

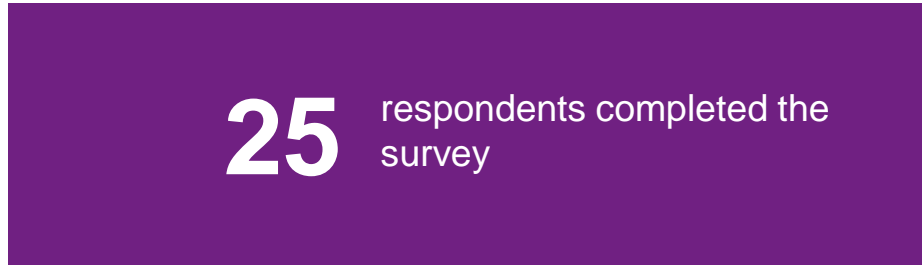
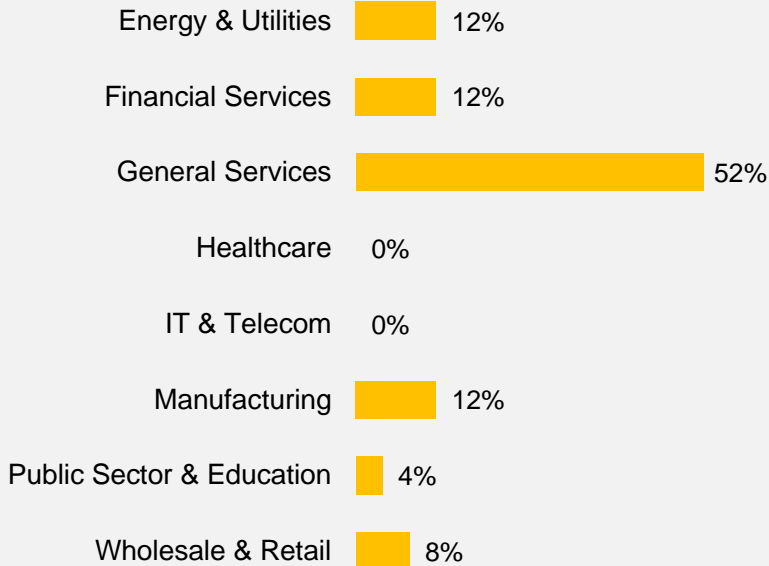
2020 ESG Survey of Board Members and Senior Executives: Alignment of ESG with Executive Incentives and Human Capital Governance Singapore Results

December 2020



About the survey

Industry



Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

Executive summary

ESG Strategy and Priorities

(P4-P15)

- Most respondents are implementing ESG plans
- Nearly half of respondents (48%) say current events have accelerated their ESG priorities/timing
- Moral, ethical reasons and long-term organization value are the most common factors influencing ESG priorities
- Respondents are most likely to prioritize environment within ESG now and over the next three years
- Nearly three quarters of respondents say ESG is a key contributor to organizational value or stronger financial performance
- Organizations refer to a variety of internal or external ESG reports

ESG and Executive Compensation

(P16-P19)

- Respondents are more likely to include ESG in annual incentive plans
- Seven in ten respondents are planning to change their use of ESG in their executive incentive plans over the next three years, including incorporation of ESG in long-term incentive plans and continued focus on governance and environment measures
- The most common challenges to using ESG metrics are time periods to affect meaningful change and unclear or insufficient market practice

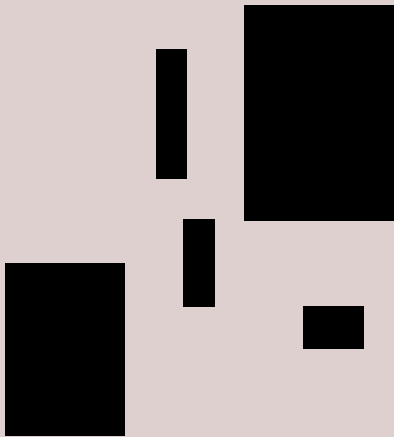
ESG and Human Capital

(P20-P23)

- The full board is most likely to oversee inclusion & diversity (I&D), succession planning and culture
- Respondents expect a greater focus on broad-based total rewards and wellbeing over the next three years
- Organizations have taken a variety of actions to review their workforce through an ESG lens

Source: 2020 ESG Survey of Board Members and Senior Executives

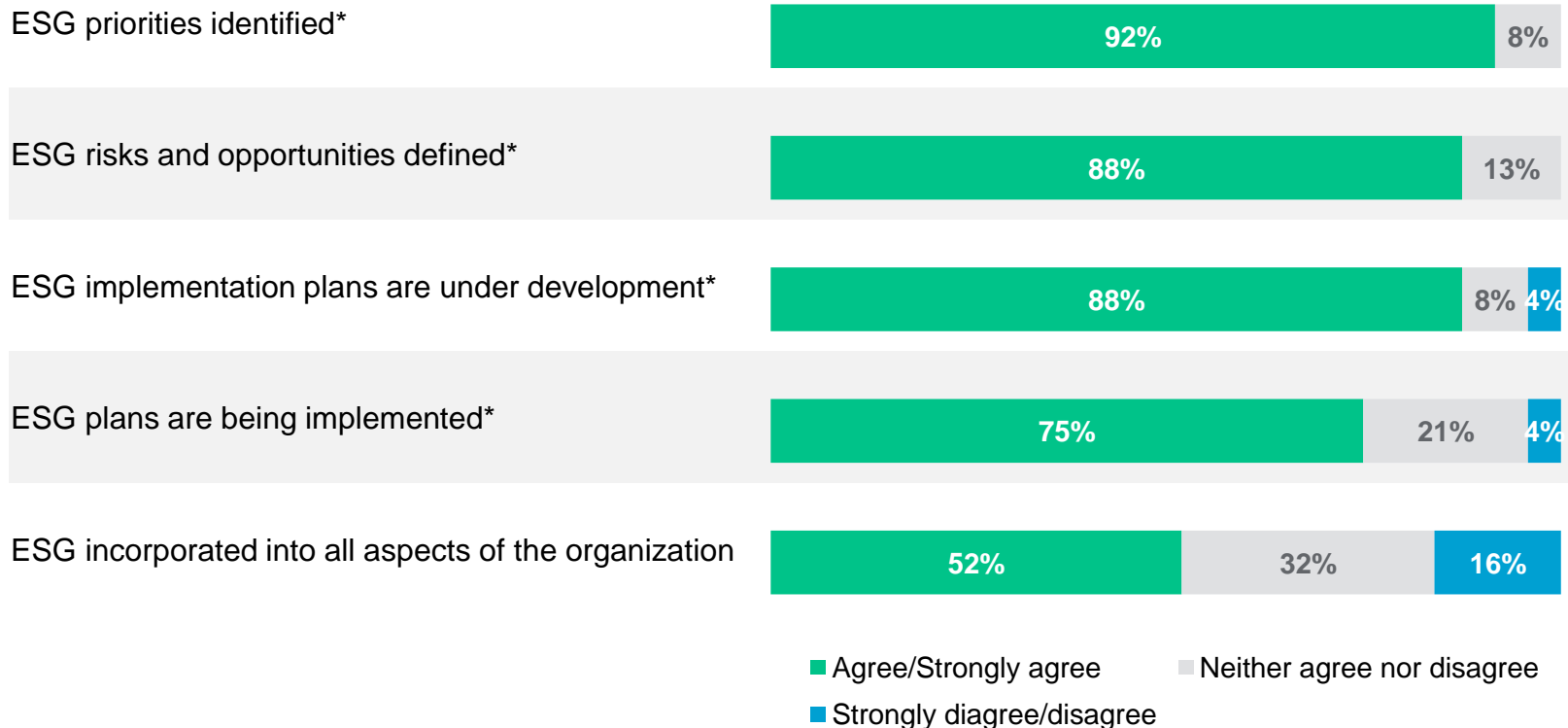
ESG Strategy and Priorities



Most respondents are implementing ESG plans

Only half have incorporated ESG into all aspects of the organization so far

To what extent has your organization embedded environmental, social and governance (“ESG”) considerations into its business strategy, operations and product and/or service offerings?

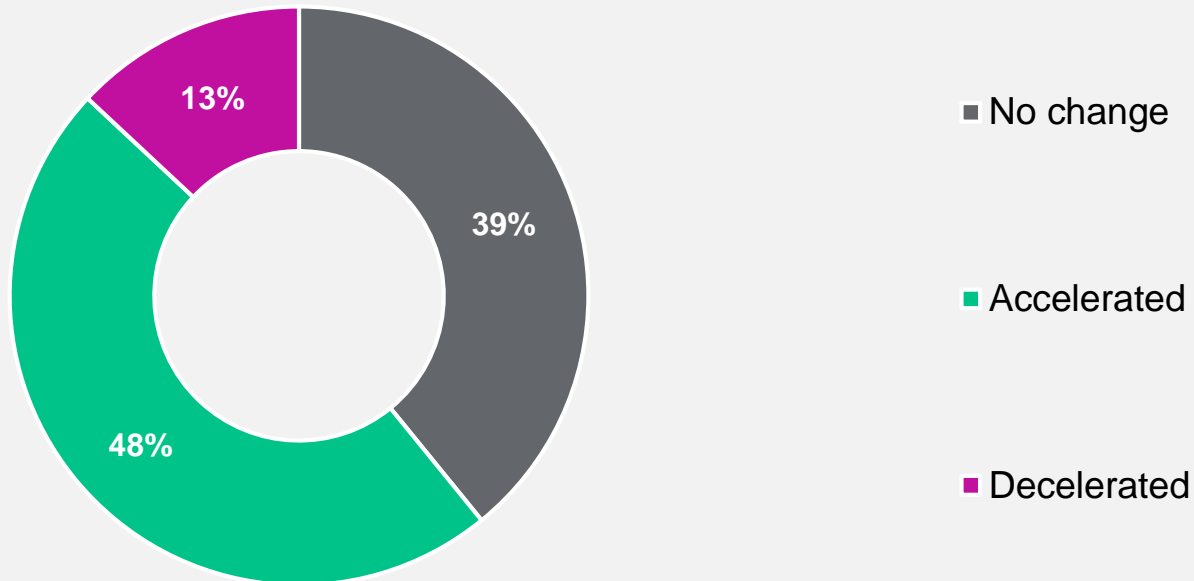


Note: *N = 24.

Source: 2020 ESG Survey of Board Members and Senior Executives

Nearly half of respondents say current events have accelerated their ESG timing

Have current events (e.g. pandemic, recession, social and racial justice, income inequality, etc.) changed your ESG priorities and/or timing?*



Note: *N=23.

Source: 2020 ESG Survey of Board Members and Senior Executives

ESG priorities are shaped by a number of factors including moral and business concerns

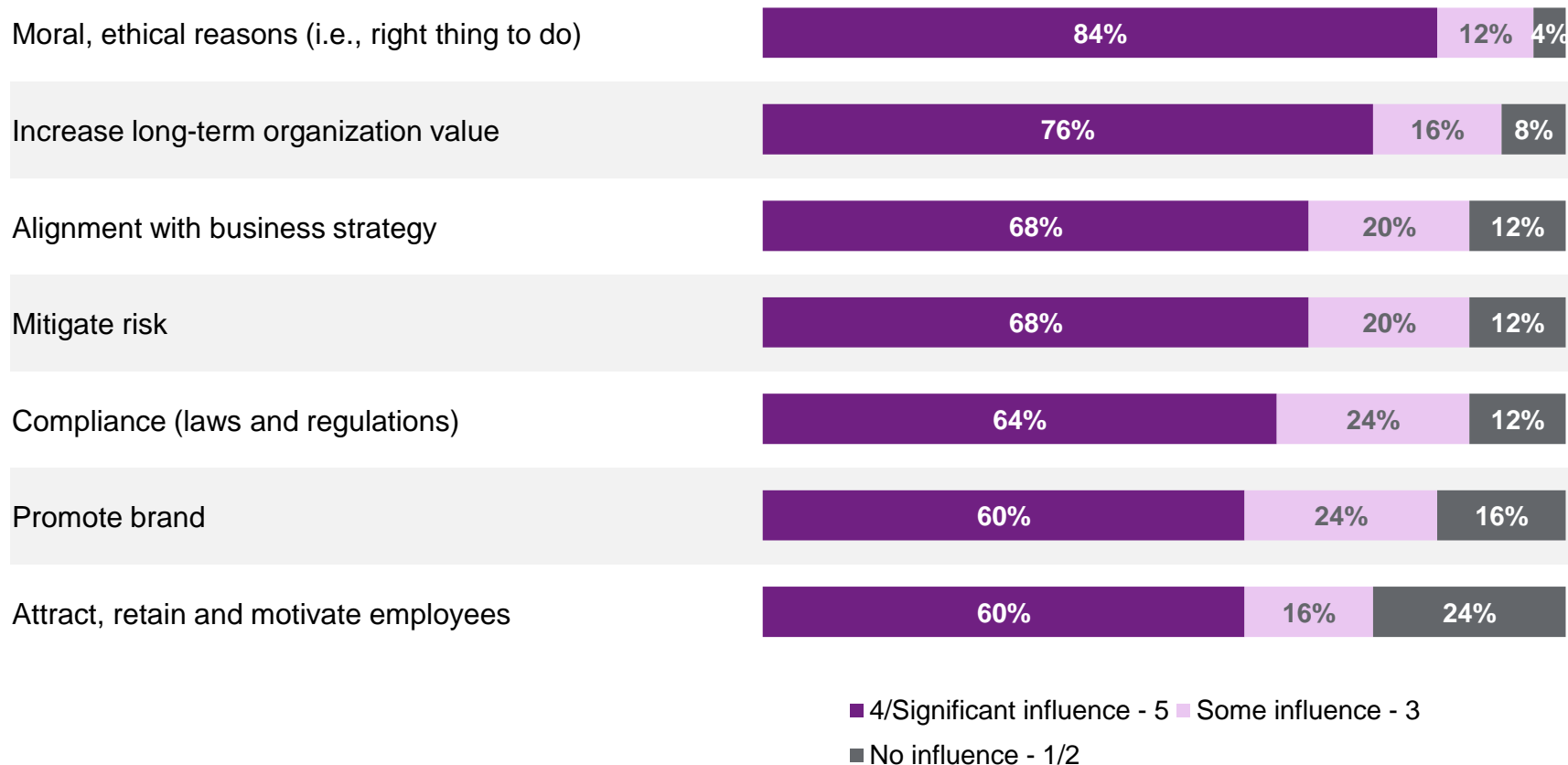
To what extent are the following factors influencing your ESG priorities?

1 Most common	2 Middling	3 Least common
Moral, ethical reasons (i.e., right thing to do)		
Increase long-term organization value	Alignment with business strategy	Attract investors
	Mitigate risk	Manage supply chain and supplier relationships
	Compliance (laws and regulations)	
	Promote brand	
	Attract, retain and motivate employees	
	Competitive differentiation / advantage	
	Shareholder / investor concerns	
	Improve reputation / consumer optics	
	Generate positive public perception	
	Consumer behaviour	

Source: 2020 ESG Survey of Board Members and Senior Executives

ESG priorities are shaped by a number of factors including moral and business concerns

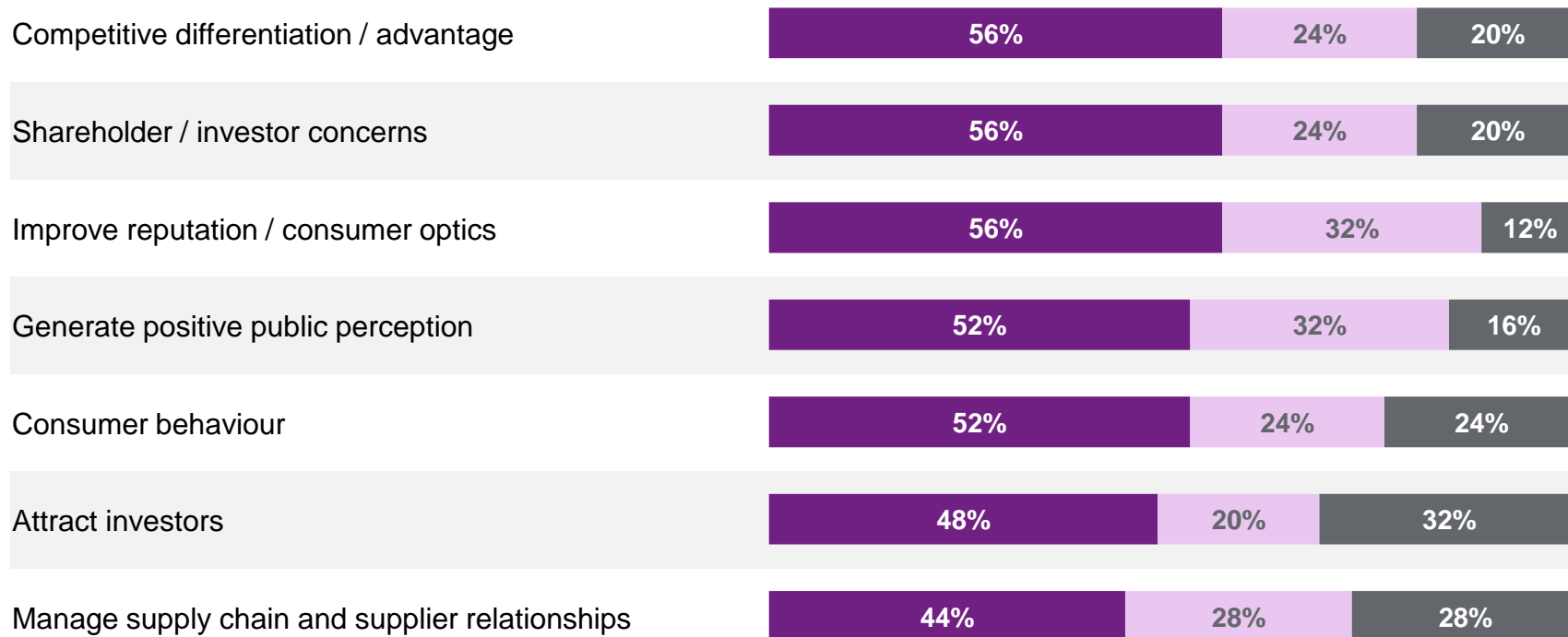
To what extent are the following factors influencing your ESG priorities?



Source: 2020 ESG Survey of Board Members and Senior Executives

ESG priorities are shaped by a number of factors including moral and business concerns

To what extent are the following factors influencing your ESG priorities?

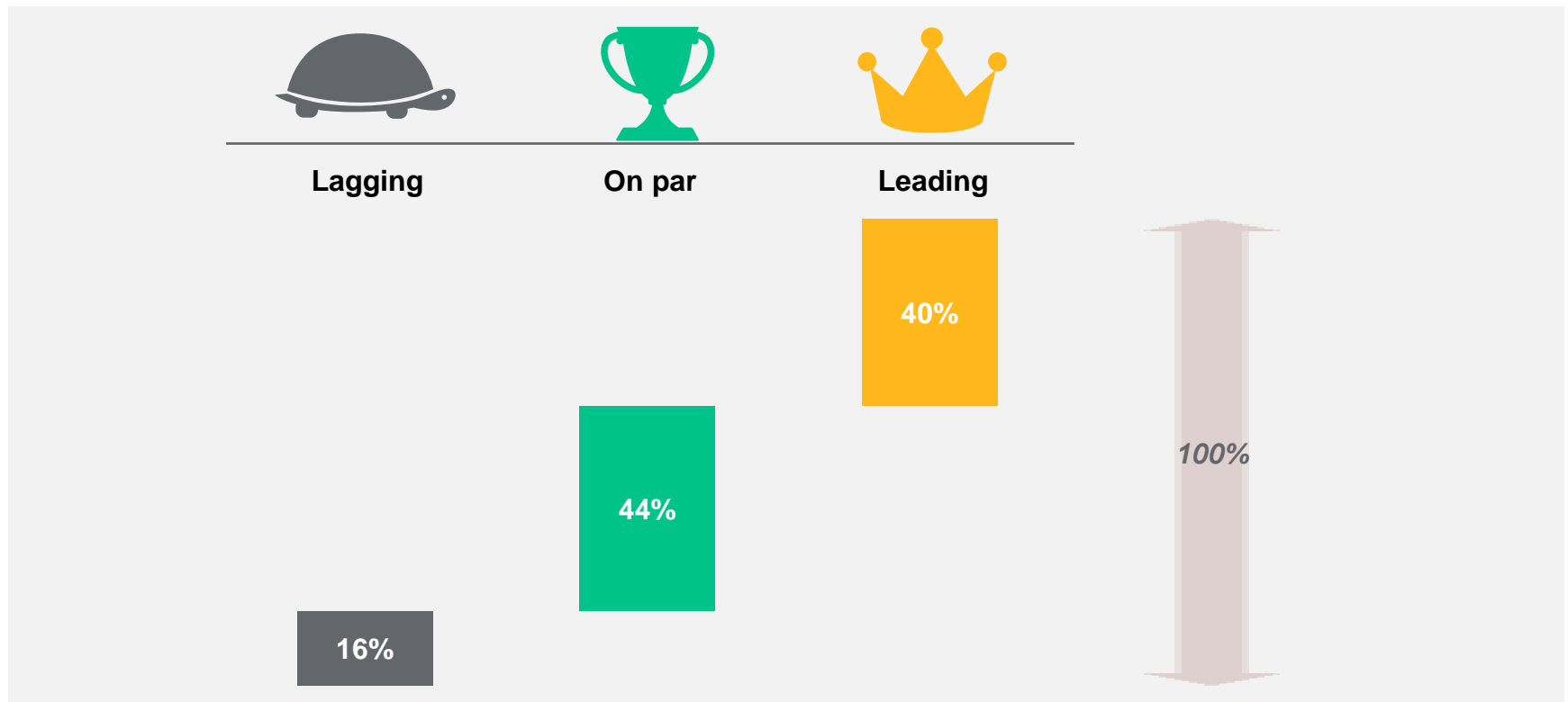


■ 4/Significant influence - 5 ■ Some influence - 3
 ■ No influence - 1/2

Source: 2020 ESG Survey of Board Members and Senior Executives

Respondents tend to see themselves as leading or on par with peers on embedding ESG into priorities

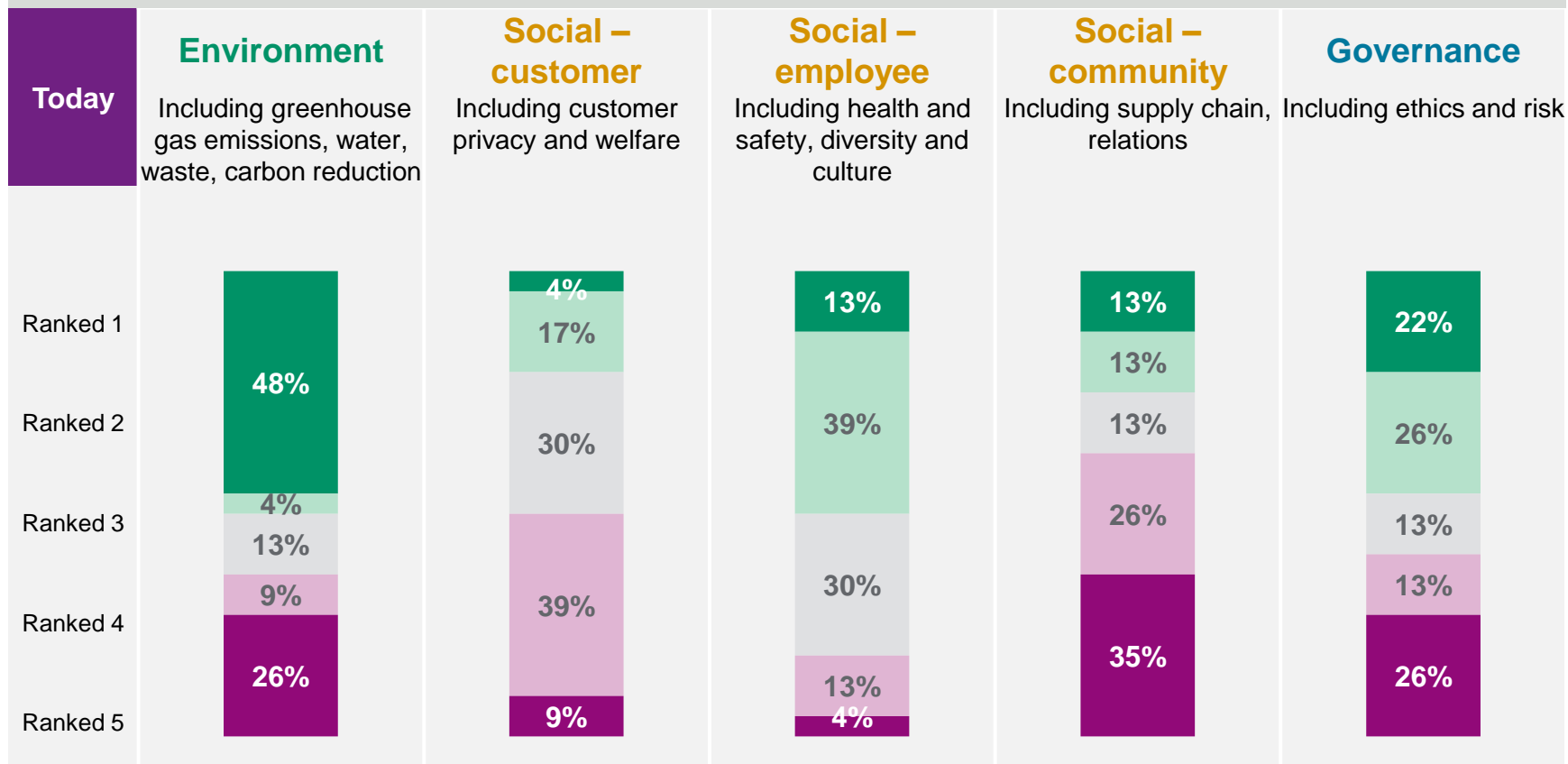
How do you think your organization compares to its peers with respect to embedding ESG priorities into its strategy and operational processes?



Source: 2020 ESG Survey of Board Members and Senior Executives

Respondents are most likely to prioritize environment within ESG

What is the relative importance of the following ESG priority areas for your organization now (rank in order of importance from 1 to 5)?* (n=23)

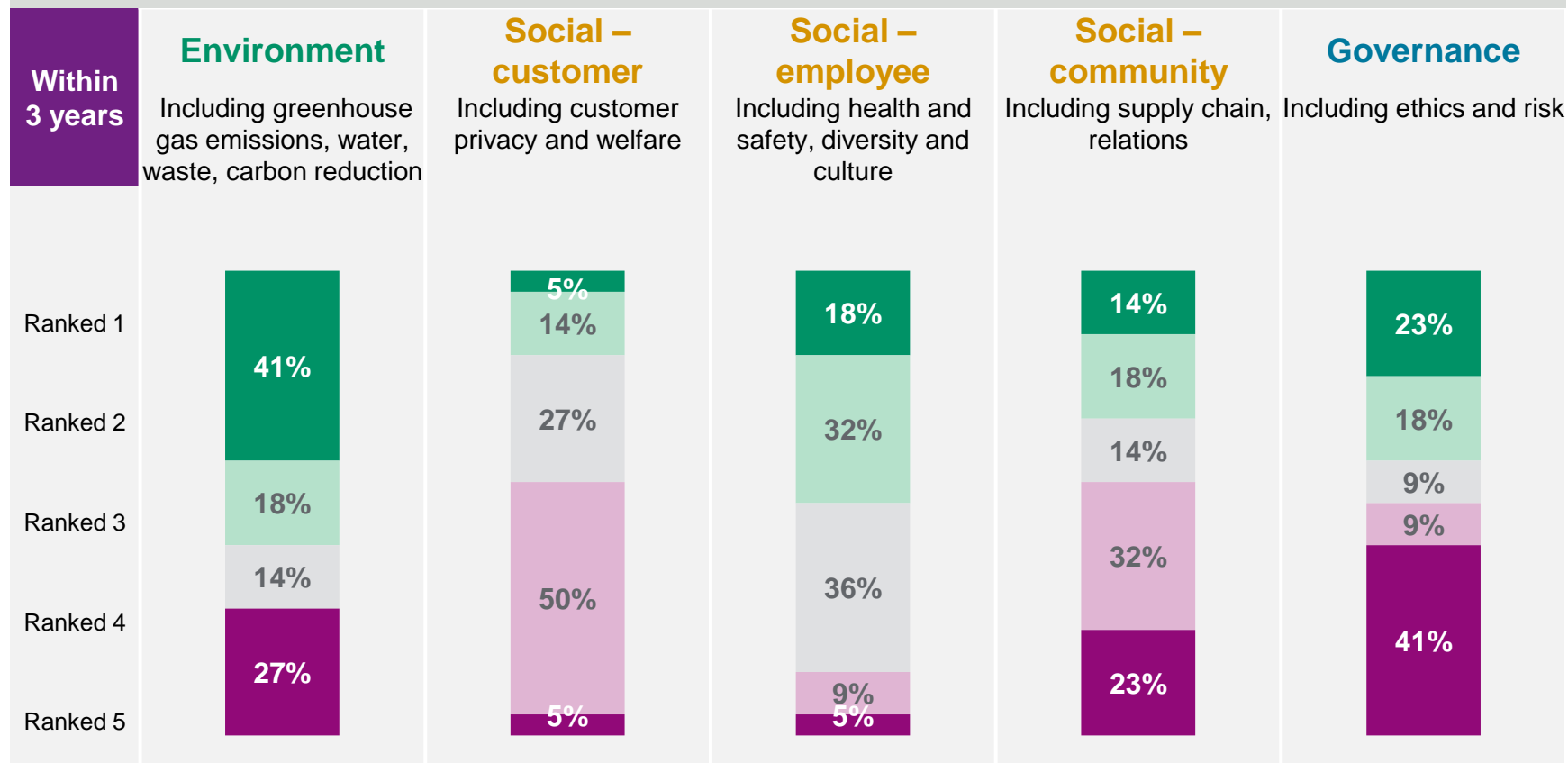


Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

Priorities within ESG are not expected to change much over next three years

What is the relative importance of the following ESG priority areas for your organization in the next one to three years (rank in order of importance from 1 to 5)?* (n=22)



Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

Priorities within ESG are not expected to change much over next three years

What is the relative importance of the following ESG priority areas for your organization now? In the next one to three years (rank in order of importance from 1 to 5)?

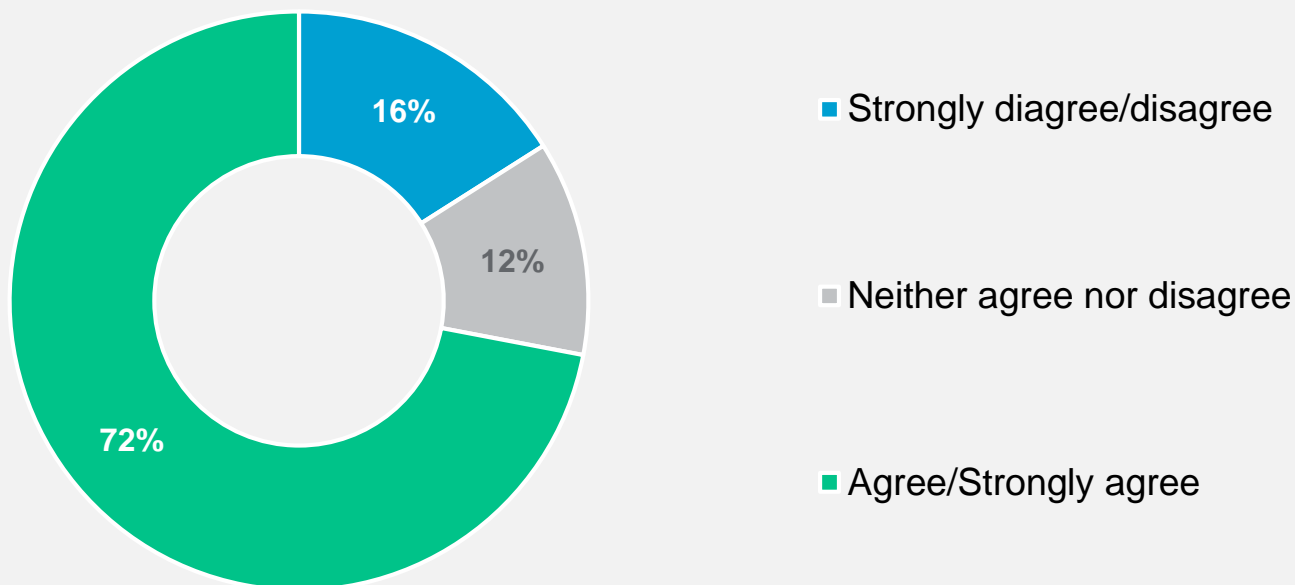
	Today* (n=23)		Within 3 years* (n=22)	
	Ranked 1	Ranked 1 or 2	Ranked 1	Ranked 1 or 2
Environment	48%	52%	41%	59%
Social – customer	4%	22%	5%	18%
Social – employee	13%	52%	18%	50%
Social – community	13%	26%	14%	32%
Governance	22%	48%	23%	41%

Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

Seven in ten respondents say ESG is a key contributor to organizational value or stronger financial performance

To what extent do you agree that strong ESG performance is a key contributor to creating organizational value / stronger financial performance?

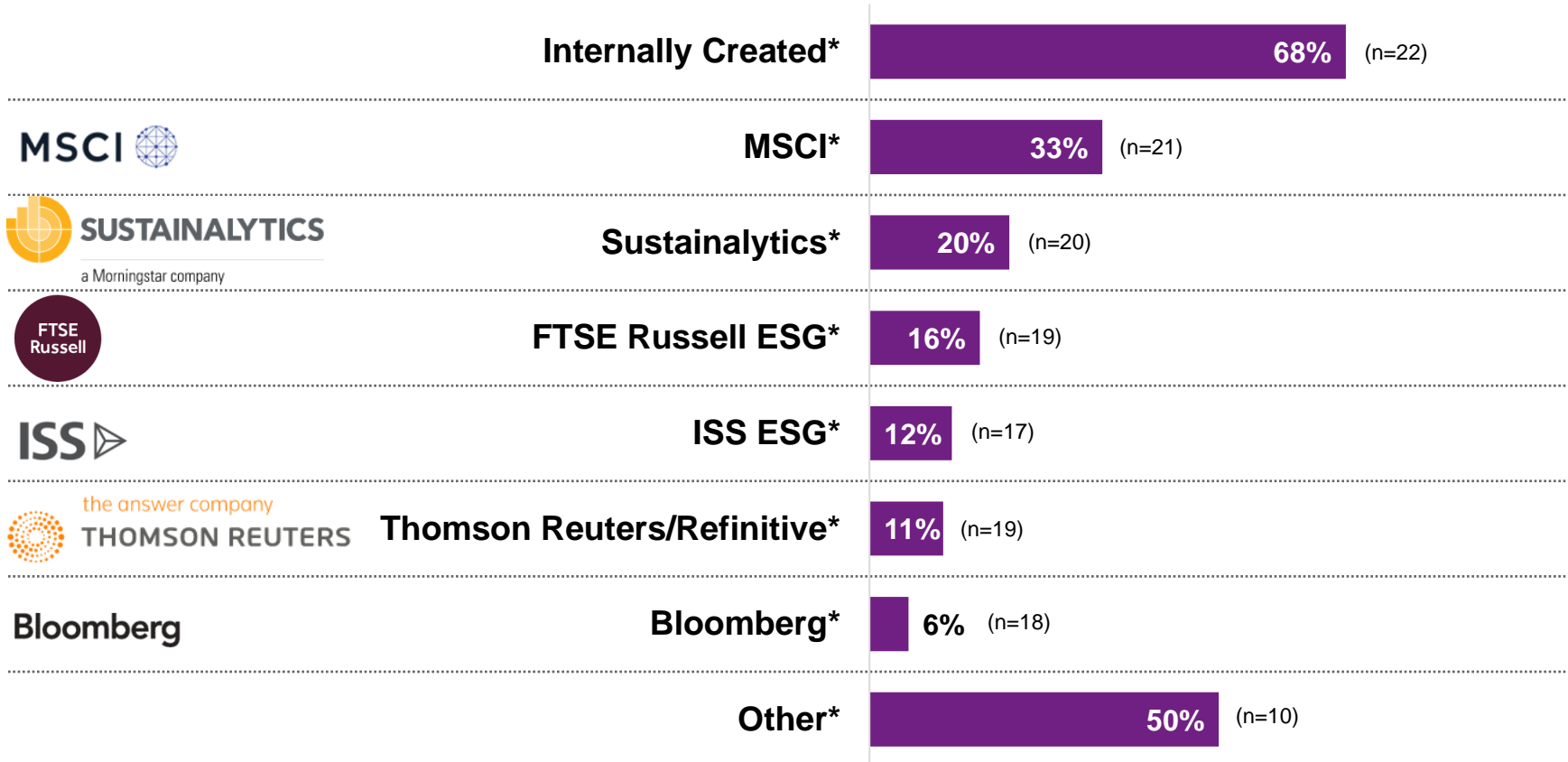


Source: 2020 ESG Survey of Board Members and Senior Executives

Over two-thirds of organizations use an internally created ESG report

A third of respondents use more than one rating report; respondents on average use two

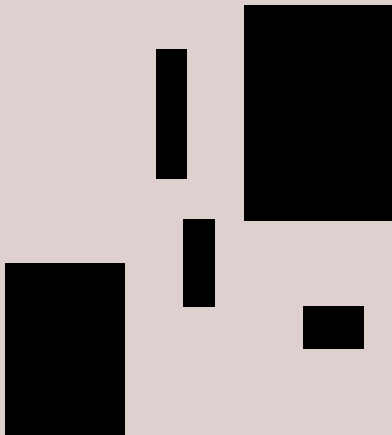
Have you used any of the following ESG rating reports that were completed on your organization?



Note: *Sample < 25. Percentage indicates “yes”.

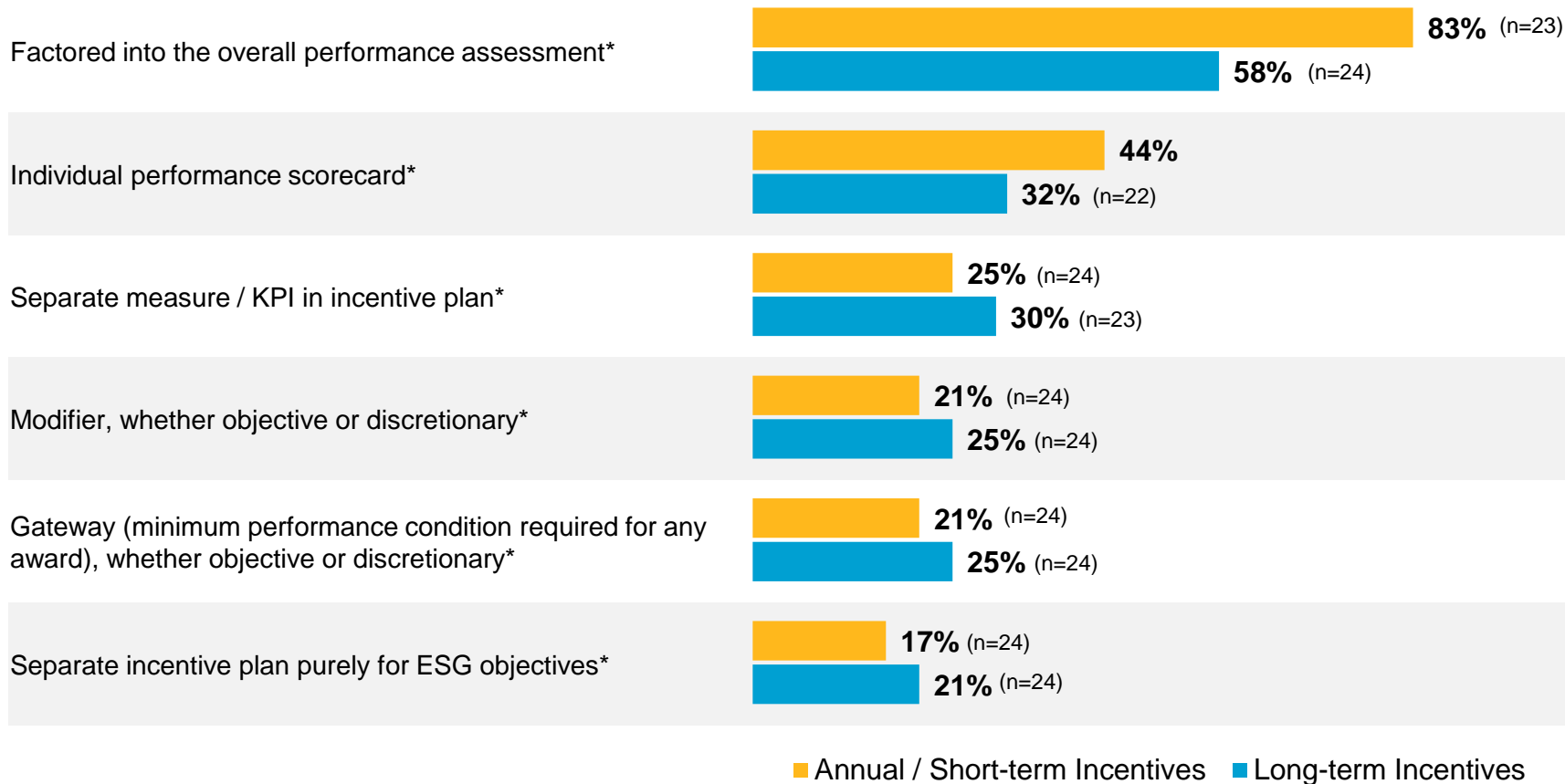
Source: 2020 ESG Survey of Board Members and Senior Executives

ESG and Executive Compensation



Respondents are more likely to include ESG in annual incentive plans

How have you included ESG into your executive incentive plans?



Note: *Sample < 25. Percentage indicates “yes”.

Source: 2020 ESG Survey of Board Members and Senior Executives

Seven in ten respondents are planning to change their use of ESG in their executive incentive plans over the next 3 years

Most common changes are introducing ESG into LTI, increased prominence of governance and environment measures

What ESG changes to your executive incentive plans are you planning over the next one to three years?

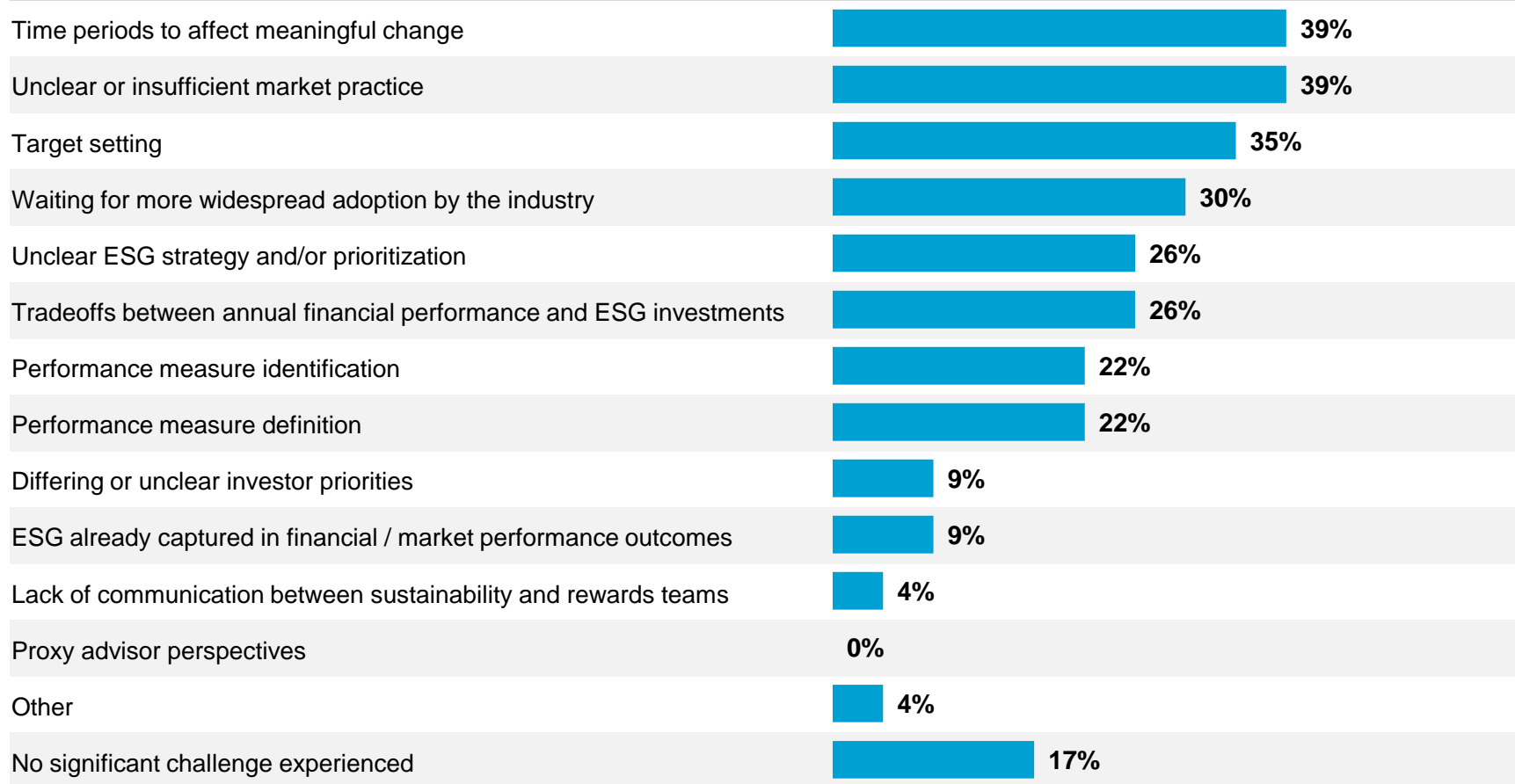
		Next 12 months* (n=18)	Next 3 years* (n=20)
ESG measures	Introduce ESG measures into annual / short-term incentives	3 22%	20%
	Introduce ESG measures into long-term incentives	11%	1 40%
Weighting	Increase weighting of ESG in annual / short-term incentives	17%	20%
	Increase weighting of ESG in long-term incentives	17%	30%
Prominence	Increase prominence of environmental measures	1 28%	3 15%
	Increase prominence of social (customer) measures	22%	30%
	Increase prominence of social (employee) measures	22%	30%
	Increase prominence of social (community) measures	17%	20%
	Increase prominence of governance measures	2 28%	2 40%
	Introduce a separate hyper long-term incentive or retirement plan	0%	15%
	We are not planning any changes	28%	25%
We are not considering the incorporation of ESG	17%	5%	

Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

The most common challenges to using ESG metrics are time periods to affect meaningful change and unclear or insufficient market practice

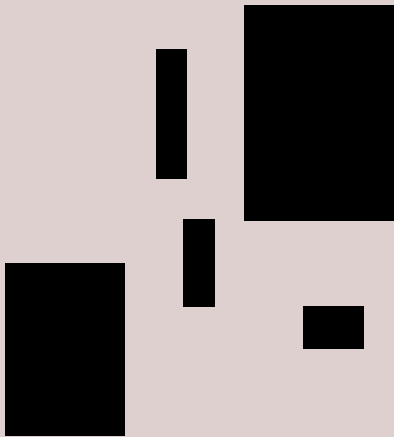
What challenges have you experienced when considering the incorporation of ESG metrics into your executive incentive plans?* (n=23)



Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

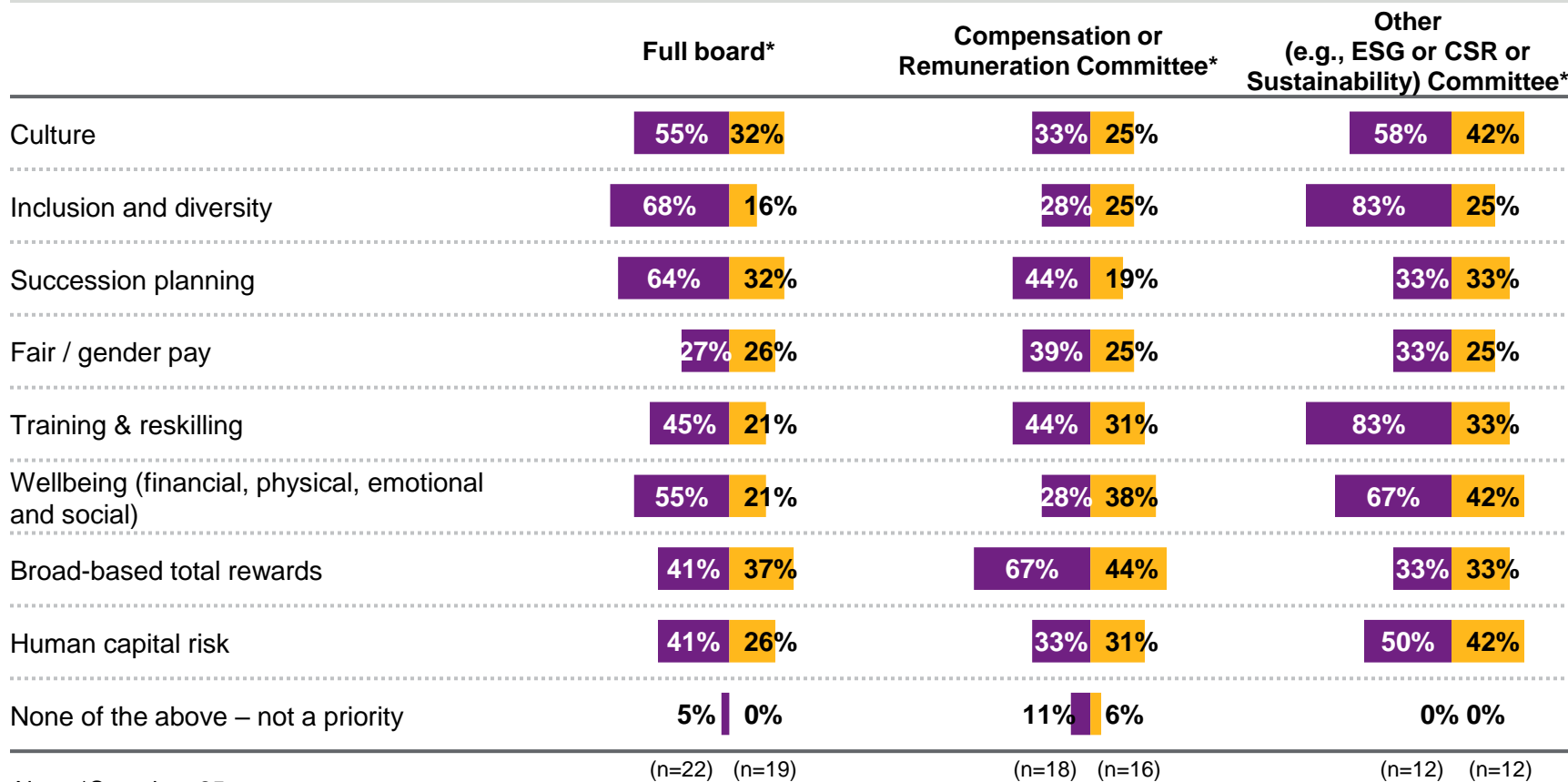
ESG and Human Capital



The full board is most likely to oversee I&D and succession planning

The compensation committee is most likely to oversee broad-based total rewards and training/reskilling

Which of the following topics does your board (or a specific committee) oversee? Which of the following do you anticipate your board (or specific committee) overseeing within the next three years?



Note: *Sample < 25.

Source: 2020 ESG Survey of Board Members and Senior Executives

■ Today ■ Add within 3 years

The full board is most likely to oversee I&D, succession & planning

The compensation committee is most likely to oversee broad-based total rewards

Which of the following topics does your board (or a specific committee) oversee? Which of the following do you anticipate your board (or specific committee) overseeing within the next three years?

	Full board		Compensation or Remuneration Committee		Other (e.g., ESG or CSR or Sustainability) Committee	
	Today	Add within 3 years	Today	Add within 3 years	Today	Add within 3 years
1	Inclusion and diversity	Broad-based total rewards	Broad-based total rewards	Broad-based total rewards	Inclusion and diversity	Culture
2	Succession planning	Culture	Succession planning	Wellbeing (financial, physical, emotional and social)	Training & reskilling	Wellbeing (financial, physical, emotional and social)
3	Culture	Succession planning	Training & reskilling	Training & reskilling	Wellbeing (financial, physical, emotional and social)	Human capital risk
4	Wellbeing (financial, physical, emotional and social)	Fair / gender pay	Fair / gender pay	Human capital risk	Culture	Succession planning

Source: 2020 ESG Survey of Board Members and Senior Executives

Organizations have taken a variety of actions to review their workforce through and ESG lens

To what extent have you started to review your workforce through an ESG lens?



Note: *Sample < 25. 'Not applicable' excluded.

Source: 2020 ESG Survey of Board Members and Senior Executives