

Winning in ASEAN

Strategies to drive resilient growth in the region



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Foreword

Amidst global complexities, we see structural trends presenting significant opportunities, especially in Asia, where there is growing inter-connectivity in trade and capital flows.

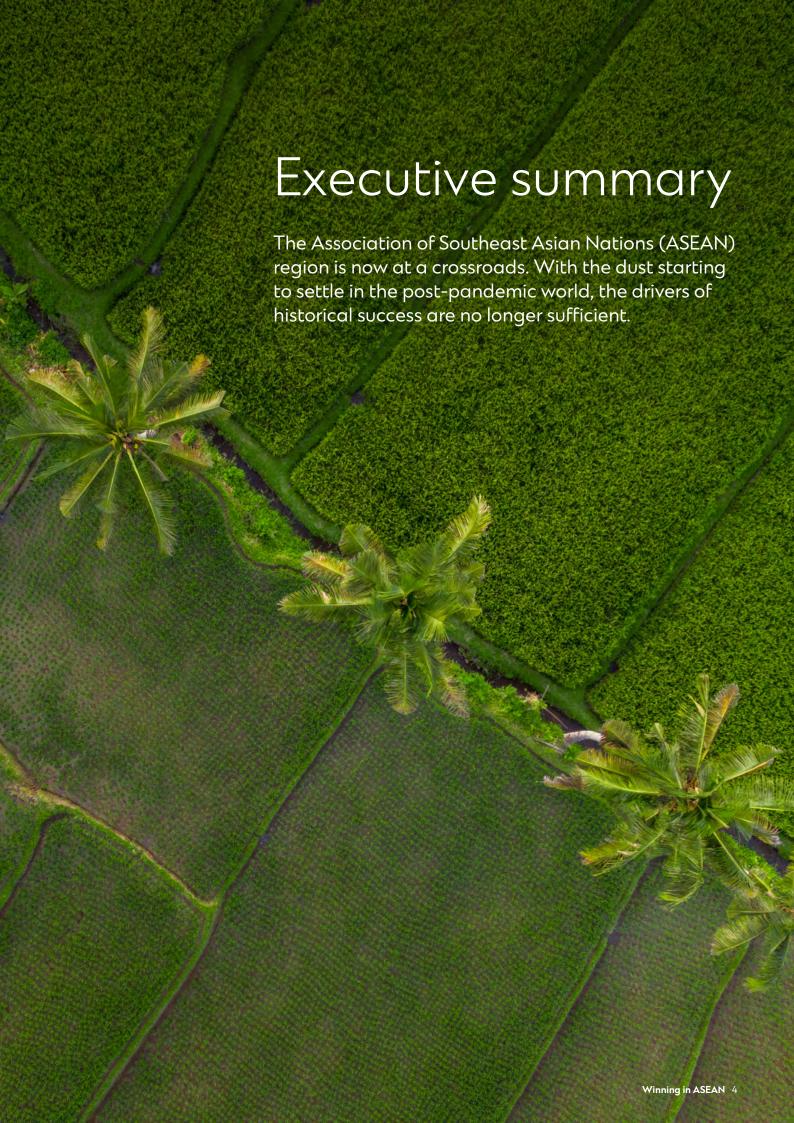
We see ASEAN as an oasis of growth, with a broad spectrum of opportunities across sectors. It is home to almost 700 million people, with USD3.3 trillion in GDP. As one of the fastest growing economic regions, it is on track to become one of the world's largest trading blocs.

ASEAN is benefiting from global supply chain shifts with the Regional Comprehensive Economic Partnership (RCEP), which covers about 30 per cent of the world's GDP, facilitating greater open trade and investment flows.

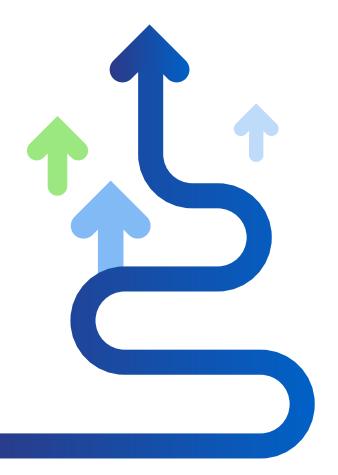
Capturing ASEAN's full potential requires active collaboration between the private and public sectors to both bring synergies and break barriers – something we hope to bring to life in this report, as it discusses the emerging trends and winning strategies that will shape ASEAN's future in a post-pandemic world.

As the only international bank present in all 10 ASEAN markets, Standard Chartered stands committed to support our clients in capturing these exciting opportunities, to advance and prosper in this region.





'Winning in ASEAN', a strategic point-of-view (PoV) commissioned by Standard Chartered and prepared by PwC Singapore, explores the major shifts and disruptions impacting businesses as well as key winning strategies undertaken by corporates to drive growth in the region. Built on a pulse survey of C-suite and senior business leaders¹, our findings underscore the impetus for greater effective collaboration between governments and businesses to move towards a new era of recovery and resilient growth in ASEAN.



ASEAN's future trajectory

Over the past decade, ASEAN has become an expanding hotbed of opportunities. Despite the dampened investment sentiment amidst the pandemic in 2020, the region is well on its way to recovery. The positive sentiment for ASEAN's growth trajectory is echoed by business leaders across the globe.

In terms of Foreign Direct Investment (FDI), ASEAN is one of the highest recipients globally, with inflows returning to pre-pandemic levels in 2021. Large economies have continued to be optimistic about ASEAN's growth, with close to 50 per cent of the region's FDI inflow originating from the US, EU-27 and Mainland China. Intra-ASEAN FDI amounted to about 12 per cent of the region's FDI inflow in 2021.

¹ Survey commissioned by Standard Chartered in July 2022 and completed by 483 C-suite and senior executives globally

Overall, ASEAN's pace of recovery is being driven by underlying shifts, such as growing consumer demand, increasing organisational capabilities and greater technology adoption.

Trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), are expected to further accelerate growth across the region, with a majority of the surveyed business leaders looking to raise their investments into the region, as a result of RCEP.



93%

of business leaders **expect positive revenue growth** from their ASEAN businesses¹



 3_{rd}

highest recipient of **FDI** globally with inflows of **USD174 billion** in **2021**



With RCEP in place,

of business leaders plan to **increase investments in ASEAN** over the next 3-5 years²

Key growth sectors across ASEAN

In ASEAN, four key sectors – construction and infrastructure, consumer products, pharmaceuticals and healthcare, as well as digital and e-commerce – showcase a high growth potential with Compound Annual Growth Rates (CAGRs) projected to outpace the overall industry average over the next few years. Propelled by shifting consumer behaviours, accelerated digital adoption and rapid urbanisation, these four sectors present significant opportunities for both regional and foreign companies looking to expand in ASEAN.

This PoV also provides additional perspectives on the industry growth potential and exploring potential winning themes for success.





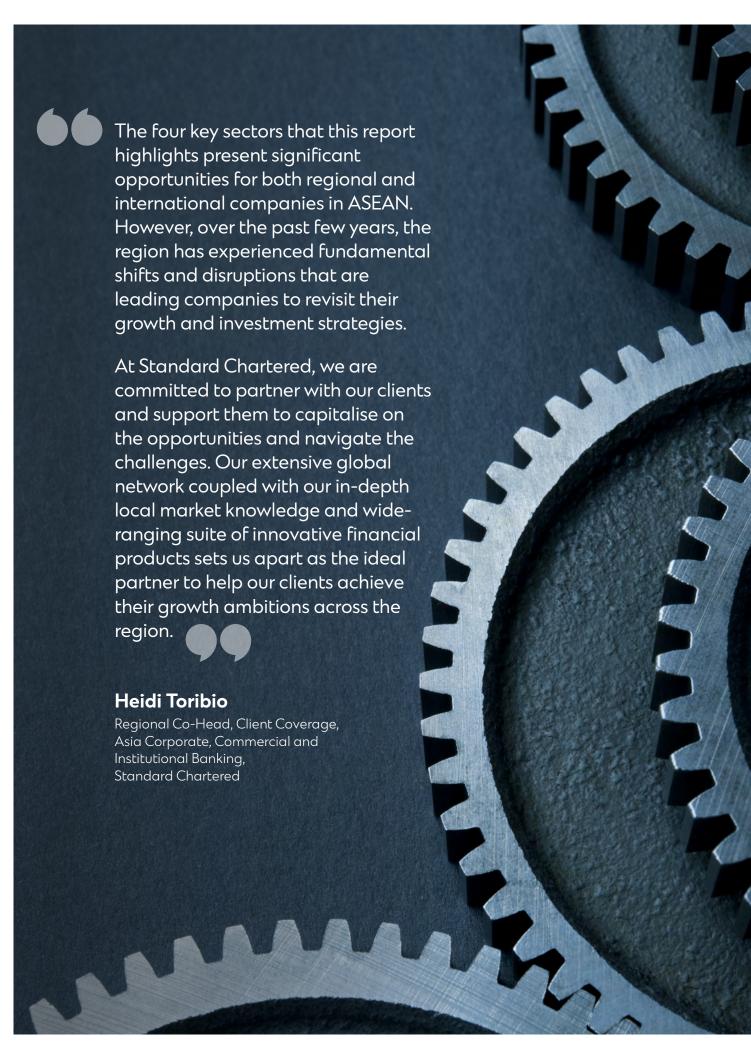




Legend

- Annual gross sector output, nominal USD billion, 2021³
- Projected CAGR, %, 2021-25f³
- 1 Survey question asked: 'What are your company's growth aspirations for your future business in ASEAN over the next 2 3 years?'
- 2 Survey question asked: 'To what extent do you expect the Regional Comprehensive Economic Partnership (RCEP) agreement to impact your company's investments in the ASEAN region over the next 3-5 years?' Value indicated above is calculated as a % of survey respondents who are aware of RCEP

3 Oxford Economics.



Major challenges and concerns impacting growth in ASEAN

While the overall outlook across the four sectors remains positive, businesses have to tackle and overcome a host of challenges and disruptions, in order to survive in a high inflationary environment and thrive in ASEAN. With cost pressures from rapidly increasing food and energy prices coupled with a surge in consumption demand from post-pandemic economic reopening, inflation pressures are weighing heavily on ASEAN economies.

As highlighted in the Industry Leaders Survey commissioned by Standard Chartered, rising geopolitical turbulence, such as protectionist measures, implications of US-China tensions and the ongoing Ukraine-Russia conflict, is one of the biggest challenges faced by business leaders across the world and in ASEAN as well. Furthermore, the impact of the health crisis, amplified in emerging ASEAN economies due to unequal access to healthcare resources and uncertainties in policy interventions, are imposing severe commercial and operational challenges for businesses in the region.

In addition to the above challenges that are common to the four sectors, the Industry Leaders Survey also shows sector-specific nuances, where other concerns related to cybersecurity, climate change and infrastructure gaps have been highlighted as potentially having an impact on future operations in ASEAN, over the next two to three years.



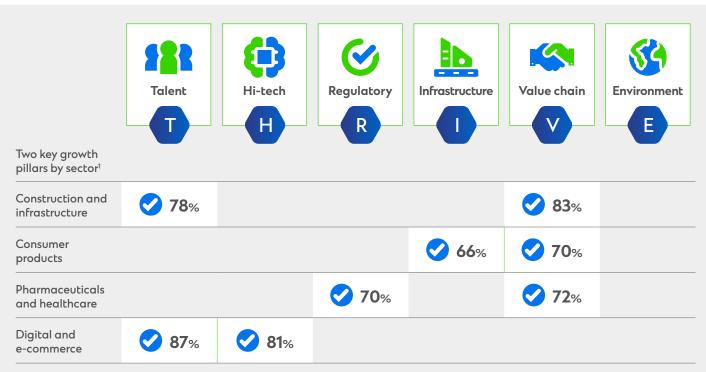
THRIVE: Six growth pillars for recovery and resilience

Given these challenges and disruptions, ASEAN's journey towards recovery and resilience will not be easy – the fallout of the pandemic has had a dramatic impact on the way growth is being pursued by businesses. To overcome this, the THRIVE framework, consisting of six growth pillars, represents strategic areas that businesses are investing in, to enter an era of sustainable growth and meet heightened stakeholder expectations. The Industry Leaders Survey reveals that many companies are already prioritising efforts to strengthen value chains through collaboration, as well as focusing on nurturing the workforce of the future. In addition, companies are continuing their digitalisation journey and embarking on initiatives to accommodate regulatory shifts.

Besides these priorities, businesses are also proactively developing solutions to overcome systemic infrastructure barriers and expand net zero efforts. Looking across all four sectors, the two highest focus areas that business leaders are prioritising for their ongoing and future investment plans are within the growth pillars of Value chain and Talent.

In the aftermath of the pandemic, more companies are looking to analyse each step of their value chain activities – from financing to customer delivery – for improvement opportunities to cope with inflation pressures, rising geopolitical and social tensions, energy crisis and other disruptions. On the other hand, the competition for qualified, skilled talent is intensifying, which results in more businesses investing in initiatives to cultivate existing and future pipeline of talent.

THRIVE framework for ASEAN: Overview of key growth pillars



Across the six pillars, the investment priorities for growth in ASEAN have commonalities and variances by sector. While Value chain as a growth pillar is a priority for construction and infrastructure, consumer products, as well as pharma and healthcare sectors, nurturing future talent and accelerating digital transformation are critical for digital and e-commerce players. In addition, consumer products companies are also focusing on overcoming infrastructure gaps, while navigating regulatory shifts is important for the pharma and healthcare sector.

¹ Survey question asked: 'Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?'. Values indicated above refer to sum of respondents who are currently investing and planning to invest in the short term (0-1 year)

Expanding net zero efforts

In addition to the prioritised growth pillars, expanding net zero efforts is an essential focus area for organisations to drive growth and remain relevant in today's world. This focus on sustainability not only enhances brand reputation, but also helps companies differentiate themselves in the market, bringing about long-term profitable growth and attracting high quality talent as well. Furthermore, pressures from investors, regulators and other stakeholders on climate disclosure necessitate organisations to step up their net zero efforts.

The Industry Leaders Survey indicates that while business leaders are not prioritising the growth pillar of Environment as an immediate focus, it is clear that sustainability initiatives are top of mind in the short-to-medium term, with more concrete investments expected within the next three years across multiple initiatives.



of business leaders
plan to invest in
net zero initiatives
to drive their business
growth in ASEAN
within the next 3 years



Collaborating to enable growth

Accelerated execution and advancement across the growth pillars cannot be done in isolation – it will require greater and more effective collaboration with the public sector. Now more than ever before, governments and businesses in ASEAN have a growing imperative to make conscious efforts towards win-win cooperation, dedicated co-ordination and innovative co-creation to successfully navigate through a host of imminent challenges and disruptions.

Businesses keen to tap into ASEAN's potential will need to find the right mechanism and level of collaboration with government institutions, based on their focus areas. According to the survey, many business leaders have recognised that the journey towards recovery and resilience requires a partnership-led approach. Indeed, they are most keen to establish public-private cooperation across three growth pillars of Value chain, Talent and Infrastructure.

In addition to alliances with the government, businesses will also need to work with other participants in the ecosystem, such as banks that have strong regional presence and extensive market expertise. The right banking partner can help provide access to advanced digital solutions, develop suitable hedging and financing strategies. It can also open new doors to sustainable financing opportunities and support companies' cash management needs to facilitate cross-border transactions as well as optimise liquidity.

Top three areas for greater private and public collaboration in the next 2-3 years1:



Value chain
Entering new partnerships to unlock potential across the ecosystem



TalentJoining forces to nurture the workforce of the future



InfrastructureProactively developing solutions to overcome systemic barriers

Top four areas industry leaders are looking to partner with banks²:

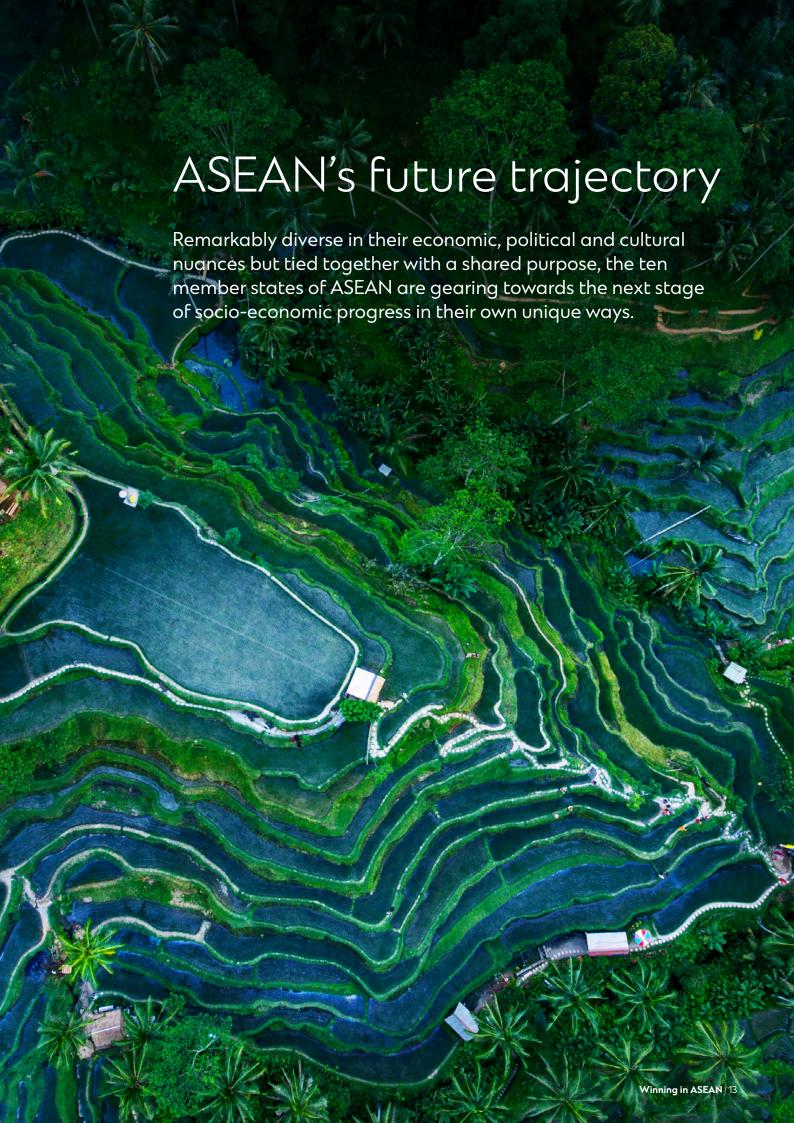


- 1 Survey question asked: 'In which of the following initiatives / key focus areas would you need to collaborate with the government / public sector for business growth in ASEAN over the next 2 3 years?'. Values indicated above refer to % of survey respondents who included the initiative as one of the top 3 ranked choices.
- 2 Survey question asked: 'What are the key requirements from your banking partner, to support your growth in ASEAN?'

Riding the ASEAN growth wave, together

The region now stands at a critical juncture in its journey – with immense growth opportunities and powerful economic momentum on one side, countered by heightened challenges, fundamental shifts and frequent disruptions that need to be tackled on the other. Now is the time for businesses and governments to join forces to leapfrog into a new era for ASEAN, by nurturing a shared purpose and promoting sustainable growth.





As a regional bloc, ASEAN has become a major economic powerhouse with a combined Gross Domestic Product (GDP) of approximately USD3.3 trillion and a population of 673 million in 2021.



economy in the world after China and India

By 2030, **working-age population** to increase by

40 million



with **Indonesia** contributing to **more than half** of the future workforce

By 2030, **domestic consumption** is expected to **double** to

USD 4 trillion



GDP is expected to grow to

USD 4.5 trillion



in 2030 with projected annual increase of \sim 4% from 3.3 trillion in 2021

USD 3.3 trillion

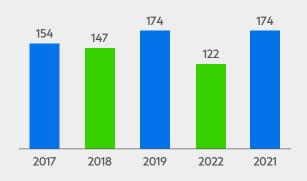


of **merchandise trade** (imports and exports) between ASEAN and the world in 2021 behind China and US

In terms of Foreign Direct Investment (FDI), ASEAN is the third highest recipient globally with inflows of over USD174 billion in 2021. Large economies have continued to be optimistic about ASEAN's growth with close to 50 per cent of ASEAN FDI inflow originating from US, EU-27 and Mainland China. Intra-ASEAN FDI also amounted to 12 per cent of the region's FDI inflow in 2021.

Total FDI inflow and key FDI sources into ASEAN

Total FDI inflow into ASEAN, USD billion



Top 5 FDI inflow by source market into ASEAN and per cent share of total, 2021

United States	USD40 billion	23%
EU-27	USD26.5 billion	15%
Mainland China	USD13.6 billion	8%
Singapore	USD13.3 billion	8%
Japan	USD12 billion	7%

While COVID-19 had dampened investment sentiment in 2020, the region is now recovering with inflows returning to pre-pandemic levels in 2021. This positive sentiment for ASEAN is echoed by business leaders across the globe, most of whom expect revenue increase from their ASEAN businesses within the next three years, demonstrating the immense growth potential for the future.



of business leaders expect positive revenue growth from their ASEAN businesses over the next 2 – 3 years¹

Shifting paradigms and growth levers

ASEAN's recovery is driven by a set of fundamental shifts, such as growing consumer demand, increasing organisational capabilities and greater technology adoption, that is further accelerated by trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP).



Tech boom

Rapid tech advancement, digital transformation and adoption of Industry 4.0 practices are expected to drive growth in ASEAN. In addition, innovation from local tech giants and availability of technically skilled employees help provide a strong foundational platform to support this.



Rise of millennials

Emerging economies in ASEAN, such as Indonesia, Vietnam and the Philippines will see **a rise of young, tech-savvy population** entering the workforce and are becoming increasingly urbanised. In 2030, median age in the Philippines is expected to be 29 and Indonesia's at 32.



Growing consumer demand

Powered by the **rise of middle class and growing income levels,** ASEAN's domestic consumption is projected to double by 2030 to USD4 trillion. Further fuelling the demand is the **growth in its upper-middle and high income households in emerging ASEAN,** which are expected to almost double from 30 million to 57 million from 2019 to 2030.



Maturing ecosystems

Companies and suppliers in ASEAN are becoming more sophisticated and inclusive with increasing investments in innovation and digital capabilities as well as growing global footprint. Strengthening efforts for an interconnected region with harmonised policies will further open new doors of opportunities for ASEAN businesses.

¹ Survey question asked: 'What are your company's growth aspirations for your future business in ASEAN over the next 2 - 3 years?'

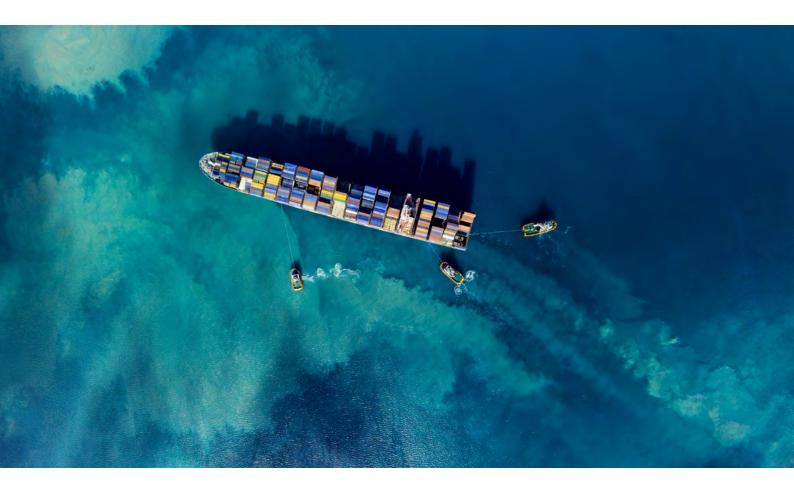
RCEP opening doors to new opportunities in ASEAN

Ratified in November 2020, RCEP represents the world's largest free trade area covering 2.3 billion people and about 30 per cent of the global GDP. With ASEAN at its epicentre, RCEP has the potential to be a key driver to the region's post-pandemic recovery, attracting unprecedented levels of FDI and trade activities.

RCEP signifies the region's commitment to adopt and promote a free, inclusive and rule-based multilateral trading system through provisions, such as tariff reductions, common rules of origin, digital trade facilitation and standardised rule for intellectual property transactions. It is expected to facilitate an accelerated growth in trade of goods and services, while decreasing business transaction costs.



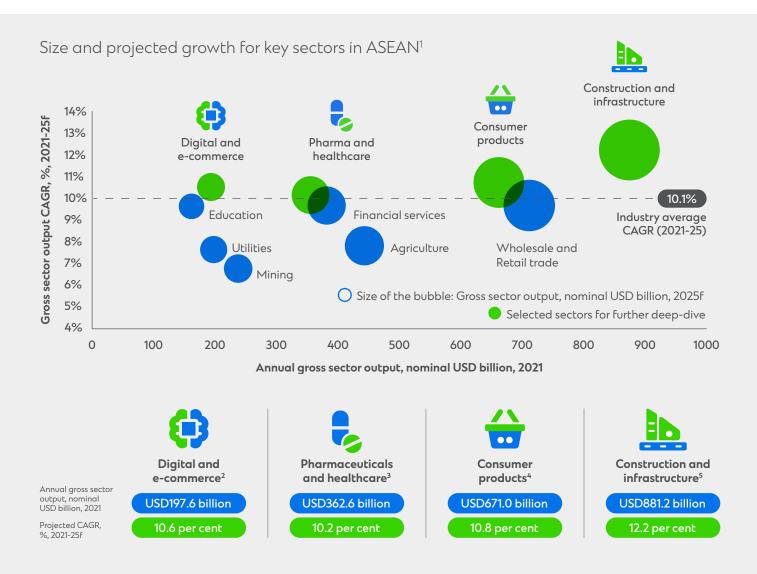
of business leaders expect that RCEP will drive an increase in their organisation's investment in ASEAN over the next 3-5 years¹



¹ Survey question asked: To what extent do you expect the Regional Comprehensive Economic Partnership (RCEP) agreement to impact your company's investments in the ASEAN region over the next 3-5 years?' Value indicated above is calculated as a % of survey respondents who are aware of RCEP.

Key growth sectors across ASEAN

As the region reopens and adjusts to a post-pandemic environment, sectors are expected to adopt different paths towards recovery and growth. Across ASEAN, four key sectors - construction and infrastructure, consumer products, pharmaceuticals and healthcare as well as digital and e-commerce, showcase a high growth potential driven by shifting consumer behaviours, accelerated digital adoption and rapid urbanisation. Over the next few years, these sectors are projected to expand at a faster pace than the overall industry average, representing significant investment and revenue opportunities for both ASEAN and foreign companies.



This PoV will focus on these four key sectors, providing additional perspectives on the industry growth potential and winning themes for success in ASEAN.

- 1 List of sectors is not exhaustive.
- 2 Digital and e-commerce sector covers computer programming, consultancy and related services, information services, telecommunications, programming and broadcasting services.
- 3 Pharmaceuticals and healthcare sector covers pharmaceuticals, chemicals, healthcare and social work services.
- 4 Consumer products sector covers consumer goods, including aggregates of consumer durables and non durables.
- 5 Construction and infrastructure sector covers construction of buildings, civil engineering, specialised construction and real estate activities.

Recent investments across the four selected sectors (non exhaustive)



Construction and infrastructure

France-based **Total Energies**, an international energy conglomerate, established a 50-50 joint venture with Japan-based ENEOS, a petroleum company, to develop solar capacity in Malaysia. The two companies aim to eventually develop two gigawatts of solar power capacity by 2026 across nine countries in Asia, representing a total distributed asset of USD2 billion.

Cainiao Smart Logistics Network, a logistics services provider and a subsidiary of China-based Alibaba Group, has announced the development of Cainiao Dong Nai Smart Logistics Park in Vietnam. The project will provide around 90,000 m² of warehouse leasing space.



Consumer products

Denmark-based toymaker, **Lego**, has announced plans to build a manufacturing facility in the Binh Duong Province of Vietnam in December 2021. The investment, worth more than USD1 billion, will create up to 4,000 jobs by 2036, and operations will commence in 2024.

Yakult, Japan-based food and beverage firm, announced plans in June 2021 to set up a new factory with a total floor space of 26,000 m² in the Philippines island of Mindanao. With this, Yakult aims to raise daily output capacity in Southeast Asia by 70 per cent.



Pharmaceuticals and healthcare

France-based **Sanofi**, a pharma and therapeutic solutions provider, announced plans to establish a vaccine production site and regional centre of excellence in Singapore in April 2021. The EUR400 million project will create 200 jobs in Asia, with operations commencing in the first quarter of 2026.

Sweden-based **Elekta**, a cancer and brain disorder treatment provider, has established business in Jakarta, Indonesia in August 2021. The new site is intended to supply electromedical equipment for cancer treatment, serving the domestic market.



Digital and e-commerce

Amazon Web Services (AWS), an infrastructure web services platform, has announced in February 2022 that it will open a new AWS Local Zone in Bangkok, Thailand. The new facility will serve local customers, provide compute, storage, database, and other select AWS services.

Tencent Cloud announced the launch of its data centres in Indonesia in 2021. The data centres will support the expanding need for cloud services in the region, reducing network latency while providing backbone access for local and global enterprises.

Source: fDi Markets database, Press article

Major challenges and disruptions impacting future operations in ASEAN over the next two to three years¹

While the overall outlook across the four sectors is positive, business leaders recognise that there are a host of challenges and potential disruptions that can hinder their growth journey across ASEAN. Amongst these, the Industry Leaders Survey indicates that rising geopolitical challenges, impact of the health crisis, infrastructure gaps and cyber risks are perceived to be the most significant threats to their ASEAN operations.



multi-faceted challenges to businesses across the world and in ASEAN.

protectionist measures, implications of US-China tension

and the ongoing Ukraine-Russia conflict pose constant

Global political issues and social unrest, such as

Effects from COVID-19 are amplified in emerging ASEAN countries due to unequal access to healthcare resources and uncertainties in policy interventions, such as "lockdowns", social distancing etc, imposing severe commercial and operational challenges for businesses.



Rapidly growing ASEAN economies have struggled to keep infrastructure development at pace with population and economic growth, posing significant business challenges and expansion barriers due to gaps in physical and digital infrastructure.



With rising adoption of digital technologies and services, businesses across ASEAN economies face significant cyber threats and risks of data breaches that can severely hamper operations and potentially erode trust with customers and partners.

¹ Survey question asked: 'How do the following challenges and disruptions impact your future operations in ASEAN over the 2-3 years?' Values indicated above refer to % of survey respondents who indicate it as a moderate and high impact.

These challenges and disruptions apply to all four sectors, but there are minor sectoral nuances as well. Based on this survey, growing cyber risks is the biggest concern for digital and e-commerce players (as compared to other sectors), while the impact of climate change is a higher concern for consumer product companies. On the other hand, companies in pharma and healthcare as well as construction and infrastructure sectors are worried about digital and physical infrastructure gaps.

Over the next 2-3 years¹, industry leaders expect:



Growing cyber risks to be a major concern for **digital and e-commerce companies** with

86%

of leaders expecting moderate to high impact on their operations in ASEAN



Impact of climate change to be one of the

top 3

challenges for consumer product players, who are expecting moderate to high impact on their operations in ASEAN



Digital and physical infrastructure gaps to be one of the

key concerns

for pharma and healthcare as well as construction and infrastructure players

The way forward: An era of recovery and resilience

Challenges and disruptions are here to stay, and traditional dimensions such as cost optimisation and higher efficiency are no longer sufficient for sustainable growth in ASEAN - where the goal is to achieve a state of economic development, building shared prosperity for today's population while meeting the needs of future generations in a balanced manner.

Advancing towards this goal of sustainable growth in ASEAN will require businesses and governments to collaborate and drive recovery while building resilience to proactively manage a continuously disruptive environment. This new era in ASEAN needs to be built on a foundation of growth pillars, supported by the adoption of winning themes and robust business models.

¹ Survey question asked: 'How do the following challenges and disruptions impact your future operations in ASEAN over the 2-3 years?' Values indicated above refer to % of survey respondents who indicate it as a moderate and high impact.

THRIVE: Six pillars for recovery and resilience

ASEAN is a region of diverse cultures, varying economies, political systems and regulatory framework. With its heterogeneity, ASEAN's journey towards recovery and resilience will not be easy. The fallout of the pandemic has had a dramatic impact on the way growth is being pursued by businesses. To understand this new dynamic, we've surveyed over 480 executives across the four growth sectors - construction and infrastructure, consumer products, pharma and health care as well as digital and e-commerce.



The Industry Leaders Survey reveals that in order to drive growth in ASEAN, close to 80 per cent or more have active or planned investments across each of the six growth pillars of Talent, Hi-tech, Regulatory, Infrastructure, Value chain and Environment within the next three years.

These pillars make up the **THRIVE** framework, representing strategic areas that businesses are investing in, to enter an era of sustainable growth and meet heightened consumer expectations. The survey reveals that many companies are already prioritising efforts to strengthen the value chains through collaboration, while nurturing the workforce of the future. In addition, companies are continuing their digitalisation journey and embarking on initiatives to navigate regulatory shifts. Besides these priorities, businesses are also proactively developing solutions to circumvent fundamental infrastructure barriers and expanding net zero efforts.

THRIVE in ASEAN: Six growth pillars













Percentage of business leaders currently investing or plan to invest in the growth pillar over the next 3 years in ASEAN¹

94%

Nurturing the workforce of the future

Employees, especially those with specialised skillsets, are in demand and companies are acutely aware of the war for talent.

Hence, more businesses are investing in measures, such as upskilling initiatives, workforce planning, leadership development and alternative staffing models to nurture a healthy pipeline of skilled workers for the future.

90%

Accelerating digital transformation

As new technologies are developed and launched at exponential speed, many businesses are accelerating the adoption of new digital solutions to advance innovation in services and products as well as enhancing internal capabilities through greater automation.

Furthermore, government and regulatory bodies are increasingly encouraging digital adoption through the launch of new initiatives. 90%

Navigating policy shifts and governance issues

Regulatory complexities across the ASEAN economies coupled with dynamic, ever-changing market conditions necessitate companies to improve organisational agility, enhance regulatoryreadiness through technology, as well as institute higher leadership accountability and governance.

89%

Proactively developing solutions to overcome systemic barriers

While historically perceived as a public sector domain, infrastructure development in the future will no longer be the sole responsibility of the government.

Intense competition, cost pressures and increasing consumer demand are also driving businesses to proactively develop solutions and bridge fundamental infrastructure gaps in innovative ways.

95%

Collaborating to unlock potential across the ecosystem

To cope with the frequent disruptions across the supply chain, more companies are looking deeply into each step of their activities from financing to customer delivery - for opportunities in expanding or optimising services or products, leveraging data and AI to enhance agility in response to change as well as fulfilling ESG requirements through partnership and collaboration.

79%

Expanding net zero efforts

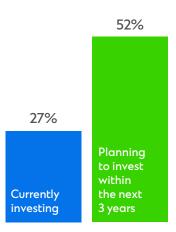
Environmental sustainability is becoming a necessity for businesses due to shifting consumer, investor and stakeholder expectations around the world.

As a result, more companies are looking to drive net zero initiatives, increase usage of renewable energy and optimise operations to reduce carbon emissions.

¹ Survey question asked: 'Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?'. Values indicated above refer to sum of respondents who are currently investing, and planning to invest in the short term (0-1 year) and mid-term (2-3 years)



Percentage of corporates planning to invest in net zero initiatives to drive business growth in ASEAN over the next 3 years¹



Environment: Expanding net zero efforts

The Industry Leaders Survey indicates that while business leaders are not prioritising the growth pillar of Environment as an immediate focus, it is clear that sustainability initiatives are top of mind in the short-tomedium term, with more concrete investments expected within the next three years across multiple initiatives.

Overall, expanding net zero efforts is an essential part of corporates' growth strategy, enabling companies to differentiate themselves in the market and maintain relevancy in today's world. This focus on sustainability not only enhances brand reputation, but also helps companies in driving long-term profitable growth and attracting high quality talent as well. Furthermore, pressures from investors, regulators and other stakeholders on climate disclosure necessitate organisations to step up their net zero efforts. It can also enhance access to new sources of capital (e.g. green bonds) to finance their growth plans in ASEAN.

¹ Survey question asked: "Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?'. Values indicated above refer to sum of respondents who are currently investing, and planning to invest in the short term (0-1 year) and mid-term (2-3 years)

Key sustainability initiatives prioritised by corporates

The Industry Leaders Survey reveals that embracing emerging technology to drive resource efficiency and waste reduction, increasing share of renewable energy usage, as well as optimising manufacturing processes and operations are the top three sustainability initiatives across sectors that companies are focusing on.

An example of technology adoption to advance net zero efforts is the utilisation of low carbon logistics through the use of Artificial Intelligence (AI) and advanced automation. To increase logistics efficiency and mitigate manpower shortages, companies have started the shift towards advanced technologies, such as AI, internet of things (IoT) and advanced automation. The adoption of technology not only reduces logistics costs and helps anticipate long-term demands, it also has the potential to be a gamechanger in driving sustainability efforts for companies.



Embrace emerging technology (e.g. Al and IoT) to drive resource

(e.g. Al and IoT) to drive resource efficiency and waste reduction¹

As global green campaigns (e.g. United Nation's Race to Zero) are spurring multi-industry changes, more businesses are proactively tapping on public sector support and incentives to invest in renewable energy and sustainability initiatives. Available public sector schemes and incentives (e.g. Singapore's SGD63 million Green Mark incentive scheme) enable companies to offset capital requirements and reduce financial burden in their transition to renewable energy sources and realise their ESG targets.



Increase share of renewable energy usage

(e.g. hydropower, wind power or solar energy)¹

Manufacturing has been one of the key sectors contributing to ASEAN's growth. In response to increasing pressure from consumers and regulators, large multinational companies, from Johnson & Johnson to Nestlé, have re-evaluated their carbon footprint strategy and pledged their net zero commitments with specific action goals and timelines across many stages of the value chain, directly impacting the ways of working for their ASEAN businesses and competitors.



Optimise manufacturing processes and operations

to reduce carbon footprint and greenhouse gas emissions¹

¹ Survey question asked: With regards to your efforts in expanding net zero commitments, which of the following initiatives are important and prioritised for your business in ASEAN over the next 2-3 years?'. Values indicated above refer to % of survey respondents who included the initiative as one of the top 3 ranked choices.



Steve Mercieca

Co-head, Project and Export Finance, ASEAN and Australia, Standard Chartered

A case example of green financing is Vietnam's Phu Yen solar power plant project. Through its debt structuring expertise and long-term interest rate hedging through its onshore operations, Standard Chartered is the first international bank to structure such a large-scale renewable energy transaction in the growing sector in Vietnam, setting a precedent for successful funding of renewable energy projects in ASEAN's future.



Project financing for Vietnam's largest solar plant through USD186 million ADB loan structure

Background

- The 257MW Phu Yen Solar Power Plant Project, is the largest operating solar plant in Vietnam and with an expected reduction of 123,000 tonnes of carbon dioxide emissions per annum a major part of Vietnam's master power development plan.
- The facility is operated by majority owner B.Grimm Power, a core client of Standard Chartered Bank, and Truong Thanh Vietnam.



Highlights

- The Asian Development Bank provided direct financing under an A-loan facility, with Standard Chartered (and other regional commercial lenders) participating in the ADB B-loan facility.
- Standard Chartered is the only international lender involved, offering debt structuring
 expertise and long-term interest rate hedging through its onshore operations in
 Vietnam. The deal is Asia's first green B loan certified by the Climate Bonds Initiative.

Outcome

- Precedent for the successful funding of renewable energy projects in the region through new financing structure
- Further development of the green energy sector in Asia, with Standard Chartered already working with B.Grimm Power on a follow-up deal
- Green Project of the Year Award in Vietnam (The Asset)



Standard Chartered's Sustainable Trade Finance Proposition

Standard Chartered launched sustainable trade finance products and services across Asia, Africa and the Middle East, Europe and the Americas, designed to help companies implement more sustainable practices across their ecosystems, meet ESG-related sustainability objectives and build more resilient supply chains. The new Sustainable Trade Finance Proposition allows the Bank to support the following:

- Financing of goods that meet sustainability standards
- Suppliers who meet acceptable ESG-related thresholds
- Sustainable industries, such as renewable energy, blue economy, clean transportation
- Industries in transition looking to reduce their carbon footprint



Sustainability-linked trade finance credit facility for Leo Paper Products

Background

- Hong Kong-based Leo Paper Group decided to open a subsidiary in Vietnam and sought the help of Standard Chartered to expand its business and finance its operations in Vietnam.
- Standard Chartered extended a USD13.5 million sustainability-linked trade finance credit facility set to environmental targets to finance Leo Paper Group's working capital needs while incentivising the company to reduce its carbon footprint.



Highlights

- The trade finance credit facility is Leo Paper Group's first sustainable finance transaction in Vietnam
- The facility's interest rate is linked to two key environmental targets the reduction of Leo Paper Group's hazardous waste and total waste intensity to pre-determined levels over a designated time period. Standard Chartered will provide financial incentives to Leo Paper Group If these targets are met.
- The line of credit complements a sustainability-linked hedging facility to manage Leo Paper Group's foreign exchange risks and is set to the same targets.

Outcome

- Since 2021, Leo Paper Group has been implementing measures to meet these environmental targets such as the development of waste-water treatment plants and the installation of energy-efficient equipment.
- Leo Paper Group could be a model for companies in Vietnam keen on engaging in sustainable business practices in partnership with Standard Chartered.

Source: Standard Chartered





Climate Impact X, a global exchange and marketplace for carbon credits

Background

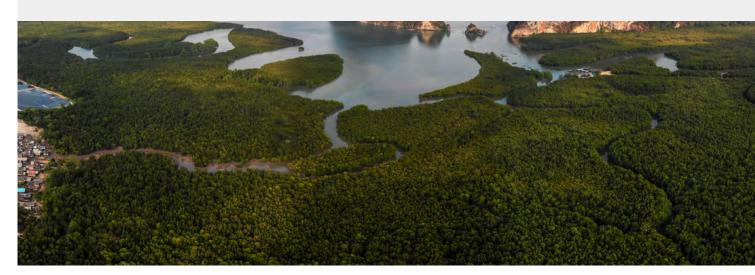
- Standard Chartered, Singapore Exchange (SGX), Temasek and DBS Bank (DBS) joined hands to establish a **joint venture**, **Climate Impact X (CIX)**, which aims to be a global exchange and marketplace for high-quality carbon credits.
- Global efforts to address climate change have been driving demand for solutions to help corporates effectively reduce their carbon emissions. However, today's low-carbon technologies, including current renewable energy solutions, are unlikely to be enough in the near term.
- Thus, high-quality carbon credits can provide a practical solution to bridge this
 gap, especially in the near term, and will play an important role in a holistic climate
 mitigation strategy.



Highlights

- CIX will offer distinct platforms and products that cater to the needs of different buyers and sellers of carbon credits. These include the Project Marketplace and the Exchange, which is expected to be launched in early 2023.
- The Exchange will facilitate the sale of large-scale high-quality carbon credits through standardised contracts – catering primarily to multinational corporations (MNCs) and institutional investors.
- The Project Marketplace will cater to a broader spectrum of corporates seeking to
 participate in the voluntary carbon market, offering them a curated selection of Natural
 Climate Solution (NCS) projects which will be supported by transparent environmental
 impact, risk and pricing data.
- CIX will feature carbon credits from various high-quality NCS projects around the globe on its platforms. It is also in conversations with global rating agencies to provide independent ratings to these projects.
- Additionally, CIX will leverage satellite monitoring, machine learning and blockchain technology to enhance the transparency, integrity and quality of carbon credits that deliver tangible and lasting environmental impact.

Source: Standard Chartered



Four growth sectors

While a majority of corporations have invested or plan to invest across all aspects of the THRIVE framework within the next three years, each sector has prioritised their immediate focus around specific growth pillars. In this section, we present the priority growth pillars and initiatives by sector, with a set of winning themes that industry players can potentially explore in order to achieve their ASEAN's growth ambitions.



Click on the sector to learn more.
You can also click on "Four growth sectors" at the bottom footer to return to this page.













Construction and infrastructure

ASEAN's construction and infrastructure sector had an estimated gross output of USD881.2 billion in 2021 and is forecasted to grow at a CAGR of 12.2 per cent from 2021 to 2025.

The sector is expected to undergo a rapid post-pandemic recovery due to a number of ongoing and planned large-scale projects across the region (e.g. Indonesia's USD430 billion 2020-2024 infrastructure development plan and the Philippines' "Build, Build, Build" initiative). However, with less fiscal capacity available due to the pandemic spending and rising costs of construction raw materials, the region needs to explore alternative ways of funding and working to drive infrastructure development.

Looking ahead, the future of ASEAN's construction and infrastructure sector will be shaped by how the region evolves to bridge the infrastructure investment needs, its ability to attract private players to supplement the financing gaps and the rate of technology adoption to uplift delivery capabilities. Sustainability is also becoming a key mainstay of investments and projects in the infrastructure space.

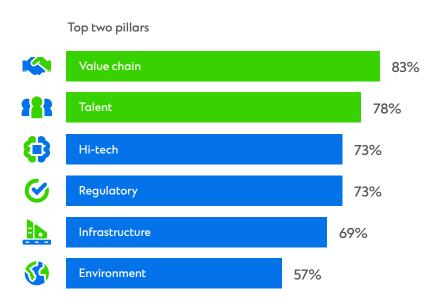
As the sector moves towards a more holistic model with greater emphasis on resilience, sustainability and regional collaboration, construction and infrastructure players will need to re-evaluate and reconfigure their strategies and operations to thrive in ASEAN in the long run.

Priority growth pillars

In order to tap into the sector's growth opportunity in ASEAN, unlocking potential across the value chain through greater collaboration (83 per cent) and development and upskilling of future talent (78 per cent) emerge as the top two focus areas for construction and infrastructure players.

In the subsequent pages, we will deep dive into these top two growth pillars - Value chain and Talent - showcasing the key initiatives undertaken by industry players and the potential winning strategies in order to achieve their growth ambitions in ASEAN.

Key pillars for construction and infrastructure companies to drive growth in ASEAN¹



1 Survey question asked: 'Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?' Values indicated above refer to the sum of % of survey respondents who are currently 'in progress' and 'planning in short term (0-1 year)'.





Value chain

#1 Value chain
Collaborating to
unlock potential
across the ecosystem

Many surveyed business leaders in the construction and infrastructure sector viewed strengthening the value chain through partnerships as the top focus area to accelerate growth in ASEAN. Value chain activities in this sector span across multiple areas – from project financing, planning, design, construction to the end-of-life waste processing and disposal. Within the growth pillar, new partnerships with banks and value chain capability development through greater public-private collaboration are some of the key initiatives being undertaken by construction and infrastructure players.

I. Gain access to emerging financing alternatives through partnership with financial institutions

It is anticipated that the public sector's financing capacity will not be able to keep pace with ASEAN's growing infrastructure needs, which is driven by accelerated economic and population growth across the region. The infrastructure gap is further compounded by the fiscal constraints in place, due to significant spending on COVID-19 mitigation measures.

This is creating a financing gap for the sector, which can potentially be bridged with the support of private investors. However, tapping into the private investor base is challenging – the large quantum of upfront capital required and uncertainties over project bankability are hampering investor appetites in ASEAN.





of corporates are exploring new partnerships to optimise the value chain¹ To overcome this hurdle, emerging financing alternatives, such as project bonds and listed infrastructure funds, are gaining a greater foothold, particularly in the developed markets of Europe and America. Using such financing alternatives, sector players can have more flexibility with longer maturities for their projects. However, some ASEAN project bonds may not have a strong credit rating (as compared to European and American engagements) due to increased commercial, political and legal risk exposure of the underlying construction and infrastructure projects.

This credit risk can potentially be lowered by partnering with multilateral banks and other financial institutions, therefore attracting more global investors.

In addition, such partnerships also help companies benefit from their expertise to advise on innovative financial structuring options, cross-border payments, collections, information and liquidity management. Furthermore, new fund raising options can be explored, such as sustainability-oriented financial instruments that allow infrastructure companies to tap into a growing number of socially-conscious institutional investors.

Case example

Kejuruteraan Asastera Berhad's sukuk receiving credit enhancement from Danajamin

Malaysia's Kejuruteraan Asastera Berhad (KAB) issued a MYR500 million (USD110 million) Multi-Currency Islamic Medium Term Notes Programme ("Sukuk Murabahah Programme"). Tranche one of the sukuk, a shariah-compliant bondlike instrument, was guaranteed in early 2022 by Danajamin Nasional, a financial guarantor wholly owned by the Malaysia Development Bank. The proceeds will be used for a 2.2-megawatt waste heat recovery facility to accelerate KAB's plans to venture into renewable and green energy. The financial guarantee by Danajamin Nasional represents a credit enhancement, providing assurance to investors and allowing viable corporations to raise funds in the private capital markets.

Source: Company website, Press articles

¹ Survey question asked: 'In your efforts to drive capability development across the value chain and build new partnerships, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.















Thailand partnerships embrace a sustainable and prosperous future

Background

- During the COVID-19 pandemic, the Government of Thailand was keen to continue financing projects aligned with its commitments to the United Nation's Sustainable Development Goals and pledge to the Paris Agreement.
- Thus, it pushed ahead with the country's first sovereign sustainability bond to fund the MRT Orange Line project and provide financial support to Thai society.



Highlights

- Standard Chartered Thailand acted as a joint structuring advisor and joint lead manager for the dual tranche issuance.
- A THB30 billion (USD920 million) 15-year issuance auctioned in August 2020 would help finance 27 per cent of the mass rapid transit project while an additional THB20 billion (USD610 million) 15-year issuance in November was designed to help finance COVID-19 support measures.

Outcome

• The bond was listed on the Luxembourg Green Exchange, and **bidding** for the THB20 billion (USD610 million) tranche was more than **three times over the issuing amount.**

Source: Standard Chartered



















Kingdom of Thailand successfully issues THB 35 billion **ESG** bond

Background

- The Kingdom of Thailand wanted to issue a bond to restructure debts previously incurred to support the Thai economy and mitigate negative social impacts resulting from the COVID-19 pandemic.
- · Proceeds from the offering of the Bond should contribute to an improvement of society and an environmental conservation, as well as elevating the standard of living of the people of Thailand.



Highlights

- Standard Chartered is the only international bank on this transaction and the only bank responsible for non-domestic investor demand.
- The Bank's syndicate and sales teams were able to bring an overwhelming demand of ~THB 10.5 billion from offshore investors and also played an instrumental role in building strong investor engagement.

Outcome

- The THB35 billion (USD 954 million) Government Sustainability Bond was successfully issued in September 2022.
- Standard Chartered has also been mandated for Kingdom of Thailand's ESG bond for the third consecutive issuance since the inaugural sustainability bond issuance in 2020.

Source: Standard Chartered















Value chain

II. Adopt innovative risk-sharing model for greater private and public collaboration

In addition to the increasing need to attract private capital, there is also an urgency to better manage construction and infrastructure project delivery risks, and improve commercial bankability in ASEAN. More than 35 per cent of infrastructure players perceived construction, delivery and commercial risks to be the top challenges to infrastructure investments in Asian economies¹.

Many projects across the region are prone to construction risks, stemming from engineering errors, technical feasibility, time delays, or cost overruns due to the rising complexity in project planning and execution.

There is also a growing number of project stakeholders across the construction and infrastructure value chain (i.e. subnational governments, foreign MNCs, regional associations), which further adds to the complexity of project delivery, and also diminishes the attractiveness of infrastructure investments for private investors. Additionally, the pandemic has brought about a downward shift in risk appetite and perceptions for investors worldwide. More private sector and financers are looking for greater downside revenue protection for capital-intensive infrastructure projects, especially to manage disruptions that are beyond their control.

Construction and infrastructure companies will therefore need to adopt innovative ways to bring together multiple stakeholders, particularly the public sector players, for collaborative management of construction projects, as well as improvement in project bankability and delivery capabilities.

The Public-Private Partnership (PPP) model is one of the common ways for infrastructure projects to be delivered in Asia. In traditional PPP models, risks, such as project's life-cycle cost, are often allocated to the private-sector side, with the underlying assumption that their relevant industry knowledge provides foundation for effective project risk mitigation leading to efficiency gains. On the other hand, public sector remains the owner of the project, assuming the site risks, legislative and policy risks. However, in ASEAN countries where market, legal and regulatory environments are still evolving, private sector's risk mitigation is often less effective, requiring the public sector to take on more risk to effectively manage PPPs, particularly for large-scale projects with many unquantifiable key delivery risks.



of corporates are collaborating with governments to develop capabilities²

¹ Source: White & Case's APAC infrastructure survey, 2021

² Survey question asked: 'In your efforts to drive capability development across the value chain and build new partnerships, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.



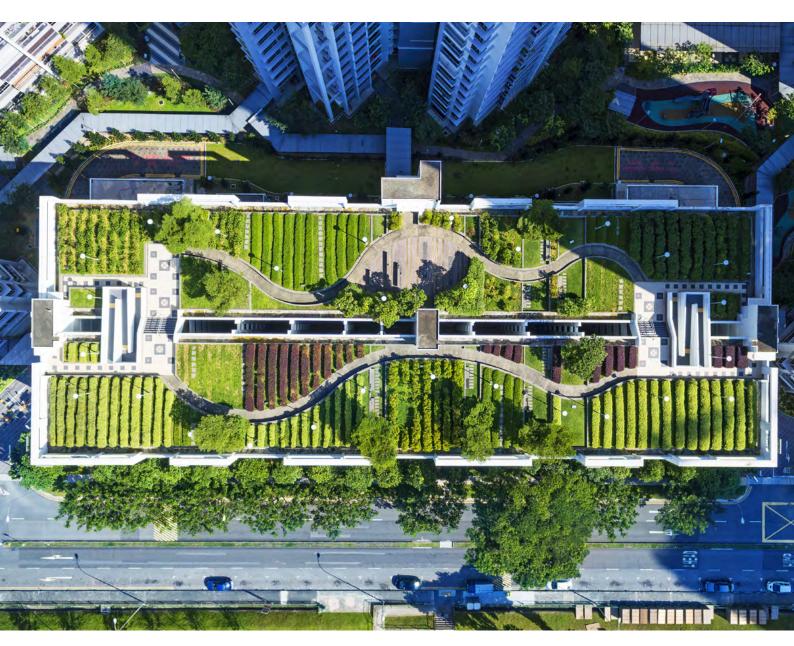






Therefore, new risk-sharing PPP contracting options, such as the Incentivised Target Cost (ITC) model and collaborative contracting, are being explored to enhance the attractiveness of large infrastructure projects.

In such models, risks such as project delivery costs, completion timeline or other scope uncertainties, can be shared through the inclusion of contract incentives, such as costs incentives (where gain or loss in contract price against the agreed upon Target Cost are to be shared by both parties), early completion payments or KPI incentives. Such models can make higher risk infrastructure projects in ASEAN more attractive for private investors, with its 'painshare' or 'gainshare' mechanism of risk sharing. In addition, public and private players can work together more effectively to uplift each other's technical, risk management and dispute resolution capabilities through knowledge sharing as well as joint problem solving, thereby increasing the likelihood for a timely project delivery. Overall, it has the potential to effectively align commercial interests of non-owner participants with those of the owners, encouraging greater private and public collaboration for successful delivery of the project.







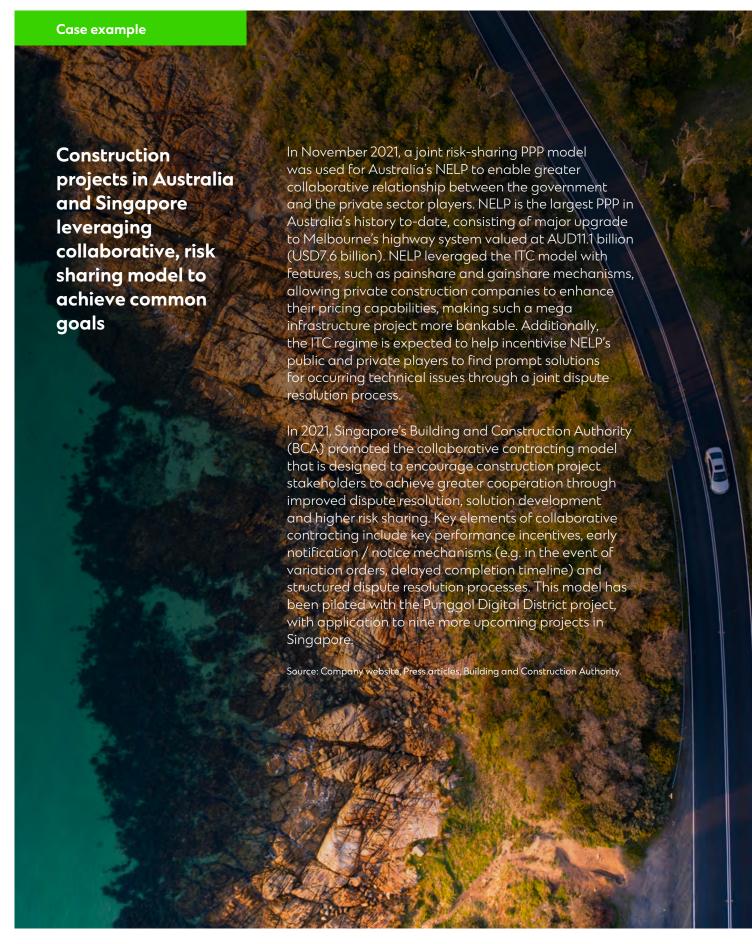






















Role of banking partners in construction and infrastructure sector Majority of construction and infrastructure leaders surveyed have indicated that banking partners with strong cash management capabilities is key to supporting their growth in ASEAN. These partners can provide companies with financing and cash management solutions to facilitate cross-border payments, collections and liquidity management. They can further help navigate complex regulations across global markets and ease the client's compliance burden.

Additionally, more than half the respondents identified 'one stop corporate financing and capital raising services', including opening new doors to sustainable financing opportunities, as a key requirement from their banking partners. Construction and infrastructure players also expect 'foreign exchange hedging and comprehensive multi-currency settlement services'. Financial partners are able to provide companies with customised financing and hedging solutions to gain access to diverse sources of capital, and minimise currency risks associated with cross-border transactions.

Five key areas construction and infrastructure players want their banking partner to support as they grow in ASEAN¹





Strong cash management capabilities





One-stop corporate financing and capital raising services

3



Foreign exchange hedging and comprehensive multi-currency settlement services

4



Digitalised platforms for foreign exchange, transaction banking, etc.

5



Widespread cross-border network and understanding of the local markets

¹ Survey question asked: 'What are the key requirements from your banking partner, to support your growth in ASEAN?'















Standard Chartered Saadiq's first Islamic Sustainable Supplier Finance programme for Malaysia Airports Holding Berhad (MAHB)

Background

- Malaysia Airports Holding Berhad (MAHB) is one of the largest airport operator groups in the world.
- During the COVID-19 pandemic, MAHB wanted to setup a supplier finance programme
 which enables its vendors to enjoy immediate liquidity at competitive pricing to ensure
 economic sustainability during the crisis.



Highlights

- Standard Chartered Saadiq structured a Shariah-compliant solution which allows small and medium-sized suppliers to access financing at preferential pricing.
- The supply chain solution is also digitally enabled, based on a Straight-Through-Processing (STP) model with no manual processing involved, providing simplified documentation to save costs and improve turnaround time.

Outcome

- MAHB can continue meeting its contractual obligations to make timely payments to vendors with extended terms, hence optimising its cash-flows.
- Further, the solution promotes the commitment to support SMEs leveraging Straight2Bank Access which directly integrates MAHB's systems with Standard Chartered, facilitating automated processing for greater operational efficiency, improved productivity and effective working capital management.



















Standard Chartered takes the lead in sustainable finance in Vietnam, affirming the Bank's commitment to the UN Sustainable Development Goals

Background

- Standard Chartered successfully completed a USD462 million trade finance transaction for renewable wind power projects in Vietnam in May 2021.
- In another significant deal, the Bank helped **price a USD200 million corporate green bond issuance** by BIM Land JSC, a Vietnamese real estate company.



Highlights

- The Bank's trade finance transaction will provide financing support for four wind power projects in Vietnam – helping advance the sustainable development agenda in the country.
- In the BIM Land JSC project, the Bank played a critical role in structuring the transaction, creating the green bond framework, developing the marketing and execution strategies and advising the issuer on favourable windows in the market.
- BIM Land JSC plans to utilise the funds raised from the bond to finance Excellence in Design for Greater Efficiencies or EDGE-certified (a green building certification) projects in Vietnam.



















Powering the floating solar revolution

Background

- Solar energy's declining costs and increasing efficiency make it one of the **cheapest** sources of new energy and an integral part in achieving net zero.
- However, solar projects are land-intensive and often displace cropland and managed forests. Affordable, unoccupied land with good solar irradiation and close proximity to a power distribution station is hard to find, making floating solar projects an attractive alternative.

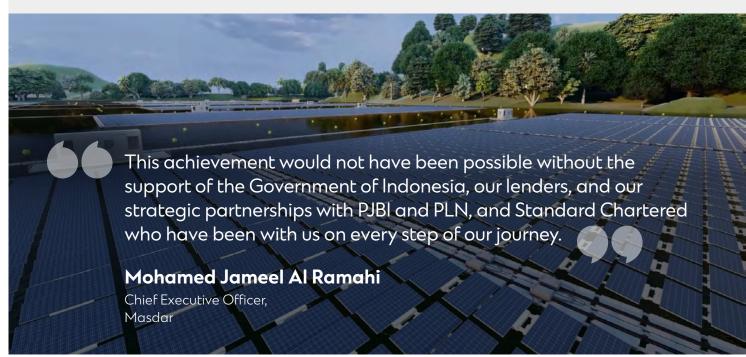


Highlights

- Standard Chartered financed the Cirata Floating Photovoltaic Power Plant, a 145 MWac floating solar project in West Java, Indonesia. Cirata is one of the largest floating solar projects in the world.
- It is a joint venture between Masdar, one of the world's leading renewable energy companies, and PJBI, a subsidiary of Indonesia's state-owned electricity company PLN.

Outcome

 Upon completion, Cirata will generate enough electricity to power 50,000 homes and offset 214,000 tons of CO₂ emissions. Additionally, up to 800 new jobs will be created through the project.















Facilitating first Malaysian solar power project financing to include a social element

Background

- Edra Solar, owned by China General Nuclear Power, currently owns and operates a 50MW large scale solar photovoltaic plant at Kuala Ketil, Malaysia.
- This was the first Malaysian solar power project to receive financing that included a social element.



Highlights

- Standard Chartered's Islamic banking arm, Standard Chartered Saadiq, successfully priced the issuance of a USD59.5 million sukuk (i.e. shariah-compliant bond) for the client.
- The bond was intended to refinance a shareholder loan used to develop the solar plant, including the cost of a large buffer zone around the project that had been allocated to the local community for crop cultivation.

Outcome

- This was the first Ringgit-denominated green sustainability bond arranged by Standard Chartered that met both regional and global standards.
- Local farmers are able to use the land for free under a profit-sharing agreement, encouraging entrepreneurship and responsible growth.
- Restored investors' confidence in the solar sector and opened doors to more Ringgit-bond financed solar projects.















Business leaders surveyed have cited that developing skilled talent is one of their top two focus areas to drive growth in ASEAN. As construction and infrastructure projects are often labour intensive, people are key to the long term survival and success of the sector. Within this growth pillar, strategic workforce planning and investment in upskilling initiatives are key priorities being undertaken by construction and infrastructure players to ensure future talent supply while building the new and enhanced skillsets required for the sector.

 Shift to futureoriented strategic workforce planning to build up construction and infrastructure talent supply There is a rising industry concern that the talent supply, particularly for skilled and qualified workers, will not be able to keep up with the increasing demand for infrastructure projects in ASEAN. To win the war for construction and infrastructure talent in the future, companies need to take on a fundamentally different and longer term approach that begins with strategic workforce planning.

As technology adoption and talent gaps shape the upcoming landscape, traditional roles and responsibilities within the sector are evolving.



More construction and infrastructure leaders are embracing strategic workforce planning, which involves thinking strategically about future talent demand in terms of quantity and quality of skills, as well as the likely availability of those skills to systematically plan recruitment, retention and training. This is becoming a critical organisational capability in order to fill the skill gaps of today and tomorrow.

of corporates want to improve workforce planning by redefining roles, identifying required competencies and anticipating talent demand¹ Effective workforce planning enables construction and infrastructure players to maximise the efficiency of the project teams and improves business profitability by staffing the right skills at the right project at all times. Most importantly, it helps companies anticipate longer term skills requirements and existing gaps, plan to create new roles to fill these gaps (e.g. digital delivery manager, building digital lead) and recruit at an early stage to mitigate these issues. If successful, companies will be more resilient and less likely to be impacted by workforce shortages and market headwinds

¹ Survey question asked: 'With regards to develop the workforce of the future, which of the following initiatives are important and prioritised for your business in ASEAN over the next 2-3 years?'. Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.

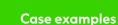












Singaporean-based Toh Chin Leong Construction adopting strategic workforce planning

Toh Chin Leong Construction undertook a strategic workforce planning initiative to systematically recruit and train employees for future demands. As a first step, the company encouraged their employees to attend operations and supervision courses at a local institution. Then, they added their own in-house education programme facilitated by three managers offering tailored safety and machinery trainings. Employees were also rewarded for their upskilling efforts by gaining new skills and certificates. Most recently, Toh Chin Leong also invested in cultivating the next generation of employees by providing on-site training as part of a local institution's work-study diploma. Ultimately, the strategic workforce planning initiatives allowed Toh Chin Leong's aging workforce to proficiently adopt automated tools and take on new responsibilities. Additionally, the continuous employee development efforts led to a productivity increase of 30 per cent, enabling the company to take on more projects.

Source: Company website, Press articles

Upskilling the workforce to usher in the digital construction era

In Singapore, Woh Hup, a construction and civil engineering specialist, collaborated with JTC Corporation, a statutory board, to integrate Building Information Modelling into its build process. Woh Hup also used JTC's Common Data Environment (CDE) platform for project communication. To help Woh Hup employees adopt the new technologies, JTC conducted training sessions which resulted in a 20 per cent increase in productivity since CDE was implemented.

In the US, Built Robotics, a construction automation company, partnered with the International Union of Operating Engineers (IUOE) to launch engineer upskilling programme, which will train over 400,000 IUOE members to work with robotic equipment and supervise autonomous vehicles. Built Robotics upgrades conventional heavy construction equipment (e.g. excavator) with Al guidance systems, so they can be autonomously operated by engineers from a distance.

Source: Company website, Press articles















of corporates are looking to invest in upskilling of workforce to develop skills of the future¹ An increasing number of construction and infrastructure leaders are now looking to deploy advanced technology to supplement the talent supply and overcome capability gaps. As the industry embraces new construction technologies and approaches (e.g. Building Information Modelling, construction robots, smart boots and hardhats, Integrated Digital Delivery), there is an urgent need to equip existing and future employees with required skillsets to effectively utilise these tools.

Staff upskilling and training are vital in order to deliver on the promise of construction technologies, which in turn will accelerate business productivity and the growth of the sector. In a Mercer study, 71 per cent of surveyed construction and infrastructure industry executives plan to spend on Al-based productivity tools².

However, budgetary constraint is one of the main challenges in executing future upskilling initiatives, as construction technology training tends to require higher initial capital to acquire the machine, and develop the curriculum. According to a 2022 Mercer talent study, insufficient budget is considered as the biggest barrier to overcome for construction industry players to upskill its existing employees. There are also concerns that trained talent will leave the firm after upskilling investments have been made.

To lower the costs of training, industry players are working with statutory boards, vendors and/or industry associations to provide employees or members with access to best-in-class technologies, training grants, industry-relevant curriculum and practical trainings to apply their new knowledge.

Such an approach enables multiple companies within the sector to share the costs of curriculum development, technology investments and facilities used to conduct the training, thereby lowering the total training expenditure and overcoming the budgetary constraints. Many companies, which have invested in construction tech upskilling initiatives, are able to reap the rewards as manual work is eliminated, productivity is improved and higher value jobs are created.

¹ Survey question asked: 'With regards to develop the workforce of the future, which of the following initiatives are important and prioritised for your business in ASEAN over the next 2-3 years?'. Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.

² Source: Mercer talent study, 2022





Consumer products

A booming middle-class, growing affluence and rising demand for convenience are shaping the future of ASEAN's consumer products sector. From an estimated gross output of USD671 billion in 2021, the sector is projected to experience double-digit growth at average of 10.8 per cent year-on-year from 2021 to 2025.

The onset of COVID-19 pandemic further accelerated fundamental shifts in consumer expectations, behaviour and preferences. These shifts, such as heightened demand for frictionless, tech-enabled experiences (e.g. zero-contact retail and fulfilment) and the rising popularity of conscious consumerism (e.g. sustainable alternatives, recyclable packaging), are driving consumer products players to re-evaluate and actively recalibrate their future growth strategies in ASEAN.

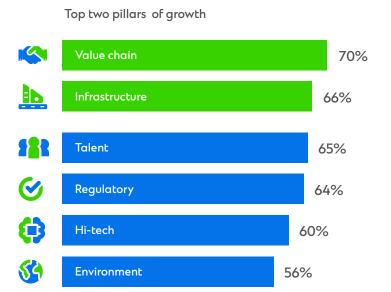
Moreover, industry players are grappling with intensifying competition from local players, eroding margins from rising supply chain costs and network volatilities. Hence, to remain relevant in this constantly transforming consumer products landscape, there is a growing imperative to pivot towards future-proof investment priorities.

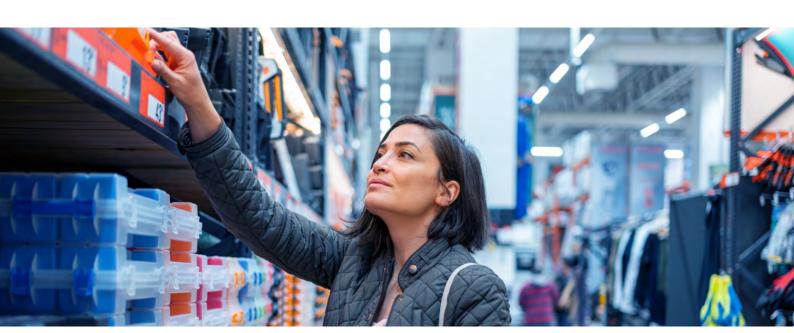
Priority growth pillars

Looking ahead, consumer products companies have identified strengthening their value chains (70 per cent) and overcoming infrastructure barriers (66 per cent) as the top two focus areas to build resilience against future disruptions and tap into growth opportunities in ASEAN.

In the subsequent pages, we will deep dive into these top two growth pillars - Value chain and Infrastructure, showcasing the key initiatives undertaken by industry players and potential winning strategies (aligned to these initiatives) for companies in this sector to achieve their growth ambitions and thrive in ASEAN.

Key pillars for consumer products players to drive growth in ASEAN¹





¹ Survey question asked: 'Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?' Values indicated above refer to the sum of % of survey respondents who are currently 'in progress' and 'planning in short term (0-1 year)'.















#1 Value chain Collaborating to unlock potential across the ecosystem The Industry Leaders Survey highlights that strengthening the value chain has emerged as the top focus area for consumer products players to drive growth in ASEAN in the immediate term. Within this growth pillar, our findings indicate that industry players are now pivoting away from traditional cost optimisation strategies, and are prioritising reengineering of the value chain through win-win partnerships and leveraging emerging technologies to enhance end-to-end supply chain transparency to combat future value chain disruptions in ASEAN.

 Expand offerings and deliver a differentiated customer experience through collaboration across the value chain Faced with heightened consumer expectations and growing competition, traditional value chains, typically characterised by a siloed and linear approach, are no longer suited to build differentiated capabilities. As the industry shifts from a 'product-centric' to an 'experience-centric' strategy, consumer products players now have an imperative to aggressively pursue breakthrough innovations, expanding offerings into new platforms and markets, while optimising existing services to create a competitive advantage.

However, organisations cannot drive this on their own. In order to provide a differentiated experience, in a scalable, cost-efficient and timely manner, successful collaboration across the value chain is key as it helps to offset R&D costs, gain immediate access to expertise, as well as accelerate ramp-up timelines.



of corporates are **exploring** new partnerships to expand service offerings¹

With growing demand for convenience and quality customer experience, more consumer products players are focusing on interlocking capabilities that play to their strengths – partnering with third-party players, online platforms, cross-industry players, or even competitors that offer complementary solutions to help accelerate the development of an ecosystem of product and service offerings.

Across the value chain, consumer products players can adopt a winning strategy through innovative partnerships across multiple areas, such as (i) localised offerings via co-creation and product partnerships to accelerate development of hyperlocal product lines, (ii) last-mile capability building by leveraging distribution partnerships, and (iii) creation of connected ecosystems, such as consumer financing, e-payments, online logistics etc. through third-party platform partnerships.

¹ Survey question asked: 'In your efforts to drive capability development across the value chain and build new partnerships, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.





























II. Enhance end-toend supply chain transparency with blockchain-based traceability solutions





of corporates are **looking to increase end-to-end supply chain transparency**¹

Furthermore, a growing trend of conscious consumerism and increasing demand for sustainable sourcing necessitate consumer products players to ramp up their raw material traceability efforts. This requires businesses in multi-tiered, fragmented supply chain networks to intensify efforts for seamless data sharing and collective collaboration throughout the value chain.

To combat the challenges of fragmented, unsecure and unreliable data, consumer products companies are exploring the use of emerging technologies, such as blockchain-based traceability solutions, that enable real-time data sharing across the supply chain in a trusted, transparent and secure manner.

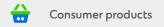
As a decentralised platform, blockchain has shown promising use cases, with its ability to track the provenance of products, transparently tracing the history of a material or a product from its source to its current position, and ensure it meets corporate standards. Through greater data sharing and collaboration with supply chain partners, companies are able to build stronger customer loyalty and trust.

A blockchain-enabled ecosystem not only allows sharing of data in a secured manner, but also enables organisations to create a reward structure for their value chain partners – for example, the provision of digital tokens or vouchers to incentivise upstream suppliers to share traceability data. Overall, a number of consumer products companies have already implemented successful blockchain pilots to enhance their visibility of raw material sourcing, as well as to ensure ESG requirements are met along their supply chain.

Companies who have achieved end-to-end orchestration of their supply chain reported 7 per cent supply chain cost savings coupled with a 8 per cent revenue increase².

¹ Survey question asked: 'In your efforts to drive capability development across the value chain and build new partnerships, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.

² Source: PwC Connected and Autonomous Supply chain ecosystems report



Case examples

AB Inbev launching blockchain pilot to enhance first-mile supplier visibility and streamline environmental footprint reporting

Belgian drink and brewing company, AB Inbev, partnered with Fujitsu and SettleMint to pilot a blockchain system to overcome the lack of traceability encountered with 40 per cent of its farmers and ensure full transparency of its raw material sourcing along its supply chain all the way to the end consumer.

Through the data collected via blockchain technology, AB Inbev was able to print a QR code on its packs of beer that could be scanned by end consumers in Europe, offering them end-to-end visibility on raw material sourcing. As part of its Smart Agriculture initiative and through the use of blockchain, AB Inbev was also able to gather real-time insights to better assist first-mile producers in improving their yields and environmental footprint.

Source: Company website, Press articles

Thailand's Charoen Pokphand Foods (CP Foods) using blockchain to enhance in-house digital traceability system

In 2021, CP Foods leveraged blockchain technology called the "iTrace Blockchain" to improve its own digital traceability system. CP Foods embedded blockchain throughout its value chain from farming to end product distribution, so consumers can trace the origin of purchased products and learn additional information, such as food safety. This system will be used to trace all aspects of the business, from pork to poultry, focusing first on CP Foods' APAC markets including Thailand, Vietnam, Laos and Malaysia, thereby enhancing transparency of information traceability across its vertically integrated business.















Role of banking partners in consumer products sector In addition to existing value chain partners, consumer products players need to explore partnership with banks, which have a strong regional presence and deep market expertise, to drive accelerated growth. To win in the diverse markets across ASEAN, banks can play a key enabling role for the industry players in understanding the local environment, facilitating cross-border growth with integrated supply chain and trade financing solutions as well as providing support in navigating complex regulatory requirements to reduce growth risks.

The Industry Leaders Survey findings highlight that more than half of the respondents require strong cash management capabilities, foreign exchange hedging, and comprehensive multi-currency settlement services from their banking partners in ASEAN.

Furthermore, banks can also play a pivotal role in the sustainability-focused endeavours of the industry players, unlocking opportunities with solutions such as green bonds and ESG advisory.

Five key areas consumer products players want their banking partner to support as they grow in ASEAN¹





Strong cash management capabilities





Foreign exchange hedging and comprehensive multi-currency settlement services

3



Digitalised platforms for foreign exchange, transaction banking, etc.

4



Widespread cross-border network and understanding of the local markets

5



One-stop corporate financing and capital raising services

¹ Survey question asked: 'What are the key requirements from your banking partner, to support your growth in ASEAN?'

















Simplifying DHL's cash collections across regions through a single, unified platform

Background

• Deutsche Post DHL Group ("DHL") needed to **rethink their cash payment ecosystem** to minimise paper-based processes and facilitate payments in local currencies across different markets.

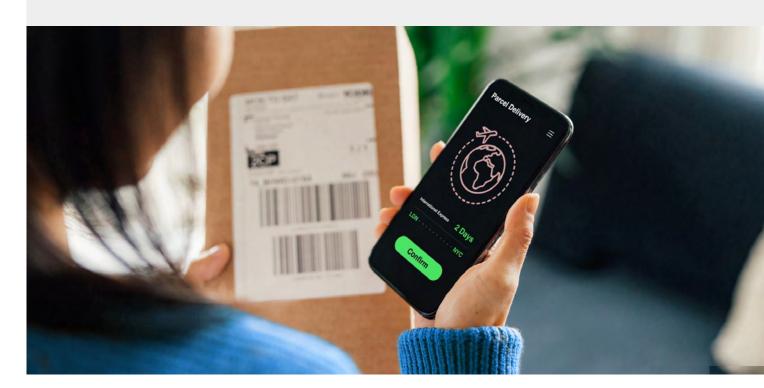


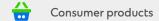
Highlights

 Standard Chartered partnered with DHL to co-create an innovative online collections solution that would allow DHL's customers across Asia to make online payments for shipping charges, duties and taxes via the DHL portal using local payment methods.

Outcome

- By integrating with a single service provider Standard Chartered Bank, DHL is able to replace cash transactions with a digital collections solution and accept local payments in local currencies across multiple geographies.
- Standard Chartered have also rolled out a QR code generation app that allows DHL to generate dynamic QR codes when accepting payments for shipments at their service points in Singapore.





















Implementing a digital supply chain solution for Barry Callebaut's entities in Malaysia

Background

• Barry Callebaut, a **leading manufacturer of high-quality chocolate and cocoa products**, required a digital supply chain solution for its two entities in Malaysia.

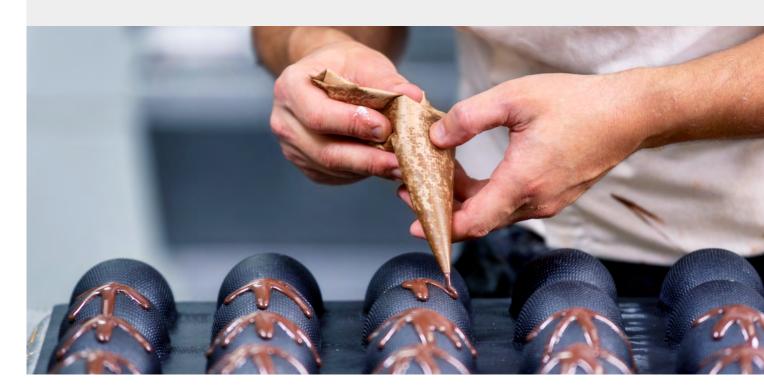


Highlights

 The programme is structured in Islamic format by Standard Chartered Saadiq and features cross-border coverage that can handle netting requirements, which saves Barry Callebaut time on reconciliation. The supply chain solution also leverages digital channel end to end with no manual processing in terms of exchanging payment data

Outcome

- Barry Callebaut benefits through being able to negotiate **potentially better discounts from suppliers** on the back of their improved liquidity position.
- The SWIFTnet solution supports the efficient exchange of payment files and bank statements on a straight-through process (STP) basis for multiple payment types and currencies across the world, allowing the client to track the status of all their applications on a real-time basis consolidated in a single dashboard.





















Malaysia's first FMCG ESG-linked derivative transaction with Etika

Background

- Etika is one of Malaysia's leading beverage manufacturers, distributors and marketers.
- The group has been intensifying its existing sustainability efforts of reducing carbon emissions, driving innovation in packaging, and minimising waste.



Highlights

- In February 2022, Standard Chartered sealed an ESG-linked derivative transaction worth MYR251 million (USD54 million) with Etika.
- The structure of the transaction involves a pricing mechanism where a discount
 or premium will be applied depending on whether Etika achieves the pre-agreed
 sustainability-related key performance indicators which are tied to the greenhouse gas
 emissions intensity of the Etika Beverage Plant and Etika Dairy Plant.

Outcome

- ESG-linked derivatives are structured to help achieve sustainability performance targets and support Etika's commitments to promote environmentally conscious practices within the FMCG industry.
- Etika has embarked on several actionable goals in their mission towards being an allround sustainable organisation. The group has a target to reduce its Scope 1 and Scope 2 carbon emissions by 20 per cent by 2030 and aims to achieve net zero carbon emissions by 2050.

















Infrastructure

#2 Infrastructure
Proactively developing
solutions to overcome
systemic infrastructure
barriers

Consumer products leaders surveyed have indicated that overcoming infrastructure gaps is the second highest focus area to enable growth in ASEAN. Within this, industry players have highlighted the underdeveloped transport network and the unavailability of cleaner energy sources as the top two infrastructure challenges impacting their business in the region. To counter these challenges, leading consumer products companies have taken it upon themselves to develop innovative solutions to overcome systemic barriers.

I. Explore the use of emerging technologies for efficient distribution

An underdeveloped transportation network in many parts of ASEAN is causing traffic congestion, transportation breakdowns and longer delivery time for goods.

While the COVID-19 pandemic has temporarily alleviated the demand on existing infrastructure, the challenges are expected to come back in full swing, as normal commute and traffic resumes. Therefore, there is an urgent need for greater delivery efficiency to offer an enhanced consumer experience.



of corporates have identified underdeveloped transport networks as a key infrastructure challenge¹

To overcome this, emerging technologies (e.g. drones, autonomous vehicles and robots), have the potential to disrupt the way consumer goods are being delivered and mitigate unpredictable delays from traffic, breakdowns etc. These technologies are expected not only to optimise delivery efficiency, but also to reduce costs and enhance purchasing experience for the consumers. As safety is one of the major concerns preventing the adoption of autonomous technology, delivery of consumer goods – many of which are lighter and lower in value – represents the next ideal use case for early deployment. In ASEAN, drones will be able to deliver goods at any time of the day, including during rush hour congestion. A compact autonomous vehicle with shorter wheelbase can also be used for better urban navigation to manoeuvre through crowded places.

¹ Survey question asked: 'What are some of the key infrastructure challenges and gaps you face in your business in ASEAN?'































II. Leverage clean
energy sources
by innovating
in commercial
structuring through
industry-wide
demand aggregation

Lack of clean energy sources for the ASEAN business is the next most pressing infrastructure challenge highlighted by respondents, as they are under escalating pressure from consumers, shareholders and employees to reduce their greenhouse emissions.

One of the key ways to reach their sustainability goals is to increase the use of clean energy sources for manufacturing and production.

With 67 per cent of ASEAN's installed power capacity attributed to non renewable sources of coal, gas and oil², clean energy is not yet the norm in ASEAN with heavier reliance on governments to invest in renewable infrastructure initiatives.

Demand-side aggregation can be an effective tool to further encourage and accelerate renewable infrastructure investments, especially in ASEAN, helping to improve infrastructure project economics and attract private investors. Here, consumer products players are well positioned to take advantage of this approach as many have high energy demand for their ASEAN factories for the production of their goods.

At a basic level, demand aggregation requires a group of players to band together as a single buyer of the renewable energy, to proactively identify common infrastructure needs and agree upon an innovative solution. This process will not be straightforward as it requires a prolonged period of time and significant effort to gain buy-in across industry players, but this approach enables consumer products players to take back a level of control over future infrastructure development and effectively engage to accelerate the renewable energy agenda.



of corporates have identified lack of clean energy sources as a key infrastructure challenge¹

- 1 Survey question asked: 'What are some of the key infrastructure challenges and gaps you face in your business in ASEAN?'
- 2 Source: ASEAN Centre of Energy

















Consumer products

Case example

Leading consumer products players joining forces in facilitating development of renewable energy solutions in Vietnam

Twenty-six brands, including H&M, Nike and Adidas, signed a declaration of support for the introduction of a direct power purchase agreement (DPPA) in Vietnam. The consortium reinforced its endorsement for a swift DPPA implementation in 2020 again through a joint letter, emphasising their point of view that growing energy needs cannot be met by Vietnam's existing renewable energy developments. The joint private sector engagement led to the release of several versions of DPPA draft circulars with the latest released in May 2022 with more detailed guidelines for DPPA pilot implementation, expected to start in 2023 with the official programme commencing in 2025. Through DPPA, private power producers will be able to sell renewable energy through the grid to large enterprise customers, supplementing the clean energy supply gap.







Pharma and healthcare

ASEAN's pharma and healthcare sector shows rapid growth potential, driven by rising incidents of chronic diseases, expanding universal health coverage and higher health awareness brought about by the pandemic.

Despite the regional heterogeneity of the pharma and healthcare markets (e.g. financing composition, regulatory requirements), the COVID-19 pandemic has attracted investors into the region, funding the proliferation of health services with an increasing focus on innovation (e.g. in health tech). In addition, within the industry, more pharma and healthcare players are focusing their attention towards building up supply chain resilience, transforming business models and fulfilling ESG expectations amidst intensifying competition, increasing patient demand, as well as an ever-evolving market and regulatory landscape.

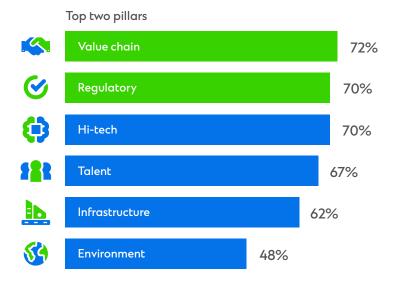
As the region recovers from the impact of the pandemic, the future of ASEAN's pharma and healthcare sector continues to hold significant potential. However, businesses will need to rethink and reconfigure future plans in order to build their resilience and adaptability, and emerge stronger in the post pandemic era.

Priority growth pillars

The majority of healthcare and pharma players are focusing on collaboration to unlock potential across the value chain (72 per cent), as well as investments to navigate regulatory shifts and governance issues (70 per cent) as their top two growth pillars for their ASEAN businesses.

In the subsequent pages, we will deep dive into these top two growth pillars - Value chain and Regulatory, showcasing the key initiatives undertaken by industry players and potential winning strategies (aligned to these initiatives) for companies in this sector to achieve their growth ambitions and thrive in ASEAN.

Key pillars for pharma and healthcare players to drive growth in ASEAN¹



¹ Survey question asked: 'Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?' Values indicated above refer to the sum of % of survey respondents who are currently 'in progress' and 'planning in short term (0-1 year)'.

















#1 Value chain Collaborating to unlock potential across the ecosystem Leveraging partnerships to enhance the value chain is ranked as the top focus area by pharma and healthcare leaders to drive growth in ASEAN in the immediate term. Within this growth pillar, our findings show that industry players are proactively engaging in ecosystem partnerships to accelerate healthcare innovation while taking advantage of private-public collaborations to develop localised capabilities.

Pharma and healthcare

I. Engage in ecosystem partnership to cocreate innovative medicine and health services

Intensifying competition, increasing emphasis on patient-centricity and proliferation of health technologies are pushing pharma and healthcare players to rethink and reconfigure the way services and experiences are being delivered. Supporting this trend, a growing number of Southeast Asians are also optimistic and open about embracing innovation in their healthcare ecosystem, presenting an attractive opportunity for the industry to reinvent themselves. 55 per cent of surveyed Southeast Asians are looking forward to receiving a diagnosis from a powerful computer that can learn to detect anomalies such as cancerous cells, rather than seeing a human doctor¹.



To spark innovation in products and services, many pharma and healthcare players are looking for strategic alliances not only within the sector, but also outside - with other multinationals (MNCs), start-ups and non-health players (e.g. telcos and technology vendors) - to tap into their unique, complementary capabilities and create an partnership ecosystem.

of corporates are exploring new partnerships to expand service offerings or optimise existing services²

Understanding that the impact of health crisis touches on all parts of society, these players are now leaning heavily on each other's expertise to push boundaries and accelerate healthcare innovation, to meet the heightened expectations of consumers as well as providers.

However, implementing a strong partnership ecosystem is not always easy. There is a need for all parties involved to align on a shared purpose, define success metrics, as well as continuously emphasise shared outcomes for exponential impact. Successful collaboration also requires careful assessment of partnership competencies and a degree of creativity to structure "win-win" agreement (i.e. IP ownership and management, dissolution terms) that are mutually beneficial for all stakeholders.

¹ Source: VMware Study, 2021

² Survey question asked: 'In your efforts to drive capability development across the value chain and build new partnerships, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.

























II. Drive public-private collaboration to accelerate development of localised capabilities and deliver supply chain resilience

The COVID-19 pandemic brought about an unprecedented surge in demand, as well as disruption across pharma and healthcare value chains globally. It revealed vulnerabilities in traditional supply chain models that gave rise to issues, such as shortages in raw materials and delayed delivery of critical supplies.

94 per cent of pharma players and 86 per cent of healthcare executives view improving their supply chain as a priority¹. Concerns over future disruptions caused by geopolitical turbulence, subsequent health crisis and climate changes created an urgent need for pharma and healthcare players to improve their supply chain and build greater resilience into their operating models.

59%

of corporates are collaborating with governments to launch new partnerships and develop capabilities² To achieve this, more pharma and healthcare players are looking to enhance their overall supply chain capabilities, reduce over-reliance on a few markets (including China) and diversify their production presence. In addition, multinational industry players are looking to be closer to their growing consumer base in Asia, while also leveraging the cost advantage that the region offers.

To support the initial investments required and expedite local capability building, global and local players are tapping on to government support to leverage attractive financial incentives, a commitment to in-country sales demand and connection to national expertise etc.

With the right level of government support, localised capabilities (e.g. in production, drug development) can be developed at a faster pace to help build supply chain resilience. Regional companies in ASEAN also stand to benefit from the required investment in in-country facilities and human resource development, as well as the accelerated transfer of knowledge and technology from leading global players.

- 1 Source: PwC Global Top Health Industry Issues, 2021
- 2 Survey question asked: 'In your efforts to drive capability development across the value chain and build new partnerships, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.





Case example

Siam Bioscience expediting development of local COVID-19 vaccine manufacturing capabilities through partnership with AstraZeneca and the Thai government

AstraZeneca was looking to expand its global manufacturing capabilities to Thailand and establish a vaccine supply hub for Southeast Asia. In 2020, AstraZeneca signed a Letter of Intent with the Thai Ministry of Public Health and Siam Bioscience to set up COVID-19 vaccination production in Thailand. The authorisation to produce 200 million doses of AstraZeneca's COVID-19 vaccine was given to Siam Bioscience, a local biopharmaceutical company. Siam Bioscience was able to quickly upgrade its capabilities, benefiting from technology transfers and guidance by AstraZeneca, as well as the Thai National Vaccine Institute to ensure that the products are consistently produced, and controlled to pass international quality standards. Furthermore, Siam Bioscience received USD20 million (THB600 million) from the Thai government, enabling the company to expand its production capacities. By October 2021, the Thai-made AstraZeneca COVID-19 vaccine received the authorisation for World Health Organization Emergency Use Listing procedure, recognising that the vaccine is the same product no matter where it is produced.

Source: Company website, Press articles













Role of banking partners in pharma and healthcare sector

As per the Industry Leaders Survey, many pharma and healthcare players value banking partners for their extensive cross border network and expert knowledge of the local markets. Banking partners with strong regional presence can help navigate the complexities of local business and regulatory environment, while reducing the client's compliance burden.

In addition, pharma and healthcare players also expect the provision of 'one-stop corporate financing and capital raising services' and 'sustainable financing and financial advisory services' from their banking partners. Partners with financing expertise, such as Standard Chartered, can facilitate access to specific capital needs (e.g. trade finance or green finance) and suggest suitable hedging strategies against market fluctuations. Banks can also pave the way to sustainability-focused endeavours of the pharma healthcare players, unlocking opportunities with solutions such as green bonds and ESG advisory.

Five key areas pharma and healthcare players want their banking partner to support as they grow in ASEAN¹





Widespread cross-border network and understanding of the local markets





One-stop corporate financing and capital raising services

3



Sustainable financing and financial advisory services

4



Foreign exchange hedging and comprehensive multi-currency settlement services

5



Strong cash management capabilities

¹ Survey question asked: 'What are the key requirements from your banking partner, to support your growth in ASEAN?'















Instant-Credit cash collection for a Vietnamese pharma chain in partnership with Gutina

Background

 A unique collection solution was co-created with Pharmacity, a leading pharmacy chain that operates more than 1,000 stores in Vietnam.



Highlights

- The solution is a combination of Virtual Account collections and on-demand cash collections through third party provider Gutina, a fintech company which provides cash collection service 24/7.
- This new service allows a Pharmacity branch to submit a collection request to Gutina digitally, receive funds through an assigned virtual account as soon as the collector remits it into the nominated Virtual Account number, and get notified about the credit immediately via API alerts.

Outcome

- Successful pilot launch with **implementation across 121 stores** as of June 2022, the solution is now being rolled out across the remaining 800 stores.
- Sales proceeds in cash are quickly reflected in the operating account maintained by Standard Chartered and thus enhances visibility of collections, reconciliation of cash flows as well as mitigates the risk of handling cash.
- As this Instant-Credit cash collection solution addresses challenges faced by most retailers in Vietnam, which is a cash-heavy market, the Bank looks forward to replicating this solution for other B2C clients.



















Instant payment solution for a large insurance provider in Singapore

Background

- The client is one of the largest insurance providers in Singapore offering life, health and general insurance products.
- To launch a first-to-market insurance product, the client has requested for Application Programming Interface (API) connectivity to initiate real-time payments for straightthrough claims reimbursement while also requiring automated reconciliation using a Host-to-Host channel via a standalone file consisting only of these transactions.



Highlights

- Standard Chartered proposed a PayNow FAST payment solution initiated via API to enable straight through real time payment processing.
- FAST provided immediate credit on 24/7 basis while PayNow allowed the client to uniquely identify the beneficiary using only the beneficiary's mobile number.

Outcome

- Easy deployment of the payment infrastructure required to support rapid roll-out of a first-to-market insurance product.
- Near immediate delivery of payment instructions from the client portal to Standard Chartered's payment processer.
- Reduction of claims processing and reimbursement turnaround time to less than three days after claims submission.

















Pharma and healthcare

#2 Regulatory
Navigating policy
shifts and governance
issues

Surveyed pharma and healthcare leaders viewed accommodating regulatory and governance shifts as another priority focus area to drive growth in ASEAN in the immediate term. Within this growth pillar, we find that more industry players are transforming internal ways of working to improve organisational agility, as well as enhance regulatory-readiness to proactively monitor and respond to regulatory and governance changes. They are also looking to institute higher leadership accountability through ESG-aligned policies, standards and processes.

 Integrate agile transformation into pharma and healthcare's highly regulated ways of working Traditionally, agility has often been viewed as being in conflict with the highly regulated nature of the pharma and healthcare industry. However, the COVID-19 crisis has dramatically reinforced the case for adopting agile business models, as the crisis required many pharma and healthcare players to swiftly react to changes and disruptions that came at an unprecedented rate.

With the threats of future global disruptions, more pharma and healthcare players now see organisational agility as an indispensable competency to navigate the rapidly-evolving regulatory and market landscape.



At its core, improved organisational agility allows a shift from the traditional ways of working – via employee empowerment, speed and adaptability through rapid prototyping – towards a "fail fast, iterate faster" working culture. Effective application of agile principles to the pharma and healthcare setting enables businesses to gain differentiating capabilities that continuously adapt and respond to ever-changing regulatory and business requirements. Furthermore, it helps to embed regulatory readiness and transform fundamental business models to rapidly meet new market demands and increasing patient expectations for personalised care and medications.

of corporates are improving organisational agility to respond to policy changes and regulatory shifts¹

While the value chain offers multiple opportunities to introduce agile ways of working, a few areas, such as drug discovery, market access, marketing, sales and system implementation, can be good starting points. These areas require faster speed-to-market, while allowing rapid solution prototyping with multiple iterations. There is also a need to determine the right level of agility suited for individual organisations (and cultures) for successful implementation. Ultimately, agile transformation can help players recover from short-term challenges (e.g. policy changes and health crisis), as well as build greater resilience and adaptability for the longer term.

¹ Survey question asked: 'In your efforts to strengthen governance and accommodate regulatory shifts, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.















Case example

Eli Lilly accelerating cloud-based RIM implementation through an agile approach

Eli Lilly, the US-based pharma giant, leveraged the agile methodology to implement a cloud based platform, the Veeva Vault Regulatory Information Management (RIM) system in order to better manage and streamline its chemistry, manufacturing, and controls (CMC) post-approval regulatory submission processes. From a traditional waterfall method used in its first two releases, Eli Lilly pivoted to an agile project management as they realised the need to deliver more capabilities and business value at greater speed. The agile approach enabled them to replace one major release a year with three incremental ones with improvements to numerous underlying processes, including requirements definition, release management, configuration, testing, and end user communication. Eli Lilly also established Discovery Action Teams with weekly reviews and dashboards to quickly identify and resolve any technical, resource and scope issues. The agile approach was key to accelerating the deployment of the full scope of RIM capabilities to expedite Eli Lilly's end-to-end regulatory submission process.

Source: Company website, Press articles

II. Strengthen ESGaligned governance



of companies are increasing leadership accountability by revising corporate governance policy, standards and processes¹ Increasing leadership accountability is one of the key initiatives for pharma and healthcare players, in order to improve governance across the organisation. Within this, ESG is a strategic focus area, and more industry players are revising their corporate governance policies, standards and processes to align with ESG values and principles that help meet enhanced expectations from key stakeholders, including patients and investors.

ESG-aligned governance practices, standards and processes reinforce executive accountability and commitment towards long-term stakeholder value creation, yielding higher performance and returns over time.

A 2022 report by Wharton's ESG Analytics Lab and FCLTGlobal suggests that businesses, which consistently combine the usage of stakeholder-oriented language with measurable results in material ESG performance are able to deliver up to 4 per cent higher returns over a three-year period than those which did not.²

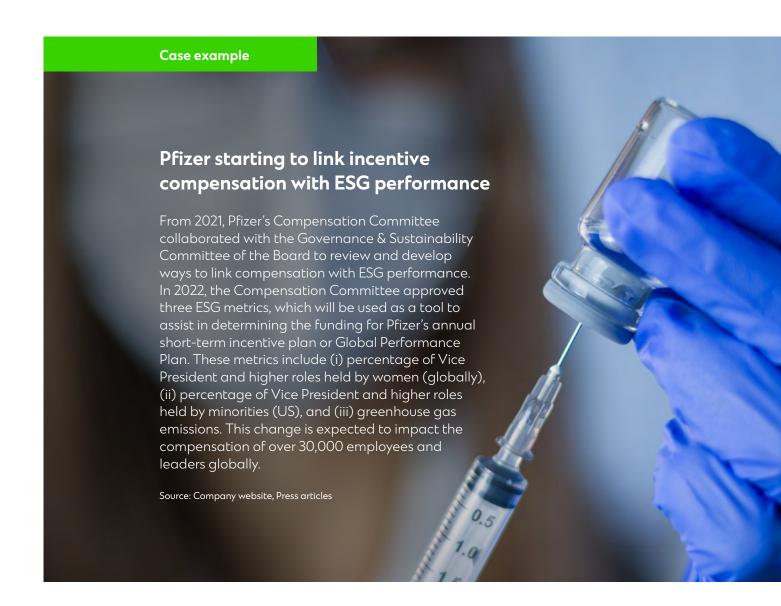
¹ Survey question asked: 'In your efforts to strengthen governance and accommodate regulatory shifts, which of the following initiatives are key priorities for your business in ASEAN over the next 2-3 years?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices

² FCLT Global and Wharton, Walking the Walk: Valuing a multi-stakeholder strategy, 2022.





Overall, there are multiple ways in which pharma and healthcare businesses can incorporate ESG into their corporate policies, standards and practices and improve leadership accountability. For example, this may include appointment of ESG leadership roles, alignment of employee compensation structure, adoption of gender and racial diversity policies within the governing board, as well as preparation of comprehensive corporate social responsibility reports to track and share measurable ESG progress. Many pharma and healthcare players also use established frameworks, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD), to report on ESG metrics. Given the enhanced ESG focus by all stakeholders, improving accountability is now critical for building trust with customers, employees, investors and analysts, contributing to sustainable growth of the business.







Digital and e-commerce

Backed by strong growth fundamentals, investor confidence and lower online sales penetration levels, ASEAN's digital and e-commerce sector is poised for accelerated growth, as digital service consumption becomes ubiquitous in the region.

The COVID-19 pandemic has drastically sped up the shift in consumer behaviour towards digital adoption – with e-commerce, food delivery and digital financial services forecasted to be the primary growth drivers in ASEAN. Pre-pandemic adopters are using more digital services and new digital consumers brought on by the onset of COVID-19 are likely to continue their usage after the effects of the pandemic subside.

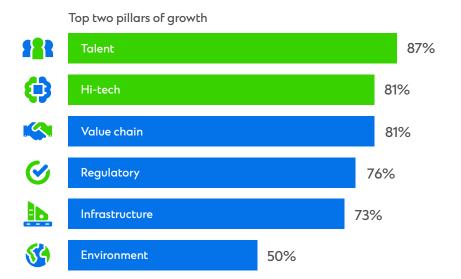
While having a large internet base of 440 million users in 2021, online sales as a percentage of total retail is still under-represented in ASEAN, providing strong growth opportunities for digital and e-commerce companies. For industry players to bank on this growth potential, talent and technology are of utmost importance. With rapid technological advancement, developing the workforce for future needs will be a critical success factor for the industry.

Priority growth pillars

To keep up with the ever-changing consumer demand, evolving business models as well as rapid pace of technological innovations, digital and e-commerce businesses see nurturing the talent of the future (87 per cent), and accelerating digital transformation (81 per cent) as the top two focus areas to drive growth in ASEAN over the next three years.

In the subsequent pages, we will deep dive into these top two growth pillars – Talent and Hi-tech - showcasing the key initiatives undertaken by industry players and potential winning strategies (aligned to these initiatives) for companies in this sector, to stay ahead of the competition and drive accelerated growth in ASEAN.

Key pillars for digital and e-commerce companies to drive growth in ASEAN¹





¹ Survey question asked: 'Which of these key initiatives / focus areas are you currently investing in or plan to invest in over the next 3 years to drive your business' growth in ASEAN?' Values indicated above refer to the sum of % of survey respondents who are currently 'in progress' and 'planning in short term (0-1 year)'.















#1 Talent
Nurturing the
workforce of the
future

The Industry Leaders Survey highlights that fostering talent - particularly building future-ready digital competencies and higher value soft skills - is the top focus area for digital and e-commerce companies to unlock the industry's growth potential in ASEAN. Within this growth pillar, companies exhibited strong interests in building a future-fit workforce through upskilling initiatives, as well as exploring alternative talent models to instil greater agility in ways of working, in order to counter the fierce competition for talent in ASEAN.

 Invest in future proof, impactful upskilling powered by citizenled innovation From growing prevalence of automation and Al to tectonic shifts in the adoption of digital mobility and virtual collaboration in workplaces, technology in the post-pandemic era has been developing at a breakneck speed. However, the development of required skill sets is lagging in ASEAN, leading to businesses in the region competing more for the same pool of talent. Digital and e-commerce players are experiencing widening skills gap on two main fronts — (i) technical skills, such as data scientists, cyber experts, software engineers and, (ii) higher-value soft skills, such as design thinking, agile coaches and digital leaders.

Effective upskilling initiatives have the potential to help create 5.3 million net new jobs and boost GDP by **USD6.5 trillion** globally by 2030¹. Going forward, players need to look beyond the "one-size-fits-all' approach, and pivot towards prioritising impactful, outcome-oriented upskilling – where skill development is more customised, relevant with cultural nuances and personalised for each individual's growth trajectory.



Reimagining the traditional approach, digital and e-commerce players are now spearheading new initiatives, to empower employees with the right tools and flexible resources to own their personal upskilling journey.

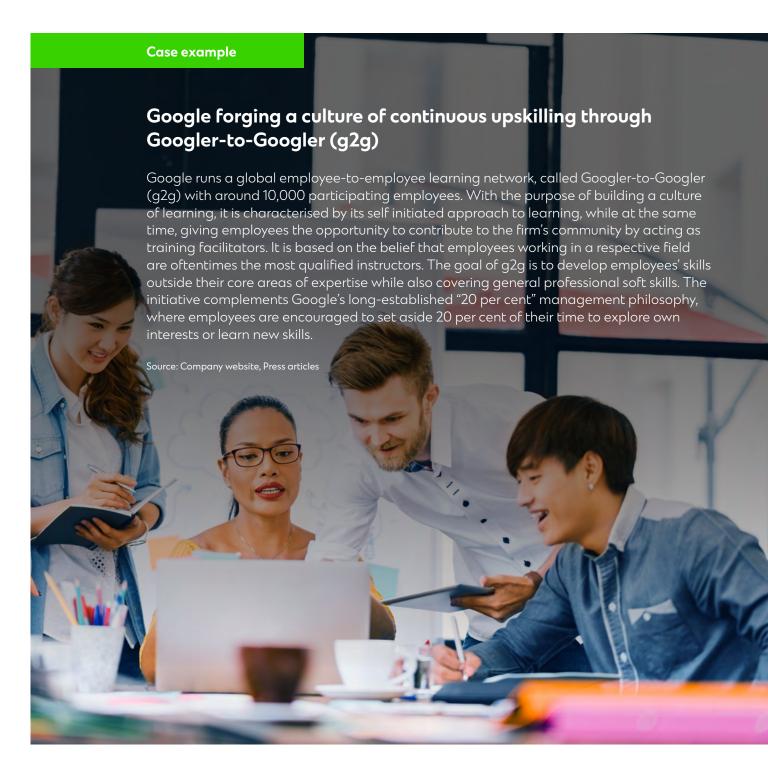
of corporates are investing in upskilling of workforce to develop skills of the future² An emerging approach for this effective upskilling is coined as 'citizen-led innovation' – where the people closest to any problem use their ingenuity, driving organisational change from bottom-up. In contrast to the business-led, top-down approach to upskilling, industry players are now pivoting towards adopting a collaboration platform, which allows employees to crowdsource ideas and share solutions they have built themselves.

¹ Source: Study by PwC and the World Economic Forum, 2021

² Survey question asked: 'Which of the following are your top focus areas / priorities in developing a skilled and diverse workforce over the next 2 - 3 years for your business in ASEAN?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.



With the strategic quidance set by the leadership, employees have the freedom to opt in respective training modules, which are most relevant for their day-to-day activities, and take the lead on innovating, building, sharing, as well as test-driving solutions. This drives a spike in employee engagement levels, increased pipeline of micro innovations, and a channel for trailblazing ideas. With citizen-led innovation, the culture of continuous improvement and employee-driven solutions allow industry players to spur new opportunities by cultivating diverse talent from within, which leads to more effective upskilling for future growth.







II. Explore alternate talent models to instil greater agility in ways of working

Millennials, forecasted to account for 75 per cent of the global workforce by 2025, have started prioritising work-life balance, autonomy, well-being and inclusion. These trends have been further accentuated with the onset of the COVID-19 pandemic, that has permanently changed the traditional ways of working. According to PwC's Hopes and Fears survey in 2022, while fair reward is indicated as the top priority for employees in Asia Pacific, a sense of job fulfilment and ability to bring their authentic selves to work are a close second and third priority.

One in five of the surveyed respondents in Asia Pacific intend to switch to a new employer, reflecting that organisations have yet to keep up with evolving employee expectations of work and the workplace¹. Moreover, as leading digital and e-commerce companies continue to grow their core businesses in ASEAN, the limited pool of tech talent calls for industry leaders to supplement their conventional 'full-time employee' model with alternate talent sourcing strategies.

To meet changing workforce expectations and counter the fierce competition for talent, leading industry leaders are nurturing an agile workforce strategy by tapping into non-traditional talent pools for their future talent requirements.

One option is for digital and e-commerce companies to embrace the external digital talent platforms, such as Upwork, Toptal, Freelancer, InnoCentive, etc., for flexible access to independent, highly-skilled talent by engaging them in projects that align with their interests. This allows industry players to create a new "on-demand-workforce" that enables them to stay nimble, accelerating speed-to-market solutions, and scaling operations effectively.

Additionally, to unlock their workforce's full potential, companies can implement an internal talent-sharing platform for full-time employees that offer new opportunities by identifying hidden or under-utilised aptitude within the company. This enables industry leaders to create a database of the firm's existing capabilities, identify redeployment potentials, strengthen internal mobility to cultivate talent from within and enhance future-readiness.



of corporates **explore alternative staffing model to tap into non-traditional talent pools**²

¹ Source: PwC's Hopes and Fears Survey 2022

² Survey question asked: "Which of the following are your top focus areas / priorities in developing a skilled and diverse workforce over the next 2 - 3 years for your business in ASEAN?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.





























#2 Hi-tech Accelerating digital transformation

Digital and e-commerce leaders surveyed are stepping up their investments in digital transformation as one of their top two focus areas to drive growth in ASEAN, especially in emerging technologies, such as the metaverse to elevate the digital experience for customers. Additionally, players are prioritising end-to-end process optimisation by implementing agile and integrated solutions using a 'hyperautomation' strategy.

I. Elevate digital experiences and customer engagement via the 'metaverse' to stay ahead of the innovation curve

The pace of technological innovation has been significantly accelerating in ASEAN. Start-ups in the region raised a record breaking USD25.7 billion in 2021 – more than double the previous year, with investors looking to tap into the post-pandemic digitalisation push. However, competition amongst digital and e-commerce players has also increased, with industry players relentlessly contending for user engagement and market size. The myriad of new entrants and low switching costs for customers constantly pose a threat, therefore offering differentiated customer experiences has now become more of a necessity for survival.



Moreover, with the rising prevalence of platform-based digital businesses that are shaped by 'network effects' – relying heavily on user engagement and contribution to provide value – boosting user engagement is pivotal for success.

of corporates are investing in digital business models and services to improve customer experience and engagement¹

Players now have an urgent imperative to be at the forefront of adopting trailblazing technologies to elevate the overall digital experience, and increase user engagement levels.

One of the emerging technologies that has been gaining traction amongst digital and e-commerce players is the 'metaverse'. Defined as a virtual online space where users can interact, explore, shop, build and engage with others, the metaverse allows industry players to offer immersive, differentiated customer experience by building a virtual presence in the space.

Driven by the booming adoption and maturity of Mixed Reality (MR), Augmented Reality (AR) and Virtual Reality (VR) technologies, the metaverse user base is rapidly expanding for a range of applications, such as online gaming, content creation, social interaction, learning and training, as well as online shopping.

¹ Survey question asked: 'With regards to digital transformation, which of the following are your top focus areas / priorities over the next 2 - 3 years for your business in ASEAN?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.

² Source: Verified Market Intelligence. Note: the total addressable metaverse market is measured based on key applications of the technology including gaming, social interaction, conference, content creation and online shopping.





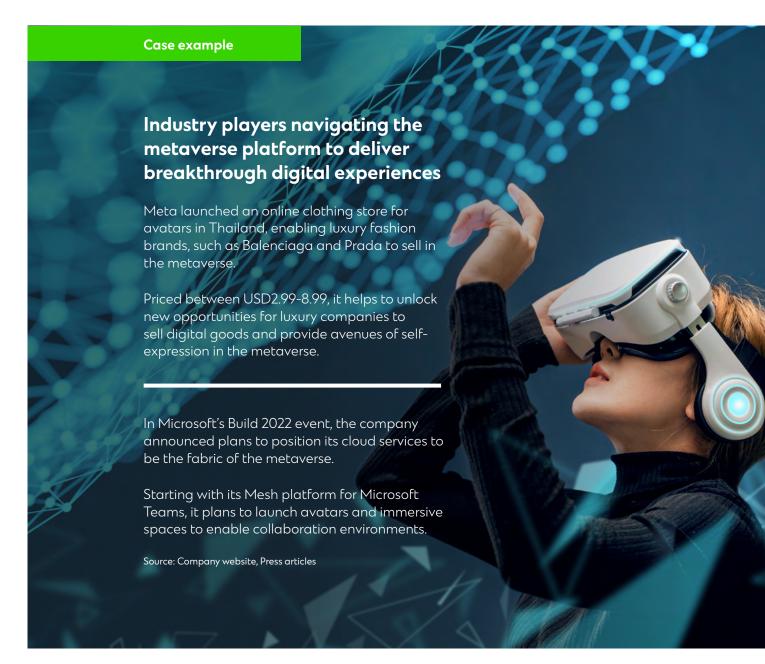


By 2030, the global addressable metaverse market is expected to be

USD 825 billion

Online universes, such as Fortnite and Roblox, attracted nearly 400 million users in 2021, with other metaverse platforms, such as Decentraland and the Sandbox, growing rapidly. This convergence of digital world with the physical is disrupting the future of human interactions, opening up new avenues for industry players to advance their business models and unlock new revenue streams.

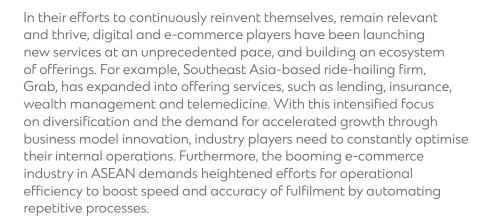
Although a full-fledged metaverse platform is still a future vision, industry players can be ahead of the innovation curve by being an early adopter. A handful of industry players are already breaking new ground – with online entertainment and gaming companies leading the way – by launching pilots to sell digital assets, such as land, buildings, furniture, or even clothes, as a pathway to boost customer engagement and outreach.







II. Leverage 'hyperautomation' solutions to drive end-to-end process optimisation and build a powerful competitive advantage



To build a future-fit operating model, industry players have an imperative to elevate automation holistically across all business functions.

An emerging approach for automation of operational processes is coined as 'hyperautomation'. In contrast to automation, which focuses on solutions designed to address individual tasks, hyperautomation refers to the use of multiple automation tools that enable intelligent automation, including Al, machine learning, business process management, low-code / no-code tools, and robotic process automation to scale transformation initiatives.

For e-commerce players, Al-assisted hyperautomation can streamline front-end processes to reduce costs, and improve the end-to-end process efficiency involving procurement, billing, supplier management, inventory, and transportation. Additionally, hyperautomation can be used to track and analyse key factors in the e-commerce marketplace, such as competitive pricing and customer feedback, to enable faster, more accurate decision making, boosting revenue and profitability.

Another use case for hyperautomation involves leveraging Al and machine learning to construct "digital twins", using real-time data to recreate a 3D environment that mirrors virtual replicas of processes or tangible assets, such as factories, warehouses etc. Successful implementation of digital twins can allow industry players to optimise the end-to-end process orchestration, develop new products and services at a faster pace, and build a lasting competitive advantage.

Hyperautomation is gaining importance to support the growth ambitions of digital players in ASEAN as they constantly strive for internal process optimisation and business model innovation. This includes to redesign processes for a seamless experience, analyse a growing quantum of data for greater personalisation, or automate complex compliance requirements.



of corporates are prioritising investments in automation of operational processes to drive growth in ASEAN1

¹ Survey question asked: 'With regards to digital transformation, which of the following are your top focus areas / priorities over the next 2 - 3 years for your business in ASEAN?' Values indicated above refer to % of survey respondents who included the initiative as one of the top five ranked choices.







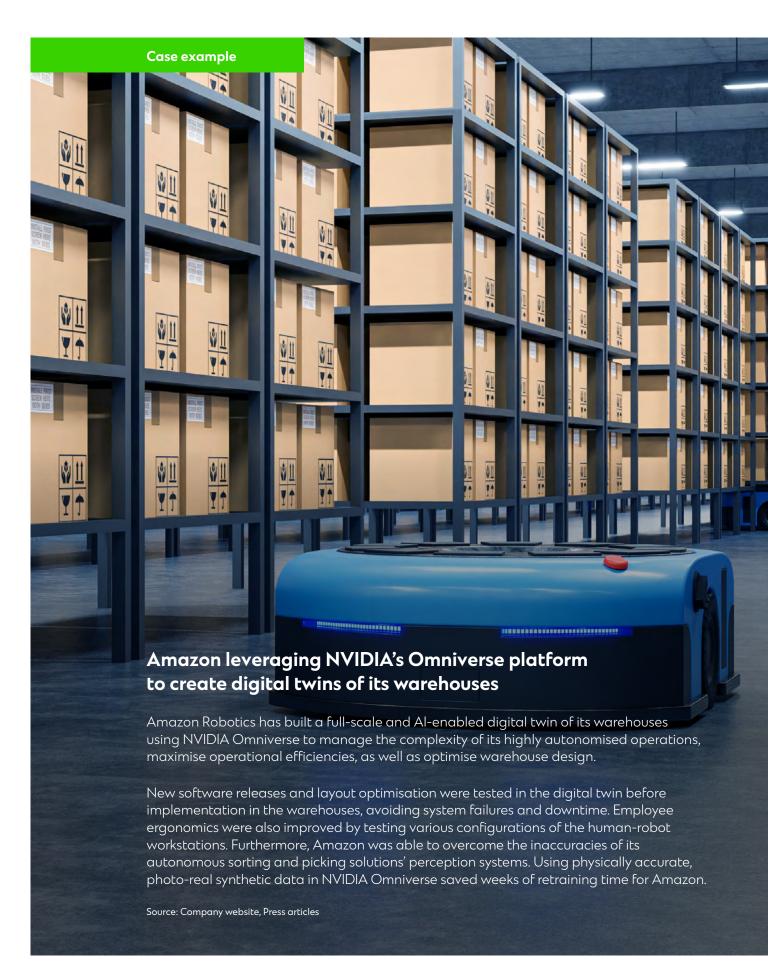
















Role of banking partners in digital and e-commerce sector As per the Industry Leaders Survey, the most sought after requirement of digital and e-commerce players from their banking partners is digitalised platforms for foreign exchange and transaction banking, with 64 per cent of industry leaders indicating it as the top priority to support their growth in ASEAN. Driven by the demand for convenience and maturing technologies, industry players have increasingly leveraged partnerships with banks to access digital payment tools and solutions to achieve scaled growth and cost optimisation.

Additionally, many digital and e-commerce players identified foreign exchange hedging and comprehensive multi-currency settlement services as well as one-stop corporate financing and capital raising services as the important requirements from their banking partners to support their ASEAN businesses. As the cross-border digital and e-commerce transactions continue to flourish, the role of financial partners to provide customised financing and hedging solutions to tap into diverse sources of capital and minimise currency risks is a key catalyst for the industry to drive growth in ASEAN.

Five key areas digital and e-commerce players want their banking partner to support as they grow in ASEAN¹



Digitalised platforms for foreign exchange, transaction banking, etc.



Foreign exchange hedging and comprehensive multi-currency settlement services



One-stop corporate financing and capital raising services



Strong cash management capabilities



Widespread cross-border network and understanding of the local markets

¹ Survey question asked: 'What are the key requirements from your banking partner, to support your growth in ASEAN?'









One-stop collections solution drives savings for OxPay

Background

- The client, OxPay, facilitates payment collection for commerce transactions between suppliers, merchants, and end consumers in Singapore.
- OxPay was unable to serve the instant-payment needs of its merchants since nonbank financial institutions are not permitted to directly access the real-time payments infrastructure in Singapore.



Highlights

- Standard Chartered's Straight2Bank enables OxPay to generate dynamic QR codes, which merchants provide to customers for payment via PayNow Corporate (a local funds transfer service in Singapore).
- As Master Merchant, OxPay integrates with Standard Chartered and collects funds on behalf of merchants.
- The solution provides a way for merchants to access PayNow Corporate instant payments without the need to integrate separately with different banks.

Outcome

- OxPay expects to route 40 per cent of transaction volume through the new QR-channel in 2022.
- Straight2Bank is projected to save 30 per cent of full-time employees through reconciliation and other process improvements.
- OxPay merchants now enjoy lower merchant fees compared to credit card and e-wallet payments and are not subject to credit card chargeback risks for PayNow processing.

Source: Standard Chartered















Regional cash management for online travel agency in Asia

Background

- A regional online travel agency with an international footprint was looking to reduce the number of physical accounts and centralise their payment as well as collection activities to achieve greater control and visibility over transactions.
- The company also wanted **direct connectivity to local clearing** to enable their customers to pay via their preferred domestic payment methods for lower cost payouts.



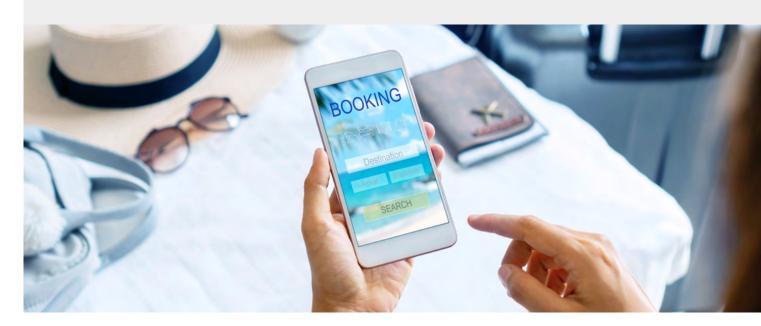
Highlights

- Standard Chartered provided the client with multi-currency virtual accounts for payment and collection in Singapore.
- In addition, the Bank facilitated the opening of non-resident accounts in seven countries and CAMT53 statement for all markets provided via a single Host-to-Host connectivity of underlying single currency accounts.

Outcome

- A virtual account ledger provided greater visibility of transactions and operational cash position across region and by business unit.
- Improved user experience for hotel and airline partners as a result of access provided to local clearing channels as well as minimised unnecessary FX conversions.

Source: Standard Chartered















Streamlining of cash collection structure for a Chinese technology MNC

Background

- A Chinese multinational technology company was seeking to offer its global distributor base an alternate currency for payment while retaining USD as the currency used for invoicing.
- The company also had **limitations in opening new cash accounts** and wanted to earn ancillary income from the foreign exchange services offered on its platform.



Highlights

- Standard Chartered provided the client with a Multi-Currency Account (MCA) to allow the client to receive payment in multiple currencies as well as reporting and reconciliation tools.
- Furthermore, the Bank offered **SCALE**, a dynamic FX pricing engine with a wide currency coverage and strong visibility of FX conversions for distributors.

Outcome

- Client was required to open only a single account for collection.
- Enabled the client to earn **ancillary income from the FX service** offered to distributors.
- Improved operational efficiency without requiring the company to make major technology changes.

Source: Standard Chartered







ASEAN is rebounding strongly with total FDI in 2021 rising by 42 per cent reaching USD 174 billion, making it the third highest recipient of investments globally. The positive growth sentiment is echoed by business leaders across the globe with 93 per cent of them expecting revenue growth from their ASEAN businesses.

ASEAN members have been focusing on efforts to attract and retain FDI through the adoption of an ASEAN Investment Facilitation Framework in 2021, reflecting continued commitment to improve the ease of doing business and investment in the region. With full presence in all 10 ASEAN markets, Standard Chartered is in an excellent position to support corporates in realising the tremendous potential of this region.

Rino Donosepoetro



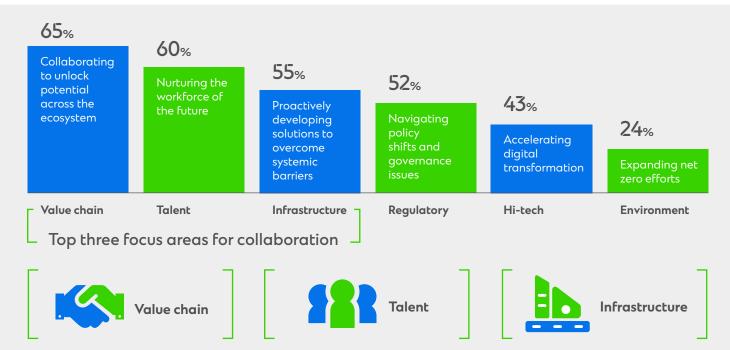
Collaborating to enable growth Winning in ASEAN 88

Consisting of 10 member countries with dynamic governments, vastly different political systems and regulatory frameworks, ASEAN needs to overcome imminent challenges, disruptions and inherent market complexities. These include a post-pandemic economic slowdown, geopolitical turbulence, major voids in digital and physical infrastructure, shortage of talent for future roles and skills mismatch, as well as growing implications of climate change.

To successfully navigate through these challenges and unlock the region's full potential, businesses recognise that the journey towards recovery and resilience cannot be done in isolation, and requires greater and more effective collaboration with other stakeholders, especially governments.

Now, more than ever before, governments and businesses in ASEAN have a growing imperative to make conscious efforts towards greater cooperation, co-ordination and cocreation across the six growth pillars of the **THRIVE** framework; to nurture the workforce of the future, unlock potential across the value chain, strengthen net zero efforts, accelerate digitalisation, accommodate regulatory shifts and bridge the infrastructure gap. The Industry Leaders Survey reveals that business leaders across all four sectors are looking to work with the government across these six pillars to 'thrive' in ASEAN. More specifically, business leaders are most keen to establish public-private cooperation to unlock potential across the value chain (**65 per cent**), nurture the talent of the future (**60 per cent**) and develop solutions in order to overcome systemic infrastructure barriers (**55 per cent**) – these emerge as the top three focus areas for collaboration.

Areas which corporates are keen to collaborate with the government¹



¹ Survey question asked: 'In which of the following initiatives / key focus areas would you need to collaborate with the government / public sector for business growth in ASEAN over the next 2 - 3 years?'. Values indicated above refer to % of survey respondents who included the initiative as one of the top 3 ranked choices."

Collaborating to enable growth Winning in ASEAN 89

Key government initiatives and growth enablers across ASEAN

In line with the key focus areas for collaboration, ASEAN's six largest economies have already embarked on country-specific initiatives to enable recovery and resilience. These government initiatives serve as key enablers for global and regional players, creating opportunities and providing a conducive environment for them to rebalance and drive sustainable growth in ASEAN.

We've provided an overview of select government initiatives below, with further details in the country section. These are intended to provide a high level perspective on ASEAN-6's programmes across the various dimensions of the THRIVE framework, which can then be leveraged by existing players and new entrants to engage with governments and initiate discussions on collaborating for future growth.

Overview of select government initiatives across ASEAN-6



hub, focusing on high tech innovation, and deepening regional integration.

National Digital

Infrastructure

Plan

USD11.6 billion

Environmental

Sustainability in

Malaysia Plan

National Trade

Blueprint

(2021-2025)

Note: List of government initiatives are not exhaustive

Malaysia

Digital Economy

Blueprint

SUSD373 billion

Jamin Kerja

Keluarga

Malaysia

Programme

an overview

of Malaysia

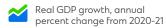
New

Investment

Policy

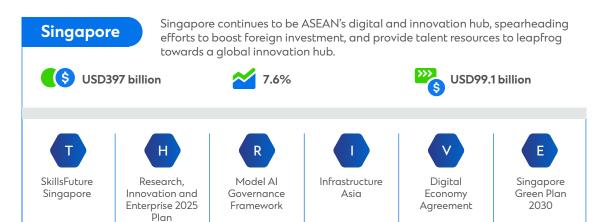
























Note: List of government initiatives are not exhaustive

Finding common ground

As we usher in the post-pandemic era, the journey towards winning in ASEAN will require a more collaborative approach between governments and businesses, working together to achieve sustainable growth across the region, while nurturing a shared purpose, reinforcing transparency and promoting inclusivity. Going forward, governments will have to take on an enabling role to foster growth and create a conducive investment climate while businesses will need to be the driving force of change by adopting a more proactive approach. Now more than ever before, governments and businesses in ASEAN need to come together to successfully navigate through the challenges and disruptions, making conscious efforts for win-win collaboration while exploring innovative co-creation opportunities. This is the new era for ASEAN to thrive and ascend together towards recovery and more resilient growth.

Recent examples of public-private collaboration paving the way for growth in ASEAN

Case example

Takeda leveraging Singapore government support to set up the nation's first 'net zero carbon emissions' building

Background

Takeda, a multinational pharmaceutical company, broke ground on its first zero energy building in Singapore in September 2021.

Public-private collaboration

Leveraging the Singapore Green Mark (GM) Zero Energy certificate scheme, Takeda invested USD 14 million to build 660 solar photo-voltaic panels, a hybrid AC system assisted by ceiling fans and thermal diffusers and rainwater harvesting.

Benefits for the enterprise

Through the scheme, Takeda will be able to fully offset the building's energy consumption and optimise energy usage according to the GM scheme's internationally recognised rating system. This also marks an important step for Takeda towards its goal of becoming net zero by 2040 and fulfilling its sustainability efforts to fully offset the building's energy consumption.

Source: Company websites, Press articles, Government agency websites, Board of investment websites

Baladna benefiting from the Philippines' CREATE Act to develop domestic dairy production industry

Background

Baladna, a Qatar-based food and dairy producer, announced plans to establish a large-scale, fully integrated dairy project in the Philippines in February 2022.

Public-private collaboration

Baladna successfully partnered with the Philippines' Department of Agriculture and Department of Trade and Industry (DTI) to set up the integrated dairy facility, as it was expected to increase local milk production and open up opportunities for future investments in the nation's dairy industry.

Benefits for the enterprise

The DTI, through the Philippines' Board of Investments, supported Baladna's project through a grant of incentives under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law and to identify potential sites for the project. The project is expected to create more than 2,000 new jobs during the first year of operations.

Horizon Plus receiving investment incentives to establish EV production base in Thailand's EEC

Background

Horizon Plus announced plans in 2022 to set up a local electric vehicles (EV) manufacturing plant in Thailand's Eastern Economic Corridor (EEC). This is expected to propel the nation as ASEAN's EV manufacturing hub.

Public-private collaboration

The joint venture between Thai's state-owned energy company PTT and Taiwan's Foxconn was set up to advance the USD1 billion investment project in order to produce the first batch of EV sedans by 2024.

Benefits for the enterprise

Thai's Board of Investments (BOI) approved enhanced investment incentives in 2022 under its EV programme, which includes a 90 per cent reduction of import duties on raw and essential materials for five years for outputs that are sold domestically.

Source: Company websites, Press articles, Government agency websites, Board of investment websites

Collaborating to enable growth

Winning in ASEAN 93

GDS building data centres in Special Economic Zone of Nongsa Digital Park in Indonesia

Background

In 2022, GDS, a Chinese data centre operator, broke ground to build two independent data centres spanning a total net floor area of 10,000 m² and comprising a total of 28MW in IT power capacity in Batam, Indonesia.

Public-private collaboration

To build the data centres, GDS acquired a greenfield land in Nongsa Digital Park, a part of Special Economic Zone that is intended to serve as the digital bridge between Indonesia and Singapore.

Benefits for the enterprise

Businesses located within the Nongsa Digital Park can benefit from various investment incentives, such as exemptions from income tax, import duties, valued-added tax and excise duties. The development will be an addition to GDS' existing development in Nusajaya Tech Park, Malaysia.

Government support for Lego plant construction enabling accelerated project progress

Background

In late 2021, Denmark's toy company, Lego signed a memorandum of understanding with Vietnam Singapore Industrial Park Joint Venture to build a USD1 billion factory in Binh Duong province, Vietnam.

Public-private collaboration

Lego worked together with the Binh Duong People's Committee and Department of Construction to speed up the approval of the construction project. The People's Committee also committed to resolve problems related to the planning and land handover for the project.

Benefits for the enterprise

The handover of the overall 44 hectare of land is expected to be completed by end of September 2022, enabling construction to begin in 2022 and for operations to commence by 2024.

Source: Company websites, Press articles, Government agency websites, Board of investment websites

Collaborating to enable growth

Winning in ASEAN 94

Country overview



Click on the country to learn more. You can also click on "Country overview" at the bottom footer to return to this page.













Robust manufacturing and services sector supported by infrastructure development and regulatory reforms are key focus areas for Indonesia

The Indonesian government has placed a high priority on nationwide economic and social development to become a self-reliant, advanced country. It is one of Indonesia's long-term development plans to integrate its natural resource-dependent sectors, industrial and service sectors. The latest refreshed national medium-term development plan (2020-2024) aims to open the economy to trade, simplify regulations and bureaucracies, reduce labour market rigidities, while advancing talent development and easing access for foreign private investments.

Business leaders surveyed are optimistic about Indonesia's overall growth potential, with 62 per cent of respondents currently having or planning to have a sales presence locally over the next three years.







already have sales presence in Indonesia¹

are planning to build a sales presence in Indonesia in the next 2–3 years¹

Key FDI incentives to look out for

Indonesia is focusing on its recovery from the COVID-19 pandemic to boost trade activities and attract foreign investment. A series of policies and incentives, such as the Special Economic Zones, income tax concessions, are available for companies looking to do business in Indonesia.



Income tax concessions (such as tax holidays and tax allowances), depending on the investment amount, the Ministry of Finance provides a tax holiday of 100 per cent of corporate income tax (CIT) five to 20 years from the start of commercial production, and a five-year tax holiday of 50 per cent of CIT for capital investment plan amounting from IDR100 billion (USD6.7 million), but less than IDR500 billion (USD33.3 million).

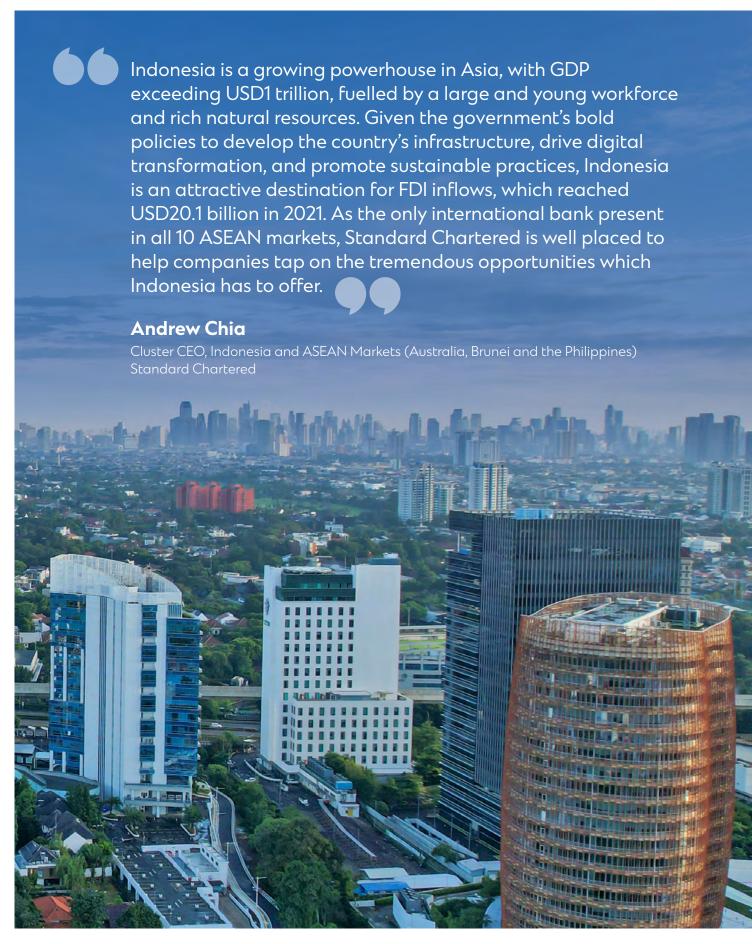


Special Economic Zones which allow investors conducting businesses in these zones to enjoy tax facilities, such as reduction in CIT, postponement/exemption of import duty and excise, non-collection of import taxes, domestic value-added tax and luxury-goods sales tax.



Import duty facility applies to imported machines, goods, and raw materials that are not yet being produced locally for qualified industries, such as public health services, construction, telecommunication, tourism and culture. Companies may qualify for a two-year import duty exemption or four-year direct exemption if locally produced machines are used in at least 30 per cent of the operations.

¹ Survey questions asked: 'Does your company currently sell / export its products or services to the ASEAN region or plan to do so in the next 2 - 3 years? If so, to what extent?' 'In what countries specifically?'.

















Overview of select government initiatives by the THRIVE pillars



Talent: Nurturing the workforce of the future

Digital Talent Development Programme

Leveraging industry expertise for digital talent development

Started in 2021, the programme has a three-part plan (Siber Kreasi, Digital Talent Scholarship and Digital Leadership Academy) to train talents to meet job market demands, expediting national digital transformation. There are three main target audience groups for the programme: (i) general public (ii) workers in technical and professional levels, and (iii) leaders across the public and private sectors. Aiming to educate a total of 5.5 million Indonesians, the government works closely with private sector players to co-develop syllabuses and sponsor trainings as part of the programme. In return, digital talent who successfully graduated from the programme will earn accreditations that adhere to industry standards.



Hi-tech: Accelerating digital transformation

Digital Indonesia Roadmap 2021 - 2024

Capitalising on the pandemic-induced digital transformation momentum

The Roadmap was formulated in 2021 to serve as strategic guide for government, entrepreneurs and society to expedite digital transformation. The Indonesian government recognises the need to partner with private sector to accelerate the digital transformation agenda. As such, the Roadmap outlines the areas for public-private collaborations through the 100 essential projects across 10 priority sectors of focus for future developments. These priority sectors include digital education, digital real estate, and digital financial services.



Regulatory: Navigating policy shifts and governance issues

Omnibus Law on Job Creation

Amending regulations to support foreign investment and employment

In November 2020, the Indonesian government passed the Omnibus Law to strengthen the economy via an increase in competitiveness, jobs, and ease of doing business. Primarily, the Omnibus Law allows Indonesia to ease restrictions in critical areas and generate foreign investments amid the fallout of the COVID-19 pandemic. The main objectives are: (i) to simplify business licensing procedures, and (ii) to rectify existing manpower laws. Changes include simplifying the process of obtaining work permits for foreign workers while at the same time, maintaining provisions which protect local labour forces (e.g. implement a requirement to appoint a local employee to be trained in the foreign employee's area of expertise, for transfer of knowledge and technology). The Law also aims to revise the investment regulations surrounding foreign investment and ownership. However, the Law is still in the process of being finalised with further amendments and revisions to be made over the next two years.

Source: Company websites, Press articles, Indonesia Ministry of Investment website













Overview of select government initiatives by the THRIVE pillars



Infrastructure: Proactively developing solutions to overcome systemic barriers

National Capital Integrated Coastal Development (NCICD) USD40 billion project for coastal development and flood safety

Commenced in 2014, one of the flagship projects to combat floods is the NCICD, a USD40 billion joint project supported by the Dutch government and the private sector. The masterplan, which was initiated by the Coordinating Maritime Affairs and Investment Minister, is divided into three phases with distinct objectives: (i) improving existing coastal protection, (ii) developing the west outer giant seawall, and (iii) constructing east outer giant seawall. To attract investors, the surface of the giant sea wall is being planned as a centre of urban development, such as upmarket offices and housing, low-cost housing, and beaches. As of 2022, two out of five planned coastal lines have been completed.



Value chain: Collaborating to unlock potential across the ecosystem

Making Indonesia 4.0 Roadmap

Incentivising nationwide transition to move up the value chain

Launched in 2018, the Roadmap aims to strengthen Indonesia's manufacturing with Industry 4.0 across seven priority sectors: (i) food and drinks, (ii) automotive, (iii) textile, (iv) electronics, (v) chemicals, (vi) health and equipment as well as (vii) pharmaceuticals. The Roadmap encourages value-added and high-value-technology downstream industries to become globally competitive players. Successful implementation of the Roadmap is projected to increase the GDP growth rates of Indonesia to six to seven per cent per year between 2018-2030 and create 7 to 19 million jobs by 2030. In line with the Roadmap, the government has also introduced the Super Deduction Tax incentive of as high as 300 per cent of tax relief.



Environment: Expanding net zero efforts

Green Growth Programme Indonesia (GGP)

Realising sustainable landscapes and inclusive economic growth

The latest phase of GGP was introduced in 2021 as a joint programme initiated by the government and the Global Green Growth Institute to develop strategies and approaches for green growth. Examples of the GGP targets include 27.3 per cent reduction in greenhouse gas emissions (GHG), protection of 65 mega hectares of forests and increase in share of renewable energy by 19.5 per cent in the primary mix. The GGP provides best practice guidelines and expertise for businesses when implementing green growth principles, which in turn could help drive improvements in brand image, reduce costs of operations, increase profits, and receive adequate financings.

Source: Company websites, Press articles, Indonesia Ministry of Investment website

Public-private cross-border collaborations to develop Indonesia's Electric Vehicle battery industry

To establish export leadership in Electric Vehicle (EV) is one of the automotive sector aspirations in Making Indonesia 4.0. To this end, Indonesia Battery Corporation (IBC), a consortium of four stateowned companies (Mining and Industry Indonesia (MIND ID), PT Pertamina (Persero), PT PLN (Persero), and PT Aneka Tambang (Antam)) is mandated to develop the Indonesian battery industry to be used to produce EVs in Indonesia. IBC then partnered up with South Korean conglomerate LG Group to develop a USD9.8 billion integrated EV battery factory in North Maluku and Central Java.

Source: Company websites, Press articles, Indonesia Ministry of Investment website



Malaysia is focusing on high tech innovation and deepening regional integration in its manufacturing value chain

Leading the country's economy, Malaysia's manufacturing sector had a total approved investment (foreign and domestic) of USD44 billion (MYR195.1 billion) in 2021, an uptick of about 114 per cent from 2020. Numerous capital-intensive projects are expected to push the development of advanced manufacturing capabilities and a highly skilled workforce. To restore the growth momentum of key economic sectors and strengthen the country's position in the global value chain, Malaysia aims to accelerate investments in research-driven innovation and high-value technology industries. Uplifting Malaysia's economic dynamism and deepening regional integration will be key priorities for the future.

64 per cent of business leaders surveyed currently have or plan to have a sales presence in Malaysia over the next three years, indicating a positive outlook on the market.







already have sales presence in Malaysia¹

are planning to build a sales presence in Malaysia in the next 2–3 years¹

Key FDI incentives to look out for

In Malaysia, various tax incentives are provided to investors to fund strategic activities and products of national importance in approved sectors or areas, such as manufacturing, biotech, training and environmental protection. These strategic activities generally require large capital investments over an extended period of time.



Pioneer Status (PS) for eligible companies through a five-year 100 per cent income tax exemption of statutory income. Eligible activities and products, termed as "promoted activities" or "promoted products", that qualify for PS include high-technology manufacturers and oil palm biomass companies. Unabsorbed capital allowances and accumulated losses incurred during the pioneer period can be carried forward and deducted.



Investment Tax Allowance (ITA) of 60 per cent from qualifying capital expenditure spent in the initial five years from the time the first expenditure is incurred for high technology manufacturers. The allowance can be applied against 100 per cent of statutory income for each assessment year. Companies are allowed to carry forward any unutilised allowances until they are fully absorbed.



Green incentives for eligible green technology projects which include renewable energy, energy efficiency, green building, green data centre and electric vehicle among others. Companies are eligible for ITA of 100 per cent of qualifying capital expenditure and income tax exemption of 70 per cent of statutory income.

¹ Survey questions asked: 'Does your company currently sell / export its products or services to the ASEAN region or plan to do so in the next 2 - 3 years? If so, to what extent?' 'In what countries specifically?'

Malaysia, as a well-established export-driven economy is spurred by high technology, knowledge-based and capital-intensive industries. A unified effort of Malaysia's government and private sectors will drive change to accelerate the country's ambition to become a technologically advanced economy, bolstering support for high profile investment projects.

Leveraging the Bank's broad geographical footprint, Standard Chartered is uniquely-positioned to connect capital, expertise and ideas needed to propel new standards and create innovative solutions for a more equitable and sustainable growth for Malaysia. Having grown with Malaysia over the last 147 years, Standard Chartered is committed to supporting companies globally to venture into Malaysia and help our clients leverage these potential growth opportunities that the country has to offer.



















Talent: Nurturing the workforce of the future

Jamin Kerja Keluarga Malaysia Programme (JaminKerja)

National commitment to unemployment reduction, talent diversity and equality

Launched during the 2022 annual government budget to guarantee 600,000 job opportunities, the JaminKerja initiative strives to reduce unemployment rate and provide working opportunities in various sectors, such as information and communication technology, tourism, and civil service. Of the total budget of USD1.08 billion (MYR4.8 billion), USD448 million (MYR2.0 billion) has been allocated as incentives for employers that recruit unemployed citizens, graduates and those belonging to vulnerable groups.



Hi-tech: Accelerating digital transformation

Malaysia Digital Economy Blueprint (MyDIGITAL)

Paving the way to a digitally-driven, high trust society

MyDIGITAL was launched in 2021 to transform Malaysia into a regional leader in digital economy. The Blueprint outlines the plan to accelerate the nation's progress to become a high income nation and build the foundation to drive digitalisation across Malaysia. Targets include contributing to the creation of 5,000 start-ups by 2025, achieving 30 per cent uplift in labour productivity, and building five smart cities by 2025. The Blueprint proposes specific roles that the government, businesses and societies can embrace to foster strong partnerships.



Regulatory: Navigating policy shifts and governance issues

National Investment Aspirations' New Investment Policy (NIP)

Delivering national growth via competitive and efficient exports production

Formulated in 2021 as part of the National Investment Aspirations, the NIP aims to ensure future initiatives and investments deliver the highest mutual value to investors and the nation. Examples of sector-specific targets include expanding digital economy's economic contribution to 22.6 per cent of Malaysia's GDP and creating 500,000 new jobs by 2025. At the moment, the government is focusing on national level priorities and five key sectors – Electrical and Electronics (E&E), Digital Economy, Pharmaceuticals, Chemicals and Aerospace, to attract technological investments, research and development (R&D) as well as manufacturing facilities.

Source: Company websites, Press articles, Malaysian Investment Development Authority













Overview of select government initiatives by the THRIVE pillars



Infrastructure: Proactively developing solutions to overcome systemic barriers

National Digital Infrastructure Plan (JENDELA)

Ensuring connectivity for all, with a vision towards 5G

The JENDELA is a five-year digital infrastructure plan from 2020 to 2025 to drive Malaysia's digital economy by fiberising nine million sites and providing 100 per cent connectivity of 4G coverage for all citizens, as well as 100Mbps mobile broadband speeds via 5G by the end of 2025. To close the digital infrastructure gap, the government has stressed the importance of private sector participation, as they provide the necessary resources, expertise, technology, and financing options especially when dealing with large scale projects.



Value chain: Collaborating to unlock potential across the ecosystem

National Trade Blueprint (2021–2025)

Position Malaysia as a dynamic and pre-eminent trading nation

The Ministry of International Trade and Industry has developed the Blueprint in 2021 with the objective of increasing trade competitiveness by allowing local players better access to markets and producing export-ready products. It is expected to have direct impact on businesses through measures, such as clearing business constraints and export bottlenecks, uplifting SME's production capability for the global value chain as well as extending support to high potential sectors across the supply chain.



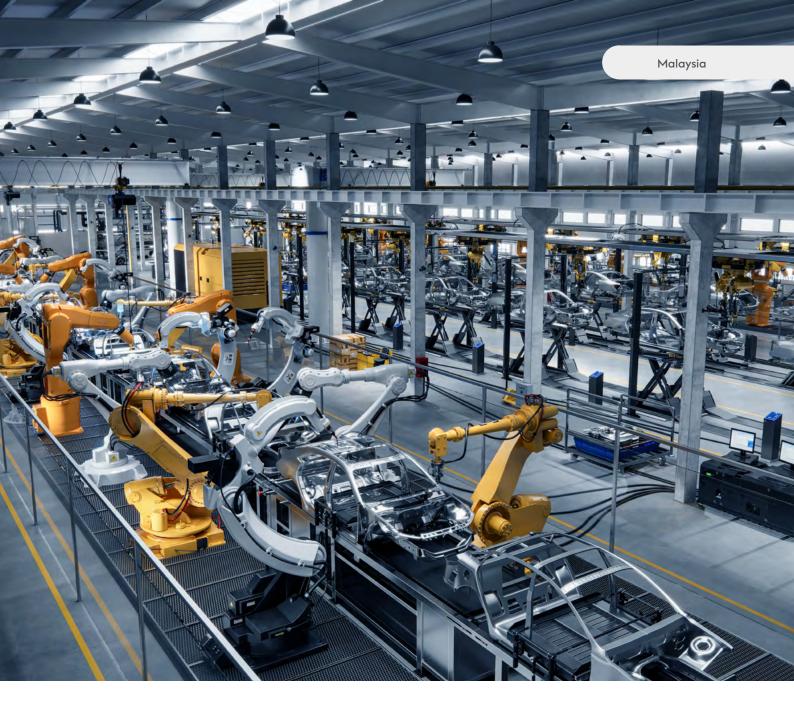
Environment: Expanding net zero efforts

Environmental Sustainability in Malaysia Plan 2020 - 2030

Achieving a sustainable planetary health

The Plan was formulated in 2020, signifying the commitment of Ministry of Environment and Water towards Sustainable Malaysia 2030. The Plan sets up clear goals and targets along four key thrusts: (i) Empowered governance (ii) Green growth (iii) Strategic collaboration and lastly, (iv) Social inclusiveness. Specific targets include, increasing green investments to USD22.4 billion (MYR100 billion) by 2030 and build five waste-to-wealth facilities. The Plan is expected to encourage the private sector to adopt long term sustainable practices.

Source: Company websites, Press articles, Malaysian Investment Development Authority



Porsche AG setting up a domestic assembly plant in Malaysia, the first outside of Europe

In an effort to grow its presence in Southeast Asia, Porsche opened its first local plant outside of Europe in Malaysia in 2022, which will be responsible for the final assembly of vehicles for the regional market. According to the Minister of International Trade and Industry, Porsche investment is expected to lead to the creation of high-quality employment opportunities and niche technology capabilities for the local market, solidifying Malaysia's National Investment Aspirations.

Source: Company websites, Press articles, Malaysian Investment Development Authority



Singapore focuses on boosting foreign investment and providing talent resources to leapfrog towards a global innovation hub

Technology, research, and innovation remain crucial to Singapore's journey towards an innovation-driven, knowledge-oriented economy. Hence, the government continues its investment in R&D, technology as well as scientific excellence to scale up innovation and enterprise platforms. It is also expanding support to enterprises for technology commercialisation. Ultimately, Singapore aims to speed up the private sector's progress towards achieving technological and scientific breakthroughs as well as creating market-ready solutions. Furthermore, Singapore is expanding digital and sustainability efforts through initiatives, such as SGTraDex and Climate Impact X.

Singapore remains an established business hub in ASEAN with 69 per cent of business leaders surveyed currently having or planning to have a sales presence in the country.







already have sales presence in Singapore¹

are planning to build a sales presence in Singapore in the next 2–3 years¹

Key FDI incentives to look out for

Singapore offers a wide range of investment incentives – such as tax holidays and concessions, grants, as well as favourable loan conditions – to attract foreign investors. For example, in tax, incentives offered are mainly in the form of exemptions and reductions on tax rates. Subsidies are also available for targeted industries. These incentives play a crucial role in maintaining Singapore's position as a global hub for investors.



Pioneer Certificate Incentive (PC) and Development and Expansion Incentive (DEI) provide approved companies tax exemption or a concessionary tax rate of 5 per cent or 10 per cent, for income generated from qualifying activities, such as business activities that benefited the Singapore economy or have led to more advanced capacities than those that are already available within the country.



Intellectual Property Development Incentive (IDI) provides approved companies reduced corporate tax rate of 5 or 10 per cent on qualifying intellectual property income. There will also be an increase in concessionary tax rate by 0.5 per cent at regular intervals.



Training grants of 50 per cent to 90 per cent in course fees for eligible companies to support manpower capability development and help Singaporeans, including those affected by the COVID-19 pandemic, access upskilling and reskilling opportunities.

¹ Survey questions asked: 'Does your company currently sell / export its products or services to the ASEAN region or plan to do so in the next 2 - 3 years? If so, to what extent?' 'In what countries specifically?'.



The ASEAN opportunity is one not to be missed and Singapore's role as a gateway to the region will only become more critical. Our ASEAN business continues to deliver strong network growth, with Singapore accounting for over half of the total ASEAN inbound cross-border network income from corporate clients globally in the first half of 2022. This is testament to ASEAN's growth potential and Standard Chartered's extensive regional network makes us the ideal partner for companies accessing new opportunities.

Patrick Lee

Cluster CEO, Singapore and ASEAN Markets (Malaysia, Vietnam, Thailand & Rep Offices) Standard Chartered

















Overview of select government initiatives by the THRIVE pillars



Talent: Nurturing the workforce of the future

SkillsFuture Singapore (SSG)

Inculcating a mindset towards skills mastery and lifelong learning

SSG is a national movement introduced in 2015 that provides skill development and training opportunities for all Singapore citizens and Permanent Residents, who may be employed by local or multinational companies. SSG provides a variety of programmes for different target audiences, such as students, employees, and employers to own their skills mastery and continuous learning journey through knowledge transfer, practical application, and experience. SSG often partners with private sector players on a number of SSG joint initiatives that offer sector specific upskilling opportunities in hard and soft skills.



Hi-tech: Accelerating digital transformation

Research, Innovation and Enterprise (RIE) 2025 Plan Investing in R&D capabilities to drive digital adoption and innovation

The RIE 2025 is a USD18 billion (SGD25 billion) plan launched in 2020 to fund and sustain investments in research, innovation and enterprise activities, and to promote technological innovation and scientific excellence. It serves as a key funding source for initiatives related to technology innovation in four key domains: (i) manufacturing, trade, and connectivity, (ii) human health and potential (HHP) (iii) urban solutions and sustainability, and (iv) smart nation and digital economy. Under RIE 2025's HHP domain, the national Precision Medicine research programme will be expanded, new capabilities in health tech and health services research will be developed.



Regulatory: Navigating policy shifts and governance issues

Model Artificial Intelligence (AI) Governance Framework Establishing ethical guidelines for responsible Al usage

The Framework was released in 2019 and focuses on four broad areas: (i) Internal governance structures and measures (ii) The level of human involvement in Al-related decision-making (iii) Operations management, and (iv) Stakeholder management. It ensures that the application of Al is undertaken appropriately, and able to amplify human capabilities, human beings' well-being, and safety. Singapore government encourages businesses to leverage the Framework as a best practice guide towards accountable Al governance practices, ultimately enabling businesses to derive benefits from the responsible use of Al.

Source: Company websites, Press articles, Singapore's Enterprise Development Board Website

















Infrastructure: Proactively developing solutions to overcome systemic barriers

Infrastructure Asia (IA)

Driving regional infrastructure development by resource sharing

Launched in 2018, IA supports Asia's infrastructure development by leaning on Singapore's infrastructure expertise and network. It serves the regional infrastructure project needs by (i) connecting governments with partners (ii) establishing connections to bridge knowledge gaps, (iii) uplifting capabilities in project lifecycle, and (iv) providing expertise to improve the viability and success of the projects. Through IA, public and private sector players are able to gain access to Singapore's comprehensive infrastructure network and expertise.



Value chain: Collaborating to unlock potential across the ecosystem

Digital Economy Agreement (DEA)

Partnering towards a common framework to strengthen modern trade

First introduced in 2020, DEA is a treaty that establishes collaborations between Singapore and partner countries, including Australia, Chile, Korea, New Zealand and the UK on digital trade rules and digital economy. The DEA aims to: (i) consolidate digital rules and standards (ii) support cross border data flows and safeguard personal data and consumer rights, as well as (iii) encourage cooperation between economic partners. Businesses originating from DEA country partners are able to take advantage of benefits, e.g. reduction of the red tape for goods exporters, streamlined border processes, and improved process efficiency through digital services.



Environment: Expanding net zero efforts

Singapore Green Plan 2030

Facilitating green transformation for a sustainable future

The Plan was launched in 2021 as a national movement to advance Singapore's agenda on net zero efforts through setting sustainability targets by 2030, e.g. greening 80 per cent of buildings by 2030. To achieve these targets, the Plan details the role of government to facilitate enterprises' sustainable development transformation. Businesses could leverage sustainability courses and grants of up to 70 per cent of total costs to advance net zero projects and uplift green business capabilities.

Source: Company websites, Press articles, Singapore's Enterprise Development Board Website



Google boosting employment and skills development under the Skills Ignition SG initiative

In July 2020, Google, Economic Development Board (EDB), Infocomm Media Development Authority (IMDA) and SkillsFuture Singapore launched the Skills Ignition SG initiative. It is a training programme created for trainees to equip them with the skills needed in digital marketing and cloud technology. Skills Ignition SG initiative aims to benefit 3,000 local entry-level and mid-career jobseekers, boosting their employability outcomes thereby increasing the availability of qualified digital talent for both local and multinational companies through vocational and on-the-job trainings.

Source: Company websites, Press articles, Singapore's Enterprise Development Board Website



Thailand aims to advance towards a value-based and innovative economy through its Thailand 4.0 economic model

Thailand's 20-year National Strategy (2017-2036), the country's first national long-term strategy, looks to transform the nation into a developed country with security, prosperity and sustainability. Under this strategy, the government has implemented Thailand 4.0 economic model with the goal is to advance the country into an innovative, value-based industrial nation and bolster the economy, with a focus on ten industries, including the development of both well-established and advanced industries. Aligning with the vision of the 20-year National Strategy, the 13th 5-year National Economic and Social Development Plan (2023-2027) will be launched in October 2022 to outline the five goals for the country's transformation.

Thailand is an attractive destination for business investors in ASEAN with 58 per cent of business leaders surveyed currently have or plan to have sales locally over the next three years.



already have sales presence in Thailand¹

are planning to build a sales presence in Thailand in the next 2–3 years¹

Key FDI incentives to look out for

Thailand has granted a suite of tax and non-tax incentives to attract investors globally as a focus in the postpandemic world. Government is also looking to revitalise the aspirations of the Eastern Economic Corridor (EEC) as a prime gateway into Southeast Asia, as well as develop many new "S-curve" industries such as food, smart electronics, and medical.



Eastern Economic Corridor (EEC) projects are given corporate income tax (CIT) exemption and/or tax reduction of as high as 50 per cent. Personal income tax reduction for employees with special skills and knowledge working in the EEC are also provided.

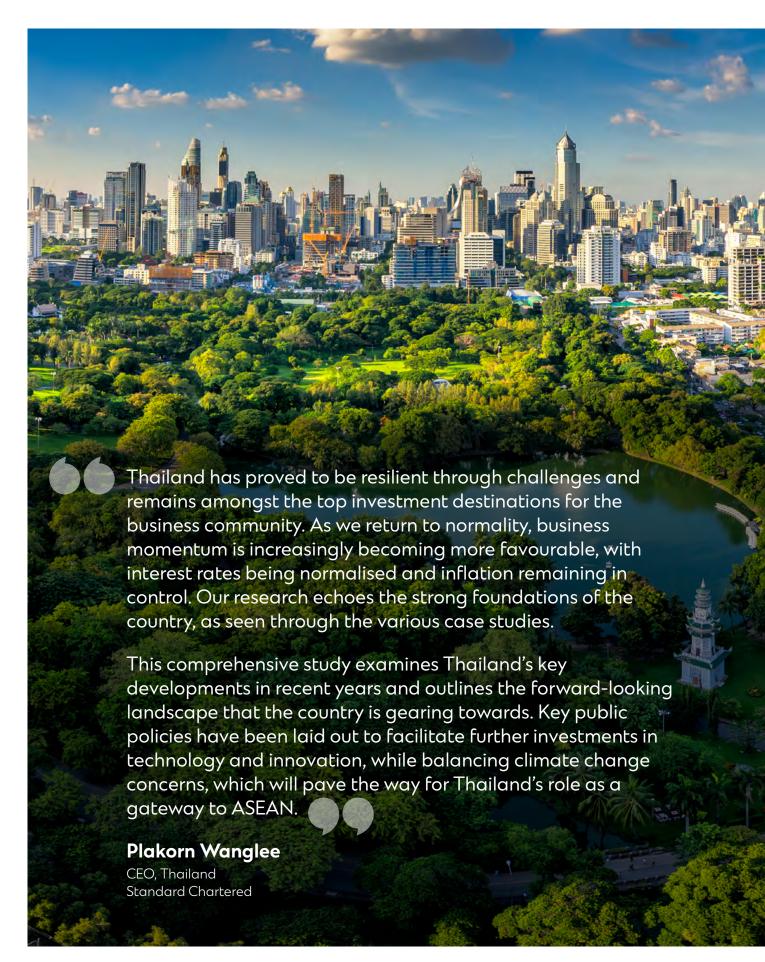


Research and development (R&D) incentives to promote activities under the Investment Promotion Act. Incentives include import duty exemption on machinery and raw materials, R&D items, and CIT exemption on income derived from R&D.



Activity-based, technology-based, and area-based incentives such as corporate income tax exemptions of eight to 10 years given by the Thailand's Board of Investment (BOI). To be eligible, companies need to engage in qualified activities, such as advanced manufacturing, digital, creative industries, digital technology, biotechnology, and nanotechnology.

¹ Survey questions asked: 'Does your company currently sell / export its products or services to the ASEAN region or plan to do so in the next 2 - 3 years? If so, to what extent?' 'In what countries specifically?'.

















Hi-tech: Accelerating digital transformation

National Al Strategy and Action Plan

Artificial Intelligence (AI) as a catalyst for growth

Launched in 2022, the Plan serves as a national framework and strategy with action plans, activities and projects focusing on Al technology development and application. It aims to ensure readiness of Thailand's Al policy, infrastructure, and workforce for Al technology adoption. The Al plan highlights a few areas including the need for 30,000 Al engineers and for R&D activities to localise Al technology. Priority sectors are in health, food and agriculture, government services and digital solution fields.



Infrastructure: Proactively developing solutions to overcome systemic barriers

Eastern Economic Corridor (EEC)

Strengthening Thailand's position as the gateway into Southeast Asia

Formally introduced in 2017, the EEC is a USD43 billion area-based development initiative to revitalise the Eastern Seaboard. A major focus of the EEC is to improve existing connectivity – land, sea and air – and to foster manufacturing innovation. The government is expecting the funding to come from a mix of state funds, public private partnerships (PPPs) and FDI. The EEC aims to become the prime gateway to access a population of half a billion by improving linkages with Cambodia, Laos, Myanmar, Vietnam and South China. To encourage foreign investments, the government has intended to amend and suspend more than 100 laws and regulations that previously restricted foreign investors' participation in the EEC.

















Value chain: Collaborating to unlock potential across the ecosystem

Thailand Industry 4.0 Strategy Plan (2017–2036)Elevating Thailand's industrial value chain and capabilities

The Thailand Industry 4.0 Strategy Plan (2017–2036) was formulated to set goals for the next decade within the industrial sector. The Plan aims to accelerate the sector capabilities across the value chain by: (i) increasing production efficiency and digitising targeted industries, (ii) increasing investments in R&D, (iii) reforming the government to support the development, and (iv) creating a production model that is responsive to global markets to become higher value chain producers. The private sector is expected to play crucial role in ensuring the realisation of the Plan.

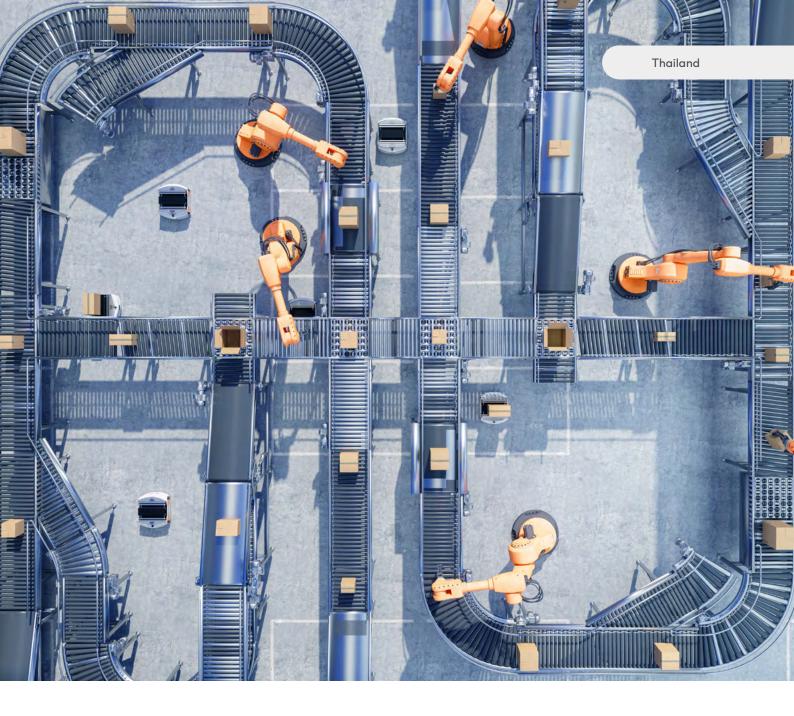


Environment: Expanding net zero efforts

Climate Change Master Plan (CCMP 2015–2050)

Forward looking sustainable outcomes

In 2015, the Thai government introduced the CCMP 2015–2050 as a long-term framework that urged all relevant government agencies to formulate a plan of action to combat climate change according to their areas of responsibilities. Example of targets the Plan aims to address includes reducing energy intensity by at least 25 per cent by 2030. The government encourages businesses to develop appropriate green standards and the use of high efficiency technologies – such as cooling systems, motors and boilers – by providing financial incentives.



Mitsubishi Electric and Thai government collaboration on EEC Automation Park

Successful collaboration between Mitsubishi Electric and the Thailand government resulted in the development of the EEC Automation Park at Burapha University to be Thailand's knowledge hub for robotics and automation. The EEC Automation Park aims to improve manufacturing technology in Thailand by incorporating manufacturing automation and innovation with 5G connectivity technology. It also serves as skills development hub, providing more than 25 curriculum and learning activities that apply to Industry 4.0 needs.

The Philippines

The Philippines focuses on developing science, technology, and innovation (STI) capabilities as well as human capital to boost sector growth

The government has positioned STI and human capital as the two fundamental pillars for economic progress. The Philippines aims to expand economic opportunities across a broad range of sectors, such as agriculture, forestry, fisheries, manufacturing, and the digital economy. Technology and human capital will serve as key catalysts to drive the change, supported by foreign investment, particularly in sectors, such as manufacturing and information technology.

52 per cent of business leaders surveyed have a positive outlook on the overall market with existing and future plans to have sales in the Philippines over the next three years.







already have sales presence in the Philippines¹

are planning to build a sales presence in the Philippines in the next 2–3 years¹

Key FDI incentives to look out for

The Philippines has grown into one of the strongest economies in Asia, attributed to a young and dynamic English-speaking workforce. The percentage of young adults (20-39 years old) in the Philippines is the second highest among the ASEAN-6 at 32 per cent of the total population in 2021. The government has sought to attract foreign investments to improve the economy by liberalising rules and regulations, such as simplifying business registration and providing tax holidays.



The Corporate Recovery and Tax Incentives for Enterprises (CREATE Act) allows businesses under the Strategic Investment Priority Plan to enjoy an income tax holiday for four to seven years, followed by a 10-year 5 per cent special corporate income tax, or enhanced deductions. They also enjoy customs duty exemptions for certain imports.

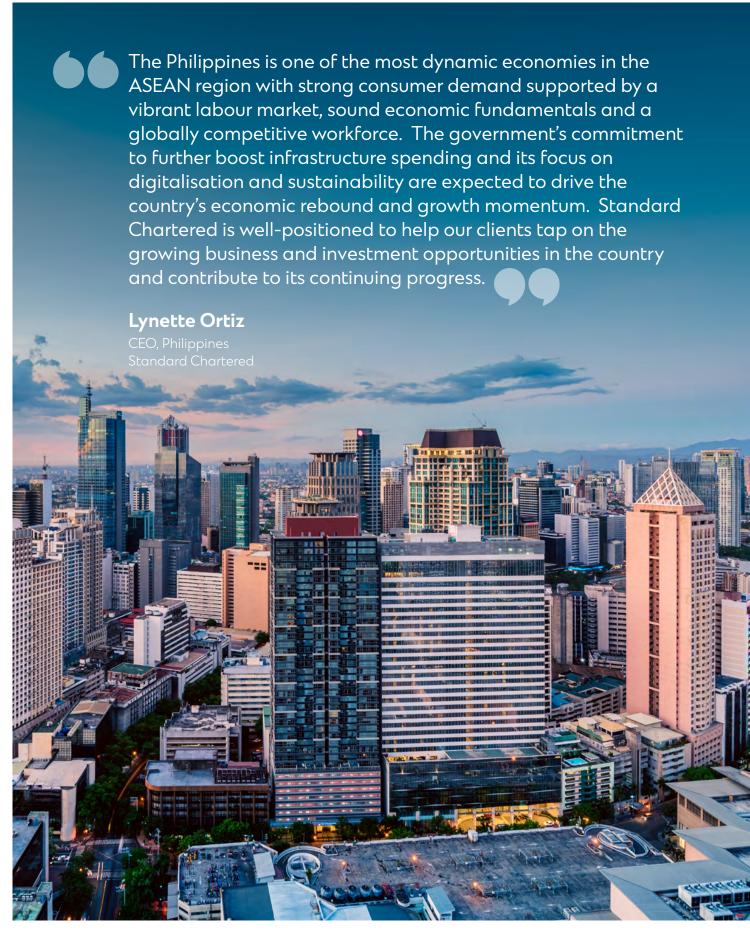


Special Economic Zones (SEZs) and areas which allow foreign enterprises engaged in export manufacturing, tourism, and similar business activities to enjoy tax incentives such as tax holidays, deductions for labour expenses, tax credits for exporters using local materials, and tax and duty-free importations. For example, foreign enterprises in SEZs enjoy three to six years of income tax holidays, and a preferential final tax rate of 5 per cent of gross income.



Other significant regulations such as the 2020 Investment Priority Plan (IPP), the amended Foreign Investment Act and the revised Public Service Act allow foreign investors to own SMEs and invest in new and essential sectors such as telecommunications, airlines and airways.

¹ Survey questions asked: 'Does your company currently sell / export its products or services to the ASEAN region or plan to do so in the next 2 - 3 years? If so, to what extent?' 'In what countries specifically?'.



















Talent: Nurturing the workforce of the future

Philippines Skills Framework (PSF)

Preparing skilled workforce for the future advanced economy

Launched in 2021, the PSF represents the inter-agency effort to build and enhance the skills of the country's workforce through active partnerships between government, industry and academia. Focusing on eight priority sectors such as construction, creative, health and wellness, manufacturing, logistics and supply chain, businesses may utilise the PSF to design progressive talent development plans for their employees. Furthermore, educational institutions could also design courses that equip workers with the competencies demanded by the industry.



Hi-tech: Accelerating digital transformation

National Artificial Intelligence (AI) Roadmap

Paving the way to a shared hub for Al services

The Roadmap was launched in 2021 to outline relevant policies that guide Al utilisation for the purpose of maintaining competitiveness of local industries at the regional and global level, identifying key areas of research and facilitating public-private cooperation on Al development. Private sector players have the opportunity to partake in the Roadmap to help with Micro, Small and Medium Enterprises' (MSMEs') digital transformation. The Roadmap also guides the use of Al for businesses by releasing specific regulations governing Al deployment.



Regulatory: Navigating policy shifts and governance issues

Foreign Investment Act (FIA)

Fostering conducive environment for foreign investments

The newly amended FIA in 2022 is expected to promote and attract foreign investments by enhancing access for international investors to set up and fully own domestic enterprises in the Philippines, so as to accelerate the inflow of foreign capital into the country. The amended FIA introduced investment reform measures that relax the foreign equity restrictions. For example, foreign nationals can own an MSME with a minimum paid-in capital of USD100,000 under some conditions.

Source: Company websites, Press articles, The Philippine's Department of Trade and Industry website

















Infrastructure: Proactively developing solutions to overcome systemic barriers

National Broadband Programme (NBP)

Enhancing internet access for business efficiency and social benefits

Launched in 2017, the NBP urges government agencies to intervene in the area of policy, regulatory, and information technology (IT) infrastructure to boost competition in telecommunications and information and communications technology. The NBP accelerates the deployment of fibre optic cables and wireless technologies throughout the country to improve overall national internet speed and affordability. As part of the NBP, the government plans to develop responsive policy as well as provide incentives for businesses while forging strategic public-private partnerships.



Value chain: Collaborating to unlock potential across the ecosystem

Inclusive Innovation Industrial Strategy (i3S)

Improving global value chain participation by embracing Industry 4.0

The i3S was launched in 2016 and promotes six strategic actions: (i) Industry 4.0 adoption (ii) innovative SMEs and startups (iii) integration of production system (iv) ease of doing business (v) upskilling/reskilling of workforce, and (vi) innovation and entrepreneurship that are essential to uplift the domestic supply chain and enhance participation in the global value chain. Businesses are expected to benefit through the reduction of constraints made possible by i3S, such as increasing workforce productivity, addressing raw materials shortage through value chain interventions, cutting down red tape, and standardisation of shipping costs.



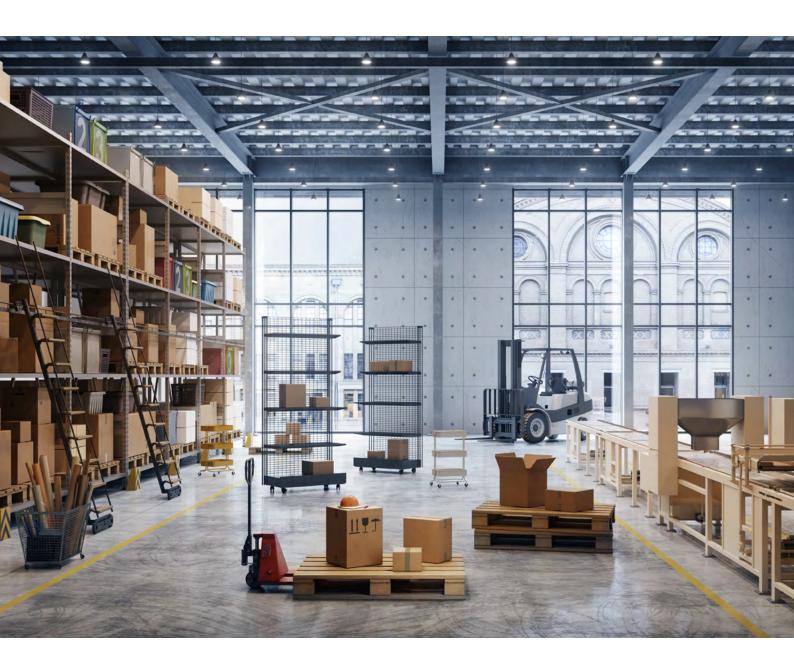
Environment: Expanding net zero efforts

National Climate Change Action Plan (NCCAP 2011-2028)

Striving for climate resilient, eco-efficient and environment-friendly society

Launched in 2011, the NCCAP is a roadmap that details the climate change programmes planned in the Philippines from 2011 to 2028. The NCCAP identified three objectives: (i) promotion and development of climatesmart industries and services, (ii) creation of sustainable livelihood and jobs from climate-smart industries / services, and (iii) development of green cities and municipalities. The NCCAP provides regulatory and business environment that encourages private sector participation to drive sustainable development.

Source: Company websites, Press articles, The Philippine's Department of Trade and Industry website



DTI partnering with Siemens to scale up SIRI adoption

In 2019, the Department of Trade and Industry Philippines (DTI) partnered with Siemens to drive the transformation of the Philippines' industrial sector by introducing cuttingedge automation and digitalisation technology. Using a four-step approach, DTI and Siemens prioritised relevant manufacturers by using the Smart Industry Readiness Index (SIRI), developed a roadmap towards Industry 4.0, tested proofs of concepts to simulate the impact of digital technology in the manufacturing process, and finally implemented solutions to address current manufacturing issues. This collaboration is part of the i3S.

Source: Company websites, Press articles, The Philippine's Department of Trade and Industry website



Once considered a frontier market in Southeast Asia, Vietnam has made rapid, significant progress to become a dynamic, cost competitive nation

Vietnam has received increasing attention from businesses worldwide as an alternative manufacturing hub, e.g. in the China-Plus-One strategy. Anchoring on three strategic national plans: (i) New National Industrial Policy, (ii) Digital Transformation Plan, and (iii) National Strategy on Green Growth, Vietnam has a long-term plan to digitise production and supply chains. For instance, it is developing smart factories to improve efficiency and competitiveness as well as foster priority industries, without neglecting green growth as an important mode of realising sustainable development.

More than half of business leaders surveyed are optimistic about its business in Vietnam as 58 per cent have existing and future plans to expand sales in the country.







are planning to build a sales presence in Vietnam in the next 2–3 years¹

Key FDI incentives to look out for

Vietnam emerges as an attractive investment location for foreign investors due to its competitive workforce and various cost-saving factors. The Vietnamese government has pushed for reforms in incentives to attract investors and to simultaneously improve the business environment.



Inbound investment incentives to attract investors in targeted sectors such as healthcare, technology, scientific research, renewable energy and infrastructure development. Preferential corporate income tax (CIT) rate of 10 per cent to 17 per cent are provided depending on the qualifying conditions.

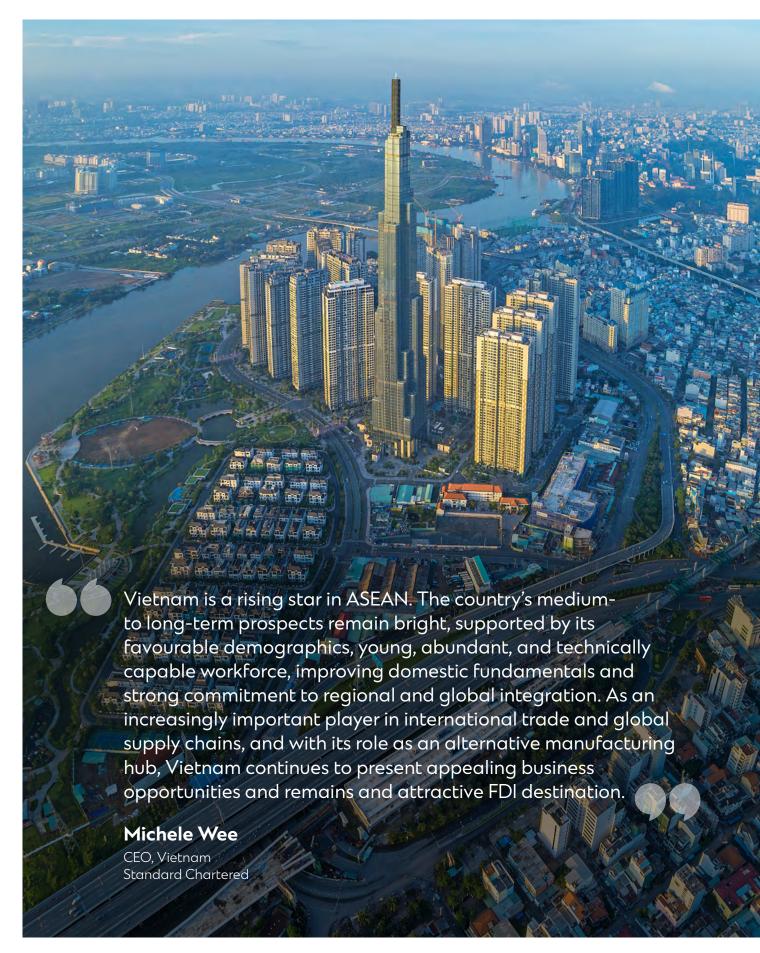


Tax holidays and reductions are also provided for projects in targeted sectors and locations. Two to four years of tax exemption and four to nine subsequent years of 50 per cent reduction are applied to projects in key sectors, such as renewable energy and education, and dedicated zones, such as Information Technology Parks (ITPs) and Special Economic Zones (SEZs).



Exemptions from customs duties for imported raw materials and goods that cannot be produced locally for the production of software products, scientific R&D etc. Goods used to form fixed assets of select projects, and to implement export processing contracts with foreign parties are also exempted from customs duties.

¹ Survey questions asked: 'Does your company currently sell / export its products or services to the ASEAN region or plan to do so in the next 2 - 3 years? If so, to what extent?' 'In what countries specifically?'.



















Hi-tech: Accelerating digital transformation

National Digital Transformation Programme through 2025 National push towards breakthrough digital transformation

Approved in 2020, it is a national initiative that leverages state funding and private investment on eight priority areas for digital innovation, which include healthcare, education, finance, industrial manufacturing and agriculture. The Programme aims to create a digital government, economy, and society by targeting enterprises that are keen to adopt and accelerate digitalisation in order to improve their business efficiencies and competitiveness. The government is promoting technological innovation among enterprises as well as increasing uptakes in digital services, products, solutions and business models in order to attract hi-tech FDI.



Regulatory: Navigating policy shifts and governance issues

Resolution 115 / NC-QP

Creating favourable business environment through synchronised policies

Approved in 2020, Resolution 115 / NC-QP encourages Vietnamese enterprises to produce highly competitive supporting industrial products in electronics, mechanical engineering, high-tech and automotive sectors for the period between 2020 to 2030. The resolution provides a comprehensive approach in improving both administrative environment and private sectors' capabilities through policy optimisation, financial incentives and technology transfer activities. In addition, strengthening supporting industries is expected to make Vietnam a more attractive destination for MNCs' production relocation. Example of targets includes fulfilment of 70 per cent of the domestic production and consumption demands by supporting industries by 2030. Financial incentives, i.e. favourable interest rates and short-term loan availability, are also available for businesses to use to achieve these targets.















Infrastructure: Proactively developing solutions to overcome systemic barriers

Transport Infrastructure Master Plan (TIMP)

Upgrading national transportation network through public-private investments

The Transport Infrastructure Master Plan (TIMP) was formulated in 2021 with the goal of upgrading all transport infrastructure by 2030. Besides solving Vietnam's traffic congestion issues, the Master Plan aims to tackle the issues of insufficient investment and financing options, and explore new Public-Private Partnership (PPP) models. Under the new PPP framework, private and foreign investors are allowed to engage in the transportation sectors and benefit through different schemes, such as decreased corporate income tax and land lease fees as well as credit support.

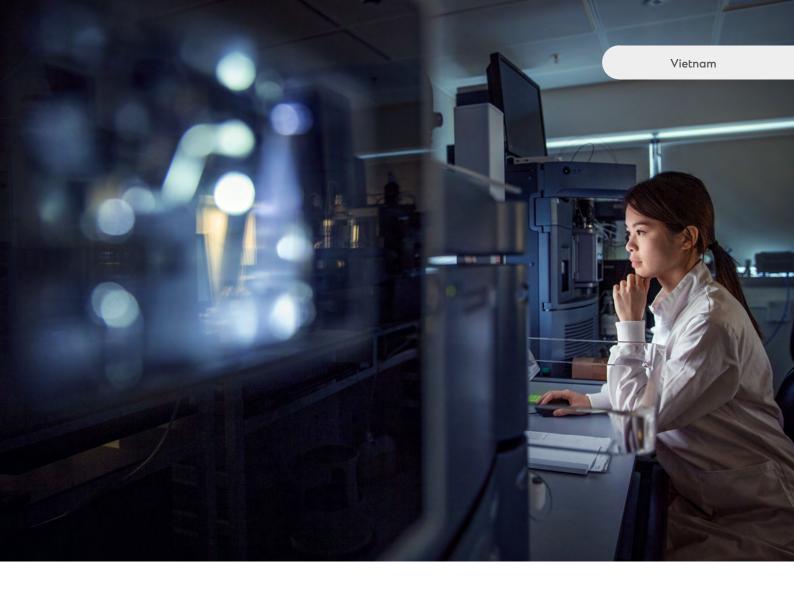


Environment: Expanding net zero efforts

National Green Growth Strategy 2021-2030, Vision to 2050

Implementing holistic solutions to drive green growth

Introduced in 2021, the Strategy lays out Vietnam's comprehensive green growth goals from 2021 to 2030, with a vision towards 2050. The Strategy aims to achieve economic prosperity, environmental sustainability, and social equality while facilitating Vietnam's transition to a green, carbon neutral economy. Specific objectives include reducing the intensity of greenhouse gas emissions, raising share of renewable energy, boosting sustainable consumption, and improving the nation's resilience to climate change. The Strategy is expected to bring investment support and policy guidance to accelerate private sector's green transformation and growth.



Digital transformation initiatives for the healthcare sector

Under the National Digital Transformation Programme, priority sectors such as healthcare have been highlighted for digital transformation. Industries and sectors are encouraged to jointly implement the initiatives outlined by the Programme. Key digital transformation initiatives outlined for health include – (i) platform development for remote medical examination and treatment in all of Vietnam's health facilities, (ii) building up of the digital health care and disease prevention system and, (iii) piloting of the initiative "each citizen has a private doctor" with an electronic medical record for all citizens.

New public-private partnership (PPP) law in effect from 2021

Taking effect in January 2021, Vietnam's new PPP law reflects key changes from the previous iteration, including a focus on five key sectors; (i) transportation (ii) healthcare (iii) education (iv) transmission grid, and (v) water. Companies investing in these sectors may be eligible for incentives, such as credit support, land lease fee reduction, and preferred corporate income tax. There is also a new limit of 50 per cent of total investment capital from the state.

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