



FAQ: The uplifting of SET ESG Ratings to FTSE Russell ESG Scores

1. When will the FTSE Russell ESG Scoring be implemented, and will the SET ESG ratings still be available after the implementation of the FTSE Russell ESG Ratings?

- In 2024-2025, the Stock Exchange of Thailand (SET) will conduct a pilot assessment project with FTSE Russell, while continuing the SET ESG Ratings alongside it. This dual approach allows all parties time to adjust and prepare.
- During the pilot project, the SET will not publicly announce the FTSE Russell ESG Scores. However, assessed companies will receive their scores through FTSE Russell's online portal.
- From 2026 onwards, the SET will publicly announce FTSE Russell ESG Scores and discontinue the SET ESG Ratings.

2. How does the uplifting of SET ESG ratings to FTSE Russell ESG Scores benefit Thai listed companies?

- **Transparency & Less Burden:** FTSE Russell assesses Thai listed companies based on publicly disclosed information, enhancing transparency and credibility while reducing the burden on companies as they no longer need to complete questionnaires.
- **Enhanced Visibility:** FTSE Russell is a globally recognized rater, with products used by top asset managers worldwide. Approximately \$15.9 trillion is benchmarked to FTSE Russell indexes. Collaboration with FTSE Russell enhances the visibility and attractiveness of Thai stocks to both domestic and international investors, potentially increasing investment in the Thai capital market.
- **Global Benchmarking:** FTSE Russell uses a detailed methodology by considering 173 Subsectors and Geography, reflecting each business's unique characteristics. This approach aligns Thai companies with global standards, allowing for benchmarking against international peers.
- **Alignment with Global Standards:** FTSE Russell operates in line with international codes of conduct, with its ESG Ratings Model overseen by an independent external committee, comprising experts from the investment community, business, NGOs, unions and academia. This helps ensure diverse stakeholder perspectives in the assessment process.

3. How does the uplifting of The SET ESG Ratings to FTSE Russell ESG Scores benefit investors?

- **Alignment with Global Standards:** With increasing ESG data and reporting standards, not all investors are equipped to analyze raw ESG data. A global rater like FTSE Russell, with expertise and a dedicated analyst team, helps assess companies' ESG performance, supporting sustainable investment products and trends.
- **Global Benchmarking:** The FTSE Russell ESG scores provide a basis for comparing ESG performance among companies, allowing investors to make more informed investment decisions.

ESG assessment results are an important tool for investment decisions. However, investors should also consider other information, such as financial performance data, and keep up with relevant news to make well-rounded decisions.

4. What support is SET providing?

- SET plans continuous communication and education for stakeholders, including training, seminars, and learning materials such as the "Guideline to FTSE Russell ESG Scores" (in Thai and English). Workshops for listed companies, fund managers, and analysts will ensure a thorough understanding of FTSE Russell's assessment methodology and metrics.

Selection Criteria for Eligible Companies

5. What are the selection criteria for eligible companies?

- **Companies in the previous year's SET ESG Ratings:** In 2024, FTSE Russell will cover the companies from the previous year's SET ESG Ratings. In subsequent years, it will include companies previously listed in the SET ESG Ratings.
- **Companies in the SET100 Index:** All companies in the SET100 Index will be assessed, regardless of their presence in the SET ESG Ratings.
- **Voluntary Participation:** Companies not meeting the above criteria but interested in FTSE Russell's assessment can apply for voluntary assessment starting in 2025.

6. How can companies not covered by FTSE Russell get assessed?

- **Join SET ESG Ratings:** Apply and qualify for the SET ESG Ratings in the following year (2025).
- **Voluntary Participation:** Apply for FTSE Russell ESG Ratings under the voluntary participation quota from 2025 onwards, with details to be announced by SET.

7. Can companies within FTSE Russell's assessment coverage opt out?

- Companies in the previous year's SET ESG Ratings or the SET100 Index must participate in the assessment and cannot opt out.

Process of FTSE Russell ESG Ratings

8. What is the FTSE Russell ESG Scores?

- **FTSE Russell ESG Ratings** assess environmental, social, and governance performance based on publicly disclosed data. The methodology used for over 8,000 companies in 47 countries includes:
 - **3 Pillars:** Environmental, Social, and Governance.
 - **14 Themes:** such as Climate Change, Labor Standards, and Anti-Corruption.
 - **300+ Indicators:** Covering policies, strategies, processes, targets, and performance tracking, with an average of 125 indicators per company, depending on Subsectors and Geography.
- **FTSE Russell ESG Scores:** Ratings from 0.0 to 5.0, where 0.0 indicates no disclosures and 5.0 represents best practices.

9. How do the SET ESG Ratings differ from FTSE Russell ESG Ratings?

	SET ESG Ratings	FTSE Russell ESG Rating
Participation	Voluntary participation	<ul style="list-style-type: none"> • Companies in the previous year's SET ESG Ratings and the SET100 Index • Voluntary Participation (starting in 2025)
Assessment approach and data sources	Questionnaire using public and self-declared information	Public disclosures only
Assessment Focus	Policies, strategies, processes, and tracking, with a focus on processes	Policies, strategies, processes, and tracking, with a focus on performance tracking.
Number of Indicators	140-150+ General indicators: ~90% Specific-industry indicators: ~10% (8 industry groups by SET)	125-300+ indicators General indicators: ~56% Specific-industry indicators: ~44% (173 subsectors using Industry Classification Benchmark - ICB)
Company review	No window for reviewing ESG assessment result	4-week period for reviewing ESG assessment results and providing additional information
Scores format	BBB – AAA	0.0 (No disclosure) – 5.0 (Best practices)

SET ESG Ratings	FTSE Russell ESG Rating
(Score announcement for companies that pass eligibility criteria and minimum scores)	(Score announcement for all companies in the assessment coverage)

10. What data sources does FTSE Russell use?

- FTSE Russell uses publicly disclosed information such as annual reports, sustainability reports, and company websites, ensuring transparency and reliability.

11. Do assessment data need to be verified by an external auditor?

- Not all data must be verified, but many indicators, such as greenhouse gas emissions and energy use, require independent verification.

12. Is the FTSE Russell ESG Ratings Model aligned with Thailand's local context?

- Yes, FTSE Russell considers material issues for each Subsector and Geography, aligning with important local issues such as anti-corruption and corporate governance.

An example of Geography consideration for a relevant Theme.

Geography: Countries

Geography assesses whether the company has operations in countries that are defined as being most relevant to the Theme and hence where the associated impacts are considered greatest. Primary Impact Countries are defined as being those where associated impacts are greatest, according to a rule based methodology which uses publicly available data.

Primary Impact Countries		
Afghanistan	Haiti	Peru
Albania	India	Philippines
Armenia	Guinea-Bissau	Paraguay
Bahrain	Indonesia	Qatar
Bangladesh	Iran (Islamic Republic of)	Romania
Benin	Kenya	Rwanda
Bolivia	Korea (Democratic Peoples Republic of)	Saudi Arabia
Brazil	Kyrgyzstan	Sierra Leone
Brunei Darussalam	Lao People's Democratic Republic	Somalia
Burkina Faso	Liberia	South Africa
Burundi	FYR Macedonia	South Sudan
Cambodia	Madagascar	Sri Lanka
Central African Republic	Malawi	Suriname
Chad	Malaysia	Tajikistan
China	Mali	Tanzania
Colombia	Marshall Islands	Thailand

*This table does not show full list of countries

13. Are there costs for companies assessed by FTSE Russell?

- No, there are no costs for listed companies to be assessed.

14. Will FTSE Russell ESG Scores result in lower scores for Thai companies?

- Different raters use different methodologies, making direct score comparisons difficult.
- Preliminary analysis shows that Thai companies already assessed by FTSE Russell have scores consistent with SET ESG Ratings. Companies that effectively manage and disclose ESG material issues should receive scores reflecting their performance.
- To help companies prepare, SET has established a two-year pilot period (2024-2025) and will provide continuous education and support, including detailed guidelines and workshops.

15. What actions will SET take if a company has negative ESG-related news (controversy)?

SET places importance on considering controversies. The current framework that SET ESG Ratings uses for considering controversial issues include:

ESG topics	Cover 17 ESG issues aligned with the topics in the SET ESG Ratings questionnaire
Sources of Information	<ul style="list-style-type: none"> • Publicly disclosed information and news • Information on lawsuits in the notes to the financial statements of the public company • News from the SEC (Securities and Exchange Commission) • Information provided by the public company for clarification
Criteria	<ul style="list-style-type: none"> • Significance • Severity • Progress (definitive ruling cases or not) • Actions taken by a company
Actions by SET	<ul style="list-style-type: none"> • Removing or not removing the company from SET ESG Ratings • updating the list of companies in the SET ESG Ratings on the SET websites.

For FTSE Russell ESG Ratings, SET is discussing appropriate communication and consideration of controversies with stakeholders.

Reviewing and Providing Additional Information to FTSE Russell Analyst

16. Can companies review their ESG assessment results and provide additional information to FTSE Russell?

- Yes, companies have about four weeks to review their ESG assessment results and provide additional information if necessary. SET will support this process with clear communication and user guides.

Announcing Assessment Results

17. How will FTSE Russell's assessment results be announced?

- From 2026, SET will announce scores for all assessed companies, ranging from 0.0 (no disclosures) to 5.0 (best practices).

18. What channels will be used to announce assessment results?

- SET websites: Each company's FTSE ESG Scores will be announced on the following SET websites
 - www.set.or.th
 - www.setsustainability.com
 - www.settrade.com
 - www.setsmart.com
- FTSE Russell online portal: Assessed companies can view their scores and receive feedback report without any fees.

Themes for sectors/ subsectors

Themes	Airlines	Alternative Electricity	Alternative Fuels	Asset Managers	Auto Parts	Banks
Biodiversity		✓				
Climate Change	✓	✓	✓	✓	✓	✓
Pollution & Resources	✓	✓	✓		✓	
Supply Chain: Environmental					✓	
Water Security		✓	✓			
Customer Responsibility						
Health & Safety		✓	✓		✓	
Human Rights & Community	✓	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓	✓
Supply Chain: Social				✓	✓	✓
Anti-corruption	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓
Risk Management	✓			✓		✓
Tax Transparency*						

✓ - applicability based on geography and/or multinationality

* applicable to Large cap companies from Developed Markets and Medium cap companies that is Multinational and specified Geography

Themes	Broadcasting & Entertainment	Broadline Retailers	Building Materials & Fixtures	Business Support Services	Clothing & Accessories	Coal
Biodiversity			✓			✓
Climate Change	✓	✓	✓	✓	✓	✓
Pollution & Resources			✓	✓	✓	✓
Supply Chain: Environmental		✓		✓	✓	
Water Security			✓	✓	✓	✓
Customer Responsibility		✓				
Health & Safety			✓	✓		✓

Themes	Broadcasting & Entertainment	Broadline Retailers	Building Materials & Fixtures	Business Support Services	Clothing & Accessories	Coal
Human Rights & Community	✓	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓	✓
Supply Chain: Social		✓		✓	✓	
Anti-corruption	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓
Risk Management						✓
Tax Transparency*						

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Themes	Commodity Chemicals	Computer Hardware	Computer Services	Consumer Finance	Containers & Packaging
Biodiversity	✓				
Climate Change	✓	✓	✓	✓	✓
Pollution & Resources	✓				✓
Supply Chain: Environmental	✓	✓			✓
Water Security	✓	✓			✓
Customer Responsibility				✓	
Health & Safety	✓				✓
Human Rights & Community	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓
Supply Chain: Social	✓	✓			✓
Anti-corruption	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓
Risk Management		✓		✓	
Tax Transparency*					

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Themes	Conventional Electricity	Drug Retailers	Electrical Components & Equipment	Exploration & Production	Farming & Fishing
Biodiversity	✓			✓	✓
Climate Change	✓	✓	✓	✓	✓
Pollution & Resources	✓		✓	✓	✓
Supply Chain: Environmental		✓	✓		✓
Water Security	✓			✓	✓
Customer Responsibility					
Health & Safety	✓		✓	✓	✓
Human Rights & Community	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓
Supply Chain: Social		✓	✓		✓
Anti-corruption	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓
Risk Management	✓			✓	✓
Tax Transparency*					

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Themes	Food Products	Food Retailers & Wholesalers	Health Care Providers	Heavy Construction	Home Improvement Retailers
Biodiversity	✓			✓	
Climate Change	✓	✓	✓	✓	✓
Pollution & Resources	✓	✓		✓	
Supply Chain: Environmental	✓	✓			✓
Water Security	✓		✓	✓	
Customer Responsibility	✓	✓			

Themes	Food Products	Food Retailers & Wholesalers	Health Care Providers	Heavy Construction	Home Improvement Retailers
Health & Safety	✓			✓	
Human Rights & Community	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓
Supply Chain: Social	✓	✓			✓
Anti-corruption	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓
Risk Management	✓			✓	
Tax Transparency*					

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Themes	Hotels	Industrial Suppliers	Insurance Brokers	Integrated Oil & Gas	Investment Services	Iron & Steel
Biodiversity				✓		✓
Climate Change	✓	✓	✓	✓	✓	✓
Pollution & Resources		✓		✓		✓
Supply Chain: Environmental	✓	✓				
Water Security	✓			✓		✓
Customer Responsibility	✓					
Health & Safety		✓		✓		✓
Human Rights & Community	✓	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓	✓
Supply Chain: Social	✓	✓			✓	
Anti-corruption	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓
Risk Management			✓	✓	✓	✓
Tax Transparency*						

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Themes	Life Insurance	Marine Transportation	Media Agencies	Medical Supplies	Mobile Telecommunications
Biodiversity					
Climate Change	✓	✓	✓	✓	✓
Pollution & Resources		✓			
Supply Chain: Environmental					✓
Water Security				✓	
Customer Responsibility					
Health & Safety		✓			
Human Rights & Community	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓
Supply Chain: Social	✓				✓
Anti-corruption	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓
Risk Management	✓				
Tax Transparency*					

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Themes	Nonferrous Metals	Personal Products	Property & Casualty Insurance	Real Estate Holding & Development	Recreational Services
Biodiversity	✓			✓	
Climate Change	✓	✓	✓	✓	✓
Pollution & Resources	✓			✓	✓

Themes	Nonferrous Metals	Personal Products	Property & Casualty Insurance	Real Estate Holding & Development	Recreational Services
Supply Chain: Environmental		✓		✓	
Water Security	✓	✓		✓	
Customer Responsibility					
Health & Safety	✓			✓	
Human Rights & Community	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓
Supply Chain: Social		✓	✓	✓	
Anti-corruption	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓
Risk Management	✓		✓	✓	
Tax Transparency*					

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Themes	Reinsurance	Restaurants & Bars	Semiconductors	Soft Drinks	Specialty Chemicals
Biodiversity					✓
Climate Change	✓	✓	✓	✓	✓
Pollution & Resources		✓		✓	✓
Supply Chain: Environmental		✓	✓	✓	✓
Water Security		✓	✓	✓	✓
Customer Responsibility		✓		✓	
Health & Safety				✓	✓
Human Rights & Community	✓	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓	✓
Supply Chain: Social	✓	✓	✓	✓	✓
Anti-corruption	✓	✓	✓	✓	✓

Themes	Reinsurance	Restaurants & Bars	Semiconductors	Soft Drinks	Specialty Chemicals
Corporate Governance	✓	✓	✓	✓	✓
Risk Management	✓			✓	
Tax Transparency*					

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Themes	Specialty Finance	Specialty Retailers	Telecommunications Equipment	Tires
Biodiversity				
Climate Change	✓	✓	✓	✓
Pollution & Resources				✓
Supply Chain: Environmental		✓	✓	✓
Water Security				✓
Customer Responsibility				
Health & Safety				✓
Human Rights & Community	✓	✓	✓	✓
Labor Standards	✓	✓	✓	✓
Supply Chain: Social		✓	✓	✓
Anti-corruption	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓
Risk Management	✓			✓
Tax Transparency*				

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Themes	Transportation Services	Travel & Tourism	Water
Biodiversity			✓

Climate Change	✓	✓	✓
Pollution & Resources	✓	✓	✓
Supply Chain: Environmental			
Water Security			✓
Customer Responsibility			
Health & Safety	✓		✓
Human Rights & Community	✓	✓	✓
Labor Standards	✓	✓	✓
Supply Chain: Social			
Anti-corruption	✓	✓	✓
Corporate Governance	✓	✓	✓
Risk Management			
Tax Transparency*			

✓ - applicability based on geography and/or multinationality

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