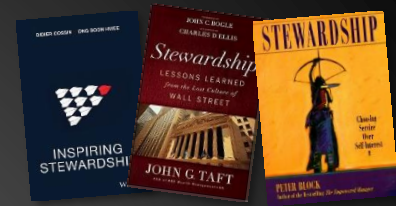
Based in Singapore, it is a thought-leadership center that collaborates with credible partners globally on capacity-building amongst organization and business leaders in Asia.

The Center works with SOEs, corporations, family-owned businesses, institutional investors as well as non-profit organizations.

Through its forum and knowledge platforms, the Center promotes and propagates the sharing and mutual learning of concept and practices that would make difference to organizations in creating wealth and also contributing to the well-being of the larger community over the long term.

Committed on the journey with like-minded organizations and leaders to contribute to building businesses that can thrive and grow, and creating the landscape for good stewardship across Asia.

ISMS Partnerships



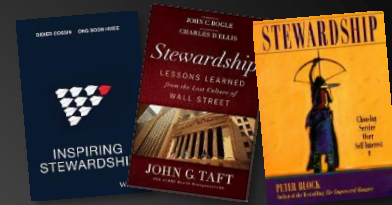


Didier Cossin

DIDIER COSSIN

FUNDAMENTALS/THE PRINCIPLES OF STEWARD LEADERSHIP

(Professor Didier Cossin, Director of Stewardship Asia Centre & IMD Global Board Center)



MAJOR DIMENSIONS OF STEWARDSHIP

Leading With Impact

- Stewardship requires the ability to energise, motivate, and transform.
Example: Companies that exercise good stewardship tend to focus on areas that increase non-fiscal stakeholder satisfaction, such as employee careers and social responsibility.
- Steward leading are influential and respected due to a combination of their vision, values, and integrity, their ability to understand and connect this vision with the needs of others, and their ability to deliver business results.

Safeguarding The Future of The Institution

- This requires the organisation to always choose long-term value, sacrificing short-term benefits to do so if necessary.
- Well-stewarded organizations are build on corporate culture where relationships are based on trust and employees are actively engaged in achieving a meaningful, lasting corporate purpose.

Driving Social Good/Delivering Meaningful Benefits to Society

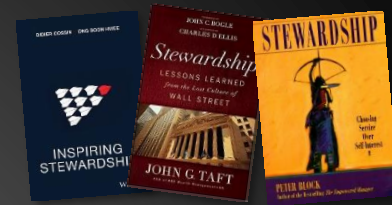
- Companies that prioritise social good must strike a balance between value contribution and value extraction, ensuring that even as they earn profits, they give back to the communities they operate in.
- Well-stewarded organizations understand and build on their connection to all stakeholders, sand seek to play a constructive role in delivering meaningful benefits to society.



Didier Cossin

FUNDAMENTALS/THE PRINCIPLES OF STEWARD LEADERSHIP

(Professor Didier Cossin, Director of Stewardship Asia Centre & IMD Global Board Center)



CHARACTERISTICS OF STEWARD LEADERS

They must have the resilience to tide over long-term decisions that do not appear attractive in the short term.

They need compassion, empathy, and humility to establish genuine connections with the people around themselves.

They need to be willing to continually learn, grow, and develop themselves.

They need to encourage certain organisational behaviours. These include investment and participation in the community where the organisation operates, crosscultural learning to achieve harmony between different stakeholders, and stable and fair succession planning.

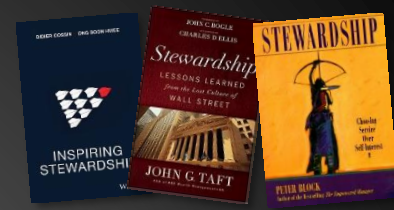
CONCLUSION:



“We can promote a steward-
leadership view by:
safeguarding the future with
prudence and care; leading
with impact, influence,
contextual intelligence and
commitment; and driving
social good with compassion
and accountability.”

(Professor Didier Cossin, 2016)





“Matsushita’s Seven Spirits”

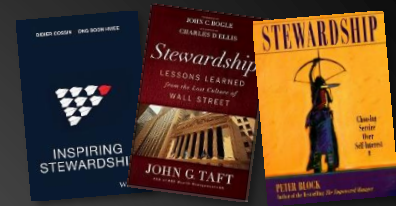


Matsushita's

Spirits

- 1 Service to the public
- 2 Fairness and honesty
- 3 Teamwork
- 4 Unity of corporate and personal effort
- 5 Courtesy and Huminity
- 6 Accordance with natural laws
- 7 Gratitude for blessing

Shaping Stewardship

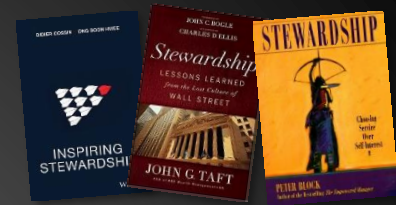
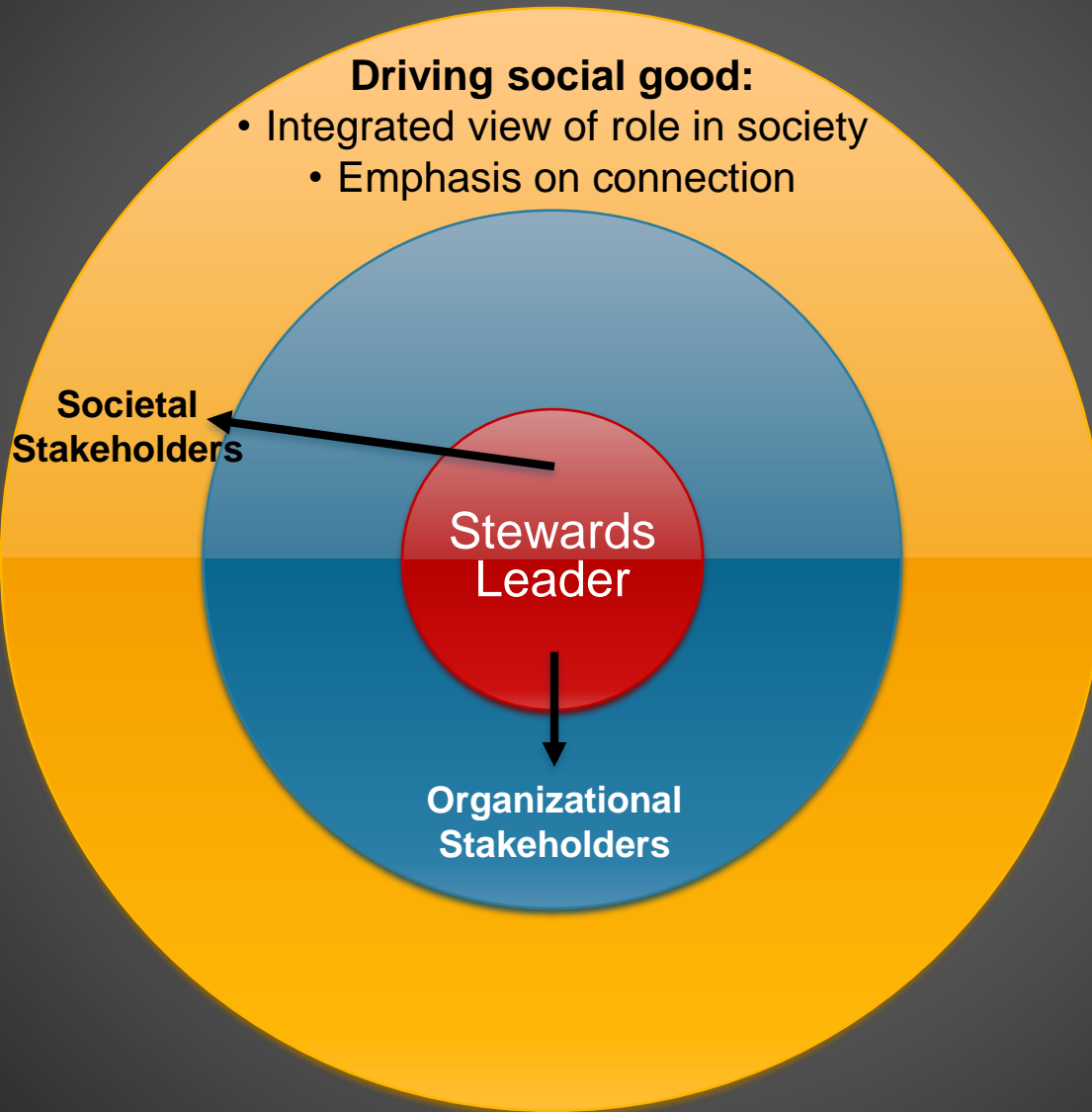


Memahami “Stewardship” dilihat dari konteks corporate, berkaitan dengan “Agency Theory”.

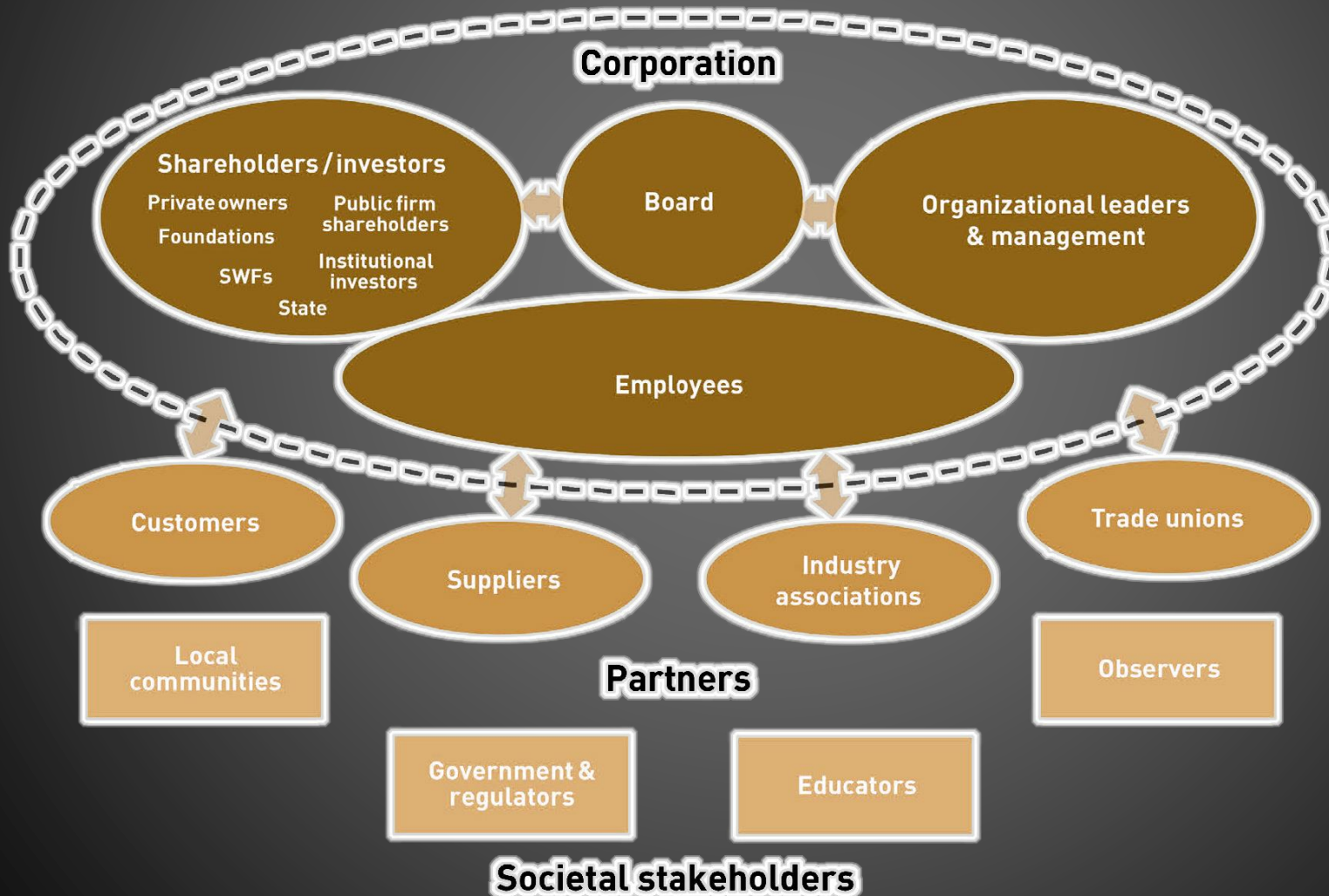
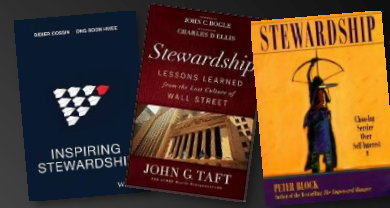
Dalam “Agency Theory” → perusahaan firm’s ownership (principal) dan management (agent).

- **Pertama**, it designates an agent who is expected to act in the former’s best interest.
- **Kedua**, there is a misalignment between the interest of principal and the agent → “Agency Problem”.
- **Ketiga**, Agency Theory assumes that individuals are primary motivated to behave that maximize benefit for themselves (reward & punishment atau extrinsic factor).
- **Keempat**, Stewardship theory berbeda dengan konsep motivasi diatas, tumbuh dari “organizational psychology and organizational sociology” → people are motivated to join intrinsic satisfaction through successfully performing challenging work and exercising responsibility and authority.

Stewardship Spheres



The Relationship Between The Key Actors in The Stewardship Ecosystem



Stewardship Landscape



WORLD
INDUSTRY
COMMUNITY
COMPANY

Transform multiple industries

Transform an industry

Be a beacon to others

Be a good neighbor

Give something back

Run a good business

Provide access to tools/ product.
Disaster relief.

Support local communities (corporate philan., direct programs, employee matching & volunt'ring.)
Reduce waste, consumption and emissions.

Innovate and demonstrate restorative business practices.
Influence the industry indirectly, by example.

Develop codes of conduct for the industry.
Build strong coalitions to effect and enforce them.

Take responsibility for our full impact (social, environmental, economic).

Take responsibility for adjacent industries.

Take responsibility for global conditions (climate change, global inter-dependence, etc.).

COMPANY

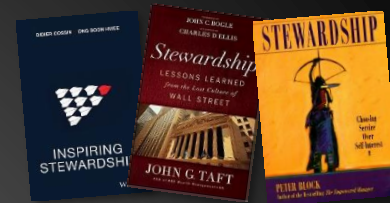
COMMUNITY

INDUSTRY

WORLD



Stewardship Continuum

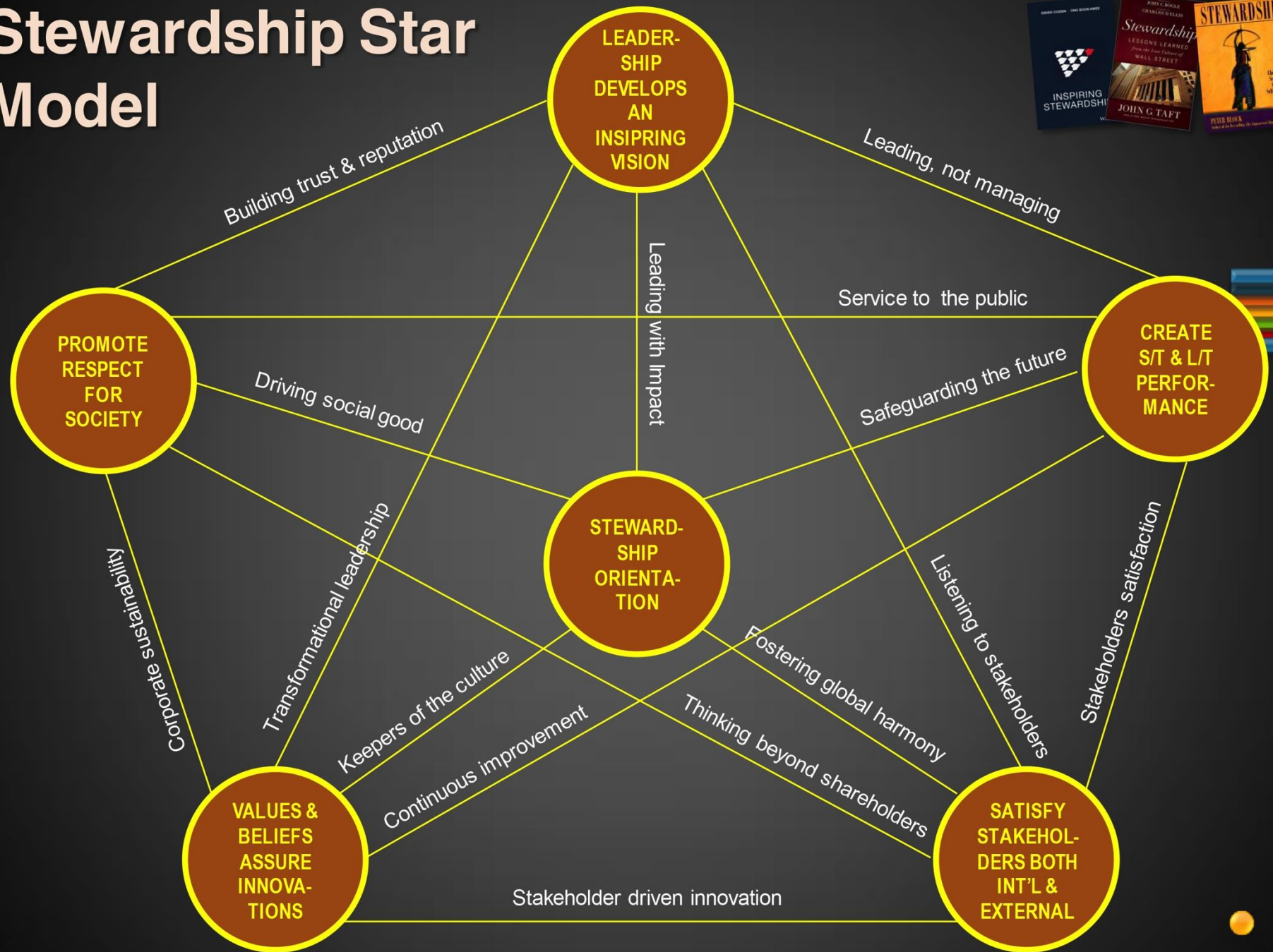


CHARACTERISTICS:

Level of engagement	Low	→	High
Importance to mission	Tactical	→	Strategic
Magnitude of resources	Small	→	Big
Scope of activities	Narrow	→	Broad
Interaction level	Simple	→	Intensive
Managerial complexity	Infrequent	→	Complex
Strategic value	Minor	→	Major

EXAMPLES ACTIONS:	<ul style="list-style-type: none"> • Donation • Grants 	<ul style="list-style-type: none"> • Event sponsorship • Cause-related marketing • Employee volunteerism 	<ul style="list-style-type: none"> • Joint-advocacy • Joint-actions • Deep partnerships • Leading with heart
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Stewardship Star Model

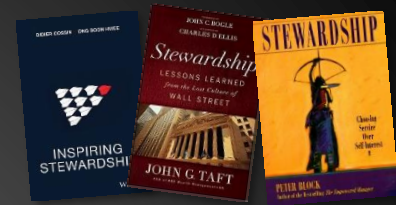




Characteristics of Agency Versus Stewardship Orientation at The Individual, Organizational and Social Level

Dimension	Agency orientation	Stewardship orientation
• SOCIAL		
Scope of group identification	Restricted to immediate social groups (in-group)	Extended to societal collective as a whole
Degree of power distance	High power distance	Low power distance
• ORGANIZATIONAL		
Source of power (emphasis)	Institutional power (legitimate, coercive, reward)	Personal power (expert, referent)
Basis for relationship	Contractual	Trust
Corporate purpose	Defined in financial terms	Beyond profit
Leadership	Transactional, performance-based, Low level of trust in subordinates Short-term view	Transformational/emotional engagement with employees at High level of trust in subordinates Long-term view
Rationale for leadership action	Incentives	Values
On whose behalf is the leader acting?	Shareholder	Beyond shareholders
Governance structure	CEO versus Board (check and balance)	CEO and board (alignment)
• INDIVIDUAL		
Psychological (motivation)	Extrinsic Lower order needs	Intrinsic Higher order needs
Identification with the organization	Low	High
Commitment to organizational goals	Low-value	High-value

Companies Selected As Potentially Ranking High and Low On Stewardship



Companies potentially ranking high on stewardship

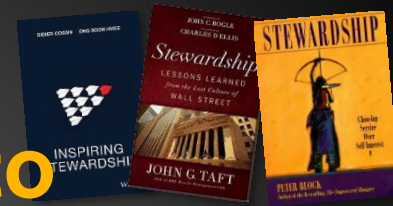
BASF
Berkshire Hathaway
BMW
Coca-Cola
Daimler
General Electric
Google
Hutchison
Whampoa
IBM Microsoft
Nestle'
Procter & Gamble
Samsung
Siemens
Singapore Airlines
Tata Consulting Services
Telefonica
Temasek
Toyota
Unilever

Companies potentially ranking low on stewardship

Adelphia Communications
CAO
Comcast
Diamond Foods
Enron
HealthSouth
Hollinger
Lehman Brothers
Nortel
Olympus
Penn West
Qwest Communications
Refco
Satyam
Sino-Forest Corporation
Tyco
WorldCom



Differences in word usage related to people and processes



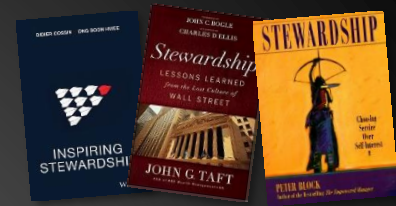
Companies potentially ranking high on stewardship

Career, colleagues, commitment, compensation, diversity, employee, empower, engaged, expertise, grooming, individual, people, performance, promote, recognize, recruitment, reward, safety, spirit, staff, talent, team

Companies potentially ranking low on stewardship

Appraisal, assigned, compensatory, dismiss, evaluated, hire, job, nonqualified, payroll, postretirement, qualifying, replaced, replaceent, retention, uncommitted, unemployment, wage





Usage of Words Related to Time

Companies potentially ranking high on stewardship

Century, coming, constant, continually, continue, continuous, decades, era, future, long-term, moment, old, ongoing, onward, perpetual, tomorrow, year

Companies potentially ranking low on stewardship

Contemporaneous, currently, daily, dates, immediate, month, monthly, months, overnight, promptly, quarterly, quarters, recently



STEWARDSHIP PRACTICES AT TEMASEK HOLDINGS



“The problem in stewardship is how to strike the right balance between the short-term and long-term considerations, and the right balance among the interests of the different stakeholders - shareholders, board, management, employees, partners, suppliers, customers, clients and also the community.”

(S. Dhanabalan - Council of Presidential Advisers)



“As an investor, we see ourselves as a source of thoughtful long-term growth capital. So we are not here for the short-term gain. We invest with an owner perspective and we are not bound by notions of geographic limits.” (Lim Boon Heng, Chairman of Temasek Holdings)

- An ownership perspective
- Future-based compensation
- Reinvesting in the community

Sinsei Bank



FUNDAMENTALS OF STEWARD LEADERSHIP (Masamoto Yashiro, Former Chairman)

“When you receive the company from your predecessors, rather than looking at short-term returns, you have to make sure the company has a long-term growth potential.”

Stewardship in practice

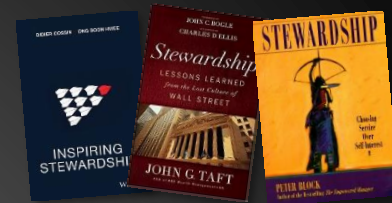
- An emphasis on long-term thinking: forgoing short-term profit to ensure that the company's operations are in the long-term interest of consumers and society at large.
- Needs a strong leader who can guide its strategy and keep its vision on track.

Ensuring long-term growth potential

- The company can achieve long-term stable growth in earnings.
- That leader must prioritise long-term strategies, even if these inflict short-term costs. For example, a business leader in charge of a large multinational group may need to prune subsidiaries that are not profitable, even though the company has a historical attachment to these subsidiaries.

Developing steward leaders

- Selecting and developing future leaders.
- Tend to prefer internal candidates who have been immersed in the organisational culture for a period of time, and who are familiar with its processes and priorities.



SOEs In China



THE ORIGINS OF STEWARDSHIP AT STATE-OWNED ENTERPRISES

(Li Rongrong - Former Chairman of SASAC)

“At SASAC, we have three responsibilities. One is economic, the second is social, and the third is political. By responsibility, I mean our obligations under the constitution to manage the SOEs well.”

Goal of SOEs in China: to play a dominant role in the economy. To ensure that these SOEs fulfil their social and economic responsibilities.

Importance of accountability and responsibility

Building a good board of directors



Korea Investment Corporation



INSTITUTIONALISING STEWARDSHIP AT KOREA INVESTMENT CORPORATION

(Hongchul (Hank) Ahn, Chairman & CEO of Korea Investment Corporation)

“I try to inspire employees by making them realise that they will be with the KIC for a couple of decades while the senior management, may be there only briefly. So employees are the real owners of KIC.”

BEST PRACTICES HAD TO BE INSTITUTIONALISED AND BE MADE PART OF KIC'S ORGANISATIONAL CULTURE.

Involving long-term stakeholders

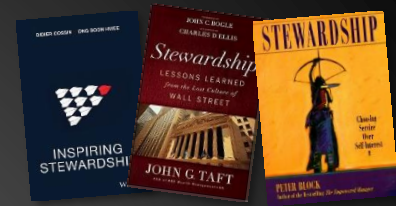
- That employees would usually remain with the company for longer than top management or even the board of directors, KIC's employees were brought into the investment decision-making process.
- Investment proposals are now initiated by employees rather than by top management, giving them a stake in the company and an incentive to do the best job they can.

Four pillars of the company philosophy

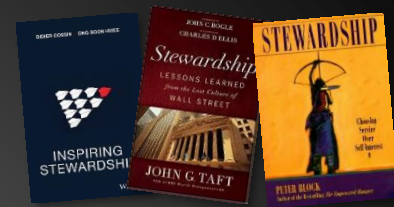
- To anchor stewardship in the corporate culture, KIC developed four pillars:
 1. Patriotism.
 2. Integrity.
 3. Professionalism.
 4. Speed



Key Points on Stewardship



- 1 • Issues faced by different organisations
- 2 • Managing transitions of ownership
- 3 • The limitations of capital markets
- 4 • The need for long-term ownership
- 5 • Shareholder and stakeholder involvement
- 6 • The Board's role as stewards
- 7 • Developing the Board's stewardship capabilities
- 8 • The conditions that foster good stewardship



Leadership Thinking Relevant to Stewardship #1

Theory	Key characteristics
Transactional	<ul style="list-style-type: none"> ● Contingent reward: Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments ● Management by exception (active): Watches and searches for deviations from rules and standards, takes corrective action ● Management by exception (passive): Intervenes only if standards are not met ● Laissez-faire: Abdicates responsibility, avoids making decisions
Transformational	<ul style="list-style-type: none"> ● Charisma: Provides vision & sense of mission, instills pride, gains respect and trust ● Inspiration: Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways ● Intellectual stimulation: Promotes intelligence, rationality, and careful problem solving ● Individualized consideration: Gives personal attention, treats each employee individually, coaches and advises



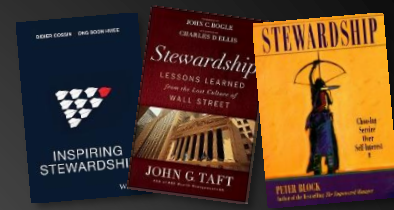
Leadership Thinking Relevant to Stewardship #2

Theory	Key characteristics
Servant	<p>Putting the needs of others first through:</p> <ul style="list-style-type: none"> ● Listening: Emphasizing the importance of communication and seeking to identify the will of the people ● Empathy: Understanding others and accepting them ● Healing: The ability to help make whole ● Awareness: Being awake ● Persuasion: Influencing others using arguments not power ● Conceptualization: Thinking beyond the present-day need and stretching it into a possible future ● Foresight: Foreseeing outcomes of situations ● Stewardship: Holding something in trust, serving the needs of others ● Commitment to the growth of people ● Building community: Building cohesion and unity for common goals
Authentic	<p>Owning one's personal experiences and behaving in accordance with one's true self through:</p> <ul style="list-style-type: none"> ● Self-awareness ● Relational transparency ● Internalized moral perspective ● Balanced processing



Leadership Thinking Relevant to Stewardship #3

Theory	Key characteristics
Adaptive	<p>Interpretation of data is key to building adaptive organizational culture by:</p> <ul style="list-style-type: none"> • Diagnosing the system, challenges, and political landscape • Acting politically: expanding informal authority, finding allies, staying connected to the opposition, managing authority, staying accountable, and encouraging dissent • Orchestrating the conflict • Building an adaptive culture through shared responsibility, encouraging independent judgment, developing leadership capacity, and creating a learning organization
Shared Leadership	<p>Leadership is a collective social process that does not rely on one person – and in fact it cannot if the group is to be successful. The purpose of a leader is to make sure there is leadership to ensure that all four dimensions of leadership are being addressed:</p> <ol style="list-style-type: none"> 1. A shared, motivating group purpose or vision 2. Action, progress, and results 3. Collective unity or team spirit 4. Attention to individuals
Transcendent Leadership	<p>Leadership of the self is important and requires:</p> <ul style="list-style-type: none"> • Self-awareness through reflection and introspection, allowing leaders to achieve clarity regarding core values and mental models and how these shaped decisions • Self-regulation whereby leader aligns his/her values with intentions and actions (e.g., transparency of motives, goals, and values; leading by example)

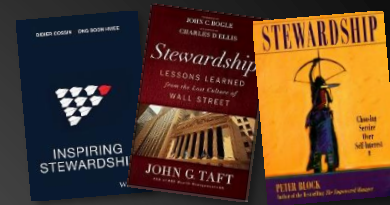


Dimensions of Steward Leader Behaviors

Attributes	Dimensions	Faculty
Leading with impact	Influence	<ul style="list-style-type: none"> • Mobilizes stakeholders around a compelling vision • Drives social and economic impact (e.g. thought leadership, business success) • Inspiring in character
	Contextual intelligence	<ul style="list-style-type: none"> • Aware and proactive concerning their own strengths and weaknesses • Sensitizes oneself to needs of others (and cultural nuances) • Successfully seeks consensus among disparate stakeholders • Willing to engage in transformative efforts
	Commitment	<ul style="list-style-type: none"> • Possesses drive (tenacity, energy, initiative) • Acts conscientiously • Executes quality communication with the stakeholders
	Reputation	<ul style="list-style-type: none"> • Achieves ubiquitous trust • Realizes consistency in actions • Strives for authenticity • Acts courageously in face of adversity
	Equity	<ul style="list-style-type: none"> • Ensures that rewards are distributed in a way that corresponds to contribution rather than power
Safeguarding the future	Prudence	<ul style="list-style-type: none"> • Employs a measured approach to risk • Effectively combines short-term planning with long-term thinking • Pursues caution in practical affairs
	Care	<ul style="list-style-type: none"> • Protects the interests of the stakeholders • Encourages strong forward-looking policies and standards • Implements careful management of resources
Driving social good	Accountability	<ul style="list-style-type: none"> • Adheres to moral and ethical principles • Delivers responsible decision making • Encourages openness and transparency
	Compassion	<ul style="list-style-type: none"> • Displays and exercises empathy



Steward Leadership Spheres



Society:

- Integrated view of role (what)
- Connection not philanthropy (how)

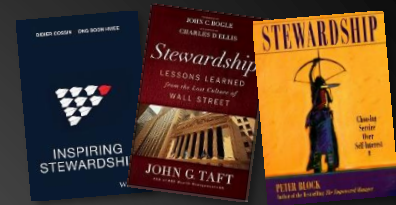
Organizational:

- Activities/performance (what)
- Purpose, culture, practices, values (how)

Stewards

- Purpose, vision, connection (what)
- Leadership (how)

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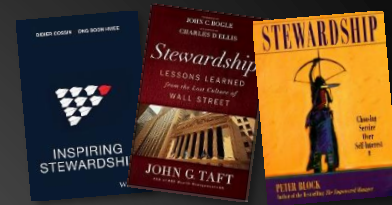


The Stewardship Edge

#24 There is a general understanding on stewardship among all stakeholders but when it comes to action, short term benefits tend to become priority for decision makers. Is there a credible way to put stewardship and sustainability matters against the short term solutions to overcome seemingly robust rationale of those decisions?

2

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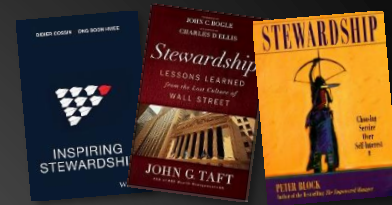


The Stewardship Edge

#20 Stewardship is not going to be for every company. What about those business models that cannot work towards the long term? How are we to decide between being good stewards and being good businessmen?

2

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13

As Mark said, the remuneration incentive is driving perverse behaviour of TOP management, what can be done to change this?



Guest 1h AGO

To what extent can we teach young people the necessity for good stewardship? It's too late by the time they go into the workforce. Right now, it seems that ensuring a culture of good stewardship is haphazard and depends on the leadership of the company. Is there something we all can learn from the Bhutan model where stewardship is one of the measures of the overall "happiness index" of the country and there is a overarching body that can override any legislation that impacts these measures

#7



Guest 1h AGO

Bhutan is driven by a value system which has strong religious anchor. Their definition of happiness is contentment. I'm not sure that this definition is universal. So we need to apply the definition that's meaningful to different countries.

#12

11

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Q&A Session 1

SORT BY LATEST

POST

4

Guest 1h AGO

How do we balance the concepts of stewardship, which arguably lead to caution and balancing the needs of various stakeholders, with the need for innovation and risk taking, which we know is critical to building businesses (and economies)?

1

Guest 55m AGO

I believe leadership tenure is a critical contributor here. Many corporations cycle leadership through short cycles for 'broadening exposure'. At senior levels, job tenures cannot be shorter than 7 years.

2

Guest 42m AGO

Long term value creation requires Long term shareholders to take the lead and set the agenda on stewardship issues. This would be encouraged if Long term shareholders received enhanced benefits compared with short term shareholders. This can be achieved by one or more of scrip share issue, enhanced dividends or extra votes to Long term shareholders or tax changes.

P.butler@goinvestmentpartners.com

COMMENT

9

Q&A

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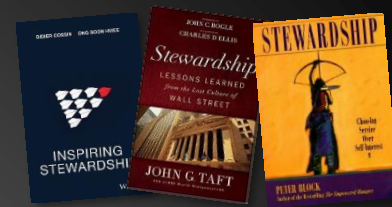
Guest 1h AGO
8
Who decides what constitutes "good stewardship"?
Should there be some kind of a gold standard that entities of all kinds can aspire to?

Guest 1h AGO
1
Share owners must collectively monitor the quality of stewardship and set the gold standard of what is required. This creates a problem where diverse public ownership makes it difficult to hold asset managers to account. This is a public policy issue which governments or regulators need to resolve.

Guest 1h AGO
1
Tomorrows Company has developed 4 principles of stewardship.
These could be the basis by which government assessed the stewardship of public servants

OVERVIEW PROGRAMME SPEAKERS DELEGATES LIST READINGS Q&A 9

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1
Tomorrows Company has developed 4 principles of stewardship.
These could be the basis by which government assessed the stewardship of public servants

The basis for a government policy for wealth creation by companies

The basis for a regulator

The basis for an asset owner, asset manager, board,

The principles are

Clarity

Continuous attention to performance improvement

Sensing and shaping the landscape

Planting for the future

Mark@tomorrowscompany.com

#18

#10

COMMENT



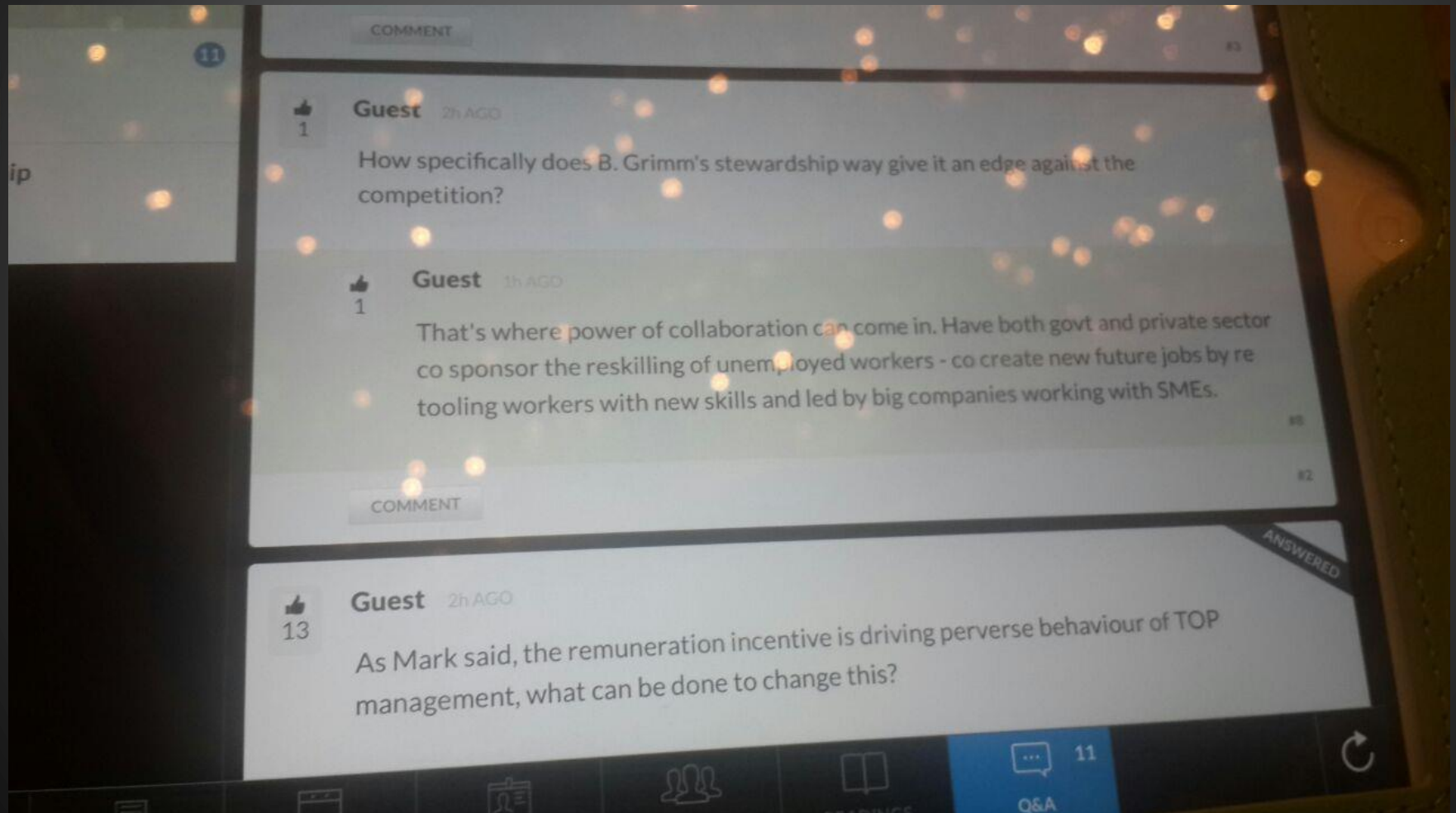
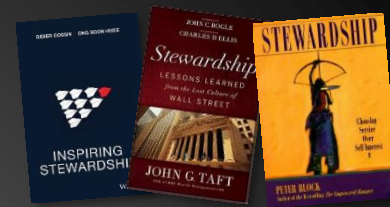
Guest 1h AGO



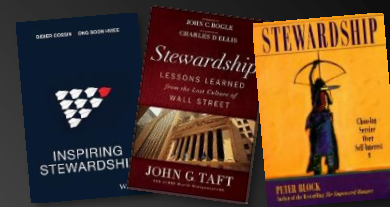
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Stewardship Asia Roundtable 2016



Stewardship Asia Roundtable 2016



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Guest 1h AGO

For us in Indonesia, stewardship is new. How to start it...what strategy to be done...so we have a good result?

#13



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Guest 1h AGO

Need for stewardship and sustainable behaviour of companies and Governments is growing itself as a trend and natural demand from majority of people (employees, clients, public). We should think on how not to stay behind this trend and make this trend constructive. So the challenge is how to lead this stream instead of observing. Question - is there a danger of not dealing with this stewardship demand from public which makes us act immediately.

#16



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Guest 50m AGO

Mr.Lim Boon Heng....That is a very ideal....but how to do it for a big country according to populationwe know Singapore has not so many population...That is big different....let me know your comment

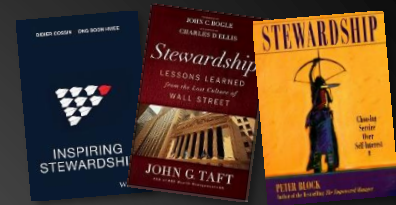
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#1

COMMENT

11

How to Start “The Stewardship” in Indonesia



ISMS

- Perlu mengadopsi prinsip-prinsip yang dianut oleh “Stewardshi Asia” yang berkaitan dengan misi/visi dengan berbagai penyesuaian sesuai keadaan di Indonesia.
- Perlu segera membuat “content” yang pas sesuai dengan keadaan korporasi/lembaga di Indonesia.
- Perlu menggandeng kerja sama dengan kementerian BUMN dan instansi lainnya.
Contoh: - Singapore (Temasek)
- China (SOEs)
- dan lain-lain.

Terima Kasih

