

STEWARDSHIP

Responsible Governance Over Time



Why Stewardship?

Business structures are becoming complex and as consequence, the relationships among stakeholders becoming more complex and interrelated.

The *agency theory* of the firm assumes that managers will act in their own self-interest to the disadvantage of shareholders, thence businesses face persistent short-term pressures on making sound decisions.

Whereas *stewardship theory* suggests that managers will act as *responsible stewards*, intrinsically motivated to put the interests of the principal ahead of self-serving interests, based on belief of accountability and a long-term responsibility over the assets they control on behalf of the principal.

Stewards identify themselves with the business and motivated to maximize organizational performance. Stewardship is the process by which a firm can best create value over time - well-stewarded companies balance their actions to benefit and sustain future generations as well as the present one.

With greater attention to the long term and corresponding investments in future growth opportunities, well-stewarded companies may indeed contribute to better and more sustainable performance over time – in terms of financial results as well as other aspects.

Stewardship Culture

Shareholders are engaged in a transparent and efficient information exchange with the board on investment goals and strategies, progress towards delivering *long-term, sustainable performance and well-being of next generations*.

The company have a clear purpose and guidelines in place to safeguard both short- and long-term viability. The board engage and empower managers and employees, creating a vision of the future toward which they are collectively working, inspire them to achieve their own potential while ensuring the company fulfils its purpose. The board are committed to long-term value creation, work together with shareholders to support and enhance stewardship values.

Stewardship culture is linked to higher level of corporate entrepreneurship within the company, especially in family firms. Family firms' stewardship culture is closely related with strategic flexibility, innovativeness and performance.

Stewardship provides an approach to protect and enhance the capability of the company to create economic value, wealth and well-being over time.

Stewardship for the purposes of leadership succession can be an effective way to build the company viability over the long term.

Stewardship Fundamental Values

- **Responsible Care**

Attitude to act in the interest of all stakeholders

- **Harmony of Interests**

A willingness to put the interests of others ahead of their own

- **Good Judgment**

The best use of opportunities for the present and commitment to safeguard the future

- **Fairness**

Ensuring that revenues are distributed in a way that corresponds to sustainable future

- **Mutual Confidence**

All stakeholders should behave in such a way as to not undermine the stewardship process

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