Asia-Pacific Economic Cooperation

# Companies' Best Practices on Long-Term Foreign Direct Investment Within APEC Economies

APEC Policy Support Unit

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# 1 EXECUTIVE SUMMARY

Foreign direct investment (FDI) remains the Asia-Pacific's workhorse for productivity gains, technology diffusion, and broad shared growth—but in today's environment, success is measured less by how much capital a market attracts and more by how long that capital stays productive, resilient, and inclusive. Commissioned by Japan's Ministry of Economy, Trade and Industry, and supported by the APEC Policy Support Unit, this report pivots the discussion from entry economics to endurance economics. Drawing on six long-standing projects led by Ajinomoto, Kaneka, Toyota, and Intel—validated through the February 2025 Investment Experts' Group (IEG) workshop and multi-method field research—the study provides a data-rich view of what it really takes to convert initial inflows into multi-decade dividends.

## 1.1 ANALYTICAL VANTAGE POINT – THE FOUNDATIONS AND ENABLERS FRAMEWORK

Long-term FDI performance was assessed through the Foundations and Enablers Framework—thirteen qualitative indicators nested under three dimensions: Continuity, Relationships, and Human-Resource Development (HRD). This approach conceptually aligns with APEC's Investment Facilitation Action Plan (IFAP), which promotes stability and predictability for investors, constructive stakeholder engagement, and responsible business conduct. Foundations capture the conditions that anchor an investment at start-up, while Enablers capture the reinforcing practices that let it ride out shocks, climb the value chain, and deepen local linkages—reflecting IFAP's emphasis on resilient, transparent, and inclusive investment environments. Evidence was triangulated from structured executive interviews, multi-day site visits, document analysis, and a validation workshop, ensuring that recommendations are grounded in both boardroom realities and policy-maker priorities.

## 1.2 WHAT WINNING LOOKS LIKE IN PRACTICE

- **Continuity – Crisis-ready investment.** Ajinomoto has institutionalized risk prevention frameworks, diversified supply chains, and phased capital-expenditure programs; its eco-friendly Bandar Enstek plant in Malaysia came online in 2022 after an USD 80 million upgrade and maintained halal export volumes even through the pandemic.
- **Relationships – Strategic stakeholder capital.** Kaneka plays a strong leadership role in the Gebeng Industrial Support Group in Malaysia, aligning site-level sustainability projects with economy-wide development goals. Intel's R&D hubs in Malaysia and Viet Nam integrate clean energy and AI-driven programs, while Ajinomoto's halal plant in Bandar Enstek incorporates rooftop solar energy and advanced automation to reduce environmental impact as part of their CSR initiatives.
- **Human-Resource Development – The domestic capability flywheel.** Toyota has embedded laddered apprenticeship tracks across Thailand and Kentucky; The FAME Program, business partnering groups, and competency-based promotions knit together a strong workforce and feed a high-potential pipeline that keeps both plants on the frontier of electrified-vehicle manufacturing.

Across the portfolio, investments that score high on all three dimensions consistently outperform peers on trade, supplier depth, wage growth, and social impact; weakness in any one dimension erodes the overall economic dividend.

## 1.3 FROM DIAGNOSIS TO PRESCRIPTION – 87 EXECUTION-READY MOVES

Sections 6 and 7 translate the case evidence into 87 granular recommendations, which are split between corporate playbooks and host-economy policy levers, and tiered by executional sophistication against six quantified risk drivers (time dependency, regulatory fluidity, capex intensity, stakeholder polarity, talent scarcity, and technology obsolescence). A board-ready Action Checklist accompanies the recommendations, enabling executives and regulators to self-diagnose gaps, stage capital commitments, and assign cross-functional accountabilities across a three- to ten-year horizon. Four imperatives cut across every recommendation:

| Imperative | Corporate Actions | Policy Enablers |
|---|---|---|
| **Shock-proof operations** | Deploy AI risk-sensing, circular-economy design, multisource supply chains | Codify crisis-response partnerships, digitize customs corridors |
| **Shared value creation** | Tie ESG key results to SDG targets and community co-investment | Embed ESG criteria in incentive packages; co-fund public-good projects |
| **Accelerated local impact and linkages** | Scale vendor-upgrade labs, joint IP development, and green-finance pilots | Offer SME scale-up grants, certification hubs, and anchor-tenant R&D campuses |
| **Talent-chain resilience** | Institutionalize dual-study apprenticeships, micro-credentials, and transparent workforce sustainability road maps | Underwrite economy-wide skills passports, STEM scholarships, and mobility stipends |

## 1.4 UNLOCKING STRATEGIC VALUE TOWARD 2040

Scaling the recommended practices could unlock additional investment and generate high-skilled jobs, while materially advancing the Putrajaya Vision 2040 and Aotearoa Plan of Action targets for sustainability, innovation, and inclusion. Conversely, inaction risks capital flight toward jurisdictions with deeper talent pools, greener grids, and more predictable regulations.

## 1.5 CALL TO DISCIPLINED EXECUTION

APEC economies now face a narrowing window of strategic optionality as global competition for clean-tech, semiconductor, and biotech value chains intensifies. Securing the first dollar of FDI is merely the opening move; translating that dollar into multi-decade prosperity demands KPI-anchored collaboration between businesses and governments. The indicators of the Foundations and Enablers Framework and the Action Checklist supply the governance backbone. Stakeholders that mobilize around these tools today will capture the next era of resilient, inclusive, and innovation-driven investment—reaping the full dividends that Ajinomoto, Kaneka, Toyota, and Intel have demonstrated are within reach.

# 2 PROJECT INTRODUCTION

## 2.1 BACKGROUND AND CONTEXT

Foreign Direct Investment (FDI) has long served as a vital driver of economic growth, industrial advancement, employment opportunities, and technology transfer across Asia-Pacific Economic Cooperation (APEC) economies. However, the sustainability and long-term impact of these investments depend significantly on how effectively companies integrate into local economies and respond to diverse challenges, including economic fluctuations, regulatory uncertainties, and global disruptions. Historically, APEC's investment initiatives, such as the Non-Binding Investment Principles (NBIPs) and the Investment Facilitation Action Plan (IFAP), have predominantly emphasized attracting initial investments. However, there is a growing recognition of the need to examine how established foreign companies successfully sustain their presence and positively impact their Host Economies over the long term. This long-term perspective has become increasingly important in light of structural shifts reshaping the global investment landscape, such as technological advancements (AI, advanced manufacturing, decarbonization), supply chain issues (geopolitics, pandemics, cyber disruptions), workforce changes (aging, automation, skill obsolescence), and sustainability requirements (climate-adjusted trade, ESG-finance).

To address this gap, this report shifts the focus towards understanding and distilling best practices from successful long-term FDI projects in selected APEC economies, namely Malaysia; Thailand; the United States; and Viet Nam.

This research directly supports the goals of the APEC Putrajaya Vision 2040, which seeks to foster an open, dynamic, and resilient Asia-Pacific community. Furthermore, it aligns closely with the strategic framework of the Aotearoa Plan of Action, emphasizing sustainability, innovation, economic integration, and inclusive growth. By examining the strategic practices and outcomes of established foreign investors, this project contributes uniquely to the broader APEC objective of enhancing regional investment sustainability and economic resilience.

## 2.2 PROJECT OBJECTIVES

The central aim of this study is to comprehensively identify and understand the factors that underpin the long-term success of FDI projects, extracting key insights that can directly benefit investing corporations and Host Economies. To achieve this aim, the research specifically addresses three critical dimensions:

1. **Continuity:** Examining how FDI projects have sustained and expanded their operations over extended periods, even amid significant economic disruptions and crises. The focus here includes strategies for maintaining operational resilience, adapting effectively to regulatory and market shifts, ensuring consistent reinvestment, and contributing to the host economy's industrial development.

2. **Relationships:** Investigating how foreign-invested companies engage and nurture relationships with host economy stakeholders, including local communities, businesses, governments, and other relevant institutions. This dimension explores the role of effective Corporate Social Responsibility (CSR) practices, stakeholder engagement

strategies, and community integration in building trust, sustaining positive company reputations, and ensuring mutually beneficial outcomes.

3. **Human Resource Development:** Understanding how foreign-invested projects significantly contribute to local job creation, workforce skills development, and industry-specific knowledge transfer. This dimension highlights best practices in employee training, skill upgrading, career advancement pathways, and diversity and inclusion initiatives, demonstrating how these activities strengthen the overall human capital and industrial capability within Host Economies.

The intended outcomes of this research are twofold. First, it aims to deliver clear and actionable insights regarding best practices observed within successful long-term FDI projects, benefiting both policymakers and businesses across the APEC region. Second, it provides strategic policy recommendations aimed at creating more supportive regulatory environments, investment climates, and business ecosystems, thereby facilitating long-term investment sustainability, resilience, and inclusive economic growth across APEC economies.

## 2.3 PROJECT STAKEHOLDERS

Key stakeholders that contributed significantly to the research and analysis within this report include:

**Japan's Ministry of Economy, Trade and Industry (METI):**
METI acted as the project's key sponsor, providing essential leadership, strategic direction, and resource support necessary for the successful completion of this initiative.

**APEC Policy Support Unit (PSU):**
The PSU was instrumental in the coordination of research activities, stakeholder engagement, and ensuring that the project's objectives and outcomes align closely with broader APEC strategic goals. It will also serve as the primary disseminator of the final research findings and recommendations to all APEC member economies.

**Selected FDI Companies:**
The research benefited extensively from in-depth case studies of long-standing global companies that have invested significantly and are operating in Malaysia; Thailand; the United States; and Viet Nam ("FDI Companies"), specifically Ajinomoto Malaysia (AMB), Kaneka Malaysia (KM), Toyota Motor Thailand (TMT), Toyota Motor Manufacturing Kentucky (TMMK), Intel Malaysia (IMY), and Intel Products Viet Nam (IPV). Each company provided valuable insights, data, and lessons through structured interviews, site visits, and collaborative workshops.

**Participating APEC Economies and Investment Experts:**
Policymakers, industry leaders, and investment experts across APEC economies contributed actively during the Investment Experts Group (IEG1) Workshop held on 24 February 2025. Their collective knowledge and feedback greatly enhanced the study's validity, relevance, and practical value for policy implementation and corporate strategy.

By integrating perspectives from diverse stakeholders, this report provides a robust and actionable understanding of the factors driving successful long-term FDI in APEC economies,

thereby strengthening the region's capacity to leverage foreign investments for sustainable growth and resilience.

# 3 PROJECT APPROACH AND METHODOLOGY

## 3.1 RESEARCH METHODOLOGY OVERVIEW

This study adopts a qualitative research approach to assess best practices for long-term Foreign Direct Investment (FDI) across APEC economies. The research methodology is designed to ensure a comprehensive understanding of investment longevity, resilience, stakeholder engagement, and workforce development.

**Key Research Methods**
The study incorporates multiple data collection techniques to ensure accuracy and depth, including:

- **Stakeholder Interviews:** In-depth discussions with key stakeholders, including senior management, government representatives, employees, and local community leaders, provided insights into long-term investment strategies, policy challenges, and economic contributions.

- **Field Observations:** Direct (e.g., site visits) and indirect (e.g., reviewing video recordings provided by the companies) observations captured real-time data on business operations, workforce engagement, and community relations.

- **Document Analysis and Literature Review:** Examination of corporate reports, government policies, economic impact assessments, and academic research helped contextualize the findings.

- **Case Study Methodology:** Structured case studies of six companies with long-term FDI success were developed to illustrate key insights and best practices. Detailed case study write-ups are available via the links provided for each company below:

    - Ajinomoto Malaysia (AMB) – Food and seasoning manufacturing
    - Kaneka Malaysia (KM) – Chemical and high-performance polymer production
    - Toyota Motor Thailand (TMT) – Automotive manufacturing and exports
    - Toyota Motor Manufacturing Kentucky (TMMK) – Automotive manufacturing
    - Intel Malaysia (IMY) – Semiconductor assembly, testing, and R&D
    - Intel Viet Nam (IPV) – Semiconductor assembly, testing, and R&D

- **Workshop Validation:** The APEC Investment Experts Group (IEG1) Workshop, held in February 2025, provided an opportunity to validate research findings through expert discussions and peer reviews.

These combined methods ensure that the study offers reliable, comprehensive, and policy-relevant insights.

## 3.2 DATA COLLECTION AND VALIDATION

The research team conducted site visits, interviews, and document reviews across six case studies:

| FDI Projects | Host Economies | Industries | Operational Start Year in Host Economies |
|---|---|---|---|
| Ajinomoto | **Malaysia** | Food | 1961 |
| Kaneka | **Malaysia** | Chemical manufacturing | 1996 |
| intel | **Malaysia** | Semiconductor | 1972 |
| intel | **Viet Nam** | Semiconductor | 2006 |
| TOYOTA | **Thailand** | Automotive | 1962 |
| TOYOTA | **Kentucky, USA** | Automotive | 1985 |

Through a nomination process open to APEC economies, these companies were selected based on their proven track record of long-term FDI success, resilience during economic downturns, and ability to integrate into local ecosystems.

The findings were further refined through discussions at the APEC IEG1 Workshop on Best Practices for Long-Term FDI, held on 24 February 2025. The workshop provided validation and exchange of research insights, ensuring alignment with regional economic priorities.

## 3.3 ANALYTICAL FRAMEWORK: THE FOUNDATIONS AND ENABLERS

The Foundations and Enablers Framework is a strategic model developed to evaluate and interpret the long-term success factors of Foreign Direct Investment (FDI) projects across APEC economies. Foundations represent the essential elements required to establish and anchor long-term investments, while Enablers provide the reinforcement necessary to sustain and adapt those investments over time.

This framework recognizes that successful long-term FDI depends not only on strong initial conditions (e.g., operational consistency, long-term commitment) but also on the presence of reinforcing practices (e.g., community engagement, skills development, inclusivity) that allow the investment to remain resilient, responsive, and integrated with the host economy.

### 3.3.1 Framework Development

The development of the Foundations and Enablers Framework followed a structured, multi-step process grounded in field evidence. The research team began by identifying 13 qualitative indicators that capture the multidimensional nature of FDI success, organized into three thematic areas: **Continuity**, **Relationships**, and **Human Resource Development**.

Each indicator was then assessed across six long-standing FDI case study companies using a common evaluative lens. This included an internal review of strategic relevance, presence of institutional frameworks, and observable impact. Through comparative analysis of the indicators' presence and effectiveness across the case studies, the research team was able to identify which indicators consistently emerged as core drivers of long-term success.

Indicators deemed indispensable to the initial establishment and viability of FDI projects were categorized as **Essential (Foundations)**, while those that provide additional strength and adaptability to enable longevity and growth of an FDI were categorized as **Sustaining (Enablers)**. This approach ensured that the final framework reflected not only theoretical importance, but also practical, real-world implementation across diverse economies and industries.

### 3.3.2 Framework Relevance and Applicability for Long-Term FDI Evaluation

The Foundations and Enablers Framework offers a clear, dynamic, and strategically relevant way to assess the drivers of long-term FDI success. It distills a complex array of interrelated qualitative factors into a structure that is both intuitive and actionable. At the core of this framework is the classification of indicators into two distinct but complementary types:

- **Essential Indicators:** Represent the Foundations of the framework. These are the fundamental indicators that are critical for the establishment and initial success of an FDI project. Without these core conditions, such as resilience and adaptability, or operational consistency, foreign investment is unlikely to take root or remain stable in the host economy.

- **Sustaining Indicators:** Represent the Enablers of the framework. These are the indicators that provide additional strength and adaptability, enabling FDI to grow, respond to change, and deliver long-term value over time. While not always necessary at the beginning, factors like workforce diversity and inclusion, stakeholder engagement, and career progression become increasingly important as the investment matures.

This separation enhances understanding of the phased nature of investment development—what must be in place from the outset (Foundations), and what must be cultivated for longevity (Enablers).

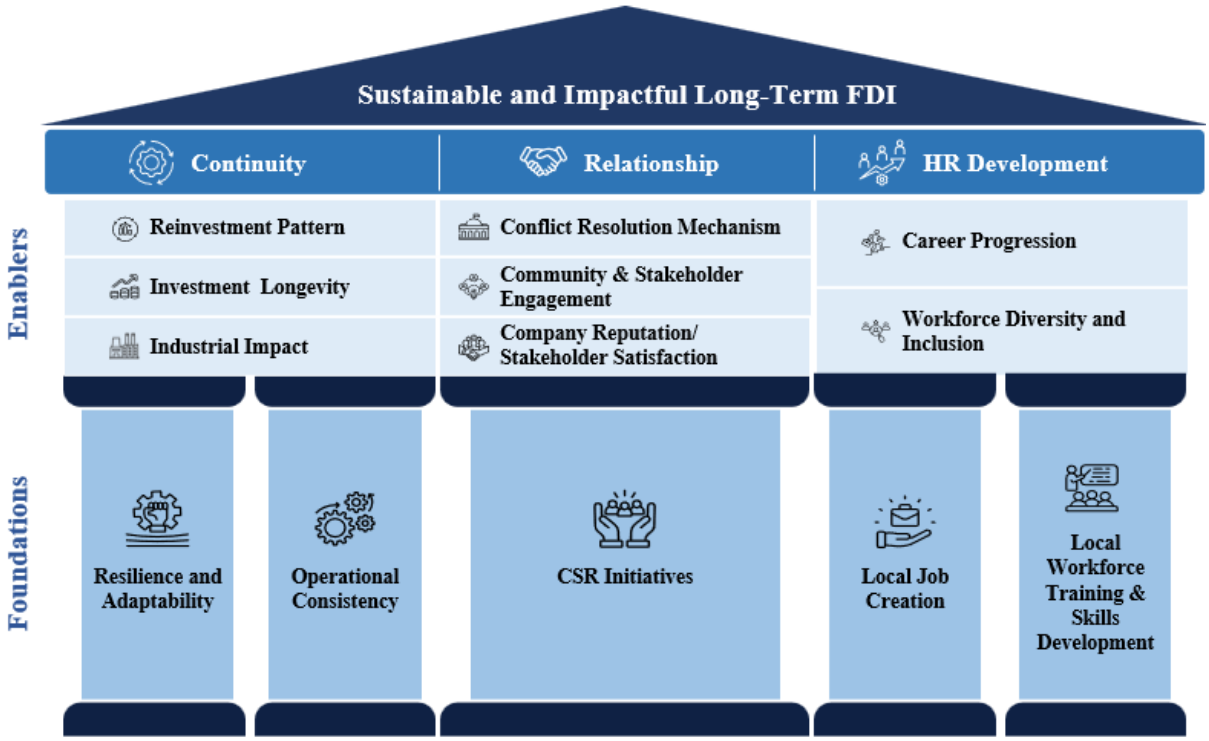
Importantly, the framework is not a one-size-fits-all checklist. It is designed to be context-sensitive, recognizing the diversity of Host Economies in terms of maturity, policy environment, and industry sector. This makes the framework dynamic: depending on the host economy's development stage, regulatory environment, and the strategic priorities of the investor, the relative importance of each indicator may shift over time. For example, an indicator currently viewed as "sustaining", such as structured workforce training, may in fact become essential to operational survival or emerge as a strategic advantage later on. This means that Sustaining indicators ("Enablers") can grow in importance and potentially evolve into Essential indicators ("Foundations") as contexts or external conditions change.

This dynamism ensures that the framework remains applicable across a range of use cases and sectors. This makes it a valuable tool not only for evaluating existing projects, but also for guiding future investment design.

Finally, the framework supports a multi-stakeholder perspective. Policymakers can use it to assess economy-wide readiness and identify policy gaps. Companies can use it as a self-assessment tool to reflect on their embeddedness and alignment with local needs. Regional institutions can use it to benchmark performance and support knowledge-sharing across economies.

In sum, the Foundations and Enablers Framework *(see **Figure 1**)* offers a robust, adaptive structure that reflects both the foundation required for FDI to succeed and the reinforcements needed to ensure it thrives.

**Figure 1: Foundations and Enablers Framework**




*Source: Arthur D. Little Analysis*

## 3.4 INDICATOR DESCRIPTIONS

The framework categorizes 13 qualitative indicators into three dimensions:

**Continuity**

1. **Resilience and Adaptability** *(essential)*
   Assesses a company's capacity to anticipate, respond to, and recover from crises through structured risk management, diversified supply chains, an adaptive workforce, and regulatory strategies.

2. **Operational Consistency** *(essential)*
   Measures the ability to maintain high standards of production and service quality through global certifications, standardized processes, and integration of automation and digital tools.

3. **Reinvestment Pattern** *(sustaining)*
   Captures evidence of ongoing, strategic reinvestment in physical assets, innovation, and sustainability — aligned with evolving market trends and host economy priorities.

4. **Investment Longevity** *(sustaining)*
   Evaluates the continuity of an FDI's presence in the host economy, including phased expansions, long-term strategic alignment, and institutional commitment to local operations.

5. **Industrial Impact** *(sustaining)*
   Reflects the FDI's role in strengthening the host economy's industrial base by catalyzing sectoral growth, transferring technology, integrating local suppliers, and enhancing ecosystem competitiveness.

**Relationships**

1. **CSR Initiatives** *(essential)*
   Assesses the depth and strategic alignment of corporate social responsibility efforts, including structured ESG governance, environmental sustainability programs, and contributions to education, health, and community welfare.

2. **Community & Stakeholder Engagement** *(sustaining)*
   Measures proactive outreach and collaboration with local communities, governments, NGOs, and academic institutions through joint initiatives, transparency platforms, and open communication channels.

3. **Company Reputation / Stakeholder Satisfaction** *(sustaining)*
   Evaluates trust and satisfaction among stakeholders, including brand perception, responsiveness, employee pride, and the company's perceived alignment with economy-wide and local development priorities.

4. **Conflict Resolution Mechanism** *(sustaining)*
   Looks at systems and processes for early conflict detection and resolution, including regulatory dialogue, grievance mechanisms, and structured engagement with affected communities and workers.

**Human Resource Development**

1. **Local Job Creation** *(essential)*
   Tracks both direct and indirect employment generated by the FDI, including efforts to localize hiring, support SME development, and align job creation with domestic labor market needs.

2. **Local Workforce Training & Skills Development** *(essential)*
   Assesses the investment in technical training, upskilling, and partnerships with educational institutions, including in-house academies, industry-academia collaborations, and internships.

3. **Career Progression** *(sustaining)*
   Examines internal mobility, leadership development, and succession planning practices that enable employees to grow within the organization through transparent promotion pathways and mentoring.

4. **Workforce Diversity and Inclusion** *(sustaining)*
   Evaluates inclusive hiring practices, gender representation, support for underrepresented groups, and initiatives such as Employee Resource Groups and workforce sustainability training that foster a sense of belonging and equity.

# 4 OVERVIEW OF SELECTED FDI COMPANIES

## 4.1 SELECTION CRITERIA

The selection of companies for this study was based on their demonstrated ability to sustain long-term foreign direct investment (FDI) within APEC economies. Each of these firms has exhibited:

- **Proven Long-Term Success:** These companies have maintained operations for decades, reinforcing their commitment to investment longevity and expansion.

- **Resilience and Adaptability:** Each company has navigated economic and regulatory challenges, demonstrating business continuity during crises such as the COVID-19 pandemic.

- **Significant Local Economic Impact:** They have played a critical role in strengthening local supply chains, job creation, and industrial development.

- **Commitment to Stakeholder Engagement and Workforce Development:** They have actively participated in local capacity building through skills training, knowledge transfer, and corporate social responsibility (CSR) initiatives.

The following six FDI projects were selected for in-depth analysis:

- Ajinomoto Malaysia (AMB) – Food and seasoning manufacturing
- Kaneka Malaysia (KM) – Chemical and high-performance polymer production
- Toyota Motor Thailand (TMT) – Automotive manufacturing and exports

- Toyota Motor Manufacturing Kentucky (TMMK) – Automotive manufacturing
- Intel Malaysia (IMY) – Semiconductor assembly, testing, and R&D
- Intel Viet Nam (IPV) – Semiconductor assembly, testing, and R&D

For the FDI projects' individual case study write-ups, please refer to Section 3.1 ***on Research Methodology Overview*** to find the links to the write-ups.

## 4.2 COMPANY INTRODUCTIONS

### 4.2.1 Ajinomoto Malaysia (AMB)

**Industry & Origins:**
Ajinomoto Malaysia Berhad (AMB) is a subsidiary of Ajinomoto Co., Inc., a Japanese food and biotechnology corporation, and has been operating in Malaysia since 1961. It specializes in the production of seasonings, food ingredients, and halal-certified products, reinforcing Ajinomoto's role as a global leader in the halal food supply chain. Over the decades, AMB has expanded its product offerings beyond its flagship AJI-NO-MOTO® monosodium glutamate (MSG) product to a diverse portfolio of seasonings and food solutions tailored to local and foreign markets.

**Key Investments & Operations in Malaysia:**
Ajinomoto Malaysia Berhad (AMB) has evolved from a single-product manufacturer into a key hub for halal-certified food production, aligned with Malaysia's halal and industrial development goals. With a long-standing presence since the early 1960s, AMB has consistently reinvested in operational upgrades, talent development, and sustainable manufacturing practices to support both local markets and growing global demand.

- **1961:** Ajinomoto Co., Inc. established its Malaysian subsidiary, making it one of the earliest Japanese investors in Malaysia's food processing sector.

- **1965–2022:** AMB operated from its facility in Kuchai Lama, Kuala Lumpur, producing AJI-NO-MOTO® and expanding into a wider portfolio of food ingredients.

- **2022:** AMB officially opened a new manufacturing facility at the Bandar Enstek Halal Hub in Negeri Sembilan, backed by approximately USD 80 million in capital investment. This eco-friendly, automated plant enhances halal production capacity and aligns with Malaysia's Halal Industry Master Plan 2030 (HIMP 2030) and New Industrial Master Plan 2030 (NIMP 2030).

- **Current Operations:** The Bandar Enstek facility serves as a regional halal export base, with 45 percent of products exported to over 35 economies. AMB employs over 680 staff, of whom 84 percent are local, and maintains a strong focus on workforce training, R&D, and sustainability.

**Significance within APEC:**
As a regional halal food production hub, AMB contributes to APEC's trade facilitation and supply chain integration, with 45 percent of its products exported to over 35 economies. The Bandar Enstek Halal Hub supports APEC's goals of regulatory harmonization by aligning Malaysia's halal certification framework with global food safety and trade standards, helping expand halal market access across APEC economies.

### 4.2.2 Kaneka Malaysia (KM)

**Industry & Origins:**
Kaneka Malaysia (KM) is a subsidiary of Kaneka Corporation, a Japanese company specializing in chemicals and materials science, established in 1995. It manufactures high-performance polymers, specialty chemicals, and advanced materials, catering to a diverse range of industries, including electronics, healthcare, automotive, packaging, and renewable energy.

**Key Investments & Operations in Malaysia:**
Kaneka Malaysia (KM) has grown into one of the largest overseas operations within the Kaneka Group, contributing over 10 percent of the Group's global revenue. Located in the Gebeng Industrial Estate in Kuantan, KM supports Kaneka's global supply chain for advanced materials and specialty chemicals. Its two-phase investment strategy reflects a long-term commitment to Malaysia as a production and export hub serving diverse sectors across the Asia-Pacific region and beyond.

- **1995:** Kaneka Corporation established its first legal entity in Malaysia, Kaneka (Malaysia) Sdn. Bhd., as part of its ASEAN expansion strategy.

- **1990s–2000s (Phase 1):** KM invested approximately USD 115 million (MYR 0.5 billion) to establish its foundational operations in polymers and chemicals. This included production for PVC compounds, foamed plastics, and packaging solutions.

- **2010s–2017 (Phase 2):** KM launched a second investment phase totaling USD 390 million (MYR 1.7 billion). This expansion added high-value production lines for polyimide films, synthetic fibers, and specialty polymers for eco-friendly applications. By the end of this phase, KM had become the Group's second-largest global production site.

- **Current Operations:** KM now comprises six specialized subsidiaries and operates on a 400,000 m² site. Over 80 percent of its output by value is exported, leveraging Malaysia's Licensed Manufacturing Warehouse (LMW) status and proximity to Kuantan Port's chemical logistics infrastructure.

**Significance within APEC:**
KM plays a key role in APEC's industrial supply chain resilience, serving as a regional hub for advanced materials and specialty polymers exported across multiple APEC economies. Operating under Malaysia's Licensed Manufacturing Warehouse (LMW) framework, KM benefits from customs advantages that facilitate efficient import-export processes, supporting APEC's goals of reducing trade barriers. Additionally, KM leads the Gebeng Industrial Support Group (GISG), fostering government-industry collaboration to improve infrastructure and regulatory coordination, aligning with APEC's focus on investment facilitation and supply chain competitiveness.

### 4.2.3 Toyota Motor Thailand (TMT)

**Industry & Origins:**
Toyota Motor Thailand (TMT) is a subsidiary of Toyota Motor Corporation (Japan) and has been operating in Thailand since 1962. As a key player in automotive manufacturing and exports, TMT contributes 3.4–4.3 percent of Thailand's GDP. With an export volume of 379,044 units in 2023 and an annual export value of approximately USD 5 billion, TMT serves over 120 economies. The company plays a critical role in APEC's regional automotive supply chain, reinforcing Thailand's position as a global production and export hub.

**Key Investments & Operations in Thailand:**
Toyota Motor Thailand (TMT) has played a pivotal role in shaping Thailand's automotive industry, evolving from a small sales operation into a key manufacturing and export hub in Toyota's global network. Its investments have supported sustained industrial development, export growth, and technology transfer over six decades, positioning Thailand as a strategic base for global vehicle production.

- **1956:** Toyota started business in Thailand by establishing Toyota Motor Sales Co., Ltd. in Surawong Road, Bangrak District, Bangkok, marking Toyota's official entry into Thailand.

- **1962:** Toyota Motor Thailand Co., Ltd. was founded with an initial production capacity of approximately 1,800 units per year.

- **1964:** TMT inaugurated its first assembly plant and began local production using completely knocked down (CKD) parts, setting the foundation for Thailand's domestic auto manufacturing industry.

- **1975:** A second plant was launched in Samrong Tai, featuring advanced production technologies such as robotic welding and anti-rust paint systems—pioneering high-tech automotive production in Thailand.

- **1996:** The Gateway plant in Chachoengsao was established to support growth during the liberalization era, including the production of new passenger models like the Toyota Soluna, which featured high local content.

- **2004:** TMT launched the IMV (Innovative Multi-purpose Vehicle) Project, turning Thailand into a global export base for pickup trucks and eco-cars. Exports reached one million units per year, and localization exceeded 90 percent.

- **2007:** The Toyota Ban Pho plant was established as one of Toyota's five sustainable plants. This plant serves as a production base for exported pickups.

- **2009:** TMT introduced the "Camry Hybrid", the first hybrid model in Thailand.

- **2013:** TMT expanded the Gateway plant by opening a new facility known as the Gateway plant number 2, increasing the production capacity to 760,000 units per year.

- **Current Operations:** TMT now operates three major manufacturing facilities with an annual production capacity of ~560,000 vehicles, a 96 percent localization rate, and

exports to over 120 economies, contributing 3.4–4.3 percent of Thailand's GDP. The company has invested over USD 7 billion in the last decade, with plans for an additional USD 1.4 billion in the next five years to support electrification and regional innovation.

**Significance within APEC:**
TMT is a key contributor to APEC's automotive trade and investment landscape, positioning Thailand as a regional manufacturing and export hub. With exports to over 120 economies, including major APEC markets such as Australia; Indonesia; and Japan, TMT plays a critical role in regional supply chain integration and trade facilitation. Its investments in hybrid and electric vehicle (EV) technology align with APEC's sustainability and carbon neutrality goals, driving the transition toward clean mobility across the region.

### 4.2.4 Toyota Motor Manufacturing Kentucky (TMMK)

**Industry & Origins**
Toyota Motor Manufacturing Kentucky (TMMK), established in 1986 in Georgetown, Kentucky, is Toyota's largest manufacturing plant in North America. It was the company's first wholly owned facility in the United States, marking a significant milestone in Toyota's North American expansion. The plant began production in May 1988 with the Toyota Camry and has since diversified its manufacturing portfolio to include models such as the Avalon, Sienna, Venza, and Lexus ES 350. TMMK has played a pivotal role in introducing Toyota's production techniques to the U.S., blending Japanese manufacturing principles with American labor practices.

**Key Investments & Operations in Kentucky, USA**
Toyota Motor Manufacturing Kentucky (TMMK) serves as Toyota's largest vehicle manufacturing plant in North America and as a central pillar of its US operations. Located in Georgetown, Kentucky, the plant has been a key site for production innovation, workforce development, and Toyota's ongoing transition toward electrification.

- **1985:** Toyota announced plans to build its first wholly owned US manufacturing facility in Georgetown, Kentucky, with an initial investment of USD 800 million.

- **1988:** TMMK began production with the Toyota Camry, marking the start of localized vehicle assembly in the United States.

- **2017:** Toyota announced a USD 1.33 billion investment to implement the Toyota New Global Architecture (TNGA) at TMMK, aimed at improving manufacturing flexibility, efficiency, and product design.

- **2024:** TMMK received a USD 1.3 billion investment to prepare for the production of an all-new, three-row battery-electric SUV, aligning with Toyota's North American electrification strategy.

- **2024:** Toyota committed an additional USD 922 million to build a new, advanced paint facility at TMMK to enhance energy efficiency and environmental performance.

- **Current Operations:** TMMK operates three assembly lines and an engine plant, with an annual capacity of 550,000 vehicles and 600,000 engines. The facility produces

models including the Camry, RAV4 Hybrid, and Lexus ES 350, and employs approximately 10,000 team members. It plays a key role in Toyota's US manufacturing strategy and electrification roadmap.

**Significance within the United States**
TMMK has been instrumental in bolstering Kentucky's economy, directly employing approximately 10,000 team members. The plant's presence has spurred the growth of ancillary industries and service sectors in the region, contributing to economic revitalization. TMMK's investments in electrification and sustainable manufacturing directly support the U.S. automotive industry's transition toward cleaner technologies, while strengthening Kentucky's position as a key hub for next-generation vehicle production.

### 4.2.5 Intel Malaysia (IMY)

**Industry & Origins:**
Intel Malaysia (IMY), established in 1972 as Intel Corporation's first offshore assembly facility, has grown into one of Intel's largest semiconductor hubs, supporting assembly, testing, and advanced packaging. Operating across Penang and Kulim, it plays a key role in Intel's global supply chain and technological innovation.

**Key Investments & Operations in Malaysia:**
Intel Malaysia (IMY) has evolved from Intel's first offshore assembly site into a cornerstone of the company's global semiconductor manufacturing, R&D, and advanced packaging operations. Located in Penang and Kulim, its facilities support every stage of Intel's product lifecycle. With sustained reinvestment over five decades, IMY continues to deepen Malaysia's integration into the global semiconductor value chain while supporting economy-wide goals like the NIMP 2030.

- **1972:** Intel established its first offshore assembly plant in Bayan Lepas, Penang, with an initial investment of USD 1.6 million. This marked the beginning of Intel's foreign manufacturing footprint and the birth of Penang's 'Silicon Valley of the East'.

- **1991:** Intel launched a design center focused on 8-bit microcontroller development, signaling its expansion into high-value R&D and design activities.

- **1995:** Intel opened a second facility in Kulim, Kedah, expanding assembly and testing operations and enhancing regional supply chain integration.

- **2015:** Intel Malaysia established a Field-Programmable Gate Array (FPGA) design team, reflecting its growing contribution to Intel's innovation ecosystem.

- **2021–2022:** Intel announced a USD 7.1 billion investment to expand advanced packaging and testing capabilities in Penang and Kulim. This includes the Project Pelican facility—the only Intel site outside the U.S. to feature Foveros 3D packaging technology—directly aligned with Malaysia's semiconductor strategy.

- **Current Operations:** Intel Malaysia spans 900,000 square feet across Penang and Kulim, employing approximately 12,000 people—98 percent of whom are Malaysian. The company operates 100 percent on renewable energy and spends over MYR 1.5

billion annually on local suppliers, supporting more than 100 Malaysian SMEs. It contributes roughly 18 percent of Malaysia's electrical and electronic (E&E) exports, reinforcing the economy's position in the global semiconductor industry.

**Significance within APEC:**
Intel Malaysia plays a key role in APEC's semiconductor supply chain, driving regional integration in high-tech manufacturing and strengthening cross-border trade in advanced electronics. As a major contributor to Malaysia's semiconductor strategy and NIMP 2030, it enhances APEC's global competitiveness in semiconductor production. Accounting for 20 percent of Malaysia's electronics and electrical (E&E) exports, Intel Malaysia supports supply chain resilience and investment flows across APEC economies, reinforcing the region's position as a hub for innovation and technological advancement.

### 4.2.6 Intel Viet Nam (IPV)

**Industry & Origins:**
Intel Products Viet Nam (IPV), established in 2006 in Ho Chi Minh City's Saigon Hi-Tech Park, is Intel's largest assembly and test facility worldwide and a key part of its global semiconductor supply chain. As Intel's first major investment in Viet Nam's high-tech sector, IPV has positioned the economy as an emerging hub for semiconductor manufacturing and advanced packaging. The facility specializes in the assembly and testing of semiconductor components, contributing to Viet Nam's growing role in the global electronics industry.

**Key Investments & Operations in Viet Nam:**
Intel Products Viet Nam (IPV) serves as a critical hub in Intel's global semiconductor manufacturing network, anchoring the company's presence in Southeast Asia. Located in Ho Chi Minh City's Saigon Hi-Tech Park, IPV supports advanced assembly, testing, and packaging operations while contributing to Viet Nam's industrial development and global integration. With consistent reinvestment and technological upgrades, IPV has enabled the economy to strengthen its position in the global semiconductor supply chain.

- **2006:** Intel announced its entry into Viet Nam with an initial investment of USD 605 million, selecting Ho Chi Minh City's Saigon Hi-Tech Park for its new assembly and test facility—the company's first in the economy and the largest FDI project in Viet Nam's high-tech sector at the time.

- **2006 (Expansion):** Just nine months later, Intel expanded its investment to USD 1.04 billion and tripled the facility size to 46,000 m², reflecting growing confidence in Viet Nam's manufacturing ecosystem.

- **2010:** IPV officially began operations, producing chipsets for laptops and mobile devices, later expanding into a diverse range of products including CPUs, IoT devices, and SoCs.

- **2021:** Intel announced an additional USD 475 million investment to enhance IPV's manufacturing capabilities, including support for 5G and advanced packaging technologies. This brought the total investment in Viet Nam to USD 1.5 billion, solidifying IPV's position as Intel's largest assembly and test facility globally.

- **Current Operations:** IPV spans 571,000 square feet and contributes to over 50 percent of Intel's global Assembly Test Manufacturing (ATM) output. It has shipped 3.8 billion units and generated USD 93 billion in exports since 2010. With a 95 percent local workforce and partnerships with over 600 local suppliers, IPV plays a central role in advancing Viet Nam's semiconductor ecosystem and supports economy-wide strategies like 'C=SET+1'.

**Significance within APEC:**
As a key hub for assembly and advanced packaging, IPV supports cross-border trade in high-value electronics, reinforcing Viet Nam's role in APEC's expanding semiconductor ecosystem. Aligned with Viet Nam's 'C=SET+1' semiconductor strategy, IPV contributes to regional supply chain resilience and facilitates the movement of semiconductor products across APEC economies. Its integration into Intel's global network enhances APEC's competitiveness in semiconductor manufacturing, supporting the region's goal of fostering high-tech trade and investment.

# 5 KEY LEARNINGS FROM CASE STUDIES & IEG1 WORKSHOP

## 5.1 OVERVIEW

This section synthesizes key insights derived from an in-depth analysis of selected Foreign Direct Investment (FDI) companies and discussions from the APEC Investment Experts Group (IEG1) Workshop. The findings presented here reflect the real-world strategies and practices that have contributed to the long-term success of these companies in APEC economies. By examining their approaches, challenges, and adaptive strategies, this section distills the essential factors that underpin sustainable and impactful FDI.

The insights in this section are drawn from two primary sources. First, case study analyses of six long-term FDI Companies—Ajinomoto Malaysia (AMB), Kaneka Malaysia (KM), Toyota Motor Thailand (TMT), Toyota Motor Manufacturing Kentucky (TMMK), Intel Malaysia (IMY), and Intel Viet Nam (IPV)—provided a detailed view of how successful firms sustain investment, navigate challenges, and engage with local economies. These companies were assessed across 13 qualitative indicators, grouped into three dimensions: Continuity, Relationships, and Human Resource Development. Second, the IEG1 Workshop served as a platform for discussion, allowing industry leaders, policymakers, and corporate representatives to validate the case study findings and provide broader insights into investment retention strategies, common challenges, and policy enablers for long-term FDI success.

Beyond identifying successful approaches, this section serves as the foundation for the best practices and policy recommendations presented in **Section 6**. The key learnings extracted here are not simply observations. They form the basis for strategic insights that translate into practical guidance for both FDI Companies and Host Economies.

By examining how companies have structured their long-term investments, engaged stakeholders, and developed human capital, patterns of success that are codified into best practices for FDI firms can be identified. These best practices provide a structured approach for future investors looking to ensure operational resilience, deepen local integration, and enhance long-term impact.

At the same time, many of the challenges highlighted in this section—such as regulatory uncertainty, supply chain disruptions, and workforce development gaps—point directly to areas where policy intervention is necessary. These insights will guide the formulation of policy recommendations aimed at strengthening investment climates, reducing barriers to reinvestment, and fostering greater alignment between government strategies and business needs.

## 5.2 KEY LEARNINGS – CONTINUITY

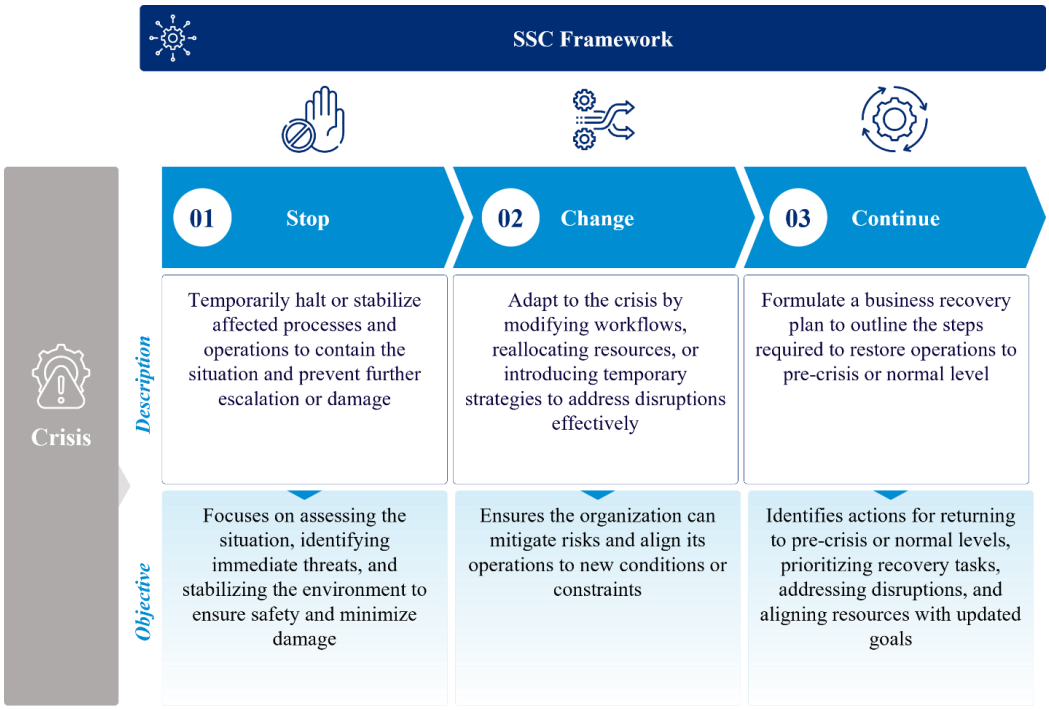
### 5.2.1 Resilience & Adaptability

Resilience and adaptability are essential for sustaining long-term FDI, particularly in the face of economic shocks, regulatory changes, and global crises. Companies that integrate structured crisis management strategies, diversify their supply chains, and build flexible workforce models are better positioned to navigate uncertainty while maintaining operational stability.

I. Development of crisis response frameworks and regular drills helps companies make rapid decisions and maintain operations even in unpredictable situations.

- Toyota Motor Thailand (TMT) used its Stop, Change, and Continue (SCC) framework *(see **Figure 2**)* to adjust operations during crises, including the 2011 Thailand floods and COVID-19 pandemic. Notably, during the latter, the finance team in TMT applied its SCC framework and segmented TMT's budgets into high, medium, and low priorities. Low priority budgets were cut, while the medium and high priority expenditures were reduced by 50%. Despite such a change in financial constraints, TMT upheld its salary payments, even for inactive workers — reflecting a strong commitment to continue supporting its workforce, ensuring stability despite supply chain disruptions.

**Figure 2: Toyota SCC Framework**




*Source: Materials shared by TMT during field study*

- Intel Malaysia and Intel Viet Nam relied on the Intel Crisis Management (ICM) Program, which outlined emergency response steps, business continuity measures, and post-crisis recovery plans. During COVID-19, these structured protocols allowed factories to continue running at full capacity with zero downtime, even when movement restrictions were in place.

II. Diversifying supplier and regional networks makes companies more resilient against global supply chain disruptions.

- Toyota Motor Manufacturing Kentucky works with more than 350 suppliers across the U.S. as of 2024—including over 100 based in Kentucky—enabling streamlined logistics and enhancing supply chain resilience in the face of potential disruptions. This was notable during the 2011 tsunami and earthquake in Japan, where over 80% of the Camry's components were sourced locally, enabling the plant to avoid complete production shutdowns and continue limited operations.

- Kaneka Malaysia faced a water supply crisis that impacted manufacturing. To avoid production halts, the company implemented a multi-source procurement strategy, including sourcing water from neighboring regions.

- Ajinomoto Malaysia maintains multiple raw material suppliers to safeguard its halal certification and production stability, ensuring continuous operations even when certain supply chains are affected.

III. Proactive government and stakeholder engagement enhances crisis support.

- Kaneka Malaysia leads the Gebeng Industrial Support Group (GISG), an industry coalition *(see **Figure 3**)* that works directly with regulators to address investment challenges and ensure rapid government response during crises.

**Figure 3: Gebeng Industrial Support Group**


***Notes:*** *1) YB stands for "Yang Berhormat", a Malaysian honorific meaning "The Honorable", used to address high-ranking officials such as ministers and members of parliament*

*Source: Ministry of Finance - Malaysia Government; Malaysia Productivity Corporation*

- Toyota Motor Manufacturing Kentucky proactively repurposed its tools and capabilities to produce and assemble face shields for hospitals and clinics across Central Kentucky during the COVID-19 pandemic. The team also developed a manual mask-folding process, which was later scaled using a dedicated mask-making machine—enabling broader support for healthcare stakeholders.

- Intel Malaysia worked with government agencies to expedite customs clearance during supply chain disruptions, reducing shipment delays by 30 percent.

IV. Flexible workforce policies allow companies to sustain productivity even during labor shortages or operational shifts.

- Intel Viet Nam invested USD 6.1 million in worker housing and safety measures during COVID-19, allowing its facility to operate at full capacity without disruption.

- Toyota Motor Manufacturing Kentucky proactively leveraged regional resources to identify and implement the most effective measures to protect its team members during the COVID-19 pandemic—ranging from handheld thermometers to advanced body temperature scanning technologies.

- Kaneka Malaysia used a cross-training model, allowing employees to temporarily switch roles during COVID-19 lockdowns, reducing downtime when staff were unavailable.

V. Post-crisis evaluation strengthens and refines risk models, improving future crisis preparedness.

- Ajinomoto Malaysia conducted a post-pandemic risk assessment, leading to improvements in supplier audits and contingency planning for future disruptions.

- Intel Malaysia and Intel Viet Nam formalized post-crisis evaluations, updating their disaster response protocols and supply chain risk assessments to enhance future resilience.

- Toyota Motor Thailand learned from the 2011 floods that limited visibility into lower-tier suppliers and the limited regional diversification of supplier networks created major vulnerabilities. In response, it mapped its full supply chain (including third- and fourth-tier suppliers) and diversified sourcing locations as part of its business continuity planning to ensure better preparedness for future supply chain disruptions.

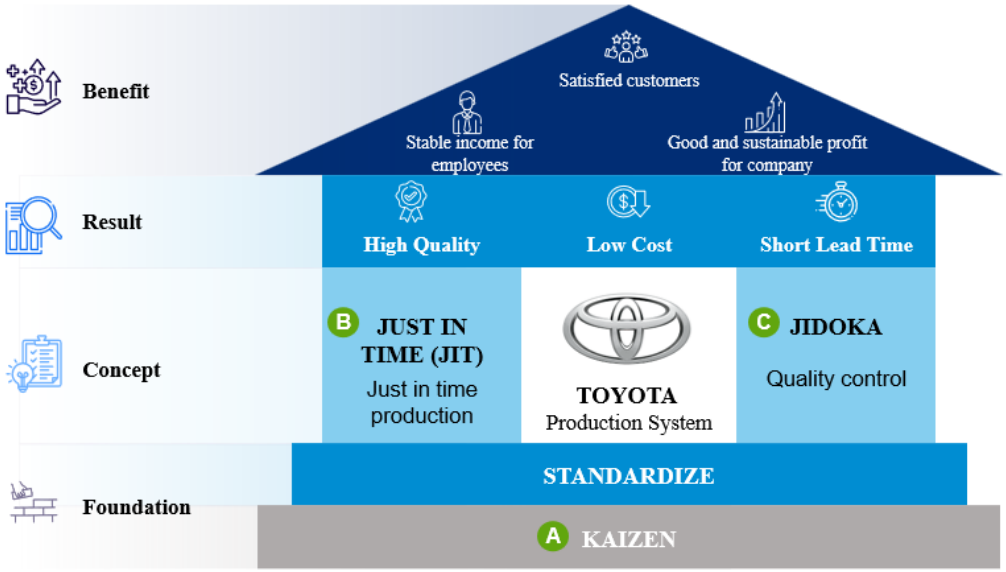
### 5.2.2 Operational Consistency

Operational consistency ensures that companies can maintain efficiency, quality, and reliability across their production processes. Firms that adopt global certifications and implement standardized operating procedures—alongside automation, lean manufacturing, supplier integration, and regulatory compliance—are better positioned to enhance productivity, meet global benchmarks, and adapt to changing market demands. These measures collectively support long-term stability and competitiveness in global markets.

I. Integrating automation and predictive maintenance into manufacturing operations reduces manual inefficiencies and improves overall production reliability.

- Toyota Motor Thailand and Toyota Motor Manufacturing Kentucky apply the Toyota Production System (see ***Figure 4***), which emphasizes automation, precision, and waste reduction, allowing the companies to maintain consistent production quality across multiple plants while optimizing cost efficiency.

**Figure 4: Toyota Production System**




| | A Kaizen | B JIT | B Jidoka |
|---|---|---|---|
| Definition | Kaizen, meaning "continuous improvement", is a core principle of the TPS that emphasizes small, incremental process improvements driven by employee contributions at all levels | JIT focuses on synchronizing production processes to produce only what is needed, when it is needed, and in the amount needed | Often referred to as "automation with a human touch", Jidoka integrates human intelligence into automated processes to ensure quality and efficiency |
| Objective | Eliminate waste, inefficiencies, and inconsistencies (muda, mura, and muri) to enhance productivity and quality | Minimize waste and inventory, ensuring a seamless flow of materials and information throughout the production process | Detect and address abnormalities immediately, preventing defective products and improving productivity |
| Features | Encourages active participation from employees in identifying and solving problems<br>Builds a culture of innovation and adaptability<br>Aims to steadily improve both human skills and technologies for long-term success | Synchronization across all production processes and plants to ensure efficiency<br>Stocking only the minimum required parts to maintain production flow<br>Delivering products to customers quickly without overproduction or waste | Machines stop automatically when a problem occurs, and workers or supervisors address the issue promptly<br>Abnormalities are displayed via tools like the andon system (i.e., visual problem indicators) for quick resolution<br>Eliminates the need for constant human monitoring of machines, reducing labor hours while improving quality |

*Source: TMT Website*

- Intel Malaysia utilizes AI-driven predictive maintenance and lean manufacturing techniques to enhance production efficiency and minimize downtime across its semiconductor operations. These innovations enable real-time monitoring and proactive maintenance, ensuring high reliability.

- Kaneka Malaysia implemented digitized production monitoring systems, enabling predictive maintenance that minimizes unexpected equipment failures and improves operational stability.

II. Strong supplier integration and real-time logistics coordination ensure material availability, reduce costs, and enhance responsiveness to market fluctuations.

- Kaneka Malaysia plays a pivotal role in developing logistics infrastructure and supporting local supplier capability-building. By leveraging facilities at Kuantan Port and operating its own tank yard, KM has optimized the import of liquid raw materials (e.g., chemicals) and strengthened export logistics. Additionally, KM has actively supported local SMEs, like Cindai Teraju Sdn. Bhd., and co-developed

higher value-added logistics solutions, offering technical guidance and collaboration opportunities to improve supplier readiness and resilience.

- Intel Malaysia maintains real-time logistics coordination and supplier integration, working closely with over 100 local suppliers to streamline component availability and reduce dependencies on external markets.

- Ajinomoto Malaysia has developed a rigorous supplier quality assurance program which includes regular audits and process improvements, ensuring the reliability of raw material inputs in compliance with halal certification requirements.

III. Establishing structured policies, performance tracking mechanisms, and regulatory compliance measures helps companies maintain operational consistency and avoid disruptions.

- Intel Malaysia adheres to global semiconductor industry standards (ISO, NIST) and regulatory compliance protocols *(see **Figure 5**)*, ensuring continuous operational excellence and export readiness.

**Figure 5: ISO Certifications**


*Source: Intel website*

- Toyota Motor Manufacturing Kentucky adheres to global quality standards through ISO 9001:2015 certification—further reinforcing its commitment to operational excellence.

- Kaneka Malaysia developed an Operational Excellence Management System (OEMS), which standardizes performance tracking, quality control, and regulatory compliance to maintain long-term operational consistency.

### 5.2.3 Industrial Impact

Foreign direct investment (FDI) plays a transformative role in driving industrial growth, strengthening local supply chains, and enhancing long-term economic resilience. Companies that successfully integrate local suppliers into global value chains, invest in R&D and technology transfer, and adopt sustainability-driven industrial strategies contribute to broader sector-wide improvements. These efforts not only benefit the investing firms but also uplift domestic industries.

I. Integrating Domestic Suppliers into Global Value Chains enhances supplier capabilities, enables technology sharing, and facilitates local participation in global markets.

- Intel Malaysia works with over 100 Malaysian suppliers, providing technical training, supplier certification programs, and process upgrades to integrate them into global semiconductor value chains.

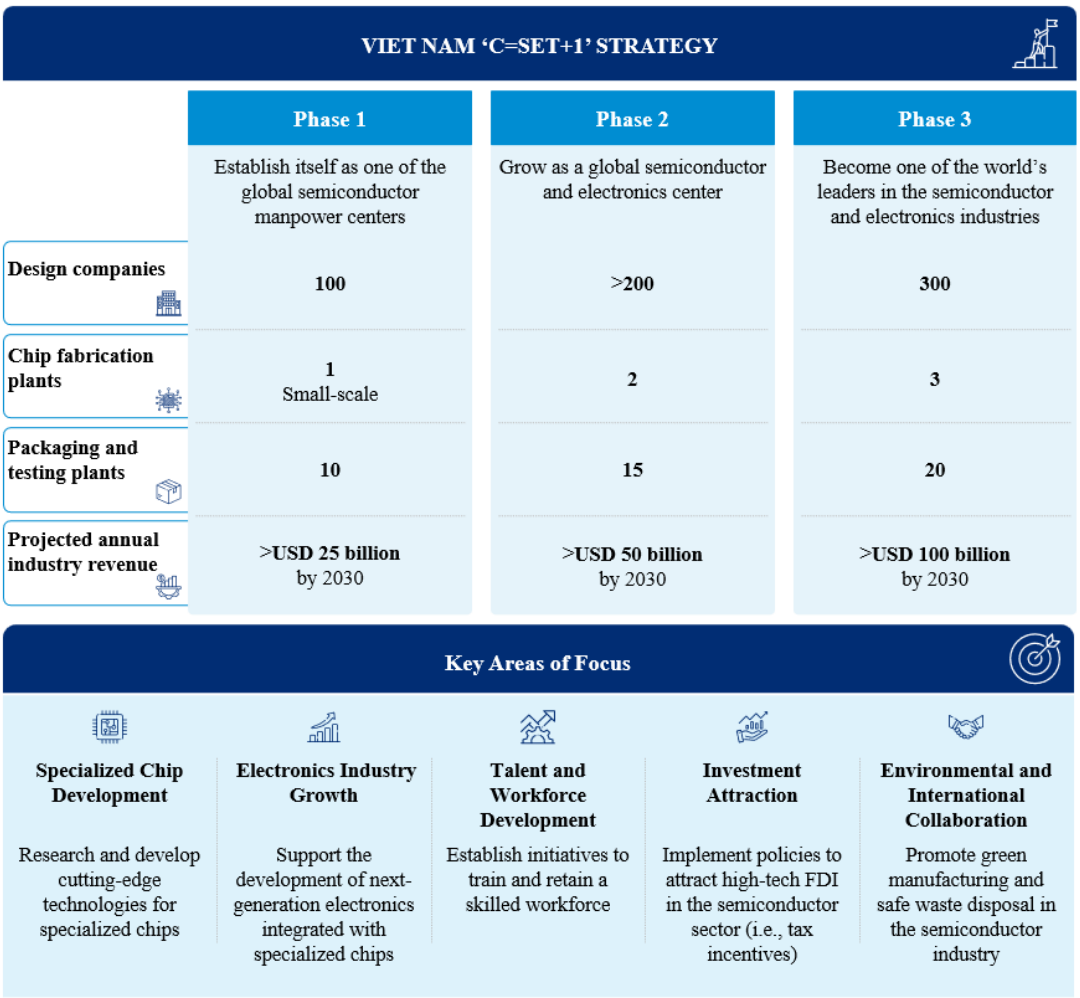
- Toyota Motor Thailand supports over 2,400 local suppliers, ensuring 96 percent localization of automotive components—strengthening domestic manufacturing and improving the overall competitiveness of Thailand's automotive industry.

- Kaneka Malaysia engages in long-term partnerships with local raw material suppliers (e.g., chemicals), enhancing their production capabilities and expanding their access to foreign markets.

II. R&D investments and technology transfer help local industries move up the value chain, strengthening innovation and workforce expertise.

- Intel Viet Nam supports Viet Nam's 'C=SET+1' *(see **Figure 6**)* semiconductor strategy by expanding into advanced chip packaging, introducing Foveros 3D technology, and transferring quality assurance expertise—accelerating local industry capabilities and workforce specialization.

**Figure 6: C=SET+1**




*Source: Viet Nam News*

- Toyota Motor Asia (TMA) operates an R&D Center—affiliated with Toyota Motor Thailand (TMT)—that trains engineers, supports local component innovation, and advances hybrid and electric vehicle (EV) technologies in Thailand.

- Ajinomoto Malaysia collaborates with local universities and research institutes to drive food innovation and halal-certified product development, reinforcing Malaysia's global position in the halal food sector.

III. Companies that align their investments with sustainability-driven industrial transformation contribute to long-term economic resilience and environmental responsibility.

- Intel Viet Nam integrates renewable energy solutions and energy-efficient manufacturing processes, reducing its carbon footprint while maintaining high production standards.

- Ajinomoto Malaysia relocated to an eco-friendly, energy-efficient manufacturing facility that incorporates waste reduction measures and carbon neutrality goals, reinforcing its long-term industrial sustainability strategy.

- Toyota Motor Thailand is investing in EV and hybrid vehicle production, aligning with global decarbonization goals and ensuring that Thailand remains competitive in the future of mobility.

IV. FDI firms raise productivity benchmarks, set industry standards, and enhance local firms' global competitiveness through exposure to global best practices.

- Intel Malaysia contributes to Malaysia's semiconductor strategy by standardizing best practices, developing talent pipelines, and strengthening Malaysia's position in the global semiconductor industry.

- Toyota Motor Manufacturing Kentucky earned 10 Initial Quality Plant Awards from J.D. Power and Associates—including four gold J.D. Power Awards—demonstrating the plant's strong commitment to quality within the U.S. automotive sector.

- Kaneka Malaysia shares quality control frameworks and advanced manufacturing techniques with its suppliers, helping them scale operations and improve product consistency.

### 5.2.4 Investment Longevity & Re-investment Patterns

Investment longevity and reinvestment patterns are key indicators of a company's commitment to its host economy. Long-term investors demonstrate strategic adaptation to market shifts, continuous reinvestment, localization efforts, and sustainability-driven capital expansion. Companies that proactively diversify their operations, collaborate with governments, and align with industrial policies not only sustain their presence but also contribute to broader economic development.

I. Companies that diversify their product offerings and align with emerging industry demands remain competitive and sustain long-term investments.

- Ajinomoto Malaysia has diversified beyond seasoning production, leveraging halal food certification and high-value nutrition products to expand into global markets *(see **Figure** 7)*.

**Figure 7: Ajinomoto Key Milestones**

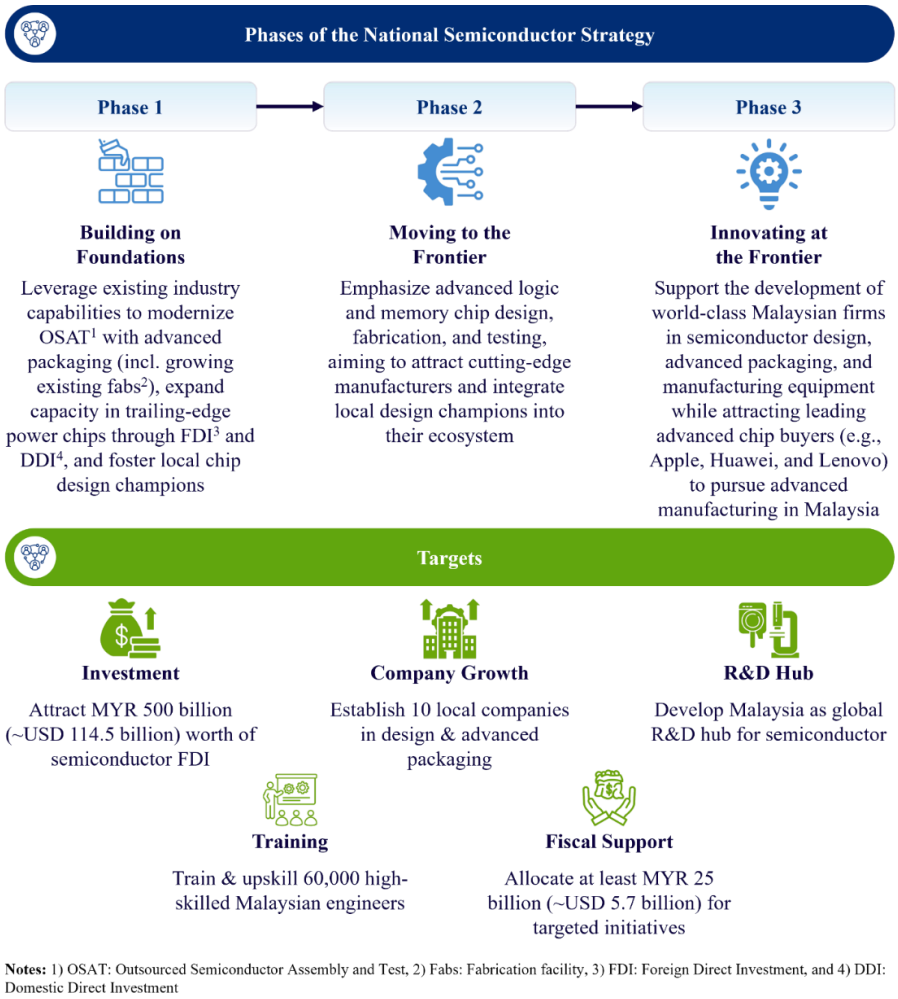

*Source: AMB 2024 Annual Report*

- Toyota Motor Manufacturing Kentucky has been shifting toward hybrid and electric vehicle (EV) production—particularly in the SUV segment—in line with global automotive trends and Toyota's green mobility strategy to ensure long-term competitiveness.
- Intel Malaysia and Intel Viet Nam have expanded from chip assembly to advanced semiconductor packaging and R&D, ensuring that their operations evolve alongside the increasing complexity of global semiconductor demand.

II. Strong public-private sector collaboration and investment facilitation enable firms to reinvest and expand more efficiently.

- Intel Malaysia aligns its investments with Malaysia's semiconductor strategy *(see **Figure 8**)*, securing government support for talent development and infrastructure expansion.

**Figure 8: Malaysia National Semiconductor Strategy (NSS)**




*Source: Ministry of Investment, Trade and Industry (MITI)*

- Kaneka Malaysia benefits from close engagement with Malaysia's Industrial Development Authority, ensuring streamlined investment approvals and policy support for reinvestment in high value manufacturing.

- Toyota Motor Thailand works with Thailand's Board of Investment (BOI) to secure incentives for EV production and localized supplier development, reinforcing its long-term commitment to the economy.

III. Integrating local suppliers and developing a skilled domestic workforce fosters investment longevity and reduces reliance on external markets.

- Intel Malaysia sources components from over 100 domestic suppliers, ensuring supply chain resilience while strengthening Malaysia's semiconductor ecosystem.

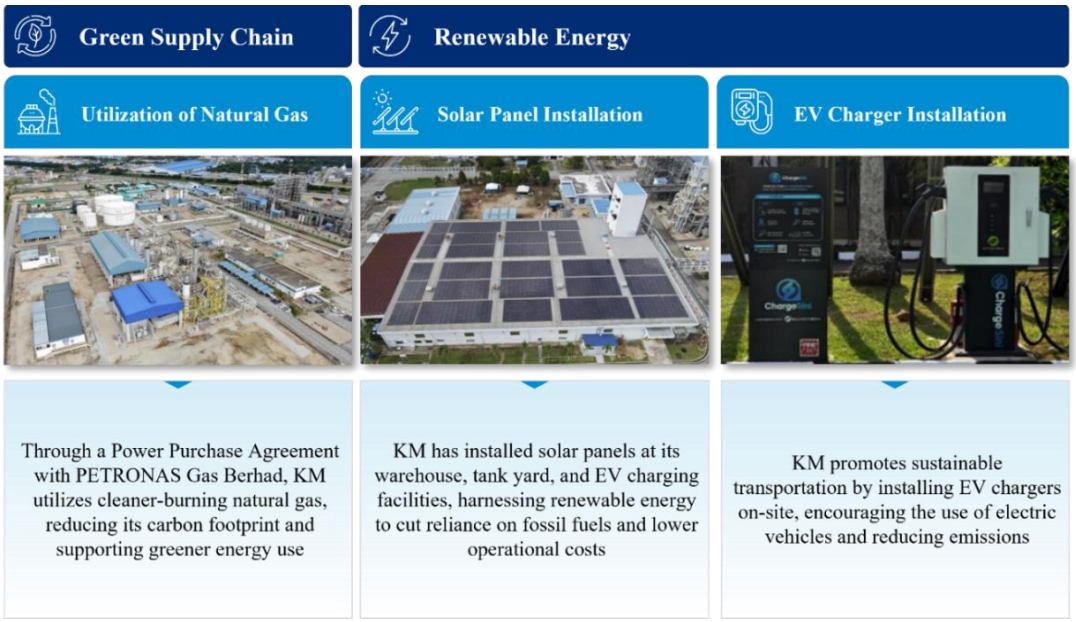
- Toyota Motor Thailand has built an extensive local supplier network, enabling 96 percent of its vehicle components to be sourced domestically, reinforcing Thailand's competitiveness in automotive manufacturing.

- Ajinomoto Malaysia collaborates with local universities to train future food scientists and halal industry professionals, ensuring a sustainable talent pipeline to support long-term operations.

IV. Companies that align reinvestment strategies with sustainability goals ensure operational longevity while contributing to green industrial transformation.

- Kaneka Malaysia is investing in renewable energy and carbon reduction initiatives *(see **Figure 9**)*, including solar panel installation, cleaner-burning natural gas, and a biomass boiler project. These efforts support the company's target to reduce emissions by 70 percent by 2030 and align with Malaysia's sustainability goals.

**Figure 9: Kaneka Malaysia's Green Supply Chain & Renewable Energy Plan**




*Source: Materials shared by KM during field study*

- Toyota Motor Manufacturing Kentucky has developed key facilities, including a new assembly line dedicated to hybrid vehicle production. This reinforces its commitment to carbon neutrality and sustainable manufacturing.

V. Strategically reinvesting in High-Tech Infrastructure strengthens innovation capabilities and maintains competitiveness.

- Ajinomoto Malaysia relocated to a state-of-the-art, eco-friendly manufacturing facility at Bandar Enstek Halal Hub *(see **Figure 10**)*. With an investment value of around USD 81 million, the facility has automated a significant amount of its production, such as weighing and packaging.

**Figure 10: Factory in Bandar Enstek Halal Hub**


*Source: Materials shared by AMB during field study*

- Intel Viet Nam invested USD 475 million to upgrade its Ho Chi Minh City facility with advanced chip packaging technology, reinforcing its role in the global semiconductor supply chain and supporting Viet Nam's industrial modernization goals.

- Toyota Motor Thailand, along with other major Japanese automakers, announced a USD 4.3 billion investment over the next five years to accelerate the transition to electric vehicles (EVs). Toyota Motor Manufacturing Kentucky is directing a recent USD 1.3 billion investment to build a three-row battery electric sports utility vehicle (SUV). These moves underpin the move to new technologies to align with key market trends.

## 5.3 KEY LEARNINGS - RELATIONSHIPS

### 5.3.1 CSR Initiatives

Corporate Social Responsibility (CSR) is a key indicator that supports long-term business sustainability, stakeholder trust, and environmental resilience. Leading FDI firms integrate structured ESG frameworks, cross-sector collaborations, and sustainability-linked initiatives to ensure that their CSR programs drive meaningful economic and social impact, while creating a more inclusive and resilient business ecosystem in their Host Economies.

I. Collaborating with governments, universities, and NGOs enables CSR programs to have a broader and more sustainable impact.

- Toyota Motor Manufacturing Kentucky has executed the Toyota4Good program, channeling over USD 154 million to date toward education, infrastructure, and disaster relief in partnership with nonprofit organizations across Kentucky, enabling a broader community impact.

- Ajinomoto Malaysia collaborates with public schools, universities (e.g., Universiti Putra Malaysia), and NGOs to implement nutrition education programs, youth science competitions, and community health initiatives. Key efforts include the

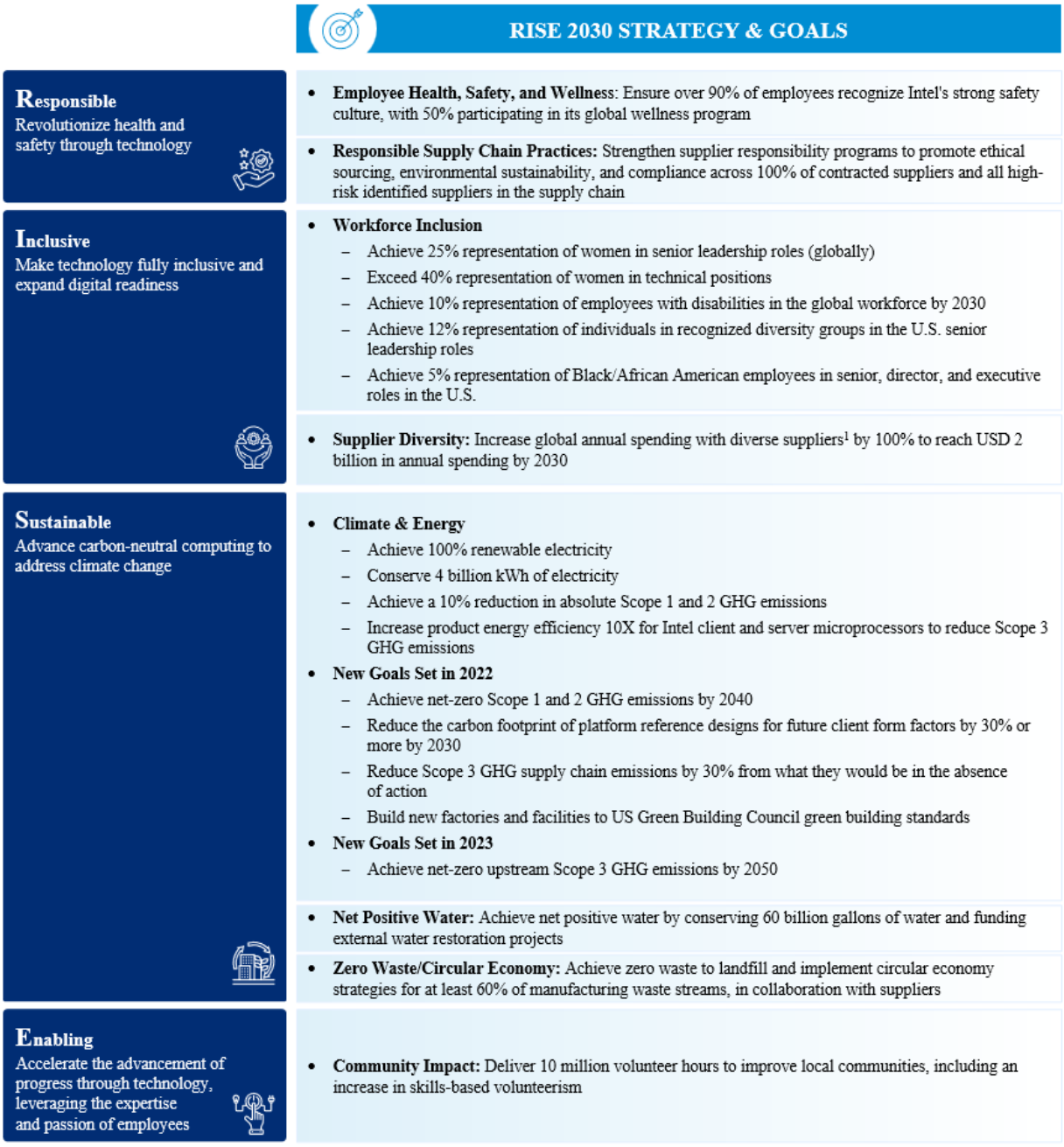
Smart Salt campaign to reduce sodium intake and the Science Castle program to promote STEM learning among school students.

- Intel Malaysia collaborates with public schools, local universities, and NGOs to deliver STEM-related initiatives, digital literacy programs, and upskilling initiatives, reinforcing its commitment to inclusive education and tech empowerment.

II. Companies that embed CSR within Environmental, Social, and Governance (ESG) frameworks ensure accountability, scalability, and measurable long-term impact.

- Intel Malaysia and Intel Viet Nam implemented the RISE 2030 ESG Strategy *(see **Figure 11**)*, focusing on responsibility, inclusivity, sustainability, and enablement—ensuring that CSR efforts align with global and local economic priorities.

**Figure 11: RISE 2030 Strategy**

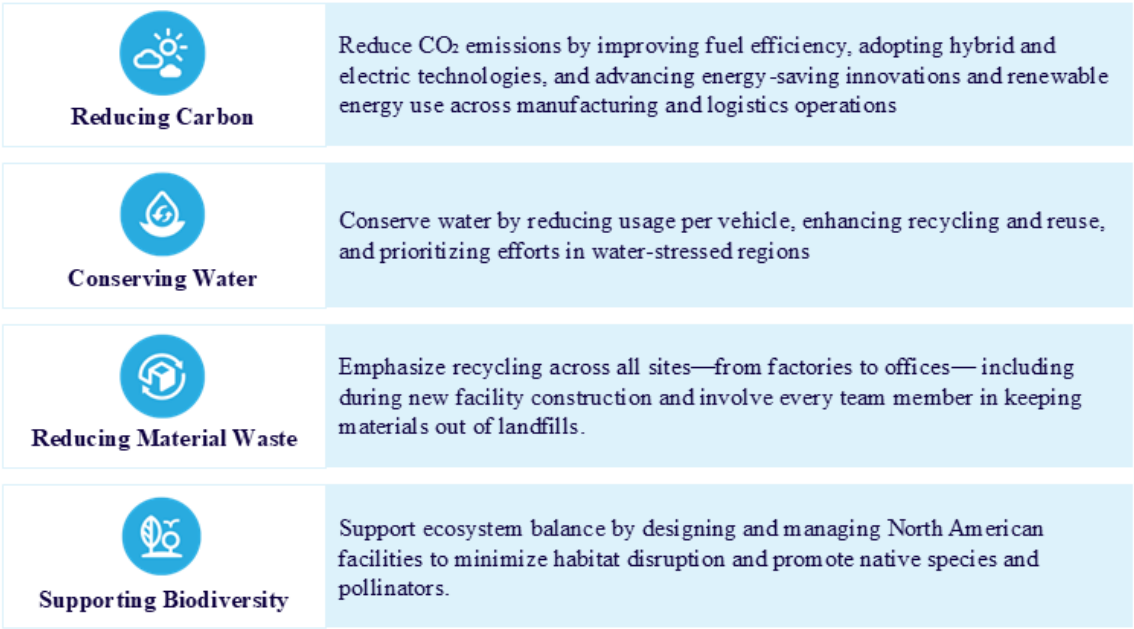



**Notes:** 1) Diverse suppliers are recognized as businesses that are 51% owned and operated by individuals from recognized identity groups, such as women or people with disabilities. These identity groups may vary by economies in accordance with local laws.

*Source: Intel Corporation 2023–24 corporate responsibility report*

- Toyota Motor Manufacturing Kentucky's corporate social responsibility (CSR) strategy is anchored in environmental stewardship, aligning with Toyota's North American initiatives which are focused on four key areas: reducing carbon emissions, conserving water, minimizing material waste, and supporting biodiversity (*see **Figure 12***).

**Figure 12: Toyota's Four Environmental Focus Areas in North America**



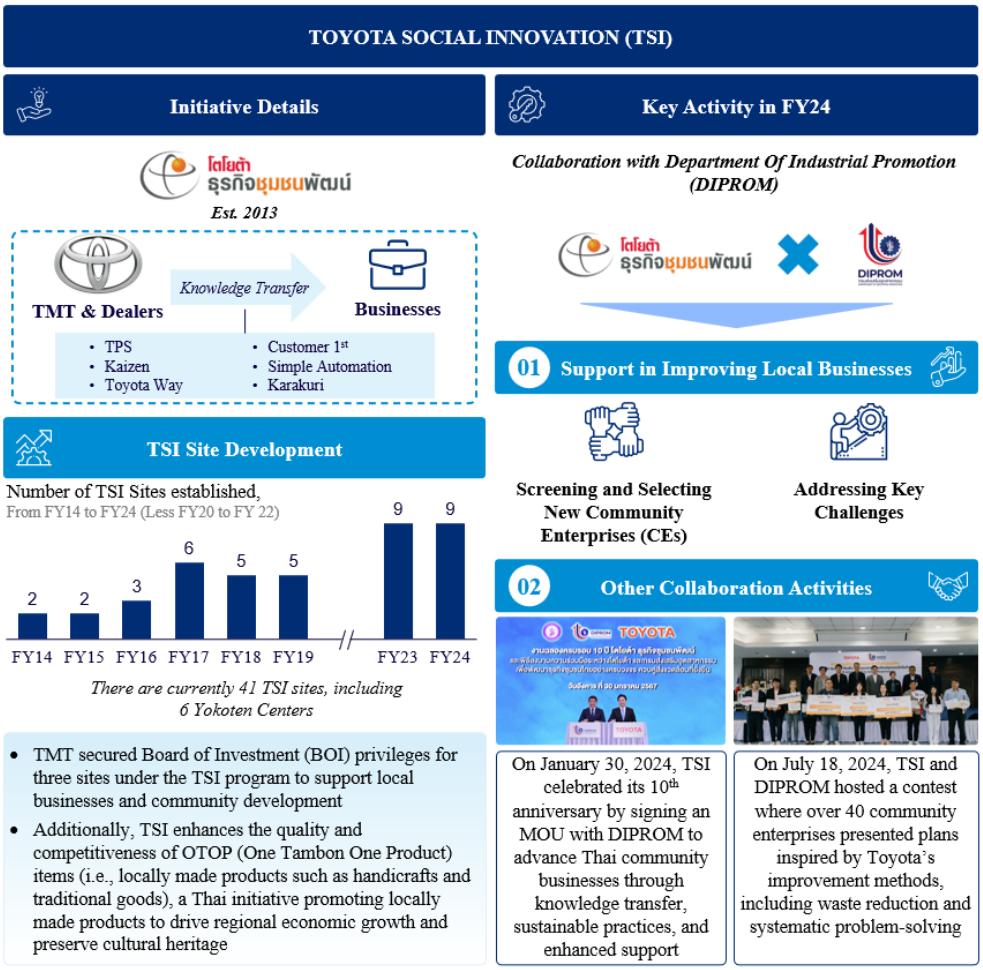

*Source: Toyota Kentucky Biodiversity Trail Website*

- Ajinomoto Malaysia aligns its CSR strategy with the Ajinomoto Group's Creating Shared Value model, focusing on nutrition, community health, and sustainable food production.

III. Long-term CSR investments focusing on community engagement including education, healthcare, and workforce development build trust, strengthen brand reputation, and integrate companies more deeply into local communities.

- Toyota Motor Thailand launched the Toyota Social Innovation (TSI) initiative *(see **Figure 13**)*, which has been running for over 12 years. This initiative supports small businesses, road safety programs, and environmental conservation efforts, ensuring continuous engagement with local communities.

**Figure 13: Toyota Social Innovation (TSI)**




*Source: Materials shared by TMT during field study*
*Note: There were no TSI site developments from FY20 to FY22 (inclusive) due to COVID-19.*

- Since 2008, volunteerism has been a cornerstone of Intel Viet Nam's efforts in community engagement. Intel Viet Nam has contributed over 240,000 volunteer hours since then to community projects, including STEM education, healthcare support, and women's empowerment initiatives, reinforcing its role as a responsible corporate citizen.

- Ajinomoto Malaysia runs public nutrition awareness campaigns and partners with schools and healthcare institutions to promote healthier lifestyles, ensuring long-term societal well-being while strengthening its brand credibility. Since 2019, Ajinomoto Malaysia has been promoting sports nutrition awareness through its Sports Nutrition Awareness Project, specifically targeting student-athletes.

IV. Companies that integrate sustainability into their CSR investments contribute to climate action, energy efficiency, and economic resilience in Host Economies.

- Toyota Motor Manufacturing Kentucky integrates sustainability into daily operations through investments such as a new solar farm installation that generates enough electricity to fully power the stamping shop and offset up to 90 percent of the Lexus line's electricity usage (*see **Figure 14***).

**Figure 14: TMMK Solar Farm Installation**


*Source: Materials shared by TMMK*

- Intel Malaysia operates its largest solar farm outside the U.S., achieving 100 percent renewable energy use and setting an industry benchmark for sustainable manufacturing.

- Ajinomoto Malaysia has implemented waste reduction and water conservation initiatives within its manufacturing processes, aligning CSR investments with its eco-friendly operational model.

- Intel Viet Nam has achieved the Leadership in Energy and Environmental Design (LEED) Gold certification from the U.S. Green Building Council for all its facilities, contributing to over 50 million kWh of energy saved to date.

### 5.3.2 Company Reputation / Stakeholder Satisfaction

A strong corporate reputation and positive stakeholder relationships serve as important enablers for long-term FDI success. Companies that prioritize transparent communication, align with domestic development goals, and actively engage with communities strengthen trust and reinforce their role as responsible investors. Leading FDI firms achieve stakeholder satisfaction through structured feedback mechanisms, strategic CSR initiatives, and proactive reputation management, ensuring long-term operational stability and public trust.

I. Companies that implement structured stakeholder feedback mechanisms and engage proactively with communities, regulators, and business partners maintain strong corporate credibility.

- Kaneka Malaysia leads the Gebeng Industrial Support Group (GISG), a coalition of industry players that collaborates with local authorities to address infrastructure challenges, advocate for industrial policy improvements, and enhance investment retention, reinforcing trust with both government stakeholders and local communities.

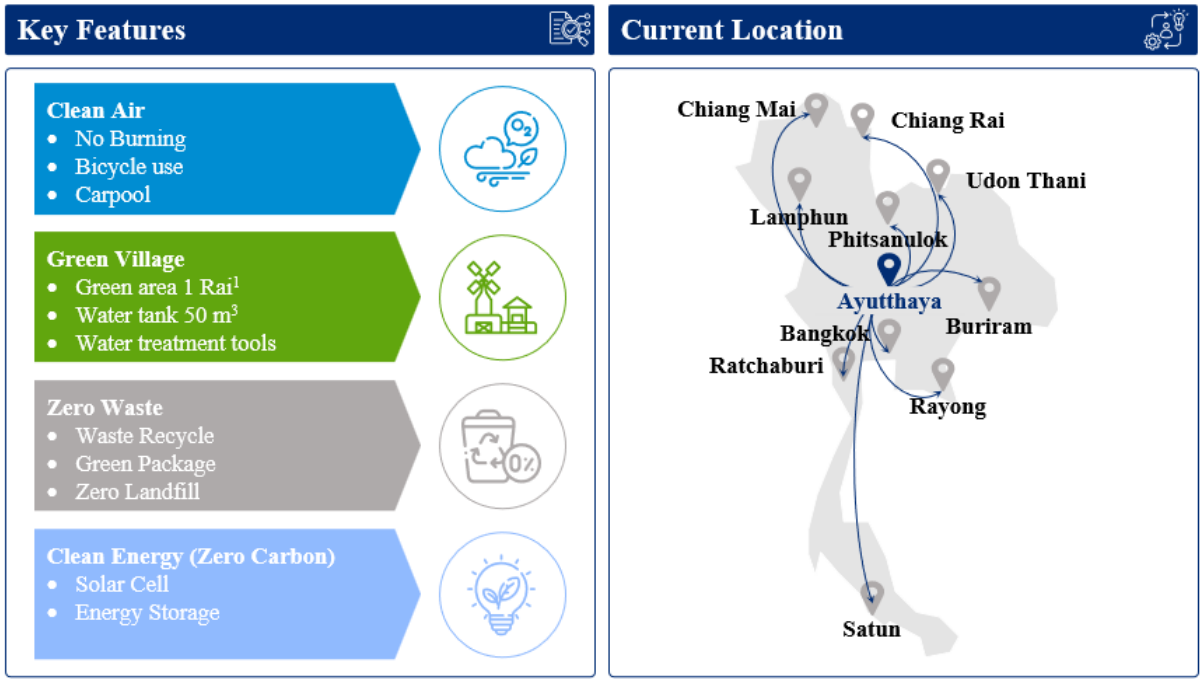
- Intel Malaysia ensures open communication and alignment with government partners and industry stakeholders. When there were potential adjustments to the activation timeline for its advanced packaging facility in Penang (i.e., the Pelican Project, part of the ~USD 7.1 billion investment), Intel Malaysia engaged in continuous communication well before any official announcements. This proactive approach not only kept stakeholders informed but also reinforced Intel Malaysia's corporate credibility.

- Ajinomoto Malaysia holds community forums and educational outreach programs such as free public factory tours, the Smart Salt campaign, the Science Castle Grant, and the Sports Nutrition Awareness Project. This allows stakeholders, including students, athletes, customers, and NGOs, to voice concerns, learn about corporate sustainability efforts, and participate in shared-value initiatives.

II. Companies that invest in workforce development, education, and small business support programs strengthen social ties, consumer trust, and long-term brand loyalty.

- Toyota Motor Thailand runs the Toyota Green Town Initiative *(see **Figure 15**)*, promoting environmental sustainability, traffic safety programs, and community-led infrastructure projects, enhancing its public reputation and consumer trust.

**Figure 15: Toyota Green Town Development**




The Toyota Green Town Ayutthaya serves as a model for expansion into 10 other provinces, with TMT aiming to extend this initiative to 60 provinces across Thailand

**Notes:** 1) Rai: A traditional Thai land measurement unit equivalent to 1,600 square meters or approximately 0.4 acres

*Source: Materials shared by TMT during field study*

- Intel Viet Nam has invested in STEM education, scholarships, and technical training programs, reinforcing community trust and industry relevance while supporting domestic workforce development.

- Kaneka Malaysia provides complimentary technical mentorship and a dedicated supplier portal for local SMEs, ensuring that small businesses benefit from FDI-driven industrial growth, fostering economic inclusivity and stronger local ties.

III. FDI firms that align investments with government policies and collaborate with industry groups establish themselves as long-term partners in domestic economic development.

- Intel Viet Nam actively supports Viet Nam's domestic semiconductor strategy, aligning with the government's C=SET+1 initiative by investing in advanced packaging, engaging with ministries, and participating in industry associations to strengthen policy collaboration and ecosystem development.

- Toyota Motor Thailand partners with Thailand's Ministry of Industry and the Board of Investment (BOI) to support Thailand's transition to electric mobility, securing both government trust and investment incentives.

- Ajinomoto Malaysia works closely with the Halal Industry Development Corporation (HDC) and local universities, ensuring alignment with Malaysia's industrial and export growth strategies.

IV. Corporations that encourage volunteerism, mentorship, and skills-based social contributions foster lasting goodwill and enhance employee pride in corporate social contributions.

- Intel Viet Nam employees have contributed over 240,000 volunteer hours to education, public health, and sustainability programs, reinforcing the company's community-first reputation *(see **Figure 16**)*.

**Figure 16: Intel Viet Nam Volunteer Activities**


*Source: Intel website*

- Toyota Motor Thailand implements employee-led mentorship and youth training programs, creating a strong culture of corporate responsibility while supporting domestic workforce development.

- Kaneka Malaysia facilitates employee participation in environmental restoration projects, ensuring that the company's CSR efforts extend beyond financial contributions to direct, community-driven impact.

V. Businesses that anticipate reputational risks, engage in transparent crisis communication, and implement corrective measures effectively mitigate stakeholder concerns and maintain trust.

- Toyota Motor Manufacturing Kentucky provides a publicly accessible Biodiversity Trail to demonstrate its ongoing commitment to preserving the unique balance of native plants, wildlife, and ecosystems in Georgetown, Kentucky.

- Toyota Motor Thailand maintained transparent communication during Thailand's 2011 floods and COVID-19 disruptions, reinforcing its commitment to employment retention and supply chain stability.

- Ajinomoto Malaysia addressed public misconceptions around MSG usage through educational campaigns, product transparency, and scientific research collaborations, reinforcing consumer trust.

### 5.3.3 Community & Stakeholder Engagement

Effective community and stakeholder engagement ensures that FDI Companies build strong local relationships, foster goodwill, and contribute meaningfully to economic and social development. Companies that collaborate with governments, NGOs, and educational institutions; maintain open channels for stakeholder dialogue; and align their initiatives with domestic priorities are more likely to establish long-term legitimacy and social acceptance in their Host Economies.

I. Companies that partner with governments, schools, and NGOs extend the reach of their social contributions and create more sustainable community impact.

- Ajinomoto Malaysia engages with NGOs, schools, and environmental groups to support education, healthcare, and youth empowerment programs, reinforcing its role as a socially responsible corporate citizen *(see **Figure 17**)*.

**Figure 17: Ajinomoto Malaysia Community Engagement**


*Source: AMB 2024 Annual Report*

- Toyota Motor Manufacturing Kentucky collaborates with various partners to engage with the community and create a broader impact, particularly in the areas of education and health (*see **Figure 18***).

**Figure 18: TMMK Community Engagement Partnership**


**Special Olympics**
In Kentucky, Toyota team members actively partner with Special Olympics athletes—sharing experiences like bowling together—and supporting events that bring athletes from across the state to compete in Unified Sports competitions.

**Signature Walk**
In 2022, TMMK partnered with Honor Flight Kentucky as the beneficiary of its Signature Walk initiative, raising approximately USD 94,000 to support free honor flights for veterans.

**Bud Gates Bike Build**
The Toyota Christian Fellowship Group, along with volunteers from TMMK, partnered with the Toyota South dealership to assemble bicycles for children in foster care. Participants worked together to build and donate approximately 100 bikes.

**Food Box Build**
During Hunger Action Month in 2021, TMMK employees partnered with God's Pantry Food Bank to help combat food insecurity, assembling over 4,000 food boxes—enough to feed nearly 2,000 families across Kentucky.

**Therapy Car**
TMMK partnered with the Saint Joseph Hospital Foundation to donate a modified Toyota Camry to the hospital's rehabilitation department. The vehicle enables patients to safely practice entering and exiting a car before returning home.

**Go Baby Go**
TMMK partnered with the Go Baby Go Foundation to help empower toddlers with mobility challenges to lead more active lives. As part of this partnership, team members from TMMK built and customized 100 adaptive vehicles for children.

**Miracle League**
Established in 2006 with Rotary Club of Lexington, the Toyota Miracle League provides individuals with physical, developmental, or emotional disabilities the opportunity to experience the joy of playing baseball. Today, the league serves more than 200 players.

*Source: Materials shared by TMMK*

- Intel Viet Nam collaborates with local universities and organizations like the Pacific Links Foundation to support education for disadvantaged youth and to advance STEM development programs, ensuring that corporate initiatives align with Viet Nam's workforce needs.

- Kaneka Malaysia works with local government agencies, industries, and schools by holding annual Information to Public (ITP) sessions to educate them about operational hazards and preparedness measures. Kaneka Malaysia also leads the Balok River Adoption Program (BRAP), in partnership with eight petrochemical companies in Gebeng, Kuantan, to build community facilities such as a fisherman's hut to support local livelihoods and promote environmental stewardship.

- Toyota Motor Thailand collaborates with schools and local organizations under the Toyota White Road safety campaigns to reduce road accidents, foster a culture of traffic safety, and promoting greater awareness across communities.

II. Maintaining open communication channels, community engagement programs, and company site visits enhances corporate credibility and builds public confidence.

- Ajinomoto Malaysia has proactively addressed community concerns over environmental issues, including odor emissions, by inviting residents to visit its production facilities *(see **Figure 19**)* and installing air quality management systems to ensure transparency and corporate accountability.

**Figure 19: Ajinomoto Factory Visit Program**


*Source: Ajinomoto Malaysia website*

- Intel Malaysia engages in direct community outreach and public reporting on its sustainability and education initiatives, fostering greater trust among local stakeholders.

- Kaneka Malaysia builds community trust through its leadership of the Gebeng Industrial Support Group (GISG), regular dialogues with local authorities, and educational collaborations such as contributions to the UKM Endowment Fund and

knowledge-sharing with Universiti Malaysia Pahang, reinforcing its reputation as a transparent and socially engaged corporate partner.

III. Aligning CSR initiatives with government development goals helps companies gain stronger institutional support and broader stakeholder goodwill.

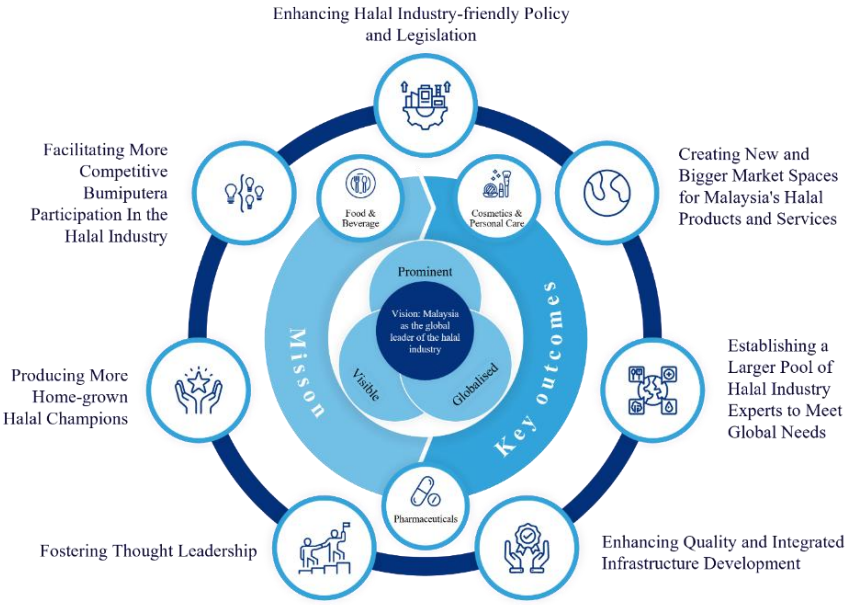
- Intel Malaysia supports Malaysia's Digital Economy Blueprint through its AI untuk Rakyat (AI for Citizens) initiative *(see **Figure 20**)*, providing free online AI education to enhance digital literacy among Malaysians.

**Figure 20: AI Untuk Rakyat**


*Source: Materials shared by Intel during field study; "AI untuk Rakyat" website*

- Ajinomoto Malaysia supports Malaysia's Halal Industry Master Plan 2030 *(see **Figure 21**)*, ensuring that its CSR programs contribute to developing Malaysia's global halal ecosystem while addressing community well-being.

**Figure 21: HIMP 2030 Strategic Framework**




*Source: Halal Industry Master Plan 2030*

- Intel Viet Nam aligns its engagement strategy with Viet Nam's semiconductor and workforce development policies, supporting the government's C=SET+1 strategy by investing in advanced technology workforce training and infrastructure expansion.

### 5.3.4 Conflict Resolution Mechanisms

Effective conflict resolution mechanisms are critical for long-term FDI success, ensuring that businesses can proactively manage disputes, build strong relationships with governments, and maintain positive engagement with communities and employees. Leading FDI firms adopt structured communication channels, transparent government relations, and internal grievance mechanisms to prevent conflicts from escalating and sustain a harmonious operational environment.

I. Companies that establish proactive engagement channels and early conflict identification can resolve issues before they become major challenges.

- Intel Viet Nam maintains structured engagement with government agencies to discuss potential regulatory concerns, workforce development policies, and operational challenges before they escalate. By participating in regular dialogues with Viet Nam's Ministry of Industry and Trade, IPV fosters a cooperative relationship that prevents conflicts.

- Toyota Motor Manufacturing Kentucky recalled around one million vehicles—including several built at TMMK—due to a sensor defect that could hinder airbag deployment. Affected models spanned 2020–2022 Toyota and Lexus vehicles such as the Camry, RAV4, and Sienna. Toyota promptly mobilized its dealers to inspect and replace faulty sensors at no cost, notified affected customers, and set up a dedicated support channel—demonstrating its strong commitment addressing conflicts swiftly to maintain customer trust.

- Kaneka Malaysia actively participates in industrial associations and working groups, enabling it to address common industry challenges collaboratively before they become regulatory bottlenecks.

II. Regular engagement with policymakers, industry associations, and regulatory bodies helps businesses navigate regulatory challenges and maintain operational predictability.

- Intel Viet Nam fosters close collaboration with government bodies *(see **Figure 22**)*, providing policy feedback on semiconductor industry regulations while advocating for long-term investment incentives to enhance Viet Nam's attractiveness for FDI.

**Figure 22: Intel Viet Nam's Engagement with the Government**


*Source: Materials shared by Intel during the field study*

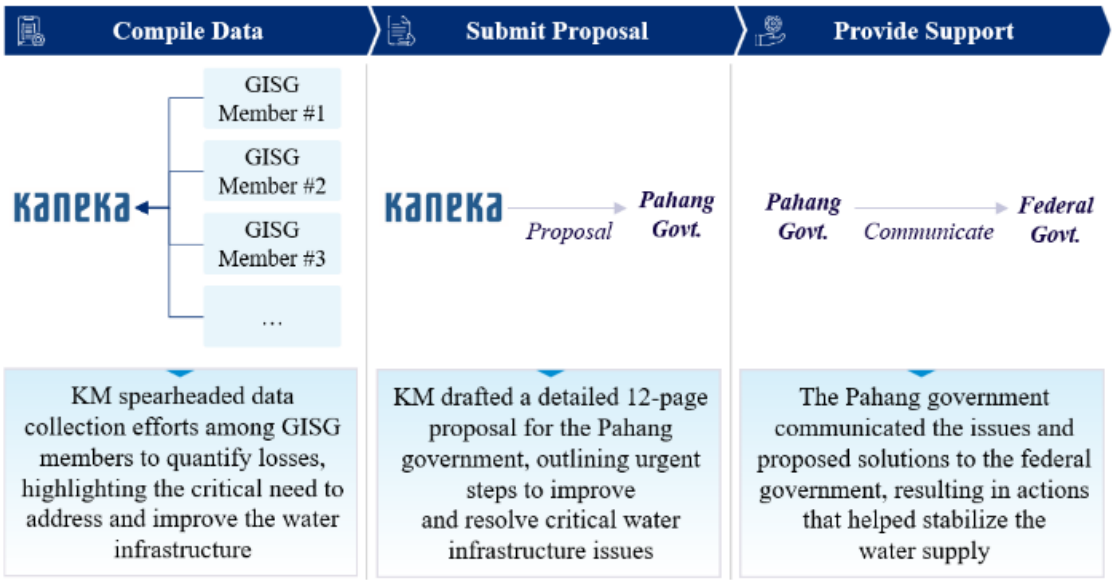
- Intel Malaysia demonstrated effective regulatory engagement during the COVID-19 pandemic by working directly with Malaysia's Ministry of Investment, Trade, and Industry (MITI) to ensure compliance with movement control orders, minimizing disruptions to semiconductor production.

- Toyota Motor Thailand engages in continuous policy discussions with the Thai government on EV production incentives, emissions standards, and automotive industry regulations, ensuring regulatory alignment and investment continuity.

III. Companies that actively address local concerns through open dialogue and environmental accountability enhance social acceptance and maintain strong community relationships.

- Kaneka Malaysia facilitated water supply crisis resolution efforts *(see **Figure 23**)* by working with local authorities and industrial partners, ensuring that production continued without negatively impacting surrounding communities.

**Figure 23: Kaneka Malaysia's Response to Water Crisis**




*Source: Interview with KM's Management and Working Team*

- Ajinomoto Malaysia resolved community concerns over odor emissions by conducting open-site visits, installing air filtration systems, and engaging in continuous discussions with local residents and environmental agencies, demonstrating commitment to social responsibility.

- Toyota Motor Manufacturing Kentucky produced and assembled face shields for hospitals and clinics across Central Kentucky during COVID-19, responding to local shortages of personal protective equipment.

IV. FDI firms often face unique workforce challenges compared to domestic companies, such as navigating local labor laws, managing a multi-cultured workforce, and aligning corporate policies with local practices. Companies that implement structured grievance mechanisms, employee consultation processes, and engagement with worker unions can prevent labor disputes and enhance workplace harmony.

- Kaneka Malaysia and its employees actively engage in several organizations such as the Social Security Organization (SOSCO) to address a broad spectrum of issues and participate in various discussions on topics such as social and environmental impact, workforce support, government relations, and other critical industry matters.

- Toyota Motor Thailand works closely with its labor unions through structured collective bargaining agreements, ensuring long-term workforce stability and avoiding labor disputes.
- Intel Viet Nam integrates a structured employee engagement framework, providing opportunities for workers to address concerns before they escalate into major conflicts, ensuring high employee retention and positive labor relations.

## 5.4 KEY LEARNINGS – HUMAN RESOURCES DEVELOPMENT

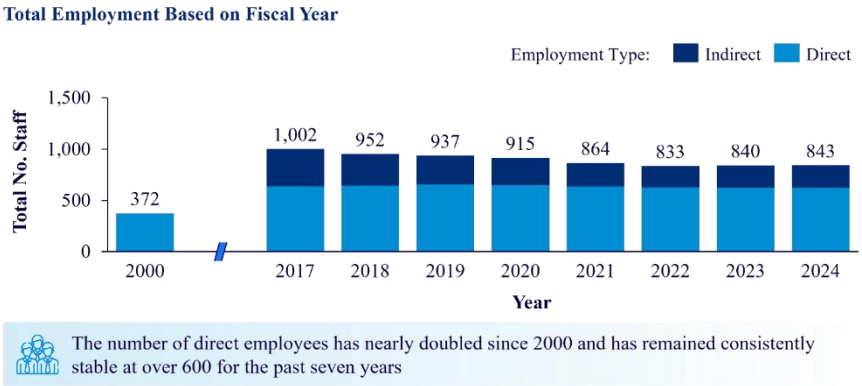
### 5.4.1 Local Job Creation

FDI plays a crucial role in expanding employment opportunities, both directly within investing companies and indirectly through supplier networks, SME development, and industrial ecosystem growth. Companies that utilize local talent, invest in workforce upskilling, and align recruitment strategies with domestic policies create long-term employment stability while ensuring Host Economies benefit from sustainable labor market integration.

I. Companies that scale their manufacturing operations and strengthen local supply chains generate significant job opportunities across multiple industries.

- Kaneka Malaysia has doubled its workforce since 2000, contributing to local employment *(see **Figure 24**)* while enhancing Malaysia's position as a hub for advanced chemical manufacturing.

**Figure 24: Kaneka Malaysia's Impact to Employment**




*Source: Materials shared by KM during field study*

- Toyota Motor Thailand is one of Thailand's biggest employers, with a current workforce of approximately 11,700, with 99.7% of the workforce being local hires. The company's scale of operations has resulted in 275,000 indirect jobs being created to support the company's operations. All in all, the economic ripple effects from the company's direct and indirect operations support 5.6 million jobs across the broader sector, underscoring the firm's job creation impact.

- Toyota Motor Manufacturing Kentucky has grown its employee count by nearly tenfold since 1988, from 1,100 people to around 10,000 people in 2024. Beyond direct employment, TMMK's broader economic footprint supports an estimated

additional 20,000 jobs across Kentucky in 2017 through indirect and spin-off employment.

- Intel Malaysia employs approximately 12,000 individuals, with 98 percent of its workforce being Malaysian. Beyond direct employment, its MYR 30 billion expansion investment is expected to create thousands of indirect jobs in high-tech manufacturing and infrastructure development.

- Ajinomoto Malaysia employs over 680 individuals, with 84 percent of its workforce being Malaysian, supporting Malaysia's food processing sector, which employs over 234,000 workers.

II. Prioritizing local workforce hiring enhances stronger economic integration, talent retention, and sustainable labor market growth.

- Kaneka Malaysia directly employs 624 individuals as of November 2024, with over 95% of its workforce consisting of local hires. This direct employment figure has almost doubled from its 2000 levels and has remained stable since 2017, demonstrating its commitment to consistent local employment. Kaneka Malaysia then uses its '1-on-1' employee development system *(see **Figure 25**)* to align personal and professional growth, fostering long-term career retention within the company.

**Figure 25: Kaneka Malaysia's Human Resource Strategy**


*Source: Kaneka Corporation*

- Intel Malaysia has a 98 percent local hiring rate, ensuring that its high-tech investments directly benefit Malaysia's engineering and semiconductor workforce.

- Toyota Motor Manufacturing Kentucky actively engages with over 80 of Kentucky's 120 counties—primarily in Central Kentucky—through outreach efforts such as participating in career fairs, engaging with high school industrial classes, and building early relationships with students to strengthen the future talent pipeline.

III. Investments in local supplier capability-building and vendor training allow SMEs to scale and create additional employment opportunities in the host economy.

- Toyota Motor Thailand supports SMEs through knowledge-sharing programs and runs initiatives like Big Brother 50 and Business Accelerator, helping local vendors enhance quality, efficiency, and access export markets.

- Kaneka Malaysia supports regional supplier partnerships, enabling Malaysian SMEs to grow alongside its advanced materials manufacturing expansion.

- Ajinomoto Malaysia offers internship programs with Malaysian universities, creating a talent pipeline that strengthens workforce readiness and future employment prospects.

IV. Companies that invest in career development, technical training, and upskilling programs contribute to long-term local workforce sustainability and career progression.

- Intel Malaysia provides structured training, rotational opportunities, and leadership development programs, ensuring employees stay competitive in high-tech industries.

- Kaneka Malaysia operates its Safety Experience Training Center (SETC), positioning Malaysia as a regional hub for industrial safety training and workforce development.

- Ajinomoto Malaysia participates in the Ajinomoto Future Leaders Program, selecting high-potential employees for advanced training in Japan, enhancing leadership development and global career opportunities.

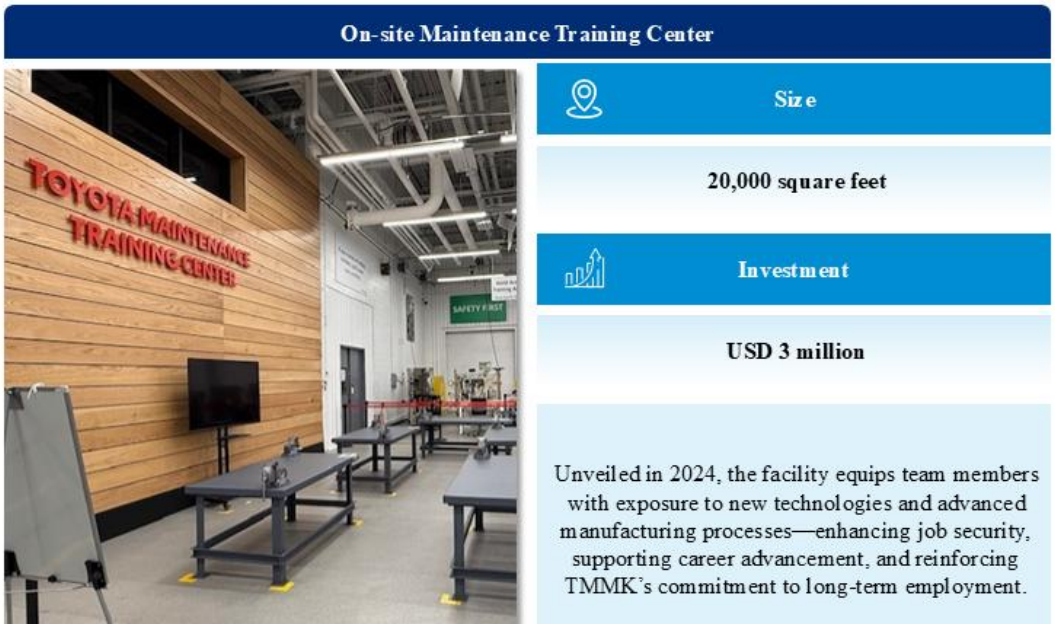
### 5.4.2 Local Workforce Training and Skills Development

Investing in local workforce training and skills development strengthens domestic labor markets, enhances productivity, and ensures that FDI firms can access a pipeline of skilled talent. Companies that establish training centers, industry-academic partnerships, and continuous learning programs equip employees with future-ready skills, contributing to domestic workforce competitiveness and career mobility.

I. Dedicated training facilities and regional learning hubs help standardize industry skills and equip workers with specialized competencies.

- Toyota Motor Manufacturing Kentucky converted an existing building into a dedicated on-site maintenance training center (*see* ***Figure 26***), streamlining the onboarding process and accelerating the upskilling of new team members.

**Figure 26: TMMK Maintenance Training Center**




*Source: Toyota Motor North America Press Release*

- Toyota Motor Thailand (TMT) established the Asia Pacific Global Production Center (AP-GPC) *(see* ***Figure 27****)*, a regional training hub that supports workforce development across Toyota affiliates in eight economies, ensuring that employees meet global production standards.

**Figure 27: Toyota Motor Thailand AP-GPC**

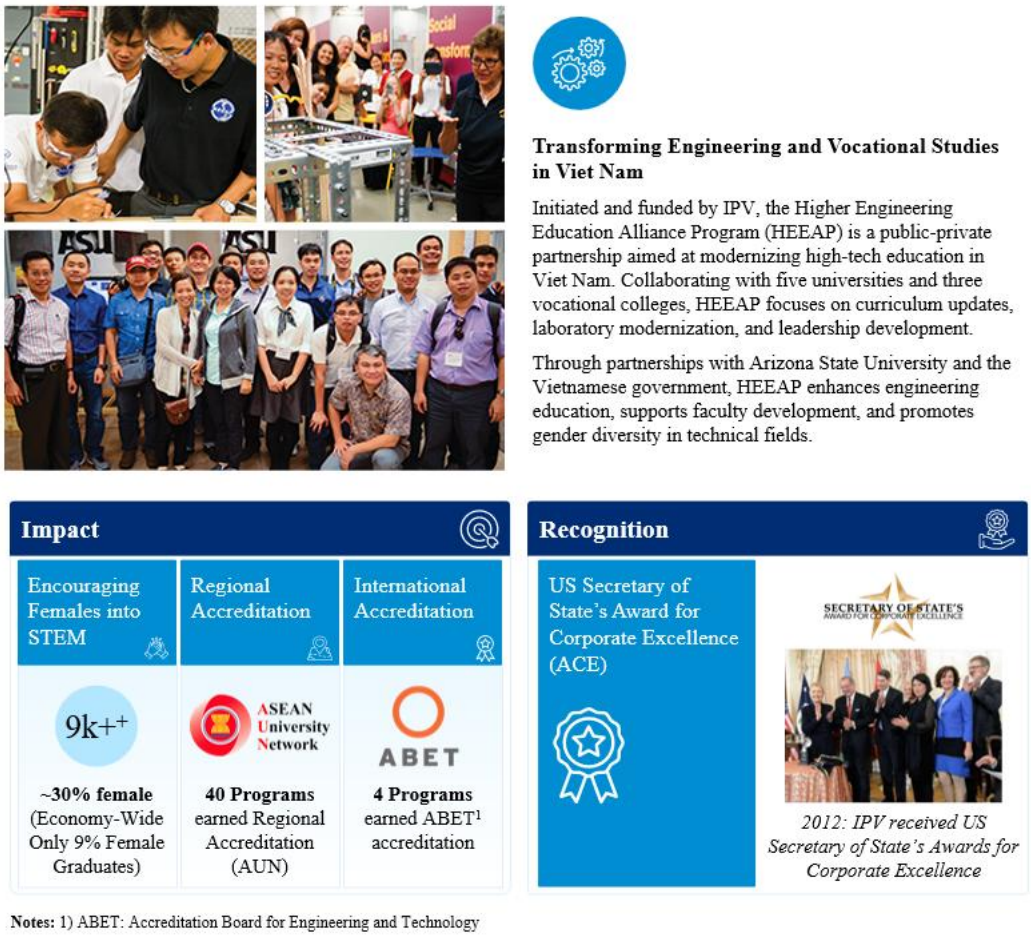

*Source: Materials shared by TMT during field study*

- Intel Malaysia has been a founding member of the Penang Skills Development Center (PSDC) since 1989, contributing to the creation of a microprocessor lab and semiconductor training programs that support Malaysia's high-tech workforce.

II. Collaborations between businesses, universities, and technical institutions ensure that graduates enter the workforce with industry-relevant expertise.

- Intel Viet Nam co-founded the Higher Engineering Education Alliance Program (HEEAP) *(see **Figure 28**)* in partnership with Viet Nam's government, Arizona State University, and local universities, training 9,000 faculty members and modernizing engineering education to meet industry demands.

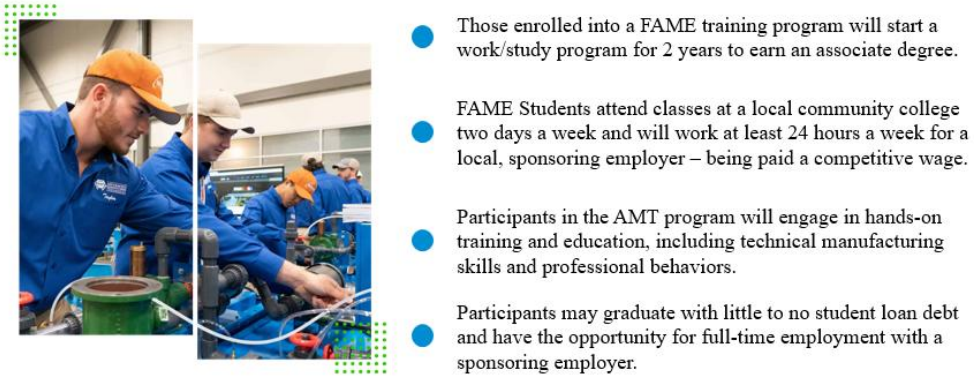
**Figure 28: Intel Viet Nam HEEAP**




*Source: Materials shared by Intel during the field study*

- Toyota Motor Manufacturing Kentucky pioneered the establishment of the Federation for Advanced Manufacturing Education (FAME), a collaboration among regional manufacturers aimed at developing a robust pipeline of highly skilled talent through career-pathway, apprenticeship-style programs (*see* ***Figure 29***).

**Figure 29: FAME Overview**




*Source: FAME Website*
*Note: AMT refers to the Advanced Manufacturing Technician Program. It is a collaborative workforce-development pathway launched in partnership with FAME and the Bluegrass Community & Technical College.*

- Kaneka Malaysia contributed MYR 1 million (~USD 230,000) to the Universiti Kebangsaan Malaysia (UKM) Endowment Fund, supporting research and post-doctoral fellowships in engineering and industrial studies.

III. Structured on-the-job learning programs provide employees with practical experience, improving their employability and career advancement prospects.

- Intel Malaysia runs the Ministry of Higher Education (MoHE)–Intel Malaysia Elite Internship Program, which trains 120 interns annually in semiconductor technologies, bridging academia and industry needs (*see **Figure 30***).

**Figure 30: Malaysia Elite Internship Program**


*Source: Malay Mail*

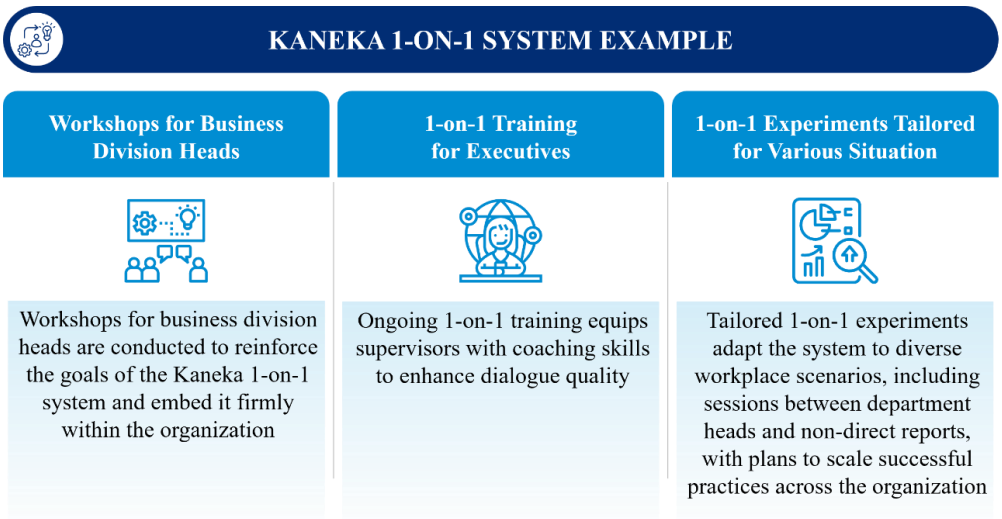
- Intel Viet Nam provides internships lasting six months to a year in semiconductor assembly, helping students transition into full-time employment while ensuring Viet Nam's labor force meets global industry standards.

- Toyota Motor Manufacturing Kentucky supports the BCTC Advanced Manufacturing Center (BAMC) facility, which opened in 2017 to provide customized workforce training and certification services—not only for TMMK, but also for a broader network of regional manufacturers—strengthening the talent pipeline across Kentucky's advanced manufacturing sector.

IV. Companies that offer lifelong learning programs and leadership development initiatives ensure employees can adapt to global technological changes and advance their careers from within.

- Kaneka Malaysia's '1-on-1' career development system *(see **Figure 31**)* aligns employee growth with corporate performance goals, ensuring that employees receive tailored professional development plans.

**Figure 31: Kaneka Malaysia "1-on-1" System**




*Source: Kaneka Corporation*

- Intel Viet Nam provides technical and leadership development training through mentorship, cohort-based coaching, and AI training programs, ensuring long-term workforce resilience.

- Ajinomoto Malaysia participates in the Ajinomoto Future Leaders Program, selecting high-potential employees for advanced training in Japan, enhancing global leadership and skill development.

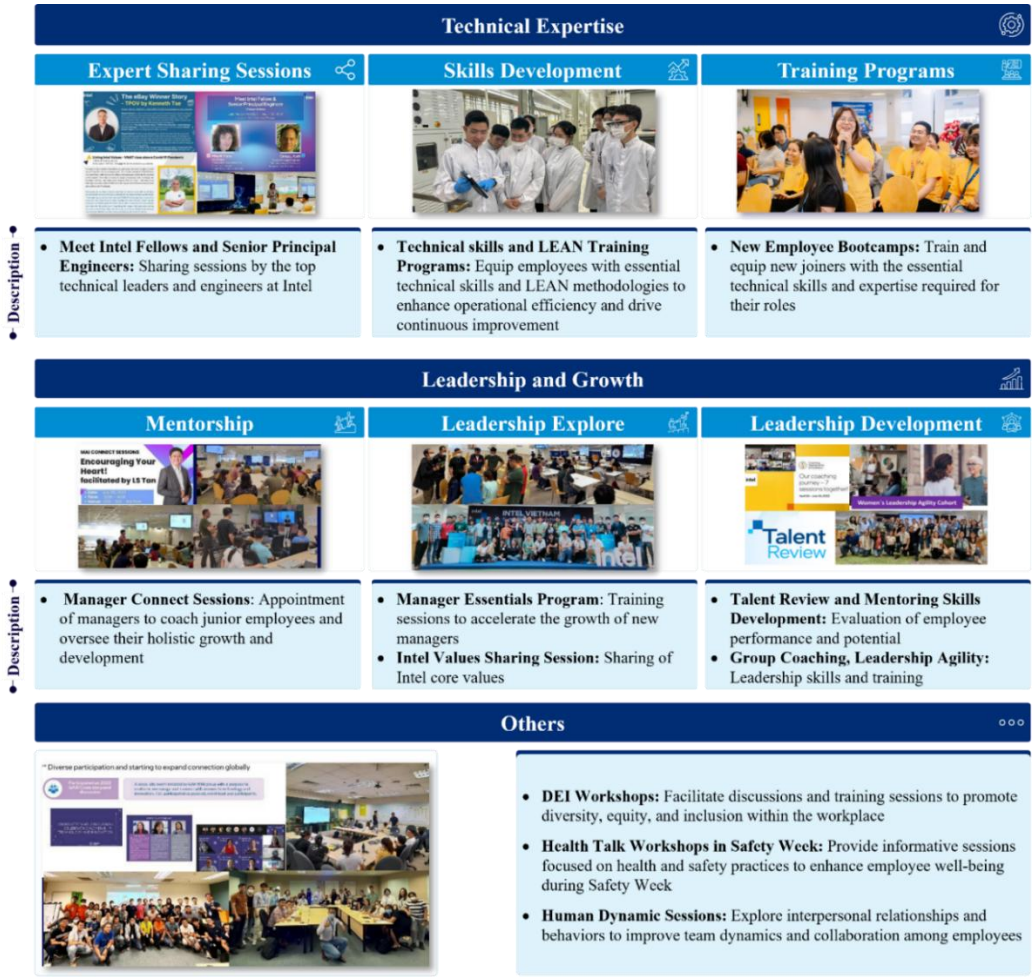
### 5.4.3 Career Progression

Structured career progression frameworks serve as important enablers for talent retention and workforce stability. FDI firms that implement transparent promotion policies, internal mobility programs, structured career planning discussions, and leadership development initiatives create a strong foundation for long-term employee growth and business continuity. Companies that invest in clear pathways for advancement ensure that their workforce remains engaged, motivated, and equipped for leadership roles.

I. Companies that establish clear promotion criteria, competency-based advancement, and structured evaluations provide employees with transparent career mobility pathways, increasing retention.

- Intel Viet Nam employs a structured career-level system, outlining specific roles, responsibilities, and skill development requirements for employees to advance across different career stages *(see **Figure 32**)*.

**Figure 32: Intel Viet Nam Learning & Development Initiatives**




*Source: Materials shared by Intel during the field study*

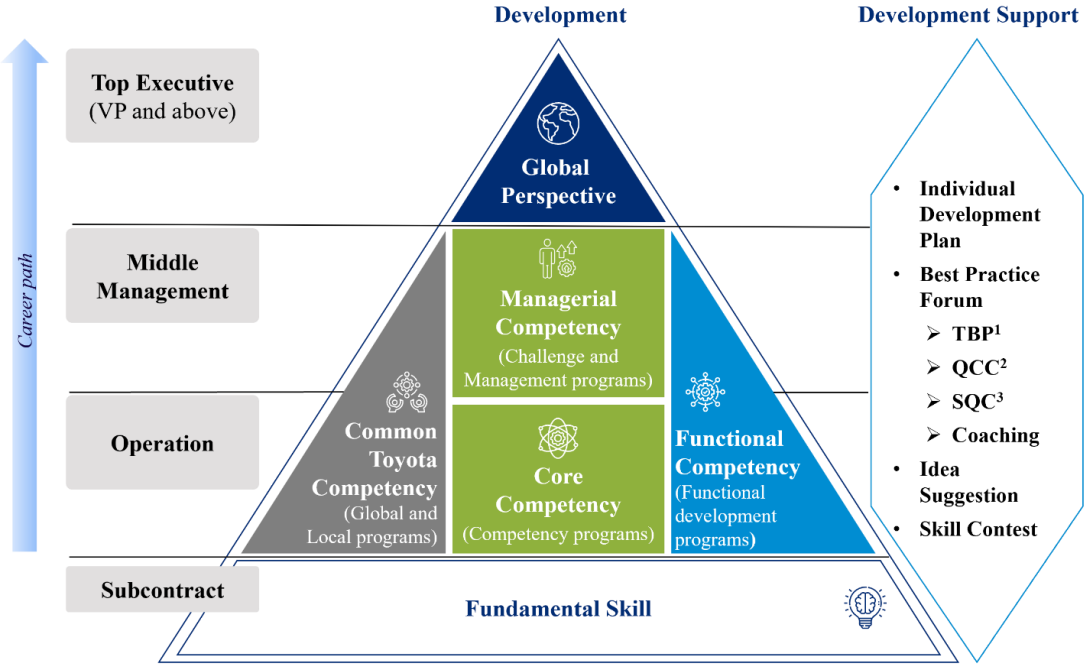
- Toyota Motor Manufacturing Kentucky offers structured development programs that enable progression from team member to team leader, group leader, and ultimately to managerial roles through a clearly defined 'Work Life Plan' that outlines the requirements and pathways for internal advancement.

- Kaneka Malaysia uses a rule-based promotion assessment system, allowing employees to measure their skills against predefined role expectations, fostering transparency and motivation for self-improvement.

II. Companies that facilitate rotational assignments, job transfers, and global mobility programs create highly adaptable employees ready for leadership roles.

- Toyota Motor Thailand integrates cross-functional job rotations into its pyramid-based career development model *(see **Figure 33**)*, ensuring that employees develop multi-disciplinary competencies that prepare them for leadership positions.

**Figure 33: Toyota Motor Thailand Career Development Model**




*Notes: 1) TBP: Toyota Business Practice, 2) QCC: Quality Control Circle, and 3) SQC: Statical Quality Control*

*Source: Materials shared by TMT during field study*

- Toyota Motor Manufacturing Kentucky offers job rotation opportunities designed to broaden functional experience and accelerate career growth. Team members may rotate across global Toyota plants, sharing best practices and bringing back fresh insights to enhance operations at their home locations.

- Intel Malaysia prioritizes internal promotions and global assignments, allowing employees to take on cross-border roles in Intel sites across Asia, enhancing leadership readiness and operational expertise.

III. Structured employee-manager feedback sessions help employees identify career pathways, receive targeted development support, and align goals with company priorities.

- Intel Viet Nam holds biannual career development discussions, where employees and managers collaboratively explore career paths, set development objectives, and assess progress at year-end.

- Toyota Motor Thailand implements a Local Career Development (LCD) framework, combining regular employee evaluations and competency-building programs to support career planning.

- Toyota Motor Manufacturing Kentucky has established a structured buddy system that pairs each new member with an experienced mentor, reinforcing the Toyota Way mindset.

IV. Companies that systematically identify high-potential employees and invest in leadership training create a steady talent pipeline to sustain business continuity.

- Ajinomoto Malaysia participates in the Ajinomoto Group's Future Leaders Program, selecting 1-2 high-potential employees from Malaysia for advanced training in Japan. This program not only enhances their leadership and strategic skills but also provides valuable global insights.

- Intel Viet Nam offers cohort-based leadership development programs and executive coaching, equipping high-potential employees with leadership skills for senior management roles.

- Kaneka Malaysia emphasizes promoting from within, ensuring that employees who meet at least 90 percent of leadership competency benchmarks are prioritized for managerial positions.

### 5.4.4 Workforce Diversity and Inclusion

Workforce sustainability initiatives contribute to a more innovative, engaged, and competitive workforce. FDI firms that implement structured workforce sustainability roadmaps, promote employee-led inclusion programs, support STEM diversity initiatives, and ensure transparent reporting on workforce sustainability progress create sustainable, inclusive workplaces while strengthening economy-wide labor markets.

I. Companies that established clear roadmaps to workforce sustainability embed inclusivity in hiring, training, and leadership development, ensuring measurable progress.

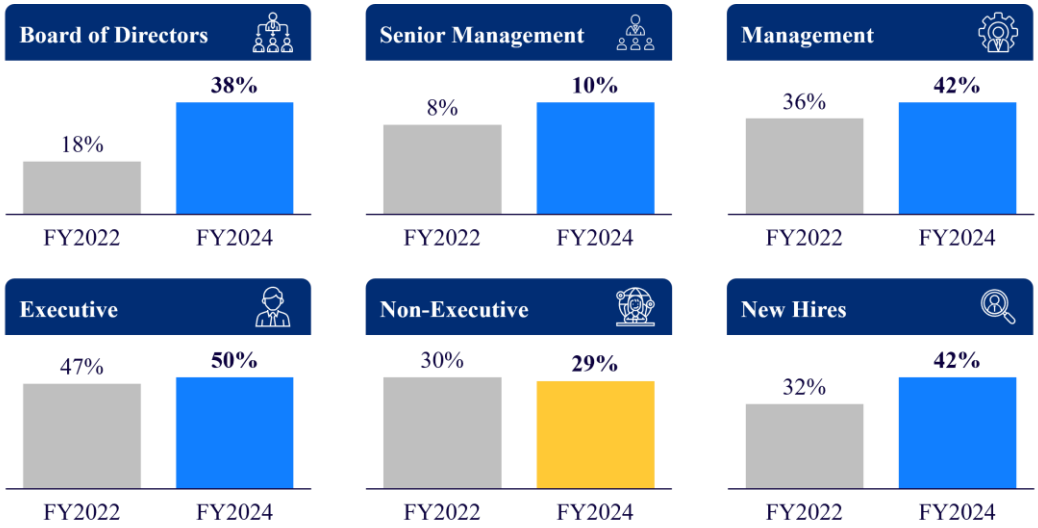
- Toyota Motor Thailand follows a structured workforce sustainability Roadmap that includes steps such as awareness training, inclusive facility upgrades, and leadership diversity programs. By 2025, TMT aims to expand workforce sustainability initiatives to its dealer network and supplier base, reinforcing inclusivity across the broader automotive ecosystem.

- Intel Viet Nam has embedded workforce sustainability into its workplace culture through the RISE 2030 'Inclusive' pillar, ensuring that all employees, regardless of gender, background, or identity, have access to equal opportunities.

II. Companies that track and publicly report workforce diversity metrics demonstrate a commitment to real, data-driven workforce sustainability progress.

- Ajinomoto Malaysia publicly reports female workforce and leadership representation *(see **Figure 34**)*, with women comprising 35 percent of the total workforce and 38 percent of board positions. These figures are tracked and disclosed in its annual report, reinforcing its commitment to gender inclusion and transparent workforce sustainability progress.

**Figure 34: AMB Female Representation Across All Levels**




*Source: AMB 2024 Annual Report*

- Toyota Motor Thailand publishes annual workforce sustainability progress reports and aligns its workforce sustainability strategies with Thailand's inclusive policies set by relevant industry bodies such as the Ministry of Social Development and Human Security.

III. Firms that establish Employee Resource Groups (ERGs) help employees from underrepresented backgrounds connect, support each other, and drive workplace inclusivity.

- Toyota Motor Manufacturing Kentucky (TMMK) has established approximately 13 Business Partnering Groups (BPGs) to provide team members with supportive networks of peers who share similar values, interests, or backgrounds—ensuring the continuity and impact of its diversity efforts.

- Toyota Motor Thailand supports employees with disabilities by exceeding government compliance standards, including sponsoring occupational training courses and providing customized workplace accommodations.

- Intel Malaysia runs the Intel Disability and Accessibility Network (IDAN), ensuring that employees with disabilities receive equal opportunities for career growth and workplace support.

IV. Companies that promote diversity-focused education programs help bridge gender gaps and ensure a more inclusive talent pipeline for future industry roles.

- Intel Malaysia organizes the Girls in Engineering and Tech (GET) program *(see **Figure 35**)*, where female engineers mentor young women interested in STEM careers, fostering gender diversity in Malaysia's technology sector.

**Figure 35: Girls in Engineering & Tech Program**

**Objective**

- The GET program, organized by the Penang Science Cluster (PSC), aims to inspire and empower Form 4[1] female students in Penang to explore careers in engineering and technology.
- The program seeks to bridge the gender gap in STEM fields by fostering technical skills, creativity, and interest in these disciplines, encouraging young women to pursue further studies and careers in STEM.

**Programs**

- **GET Core Program:** A six-month program offering hands-on workshops in programming, web development, 3D modeling, data science, and embedded systems. It combines technical training with mentorship from female industry professionals and project-based learning. Over 300 girls from 28 schools have graduated from this program.
- **GET Lite Program:** A shorter, accessible version focusing on introductory STEM workshops and basic technical training, designed for schools or students with limited time. 278 girls from 11 schools have graduated from this program.

**Notes:** 1) Form 4 is the equivalent of the tenth grade in Malaysia's secondary education system, typically for students aged 16, serving as the second-to-last year before completing secondary school

*Source: GET website*

- Intel Viet Nam provides scholarships for female engineering students, actively encouraging more women to pursue STEM careers, and was recognized as the first runner-up in the 2021 UN Women WEPs Awards for Community Engagement.

- Toyota Motor Thailand integrates gender equity policies into its recruitment strategy, increasing female participation across technical and managerial roles.

- Toyota Motor Manufacturing Kentucky (TMMK) has a Business Partnering Group known as WIIT — Women Influencing and Impacting Toyota. Through WIIT, TMMK aims to foster a workplace culture that attracts, retains, and advances women by promoting engagement, education, recognition, and networking. A hallmark initiative for WIIT is the annual 'Spring Spectacular', an event that celebrates women's contributions across different industries.

# 6 FDI BEST PRACTICES AND POLICY RECOMMENDATIONS

## 6.1 TRANSLATING KEY LEARNINGS INTO ACTIONABLE RECOMMENDATIONS

This section builds upon the thematic insights developed in Section 5 by translating them into targeted best practices for FDI Companies, as well as policy recommendations for Host Economies. These recommendations are based on insights gathered through company site visits, stakeholder interviews, and field-based observations, as well as cross-economy discussions during the IEG1 workshop. They reflect practical strategies that have demonstrated success in supporting long-term FDI across diverse APEC economies.

To help FDI Companies and Host Economies adapt to the evolving FDI landscape in the APEC ecosystem, these recommendations are shaped not only by the current case studies but also by emerging trends, such as carbon-neutral pressures, AI in supply chains, geopolitical risks, and demographic changes such as aging workforces and talent shortages. Emphasis is placed on scalable innovations (e.g., AI-enhanced supplier platforms and digital ESG tracking) and institutional enablers that align with APEC's Putrajaya Vision 2040 and bolster investment ecosystems during periods of volatility or rapid transformation.

As global value chains accelerate toward AI, automation, green manufacturing, and digital compliance, the risk of technological obsolescence becomes increasingly salient. Legacy FDI that fails to evolve risks underperformance—or worse, becoming stranded, non-compliant, or uncompetitive in navigating current global trade in a highly uncertain environment. Hence, these recommendations aim to reflect best practices and prepare economies and firms for resilience and competitiveness through 2030 and beyond.

This process of developing the recommendations involved:

- Identifying recurring themes across case studies of how companies achieved long-term FDI success.

- Analyzing what worked well under real-world situations and challenges — such as COVID-19 disruptions, workforce transformations, and evolving regulatory environments.

- Extracting successful strategies that proved effective across multiple settings and could be considered adaptable, scalable, and transferable to other FDI Companies and APEC economies, through 2030 and beyond.

- Mapping these strategies back to the 13 qualitative indicators categorized under Continuity, Relationship, and Human Resource Development.

This process has emphasized contextual relevance and practical effectiveness — drawing from what companies have actually done to sustain long-term investments in diverse Host Economies.

## 6.2 TWO AUDIENCES, TWO RECOMMENDATION SETS

Two complementary sets of recommendations are developed — one directed at FDI Companies and the other at Host Economies. Each set targets specific goals that contribute to strengthening long-term FDI outcomes across APEC economies (*see **Figure 36***). Together, they reflect the dual responsibility of private and public actors in creating a resilient, inclusive, and future-ready investment environment.

**Figure 36: FDI Recommendation Types**


*Source: Arthur D. Little Analysis*

Recommendations are presented in alignment with the 13 indicators used throughout the report, enabling a clear connection between observed corporate practices and policy levers. This structure ensures continuity across the report and supports ease of reference for stakeholders aiming to implement or advocate for similar measures in their own context.

Each recommendation for both sets is assessed against six execution-risk drivers relevant to each audience—FDI Companies and Host Economies (*see **Figure 37**)*. The assessment is benchmarked against typical signals and potential impact, which in turn determines the complexity of the recommendation.

To streamline the recommendations, the Investment Longevity and Reinvestment indicators have been combined into a single section. Both indicators share a common underlying objective: sustaining and deepening the long-term presence of FDI. Combining them allows for a more integrated and actionable set of recommendations, while minimizing overlap and facilitating clearer strategic direction.

## Figure 37: Execution-risk Drivers

| Audience | Driver | Signal | Impact |
|---|---|---|---|
| FDI Companies | Capital intensity | > 5% of annual operational expenditure, large plant/equipment, or external financing | Lengthens approvals; raises hurdle rates |
| | Technology sophistication | Custom or frontier tech; deep Operational Technology (OT) and Information Technology (IT) integration | Higher implementation and obsolescence risk |
| | Regulatory burden | Sector-specific licenses, multi-layer permits | Adds compliance cost and schedule unpredictability |
| | Stakeholder coordination | Reliance on suppliers, joint venture partners, or external communities | More negotiation nodes, heightens the risk of misalignment |
| | Organizational change depth | New roles, incentives, or processes | Requires change-management capability and culture shift |
| | Time-to-benefit | Payoff > 24 months; unclear pilot-to-scale path | Lowers net present value (NPV); prone to strategic drift |
| Host Economies | Fiscal outlay/ capex | Budget appropriation > USD 50 million or Public–Private Partnership (PPP) equivalent | Stretches fiscal space; bound to budget cycles |
| | Regulatory depth | Primary legislation or statute overhaul | Needs legislative time; political exposure |
| | Inter-agency coordination | Two-plus ministries must co-own | Decision latency; mandate ambiguity |
| | Private-sector uptake | Success hinges on firm adoption/compliance | Limited direct control; enforcement risk |
| | Institutional change & capacity | New units or major capability ramp-up | Human Resource (HR) pipelines, Information Technology (IT) systems, and governance hurdles |
| | Time-to-delivery | Tangible outcomes > 36 months | Vulnerable to administration change & policy fatigue |

*Source: Arthur D. Little Analysis*

The complexity of each recommendation is categorized into 4 tiers, reflecting increasing levels of executional sophistication (*see* ***Figure 38)***. The two highest-ranking execution-risk drivers determine the assigned tier; however, a single driver crossing a threshold may be sufficient to escalate the recommendation to a higher tier. Companies are encouraged to assess their readiness at each tier before progressing to more advanced levels.

**Figure 38: Recommendation Complexity**

| Tier | Key Characteristics | Indicative Delivery Horizon |
|---|---|---|
| **L - ① :Foundational** | Quick wins, owned by a single team, minimal incremental spend | ≤ 12 months |
| **L - ②: Intermediate** | Cross-functional initiatives, moderate capex, some regulatory navigation | 13–24 months |
| **L - ③: Transformational** | High-capex and multi-stakeholder change management | 25–48 months |
| **L - ④: Systemic (*policy only*)** | Economy-wide reforms and infrastructure build-outs | > 48 months |

*Source: Arthur D. Little Analysis*

To guide navigation, the 3 tables below, split by the 3 dimensions of continuity, relationship, and human resource development, provide a consolidated overview of all 87 recommendations for FDI companies and host economies (See ***Figure 39***, ***Figure 40***, and ***Figure 41***). They are also categorized by indicators, as well as tiers of complexity, as introduced in Figure 38 above.

In the detailed list that follows, best practices and policy recommendations are elaborated further. Each recommendation is marked with its corresponding tier of complexity, indicated by the labels ①, ②, ③, and ④. Together, these layers provide a comprehensive blueprint for strengthening long-term FDI in APEC economies.

**Figure 39: Overview of Best Practices and Policy Recommendations under the Dimension of Continuity**

| RECOMMENDATIONS - CONTINUITY | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Resilience & adaptability** | | **Operational Consistency** | | **Industrial impact** | | **Investment Longevity & Re-investment Patterns** | |
| **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** |
| Crisis management | Strengthen Crisis Preparedness | Standardize operation processes | Standardize regulations & strengthen compliance frameworks | Develop local suppliers and strengthen value chains | Upgrade domestic supplier capabilities | Commit to long-term, phased reinvestment | Enhance investment retention and reinvestment programs |
| Crisis recovery | Facilitate Government / Industry Coordination | Reinforce workforce discipline and compliance | Promote industrial digitalization & automation | Expand exports while deepening local production | Boost trade competitiveness and market access | Adapt to global trends while embedding locally | Strengthen sectoral competitiveness and future readiness |
| Crisis prevention | Enhance Supply Chain Resilience | Automate and digitalize production systems | Enhance workforce development & policy support for businesses | Invest in R&D and innovation partnerships | Attract innovation-led and R&D-intensive FDI | Leverage government and institutional support | Support local ecosystem development to enable reinvestment |
| | Accelerate Digital Transformation | Integrate local suppliers and logistics networks | Upgrade infrastructure & strengthen supply chain resilience | Invest in R&D and innovation partnerships | Lead the shift to green industrial development | Future-proof operations through adopting new technology and sustainability practice | Promote sustainability and digital transformation in reinvestment |

Table Color Coding for Tiers of Complexity, in increasing levels of executional sophistication

| Foundational | Intermediate | Transformational | Systemic (Policy Only) |
|---|---|---|---|

**Figure 40: Overview of Best Practices and Policy Recommendations under the Dimension of Relationship**

| RECOMMENDATIONS - RELATIONSHIP | | | | | | | |
|---|---|---|---|---|---|---|---|
| **CSR initiatives** | | **Company reputation/stakeholder satisfaction** | | **Community & Stakeholder Engagement** | | **Conflict Mechanism** | |
| **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** |
| Build a governance-driven CSR strategy | Standardize CSR and ESG reporting requirements | Align CSR and community engagement with brand strategy | Mandate transparency in stakeholder engagement and CSR reporting | Align community initiatives with economy-wide and regional priorities | Incentivize corporate alignment with domestic development goals | Prevent conflicts through proactive stakeholder engagement | Mandate early stakeholder engagement and conflict prevention standards |
| Activate employee engagement in CSR efforts | Integrate CSR into investment and economic policy frameworks | Engage stakeholders through transparent, proactive communication | Encourage industry benchmarking and reputational excellence | Encourage employee-driven community participation | Strengthen governance frameworks for stakeholder engagement | Strengthen internal dispute resolution and workforce relations | Improve regulatory transparency and investment dispute resolution |
| Align programs with local community needs | Offer financial incentives for high-impact CSR projects | Protect brand integrity through strong crisis management | Establish crisis and accountability frameworks for businesses | Foster transparency through open engagement platforms | Expand financial incentives for community investment | Collaborate with government to ensure policy alignment | Strengthen labor mediation and corporate governance frameworks |
| Integrate environmental sustainability into CSR | Facilitate partnerships for scalable CSR initiatives | | | Co-develop programs through multi-stakeholder collaboration | Encourage public participation and corporate transparency | Address community concerns through transparent engagement | Support community-corporate mediation and social stability initiatives |
| Collaborate to scale impact through partnerships | | | | | | | |

Table Color Coding for Tiers of Complexity, in increasing levels of executional sophistication

| Foundational | Intermediate | Transformational | Systemic (Policy Only) |
|---|---|---|---|

**Figure 41: Overview of Best Practices and Policy Recommendations under the Dimension of Human Resource Development**

| RECOMMENDATIONS - HUMAN RESOURCE DEVELOPMENT | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Local Job Creation** | | **Local Workforce Training & Skills Development** | | **Career Progression** | | **Workforce Diversity and Inclusion** | |
| **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** | **Best practices for FDI companies** | **Policy recommendations for host economies** |
| Expand direct employment through localized hiring strategies | Promote local hiring and strengthen employment regulations | Establish internship and apprenticeship pipelines for talent development | Develop workforce training infrastructure and provide business incentives | Define structured career development paths for vertical growth | Governments can ensure that domestic workforce development systems are aligned with the evolving needs of FDI-driven industries.<br><br>As outlined in Local Workforce Training & Skills Development, public investment in upskilling, industry–academic alignment, and leadership readiness contributes indirectly to career advancement opportunities by ensuring that employees in FDI firms are prepared for long-term growth and leadership roles. | Expand diverse and bias-free hiring practices | Mandate domestic workforce diversity standards and reporting |
| Drive indirect employment by supporting local suppliers and SMEs | Support supply chain development to create indirect jobs | Invest in in-house training to continuously upskill the workforce | Mandate industry-specific skills goals and support long-term adaptability | Enable internal mobility and horizontal career movement | | Foster internal inclusion and employee engagement | Incentivize workforce sustainability leadership and promote industry collaboration |
| Align recruitment with domestic workforce strategies | Expand industry-academic workforce partnerships | Strengthen industry-academic partnerships for skills alignment | Incentivize FDI Companies to deliver structured training programs | Conduct regular career check-ins and provide mentorship support | | Create an inclusive and supportive work environment | |
| Invest in workforce training and long-term career development | Link labor market policy with investment incentives | Create structured career pathways to retain and grow talent | | Develop leadership succession and talent retention strategies | | Engage with industry and community to broaden impact | |

Table Color Coding for Tiers of Complexity, in increasing levels of executional sophistication

| Foundational | Intermediate | Transformational | Systemic (Policy Only) |
|---|---|---|---|

## 6.3 RECOMMENDATIONS – CONTINUITY

### 6.3.1 Resilience & Adaptability

Best Practices Recommendations for FDI Companies

I. **Crisis Management** ① - Structured crisis response frameworks—complete with escalation protocols and decision rights—are essential. Companies that run regular drills and embed these plans across business units are more agile under pressure. Real-time communication and clearly designated response teams enable swift coordination during fast-moving disruptions.

II. **Crisis Recovery** ② - Post-crisis, successful firms adapt quickly through flexible workforce policies, regulatory engagement, and continuous learning. Temporary work arrangements, proactive compliance coordination, and structured after-action reviews allow companies to stabilize operations and update resilience strategies for the future.

III. **Crisis Prevention** ③ - Leading companies reduce disruption risks through proactive measures like supplier diversification, automation, and predictive analytics. Spreading operational dependencies across geographies and digitizing supply chains enables early warning and faster response. These practices help prevent single points of failure and improve overall business continuity readiness.

Policy Recommendations for Host Economies

I. **Strengthen Crisis Preparedness** ① - Economies should issue sector-specific business continuity guidelines and establish rapid response task forces with private sector input. These ensure that responses are fast, coordinated, and aligned with operational realities on the ground.

II. **Facilitate Government / Industry Coordination** ② - Permanent public–private crisis coordination platforms can improve responsiveness and minimize disruptions. Emergency investment protections—such as safeguards against sudden policy shifts—are also vital to maintaining investor confidence during periods of uncertainty.

III. **Enhance Supply Chain Resilience** ③ - Incentivizing supplier diversification, simplifying cross-border procedures during crises, and investing in digital supply chain monitoring tools can help firms maintain continuity and reduce vulnerability to external shocks.

IV. **Accelerate Digital Transformation** ④ - Tax incentives, grants, and regulatory flexibility should support business adoption of AI-driven risk assessment, automation, and remote operations. These technologies are critical for resilient, future-ready industries.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

### 6.3.2 Operational Consistency

Best Practices Recommendations for FDI Companies

I. **Standardize operation processes** ① - Companies that maintain long-term operational consistency adopt global quality benchmarks and align processes with foreign and local regulatory standards. Enforcing standard operating procedures across functions and facilities enhances reliability, reduces variability, and supports scalable growth in diverse markets.

II. **Reinforce workforce discipline and compliance** ① - Operational excellence is sustained by investing in continuous workforce training, performance tracking, and compliance oversight. Companies that embed strong governance systems and upskilling frameworks maintain productivity, reduce risk, and drive quality outcomes consistently.

III. **Automate and digitalize production systems** ② - Integrating automation tools, predictive maintenance systems, and IoT technologies help reduce downtime and streamline operations. High-performing firms embed digital systems throughout the production cycle, improving cost efficiency, traceability, and real-time performance monitoring.

IV. **Integrate local suppliers and logistics networks** ③ - Strong supplier partnerships and investment in logistics coordination are essential. Companies improve reliability by building integrated supply chains, leveraging real-time data to manage inventory, optimize routes, and mitigate delivery disruptions.

Policy Recommendations for Host Economies

I. **Standardize regulations & strengthen compliance frameworks** ① - Economies can reduce friction by harmonizing industrial standards, streamlining regulatory approvals, and establishing mutual recognition agreements. This ensures predictability for investors and supports cross-border operational consistency.

II. **Promote industrial digitalization & automation** ② - Tax incentives, R&D support, and smart manufacturing strategies can help accelerate the uptake of automation, AI, and predictive systems—especially in strategic sectors—raising productivity and global competitiveness.

III. **Enhance workforce development & policy support for businesses** ② - Economies should expand technical upskilling programs and incentivize academia–industry collaboration. These efforts equip the workforce with in-demand capabilities and ensure businesses can scale operations while maintaining high standards.

IV. **Upgrade infrastructure & strengthen supply chain resilience** ③ - Public investment in logistics, trade facilitation, and digital supply chain infrastructure is essential for efficient industrial operations. Strengthening regional connectivity and real-time tracking capabilities reduces bottlenecks and enhances reliability.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

### 6.3.3 Industrial Impact

Best Practices Recommendations for FDI Companies

I. **Develop local suppliers and strengthen value chains** ② - Leading investors actively build out domestic supplier ecosystems by offering training, certification support, and integration opportunities into global value chains. These efforts increase resilience, reduce lead times, and create lasting economic spillovers for Host Economies.

II. **Expand exports while deepening local production** ② - FDI firms amplify industrial impact by sourcing more inputs locally and aligning their production with export growth strategies. Tapping into regional and global trade agreements allows firms to scale exports while catalyzing local industry upgrades.

III. **Invest in R&D and innovation partnerships** ③ - Companies with strong industrial footprints often co-invest in local innovation hubs and collaborate with universities or research institutes. These partnerships drive product development, support knowledge transfer, and embed the company deeper into the local industrial landscape.

IV. **Adopt sustainable and future-oriented practices** ③ - Sustainability is increasingly central to industrial leadership. Companies are adopting green manufacturing practices, setting carbon neutrality targets, and integrating renewable energy sources into operations to future-proof their industrial presence and meet evolving ESG standards.

Policy Recommendations for Host Economies

I. **Upgrade domestic supplier capabilities** ② - Governments can accelerate supplier readiness by offering grants, technical training, and certification support to SMEs. Local sourcing incentives further encourage FDI Companies to anchor more of their value chains within the host economy.

II. **Boost trade competitiveness and market access** ② - Simplifying export procedures, reducing non-tariff barriers, and investing in trade facilitation infrastructure help domestic industries connect with global markets—making FDI-backed production more globally competitive.

III. **Attract innovation-led and R&D-intensive FDI** ③ - Research tax credits, co-investment mechanisms, and dedicated funding for public–private R&D projects can position Host Economies as competitive hubs for innovation-linked foreign investment.

IV. **Lead the shift to green industrial development** ③ - Governments can attract sustainability-driven investors by offering ESG-linked incentives, green financing programs, and support for carbon credit trading. These tools signal a long-term commitment to low-carbon, future-ready industrial ecosystems.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

### 6.3.4 Investment Longevity & Re-investment Patterns

Best Practices Recommendations for FDI Companies

I. **Commit to long-term, phased reinvestment** ① - Successful investors approach market presence with a long-term mindset, often implementing structured, multi-phase investment plans. These allow companies to scale in response to demand, deepen integration over time, and maximize returns while sustaining host economy impact.

II. **Adapt to global trends while embedding locally** ② - Maintaining investment longevity requires balancing global competitiveness with local relevance. Companies integrate into domestic supply chains, regulatory systems, and talent pools, while tailoring strategy to reflect global industry shifts and customer demands.

III. **Leverage government and institutional support** ② - Strong re-investors actively collaborate with public-sector partners - engaging in dialogue on policy, infrastructure, and incentives. Transparent and predictable government support improves long-term planning and strengthens reinvestment viability.

IV. **Future-proof operations through adopting new technology and sustainability practice** ③ - Firms that remain competitive over decades invest early in automation technologies, digital transformation, and low-carbon infrastructure. These investments increase operational efficiency and resilience while aligning with future regulatory and market expectations.

Policy Recommendations for Host Economies

I. **Enhance investment retention and reinvestment programs** ① - Governments should prioritize long-term investor roadmaps, including reinvestment incentives, renewal mechanisms, and regulatory predictability. These tools help reduce uncertainty and encourage firms to take a long-term view in expanding existing operations.

II. **Strengthen sectoral competitiveness and future readiness** ② - Industrial policies should target key sectors with high growth potential—such as semiconductors, green tech, or advanced manufacturing. Supporting modernization and specialization ensures existing FDIs stay relevant and expand with market trends.

III. **Support local ecosystem development to enable reinvestment** ② - Public investment in local supplier development, workforce training, and shared infrastructure creates a conducive environment for reinvestment. When the local ecosystem evolves with the investor, reinvestment becomes the natural path forward.

IV. **Promote sustainability and digital transformation in reinvestment** ③ - Sustainability-linked tax incentives, automation grants, and digital upgrading funds encourage companies to embed climate resilience and productivity into reinvestment plans—future-proofing the industrial base for the next decade.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

## 6.4 RECOMMENDATIONS – RELATIONSHIP

### 6.4.1 CSR Initiatives

Best Practices Recommendations for FDI Companies

I. **Build a governance-driven CSR strategy** ① - Leading firms treat CSR as a core business function, backed by structured ESG governance, accountability, and impact measurement frameworks. Clear ownership and transparency ensure CSR programs are sustainable, credible, and aligned with long-term goals.

II. **Activate employee engagement in CSR efforts** ① - Companies with impactful CSR programs promote employee volunteerism, donation matching, and internal participation. These initiatives enhance corporate culture and extend CSR impact through grassroots involvement across the workforce.

III. **Align programs with local community needs** ① - Effective CSR creates shared value by addressing real community priorities—such as education, healthcare, and job readiness. Long-term, locally grounded initiatives build trust, improve social outcomes, and reinforce the company's social license to operate.

IV. **Integrate environmental sustainability into CSR** ② - Forward-looking companies incorporate renewable energy, waste reduction, and carbon-neutral initiatives into their CSR strategies. These efforts align social responsibility with environmental regulations and stakeholder expectations, strengthening both their brand and regulatory standing.

V. **Collaborate to scale impact through partnerships** ② - High-impact CSR efforts often involve collaboration with governments, NGOs, and academia. These partnerships amplify program reach, reduce duplication, and ensure alignment with broader development objectives.

Policy Recommendations for Host Economies

I. **Standardize CSR and ESG reporting requirements** ① - Governments should mandate transparent CSR disclosures and establish clear reporting frameworks that align with domestic sustainability targets. Consistent reporting standards improve accountability and enable better policy alignment with corporate social impact.

II. **Integrate CSR into investment and economic policy frameworks** ② - Incentive structures for FDI should recognize CSR contributions. Linking social responsibility metrics to investment approvals, sustainability clauses in trade agreements, and domestic development plans can embed CSR into broader economic strategy.

III. **Offer financial incentives for high-impact CSR projects** ② - Tax deductions, targeted grants, and access to sustainability-linked financing can encourage companies to invest in CSR initiatives with long-term public value—especially in areas like education, healthcare, renewable energy, and social infrastructure.

IV. **Facilitate partnerships for scalable CSR initiatives** ③ - Public-private collaboration platforms, co-funded industry-wide programs, and CSR knowledge-sharing networks

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

can enhance coordination and amplify results. Government facilitation of multi-stakeholder partnerships makes CSR efforts more strategic and scalable.

### 6.4.2 Company Reputation/Stakeholder Satisfaction

Best Practices Recommendations for FDI Companies

I. **Align CSR and community engagement with brand strategy** ① - Reputable companies treat CSR and stakeholder engagement as central to their brand identity. By aligning social initiatives with core business values, domestic development goals, and stakeholder expectations, firms build deeper trust and long-term credibility within Host Economies.

II. **Engage stakeholders through transparent, proactive communication** ① - Companies strengthen public perception by maintaining clear, consistent communication channels with local communities, government bodies, and employees. Structured engagement mechanisms—such as town halls, surveys, and brand audits—help firms stay responsive and accountable to stakeholder concerns.

III. **Protect brand integrity through strong crisis management** ② - To safeguard reputation, companies invest in proactive risk management and crisis communication strategies. Clear response protocols, rapid issue resolution, and transparent corrective actions ensure that firms maintain public trust during periods of disruption or scrutiny.

Policy Recommendations for Host Economies

I. **Mandate transparency in stakeholder engagement and CSR reporting** ① - Governments can enhance accountability by requiring disclosures on community engagement, CSR performance, and stakeholder satisfaction. Structured reporting builds public confidence and provides visibility into how companies contribute to domestic development goals.

II. **Encourage industry benchmarking and reputational excellence** ② - Supporting employer branding initiatives, ESG award programs, and governance ratings incentivizes firms to uphold high reputational standards. Domestic-level recognition also helps showcase responsible investors and guide best practice adoption across industries.

III. **Establish crisis and accountability frameworks for businesses** ③ - Guidelines for corporate crisis response, reputational risk mitigation, and public disclosure protocols improve consistency and integrity in how companies manage reputational issues. These frameworks support stable investment environments and stakeholder confidence during crises.

### 6.4.3 Community & Stakeholder Engagement

Best Practices Recommendations for FDI Companies

I. **Align community initiatives with economy-wide and regional priorities** ① - Effective companies design community programs that directly support public policy goals in areas like education, workforce development, and environmental sustainability. This alignment enhances relevance, deepens impact, and strengthens partnerships with government stakeholders.

II. **Encourage employee-driven community participation** ① - Employee volunteerism, skills-based mentoring, and donation-matching programs empower staff to contribute meaningfully to social impact. These initiatives strengthen local relationships while reinforcing company values.

III. **Foster transparency through open engagement platforms** ② - Companies that offer site tours, host stakeholder dialogues, and invest in consumer education build trust and improve public understanding of their role. These initiatives encourage inclusive dialogue and the company's accountability to local communities.

IV. **Co-develop programs through multi-stakeholder collaboration** ③ - Long-term impact is best achieved through partnerships. Leading firms work with governments, academic institutions, and NGOs to co-create initiatives that are locally grounded, scalable, and aligned with the needs of both communities and the business.

Policy Recommendations for Host Economies

I. **Incentivize corporate alignment with domestic development goals** ① - Governments should encourage businesses to contribute to education, skills development, and sustainability through stakeholder engagement initiatives. Linking these efforts to broader policy objectives ensures community programs are aligned and mutually reinforcing.

II. **Strengthen governance frameworks for stakeholder engagement** ② - Establishing formal corporate–community engagement policies, public–private advisory councils, and clear collaboration guidelines provides structure and consistency for long-term corporate participation in domestic development efforts.

III. **Expand financial incentives for community investment** ② - Tax deductions, matching grants, and co-funding programs can encourage companies to invest in long-term, high-impact initiatives—especially in areas where public services may be limited.

IV. **Encourage public participation and corporate transparency** ③ - Governments should promote stakeholder engagement standards that include open feedback channels, annual impact reporting, and community-inclusive planning processes. These practices improve public trust and ensure corporate programs reflect local priorities.

### 6.4.4 Conflict Resolution Mechanism

Best Practices Recommendations for FDI Companies

I. **Prevent conflicts through proactive stakeholder engagement** ① - Leading firms invest in early engagement with stakeholders to surface concerns before they escalate. Structured consultations, early-warning systems, and regular communication channels help identify potential friction points and build mutual trust.

II. **Strengthen internal dispute resolution and workforce relations** ① - Companies reduce workplace conflict by establishing formal grievance mechanisms, supporting transparent labor dialogue, and creating structured employee feedback systems. These efforts foster constructive communication and improve workplace stability.

III. **Collaborate with government to ensure policy alignment** ② - Firms that maintain open, ongoing dialogue with regulators are better positioned to manage policy shifts and compliance issues. Participation in industry platforms and alignment with domestic priorities help reduce the risk of disputes.

IV. **Address community concerns through transparent engagement** ③ - To avoid social friction, companies establish clear community grievance mechanisms, conduct impact assessments, and maintain ongoing dialogue with local stakeholders. These practices reinforce the company's social license to operate and promote long-term acceptance.

Policy Recommendations for Host Economies

I. **Mandate early stakeholder engagement and conflict prevention standards** ① - Governments should require structured corporate stakeholder engagement processes, early-warning conflict monitoring, and mediation guidelines. These mechanisms help detect and defuse issues before they escalate into broader disputes.

II. **Improve regulatory transparency and investment dispute resolution** ② - Independent mediation bodies, streamlined compliance systems, and clear legal frameworks can reduce friction between investors and regulators, enhancing confidence and dispute resolution efficiency for FDI.

III. **Strengthen labor mediation and corporate governance frameworks** ② - Developing robust domestic labor arbitration systems, supporting corporate grievance platforms, and offering legal advisory services improves internal dispute resolution and fosters stable labor relations.

IV. **Support community-corporate mediation and social stability initiatives** ③ - Governments should facilitate dialogue platforms between companies and local communities, promote community co-governance structures, and offer incentives for businesses that invest in programs that promote social stability.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

## 6.5 RECOMMENDATIONS – HUMAN RESOURCE DEVELOPMENT

### 6.5.1 Local Job Creation

Best Practices Recommendations for FDI Companies

I. **Expand direct employment through localized hiring strategies** ① - Successful companies prioritize recruiting from the local workforce, offering fair wages, benefits, and long-term employment pathways. This strengthens economic inclusion and enhances the company's social credibility in host communities.

II. **Drive indirect employment by supporting local suppliers and SMEs** ② - Beyond direct hiring, firms generate broader indirect employment by integrating local vendors into their supply chains. Providing training, capacity-building, and partnership opportunities helps SMEs grow and generate new jobs across the economy.

III. **Align recruitment with domestic workforce strategies** ② - Effective hiring strategies are coordinated with government labor policies and education systems. Collaborating with public programs, universities, and vocational institutions ensures that workforce development meets domestic priorities and industry needs.

IV. **Invest in workforce training and long-term career development** ③ - Companies that offer structured training programs, apprenticeships, and skills certifications not only enhance productivity but also improve employee retention and support long-term employability within the host economy.

Policy Recommendations for Host Economies

I. **Promote local hiring and strengthen employment regulations** ① - Governments should incentivize workforce localization through tax benefits, enforce fair labor standards, and issue clear guidelines on hiring expectations. This encourages stable, inclusive employment creation in FDI-backed industries.

II. **Support supply chain development to create indirect jobs** ② - Policies that promote SME integration into global value chains, such as vendor training grants, co-financing schemes, and supplier matchmaking, enable firms to generate employment beyond their own operations.

III. **Expand industry-academic workforce partnerships** ② - Co-investing in vocational training, funding corporate-led upskilling programs, and building industry-aligned education curricula can create a steady pipeline of skilled local talent, directly linked to employer needs.

IV. **Link labor market policy with investment incentives** ③ - Governments should connect job creation to investment approval criteria, streamline high-skill talent permits, and regularly update labor regulations to match evolving industry trends - ensuring employment policies remain responsive and growth-oriented.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

### 6.5.2 Local Workforce Training & Skills Development

Best Practices Recommendations for FDI Companies

I. **Establish internship and apprenticeship pipelines for talent development** ① - Structured internship and apprenticeship programs offer students real-world exposure and help companies nurture future talent. Rotational programs and early-career development tracks also support smoother entry into the workforce and reduce attrition.

II. **Invest in in-house training to continuously upskill the workforce** ① - FDI Companies maintain productivity and competitiveness by running internal training centers, corporate academies, and digital learning platforms. These programs enable employees to stay current with industry advancements and support operational excellence.

III. **Strengthen industry-academic partnerships for skills alignment** ② - Leading firms work closely with universities, vocational institutions, and research centers to co-develop curricula tailored to industry needs. These collaborations ensure that graduates are equipped with the right skills and reduce onboarding gaps for employers.

IV. **Create structured career pathways to retain and grow talent** ② - Companies that clearly define advancement opportunities—through promotion tracks, lateral mobility options, and leadership development programs—tend to retain skilled workers and build stronger, more adaptable teams over time.

Policy Recommendations for Host Economies

I. **Develop workforce training infrastructure and provide business incentives** ① - Governments should co-invest in training centers and vocational hubs while offering financial incentives to companies that actively upskill their employees. Public-private training partnerships are critical for building a modern, job-ready workforce.

II. **Mandate industry-specific skills goals and support long-term adaptability** ② - Setting skills development targets for priority sectors—and integrating them into education systems—ensures alignment with economic strategy. Funding for continuous reskilling in areas like AI, automation, and leadership helps maintain long-term workforce relevance.

III. **Incentivize FDI Companies to deliver structured training programs** ② - Governments can offer grants, tax benefits, and shared training facilities to encourage firms to formalize internal training initiatives. This ensures that foreign investors contribute meaningfully to the development of local human capital.

### 6.5.3 Career Progression

Best Practices Recommendations for FDI Companies

I. **Define structured career development paths for vertical growth** ① - High-performing companies support employee advancement through clearly defined promotion criteria, competency-based frameworks, and regular performance evaluations. These structures provide transparency and motivate employees to pursue upward mobility within the organization.

II. **Enable internal mobility and horizontal career movement** ① - Offering lateral opportunities, such as cross-functional assignments, internal transfers, or short-term cross-border placements, helps employees build diverse skill sets and strengthens organizational agility.

III. **Conduct regular career check-ins and provide mentorship support** ② - Structured career conversations, mentorship programs, and skills mapping tools help employees align personal aspirations with business needs. These practices foster engagement, clarify development goals, and support long-term retention.

IV. **Develop leadership succession and talent retention strategies** ③ - Companies that identify high-potential talent early and invest in leadership pipelines ensure continuity and resilience. Succession planning paired with tailored development tracks strengthens organizational depth and supports sustainable business growth.

Policy Considerations for Host Economies

Career progression within FDI firms is primarily shaped by internal HR strategies, corporate culture, and industry-specific practices. While governments cannot dictate promotion systems or internal mobility policies, they can enable long-term advancement by ensuring domestic workforce development systems are aligned with the evolving needs of FDI-driven industries. As outlined in Local Workforce Training & Skills Development, public investment in upskilling, industry–academic alignment, and leadership readiness contributes indirectly to career advancement opportunities by ensuring that employees in FDI firms are prepared for long-term growth and leadership roles.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

### 6.5.4 Workforce Diversity and Inclusion

Best Practices Recommendations for FDI Companies

I. **Expand diverse and bias-free hiring practices** ① - Leading companies adopt inclusive recruitment strategies that intentionally seek out underrepresented talent pools. This includes fair hiring policies, outreach to diverse communities, and structured processes to ensure bias-free candidate evaluation.

II. **Foster internal inclusion and employee engagement** ② - Diversity efforts go beyond hiring—companies must build inclusive cultures that value every employee's voice. Mentorship for underrepresented staff, employee resource groups, and equitable access to leadership opportunities help create workplaces where all employees can thrive.

III. **Create an inclusive and supportive work environment** ② - Firms committed to inclusion ensure accessibility, inclusive policies, and psychological safety. Providing workplace accommodations, promoting work–life balance, and conducting bias-free evaluations contribute to an environment where all employees feel valued and respected.

IV. **Engage with industry and community to broaden impact** ③ - Progressive firms extend their workforce sustainability efforts beyond company walls by collaborating with industry associations, educational institutions, and NGOs. These partnerships help build diverse talent pipelines and advance inclusion across the wider ecosystem.

Policy Recommendations for Host Economies

I. **Mandate domestic workforce diversity standards and reporting** ① - Governments can accelerate inclusion by requiring FDI firms to publish workforce diversity metrics, comply with anti-discrimination laws, and uphold fair employment practices. Clear expectations promote transparency and accountability in the private sector.

II. **Incentivize workforce sustainability leadership and promote industry collaboration** ② - Offering tax benefits, public recognition, and co-funding opportunities encourages companies to implement inclusive hiring, leadership mentorship, and workforce sustainability initiatives. Facilitating platforms for cross-company collaboration helps scale diversity impact across sectors and industries.

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

# 7 ACTION CHECKLIST FOR LONG-TERM FDI

This final section concludes the study by translating strategic insights into concrete, actionable checklists for both companies and Host Economies involved in long-term FDI. Throughout the study, what enables long-term FDI success across diverse APEC economies have been identified through the actual experiences of companies navigating real-world complexities of their investment in their respective economies. These companies have sustained operations for decades by building deep local roots, responding with agility to shocks, cultivating trusted relationships, and investing in people. Likewise, the Host Economies play an equally critical role. By shaping transparent, resilient, and future-ready ecosystems, public institutions create the enabling conditions for long-term investment to thrive and evolve.

While this report focuses on successful long-term foreign direct investment (FDI) cases, valuable policy insights can also be gleaned from instances where investments failed or were prematurely withdrawn. Foreign investors often exited due to unresolved regulatory uncertainty or changes, disputes over compensation, supply chain disruptions under macroeconomic stress, or strategic misalignment with business partners.

Abrupt policy changes—during unexpected global events and disruptions—have compelled foreign investors to terminate operations, despite substantial initial commitments. In other scenarios, reputational or political risks stemming from investor–government disputes created untenable conditions for continued operation.

Additionally, some business ventures failed to mature due to diverging commercial priorities, partner incompatibility, or an insufficient localization strategy. These cases highlight that long-term FDI resilience depends not only on corporate strategy but also on predictable and responsive public institutions.

The two checklists presented here are designed to serve as practical tools:

- Best practices recommendations for FDI Companies, focused on how to strengthen local integration, resilience, and workforce strategies.
- Best policy recommendations for Host Economies, focused on how to create an environment that supports reinvestment, inclusive growth, and industrial competitiveness.

While rooted in successful FDI case studies, these checklists also reflect key lessons from past investment failures as discussed earlier. Together, they offer a blueprint for aligning public and private actions toward shared goals — sustainable development, economic resilience, and inclusive prosperity across the APEC region. These checklists are not a final step, but a starting point — a foundation on which companies and policymakers can continue building dynamic, long-term partnerships in the years ahead.

Each item in the checklist has been segmented, not only by the three core dimensions, but also by their tiers of complexity. The tiers of complexity also align with figure 38, with labels ①, ②, ③, and ④ being used just like in *Section 6*, to indicate increasing levels of executional sophistication (see ***Figure 38*****).**

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

## 7.1 BEST PRACTICES FOR FDI COMPANIES

### A. Continuity

#### 1. L-① : Foundational

☐ **Establish and institutionalize a structured crisis response framework with clear escalation protocols**

*Develop a crisis management playbook with predefined decision rights, escalation pathways, and designated response teams across business units. Regularly run cross-functional simulation drills to embed preparedness, enhance agility, and ensure seamless coordination during real-time disruptions.*

☐ **Standardize operational processes to ensure consistency and scalability across markets**

*Adopt global quality benchmarks and align internal procedures with both global and local regulatory standards. Enforce uniform standard operating procedures across all functions and facilities to reduce variability, strengthen reliability, and enable seamless scaling in diverse operating environments.*

☐ **Reinforce workforce discipline through training, performance monitoring, and compliance systems**

*Sustain operational excellence by embedding continuous upskilling programs, implementing robust performance tracking mechanisms, and strengthening compliance oversight. This ensures consistent productivity, minimizes operational risk, and drives high-quality outcomes across the organization.*

☐ **Commit to long-term, phased reinvestment strategies aligned with market evolution**

*Structure investment plans in deliberate stages—starting from market entry to deeper integration and scaling—allowing flexibility to adapt to demand shifts. This approach maximizes return on investment, strengthens local presence, and reinforces sustained economic contribution to the host economy.*

#### 2. L-② : Intermediate

☐ **Strengthen post-crisis recovery through adaptive workforce policies and structured reviews**

*Support operational rebound with flexible staffing, proactive regulatory coordination, and after-action reviews. These measures accelerate stabilization and embed continuous learning into long-term resilience planning.*

☐ **Embed automation and digital technologies across production systems**

*Deploy IoT, predictive maintenance, and real-time monitoring tools to reduce downtime, improve traceability, and enhance cost efficiency. A fully digitalized production cycle supports scalable, high-performance operations in competitive markets.*

☐ **Scale exports through locally integrated production models**

*Combine export-driven growth with increased local sourcing to amplify industrial impact. Aligning operations with trade agreements and regional value chains enables firms to expand market access while strengthening domestic supply ecosystems.*

☐ **Balance global competitiveness with local integration**

*Integrate operations with domestic supply chains, regulatory frameworks, and talent ecosystems. This ensures long-term relevance, resilience, and license to operate.*

☐ **Leverage government and institutional support**

*Collaborate with public-sector stakeholders on policy, infrastructure, and incentives. Transparent and predictable government support improves reinvestment planning and strengthens long-term viability.*

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**3. L-③ : Transformational**

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☐ **Prevent operational disruptions through supply chain resilience and early-warning systems**

*Mitigate operational vulnerabilities by diversifying suppliers, embedding automation, and deploying predictive analytics. Spreading dependencies across geographies and digitizing supply chains enables early detection, rapid response, and stronger business continuity readiness.*

☐ **Strengthen supply reliability by integrating local suppliers and logistics networks**

*Forge strong partnerships with local vendors and invest in end-to-end logistics coordination. Embedding suppliers into integrated value chains and leveraging real-time data for inventory and route management enhances delivery efficiency and reduces operational disruptions.*

☐ **Accelerate local innovation through R&D investment and strategic partnerships**

*Co-invest in local innovation hubs and collaborate with universities and research institutes to drive product development and knowledge transfer. These efforts deepen industrial integration, strengthen technological capabilities, and position the firm as a long-term contributor to the local innovation ecosystem.*

☐ **Adopt sustainable and future-oriented practices to strengthen industrial leadership**

*Implement green manufacturing processes, set carbon neutrality targets, and integrate renewable energy into operations. These actions enhance ESG alignment, ensure long-term competitiveness, and future-proof the company's industrial footprint.*

☐ **Adapt new technology and sustainability practices to future-proof operations**

*Invest early in automation technologies, digital transformation, and low-carbon infrastructure to increase operational efficiency and resilience. These actions ensure competitiveness over decades and align with future regulatory and market expectations.*

## B. Relationships

### 1. L-① : Foundational

☐ **Build a governance-driven CSR strategy anchored in accountability and impact measurement**

*Position CSR as a core business function by instituting structured ESG governance, clear internal ownership, and transparent impact metrics. This ensures credibility, long-term alignment with business objectives, and sustained value creation for local communities.*

☐ **Activate employee engagement to amplify CSR impact through grassroots participation**

*Foster a culture of purpose by encouraging employee volunteerism, enabling donation matching programs, and promoting internal involvement in CSR initiatives. This deepens organizational commitment, strengthens corporate culture, and broadens the reach of social impact efforts.*

☐ **Align CSR programs with local community needs to create shared value**

*Design initiatives that directly address local priorities such as education, healthcare, and workforce development—to build long-term trust and deliver meaningful social outcomes. Grounding programs in community realities strengthens the company's social license to operate.*

☐ **Align CSR and community engagement with brand and business strategy**

*Integrate social initiatives with core brand values, domestic development priorities, and stakeholder expectations to position CSR as a strategic asset. This reinforces brand credibility, builds deeper trust with local stakeholders, and strengthens long-term positioning in the host market.*

☐ **Engage stakeholders through transparent and proactive communication channels**

*Maintain consistent, clear dialogue with local communities, government agencies, and employees. Utilize structured engagement tools—such as town halls, surveys, and brand audits—to remain responsive, build trust, and uphold accountability to stakeholder concerns.*

☐ **Align community initiatives with economy-wide and regional development priorities**

*Design programs that directly support public policy objectives—such as education, workforce development, and environmental sustainability—to increase relevance, amplify social impact, and foster stronger partnerships with government stakeholders.*

☐ **Encourage employee-driven community participation through volunteerism and skills-based programs**

*Empower employees to engage in social impact via volunteering, mentoring, and donation-matching initiatives. This approach builds stronger local ties while reinforcing the company's values and culture internally.*

☐ **Prevent conflicts through proactive and early stakeholder engagement**

*Invest in structured consultations, early-warning mechanisms, and consistent communication channels to identify concerns before they escalate. This approach builds mutual trust and reduces the risk of conflict with key stakeholders.*

☐ **Strengthen internal dispute resolution and workforce relations**

*Establish formal grievance mechanisms, promote transparent labor dialogue, and implement structured employee feedback systems. These practices foster constructive communication and enhance workplace stability.*

## 2. L-② : Intermediate

☐ **Integrate environmental sustainability into CSR programs**

*Embed renewable energy, waste reduction, and carbon-neutral initiatives within CSR strategies. This alignment enhances regulatory compliance, meets stakeholder expectations, and strengthens brand reputation.*

☐ **Collaborate with stakeholders to scale CSR impact**

*Partner with governments, NGOs, and academic institutions to amplify program reach, avoid duplication, and align initiatives with broader development goals.*

☐ **Protect brand integrity through robust crisis management**

*Implement proactive risk management and crisis communication strategies. Establish clear response protocols, ensure rapid issue resolution, and maintain transparency to preserve public trust during disruptions.*

☐ **Foster transparency through open stakeholder engagement platforms**

*Organize site tours, facilitate stakeholder dialogues, and promote consumer education to build trust, encourage inclusive conversations, and enhance accountability to local communities.*

☐ **Collaborate proactively with government to ensure policy alignment**

*Maintain continuous dialogue with regulators and engage in industry platforms to anticipate policy shifts, ensure compliance, and minimize corporate–government conflicts.*

## 3. L-③ : Transformational

☐ **Co-develop scalable programs through multi-stakeholder collaboration**

*Partner with governments, academic institutions, and NGOs to design initiatives that are locally grounded, aligned with business priorities, and responsive to community needs. These collaborations strengthen program relevance, enhance scalability, and deepen long-term impact.*

☐ **Address community concerns through transparent engagement and grievance mechanisms**

*Establish formal channels for community feedback, conduct social impact assessments, and maintain regular dialogue with local stakeholders. These practices reinforce social license to operate, reduce the risk of conflict, and build long-term community trust.*

## C. Human Resource Development

### 1. L-① : Foundational

☐ **Expand direct employment by prioritizing localized hiring strategies**

*Focus on recruiting from the local workforce with competitive wages, benefits, and clear career development paths. This approach promotes economic inclusion and bolsters the company's social credibility within host communities.*

☐ **Establish structured internship and apprenticeship pipelines to develop future talent**

*Implement programs that provide students with practical experience and rotational opportunities. Early career development tracks facilitate workforce entry and help reduce employee turnover.*

☐ **Invest in in-house training programs to continuously upskill the workforce**

*Establish internal training centers, corporate academies, and digital learning platforms to keep employees aligned with industry developments. These initiatives enhance productivity, support operational excellence, and strengthen long-term competitiveness.*

☐ **Define structured career development paths to support vertical growth**

*Implement clear promotion criteria, competency-based advancement frameworks, and regular performance evaluations to provide transparency and motivate employees. This encourages internal mobility and strengthens long-term talent retention.*

☐ **Enable internal mobility through horizontal career opportunities and cross-functional exposure**

*Provide avenues for employees to take on lateral roles—such as internal transfers, cross-functional projects, and short-term global placements—to broaden skill sets and enhance organizational agility.*

☐ **Expand diverse and equitable hiring practices through inclusive recruitment strategies**

*Implement fair hiring policies, conduct targeted outreach to underrepresented communities, and use structured, bias-free evaluation processes. This strengthens workforce diversity and promotes equal opportunity.*

## 2. L-② : Intermediate

☐ **Drive indirect employment through local supplier and SME integration**

*Embed local vendors into supply chains to expand economic impact. Provide training, capacity-building, and long-term partnerships to help SMEs grow and create broader employment across the economy.*

☐ **Align recruitment with domestic workforce strategies**

*Coordinate hiring efforts with government labor policies and education systems. Partnering with public programs, universities, and vocational institutions ensures workforce development supports domestic priorities and meets industry demands.*

☐ **Co-develop curricula with academic partners to align skills with industry needs**

*Collaborate with universities, vocational institutions, and research centers to ensure graduates are job-ready. These partnerships close skill gaps, reduce onboarding time, and strengthen long-term talent pipelines.*

☐ **Define structured career pathways to retain and grow talent**

*Establish clear promotion tracks, lateral mobility options, and leadership development programs to support employee growth. These structures boost retention, strengthen capabilities, and build a more resilient workforce.*

☐ **Conduct regular career check-ins and offer mentorship support**

*Use structured career conversations, skills mapping, and mentorship programs to align employee aspirations with business needs. These practices improve engagement, clarify growth paths, and strengthen long-term retention.*

☐ **Foster internal inclusion and employee engagement by cultivating inclusive cultures that value every voice**

*Promote mentorship programs for underrepresented staff, support employee resource groups, and ensure equitable access to leadership opportunities. These efforts create workplaces where all employees can thrive and contribute meaningfully.*

☐ **Create an inclusive and supportive work environment through accessible policies and equitable practices**

*Ensure physical and psychological safety by providing workplace accommodations, promoting work–life balance, and implementing bias-free evaluations. These measures foster a culture where all employees feel valued, respected, and empowered to perform at their best.*

## 3. L-③ : Transformational

☐ **Invest in workforce training and long-term career development programs**

*Design and deliver structured training, apprenticeships, and certification pathways to enhance employee skills. These initiatives boost productivity, increase retention, and strengthen sustainable employability within the host economy.*

☐ **Develop leadership succession and talent retention strategies to ensure organizational continuity and resilience**

*Identify high-potential talent early and invest in tailored leadership pipelines. Pair succession planning with customized development tracks to strengthen organizational depth and support sustainable business growth.*

☐ **Engage with industry and community partners to broaden workforce sustainability impact**

*Collaborate with industry associations, educational institutions, and NGOs to extend workforce sustainability efforts beyond the company. These partnerships build diverse talent pipelines and advance inclusion across the wider ecosystem.*

## 7.2 POLICY RECOMMENDATIONS FOR HOST ECONOMIES

### A. Continuity

#### 1. L-① : Foundational

☐ **Strengthen crisis preparedness through public-private coordination and sector-specific guidelines**

*Governments should develop business continuity protocols tailored to key industries and establish rapid response task forces in collaboration with the private sector. This ensures swift, coordinated action aligned with real-world operational needs.*

☐ **Standardize regulations and strengthen compliance frameworks to improve investor predictability**

*Harmonize industrial standards, streamline regulatory approvals, and establish mutual recognition agreements to reduce operational friction. These measures enhance regulatory clarity and support cross-border consistency for FDI operations.*

☐ **Enhance investment retention and reinvestment programs through long-term policy tools**

*Develop investor roadmaps with clear reinvestment incentives, streamlined renewal mechanisms, and consistent regulatory frameworks. These measures reduce uncertainty and motivate companies to deepen their presence rather than exit or relocate.*

#### 2. L-② : Intermediate

☐ **Facilitate government–industry coordination to strengthen crisis responsiveness and policy stability**

*Establish permanent public–private platforms to enhance crisis coordination, minimize disruptions, and improve decision-making agility. Embed emergency investment protections—such as safeguards against abrupt regulatory shifts—to preserve investor confidence during periods of uncertainty.*

☐ **Promote industrial digitalization and automation to boost productivity and competitiveness**

*Accelerate adoption of AI, predictive systems, and smart manufacturing through targeted tax incentives, R&D support, and sector-specific digital strategies. These measures strengthen operational efficiency and elevate strategic industries on the global stage.*

☐ **Enhance workforce development and policy support to enable scalable, high-standard operations**

*Expand technical upskilling programs and incentivize academia–industry collaboration to build in-demand capabilities. These efforts equip the workforce for future needs and ensure businesses can grow while meeting quality and productivity expectations.*

Tiers of Complexity, in increasing levels of executional sophistication
① - Foundational ② - Intermediate ③ - Transformational ④ - Systemic (Policy Only)

☐ **Upgrade domestic supplier capabilities to strengthen local value chains**

*Accelerate SME readiness through targeted grants, technical training, and certification programs. Local sourcing incentives further encourage FDI Companies to embed more of their operations within the host economy, driving deeper industrial integration.*

☐ **Boost trade competitiveness and expand market access through targeted facilitation**

*Simplify export procedures, reduce non-tariff barriers, and invest in logistics and digital trade infrastructure. These measures strengthen domestic industries' global connectivity and enhance the competitiveness of FDI-backed production.*

☐ **Strengthen sectoral competitiveness and future readiness through targeted industrial policy**

*Prioritize strategic sectors aligned with global value chains—such as semiconductors, green technology, and advanced manufacturing. Support modernization and specialization to ensure existing FDIs remain competitive and scale with evolving market trends.*

☐ **Support ecosystem development to enable reinvestment and long-term expansion**

*Drive reinvestment by strengthening supplier capabilities, expanding workforce training, and developing shared infrastructure. A responsive and evolving local ecosystem encourages existing investors to deepen their footprint and scale operations over time.*

## 3. L-③ : Transformational

☐ **Enhance supply chain resilience**

*Incentivize supplier diversification, simplify cross-border procedures during crises, and invest in digital supply chain monitoring tools to help firms maintain continuity and reduce vulnerability to external shocks.*

☐ **Upgrade infrastructure and strengthen supply chain resilience**

*Prioritize public investment in logistics, trade facilitation, and digital infrastructure to enable efficient industrial operations. Enhancing regional connectivity and real-time tracking capabilities reduces bottlenecks and improves reliability.*

☐ **Attract innovation-led and R&D-intensive FDI**

*Offer research tax credits, co-investment schemes, and dedicated funding for public–private R&D initiatives to position the host economy as a competitive hub for innovation-driven foreign investment.*

☐ **Lead the shift to green industrial development**

*Attract sustainability-driven investors by offering ESG-linked incentives, green financing programs, and support for carbon credit trading. These tools demonstrate a long-term commitment to building low-carbon, future-ready industrial ecosystems.*

☐ **Promote sustainability and digital transformation in reinvestment**

*Offer sustainability-linked tax incentives, automation grants, and digital upgrading funds to encourage companies to embed climate resilience and productivity into reinvestment plans—future-proofing the industrial base for the next decade.*

**4. L-④ : Systemic (policy only)**

☐ **Promote integration of digital and intelligent systems across industries**

*Provide tax incentives, grants, and regulatory flexibility to support adoption of AI-driven risk assessment, automation, and remote operations. These technologies are essential for building resilient, future-ready industries.*

## B. Relationship

**1. L-① : Foundational**

☐ **Standardize CSR and ESG reporting requirements to enhance transparency and policy alignment**

*Mandate structured disclosures aligned with economy-wide sustainability goals and establish clear reporting frameworks that follow standards set by global organizations. Consistent standards improve corporate accountability and enable more effective integration with public development priorities.*

☐ **Mandate transparency in stakeholder engagement and CSR reporting to build public trust**

*Require companies to disclose community engagement efforts, CSR outcomes, and stakeholder satisfaction metrics. Structured, consistent reporting enhances accountability and demonstrates alignment with economy-wide development objectives.*

☐ **Incentivize corporate alignment with domestic development goals through targeted stakeholder engagement**

*Encourage businesses to support priorities such as education, workforce development, and sustainability by linking CSR initiatives to public policy objectives. This fosters mutually reinforcing outcomes between corporate programs and domestic agendas.*

☐ **Mandate early stakeholder engagement and conflict prevention standards to reduce escalation risk**

*Require companies to implement structured engagement processes, early-warning systems, and mediation protocols. These tools help identify and resolve tensions proactively, fostering a more stable investment environment.*

## 2. L-② : Intermediate

☐ **Integrate CSR into investment and economic policy frameworks to align business incentives with domestic development goals**

*Embed CSR into FDI incentives by linking CSR performance to investment approvals, embedding sustainability clauses into trade agreements, and aligning initiatives with domestic development plans. This makes social impact central to economic strategy.*

☐ **Offer financial incentives for high-impact CSR projects to catalyze long-term social value creation**

*Deploy tax deductions, targeted grants, and sustainability-linked financing to encourage corporate investment in CSR initiatives. Prioritize high-impact sectors such as education, healthcare, renewable energy, and social infrastructure to amplify public benefit and align business efforts with host economy priorities.*

☐ **Encourage industry benchmarking and reputational excellence through structured recognition mechanisms**

*Promote employer branding, ESG award programs, and governance ratings to incentivize firms to uphold high standards. Public recognition of responsible investors drives reputational competitiveness and accelerates best practice adoption.*

☐ **Strengthen governance frameworks for stakeholder engagement through formalized policies and advisory mechanisms**

*Establish corporate–community engagement protocols, public–private advisory councils, and clear collaboration guidelines to ensure structured, consistent, and sustainable corporate involvement in domestic development initiatives.*

☐ **Expand financial incentives to drive long-term community investment**

*Offer tax deductions, matching grants, and co-funding programs to promote corporate support for high-impact initiatives, particularly in areas with limited public services.*

☐ **Enhance regulatory transparency and streamline investment dispute resolution**

*Establish independent mediation bodies, simplify compliance systems, and clarify legal frameworks to reduce friction between investors and regulators, boost investor confidence, and improve dispute resolution efficiency for FDI.*

☐ **Strengthen labor mediation and corporate governance frameworks**

*Develop robust domestic labor arbitration systems, support corporate grievance platforms, and provide legal advisory services to improve internal dispute resolution and foster stable labor relations.*

## 3. L-③ : Transformational

☐ **Facilitate partnerships for scalable CSR initiatives**

*Establish public–private collaboration platforms, co-fund industry-wide programs, and enable CSR knowledge-sharing networks to enhance coordination and amplify results. Government facilitation of multi-stakeholder partnerships helps make CSR efforts more strategic and scalable.*

☐ **Establish crisis and accountability frameworks for businesses**

*Develop clear guidelines for corporate crisis response, reputational risk mitigation, and public disclosure protocols to ensure consistency and integrity in how companies manage reputational challenges. These frameworks help maintain stakeholder trust and reinforce a stable investment environment during periods of uncertainty.*

☐ **Encourage public participation and corporate transparency**

*Promote stakeholder engagement standards that mandate open feedback mechanisms, annual impact disclosures, and inclusive planning processes. These practices strengthen public trust and ensure corporate initiatives align with host community priorities.*

☐ **Support community–corporate mediation and social stability initiatives**

*Facilitate structured dialogue platforms, promote community co-governance mechanisms, and offer incentives for businesses that invest in programs addressing local tensions. These efforts help build trust, prevent conflict, and foster long-term social cohesion around industrial projects.*

## C. Human Resource Development

### 1. L-① : Foundational

☐ **Promote local hiring and strengthen employment regulations to foster inclusive job creation**

*Incentivize workforce localization through targeted tax benefits, enforce fair labor standards, and issue clear hiring guidelines. These measures support stable employment and deepen FDI integration into local labor markets.*

☐ **Develop workforce training infrastructure and incentivize corporate upskilling efforts**

*Co-invest in vocational training centers and offer financial incentives to firms that commit to employee development. Public-private training partnerships are essential to building a competitive, future-ready workforce.*

☐ **Mandate workforce diversity standards and public reporting to drive inclusion**

*Require FDI firms to disclose diversity metrics, adhere to anti-discrimination regulations, and implement fair employment practices. Transparent benchmarks strengthen accountability and foster a more inclusive labor market.*

### 2. L-② : Intermediate

☐ **Support supply chain development to create indirect jobs**

*Promote SME integration into global value chains through vendor training grants, co-financing schemes, and supplier matchmaking to enable FDI Companies to generate employment beyond their own operations.*

☐ **Expand industry-academic workforce partnerships to build a skilled local talent pipeline**

*Co-invest in vocational training, fund corporate-led upskilling programs, and develop industry-aligned education curricula to ensure a steady flow of talent directly matched to employer needs.*

☐ **Mandate industry-specific skills targets and support workforce adaptability**

*Set clear development goals for priority sectors and embed them within education systems to align with economic strategy. Fund continuous reskilling initiatives in AI, automation, and leadership to sustain long-term workforce relevance.*

☐ **Incentivize FDI Companies to deliver structured training programs**

*Offer grants, tax benefits, and shared training facilities to encourage formalization of internal training initiatives. This ensures foreign investors contribute meaningfully to developing local human capital.*

☐ **Incentivize workforce sustainability leadership and promote industry collaboration**

*Provide tax benefits, public recognition, and co-funding opportunities to encourage inclusive hiring, leadership mentorship, and workforce sustainability initiatives. Facilitate cross-company platforms to scale diversity impact across sectors and industries.*

**L-③ : Transformational**

☐ **Link labor market policy with investment incentives**

*Tie job creation targets to investment approval, streamline permits for high-skill talent, and update labor regulations in line with industry trends. These measures ensure employment policies remain responsive, future-ready, and aligned with domestic growth objectives.*