CORPORATE SUSTAINABILITY REPORTING IN ASEAN COUNTRIES

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asean CSR Network

NUS National University of Singapore

Centre for Governance and Sustainability
NUS Business School

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Centre for Governance and Sustainability

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CGS is the national assessor for the corporate sustainability and corporate governance performance of listed companies in Singapore.

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ACN creates change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international organizations, who have the power to influence the way businesses operate. It provides a platform for networking and cooperation at the ASEAN level, supports capacity-building and training activities, helps catalyze thought leadership and collective actions on CSR and key related issues including business integrity, business and human rights, gender equality, and environmental sustainability.

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Executive Summary

The last few years have seen increasing awareness of sustainability-related issues among the ASEAN countries. Although the region's progress towards sustainability has tended to lag behind other regions, rapid economic growth is now being accompanied by concern over issues such as food security, marine and air pollution, and climate change. Regulation has resulted in greater sustainability reporting efforts, as has the growing realization that sustainable development confers competitive advantages on companies, particularly in the long-term. International pressure has also contributed to this, as investors, business partners and customers in the global marketplace demand more from companies in terms of their EESG (economic, environmental, social and governance) performance and reporting.

This report thus presents the results of a comparative study of corporate sustainability reporting practices in the six ASEAN countries of Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Assessment is based on the FY2019 sustainability disclosures of the top public-listed companies in each of these economies, assessing both the principles underlying their sustainability reporting, and the content of their disclosures. It provides an overview of the state of sustainability reporting in the 582 companies as a whole, as well as country–specific trends, highlighting strengths and potential for improvement.

The ASEAN companies generally exhibit stronger performance on the reporting principles (Principles, averaging 57%) than on content (Content, 32%). The highest scores for Principles were achieved for materiality (70%), followed by risks and opportunities (62%) and stakeholder engagement (61%); the lowest was for board governance (41%). For Content, the highest average scores were for reporting framework (50%) and performance data (36%), while the lowest was for assurance (13%). Generally, higher rates of disclosure are seen for more fundamental aspects of EESG reporting, such as identification of material topics and stakeholder groups, and disclosure of targets and performance data. Companies had lower propensities for providing the rationale behind their disclosures, such as the processes used to identify stakeholders and select material factors, or explanations for their reporting scope.

Individually, the six countries show wide variations in sustainability reporting performance. Singapore- and Malaysia-listed companies earned the highest scores overall, followed by the Philippines-listed companies. Despite the generally low performance among the companies in board governance disclosures, those listed in Indonesia showed a relative strength in those pertaining to statements of board responsibility and board sustainability training. Malaysia-listed companies stood out in terms of balance, leading the way in making unfavorable disclosures, while Philippines-listed companies exhibited a relative strength in disclosures relating to risks and opportunities. They had relatively high rates of disclosing both risks and opportunities as well as the frameworks used for assessing risks and opportunities. Similarly, companies listed in Singapore had relatively high disclosure rates for sustainability performance, and those in Thailand for external assurance. Vietnam-listed companies had among the most even-handed rates of disclosure of consulting external vs. internal stakeholders in determining material topics, and among the highest rates of explaining reporting scope relative to reporting scope disclosure.

The same intra-regional differences can be seen in material topics. Commonalities do appear, such as the dominance of social material topics, particularly those relevant to employees. However there are also some distinct differences, such as the relatively high propensity for Indonesia-listed companies to cite indirect economic impact as material, as did Malaysia-listed companies for corporate governance, Philippines-listed companies for labor relations and Singapore-listed companies for regulatory compliance. A relatively large share of companies listed in Thailand reported innovation as material, as did those listed in Vietnam for environmental compliance.

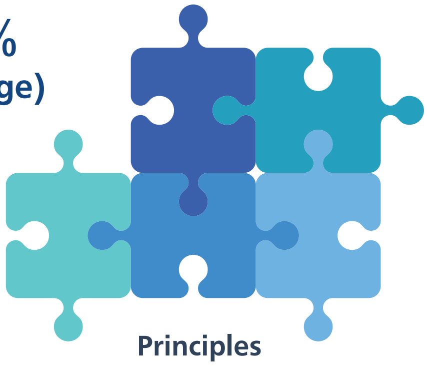
The results also reveal that as a group, ASEAN companies are moving towards greater sustainability reporting. This can been seen in the fact that companies in the four countries for which we have data since 2016 (i.e. Indonesia, Malaysia, Singapore and Thailand) show positive progress on most indicators. Nevertheless, there remains ample room for improvement. The relatively low performance of the ASEAN companies on board governance is a matter for concern, as are the low propensities to report external assurance for sustainability disclosures.

The trend towards greater EESG reporting among ASEAN companies can be expected to continue, given regulatory and market pressures. This could be accelerated by reducing barriers to sustainability reporting, such as a lack of understanding of the resources required and the benefits which can be gained. Overcoming this through training and education can be facilitated by collaborations between governments, regulators and relevant external bodies.

Executive Summary

The ASEAN companies generally exhibit stronger performance on the reporting principles than on content.

57%
(average)



Principles

32%
(average)

Content

For Principles

Highest scores achieved for

70%

materiality

62%

risks & opportunities

61%

stakeholder engagement

Lowest scores for

41%

board governance

(Note: all scores are reported as averages)

For Content

Highest scores for

50%

reporting framework

36%

performance data

Lowest scores for

13%

assurance

(Note: all scores are reported as averages)

1. Introduction

Attention to sustainability and sustainability reporting in ASEAN has intensified in recent years. This has been driven both by regulation, and the growing realization that sustainable development confers competitive advantages on companies, particularly in the long-term. Corporations are recognizing that sustainability will play an increasingly important role in their continued ability to operate (Deloitte 2018). International pressure has contributed to this, as investors, business partners and customers in the global marketplace demand more from companies in terms of their EESG (economic, environmental, social and governance) performance and reporting.

However, most studies of sustainability reporting tend to focus on developed countries (Dissanayake et al. 2020; Loh et al. 2017). There is a relative lack of information on other regions. This gap is particularly notable in the case of ASEAN, given its economic importance to Asia and the fact that such a lack is impeding further progress in the region's sustainable development (Anbumozhi 2017).

This report thus presents the results of a comparative study of corporate sustainability reporting practices in the six ASEAN countries of Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Assessment is based on the FY2019 sustainability disclosures of the top public-listed companies in each of these economies, assessing both the principles underlying their sustainability reporting, and the content of their disclosures. It provides an overview of the state of sustainability reporting in the 582 companies as a whole, as well as country–specific trends, highlighting strengths and potential for improvement.

2. Sustainability and Sustainability Reporting in ASEAN

The last few years have seen increasing awareness of sustainability-related issues among the ASEAN countries. Although the region's progress towards sustainability has tended to lag behind other regions, rapid economic growth is now being accompanied by growing concern about marine pollution arising from plastic and electronic waste imports, as well as issues such as air pollution, food security and climate change (Au-Yong 2019, Qian et al. 2020). As of 2015 ASEAN officially incorporated ESG (environmental, social and governance) as a priority, as reflected in the ASEAN Socio-Cultural Community Blueprint 2025. More recently, the theme for the ASEAN chairmanship in 2019 was *Advancing Partnership for Sustainability*. This recognition of ESG-related issues remains even in the wake of the Covid-19 pandemic, with the importance of developing regional resilience and sustainability reflected in the ASEAN Comprehensive Recovery Framework (ASEAN 2016, Kresnawan 2019, Arnold 2021).

At the corporate level, pressure from stakeholders on a number of fronts is pushing ASEAN companies towards greater efforts in sustainability and sustainability reporting. Firstly, there is regulatory pressure. Fulfilling regulatory requirements has been found to be a strong motivator of sustainability reporting among Indo-Pacific companies (Qian et al. 2020), and as can be seen from **Figure 1**, all six countries covered in this study have regulations mandating some form of sustainability or EESG-impact reporting[1].

[1] The most recent of these, from the Philippines Securities and Exchange Commission, requires public-listed companies to issue sustainability reports starting from 2020. As such, the main effects of this regulation will not be reflected in this report.

A second front is coming from foreign clients, investors and partners, who are increasingly requiring companies with whom they transact to provide sustainability reports (Qian et al. 2020). Companies in ASEAN are particularly susceptible to such international pressure given the region's heavy dependence on foreign direct investment and its participation in global supply chains. The growth in sustainable financing will only accelerate this. Banks report increasing impact and sustainable investments by their clients in Asia, while multilateral institutions such as the Japan Bank for International Cooperation (JBIC), the Asian Development Bank (ADB), and the Asian Infrastructure Investment Bank (AIIB), are actively looking into sustainability-related investment opportunities within ASEAN (Anbumozhi 2017, The Business Times 2019). ASEAN regulators have responded with key initiatives to promote sustainable finance, hoping to reap a greater share of the global market. This includes initiatives to develop the region's green bond market through the ASEAN Capital Markets Forum's (ACMF) release of the ASEAN Green Bond Standards in 2017 (Arnold 2021, Sustainable Stock Exchanges initiative 2019).

Thirdly, demands from customers and society as a whole are also inducing companies to engage in EESG disclosure, as consumer support is increasingly given to companies with higher sustainability standards (Deloitte 2018). Indo-Pacific companies have cited reputational effects as the major influence motivating their sustainability reporting, using it as a signal to improve their image, and enhance public trust and social legitimacy (Qian et al. 2020). This motivation can also be expected to strengthen over time given the greater social consciousness of younger generations entering the market.

All these developments point to common factors faced by ASEAN companies motivating them to engage in sustainability reporting. At the same time however, the region is very diverse. The six ASEAN countries in this study have differing institutional and legal environments, levels of economic development, demographics and cultures (Tran and Beddewela 2020). As such, they can be expected to vary in their strengths and challenges in EESG reporting. This will be seen in more detail in **Sections 4** and **5**.

Indonesia

National Policies and Regulations/Stock Exchange Listing Rules	
2006	The government introduced Regulation No X.K.6 which requires companies to disclose CSR initiatives in their annual reports.
2007	Article 74 of Law 40 of 2007 on Limited Liability Company required companies involved in operations that affect natural resources to create and implement corporate social responsibility (CSR) programs.
2017	The Regulation of Financial Services Authority No. 51/POJK.03/2017 mandated financial services institutions, issuers and publicly-listed companies to develop and submit sustainable finance action plans and publish sustainability reports.
Sustainability Reporting Guidelines	
2014	Roadmap for Sustainable Finance in Indonesia (2015-2019) launched by the Financial Services Authority (OJK) and the Ministry of Environment and Forestry stated the goal and principle of sustainable finance.
2017	Guidance for Sustainability Reporting in Indonesian is under the Regulation of Financial Services Authority No. 51/POJK.03/2017.
Sustainability Index	
	KEHATI SRI Index

Malaysia

National Policies and Regulations/Stock Exchange Listing Rules	
2006	The Bursa Malaysia CSR Framework for public-listed companies was launched, providing a guide to Malaysian companies to develop CSR strategies.
2009	The Registrar of all companies and businesses in Malaysia, Companies Commission of Malaysia (SSM) launched SSM Corporate Responsibility Agenda (SSM CR Agenda) to outline SSM's approach on the subject of corporate responsibility.
2015	Bursa Malaysia amended its listing requirements that listed companies should disclose a narrative statement of the management of material economic, environmental and social (EES) risks and opportunities (sustainability statements) in their annual reports.
2017	The Malaysian Code of Corporate Governance was published emphasizing the integration of EES dimensions at board level.

Malaysia

Sustainability Reporting Guidelines	
2013	Best Business Practice Circular 5/2013, Corporate Responsibility: Guidance to Disclosure and Reporting issued by the Registrar of all companies and businesses in Malaysia, SSM.
2015	Sustainability Reporting Guide issued by Bursa Malaysia.
2015	Toolkit: Materiality Assessment issued by Bursa Malaysia.
2017	Guidelines on Sustainable and Responsible Investment Funds introduced additional disclosure and reporting requirements that aim to encourage greater transparency in investment policies.
2018	Release of 2nd edition of Sustainability Report Guide and Sustainability Toolkit.
2018	Launch of BURSASUSTAIN, a one-stop portal to provide issuers with current information on corporate governance, sustainability and responsible investment.
Sustainability Index	
	FTSE4Good Bursa Malaysia Index

Philippines

National Policies and Regulations/Stock Exchange Listing Rules	
2011	Corporate Social Responsibility Act approved, requiring large tax payers to allocate a reasonable percentage of their net income to CSR and disclose CSR activities as part of their annual reports. This aims to foster sustainable economic and environmental development, and environmental protection by institutionalizing CSR in companies.
2013	Corporate Social Responsibility Act 2013 enacted.
2016	Implementation of the Code of Corporate Governance for Publicly Listed Companies, with Principle 10.1 emphasizing the management of EESG impacts of business.
2019	The SEC adopts a ‘comply or explain’ regulation for public-listed companies to issue sustainability reports starting from 2020. Flexibility is provided for the first three years to allow businesses to adjust to issuing the report.
2020	Corporate Social Responsibility bill passed to allow stock corporations to retain profit in excess of 100% of their paid-in capital stock so that it can be used not only for corporate expansion but also for CSR projects.

Philippines

Sustainability Reporting Guidelines	
2019	Sustainability Reporting Guidelines for Public-Listed Companies issued through SEC Memorandum Circular No 4 (Series of 2019), highlighting framework and reporting of non-financial environmental, economic and social aspects of an organization.

Singapore

National Policies and Regulations/Stock Exchange Listing Rules	
2012	The Code of Corporate Governance (2012) provided principles and guidelines to listed companies on creating sustainable and financially sound enterprises that offer long-term value to shareholders.
2012 & 2014	The government introduced sustainability-related regulations by enacting topic-specific Acts such as the Energy Conservation Act (2012) which regulated large industries to report on energy usage and provide an energy management plan, and the Environmental Public Health Act (2014) which regulated mandatory reporting of waste data and waste reduction plans by large commercial premises.
2016	The Singapore Exchange required listed companies to prepare an annual sustainability report, which must describe the company's sustainability practices with reference to the primary components set out in Listing Rule 711B, on a "comply or explain" basis.
2018	The Monetary Authority of Singapore (MAS) released the Code of Corporate Governance to improve the quality of companies' disclosure on their corporate governance practices.
2018	The Singapore Exchange reviews its listing rules after the MAS issued a revised Code of Corporate Governance in Aug 2018.
2020	MAS releases Environmental Risk Management Guidelines for financial institutions.
Sustainability Reporting Guidelines	
2011	Guide to Sustainability Reporting for Listed Companies prepared by the Singapore Exchange
2013	An Investor's Guide to Reading Sustainability Reports prepared by the Singapore Exchange
2016	SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide prepared by the Singapore Exchange

Singapore

Sustainability Index	
	iEdge SG ESG Leaders Index
	iEdge SG ESG Transparency Index

Thailand

National Policies and Regulations/Stock Exchange Listing Rules	
2002	The Thai government designated 2002 as the “Compass for Good Corporate Governance” and set up the National Corporate Governance Committee (NCGC). The Stock Exchange of Thailand (SET) also proposed fifteen principles of good corporate governance for listed companies to implement and demonstrate in their annual registration statement (Form 56-1) and annual reports.
2013	The Securities and Exchange Commission Thailand (SEC) Board approved the Sustainability Development Roadmap as a part of the SEC Strategic Plan (2013-2015).
2015	The National Climate Change Master Plan (2015 -2050) was designed to help Thailand achieve sustainable low carbon growth and climate change resilience by 2050.
2017	Corporate Governance Code for listed companies 2017 integrated the essence of G20/OECD Principles, and delineated the board’s roles and responsibilities for the company’s long-term sustainable value creation. The Code requires companies to ensure “appropriate” sustainability reporting (Principle 7.4).
Sustainability Reporting Guidelines	
2012	Guidelines for Sustainability Reporting, in Thai language.
Sustainability Index	
	SET Thailand Sustainability Index (SETTHSI) was launched in 2018 to motivate listed firms to adhere their operations to the ESG practices so as to gain investors’ trust and confidence.

Vietnam

National Policies and Regulations/Stock Exchange Listing Rules	
2012 & 2017	The Government issues decisions/strategies related to sustainable development such as: Vietnam Green Growth Strategy (2012), Sustainable Development Strategy for the Period 2011 - 2020 (2012), National Action Plan for the Implementation of the 2030 Sustainable Development Agenda (2017).
2015	Circular No. 155/2015/TT-BTC requires listed companies to issue a report on their impact on the environment and society within their annual report, effective from 31st December 2016. This report is to include corporate objectives with regard to the environment, society, and sustainability.
Sustainability Reporting Guidelines	
2013	Sustainability Reporting Handbook for Vietnamese Companies, in cooperation with International Finance Corporation (IFC).
2016	Environmental and Social (E&S) Disclosure Guide was commissioned by the IFC and State Securities Commission of Vietnam (SSC) to encourage public listed companies to adopt and better implement the disclosure of environmental and social information as stipulated by Circular 155/TT-BTC of the Ministry of Finance on public disclosure guidance for the stock market.
2017	Launch of GRI Sustainability Reporting Standards, in Vietnamese language.
Sustainability Index	
	VN Sustainability Index (VNSI) was launched in 2017 to promote the application of sustainable development initiatives in firms listed on Vietnam's stock exchange.

***Figure 1:** Sustainable Development and Disclosure Initiatives Across ASEAN*

3. Methodology

3.1 Scope of Study

This study covers the top-listed companies by market capitalization in the six ASEAN countries of Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. The companies are identified as those listed in the respective stock exchanges, i.e. the Indonesia Stock Exchange, Bursa Malaysia, Philippine Stock Exchange, Singapore Exchange, Stock Exchange of Thailand, and HoChiMinh Stock Exchange or Hanoi Stock Exchange.

The scope covers Financial Year 2019 corporate disclosures from annual reports, sustainability reports and company microsites. Only companies whose sustainability reports are communicated in English are included.

100 companies were assessed for each country. The exception to this is Vietnam, for which there are 82 companies, because of the difficulty of finding of English-language sustainability reporting. Thus a total of 582 companies were assessed.

3.2 Research Framework

The assessment framework used in this study was developed with reference to the GRI (Global Reporting Initiative) standards, the most widely-used global sustainability reporting standard and incorporated into mandatory reporting requirements in some countries (del Mar et al. 2014; Orazalin and Mahmood 2019).

The framework builds upon those used in two previous studies (Loh et al. 2016; Loh and Thomas 2018). Companies are assessed along two dimensions. The first, Principles, evaluates their adherence to six principles that affect the content and the quality of information presented in the report. These principles are aimed at helping the company to be transparent in its sustainability reporting. The second dimension, Content, assesses the content of sustainability disclosures according to five criteria, such as the disclosure of performance data and targets, and whether the report has been prepared in accordance with recognized frameworks. The assessment criteria for the Principles and Content dimensions can be found in **Figure 2**.

Principles (60%)
Stakeholder Engagement (10%)
Materiality (15%)
Completeness (10%)
Balance (5%)
Risks and Opportunities (10%)
Board Governance (10%)

Content (40%)
Performance Data (10%)
Targets (10%)
Reporting Framework (10%)
Assurance (10%)

Figure 2: *Assessment Framework*

3.3 Definitions and Assumptions

Sustainability Reporting

For the purposes of this report, 'sustainability reporting' is defined as the disclosure of publicly-available non-financial information provided by companies to their stakeholders. This information generally covers disclosures related to the EESG aspects of companies' business operations. It can also include standard disclosures such as materiality, stakeholder engagement and strategy. Such disclosures encourage companies to be transparent about the details of their operations relevant to stakeholders. This in turn reflects their commitment to ensure the sustainability of their business practices.

Accessibility of Information

Companies can communicate their sustainability efforts through their corporate website, having a standalone sustainability/corporate social responsibility report or by including it as part of their annual report. These can be supplemented with additional reporting on their corporate website. All three forms of communication should be publicly available and readily accessible to all stakeholders.

Practicing versus Communicating Sustainability

This study assesses the comprehensiveness of companies' disclosures based on their sustainability reporting. This assessment does not seek to evaluate actual performance in sustainability management. However, it is assumed that companies' sustainability reports and communications are reflective of their business practices.

Assessment as Separate Entities

Subsidiaries of larger corporation groups are assessed as separate entities, even if their sustainability practices are covered by the parent company's reports. Individual entities are only considered to have communicated their sustainability efforts if they have made their own reports available.

4. Sustainability Reporting Practices in ASEAN

4.1 Overall Assessment of Disclosures

The ASEAN companies generally exhibit stronger performance on the reporting principles (Principles, averaging 57%) than on content (Content, 32%). The Singapore- and Malaysia-listed companies achieved the highest average scores overall, and for both the Principles and Content components (**Figures 3** and **4**). They are followed by the Philippines-listed companies, who obtained the third-highest average scores overall and for Principles, while Thailand-listed companies tied with them to achieve the third-highest average score for Content.

However, these overall averages mask a wide variety of performance across the various indicators assessed in this study. As will be shown below, the six countries take turns displaying relative strengths in the different aspects of sustainability reporting.

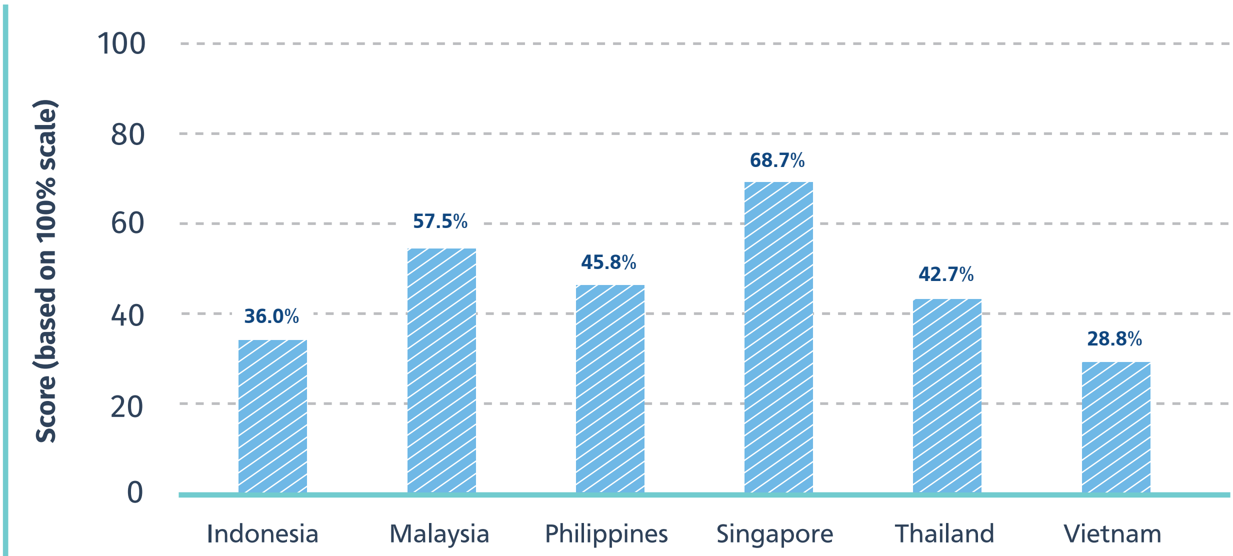


Figure 3: *Overall Score for Sustainability Reporting*

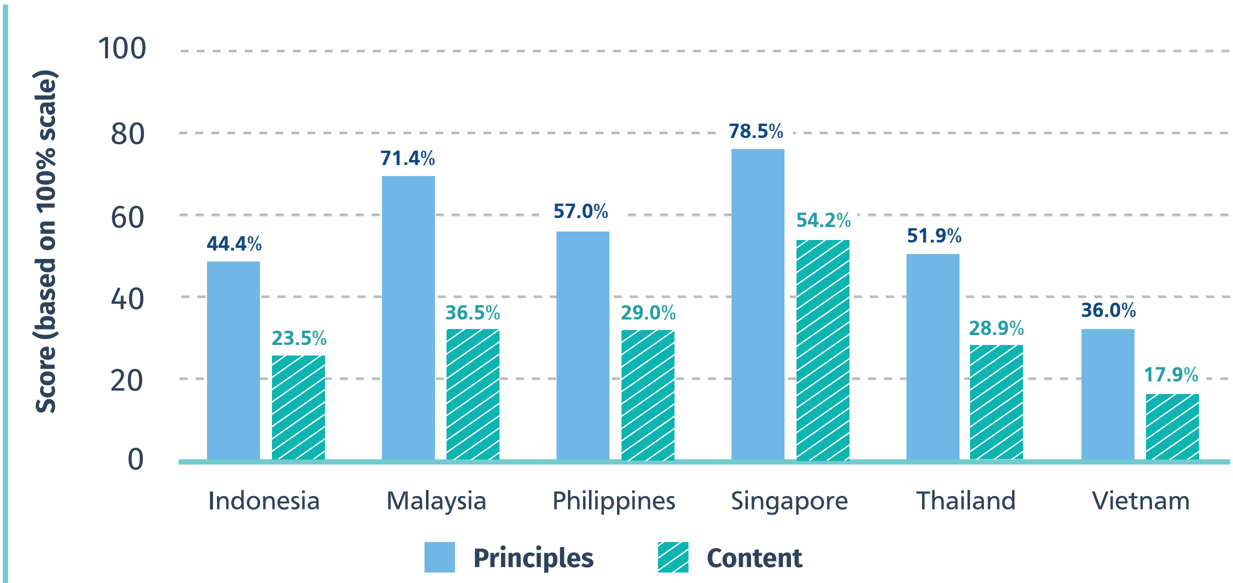
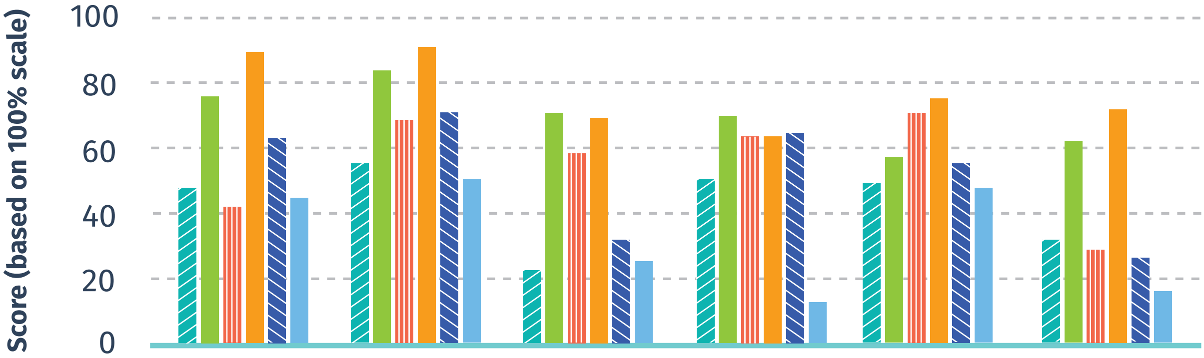


Figure 4: *Overall Score for Principles and Content*

4.2 Principles of Reporting

Amongst the various principles used to guide sustainability reporting, the companies covered in this study achieved the highest scores for disclosures on materiality (70%), followed by risks and opportunities (62%) and stakeholder engagement (61%) (Figure 5). Board governance received the lowest average scores (41%). The individual components will be discussed in more detail below.



	Stakeholder Engagement	Materiality	Completeness	Balance	Risks and Opportunities	Board Governance
Indonesia	47.5%	55.7%	21.5%	56.0%	52.0%	33.8%
Malaysia	77.8%	83.8%	70.0%	69.0%	58.8%	61.8%
Philippines	41.5%	72.7%	59.0%	62.0%	71.2%	30.5%
Singapore	85.0%	90.2%	68.0%	62.0%	78.6%	73.0%
Thailand	63.0%	67.3%	34.0%	63.0%	57.8%	24.0%
Vietnam	46.0%	47.6%	24.4%	14.6%	49.3%	17.7%

Figure 5: *Scores for Components of Principles*

4.2.1 Stakeholder Engagement

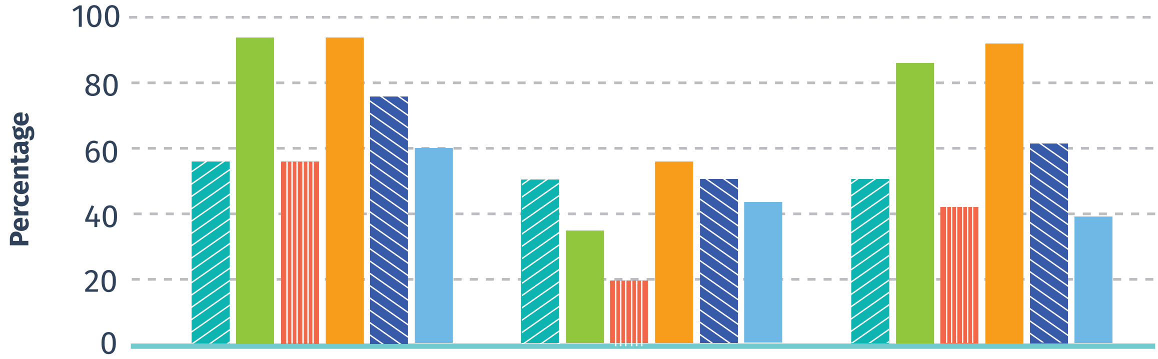
Rationale

Stakeholder engagement is fundamental to sustainability management and reporting. By building relationships with stakeholders, companies can better understand their perspectives and concerns on EESG issues, and work with stakeholders to address them where appropriate (Manetti 2011, Noked 2013). Stakeholder engagement thus plays a key role in determining materiality and the relevance of information communicated. It can also help to increase corporate value and provide companies with a strategic advantage in today's corporate climate, where concern about sustainable investing is on the rise.

State of Practice

Out of the various aspects of stakeholder engagement, companies in all six ASEAN economies were stronger in disclosing their stakeholders than their engagement channels (except for Singapore-listed companies, where the difference is marginal) (Figure 6). Companies listed in Malaysia, Singapore and Thailand have the highest propensities to make these disclosures.

While 74% of the companies identified their stakeholder groups, less than half of these also disclosed the processes used to identify and select the stakeholder groups.

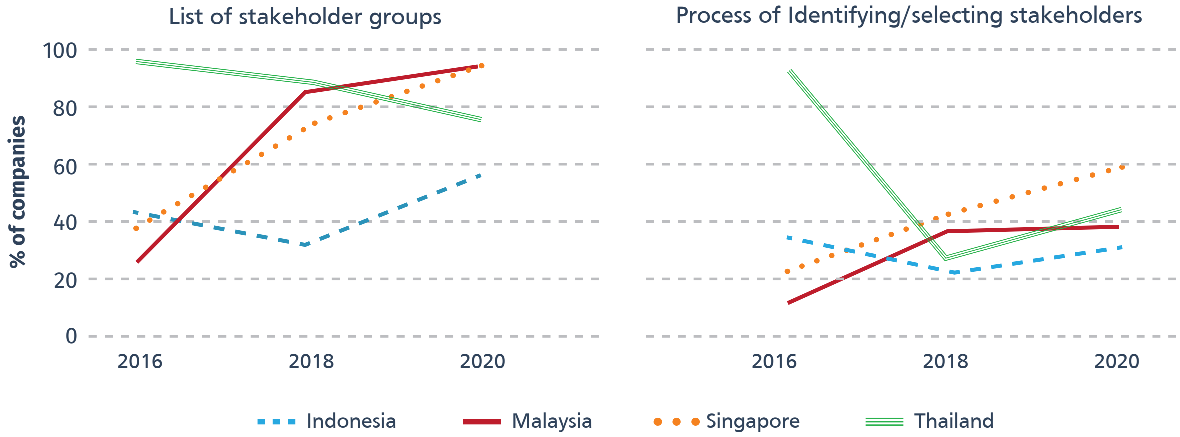


	(a) Disclosure of stakeholders	(b) Process of identifying or selecting stateholders	(c) Engagement channels
Indonesia	57.0%	47.4%	49.0%
Malaysia	95.0%	35.8%	87.0%
Philippines	57.0%	19.3%	41.0%
Singapore	95.0%	58.9%	94.0%
Thailand	76.0%	51.3%	61.0%
Vietnam	59.8%	42.9%	39.0%

Note: Base for (a) and (c) is number of companies. Base for (b) is number of companies who disclosed their stakeholders.

Figure 6: *Stakeholder Engagement*

As can be seen from **Figure 7**, companies listed in Indonesia, Malaysia and Singapore have improved in terms of their disclosure of stakeholder groups since 2016. Those listed in Malaysia and Singapore have also improved in reporting the processes used to identify and select stakeholders over this period.



Note: 2016 data reflects companies that provided list of stakeholder groups engaged (rather than merely identifying stakeholders) and the companies that reported basis (rather than process) of identification and selection of stakeholders.

Figure 7: *Disclosure Trend in Stakeholder Engagement*

Employees are the most frequently-mentioned stakeholders for the companies in all six economies (**Table 1**). Investors, customers and government / regulators are also among the top-cited stakeholders.

Vietnam-listed companies stand out in their recognition of the local community among their stakeholders; they are the only country for which the community is within the top three most frequently-identified stakeholder groups.

	1ST	2ND	3RD
Indonesia	Employees	Customers / Government & other regulators	
Malaysia	Employees	Investors	Customers / Government & other regulators
Philippines	Employees	Investors	Customers / Government & other regulators[1]
Singapore	Employees	Investors	Customers / Government & other regulators
Thailand	Employees / Investors		Customers
Vietnam	Employees / Investors		Community

[1] There is only a 1% difference between the share of Philippines-listed companies who disclosed the government and other regulators as stakeholders (48%) and that of those who disclosed the community as stakeholders (47%).

Table 1: *Top 3 Stakeholder Groups by Frequency of Disclosure*

4.2.2 Materiality

Rationale

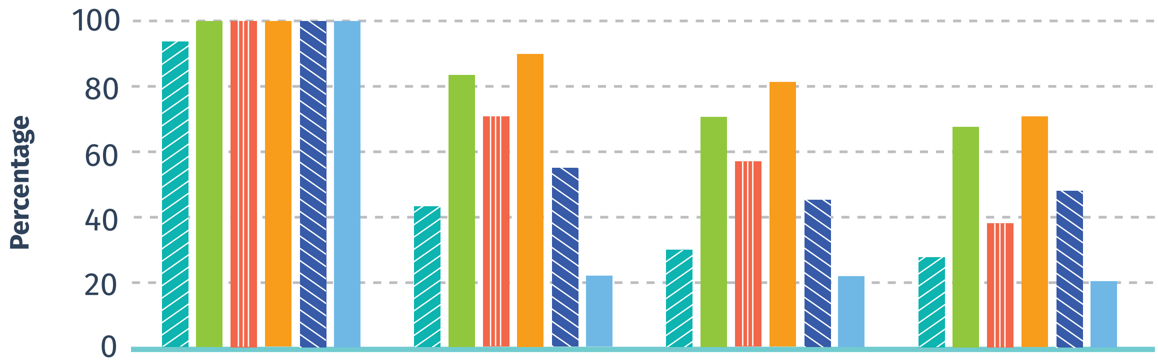
Materiality reflects the EESG topics that are most important for the company in terms of impacts on stakeholders (particularly influencing their assessments and decisions) and its ability to create value, including long-term value (Wu et al 2018). Comprehensive disclosure of materiality and the process of materiality assessment is another core aspect of sustainability reporting because it demonstrates that the company has identified and prioritized those issues that are sources of both risk and opportunity for the company and its stakeholders (Tantram 2019).

State of Practice

Disclosure of material topics is uniformly high amongst the ASEAN companies, with 100% of companies making this disclosure in every economy except Indonesia. Disclosure rates for Indonesia are very high, at 96% (**Figure 8**). Again it is encouraging to note the progress made in this area, with substantial improvement seen in each of the four countries for which we have data since 2016 (**Figure 9**). In the 2016 study, an average of around one quarter of the companies disclosed a list of material topics; this is significant progress over four years.

In terms of the other aspects of materiality assessment, companies have the highest propensity to reveal the selection processes used to identify material factors. Almost two-thirds of companies who reported their material topics made this disclosure, with those listed in Malaysia, Philippines and Singapore having the highest rates of such disclosure.

In determining material topics, the companies have a higher rate of consulting internal, as opposed to external, stakeholders. Although this is likely due to the ease of accessing internal stakeholders, the perspectives of external stakeholders should also be sought. Thailand and Vietnam have the smallest discrepancy between consultation of internal and external stakeholders.



	(a) Identification of material EESG factors	(b) Selection process of EESG factors	(c) Internal stakeholders consulted	(d) External stakeholders consulted
Indonesia	96.0%	43.8%	32.3%	28.1%
Malaysia	100.0%	84.0%	71.0%	64.0%
Philippines	100.0%	69.0%	59.0%	39.0%
Singapore	100.0%	92.0%	81.0%	76.0%
Thailand	100.0%	57.0%	46.0%	44.0%
Vietnam	100.0%	22.0%	22.0%	19.5%

Note: Base for (a) is number of companies. Base for (b) to (d) is number of companies who disclosed their material topics.

Figure 8. *Materiality*

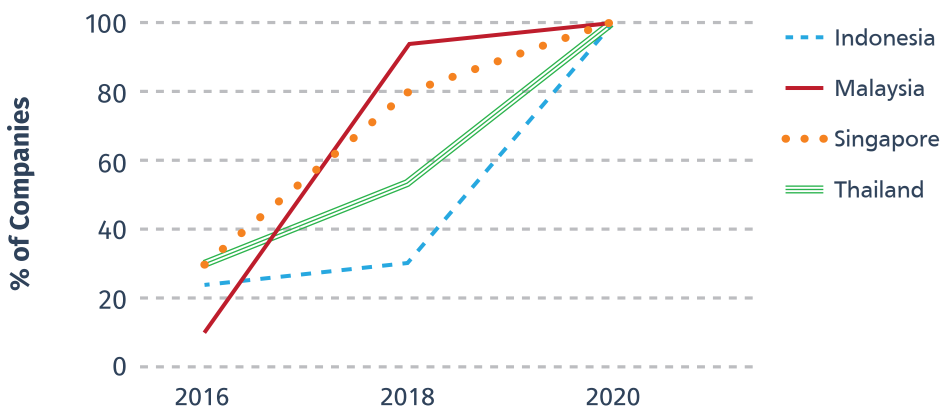


Figure 9. *Disclosure Trend in Material Topics*

4.2.3 Completeness

Rationale

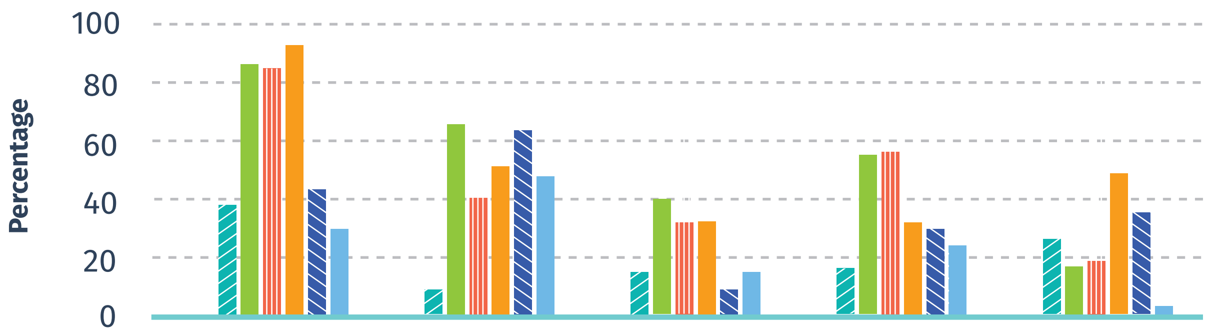
Completeness refers to the extent to which all significant EESG impacts over the company's entire operations for the reporting period are disclosed (Adams and Evans 2004). Completeness enhances the credibility of sustainability reports. It also facilitates the ability of stakeholders to accurately assess the impacts of the company's operations and whether stated objectives have been achieved (Badia et al. 2020). The importance of completeness can be seen from the fact that its lack has been cited as "the most serious problem with sustainability reporting" (Sie and Amran 2018, p.1); despite the fact that reports can be overwhelming in length, there often remains a lack of completeness in covering material topics from stakeholders' perspectives.

State of Practice

Almost two-thirds of the ASEAN companies in this study disclosed the scope of their sustainability reports, and around half of these went on to explain why they had chosen such a scope (**Figure 10**). Again it may be noted that, as with stakeholder engagement and materiality, company practice focuses on sustainability reporting basics, with a significant gap between these two indicators. Companies listed in Thailand and Vietnam are an exception here, having high rates of explaining their reporting scope relative to reporting scope disclosure.

The Malaysia- and Philippines-listed companies have the most complete coverage of their reports, with more than half of their companies covering their subsidiaries in their sustainability disclosures (vs. 35% for ASEAN overall), and at least one-third covering their full business operations (vs. 25% overall).

Disclosure of topic boundaries remains generally fairly low, with only 27% of companies in our study overall making such disclosures. Companies listed in Indonesia, Singapore and Thailand have the highest propensities to include such disclosures in their reports.



	(a) Scope of report disclosed	(b) Scope of report explained	(c) Scope covers full business ops	(d) Scope covers subsidiaries	(e) Boundary of material topics
Indonesia	39.0%	10.3%	17.0%	14.0%	35.0%
Malaysia	85.0%	64.7%	40.0%	55.0%	17.0%
Philippines	84.0%	40.5%	34.0%	58.0%	19.0%
Singapore	89.0%	52.8%	34.0%	30.0%	47.0%
Thailand	42.0%	61.9%	8.0%	28.0%	37.0%
Vietnam	32.9%	48.1%	17.1%	23.2%	3.7%

Note: Base (a) and (c) to (e) is number of companies; base for (b) is number of companies who disclosed their reporting scope.

Figure 10. *Completeness*

4.2.4 Balance

Rationale

The principle of balance specifies that both positive and negative contributions to, and impacts on, sustainability should be presented in sustainability reporting. This allows stakeholders to form clear, unbiased assessments of the company's sustainability performance (Hahn and Lülfs 2014). Moreover although the tendency is for companies to emphasize positive information and avoid or downplay disclosure of negative impacts, this undermines their credibility in the eyes of stakeholders, giving the appearance of greenwashing (Zsóka and Vajkai 2018, Safari and Areeb 2020).

State of Practice

Slightly over half of the companies (56%) reported unfavorable disclosures, led by Malaysia-listed companies (69%) and followed by those listed in Philippines, Singapore and Thailand (around 62%) (Figure 11).

Among the most commonly-mentioned unfavorable disclosures are those related to workplace accidents and injuries, covering a range indicators, from lost time to number of incidents. They also cover a range of injury severity, from minor or non-permanent injuries to fatalities. Other disclosures include those pertaining to non-compliance, such as non-compliance with environmental laws. These may take the form of amount of fines imposed, or the number of issues raised by government authorities.

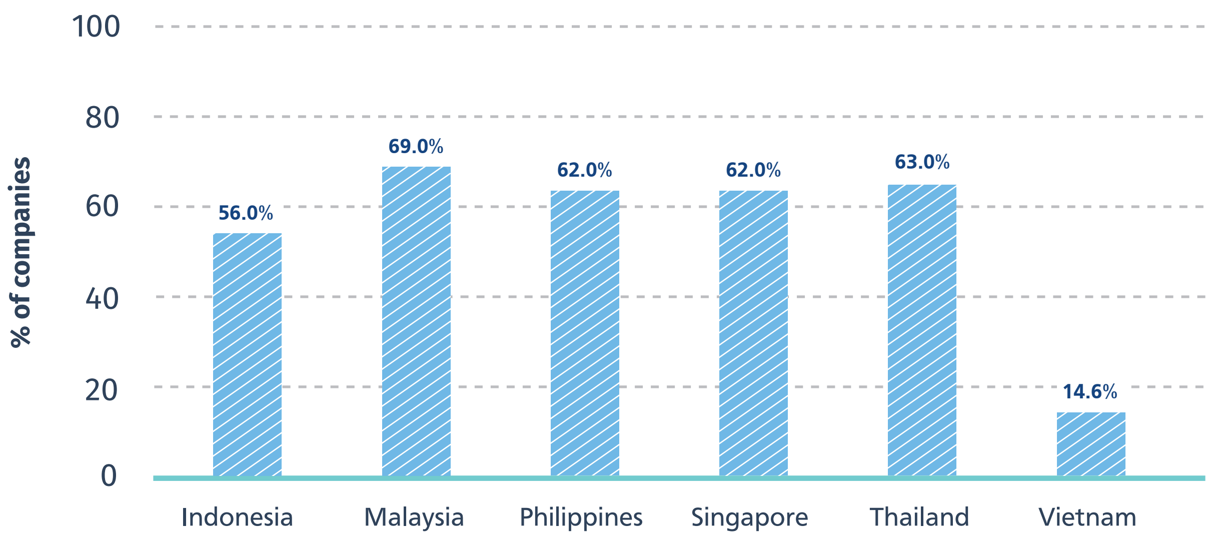


Figure 11: *Unfavorable Disclosures*

4.2.5 Risks and Opportunities

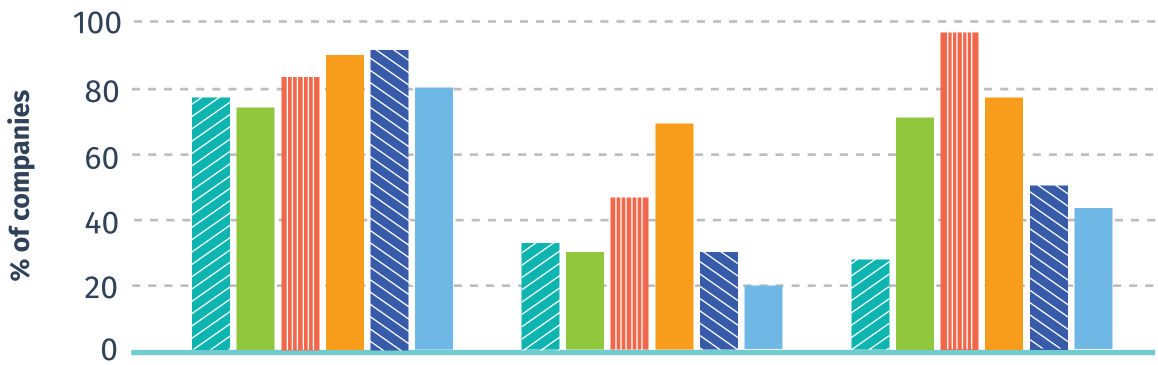
Rationale

Sustainability reporting should include an identification of risks and opportunities, considered not just from the perspective of the company and shareholders but also from that of other stakeholders. Such reporting can help companies to mitigate risks and capitalize on opportunities raised by EESG issues. This in turn facilitates capacity building, the formation of adaptive strategies and value creation, and thus the development of more sustainable business models (Tähtinen 2018).

State of Practice

Companies have a much higher propensity to disclose risks (83%) as compared to opportunities (40%) (**Figure 12**). This is consistent with findings elsewhere that companies often choose not to disclose sustainability-related opportunities because of their sensitive nature (wbscd 2017).

Thailand-listed companies have the highest propensity to disclose their risks. 90% of the companies made such disclosures, as did more than 80% of the companies listed in Philippines, Singapore and Vietnam. In contrast, Singapore-listed companies had the highest propensity to disclose opportunities (70% of companies), while Philippines-listed companies also had an above-average rate of such disclosure (46% of companies).



	(a) Risks	(b) Opportunities	(c) Framework for risks and opportunities
Indonesia	78.0%	36.0%	32.0%
Malaysia	76.0%	33.0%	76.0%
Philippines	83.0%	46.0%	98.0%
Singapore	87.0%	70.0%	79.0%
Thailand	90.0%	29.0%	51.0%
Vietnam	81.7%	19.5%	43.9%

Figure 12: *Risks and Opportunities*

Commonly-cited risks include those pertaining to operations, compliance, cybersecurity and the environment (including climate change). Examples of disclosed opportunities include renewable/green energy, green building and sustainable finance.

Philippines-listed companies also had the highest rate of framework disclosures, with almost all (98%) reporting some framework to assess risks or opportunities. Overall, companies most commonly use ERM (Enterprise Risk Management), although quite a number mention using a national regulatory framework or their own internal frameworks.

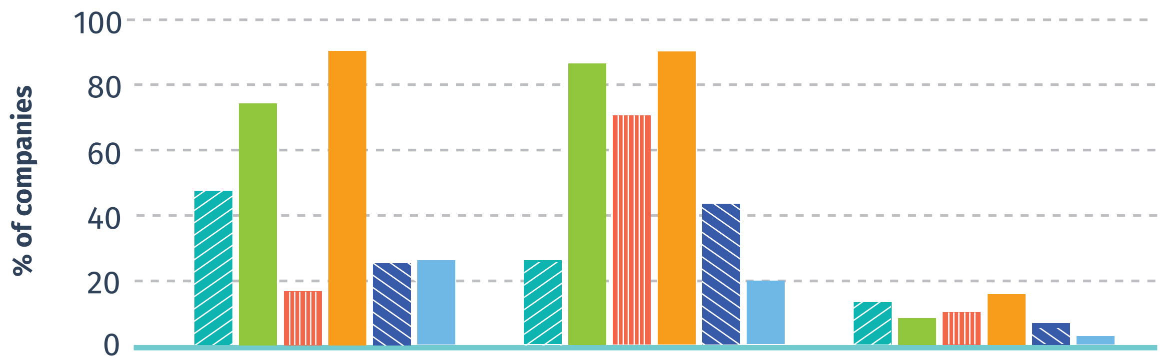
4.2.6 Board Governance

Rationale

Given the key role that leadership plays in sustainability management, presenting sustainability disclosures in the context of board governance is a core feature of quality sustainable reporting. Disclosures regarding the board's responsibility for sustainability and the company's sustainability governance structure can function as a signal to investors and other stakeholders, indicating how seriously a company takes sustainability and the degree to which it holds management accountable for performance in sustainability issues. It thus helps to ensure and assure that EESG issues are in fact being assimilated into company strategy rather than remaining a peripheral issue that is merely 'added-on' (Genovese and Saltman 2019, Deloitte 2018).

State of Practice

Given this importance of board oversight of sustainability issues, it is somewhat concerning that only around half the companies in the study (48%) included a statement of board responsibility



	BOD responsibility stated	Governance structure disclosed	BOD training
Indonesia	48.0%	25.0%	14.0%
Malaysia	75.0%	88.0%	9.0%
Philippines	19.0%	74.0%	10.0%
Singapore	93.0%	91.0%	15.0%
Thailand	24.0%	42.0%	6.0%
Vietnam	24.4%	19.5%	2.4%

Figure 13: *Board Governance*

in their reports, while just over half (58%) disclosed their sustainability governance structure (**Figure 13**).

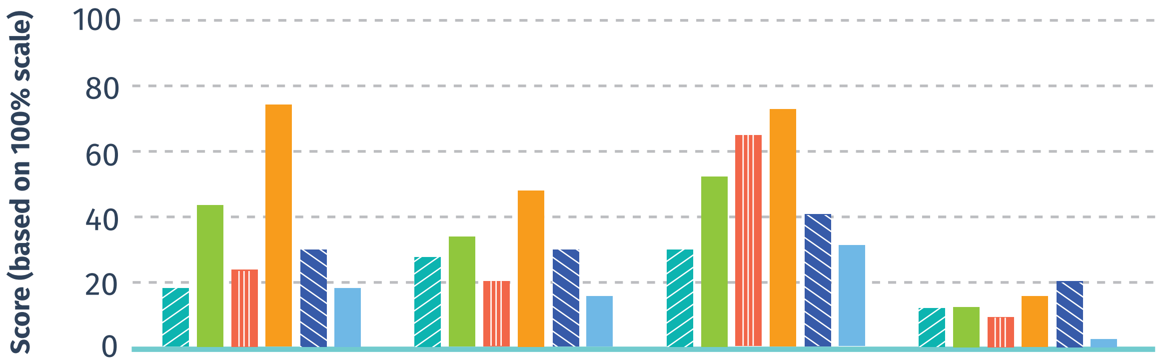
These overall figures mask a wide intra-ASEAN variation however. Companies listed in Indonesia, Malaysia and Singapore have relatively high propensities to include a statement of board responsibility in their disclosures. Similarly, companies listed in Malaysia, Philippines and Singapore have relatively high tendencies to disclose their governance structures.

Disclosure regarding the provision of sustainability training for board members is uniformly low amongst the companies (10% of all companies). Indonesia-listed companies, together with Singapore-listed companies have an above-average propensity in this regard, with around 15% reporting providing such training.

4.3 Content

Rationale

As noted in **Section 4.2**, the factors discussed in this section assess the content of the sustainability disclosures made by companies in their sustainability reports. Overall, the companies in our study achieved the highest average scores in disclosures of their reporting framework (50%) and performance data (36%), and the lowest scores for assurance (13%) (**Figure 14**). The individual components will be discussed in more detail below.



	Performance Data	Targets	Reporting Framework	Assurance
Indonesia	19.8%	25.0%	35.2%	13.9%
Malaysia	44.0%	33.5%	54.6%	14.0%
Philippines	23.2%	20.0%	62.0%	10.8%
Singapore	76.0%	51.0%	72.6%	17.0%
Thailand	28.2%	26.5%	40.6%	20.1%
Vietnam	19.0%	17.1%	33.2%	2.4%

Figure 14: Scores for Components of Content

4.3.1 Target-setting and Performance Measurement

Rationale

Target-setting and performance measurement together with materiality analysis are central to sustainability reporting. The setting and reporting of targets gives clarity to companies' priorities with regards to their sustainability management. Reporting on their performance also allows both the company and stakeholders to have a clear picture of the extent to which the company succeeded – or otherwise - in its efforts, which in turn allows the company to plan for improvement as it progresses towards sustainability (Tantram 2019).

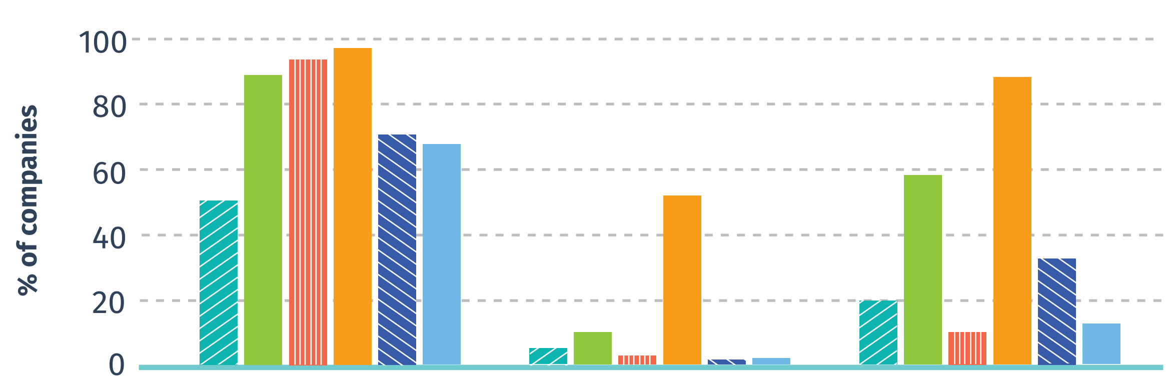
State of Practice

Most of the ASEAN companies (78%) disclose their performance for the reporting period, with at least 90% of the companies listed in Malaysia, Philippines and Singapore disclosing such data (**Figure 15**).

Further, **Figure 16** shows that companies' propensity to disclose environmental performance indicators has increased significantly since the 2018 study. The propensity of the listed companies to disclose performance data with regards to emissions, energy, waste and water has increased for every country for which we have data in the two periods.

Greater variability however is seen in reporting performance relative to disclosed targets. The Malaysia- and Singapore-listed companies have the highest propensities in this regard, with the majority making such disclosures (**Figure 15**).

Linking of executive remuneration to sustainability performance is generally rare (disclosed by 12% of companies). Singapore-listed companies are an exception to this trend, with more than half reporting such a linkage.



	Reporting year's data disclosed	Linkage of sustainability perf to top exec remun	Performance linked to targets
Indonesia	51.0%	4.0%	20.0%
Malaysia	90.0%	6.0%	59.0%
Philippines	94.0%	2.0%	9.0%
Singapore	98.0%	54.0%	87.0%
Thailand	69.0%	1.0%	35.0%
Vietnam	63.4%	1.2%	14.6%

Figure 15: *Performance*

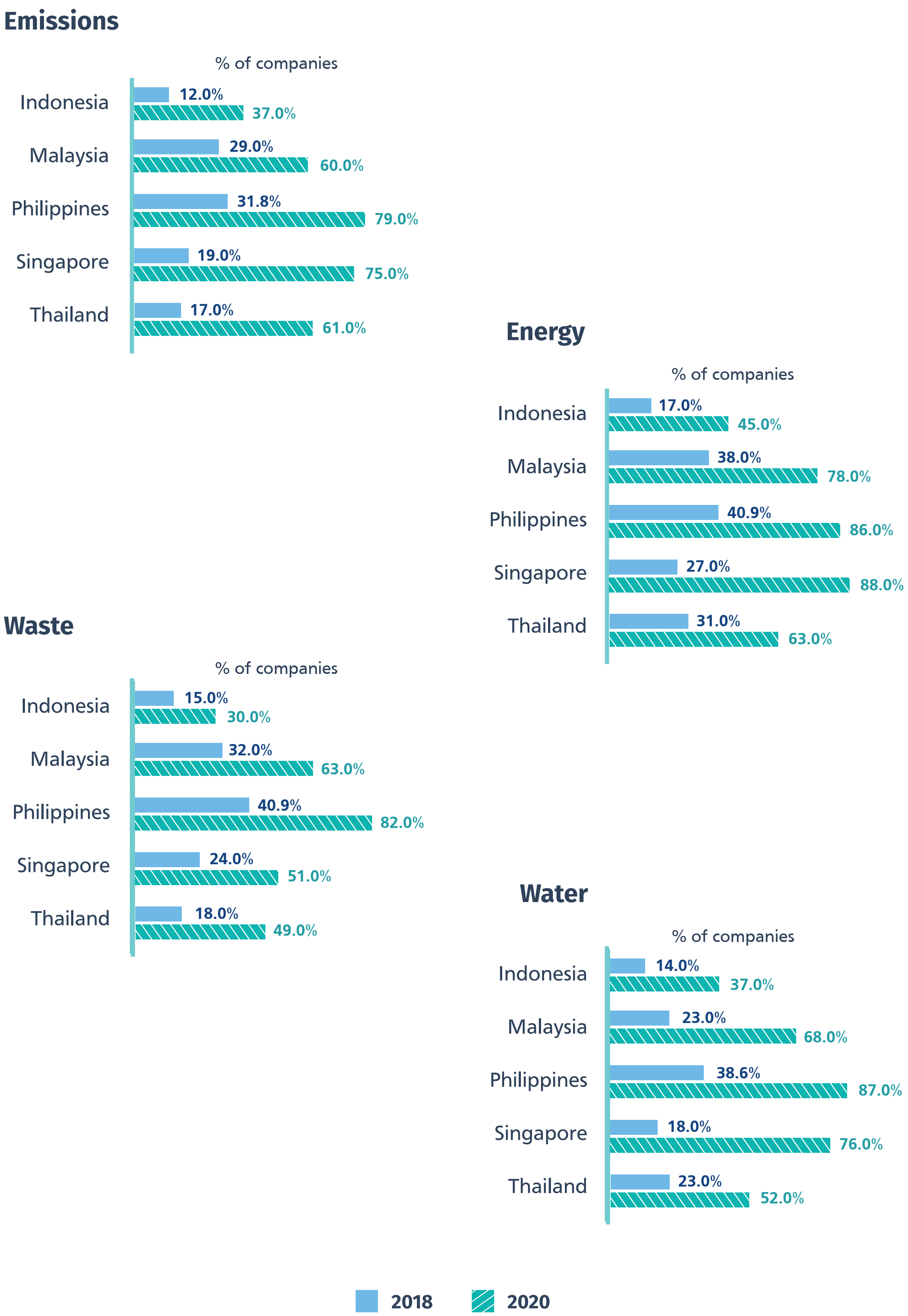
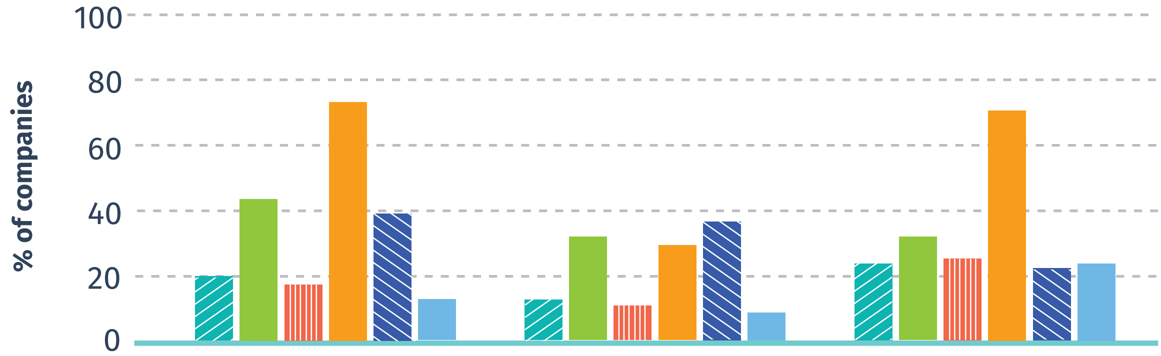


***Figure 16:** Disclosure of Performance – Environmental Indicators*

Just over half the companies overall (56%) disclosed some target in their sustainability reports. Targets for the immediate-term (i.e. for the next reporting period) and the long-term (more than five years into the future) are the most common, with around 35% of the companies disclosing targets for these timeframes (**Figure 17**).

Companies listed in Malaysia, Singapore and Thailand generally have above-average propensities to disclose their targets over the three time periods.

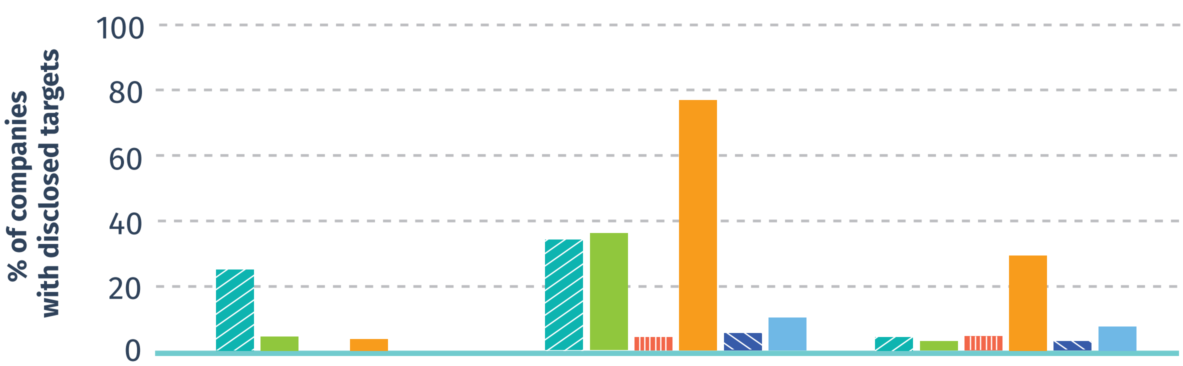


	Target disclosed for next year	Target disclosed for medium-term (2-5 years)	Target disclosed for long term (>5 years)
Indonesia	20.0%	15.0%	24.0%
Malaysia	45.0%	36.0%	35.0%
Philippines	17.0%	13.0%	25.0%
Singapore	75.0%	29.0%	72.0%
Thailand	39.0%	39.0%	22.0%
Vietnam	15.9%	9.8%	24.4%

Figure 17: *Target-Setting: General*

Although disclosure of targets is fairly prevalent among the companies, other target-related disclosures are less common. Of the 56% of companies who reported targets in their sustainability reports, only 5% gave some definition to their targets. Indonesia-listed companies stand out in this regard, with one-quarter of those who disclosed targets also providing target definitions (**Figure 18**).

The companies give limited evidence of incorporating their sustainability targets into their operations. Among those reporting targets, 39% disclosed linkages between their targets and business strategies and only 10% disclosed linkages with financial performance. Singapore-listed companies have the highest propensity to disclose links between their targets and business strategies (78% of those disclosing targets), followed by those listed in Indonesia and Malaysia at around 40%.



	How target defined	Target linked to business strategy	Target linked to financial performance
Indonesia	25.0%	38.0%	3.0%
Malaysia	5.0%	39.0%	2.0%
Philippines	0.0%	5.0%	3.0%
Singapore	3.0%	78.0%	26.0%
Thailand	0.0%	6.0%	2.0%
Vietnam	0.0%	14.0%	7.0%

Figure 18: *Target-Setting: Definitions and Linkages*

4.3.2 Reporting Framework

Rationale

In reporting on their EESG impacts, there are numerous topics and indicators that companies could disclose, not all of which having equal relevance or utility. Further, factors that are relevant may change from sector to sector and from company to company. Relying on a credible sustainability reporting framework provides companies with guidelines to determine the appropriate disclosures for their organization, allowing for more meaningful and holistic reporting while also helping to protect them from potential blind spots or engaging in greenwashing (Boerner 2020, Bernow et al. 2019).

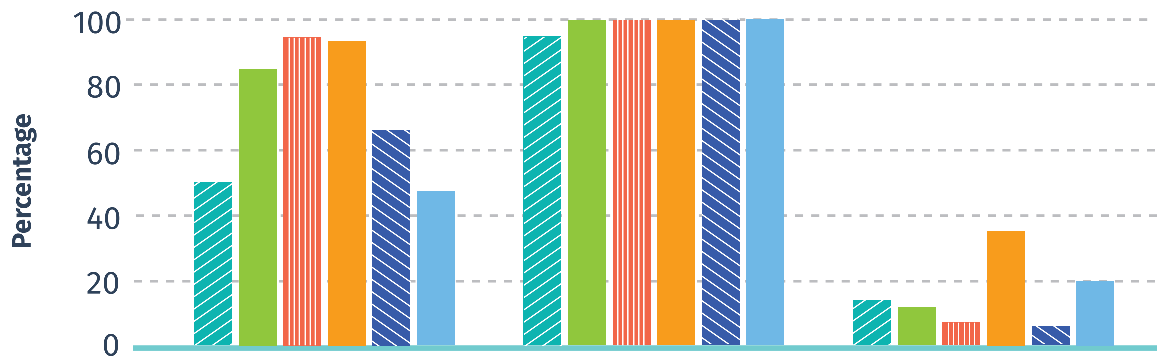
State of Practice

Use of credible frameworks is a relatively standard practice among the companies, with 75% reporting the use of an internationally-recognized framework (**Figure 19**). Almost all the Philippines- and Singapore-listed companies did so, along with 82% of Malaysia-listed companies.

Virtually all companies that used a recognized reporting framework disclosed the framework used. The most commonly-used frameworks as reported by the companies are the GRI and the SDGs (Sustainable Development Goals) (84% and 76% respectively of companies that disclosed using a recognized framework).

The growth in the adoption of internationally-recognized frameworks for sustainability reporting is reflected in the increase of use of GRI. All the four countries for which we have data exhibit significant increases in this since 2016 (**Figure 20**).

While the disclosure of frameworks has become fairly common among the companies, reporting the reasons behind framework selection has not. Only 16% of the companies reporting the use of a framework made this disclosure. Above-average disclosures were made by Singapore-listed and Vietnam-listed companies (37% and 20% respectively of those who disclosed using a recognized framework) (**Figure 19**).



	(a) Use of recognized framework	(b) Framework disclosed	(c) Reasons for framework disclosed
Indonesia	55.0%	98.0%	13.0%
Malaysia	82.0%	100.0%	11.0%
Philippines	98.0%	100.0%	8.0%
Singapore	97.0%	100.0%	37.0%
Thailand	65.0%	100.0%	6.0%
Vietnam	49.0%	100.0%	20.0%

Note: Base of (a) is number of companies; base for (b) and (c) is number of companies who disclosed using a recognized reporting framework.

Figure 19: *Reporting Framework*

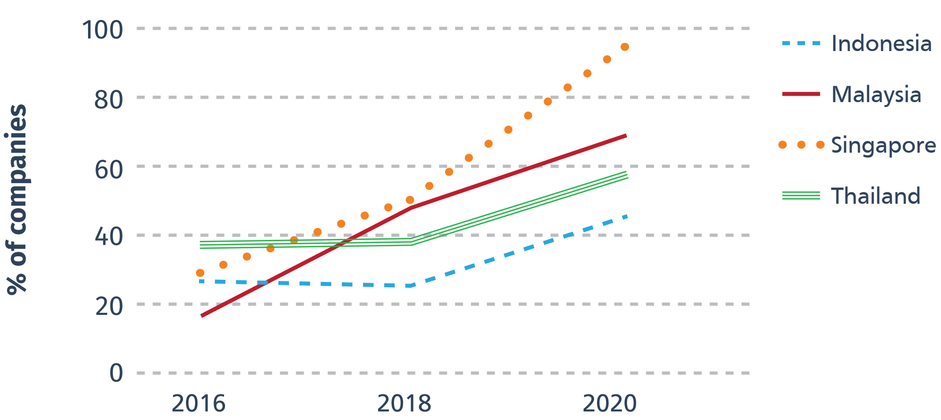


Figure 20. *Disclosure Trend in GRI Adoption*

4.3.3 External Assurance

Rationale

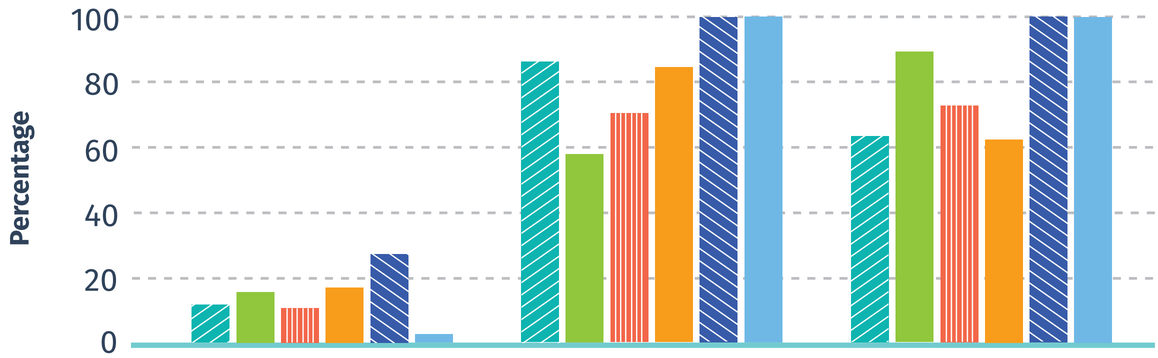
As the practice of sustainability reporting continues to develop around the world, it is increasingly insufficient to merely produce a report; it should also be externally assured. External assurance helps to boost the credibility of sustainability reports in the eyes of stakeholders. Not only does it provide independent assurance of the veracity and reliability of the information disclosed, but also that such information provides a true and balanced picture of the company's sustainability efforts and its underlying processes. External assurance can also benefit the reporting company directly by improving the quality of its report and the subsequent decision-making processes based on the report's outcomes (Junior et al. 2014, Hahn and Lülfs 2014).

State of Practice

Despite the global trend, few of the companies (15%) obtained external assurance for their sustainability reports (**Figure 21**). The Thailand-listed companies lead the way in this, with one-quarter having obtained external assurance.

All of these Thailand-listed companies, along with the two Vietnam-listed companies who obtained external assurance, also disclosed the assurance framework used and explained the scope of assurance. The Indonesia- and Singapore-listed companies also exhibit an above-average propensity to disclose their assurance framework, while the Malaysia-listed companies have an above-average propensity to explain their assurance scope.

Despite the low levels of assurance obtained, **Figure 22** shows there has been steady progress amongst the companies. Companies in all the four countries – Indonesia, Malaysia, Singapore and Thailand – show increases in their propensity to obtain external assurance for their sustainability reports since 2016.



	(a) External assurance	(b) External assurance framework	(c) External assurance scope explained
Indonesia	14.0%	85.7%	64.3%
Malaysia	17.0%	58.8%	88.2%
Philippines	13.0%	69.2%	76.9%
Singapore	18.0%	83.3%	61.1%
Thailand	24.0%	100.0%	100.0%
Vietnam	2.4%	100.0%	100.0%

Note: Base of (a) is number of companies; base for (b) and (c) is number of companies who reported obtaining external assurance.

Figure 21: *External Assurance*

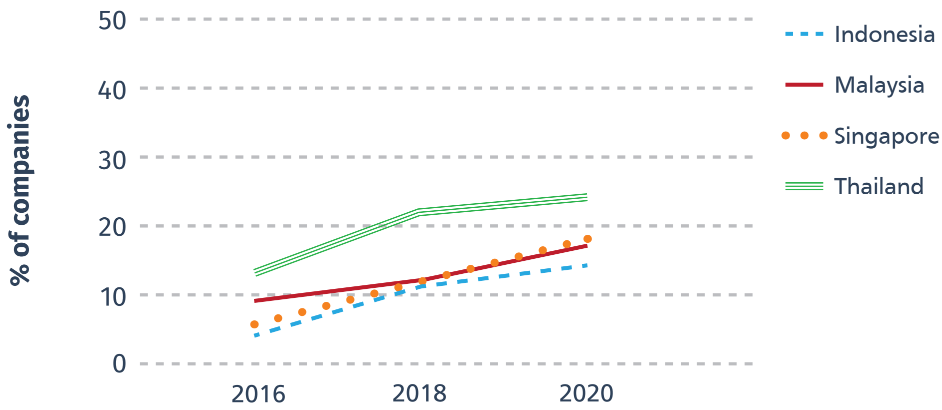


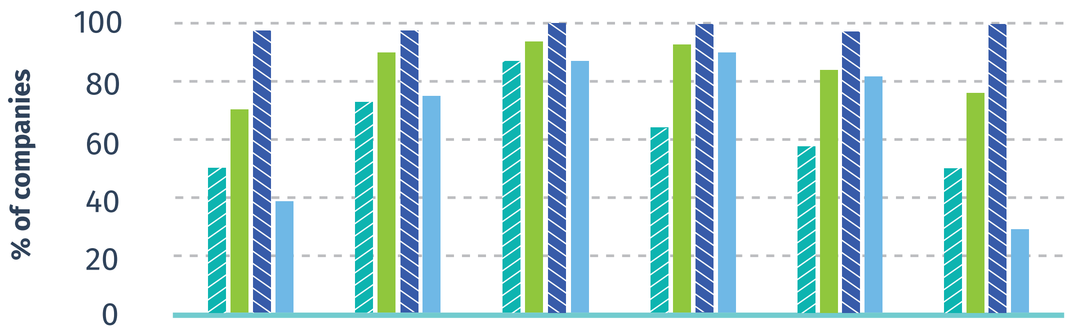
Figure 22. *Disclosure Trend in External Assurance*

5. Disclosure of EESG Topics

5.1 Disclosure of Material EESG Topics

Disclosure of a list of material topics has become standard practice amongst the companies in this study, with almost all of them identifying their material topics in their sustainability reports (**see Section 4.2.2**).

Among the various EESG factors, companies have the highest propensity to disclose social topics[2] (**Figure 23**). Almost all the companies covered in this study (99.5%) identified at least one social topic as being material, compared with the 86% who identified at least one environmental material topic. Material governance and economic topics were reported by approximately two-thirds of the 582 companies assessed.

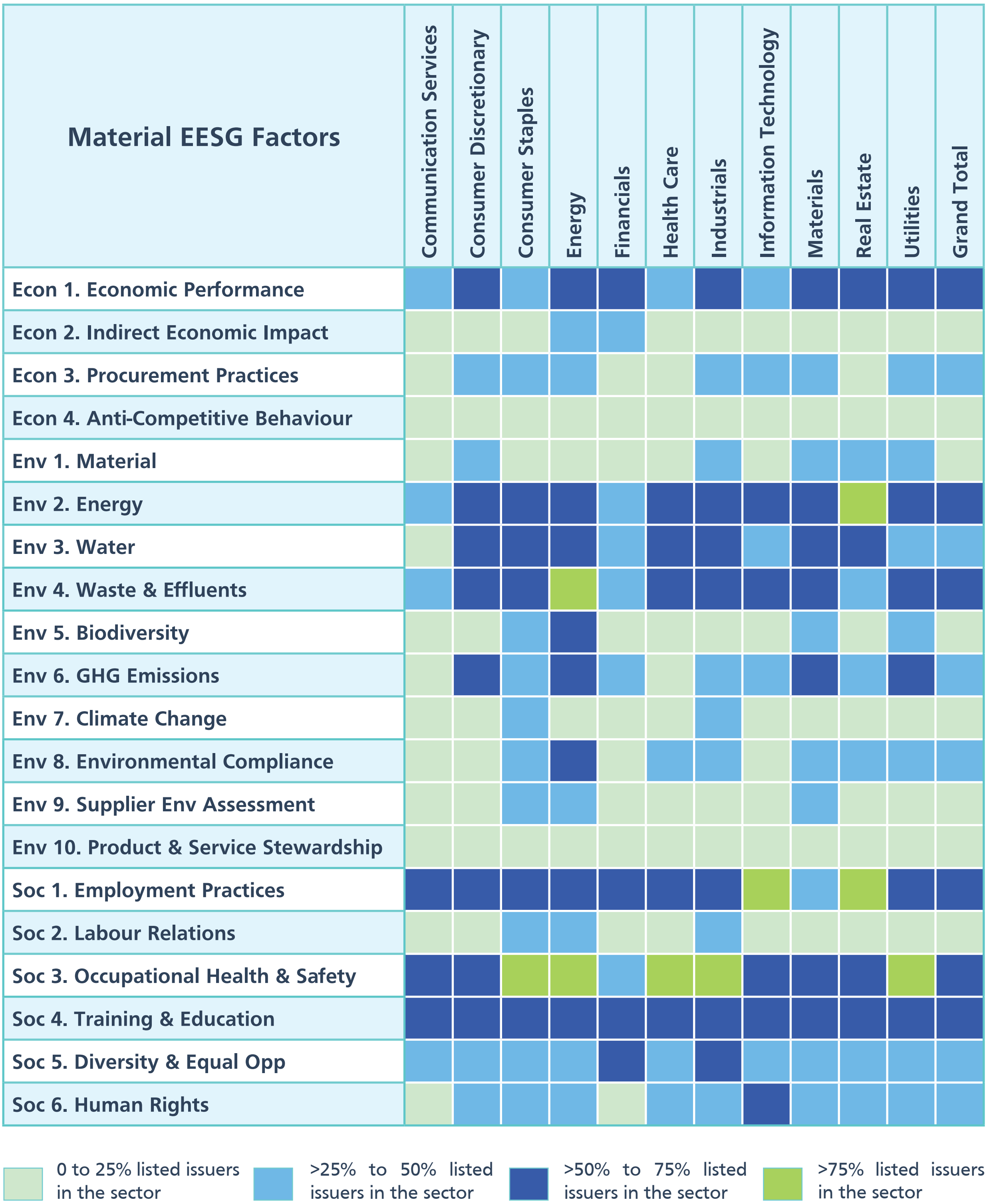


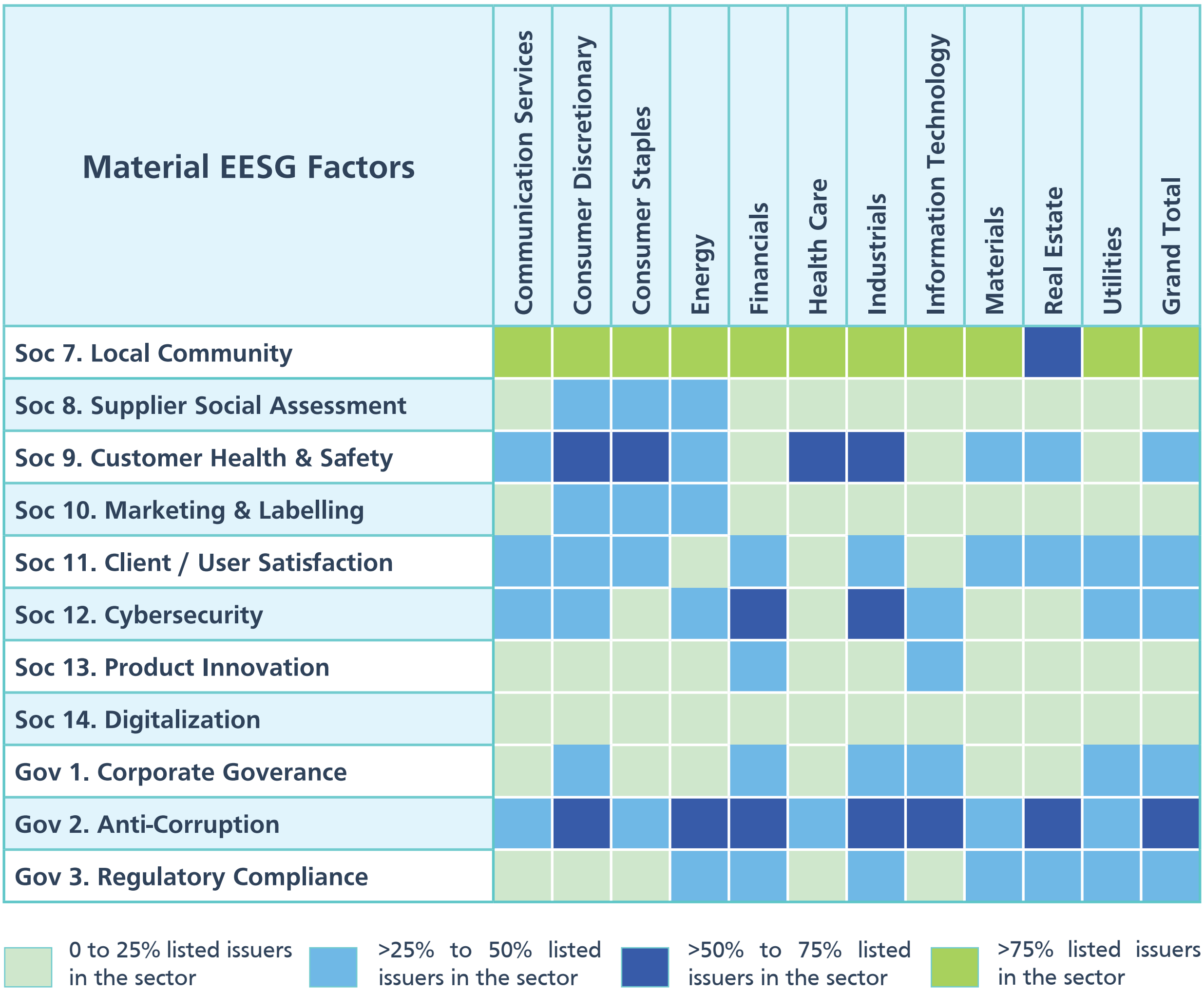
	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Economic	50.0%	74.0%	87.0%	65.0%	59.0%	51.2%
Environmental	70.0%	91.0%	94.0%	95.0%	85.0%	78.0%
Social	99.0%	99.0%	100.0%	100.0%	99.0%	100.0%
Governance	39.0%	76.0%	87.0%	91.0%	81.0%	30.5%

[2] It should be noted however that social factors also had the highest number of potential topics to choose from. There were fourteen potential social topics vs. four economic topics, ten environmental topics and three governance topics.

Figure 23: *Disclosure of Material EESG Topics*

Across the industry sectors, local community involvement/engagement was among the most prevalent material topics (**Figure 24**). It is the only topic which was cited as material by more than three-quarters of companies in every industry sector (except real estate). For other topics, sectoral effects are evident. For example, companies in the financials and industrials sector exhibit a relatively high propensity to cite cybersecurity as material; similarly for financials and IT with regards to innovation.



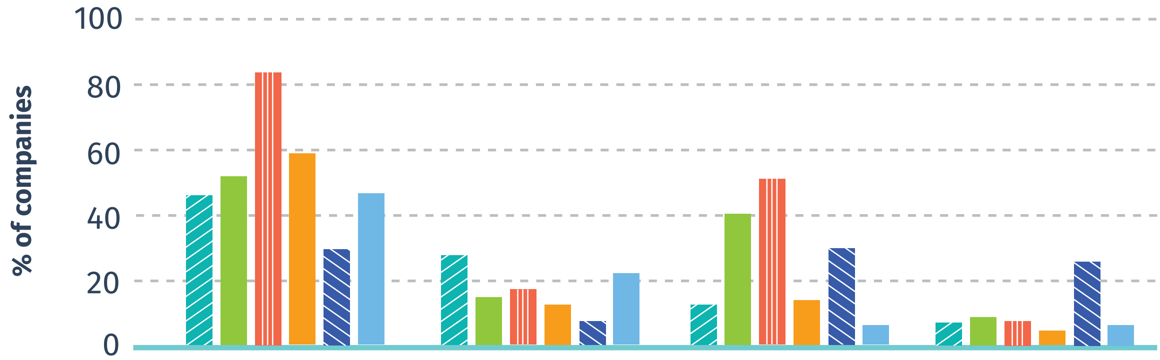


Note: Companies were classified into industries based on the Global Industry Classification Standards (GICS).

Figure 24. *Material EESG Topics by Industry*

5.1.1 Economic Topics

Among the potential economic topics, companies' main focus is on economic performance, with over half them reporting this as material (**Figure 25**). Nevertheless, companies in the region exhibit a varied perspective of material economic topics. Thus one-quarter of Thailand-listed companies disclose anti-competitive behavior as material (vs. less than 10% of companies overall). Similarly companies listed in Indonesia, Philippines and Vietnam have an average-average propensity to identify indirect economic impact as material (vs. 17% overall), while companies listed in Malaysia, Philippines and Thailand have an above-average propensity to cite procurement practices as material (vs. 26% overall).



	Economic Performance	Indirect Economic Impact	Procurement Practices	Anti-Competitive Behaviour
Indonesia	45.0%	28.0%	13.0%	5.0%
Malaysia	55.0%	16.0%	40.0%	7.0%
Philippines	82.0%	19.0%	51.0%	6.0%
Singapore	59.0%	13.0%	14.0%	4.0%
Thailand	24.0%	6.0%	28.0%	25.0%
Vietnam	46.3%	22.0%	4.9%	4.9%

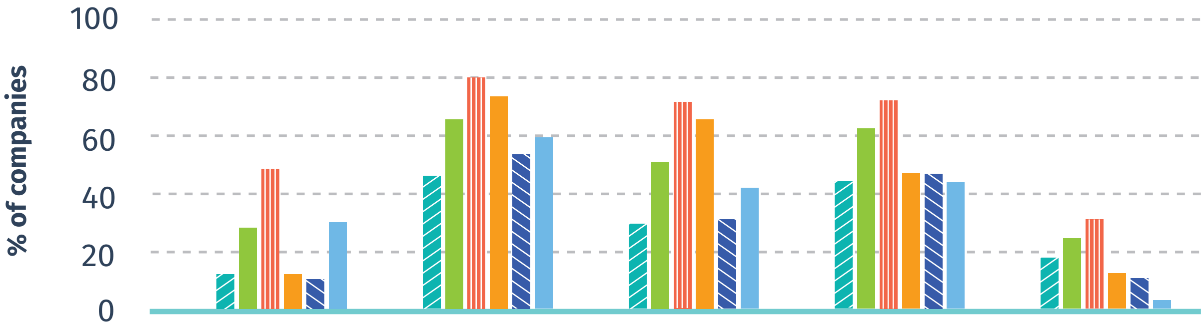
***Figure 25:** Material Economic Topics*

5.1.2 Environmental Topics

Energy is the most commonly disclosed material environmental topic among the companies as a whole (64% of companies), followed by waste & effluents (53%) and water (50%) (**Figure 26**).

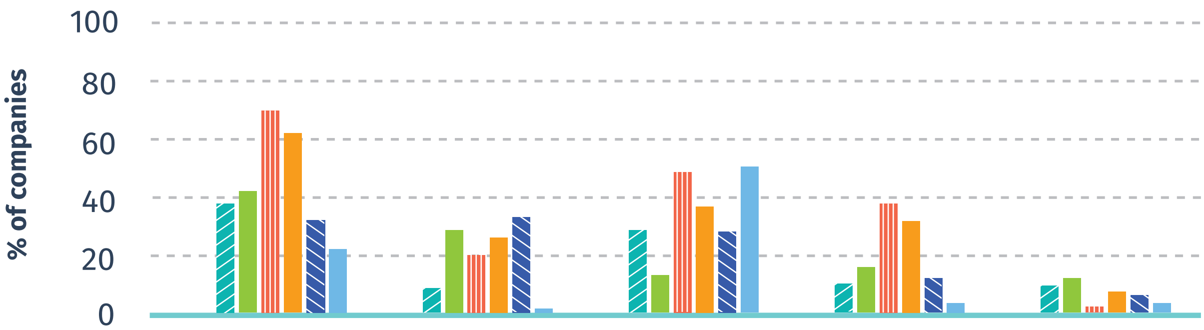
These are also the three most commonly-identified material environmental factors in most of the six countries. A notable exception is Vietnam, for which environmental compliance is among the top three material topics (46% of Vietnam-listed companies). In addition, Indonesia- and Singapore-listed companies both include greenhouse gas emissions in their top three material factors (38% and 61% respectively).

Generally the companies focus on these direct environmental issues, and less on secondary impacts such as the environmental effects of their materials. Only 24% of the companies in our study disclosed materials as a material topic, and only 7% similarly identified product and services stewardship.



	Materials	Energy	Water	Waste & Effluents	Biodiversity
Indonesia	13.0%	46.0%	31.0%	44.0%	19.0%
Malaysia	28.0%	63.0%	51.0%	61.0%	24.0%
Philippines	47.0%	80.0%	72.0%	74.0%	35.0%
Singapore	13.0%	77.0%	66.0%	47.0%	15.0%
Thailand	11.0%	56.0%	34.0%	47.0%	14.0%
Vietnam	31.7%	59.8%	41.5%	46.3%	4.9%

Figure 26. *Material Environment Topics I*



	GHG Emissions	Climate Change	Environmental Compliance	Supplier Env Assessment	Product & Service Stewardship
Indonesia	38.0%	8.0%	25.0%	10.0%	9.0%
Malaysia	41.0%	27.0%	15.0%	17.0%	13.0%
Philippines	69.0%	20.0%	45.0%	39.0%	3.0%
Singapore	61.0%	25.0%	38.0%	32.0%	7.0%
Thailand	30.0%	32.0%	27.0%	14.0%	6.0%
Vietnam	22.9%	2.4%	46.3%	4.9%	4.9%

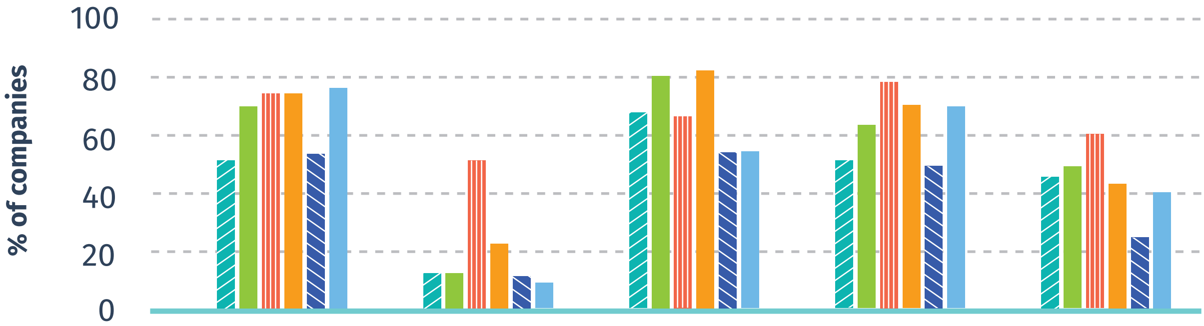
Figure 26. *Material Environment Topics II*

5.1.3 Social Topics

Among the list of social topics included in this study, the local community is by far the most commonly-cited material factor overall (80% of companies), and for the individual countries except Singapore (**Figure 27**).

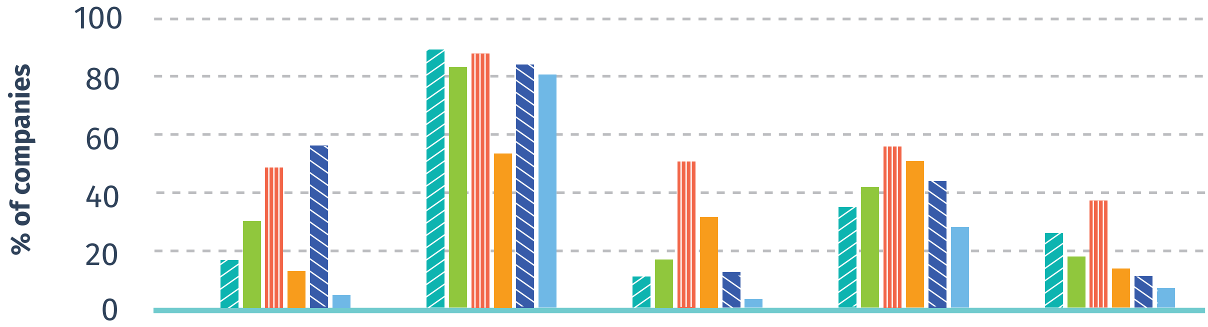
Occupational health & safety, employment practices and training & education are also among the most frequently-mentioned material topics (69%, 67% and 65% of companies respectively). This is consistent with the fact that employees are the most commonly-disclosed stakeholders, with 73% of the companies reporting employees to be among their stakeholders (**see Section 4.2.1**).

Among the companies covered in this study, Philippines-listed companies stand out in their disclosure of material social issues such as labor relations, cybersecurity, supplier social assessment and customer satisfaction. Similarly, Thailand-listed companies and Malaysia-listed companies stand out in their identification of issues such as product innovation and digitalization. The importance of digitalization in sustainability can be expected to increase, particularly in the wake of Covid-19, as the need to work from home and transact business in a contactless manner has become a widespread.



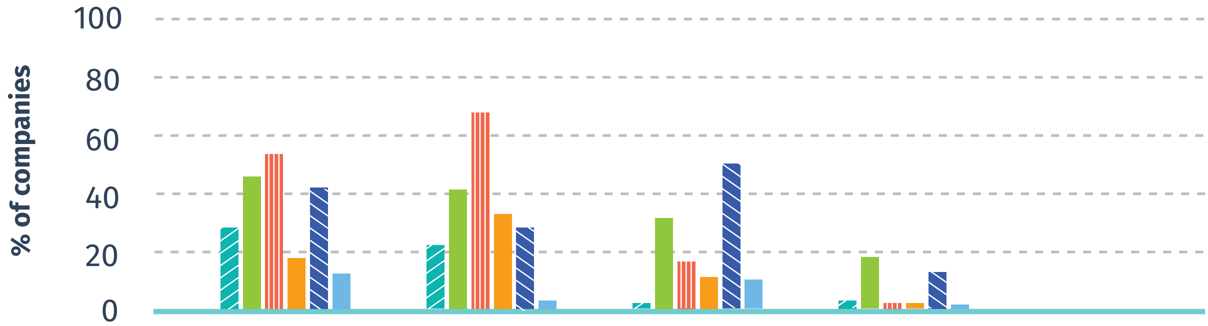
	Employment Practices	Labour Relations	Occupation Health & Safety	Training & Education	Diversity & Equal Opportunities
Indonesia	51.0%	15.0%	69.0%	53.0%	46.0%
Malaysia	68.0%	15.0%	80.0%	64.0%	51.0%
Philippines	76.0%	52.0%	68.0%	79.0%	60.0%
Singapore	76.0%	22.0%	82.0%	72.0%	44.0%
Thailand	54.0%	14.0%	57.0%	52.0%	24.0%
Vietnam	78.0%	12.2%	57.3%	70.7%	40.2%

Figure 27. *Material Social Topics I*



	Human Rights	Local Community	Supplier Social Assessment	Customer Health & Safety	Marketing & Labelling
Indonesia	18.0%	89.0%	10.0%	37.0%	25.0%
Malaysia	29.0%	84.0%	17.0%	41.0%	19.0%
Philippines	52.0%	88.0%	49.0%	57.0%	39.0%
Singapore	17.0%	55.0%	34.0%	50.0%	16.0%
Thailand	57.0%	83.0%	13.0%	43.0%	14.0%
Vietnam	6.1%	80.5%	4.9%	26.8%	12.2%

Figure 27. *Material Social Topics II*



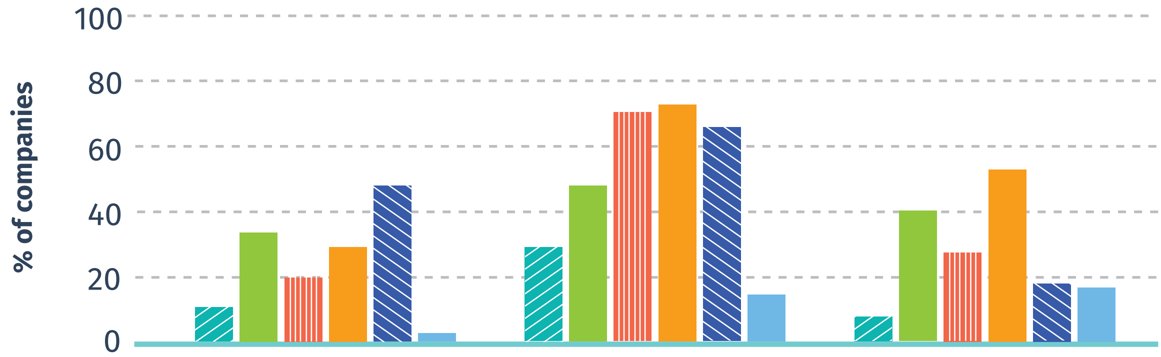
	Client / User Satisfaction	Cybersecurity	Product Innovation	Digitalization
Indonesia	29.0%	22.0%	2.0%	3.0%
Malaysia	44.0%	41.0%	31.0%	19.0%
Philippines	58.0%	68.0%	18.0%	2.0%
Singapore	19.0%	36.0%	12.0%	2.0%
Thailand	41.0%	28.0%	45.0%	15.0%
Vietnam	13.4%	3.7%	11.0%	1.2%

Figure 27. *Material Social Topics III*

5.1.4 Governance Topics

The most commonly-disclosed material governance topic amongst the companies is anti-corruption (50% of companies) (**Figure 28**).

Malaysia- and Thailand-listed companies stand out in their identification of corporate governance as material (35% and 49% respectively), as do Malaysia- and Singapore-listed companies in their reporting of regulatory compliance as material (40% and 55% respectively).



	Corporate Governance	Anti-Corruption	Regulatory Compliance
Indonesia	11.0%	30.0%	8.0%
Malaysia	35.0%	48.0%	40.0%
Philippines	20.0%	67.0%	27.0%
Singapore	29.0%	71.0%	55.0%
Thailand	49.0%	63.0%	19.0%
Vietnam	4.9%	15.9%	18.3%

***Figure 28:** Material Governance Topics*

5.2 Disclosures on Covid-19

Given that the assessments in this study are based on information released for FY2019, less attention can be expected to be given to Covid-19. Overall, only 28% of the companies made disclosures related to the pandemic, with Malaysia- and Singapore-listed companies having the highest propensity to make such disclosures (**Figure 29**)

Amongst those who made Covid-19 disclosures, social and economic disclosures were the most prevalent (59% and 53% respectively) (**Figure 30**). This is to be expected given that Covid-19 is a health-related issue which has devastating effects on the economy. All eight Thailand-listed companies with Covid-19 disclosures made social disclosures, while economic disclosures were particularly prevalent among the Indonesia- and Vietnam-listed companies (over 70% of those who made Covid-19 disclosures).

Disclosures are commonly related to local community involvement, occupational/customer health & safety, and economic performance.

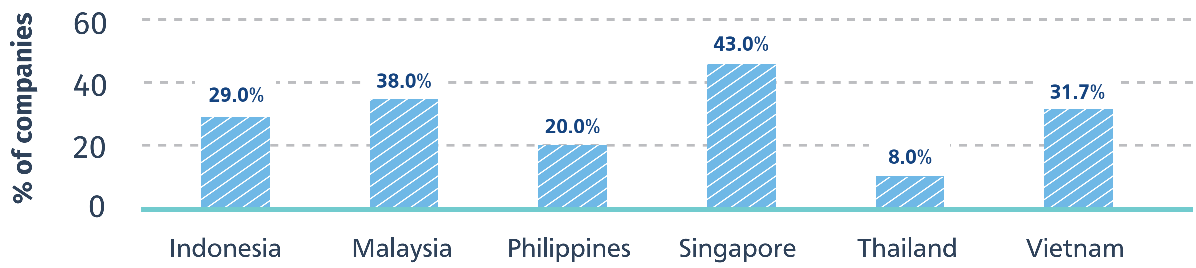
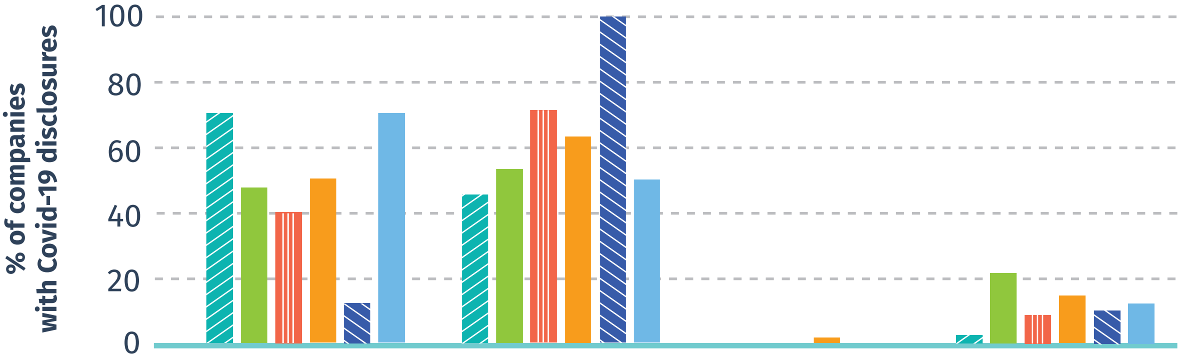


Figure 29: *Covid-19 Disclosures: General*



	Covid-19 economic disclosures	Covid-19 social disclosures	Covid-19 environmental disclosures	Covid-19 governance disclosures
Indonesia	72.4%	44.8%	0.0%	3.4%
Malaysia	44.7%	55.3%	0.0%	21.1%
Philippines	40.0%	75.0%	0.0%	10.0%
Singapore	48.8%	62.8%	2.3%	16.3%
Thailand	12.5%	100.0%	0.0%	12.5%
Vietnam	73.1%	46.2%	0.0%	15.4%

Figure 30: *Covid-19 Disclosures: EESG Factors*

6. Conclusion

Some general observations can be made from the results of this study. On average, the ASEAN companies generally exhibit stronger performance on the reporting principles that underlie their disclosures (Principles) than on the content itself (Content). The highest scores for Principles were achieved for materiality, risks and opportunities and stakeholder engagement; the lowest was for board governance. For Content, the highest average scores were for reporting framework and performance data, while the lowest was for assurance. Generally, higher rates of disclosure are seen for more fundamental aspects of EESG reporting, such as identification of material topics and stakeholder groups, and disclosure of targets and performance data. Companies had lower propensities for providing the rationale behind their disclosures, such as the processes used to identify stakeholders and select material factors, or explanations for their reporting scope.

Nevertheless as the six countries differ widely in terms of economics, demographics and culture, they also show wide variations in sustainability reporting performance. Singapore- and Malaysia-listed companies earned the highest sustainability reporting scores overall, and also for each of the two dimensions. They are followed by the Philippines-listed companies, which obtained the third-highest average scores overall and for Principles, while Thailand-listed companies tied with them to achieve the third-highest average score for Content. Despite the generally low performance among companies in board governance disclosures, those listed in Indonesia showed a relative strength in those pertaining to statements of board responsibility and board sustainability training. Malaysia-listed companies stood out in terms of balance, leading the way in making unfavorable disclosures, while Philippines-listed companies exhibited a relative strength in disclosures relating to in risks and opportunities. Similarly, Singapore-listed companies had relatively high disclosure rates for sustainability performance, and Thailand for external assurance. Vietnam-listed companies had among the most even-handed rates of disclosure of consulting external vs. internal stakeholders in determining material topics, and among the highest rates of explaining reporting scope relative to reporting scope disclosure.

The same intra-regional differences can be seen in material topics. Commonalities do appear, such as the dominance of social material topics, particularly those relevant to employees. However there are also some distinct differences, such as the relatively high propensity for Indonesia-listed companies to cite indirect economic impact as material, as did Malaysia-listed companies for corporate governance, Philippines-listed companies for labor relations and Singapore-listed companies for regulatory compliance. A relatively large share of companies listed in Thailand reported innovation as material, as did those listed in Vietnam for environmental compliance.

The results also reveal that as a group, ASEAN companies are moving towards greater sustainability. This can been seen in the fact that companies in the four countries for which we have data since 2016 show improvement on most indicators.

However, there remains ample room for improvement. The relatively low performance on board governance is a matter for concern, especially given the fact that lack of initiative from the senior management is a significant hindrance to the adoption of corporate sustainability reporting (Dissanayake et al. 2020). Moreover, investors seek portfolio companies whose boards are actively involved in sustainability management, overseeing the integration of EESG-related issues into their strategies (Deloitte 2018). Another area of concern is the low propensities to report external assurance for sustainability disclosures. As investment and financial decisions increasingly incorporate companies' non-financial performance, investors are becoming more wary of greenwashing. Independent assurance that companies' sustainability disclosures are a true reflection of their sustainability management is fast becoming non-optional.

The trend towards greater EESG reporting among ASEAN companies can be expected to continue, given regulatory and market pressures. This could be accelerated however by further reducing barriers to sustainability reporting. Although the companies face unique barriers in each country, there are some obstacles common to all, such as a lack of understanding of sustainability reporting, including the resources required and the benefits which can be gained (Dissanayake et al. 2020). Overcoming this through training and education can be facilitated by collaborations between governments, regulators and relevant external bodies. The latter would include the growing support infrastructure in ASEAN, such as the GRI, which recently expanded its presence in the region by establishing a regional hub in Singapore.

Finally, since effective regulation and education is context-dependent, continued research on the various sustainability regulatory landscapes, and EESG disclosures within ASEAN would also be beneficial. One area of research that would be particularly helpful is the degree of correspondence between EESG reporting and EESG management. Since the present study is confined to assessing sustainability disclosures, further study is needed to verify that such evaluations are indeed an accurate reflection of sustainability performance.

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