



ESG Survey

From awareness to integration

July 2021



Introduction

Corporate leaders must understand and develop strategies to integrate environmental, social and governance (ESG) factors into the DNA of their businesses.

The COVID-19 pandemic has further reinforced the importance of inclusive and responsible business practices that underpin ESG. Thailand Management Association (TMA) in partnership with AWR Lloyd have developed an exciting ESG-focused program that will run throughout 2021 and is tailored to the needs and interests of our members. The program will provide thought-provoking webinars and events hosted by TMA and industry experts, as well as provide forums for our members to share insights and best practices.

In the following pages, you will see the results of our inaugural 2021 ESG Survey of Thai corporations. The survey reveals that Governance issues are the unanimous priority area for companies – especially ‘Crisis & Risk Management’, as business leaders are challenged to steer companies through the pandemic. There are several critical findings and recommendations that we sincerely hope you find insightful and actionable for your business. We would like to thank the survey respondents for their time and thoughtful responses to our questions.

On behalf of TMA and AWR Lloyd, thank you for your interest and we wish you a safe and successful year ahead.

Wanweera Rachdawong, CEO, Thailand Management Association



TMA is an association of over 300 members across various industries and sectors that was established to enhance the managerial excellence and competitiveness of businesses in Thailand. TMA provides public trainings, customized trainings, and international conferences through in-person and virtual platforms.



AWR Lloyd is a specialist advisory firm with a 21-year track record in Asia-Pacific, providing strategy consulting; corporate finance; environmental, social, and governance (ESG); and sustainability and corporate communications services with a particular focus on the natural resources, energy and infrastructure sectors.

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Table of contents

- I. Summary**
- II. ESG Awareness**
- III. Barriers**
- IV. ESG Risks and Opportunities**
- V. ESG Integration**



I. Summary

With increasing knowledge, media coverage and public interest, ESG factors have become core to evaluating business resilience and long-term sustainability. For Thai companies, ESG has become one of the most important growth areas and a strategic priority.

This ESG survey has been designed to discover how Thai business leaders perceive ESG, through questions regarding Awareness, Barriers, Risks & Opportunities, and Integration. While we highlight a range of insights gleaned from the responses throughout the report, we found three recurring themes:

1. The increasing importance of Governance and Risk and Crisis Management
2. The need for additional staff and training to adopt ESG-centric approach—especially among SMEs
3. The growing focus on value-creating strategies that go beyond simply meeting ESG disclosure requirements to fully integrate ESG into the business.

This survey captures a unique set of data for three reasons. First, it was conducted during a deadly third wave of COVID-19 in Thailand, which propelled into prominence the ‘G’ dimension of ESG. Second, the respondents are all senior decision-makers (Board Members, CxOs and management), thus their outlook has a high impact on the Thai business community. Lastly, the diverse composition of TMA members, and therefore survey respondents (who represent companies from eight sectors, with annual revenues ranging from below US\$ 2 million to over US\$ 2 billion), illustrate a vast spectrum of perspectives across the Thai business ecosystem.

This survey was developed and conducted by AWR Lloyd on behalf of TMA for its members.

TMA is an organization committed to excellence in leadership and management integrity. TMA programs create opportunities for leaders to learn new skills and practical managerial knowledge, as well as provide a forum for Thailand’s business leaders to share insights.



The ESG Survey 2021 received responses from 8 sectors with 45% of respondents being CxOs

Our ESG survey was conducted between March and May 2021 and received 62 responses from all eight sectors listed by the Stock Exchange of Thailand (SET).



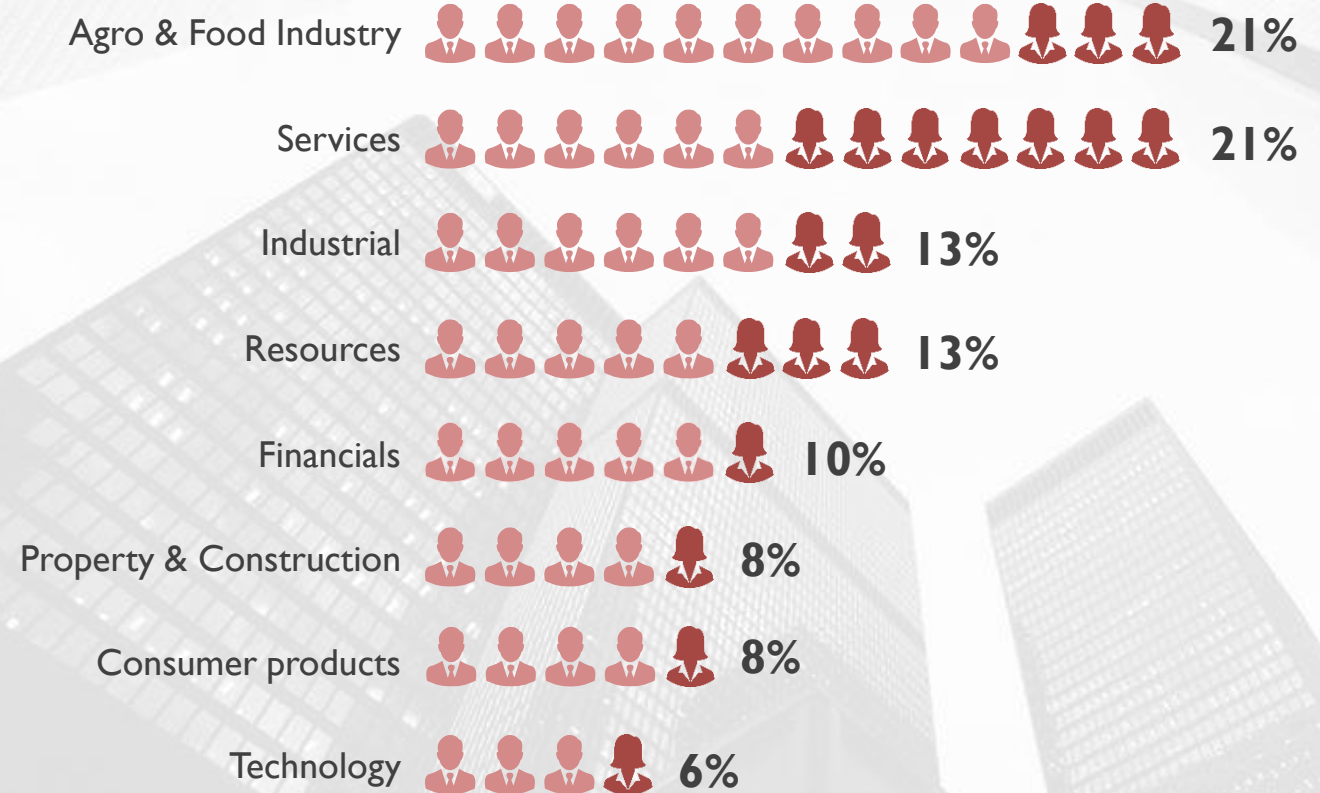
>40% of our respondents were from the 'Agro & Food' and 'Services' sectors.



70:30 gender ratio of male to female respondents.

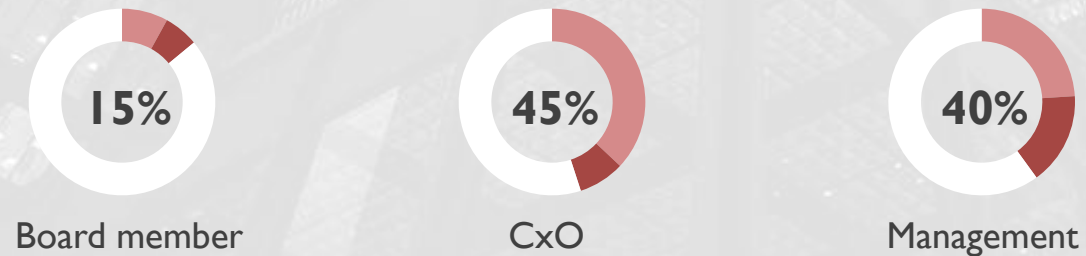
Respondents by sector

 Male respondent  Female respondent



Respondents by job designation

 Male respondent  Female respondent



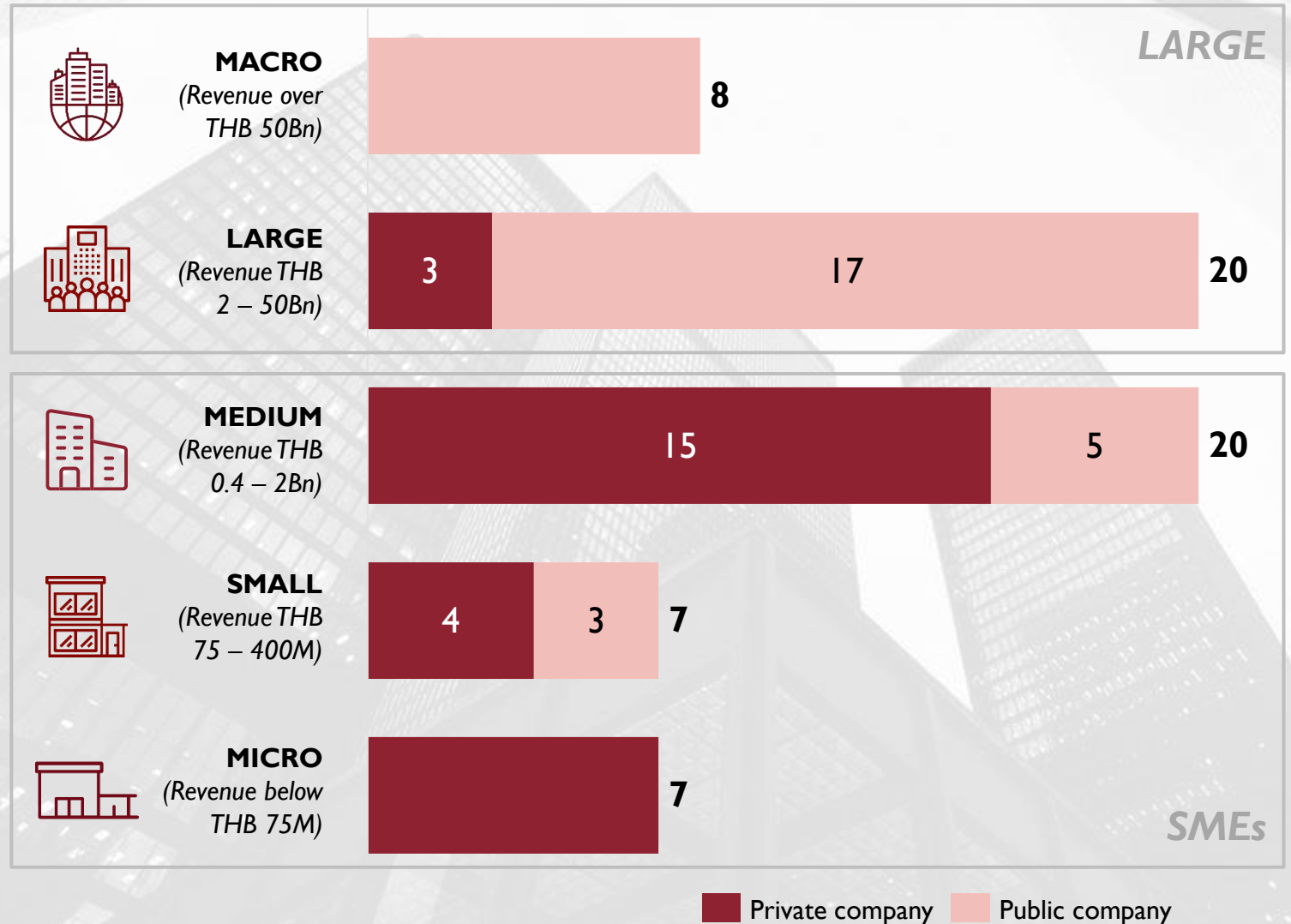
Respondents' companies vary considerably in terms of revenues

Nearly as many private (47%) as public (53%) companies

More SMEs (55%) than 'Large' companies (45%)

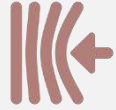
'Macro' companies with revenues of US\$ 1.7 billion or greater (13% of respondents) and 'Micro' companies with revenues of US\$ 2.5 million or less (11% of respondents)

Respondents by affiliated company size and status (public vs. private)



Key themes

(1) RESILIENCY



Our survey was conducted during a global resurgence of COVID-19 cases, and as a result, the survey revealed that business leaders are overwhelmingly focused on Governance, and, more specifically, Risk & Crisis Management as the most critical ESG issue.

(2) CAPACITY-BUILDING



Our survey results also showed that both SMEs and private companies struggle more than their larger and public company counterparts, to effectively manage the variety of ESG data and disclosure requirements. Key barriers to further integration of leading ESG practices are lack of expertise and sufficient staffing.

(3) VALUE CREATION



Our survey results also showed that companies tended to view management of ESG leading towards cost savings and/or intangible benefits (e.g., brand image). However, a striking number of companies – from the smallest SME to largest public company – reported that they see ESG as a driver of revenues and market differentiation.

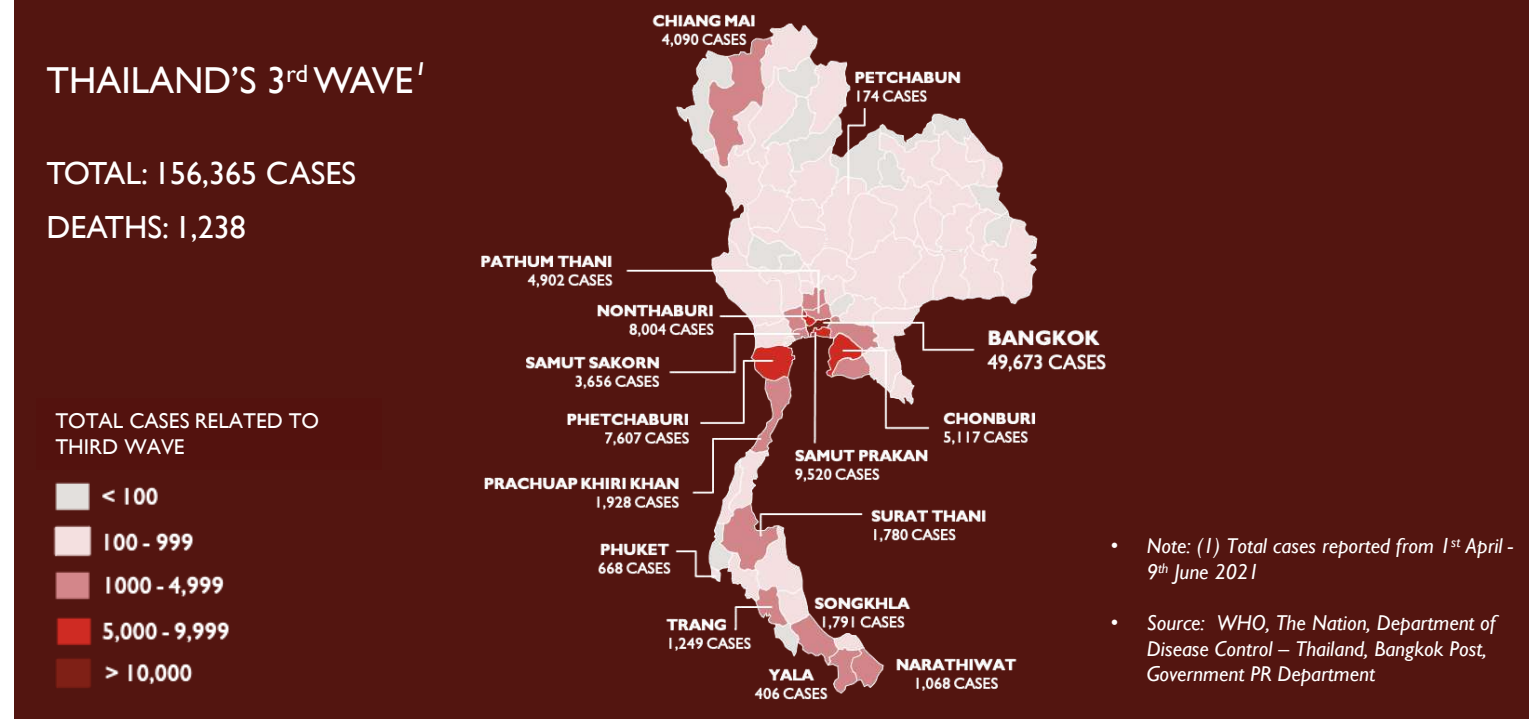


(1) The COVID-19 crisis weighed heavily on survey respondents

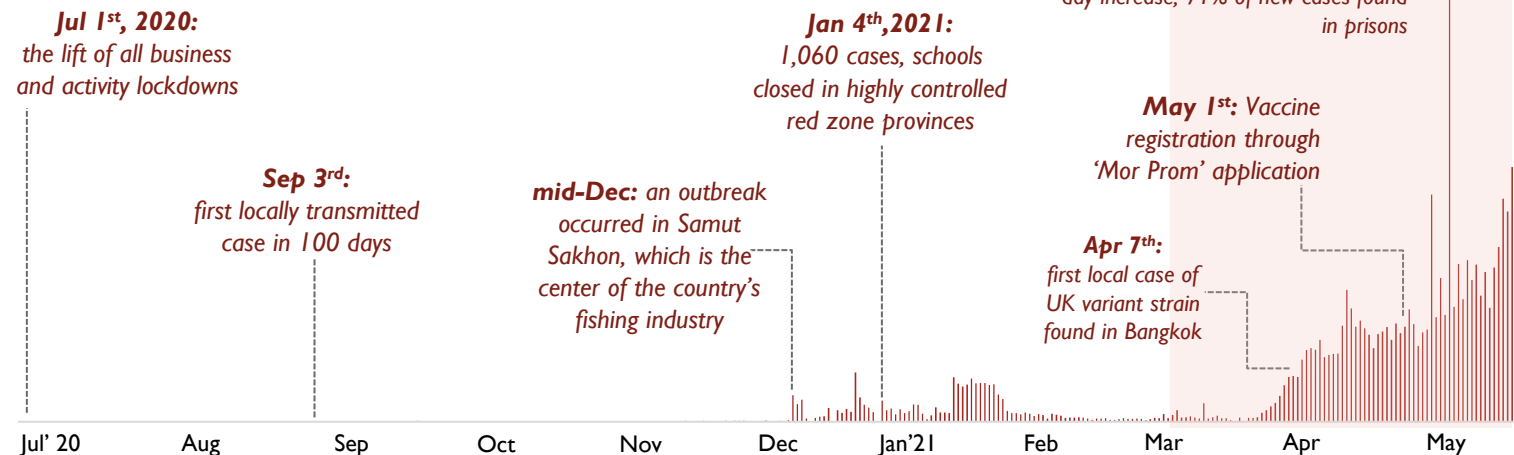
This survey was conducted from March to May 2021, during the early stages of a deadly third wave of COVID-19 infections in Thailand.

As a result, and as will be highlighted throughout this paper, respondents emphasized the “G” in ESG, and in particular “Risk & Crisis Governance.”

While this has not been to the exclusion of other ESG issues, one effect of the pandemic has been to elevate business leaders’ awareness and planning for the future — including potential social, economic, and environmental crises.



DAILY CONFIRMED CASES IN THAILAND



(2) Despite Thailand's ESG leadership, capacity-building is still required

Thailand has the highest percentage of its eligible companies attaining DJSI Listed Status¹ (78%) in ASEAN, and globally is second only to Spain (92%).

Thailand's ESG business leadership continues when we observe its MSCI scores — which cover slightly more Thai companies than the DJSI.

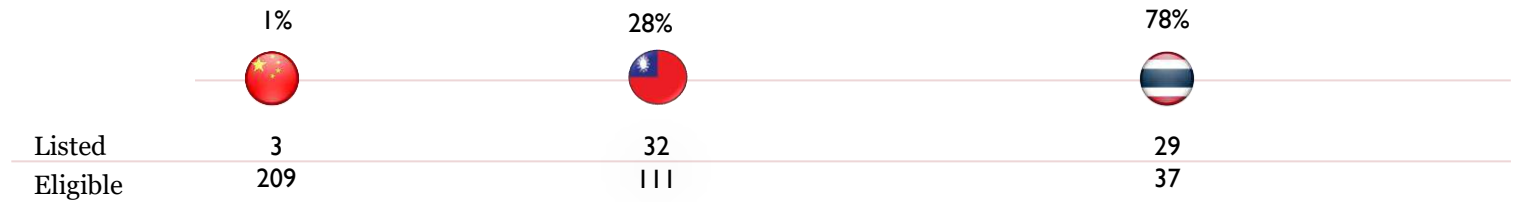
However, two key issues are that (i) smaller public and private companies struggle to keep pace with the variety of ESG issues and disclosure requirements, and (ii) on key issues such as climate change, Thai companies, regardless of size, do not maintain leadership. For example, Thai companies have low response rates and poor scores with CDP.

This reveals a key theme in our report: beneath the surface of the Macro company leadership, Thai companies need additional training and skilled personnel to further integrate ESG into business operations.

(1) Dow Jones Sustainability Index (DJSI) is among the most highly regarded global sustainability/ESG rating agencies. Eligibility to apply to DJSI is determined by market capitalization and only 37 Thai companies can respond. DJSI Listed refers to companies that score within the top 10 to 20% of respective groups.

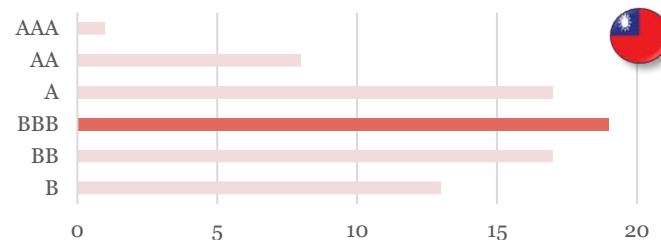
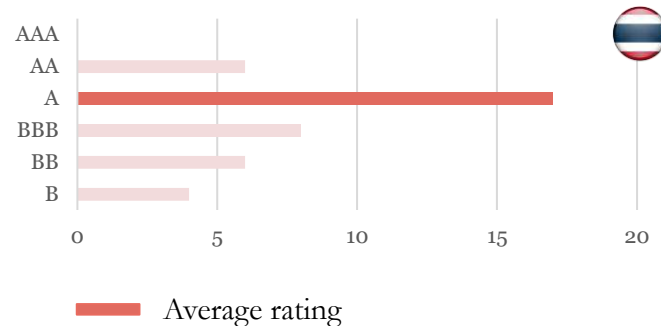
DOW JONES SUSTAINABILITY INDEX (DJSI): COUNTRY PERFORMANCE

Thailand has the highest percentage of DJSI listed companies in Emerging Markets



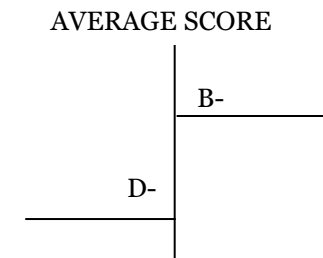
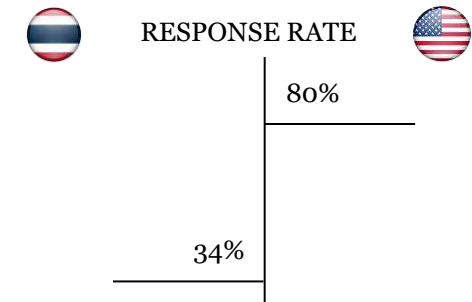
MSCI ESG RATINGS

When looking at ESG ratings by MSCI, across the SET 100 vs. TWSE top 100 by market cap. The results shows Thailand performs slightly better than Taiwan.



CARBON DISCLOSURE PROJECT

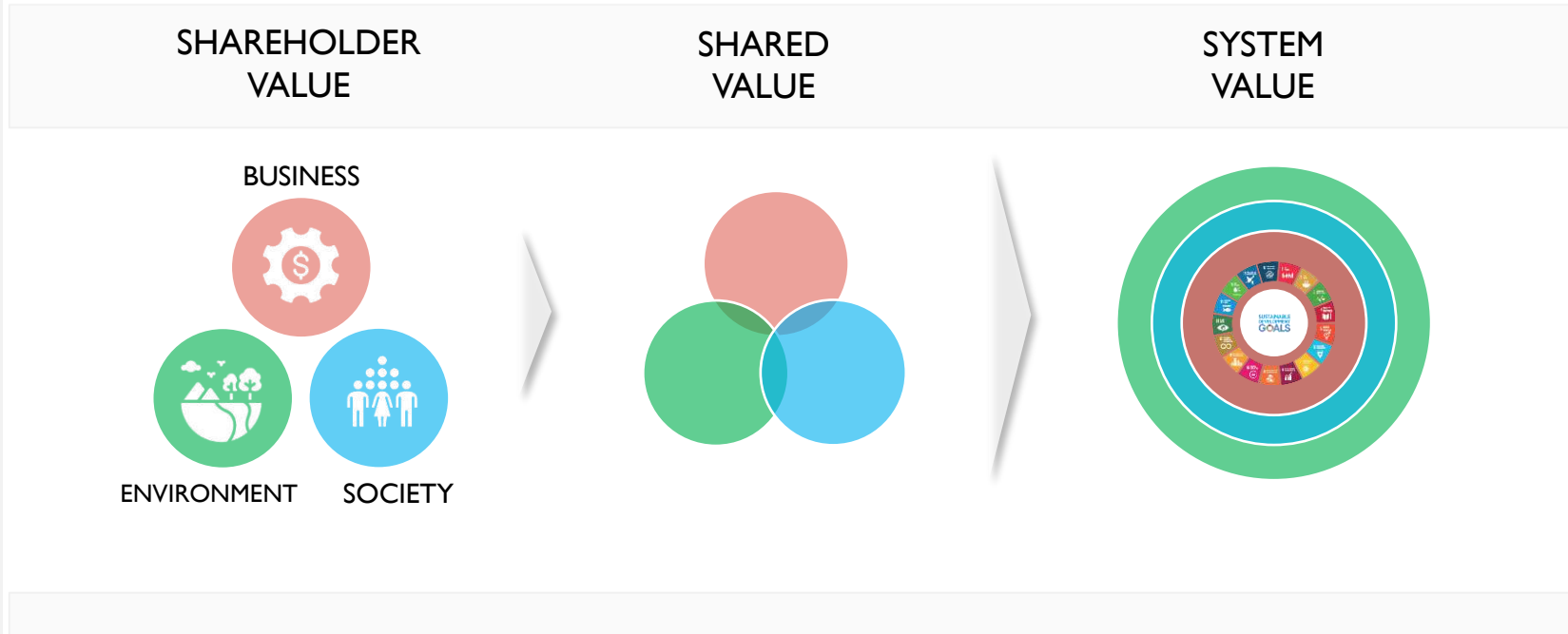
However, when comparing the top 50 US and Thai companies (by market cap) both the response rate and average scores are poor.



(3) Sustainability-linked innovation is becoming a driver of corporate value

As expectations rise for greater corporate commitment to address environmental and social issues, companies are increasingly combining innovation and sustainability programs to both provide solutions and generate value for their business.

The senior-level respondents to our Survey increasingly perceive sustainability, and various ESG issues as materially significant and overwhelmingly plan to invest in accelerating the integration of sustainability into their business.



Under Shareholder Primacy, sustainability programs may have been limited to CSR Programs that provide funds **after** company profits and are typically less strategic than other responses

Under Shared Value, companies focus on **how** a company earns a profit, accounts for its impact (disclosing across multiple ESG issues) and seeks to operate the business more efficiently and with less harm

Systems Value requires business to fully integrate sustainability into operations and throughout value chain and focus on innovation to contribute **solutions** to key environmental and social issues



This survey, conducted from March to May 2021, is part of the ‘ESG Agenda 2021’– a series of events designed by TMA & AWR Lloyd to provide TMA members, and the general public, with a series of thought-provoking webinars, panel discussions, and peer sharing experiences. The events are designed to enhance our understanding and deepen integration of ESG into Thai businesses.

Click [here](#) for more and updated information on ESG Agenda 2021



ESG Agenda 2021 Events



Risk & crisis management

June 2



Climate change & Net Zero

July 14



Accessing Green Finance

Sep 9



Innovation for SDGs

Oct 5



Managing ESG for outperformance

Oct 28



Back to school - ESG leadership



End of Shareholder Primacy?

Nov*



II. ESG awareness

We surveyed Thai business leaders to better understand

- How familiar are their organizations with ESG practices?
- Which ratings agencies (both national and international) they find most influential?
- What are the key benefits they obtain from managing ESG issues?

Our findings:



Respondents largely consider their companies to be familiar with ESG practices and expectations

52%
(very familiar)



MSCI is the most influential international ESG rating agency

36%
(very influential)

SET Sustainability Excellence Awards is the most influential national ESG program

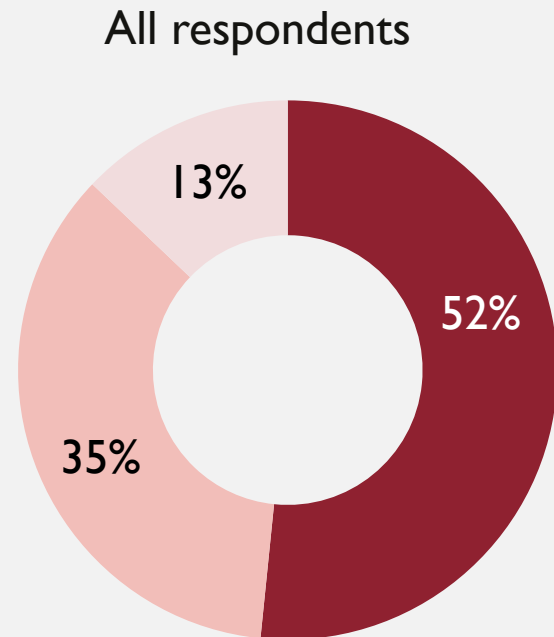
65%
(very influential)



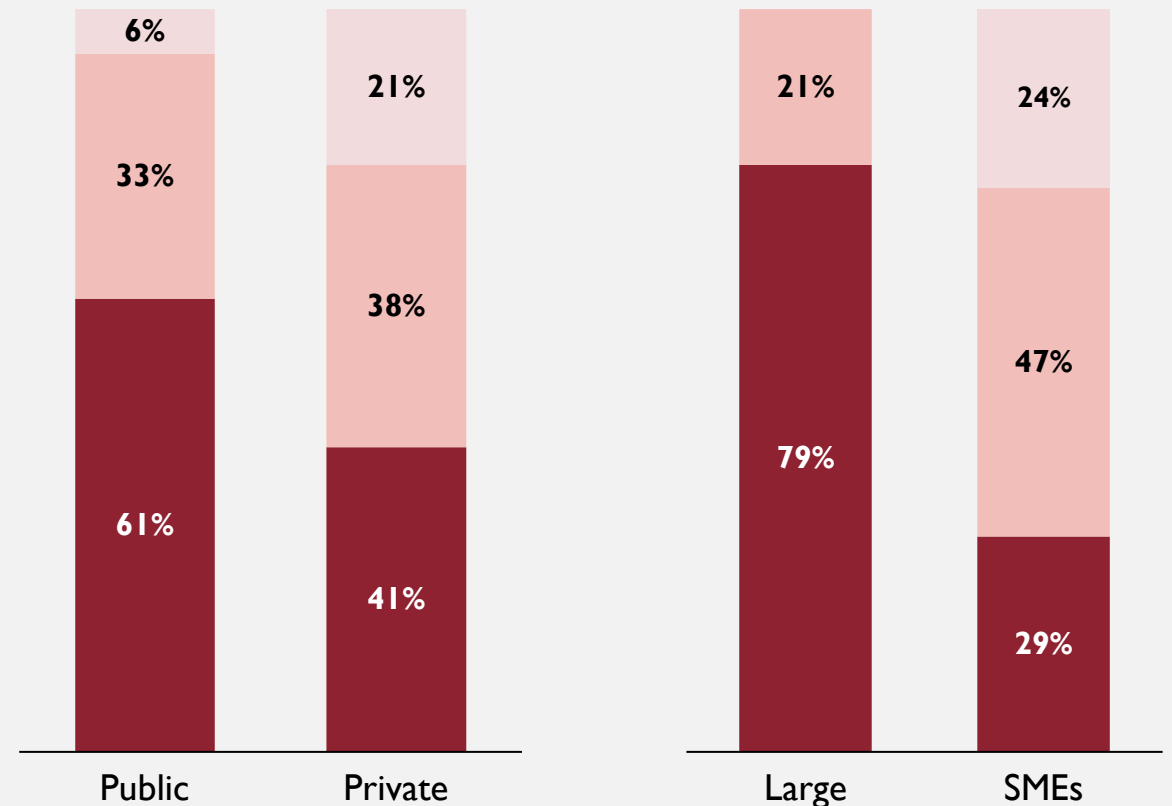
The most-cited benefits are ‘operational efficiency’, ‘brand’, and ‘risk management’



The majority of respondents represent firms that are very familiar with ESG



How would you rate your company's familiarity with ESG practices?



As anticipated, both public and large companies are more familiar with ESG practices and stakeholder expectations, whereas private companies and SMEs have noticeably less familiarity.

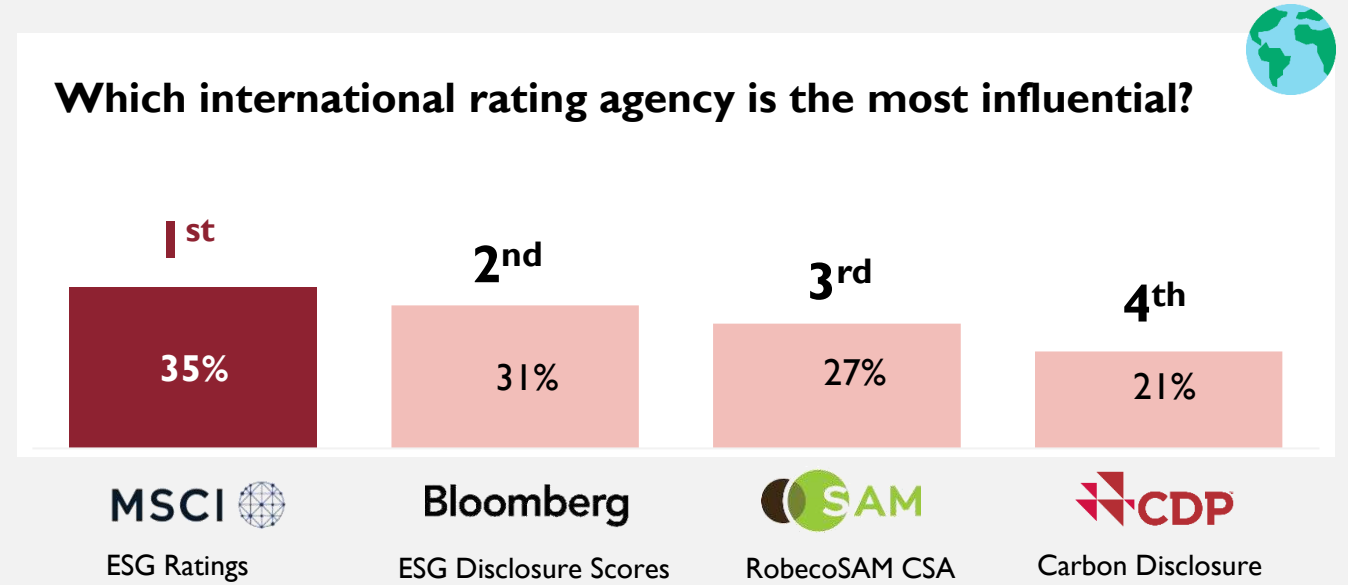
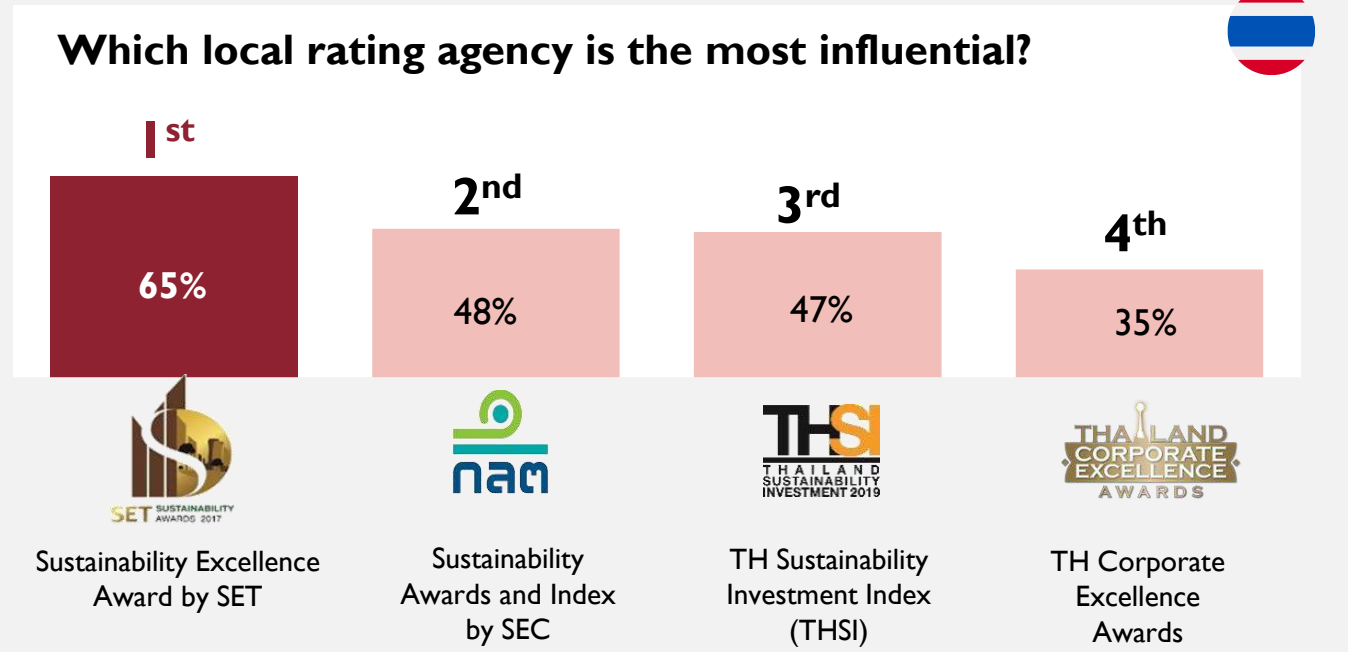


Most respondents view the Stock Exchange of Thailand's Sustainability Excellence Awards as the #1 ratings program in Thailand

Local ESG awards play an important role in shaping and strengthening sustainability programs in Thailand by:

- Encouraging the integration of sustainability
- Increasing awareness and supporting comprehensive risk management
- Driving innovation

Respondent views of international rating agencies were more evenly distributed, with MSCI ESG Ratings deemed most influential.

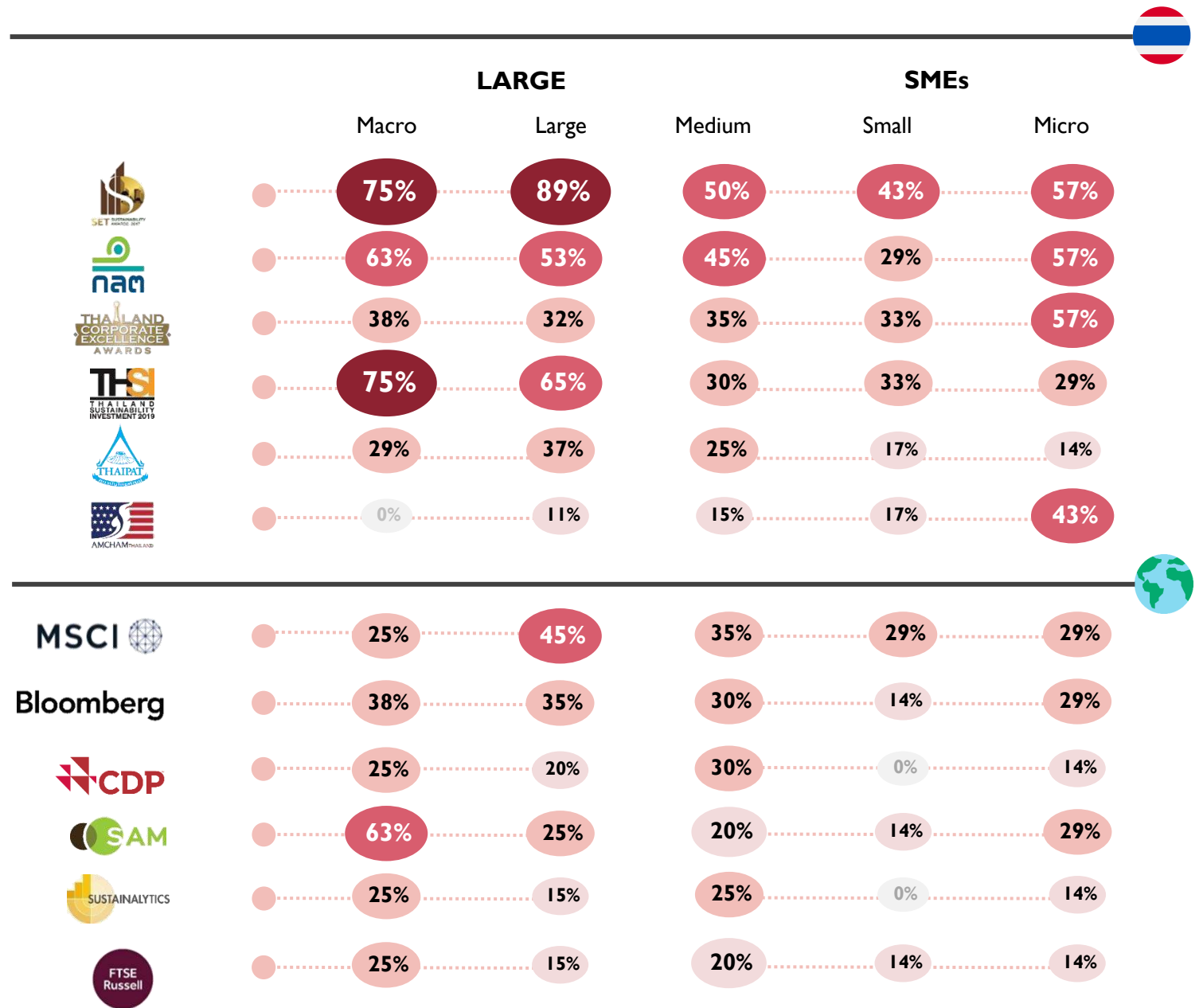


Regardless of company size, respondents find Thai ESG rating programs most influential

The Sustainability Excellence Awards by the SET are the most influential local ESG awards for firms of all sizes.

43% of the micro-sized companies selected the AMCHAM Thailand CSR Excellence Awards as being highly influential.

63% of macro companies selected SAM (DJSI) as the most influential international rating program by a wide margin.¹








MSCI ESG rating and Bloomberg ESG disclosure score is ranked as the most influential

Respondents from the Financials sector, including insurance, banking, and asset management, generally ranked international ESG rating agencies as highly influential.

These findings suggest that Thailand's financial sector is keenly aware of and interested in how Thai companies are managing ESG-related risks and opportunities.

% of companies in each industry that rated each international rating agency as highly influential

	MSCI 	Bloomberg	SAM 	CDP 	FTSE Russell 	SUSTAINALYTICS 
Financials	83%	83%	67%	50%	50%	50%
Consumer products	40%	40%	20%	40%	40%	40%
Industrial	38%	38%	25%	38%	25%	25%
Agro & Food	38%	31%	15%	8%	15%	23%
Services	31%	23%	23%	23%	8%	8%
Technology	25%	25%	25%	0%	25%	0%
Property & Construction	20%	20%	20%	20%	0%	0%
Resources	13%	0%	38%	0%	0%	0%

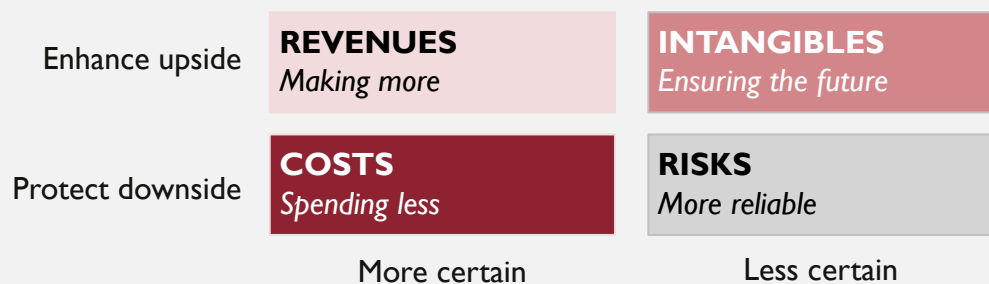


Respondents perceive a variety of benefits from better management of ESG issues

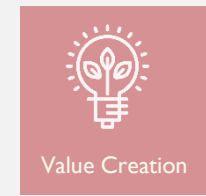
In previous years, management and executive-level respondents overwhelmingly identified ESG benefits as limited to enhancing brand image or cost savings; few included ‘increasing revenues’, ‘market differentiation’ or ‘product innovation’.

Steadily, that perception is changing – most of our respondents view ‘growth and innovation’ and ‘competitive advantage’ as key benefits of better management of ESG issues.

Innovation and Value Matrix¹

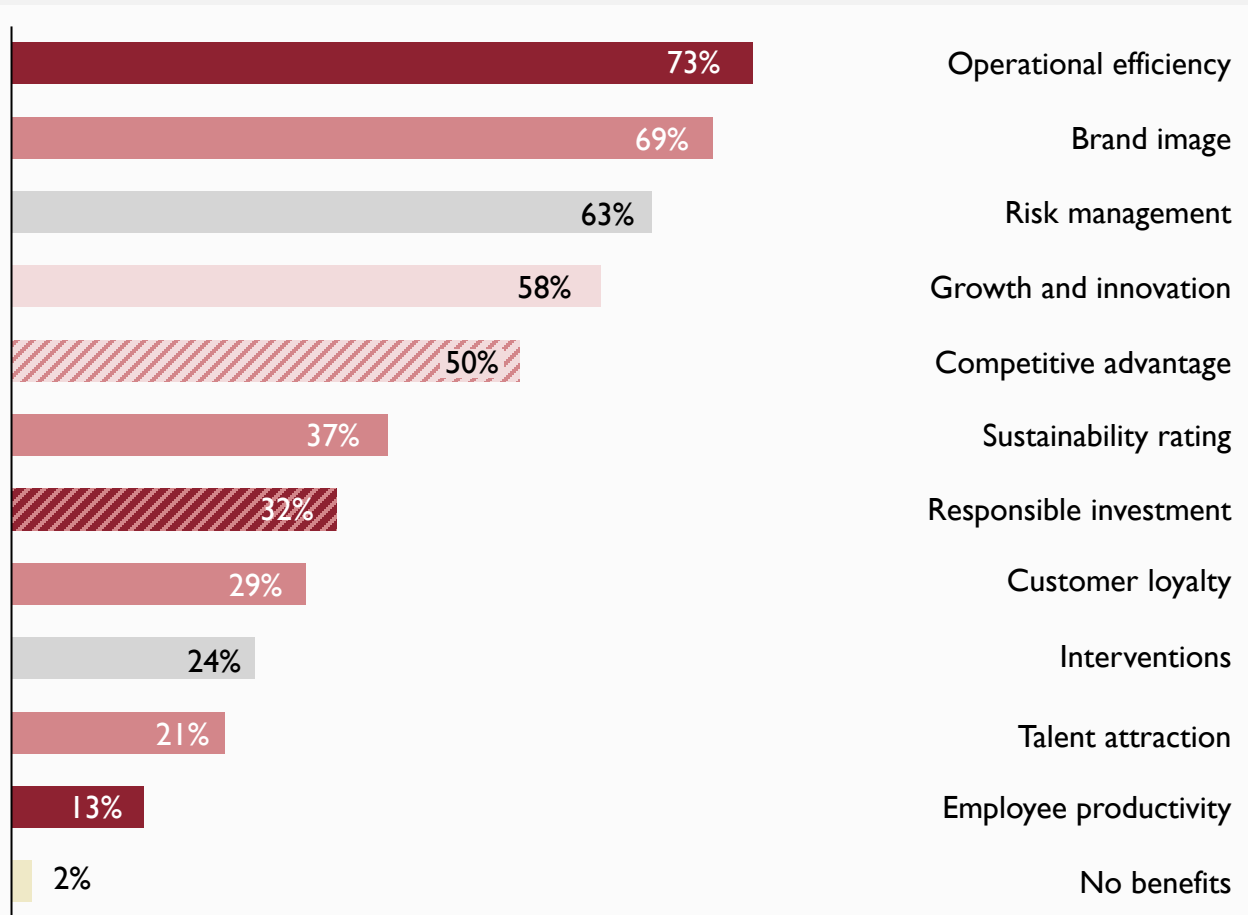


Effective management of ESG issues is increasingly seen as a creator of value



What are the key benefits to better management of ESG issues?

Select up to 5

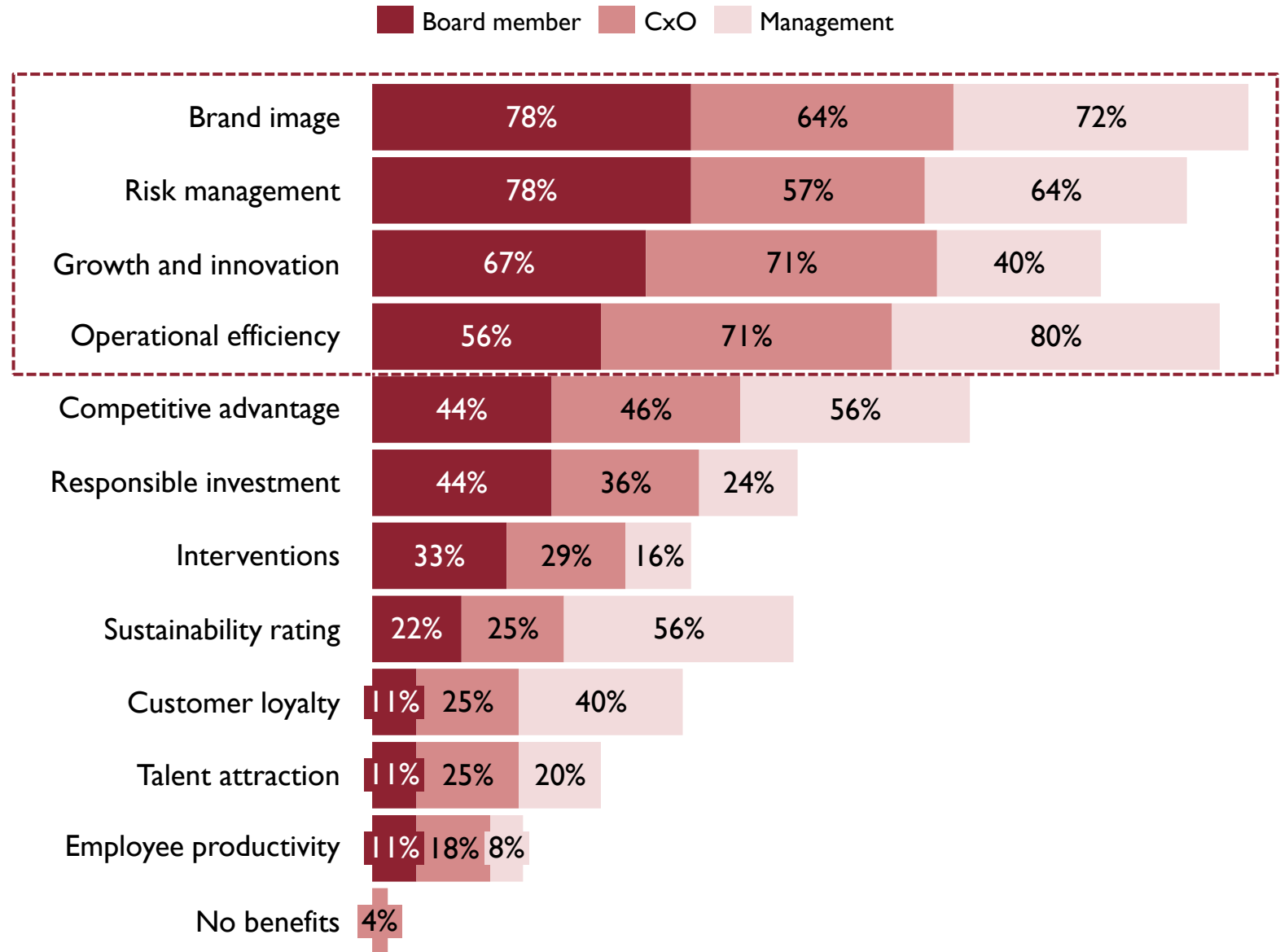


Executives are focused on leveraging ESG to achieve long-term business success through branding, risk management, innovation, and cost reduction

Our respondents generally rate ESG benefits similarly to respondents of a recent global McKinsey survey.¹ Both surveys note similar views on growth and innovation. However, one major difference is that our respondents rated brand image as one of the most important ESG benefits, while McKinsey respondents believe it's not as key.

What are the key benefits to better management of ESG issues? (By role)

Select up to 5



III. Barriers

We surveyed Thai business leaders to better understand

- What are the key barriers for Thai companies in adopting an ESG-centric approach towards strategic planning?
- What the main challenge is in communicating ESG issues to the investor community?



Our findings:

Limited knowledge and expertise in ESG is the most dominant barrier

57%
respondents

Unclear ESG disclosure guidance

44%
respondents

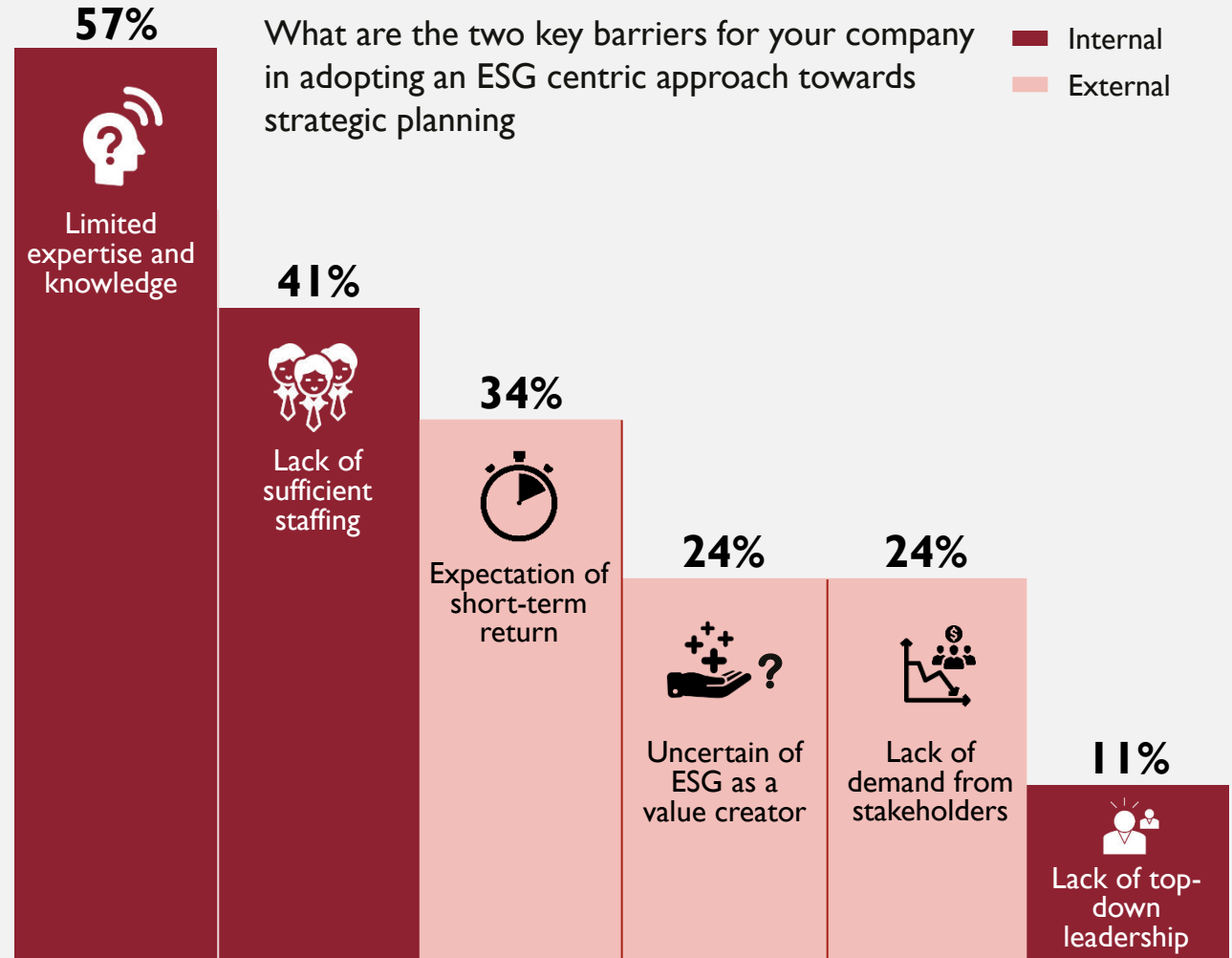


The key barrier for firms in adopting ESG is limited expertise and knowledge

The lack of relevant expertise on ESG-related issues is a common barrier across companies beyond Thailand as well. A recent study¹ on the 1,118 Fortune 100 board of directors suggests that 21% of directors have relevant social (S) element experience, but only 6% have governance (G) and 6% have environment (E) experience.

The importance of executive involvement in ESG strategy was also highlighted in a survey by Willis Towers Watson in 2020 where almost 30% of the respondents created a new executive role to drive ESG strategy.²

Institution-wide capacity building is key to a successful ESG integration



(1) US Corporate Boards Suffer from Inadequate Expertise in Financially Material ESG Matters (NYU, 2021)

(2) 2020 Board of Directors Survey: Alignment of ESG with Executive Incentives and Human Capital Governance based on 168 global respondents



Knowledge and staffing concerns are most prevalent among SMEs

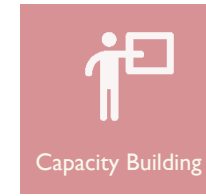
In contrast, Macro companies report that short-term financial return expectations from investors are a barrier to greater ESG integration in strategic planning. However, this pressure is significantly less prevalent for Large companies and SMEs.

Macro companies are more confident regarding understanding of ESG, as reflected in the DJSI success of Thai companies. To highlight and showcase Thai sustainability leaders' best practices, we will be hosting an event later this year: "Back to School: ESG Leadership" for all TMA members.

You can find our ESG 2021 Agenda, future event details and presentation material from this [link](#).



Smaller companies with limited resources struggle more with ESG expertise



What are the two key barriers for your company in adopting an ESG centric approach towards strategic planning? (By size)

		LARGE		SME		
		MACRO	LARGE	MEDIUM	SMALL	MICRO
INTERNAL	Limited knowledge	25%	60%	65%	86%	43%
	Lack of sufficient staffing	50%	25%	40%	71%	43%
	Lack of top down-leadership	13%	10%	10%	29%	0%
EXTERNAL	Expectation of short-term return	63%	30%	40%	0%	29%
	Lack of demand from stakeholders	25%	25%	30%	0%	29%
	Uncertain of ESG as a value creator	25%	30%	15%	14%	43%



Complexity of ESG issues and reporting frameworks create communication challenges for respondents

Respondents cited both a lack of internal guidelines on disclosure (44%) as well as fragmented ESG data requirements (31%) – challenges directly related to the complexity of ESG reporting frameworks.

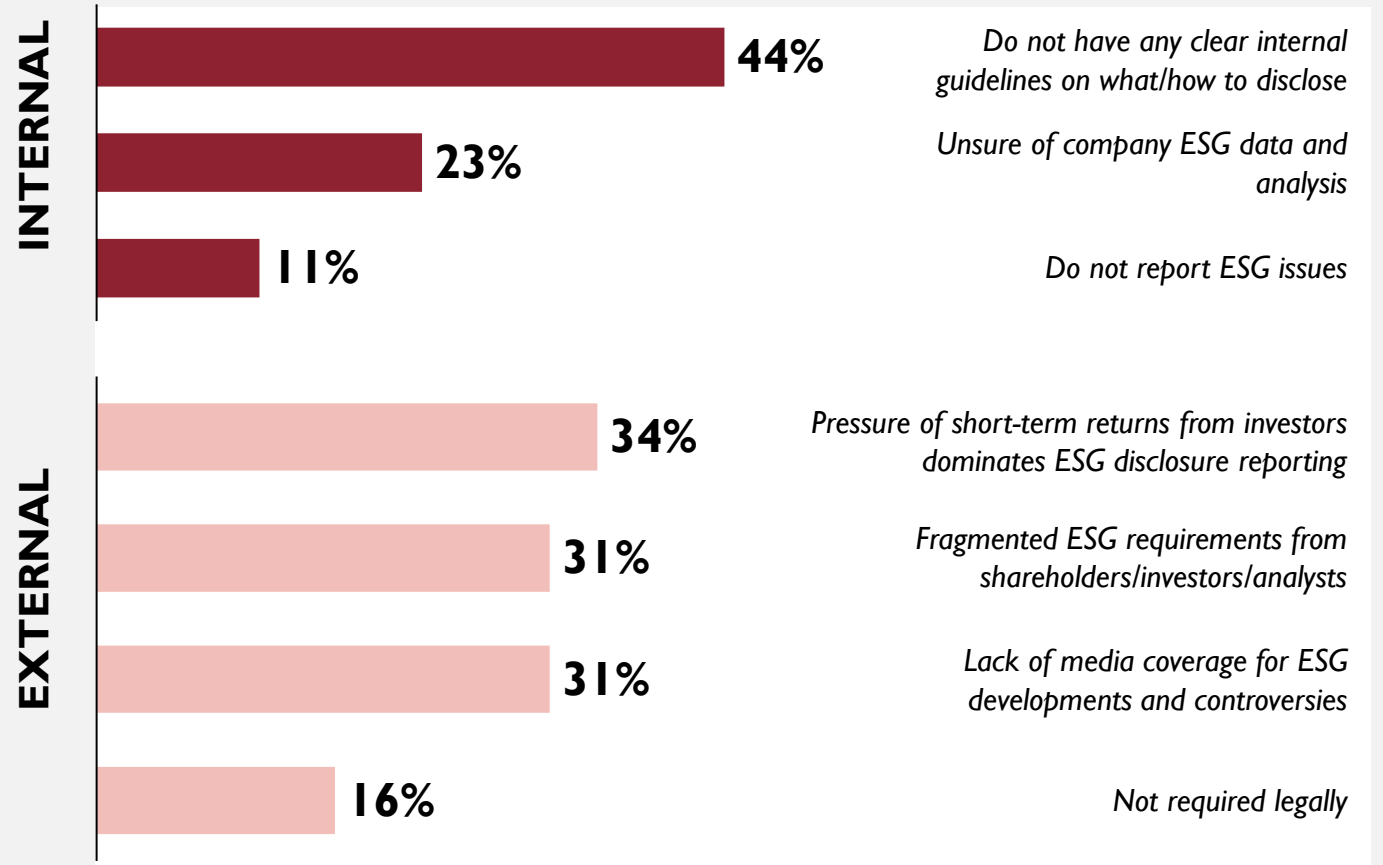
The second most reported challenge was “pressure of short term-returns from investors”. Given the sometimes intangible and longer-term value creation typical of sustainability initiatives, it is not surprising that business leaders suggest financial short-term requirements restrict the level of attention to ESG matters.

Standardized sustainability reporting frameworks (e.g., GRI) offer training programs



What are the main challenges in communicating ESG issues to the investor community?

Select all that apply



There is a clear difference in ESG disclosure challenges faced by large companies vs. SMEs

SMEs are challenged by unclear internal disclosure guidelines. This speaks to a need for greater training and sharing of best practices among the SME business community.

On the other hand, Large companies struggle with fragmented ESG disclosure requirements. Especially for the Macro public companies, the number of organizations requesting increasingly more complex ESG data and information is growing.

What are the main challenges in communicating ESG issues to the investor community?

(By size)

Select all that apply

		LARGE		SME		
		MACRO	LARGE	MEDIUM	SMALL	MICRO
INTERNAL	Unclear disclosure guidelines	0%	25%	65%	86%	43%
	Unsure of ESG data and analysis	13%	25%	25%	14%	29%
	Do not report	0%	0%	20%	14%	29%
EXTERNAL	Fragmented ESG requirements	63%	35%	15%	29%	29%
	Pressure of short-term returns	50%	25%	35%	29%	43%
	Lack of media coverage	13%	40%	25%	43%	29%
	Legally not required	0%	10%	25%	43%	0%



IV. ESG Risks and Opportunities

We surveyed Thai business leaders to better understand

○ Which ESG factors matter most to them



Our findings:

Governance is the most important ESG factor for Thai companies

60%
(top priority)

○ What the top Environmental, Social and Governance issues for Thai companies are



Risk & Crisis Management was the most material issue for leaders out of all ESG issues

69%
(top priority within Governance)

○ How well they have managed key business aspects of the pandemic



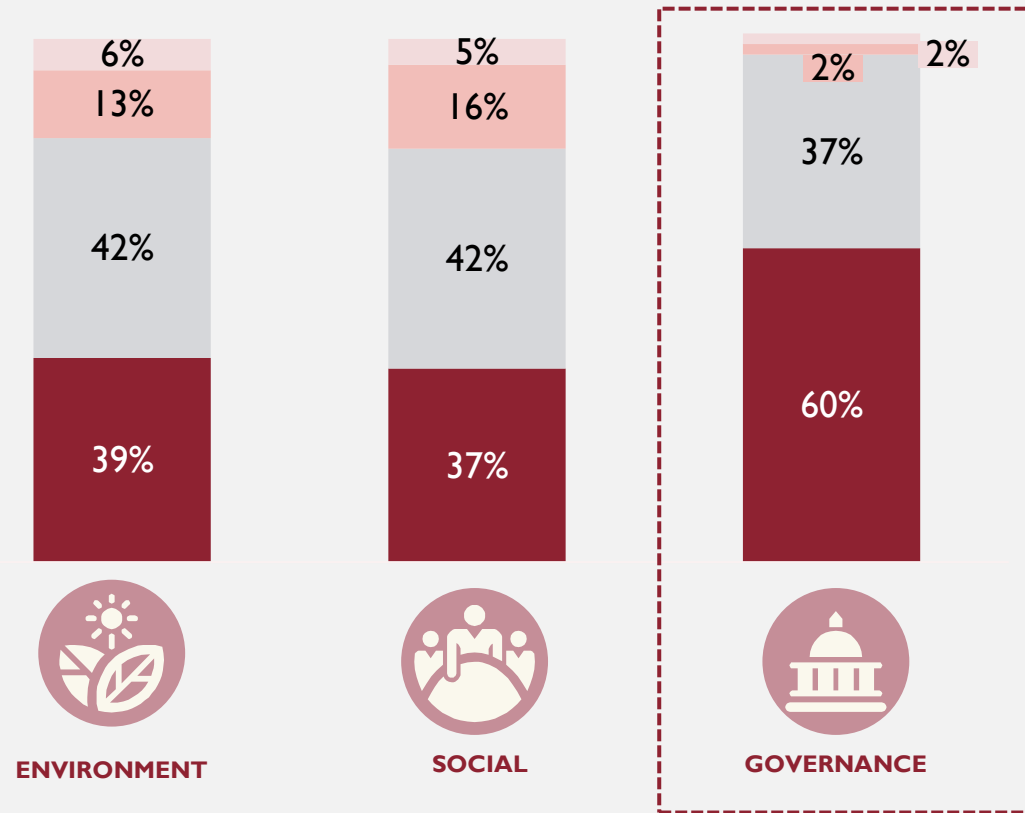
Respondents performed well in managing key aspects of the pandemic

>70%
(well-managed)



How would you rate the priority of each ESG factor at your company?

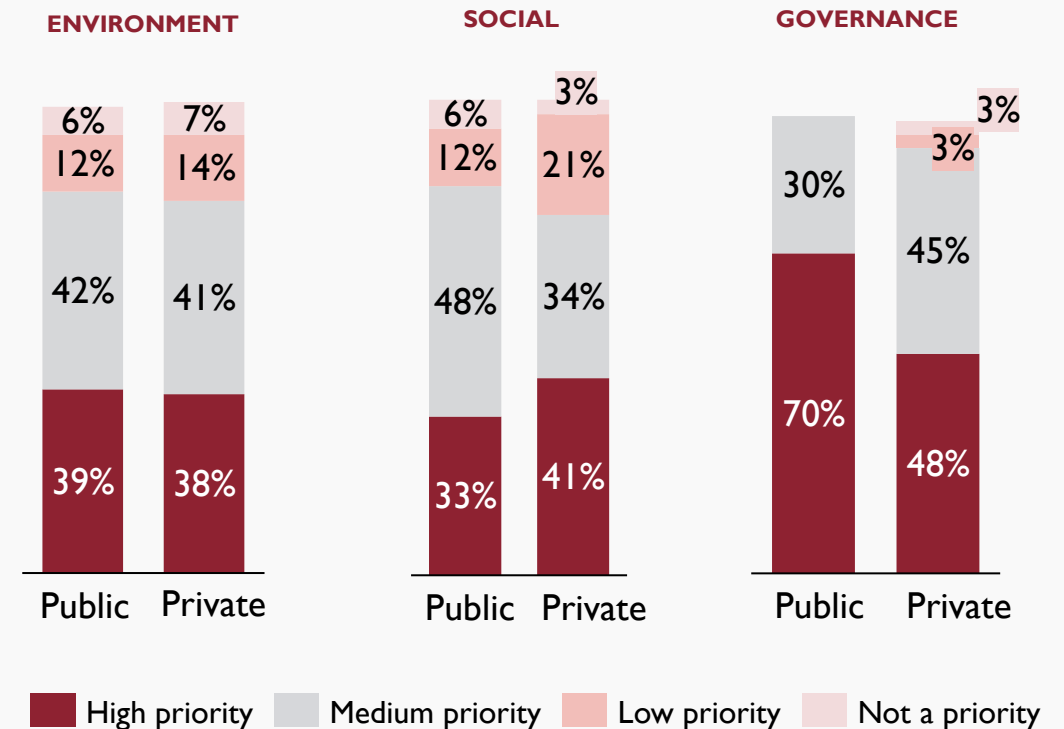
60% of all respondents rated Governance as the top priority



The immediate response to the pandemic points to the need of strengthening corporate governance



Public vs. private company responses only differ significantly on Governance (70% vs. 48%)

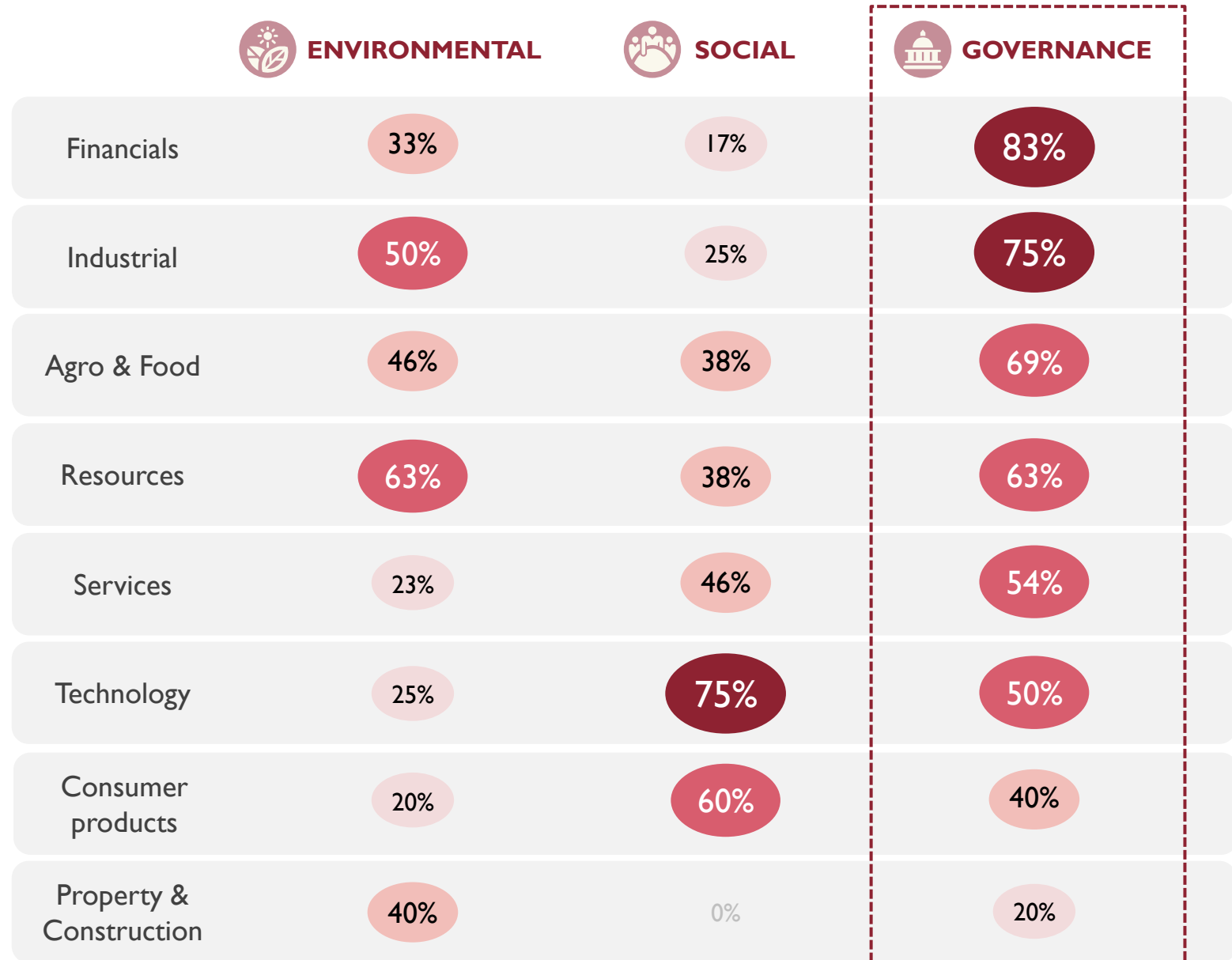


“Governance” is the most important ESG dimension across most sectors

These results are not surprising. Even before the COVID-19 pandemic, Governance issues accounted for an above-average weighting in most industry ESG scores.

When comparing our survey responses regarding ESG dimension priority to DJSI weight overview for each sector, most sectors align well with DJSI. A few exceptions include the Property and Construction sectors, who assign no importance to ‘S’, and the Technology sector giving less importance to ‘G’.

% of companies in each industry that ranked each ESG dimension as their highest priority

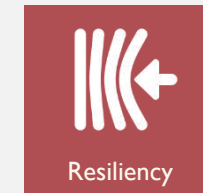


Respondents identified Risk & Crisis Management as the key ESG risk

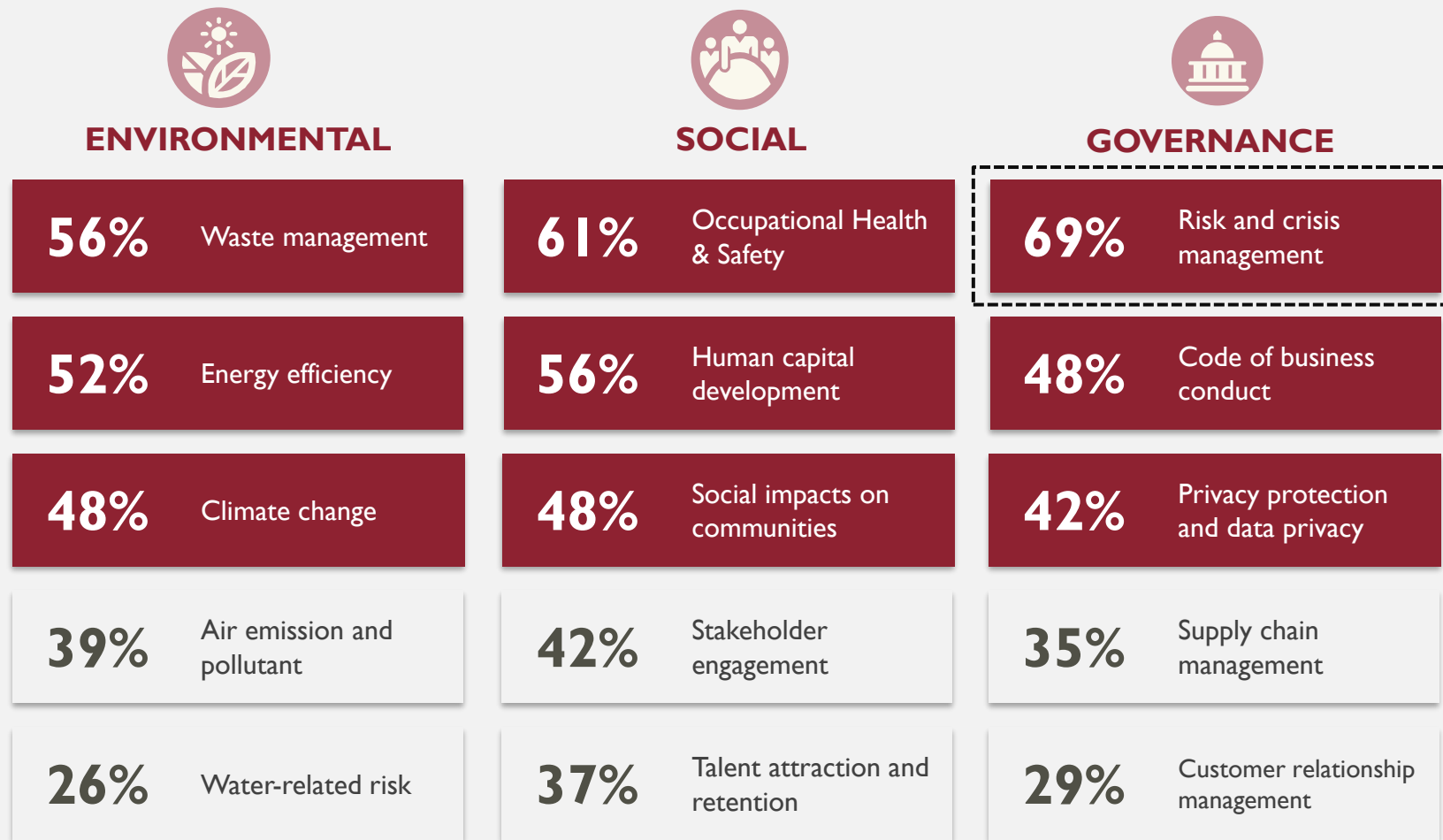
Considering that our Survey was conducted between Q1 and Q2 of 2021 – during a protracted battle with COVID-19 – this result is not surprising.

Regarding ‘E’ issues, it is surprising that both Packaging and Product Stewardship were not high priorities; nor was Biodiversity. Regarding the latter, we anticipate more attention and prioritization from company leadership in the near future.

To navigate the COVID-19 pandemic, companies need a robust crisis management system



Select the top three risks for your company under each ESG dimension

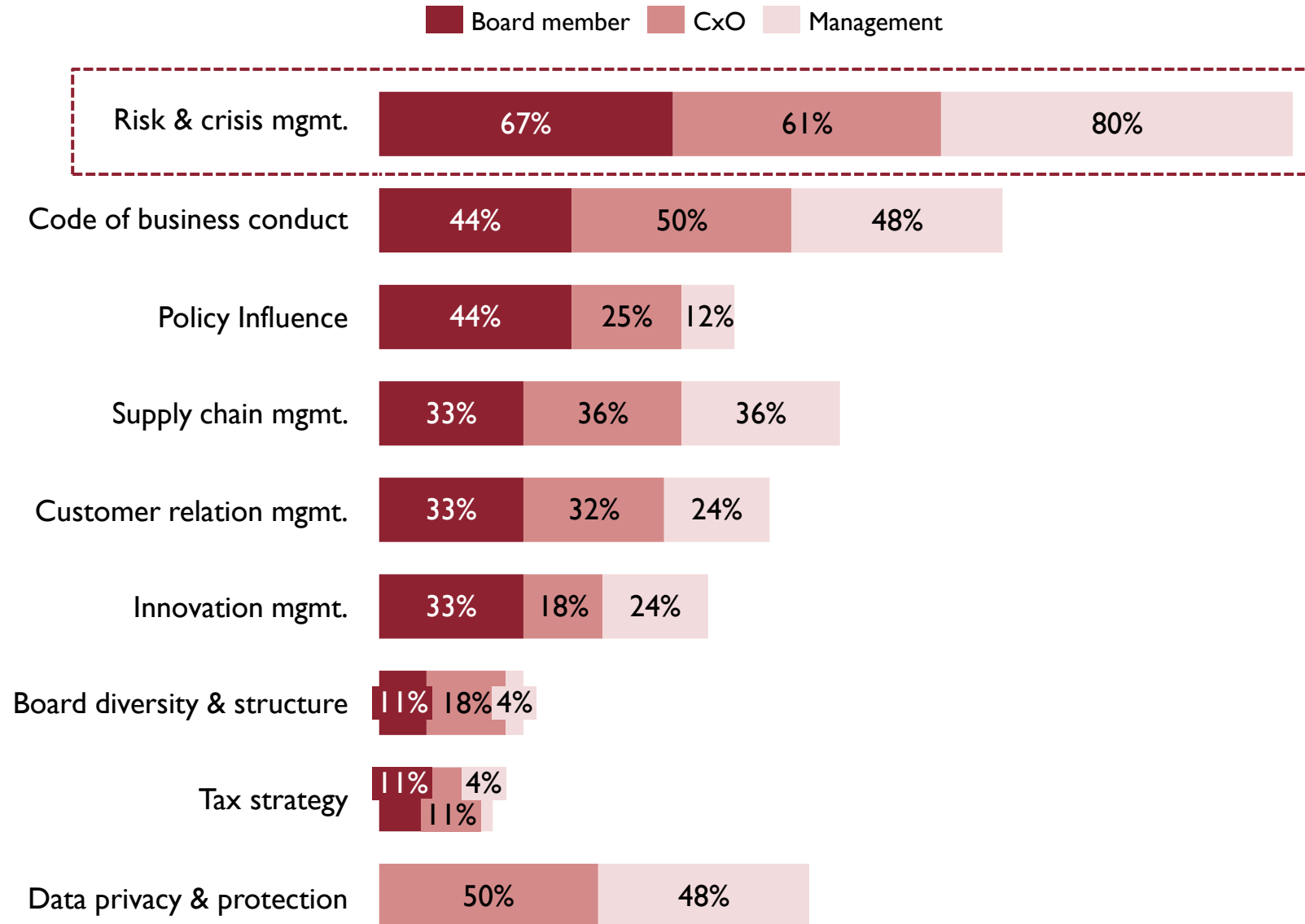


Ranking of issues within the Governance dimension

Senior business executives and managers are rightly focused on leading their companies through the COVID-19 pandemic. As such, the focus on Risk & Crisis Management is unsurprising.

Also noteworthy is the relative lack of focus on data privacy and board diversity. Perhaps the low focus among Board Members on data privacy and protection is due to lower representation from the Technology sector. Thailand's relative homogeneity may diffuse some of the demands for greater Board Diversity.

What are the top three risks for your company under the governance dimension? (By role)



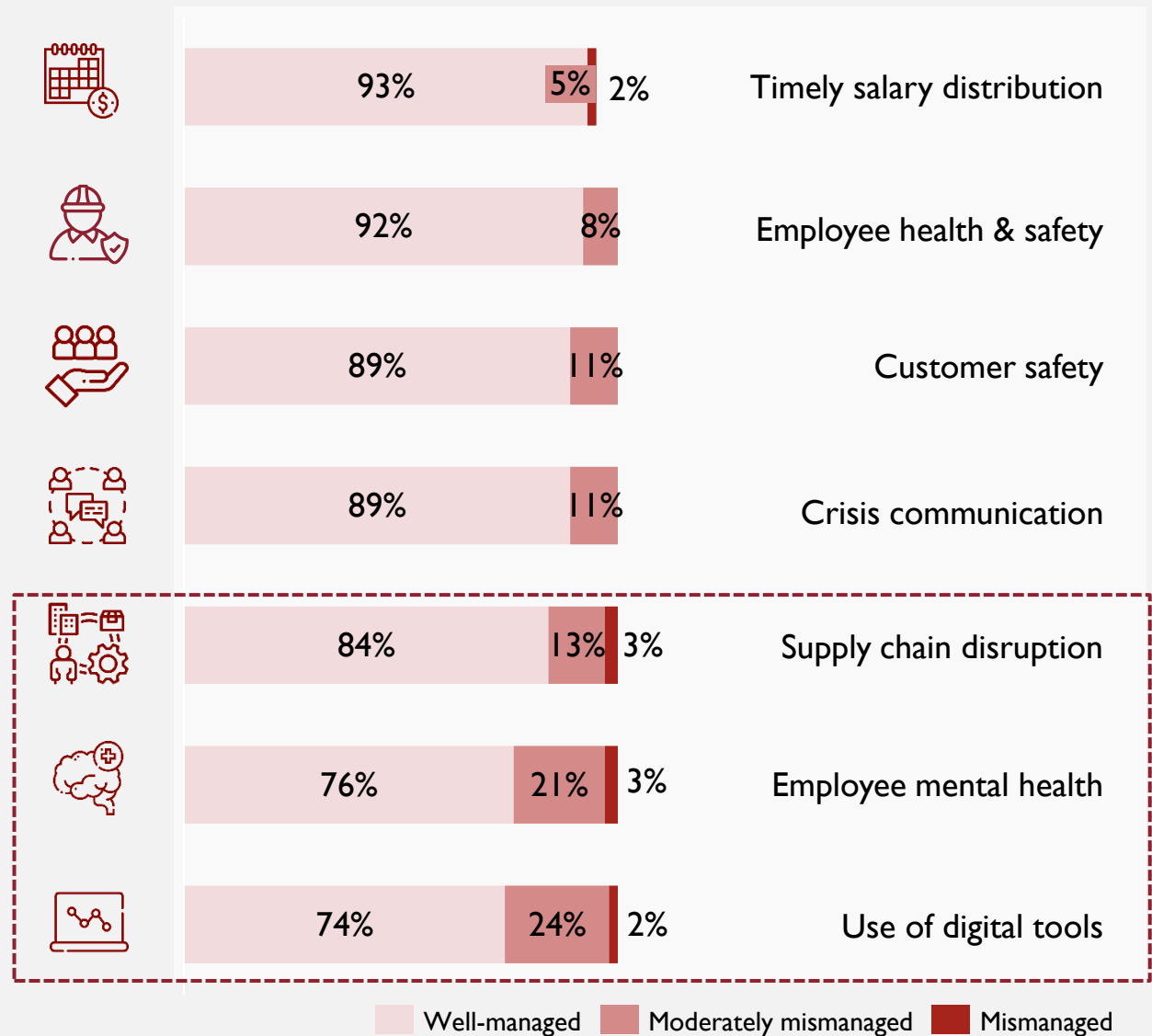
Most companies have largely mitigated business impacts from the pandemic

From our survey, Thai companies have largely managed the severe disruptions caused by the pandemic.

However, over 15% of the respondents either ‘mismanaged’ or ‘moderately mismanaged’ supply chain disruption, employee mental health, and use of digital tools.

The first webinar of the ESG 2021 Agenda, was on the topic of ‘Risk and Crisis Management: Lessons learned from the Pandemic’. Strategies to better manage these aspects were discussed by both medical and business strategy advisors. You can find the recording [here](#) and presentation [here](#).

How well did your company manage each aspect of the pandemic?



VI. ESG integration

We surveyed Thai business leaders to better understand

- Overall company perspective on ESG – is it central to operations and planning?
- How the management of ESG issues is integrated into core business processes
- What the maturity level of companies' existing ESG policies, processes, and systems is
- Whether there are sustainability committees overseeing ESG risks and opportunities
- What the ESG focus areas are, if any, for increased investment in the next 3 to 5 years



Our findings:

ESG is an integral part of businesses

69%
(ESG perspective)

ESG policy and procedures are largely integrated into core practices

66%
Respondent

ESG system integration is mature at most companies; SMEs are noticeably behind

35%
Very mature

Just over half of the companies have Sustainability Committees

54%
Have a committee

Governance, strategy, and innovation are the primary investment areas for integration of ESG

>50%
Invest

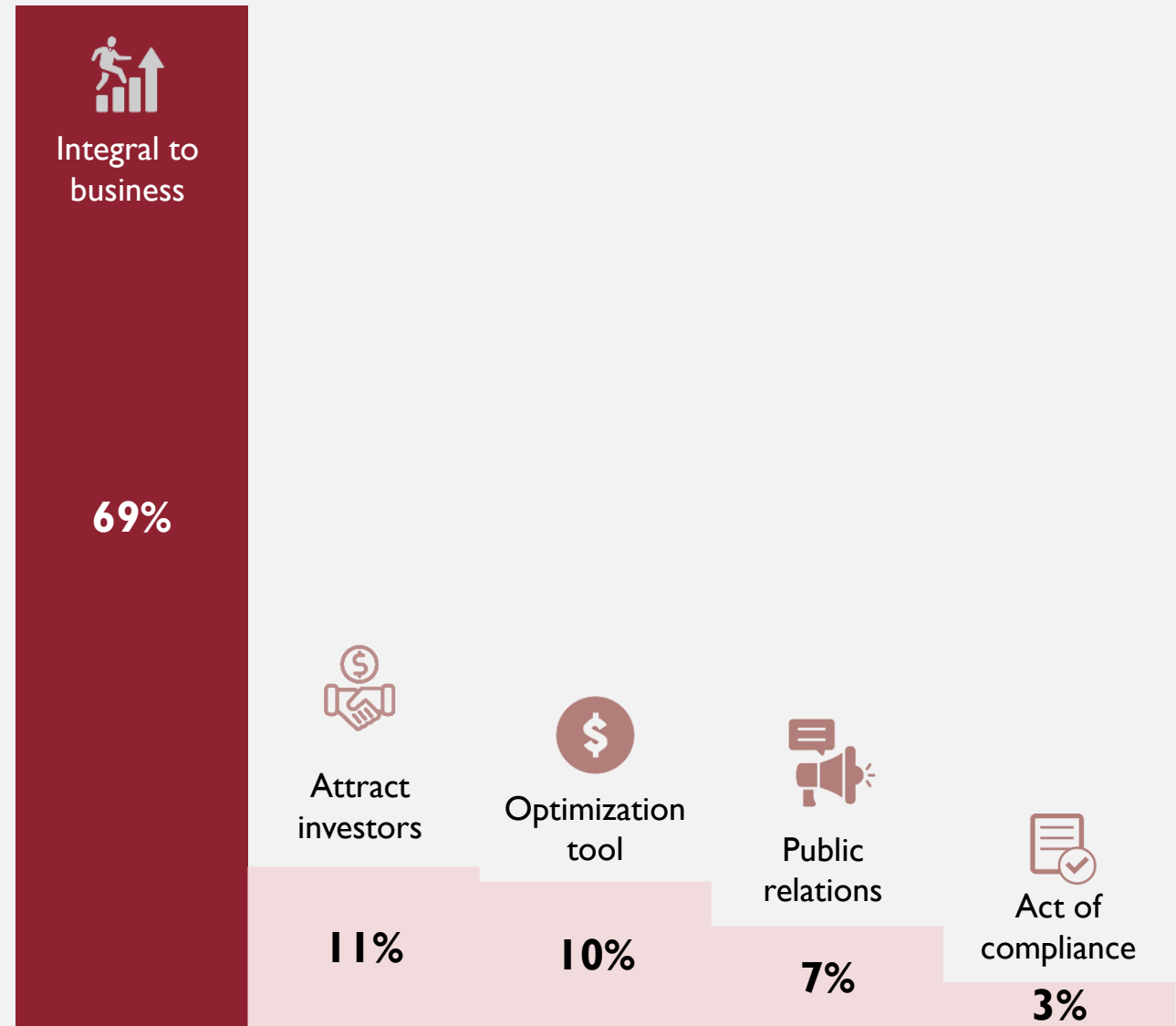


Generally, respondents believe that ESG is an integral part of business

There is a broad agreement that integrating sustainability practices can lead to business growth, mitigate risks, and lead to improved financial performance. In short, ESG is integral to business.

This is consistent with a similar survey conducted across 234 executives of European companies, in which 75% of respondents believed that ignoring sustainability would affect their company's ability to create long term value.¹

Which of these best describes your company's perspective towards ESG?



SMEs perspectives on ESG are more diverse than Large companies

Large company responses were nearly unanimous in identifying that ESG is integral to business.

The perspective towards ESG among SMEs is more diverse: there is a greater focus on using ESG to attract investors (~30%) and as a tool to optimize investment and capital expenditures (~30%).

Which of these best describes your company's perspective towards ESG? (By size)

	LARGE		SMEs		
	Macro	Large	Medium	Small	Micro
INTEGRAL TO BUSINESS <i>Business is dependent upon environment and society for long-term success</i>	100%	85%	55%	14%	86%
ATTRACT INVESTORS <i>Socially responsible investors for long-term investment</i>	0%	0%	15%	29%	14%
OPTIMIZATION TOOL <i>Optimizes investment and capital expenditures</i>	0%	5%	5%	29%	0%
PUBLIC RELATIONS <i>Marketing activity that helps build an organization's reputation</i>	0%	10%	20%	14%	0%
ACT OF COMPLIANCE <i>A compliance activity and not about good business practices</i>	0%	0%	5%	14%	0%

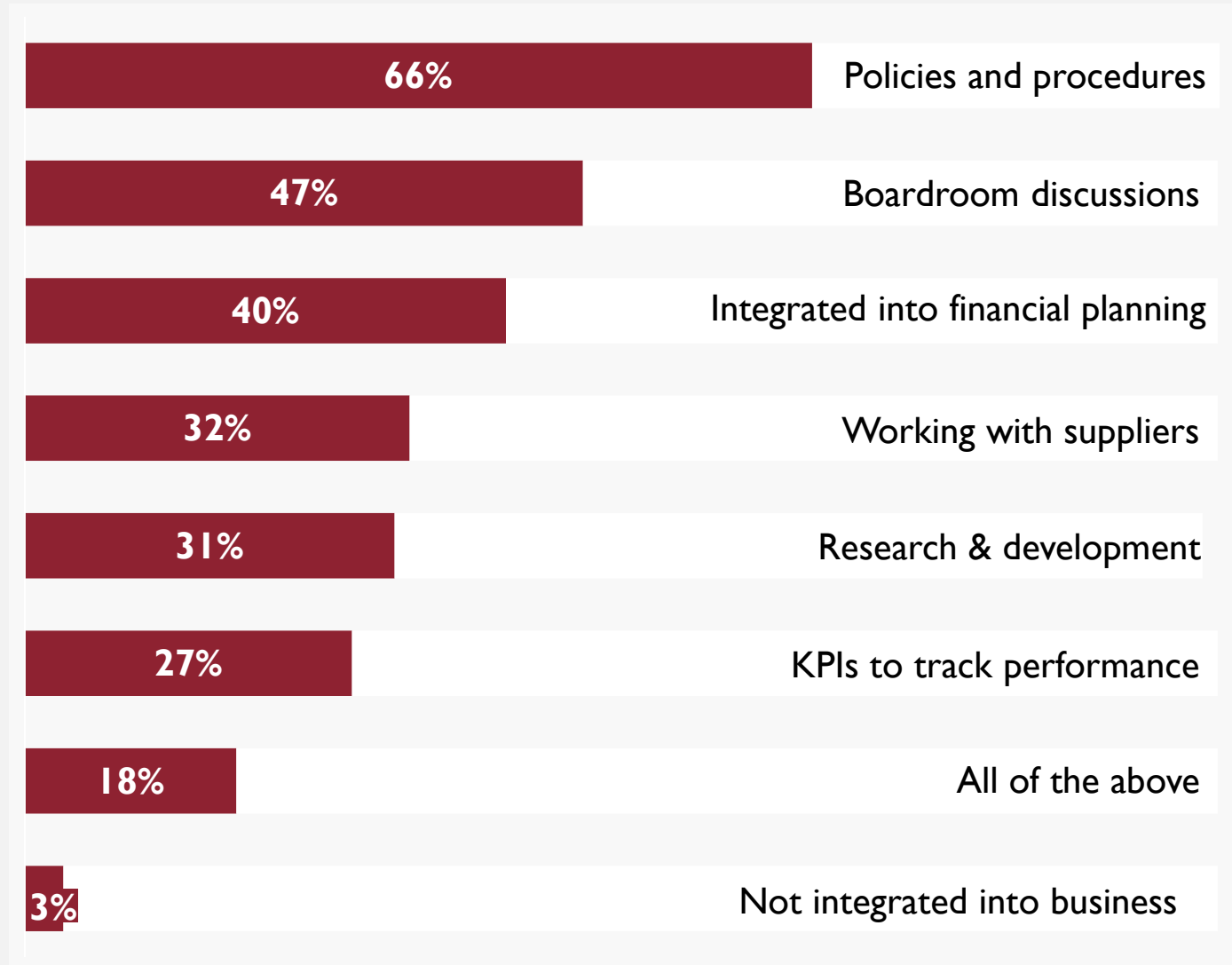


ESG is being integrated at various levels of businesses from governance to supply chain management

Policies and procedures is the most frequent response regarding ESG integration (84% (66% plus 18% 'all of the above')), followed by ESG in boardroom discussions. The latter is a noticeable increase from a global 2007 survey with only 45% of the boards having engagement on ESG issues.¹

How is ESG currently integrated into your company's core business processes?

Select all that apply



Few sectors have integrated ESG into their KPIs

Surprisingly, only 27% of respondents selected ‘KPIs to track performance’, and the only sector above 50% is Industrials.

These KPIs, both personal and organizational, are essential to track performance against sustainability goals and targets of the organization. A key benefit is that it allows executives to show progress today while setting up the company for long-term success that is aligned with a low-carbon and sustainable future – a useful tool to confront the ‘short term expectations’ that Large and Macro companies identified as barriers to further ESG integration.

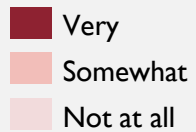
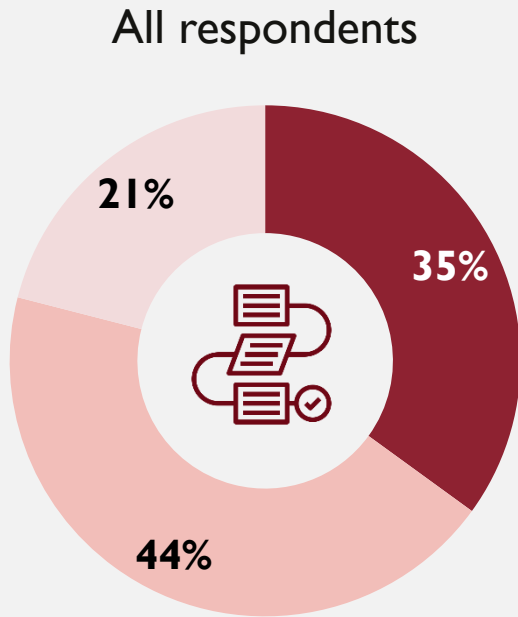
How is ESG currently integrated into your company’s core business processes? (by industry)

Select all that apply

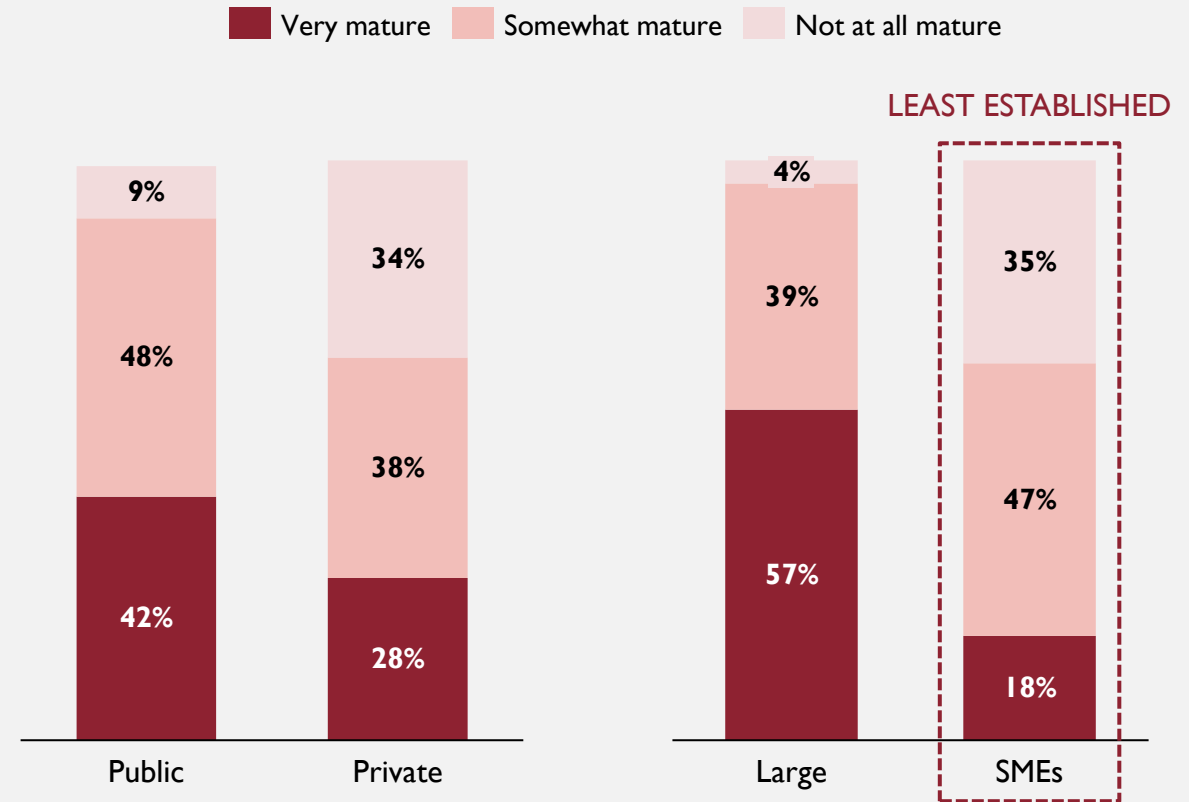
	Agro & Food	Consumer	Financials	Industrial	Property & Cons.	Resources	Services	Technology
Policies and risk management	54%	80%	67%	88%	60%	63%	69%	50%
Boardroom discussions	38%	40%	67%	63%	40%	50%	38%	50%
KPIs to track performance	31%	0%	0%	63%	40%	38%	23%	25%
Integrated into financial planning	23%	60%	83%	38%	20%	25%	46%	50%
Research and development	15%	40%	67%	38%	40%	0%	23%	75%
Working with suppliers	31%	60%	17%	25%	20%	25%	38%	50%
All of the above	23%	0%	0%	13%	20%	38%	31%	0%
ESG is not integrated in business	8%	0%	0%	0%	0%	0%	8%	0%



Most respondents represent firms that have well established ESG policies, processes and systems



How well established are your company's existing ESG policies, processes, and systems? (By size & type)

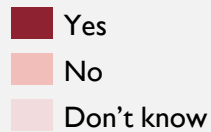
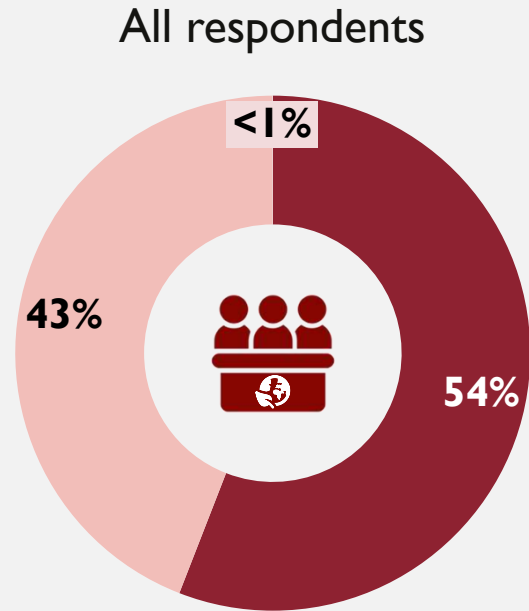


Unsurprisingly, larger and public companies – who often facing more scrutiny and disclosure requests – have more mature ESG policies, procedures and systems.

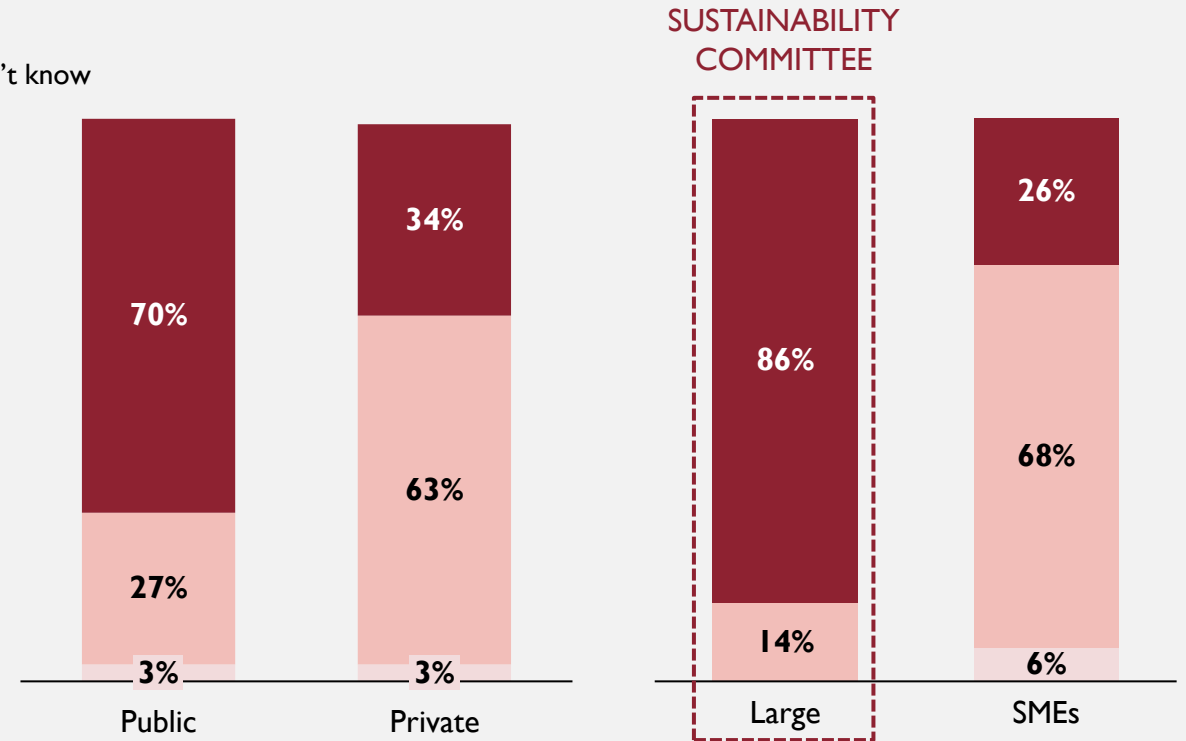
One-third of SMEs and private companies responded that they do not have existing ESG policies, processes and systems—indicating an immediate need for training and staffing.



More than 50% of respondent companies have a sustainability committee



Do you have a sustainability committee overseeing ESG risks and opportunities? (By size & type)



Sustainability committees are particularly effective for companies with the least mature ESG systems in the early stages of ESG integration. Such committees support the company with establishing, refining, and monitoring ESG related policies, procedures, goals and targets.



Almost all respondents are planning to increase ESG-related investments

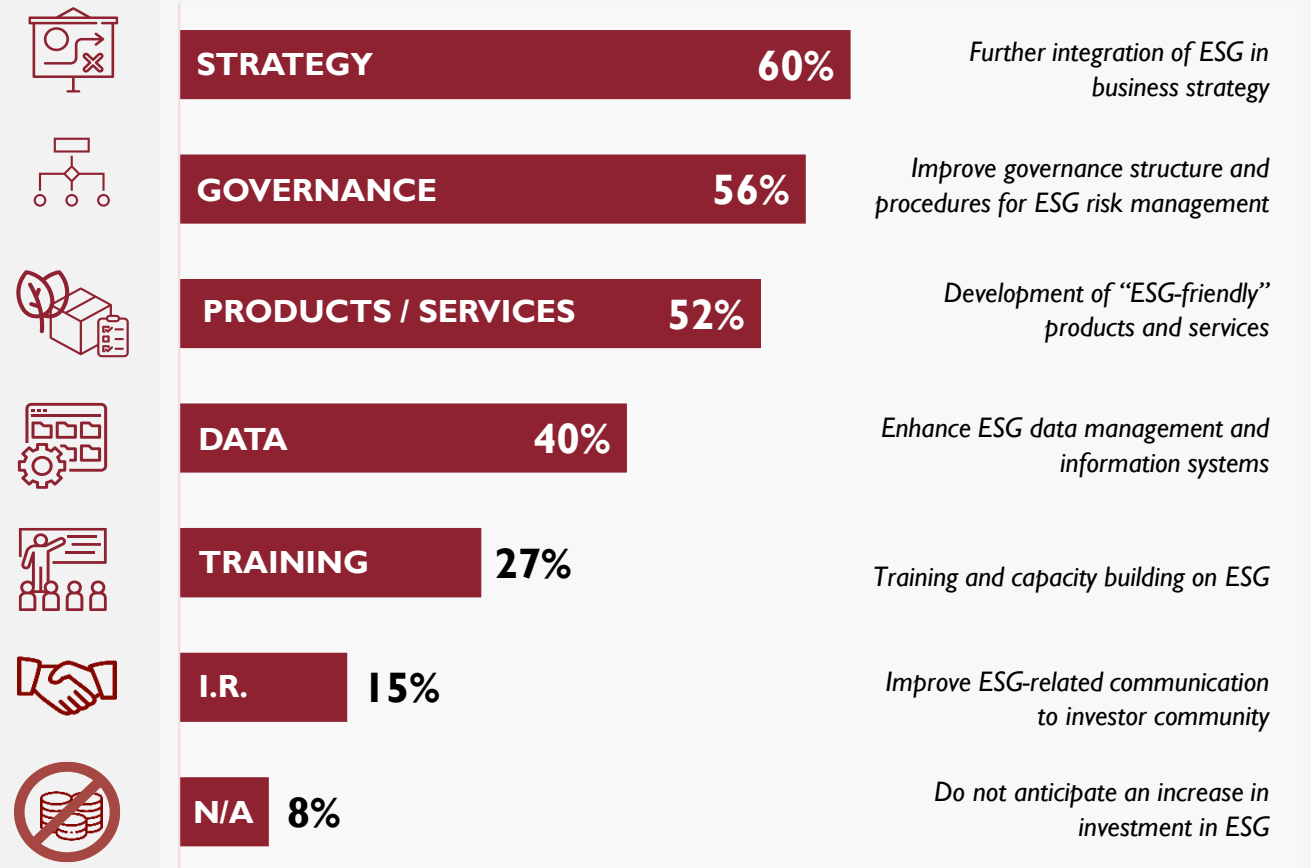
This is in line with the global trend of rising ESG investments as shown in NAVEX's global ESG survey, in which 63% of respondents were planning to increase ESG investments in 2021.¹

Our survey suggests that 90% of respondents are planning to increase their ESG-related investments, which will mostly be allocated to further integration of ESG into business strategy, improving governance structure, and developing ESG-friendly products and services.

Corporate value creation is increasingly coming from companies moving ESG into the core of company strategy and purpose



What are the key areas where your company will increase investment in the next three to five years? Select up to three



Note: Proportion (%) of total companies that voted for their key investment areas in the next 3 – 5 years



Larger firms and SMEs have different priorities in terms of ESG-related investments

Over 60% of Large companies plan to invest in ESG integration into business strategy and improving governance structure, and over 70% of SMEs will be investing in the development of 'ESG friendly' products.

What are the key areas where your company will increase investment in the next three to five years? (By size)

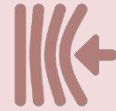
Select up to three

	LARGE		SMEs		
	Macro	Large	Medium	Small	Micro
STRATEGY <i>Further integration of ESG in business strategy</i>	63%	75%	55%	57%	29%
GOVERNANCE <i>Improve governance structure and procedures for ESG risk management</i>	63%	65%	55%	57%	29%
PRODUCTS / SERVICES <i>Development of "ESG-friendly" products and services</i>	50%	45%	45%	71%	71%
DATA <i>Enhance ESG data management and information systems</i>	63%	50%	30%	43%	14%
TRAINING <i>Training and capacity building on ESG</i>	25%	15%	30%	43%	43%
INVESTOR RELATIONS <i>Improve ESG-related communication to investor community</i>	13%	15%	15%	0%	29%
NO INVESTMENT <i>Do not anticipate an increase in investment in ESG</i>	0%	0%	20%	0%	14%



Key findings

RESILIENCY



- Governance is the key ESG factor for Thai companies (60%)
- Out of all ESG issues, Risk & Crisis Management was selected by 69% of respondents as being the most material
- 25% of respondents believe they didn't manage employee mental health and use of digital tools very well during the pandemic

CAPACITY-BUILDING



- 57% of respondents believe limited knowledge and expertise in ESG is the most dominant barrier in adopting an ESG-centric approach
- 41% of respondents indicated that a lack of sufficient staffing made it challenging to adopt ESG-centric strategies
- 44% of respondents do not have any clear internal ESG disclosure guidelines

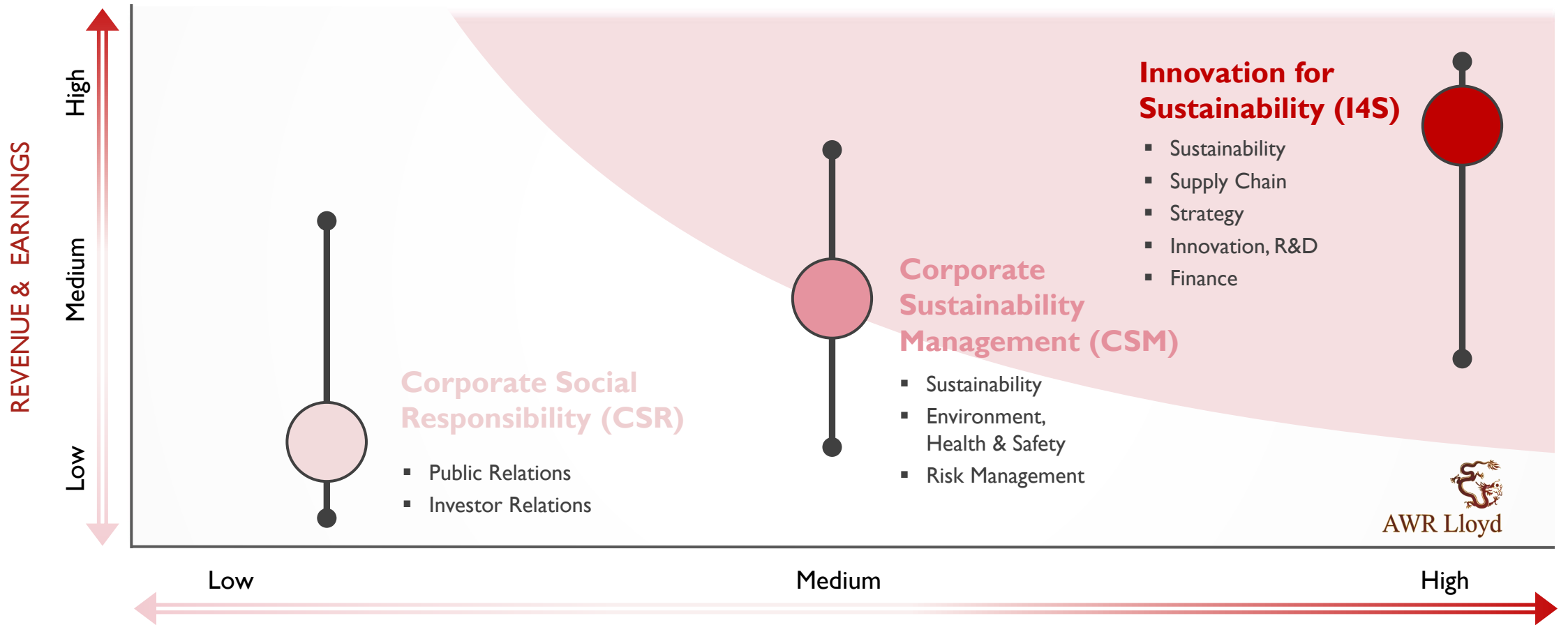
VALUE CREATION



- 60% of respondents will invest in ESG business strategy over the next 3-5 years
- 58% of respondents believe growth and innovation is a key benefit of ESG
- Only 18% of respondents integrate ESG throughout their business operations and value chain



New era of corporate sustainability requires I4S thinking and action



CSR Programs provide funds **after** company profits and are typically less strategic than other responses

CSM focuses on **how** a company earns a profit and seeks to account for all environmental and social issues and establish targets to reduce impacts

I4S is focused on innovation with stakeholders to **solve** environmental and social issues.



AWR Lloyd's approach to building capacity, resilience and value through Innovation For Sustainability (I4S) Services

RESILIENCY

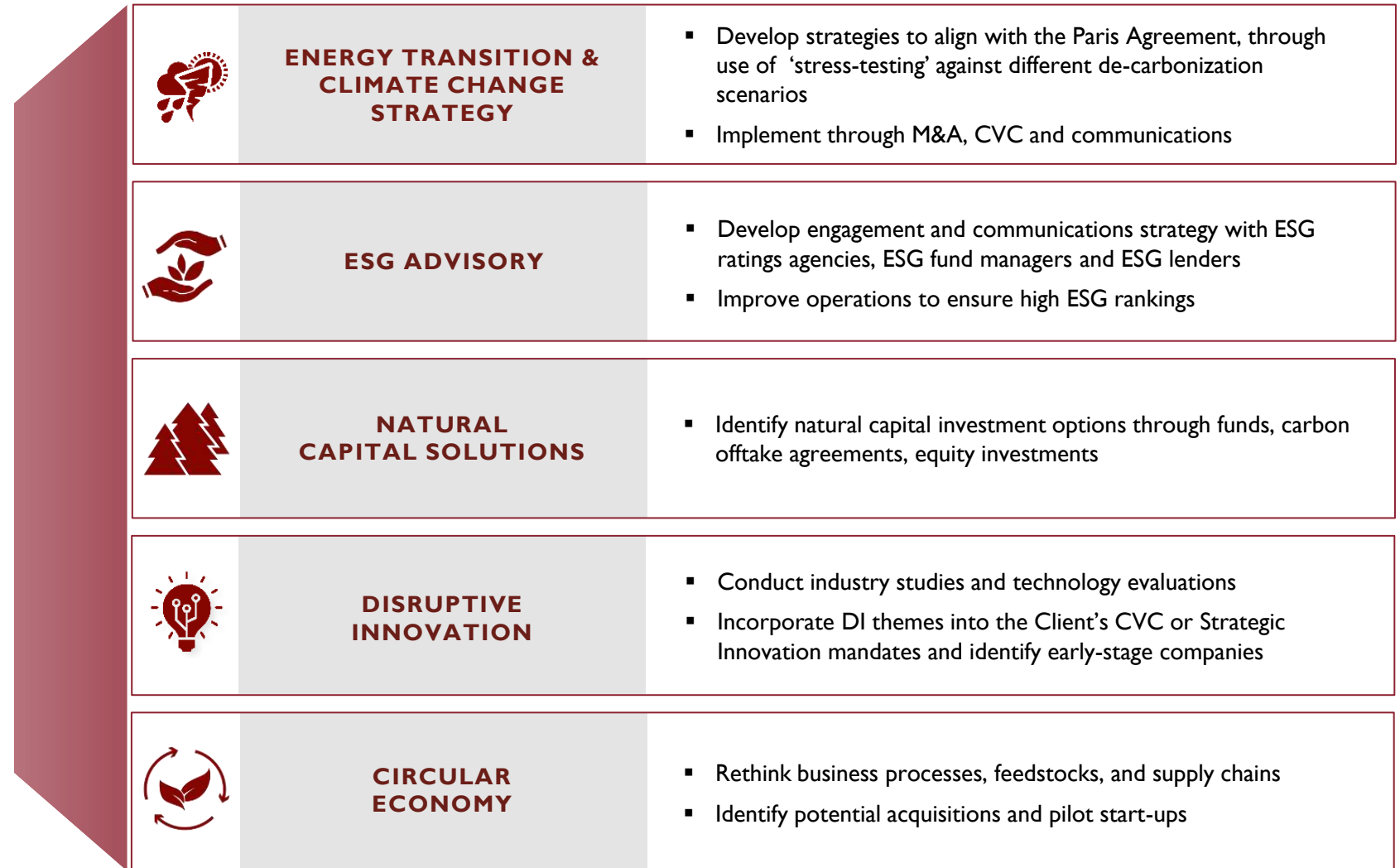
Business leaders will face increasing pressure to fortify risk management practices and develop 'resilience' as we confront challenges including climate change, biodiversity loss, water stress, aging demographics, robotics, A.I., data privacy, and age-old geopolitical threats.

CAPACITY BUILDING

Business leaders will need to 'lean in' to sustainability and the various related ESG data and disclosure requirements. This entails continued focus on training requirements, increased staffing, and often strategic partnerships and collaboration to obtain the required skills and knowledge.

VALUE CREATION

Business leaders will likely need to inform stakeholders of their company's innovation strategy for sustainability. This will include new products, services, collaborations and business models that are both circular and regenerative.



DISCLAIMER & CONTACTS

If you would like to find out more about the ESG Survey 2021 and analysis, or talk to our experts about practical ways on how to strengthen your company's ESG strategy, please reach out to:

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Introduction to AWR Lloyd

21
years



- Our approach is independent, discrete, customized, and hands-on.
- We have completed over 500 assignments for major corporate and public sector clients in the Indo-Pacific region
- AWR Lloyd is ranked as a Top-10 Consulting Firm in the Asia-Pacific region.
- Top 5 in Asia-Pacific for Diversity
- Services:
 - Strategy Consulting
 - Project Advisory
 - M&A
 - Corporate Finance
 - ESG & IR Advisory
- Offices:
 - Jakarta
 - Ho Chi Minh City
 - Bangkok
 - Mumbai



AWR Lloyd

*“The single most critical driver of corporate value over the next two decades will be **‘Innovation for Sustainability’** as expectations rise for corporate solutions to climate change and sustainable development.”*

Brad Denig
Managing Director, AWR Lloyd

Our related events for calendar year 2021

(click [here](#) for more information and for confirmation of dates)



Risk & crisis management

2nd June

This webinar brought together experts from AWR Lloyd, FHI 360, and SCG Packaging to discuss the lessons learned regarding corporate resiliency during the pandemic that can prepare us for future crises.

The state of green finance

9th September

An overview of the key trends and benefits for investors and businesses when it comes to raising and deploying ‘green finance’.

Managing ESG for outperformance

28th October

This event will highlight correlations between exceptional ESG performance and business outperformance – profitability, market share, share price, customer loyalty, financing costs, etc.

Back to school: ESG Leadership exhibit

Q1 2022

An exhibition to showcase Thai corporate expertise – from managing risks to seizing opportunities – regarding an array of ESG issues.

Climate change & net zero

14th July

Companies are under increasing pressure to commit to ‘Net Zero’ GHG emission targets. This event will highlight key challenges and provide insights on best approaches to setting a net zero carbon reduction target.

Innovation for the SDGs

5th October

Achieving the SDGs will require substantial product, process and service innovations. This event will showcase examples and highlight paths for companies to invest in innovation for the SDGs.

The end of shareholder primacy?

18th November

Global business leaders profess an embrace of ‘Stakeholder Capitalism’ and an end to ‘Shareholder Primacy’- but what does this mean in practice and is the implicit transformation really taking place?

