

# **Does Sustainability Disclosure and Reporting Matter? Examining the Relationship between Sustainability Disclosure and ESG Performance among Listed Firms in Thailand**

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Environmental, social, and governance (ESG) disclosure has become increasingly important for capital markets, investors, regulators, and listed companies. Disclosure can reduce information gaps, improve transparency, and encourage firms to manage sustainability-related risks more effectively. However, disclosure does not automatically mean that firms perform well on ESG issues. This study, therefore, examines whether ESG disclosure is associated with ESG performance among listed firms in Thailand and whether disclosure is linked to financial performance.

Using firm-level data from Bloomberg Terminal and SET Smart, the study analyses listed firms on the Stock Exchange of Thailand (SET). ESG disclosure is measured by the Bloomberg ESG Disclosure Score, while ESG performance is assessed using multiple ESG rating indicators, including SET ESG Ratings, Bloomberg ESG Performance Score, MSCI ESG Ratings, Refinitiv ESG Scores, S&P Global ESG Score, ESG Book ESG Performance Score, Morningstar ESG Risk, and Moody's ESG Solutions. Financial performance is measured by return on assets (ROA). The analysis combines correlation analysis, regression models, and a classification framework that groups firms according to their ESG disclosure and ESG performance.

The findings show a positive relationship between ESG disclosure and ESG performance. Firms with more comprehensive ESG disclosure tend to have stronger ESG performance across most rating indicators. This suggests that disclosure helps reduce information asymmetry between companies and stakeholders, including investors, regulators, and rating agencies. It may also encourage firms to develop stronger internal systems for managing ESG-related issues.

However, the study does not find robust evidence that ESG disclosure is directly associated with profitability, as measured by ROA. This indicates that disclosure may not immediately translate into short-term financial returns. Instead, ESG disclosure may affect firm value indirectly by improving ESG performance, strengthening reputation, reducing sustainability-related risks, and supporting investor confidence over time.

The study also classifies firms into four groups: leaders, laggards, firms with high ESG performance but low transparency, and firms with low ESG performance but high transparency. Many firms fall into the expected pattern: firms with both high disclosure and high ESG performance, and firms with both low disclosure and low ESG performance. The analysis does

not find strong evidence of systematic greenwashing or brownwashing among Thai listed firms. Firms with high disclosure but relatively low ESG performance are often in sectors with inherently high environmental impacts, such as energy, infrastructure, transportation, and food. Their lower ESG performance may therefore reflect sectoral challenges rather than misleading disclosure practices.

The results offer several policy implications. First, ESG disclosure should continue to be promoted as a tool for improving transparency and strengthening ESG performance. Second, support should be tailored by sector. Energy and infrastructure firms may require greater support on environmental performance, while financial and service-sector firms may benefit from stronger social and governance practices. Third, SET can promote peer learning by highlighting ESG leaders as examples of good practice and by supporting knowledge-sharing platforms among listed firms. Fourth, firms with both low disclosure and low ESG performance should receive targeted capacity-building support, including training on ESG metrics, reporting standards, data management, and internal governance systems. Finally, coordination among the Securities and Exchange Commission, SET, and the Bank of Thailand can help strengthen Thailand's sustainable finance ecosystem.

This study has some limitations. Data availability restricts the analysis, and the study identifies associations rather than causal effects. ESG rating methodologies also differ across providers, and some ratings may partly rely on publicly disclosed information. Future research should use longer panel data, examine sector-specific dynamics, and explore how ESG disclosure leads to actual changes in corporate sustainability practices.

In conclusion, the study shows that ESG disclosure matters because it is positively associated with stronger ESG performance and greater market transparency. For Thailand's capital market, the findings support a policy direction that combines improved disclosure, sector-specific support, capacity building, peer learning, and coordinated sustainable finance policies.