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ESG Disclosure Assessment of Thailand's Listed Companies and Recommendations for Policy Development

December 2023

SEC

THE WORLD BANK
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AUTHORS AND ACKNOWLEDGEMENTS

This report has been prepared by Robert Black and Dr Rory Sullivan of Chronos Sustainability and Fiona Stewart of World Bank Group.

We would like to thank Robin Goon, Jessica Axberg, Arisa Kishigami and Ella Harvey for their research support on this project. Input was also kindly received from Ratchada Anantavrasilpa, Ana Carvajal, Mark Davis and Matthew Sullivan from the World Bank.

We would also like to thank the SEC counterparts responsible for providing input and support.

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Foreword from the World Bank Group

For over 70 years, the Kingdom of Thailand and the World Bank Group have built a strong and productive partnership that has evolved from one focused on traditional lending and advice into an innovative knowledge-based partnership that reflects Thailand's dynamic middle-income status. Our long-term partnership has supported the Government's effort to improve the lives of many people living in Thailand, through more and better job opportunities, better quality of life, and ensuring that poor and marginalized households and firms are financially resilient to benefit from Thailand's prosperity.

In terms of financial sector development, the World Bank has engaged with Thai financial regulators and policy makers to further develop a sound, stable, resilient, and inclusive financial sector to support national economic growth and recovery from any economic shocks such as the adverse impact of COVID-19 pandemic. To support the Government's Bio-Circular-Green (BCG) Economic Model, the World Bank has supported the foundation of the Sustainable Finance and Environmental, Social, and Governance (ESG) Investment Regime in the Thai financial market by incorporating these factors into the investment process of pension funds, building local capacity concerning the independent external review process, providing technical inputs on "Repositioning Thailand's Financial Sector for a Sustainable Digital Economy" and through the production of these benchmarking ESG reports.

This report draws on previous benchmarking exercises devised by the World Bank to assess environmental, social and governance disclosure practices in client countries. The methodology is based on international good practice, including the United Nations-backed Principles for Responsible Investment (PRI), as well as the extensive experience of the World Bank and IFC teams. When it comes to developing and implementing green financial sector frameworks, assessing a baseline position is increasingly important for policy makers in emerging markets. As international standards are developed, securities regulators and policy makers globally will need to examine how to align their domestic guidance and regulations in a way which encourages international investment whilst balancing domestic needs. As with Thailand, developing markets often have a solid basis, for example of corporate governance codes, which can be built on as they move to adopt international practice such as Task Force on Climate-Related Financial Disclosures (TCFD) reporting. We stand ready to support our clients as they develop reporting frameworks, showcasing domestic, regional and international leadership.

Foreword from SEC

Thailand is facing a range of significant challenges including the ongoing consequences of the COVID-19 pandemic, to vulnerability to climate change and digital disruption. These challenges influence our developmental directions and our ability to adapt and enhance our competitive edge. While we are propelling our efforts to recover from the pandemic, we also recognise the importance of embraceing this opportunity to build back a better and more sustainable economic system.

Capital markets play a significant role in supporting the commitment to sustainability. As the Thai capital market regulator, the Securities and Exchange Commission (SEC) is developing a sustainable capital market that provides a mechanism for listed companies to embed environmental, social and governance (ESG) factors into their business operation and value chains in line with international standards, national policies and guidelines. These include the United Nations' Sustainable Development Goals (UN SDGs), UN Climate Change Conference of the Parties (COP26), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the 20-Year National Strategy, the Bio-Circular-Green (BCG) economic model as well as the National Action Plan on Business and Human Rights (NAP).

In doing so, the SEC has recently revised the mandatory annual disclosure requirements ("One Report") for listed companies,. One Report enhances disclosure efficiency by providing ESG information for stakeholders to evaluate relevant ESG risks and opportunities and to shape their ESG direction, policy and strategy accordingly. One Report combines the disclosure of business performance and ESG efforts, including human rights protection and carbon emissions.

The SEC would like to thank the World Bank Group for preparing this report - "ESG Disclosure Assessment of Thailand's Listed Companies and Recommendations for Policy Development." The analysis on the ESG disclosure practices of leading listed companies on the Thai Stock Exchange and the recommendations on policy actions for Thai regulators in this report will ensure that ESG reporting among companies in the Thai capital market remains relevant and consistent with international norms.

The SEC trusts that the findings and recommendations herein will pave the way for further development of ESG disclosure in the Thai capital market and ensure the sufficiency of information provided by corporations for investors and stakeholders to make well informed decisions. In driving forward a sustainable value creation, we will continue working with stakeholders to develop a sustainable future and together achieve the United Nations' Sustainable Development Goals.

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Executive Summary

This report presents an analysis – conducted between October 2021 and April 2022 - of ESG (environmental, social and governance) disclosure practices among leading companies listed on the Thai Stock Exchange (SET 50 corporates plus an additional 11 selected to improve the sectoral distribution of the sample) using a checklist of general reporting indicators and of primary specific ESG indicators that Thai companies would be anticipated to disclose on. The report also offers recommendations on policy actions Thai regulators could take to ensure ESG reporting amongst Thai market companies remains relevant, and consistent with international norms.

Overall, the assessments found that ESG disclosure levels across the full universe of 61 companies were good. It showed better disclosure rates amongst the largest companies (by market capitalisation) versus the smaller companies. Overall disclosure rates for companies scoring Yes or Partial were 71% for the > 250bn baht group, 61% for the 110bn - 250bn group and 45% for < 110bn group.

The first section of the assessment framework reviews general ESG management and reporting practices. Across the assessed sample of companies there were good disclosure levels suggesting that **Thailand's listed companies are well placed to respond to requirements to manage and report on ESG issues.** The second section of the assessment framework reviews specific ESG indicators. Focussing on the SET 50 universe, **the analysis found companies disclosed best on social indicators followed by governance and environmental indicators,** with companies receiving at least 'Partial' scores 63% of the time in environmentally specific indicators, 84% in social and 71% in governance.

We focussed particular attention on 3 priority issues: climate change (specifically GHG emissions), human rights and use of skills matrices in board nomination processes.

Our analysis of GHG emissions highlighted Industrials and Resources as the best disclosing sectors. Of the 80% of companies providing some GHG emissions disclosure 38% provided external assurance of that data. **The assessments found onl**y 12% of companies refer to TCFD reports in annual reporting. There is evidence of companies providing other climate-related information, not in the form of a TCFD report, though disclosure levels remain poor.

Regarding human rights the assessments evaluated whether companies had a human rights policy, whether that policy referenced UN Guiding Principles, and whether a company used the Human Rights Due Diligence framework in its operations. **Across all the human rights indicators assessed, disclosure rates significantly improved as market capitalisation increased.**

Positively, we found that 76% of companies use a skills matrix in board nomination processes. However, it is not clear whether ESG skills are being considered in these assessment processes as disclosure levels on the two indicators related to board training and board competency on ESG issues show significantly poorer disclosure rates.

The final section of the paper considers ESG regulation for Thailand. **We recommend that with well-established ESG management and reporting practices SEC Thailand should focus on ensuring Thai corporate ESG disclosure is aligned with and/or supports three key disclosure frameworks: (1) ISSB, (2) TCFD and (3) the ASEAN Taxonomy.**


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Introduction

The aim of this project was to understand current ESG (environmental, social and governance) disclosure practice among leading companies listed on the Thai Stock Exchange (SET). The project developed a checklist of the primary ESG indicators that Thai companies would be expected to disclose, based on the *Principles for Responsible Investment (PRI) report ESG Data in China: Recommendations on Primary ESG indicators*, and previously used by the World Bank for similar exercises in other markets. The checklist was supplemented with additional indicators relevant to the Thai market and from the Securities and Exchange Commission Thailand's One Report requirements.

This paper presents the key findings of the disclosure assessment, an overview of global ESG-related policy, and recommendations on the steps that might be taken by regulators such as SEC Thailand to align ESG disclosure practices between Thai companies and between Thai companies and their regional and international peers.

The intention is that increased comparability will enhance domestic and international investors' ability to integrate ESG data into their investment decisions and will encourage investment in Thai companies and in green and sustainable assets in Thailand.

Study Approach

The baseline assessment - conducted between October 2021 and April 2022 - involved assessing the public disclosures (i.e., the information provided by companies on their websites and in their most recent annual and sustainability reports – generally FY 2019/20) against a structured assessment framework.

COMPANY UNIVERSE

The assessments covered Thailand's SET 50 corporates listed on the Stock Exchange of Thailand, plus an additional 11 corporates to improve the sectoral distribution of the sample. Generally, the analysis presented in the Key Findings section of this report covers the full universe of 61 assessed companies, although it also includes specific analysis related to company market capitalisation which will only cover the SET 50 universe of companies. For context it is worth noting that SET 50 constituents are primarily large- and mid-cap companies. See Appendix for the list of companies assessed.

An overview of the company universe market capitalisation and industry classification characteristics is presented in Table 1. The small industry sample sizes mean it is difficult to draw definitive conclusions regarding industry reporting trends, although the data does allow us to offer robust observations about the implications of company size.

TABLE 1 - Market capitalisation and industry sector breakdown of the assessed company universe

COUNTRIES & YEARS	> 250BN (BAHT)	110BN – 250BN (BAHT)	< 110BN (BAHT)	TOTAL
Agro & Food Industry	0	3	3	6
Consumer Products	0	0	6	6
Financials	2	5	3	10
Industrials	2	1	2	5
Property & Construction	2	1	1	4
Resources	6	0	6	12
Services	3	6	3	12
Technology	3	1	2	6
Total	18	17	26	61

THE ASSESSMENT FRAMEWORK

Companies were assessed against 42 indicators (see Appendix) that can be broadly split into:

- General reporting indicators.
- Specific environmental indicators.
- Specific social indicators.
- Specific governance indicators.
- Task Force on Climate-Related Financial Disclosure (TCFD) indicators.

The framework for the general reporting practice and specific indicators was based on the Principles for Responsible Investment (PRI) report *ESG Data in China: Recommendations on Primary ESG indicators.*[1] This report, whilst developed with a focus on China, presents a set of core indicators that cover universally recognised ESG topics, and is aligned with global reporting frameworks such as GRI (Global Reporting Initiative). As such, it provides a base level of ESG disclosure for all countries.

This framework was supplemented with indicators relating to TCFD (given the global significance of climate change(and additional specific indicators of significance to the Thai market (which were based on the One Report[2]).

A further indicator question on whether a company reports the proportion of revenue derived from sustainable related activities was added. This was included as sustainable taxonomies continue to be developed by markets in all regions.

THE ASSESSMENT PROCESS

The framework assessed companies on their publicly available information only, including information from company websites and relevant annual reports. Each indicator was scored Yes, Partial or No depending on whether a company fully, partially or did not meet the requirements of the indicator. Partially meeting an indicator usually meant that the company provided some information on the topic in question but did not meet the specific requirements of the indicator.

These data were then analysed, to provide an overall assessment of ESG disclosures, and to provide insights into specific reporting practices. Individual company results have been kept anonymous in this report as the intention was to build a picture of universal disclosure and not comment on individual company performance.

1 https://www.unpri.org/fiduciary-duty/esg-data-in-china-recommendations-for-primary-esg-indicators/4345.article
2 https://www.sec.or.th/onereport

Key Findings

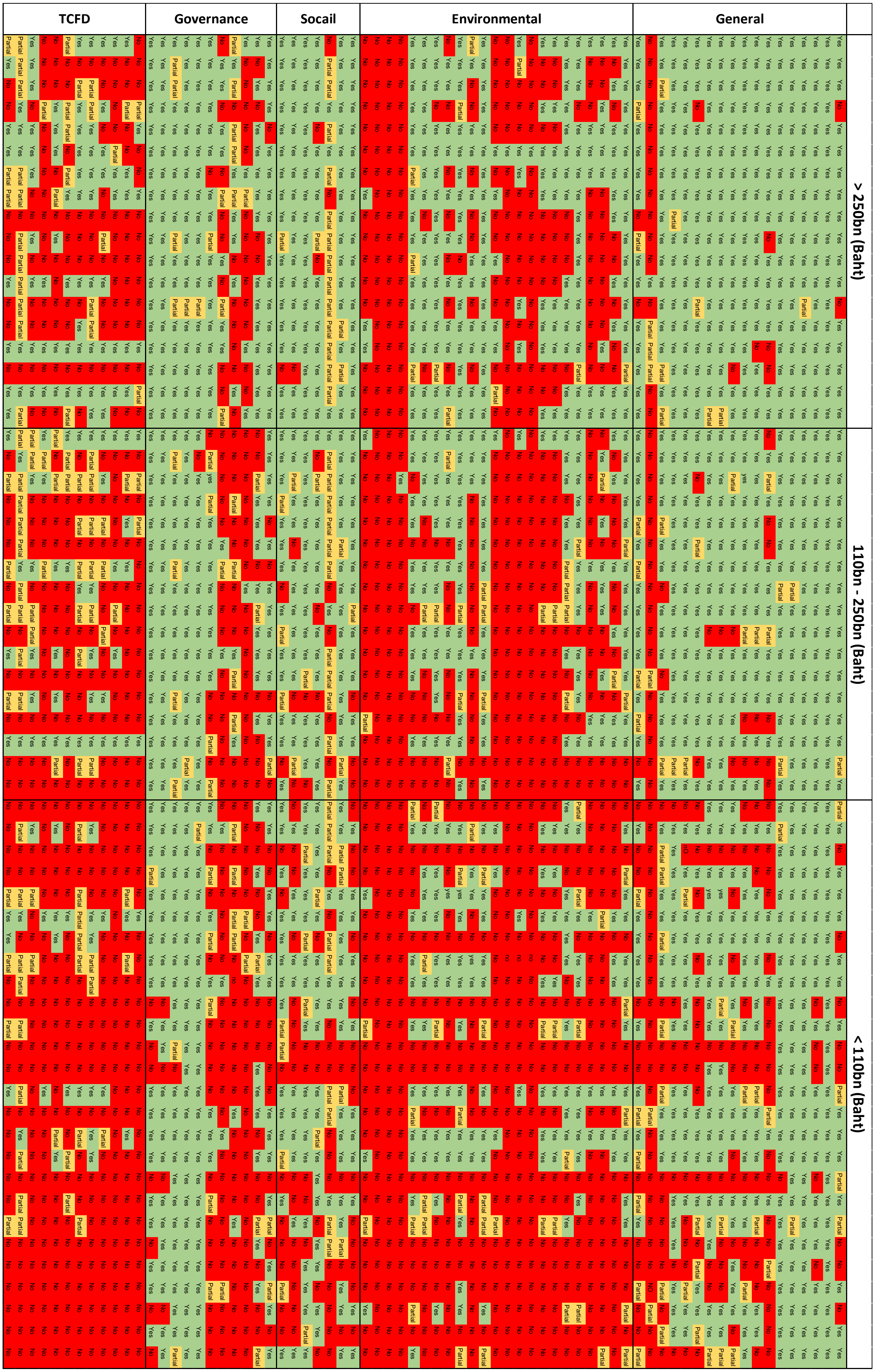
The following section presents the key findings of the assessments. The section first provides a summary of the overall status of Thailand's corporate ESG reporting based on the findings of the assessment framework. It then focuses on the specific environmental, social, governance and TCFD indicators.

OVERALL ASSESSMENT

Figure 1 displays the results of each question in the assessment framework across the 61 assessed Thai listed companies. It is sorted by market capitalisation from largest to smallest (left to right). It also shows the categories of questions: general reporting questions, specific environmental, social, governance and TCFD questions on the x axis. Taken as a whole, the assessments show reasonably good levels of disclosure. The heatmap does indicate improved disclosure amongst larger companies as compared to the smaller companies. The overall disclosure rates for companies scoring Yes or Partial are 71% for the > 250bn group, 61% for the 110bn - 250bn group and 45% for < 110bn group.

All 61 of the assessed companies report at least some information on their ESG performance, with some specific social and governance (policy-related) indicators showing very good disclosure levels. Certain of the gaps in disclosure can be partially explained by the applicability of certain indicators to certain sectors; or example, air and water emissions are not financially material for many of the sectors assessed. Task Force for Climate-related Financial Disclosures-related (TCFD-related) disclosures are another area where disclosure levels are poor. While we did not analyse the reasons, this finding may reflect the reality that these expectations remain relatively new, or it may be symptomatic of poor corporate materiality assessment practices (i.e. that many companies are yet to recognise the financial significance of climate change for their business).

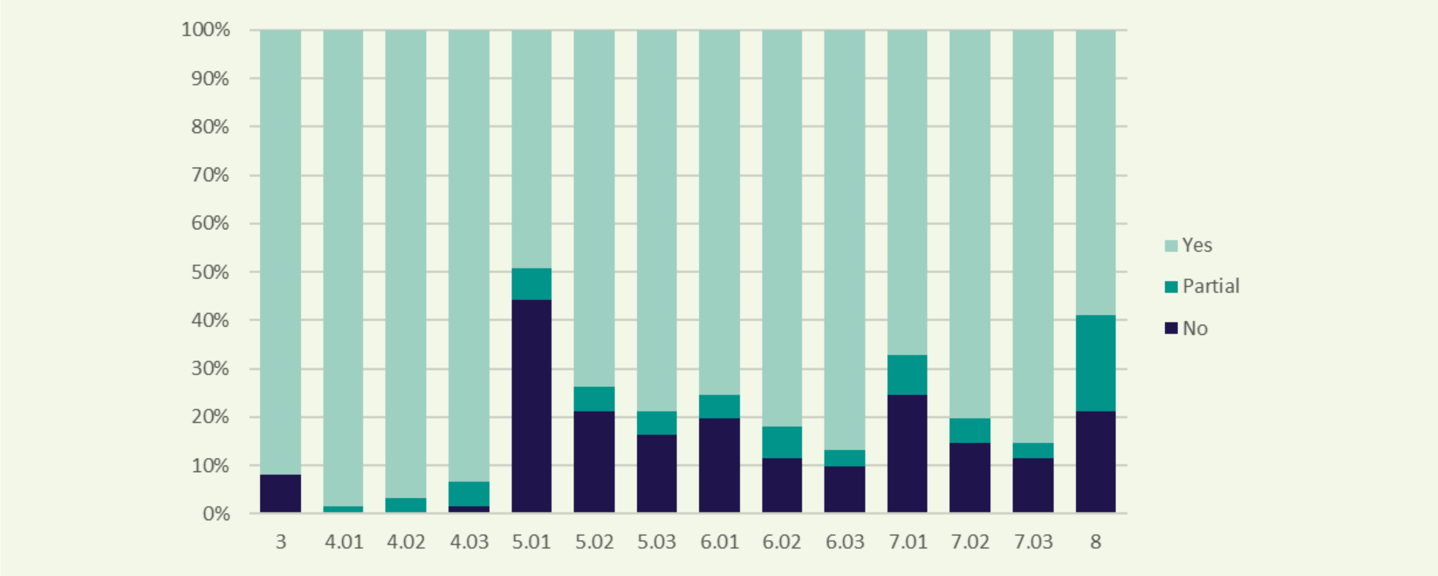
FIGURE 1 - Heatmap showing disclosure assessments of companies sorted by increasing market capitalisation



GENERAL MANAGEMENT INDICATORS

Across the assessed sample of companies there are good disclosure levels on indicators designed to evaluate the presence of appropriate management processes within companies across environmental, social and governance themes i.e., defining materiality, policy commitments, setting objectives and KPIs, reporting management actions and performance. An area of relative weakness is indicator 5.01 which asks whether the company provides information on objectives and targets set to improve performance on governance issues.

FIGURE 2 - Disclosure rate for all sample companies on general reporting indicators (Q.3-8) split by indicator question



There were no significant trends related to sector or company size on these general reporting indicators.

It is notable that the SDGs were a key feature in reporting for 57% of companies and were at least referred to by an additional 20% of companies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE SPECIFIC INDICATORS

The assessment framework includes a selection of, globally widely reported environmental, social and governance indicators. Focussing on the SET 50, companies receiving at least 'Partial' scores occurred 63% in environmentally specific indicators,[3] 84% in social and 71% in governance. Figure 3 illustrates the improved disclosure rates in the higher market capitalisation groups which is not unexpected given the greater scrutiny by investors and other stakeholders that these companies tend to be exposed to.

FIGURE 3 - Disclosure rates of SET 50 companies for specific indicators across market capitalisation groupings

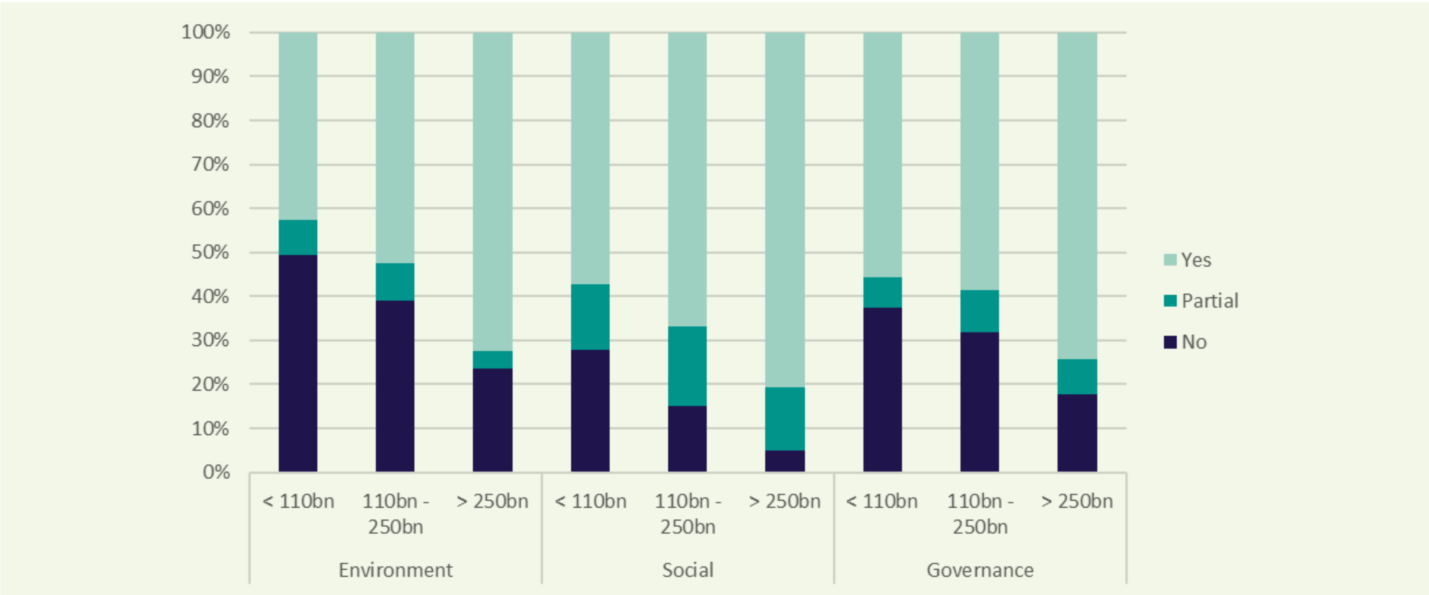
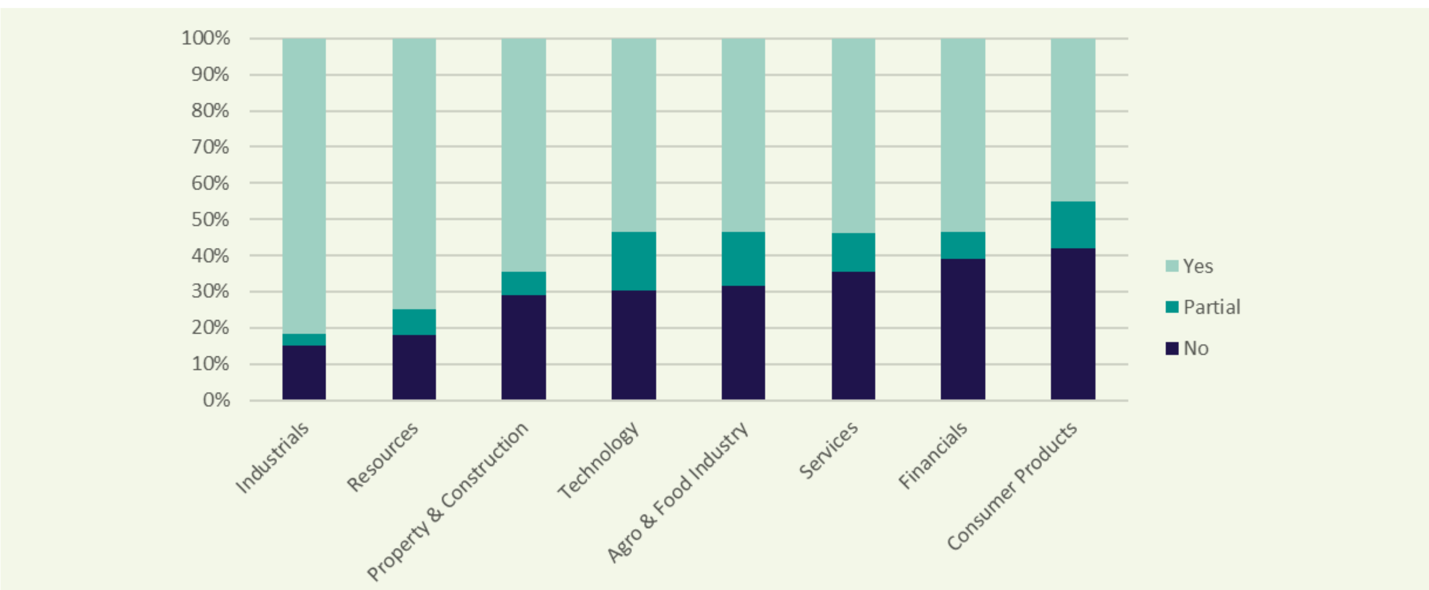


Figure 4 shows the same specific indicators with disclosure rates separated by SET 50 sector. The Industrials and Resources sectors are the best performing whilst the remaining sectors have broadly similar disclosure rates.

FIGURE 4 - Disclosure rates of SET 50 companies for specific indicators across sectors



3 The analysis for environmental specific indicators excludes air emissions and water emissions indicators which are not relevant to all assessed companies.

Key Findings on Priority Topics for Thailand

This section focusses on three priority topics for Thailand, presenting for each the overall results from the assessment framework and case studies[4] of corporate reporting on the issues.

GHG EMISSIONS

The disclosure of GHG emissions in SET 50 companies varies by company size and sector. Overall, disclosure of Scope 1 & 2 emissions (indicator 12.01) with external assurance (indicator 12.02) is good, showing increased rates as company size increases. However, external assurance does appear to lag actual disclosure.

FIGURE 5 - Disclosure rates of Scope 1 & 2 GHG emissions across SET 50 companies (by company size)

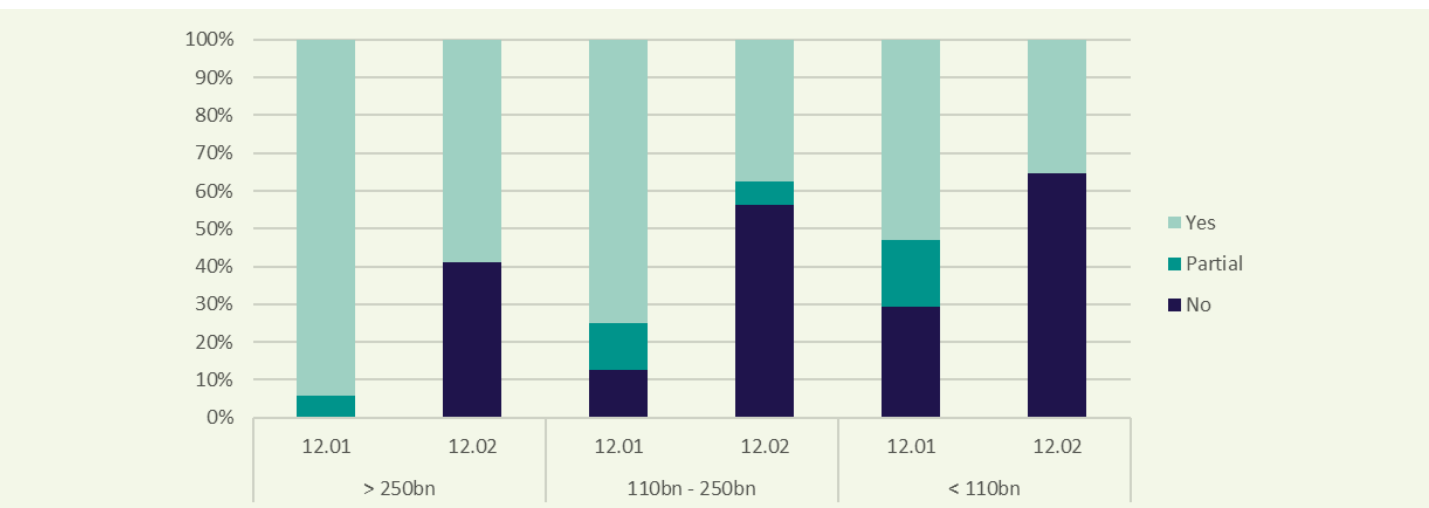
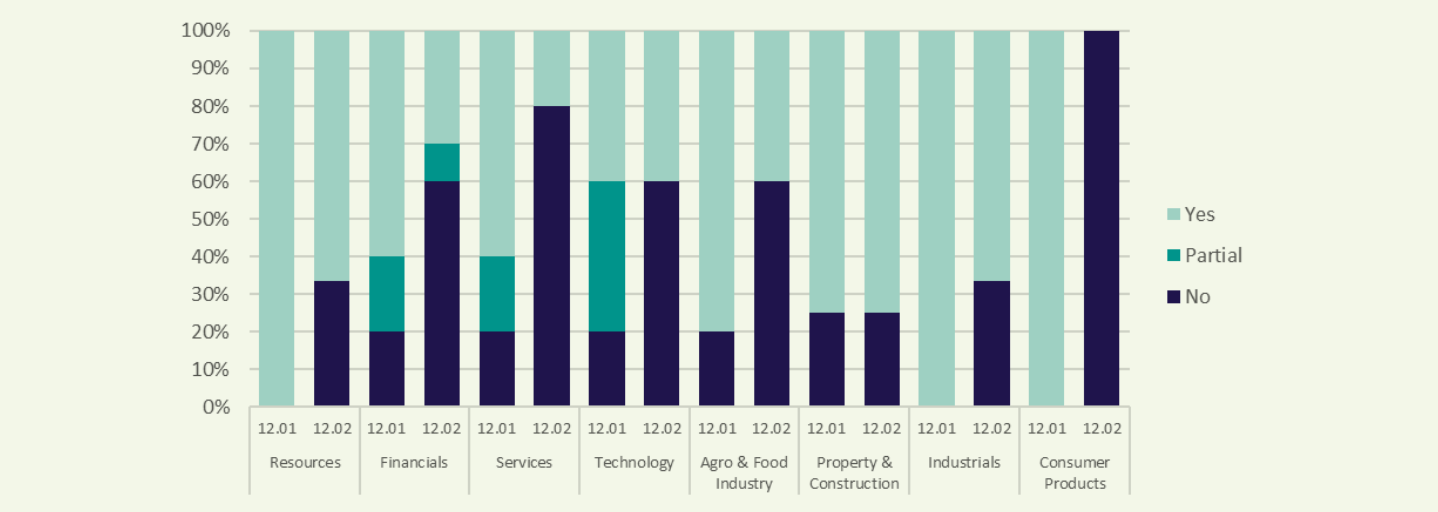


Figure 6 shows that the disclosure of Scope 1 & 2 GHG emissions varies across sectors within SET 50 companies but is generally high. Notably 100% of companies in Resources and Industries sectors disclose their Scope 1 & 2 emissions. External assurance of Scope 1 & 2 emissions is highest in the Resources, Industrials and Property & Construction sectors.

4 We note the case studies presented are illustrative examples of reporting. They are not a comprehensive list of all instances of good reporting, or necessarily a comment on which companies provide best disclosure.

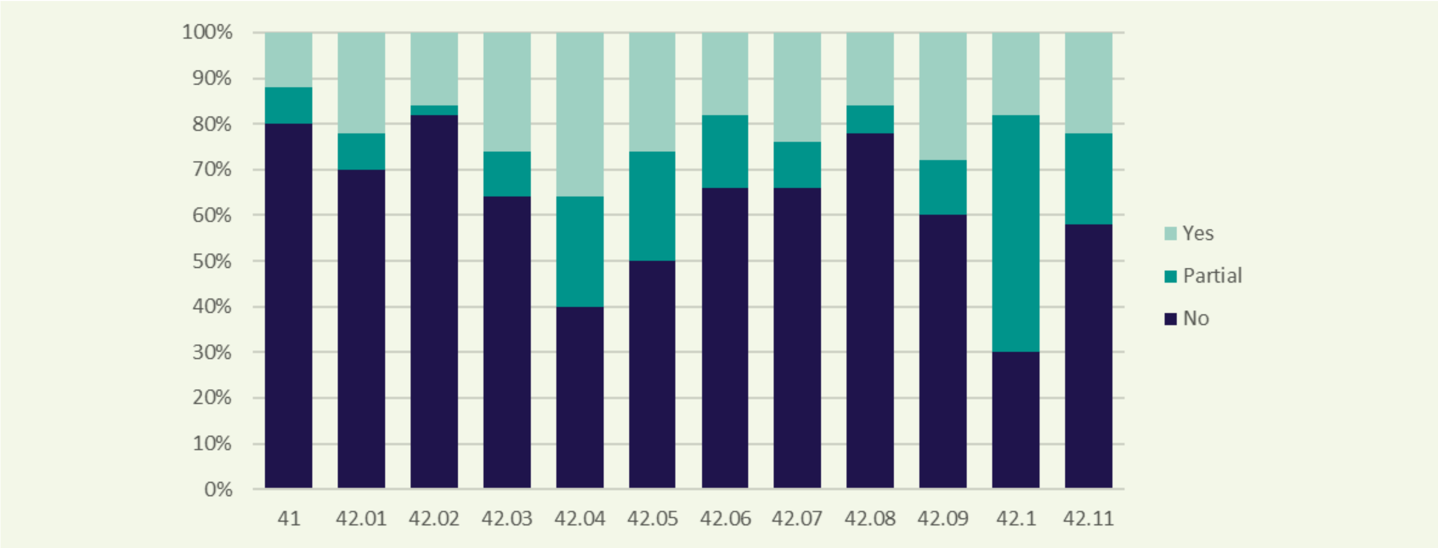
FIGURE 6 - Disclosure rates of Scope 1 & 2 GHG emissions across SET 50 companies (by sector)



There is a considerable gap between the disclosure of and the external assurance of Scope 3 emissions compared to Scope 1 & 2. Only 35% of SET 50 companies disclose their Scope 3 emissions. The Resources sector leads Scope 3 disclosure with 50% of companies scoring 'Yes' for disclosure and external assurance.

The Task Force on Climate-Related Financial Disclosures (TCFD) is becoming increasingly significant internationally. In the SET 50, our research found that only 12% of companies included or referenced a TCFD report in their Annual Reports (a key aim of TCFD is to include climate-related information alongside traditional financial information). However, as shown in Figure 7, companies are providing some disclosure of relevant climate information through other sources, suggesting that many of the building blocks for TCFD reporting are already in place.

FIGURE 7 - Disclosure rates for TCFD indicators. Question 42 separates each of the TCFD requirements to assess which elements a company provides adequate disclosure against



Case Study 1 is from PTT Global Chemical PCL, a large Industrials company. PTT has produced a comprehensive TCFD report that enables stakeholders to have a good understanding of how the business is managing climate change and how the company might perform in a changing climate world.

Case Study 1: PTT Global Chemical PCL

PTT Global Chemical PCL has produced a standalone 2021 TCFD report that is linked to in its annual report. The TCFD report discloses in detail on all the TCFD Recommendations – Governance, Strategy, Risk Management, and Metrics and Targets. Its physical risk scenario analysis sets out scenarios used, physical risks identified, and the implication to the for its global chemicals ('GC') Business. The TCFD report also presents the business' scope 1, 2, and 3 GHG emissions.

Natural Hazard Implication to GC Business

By conducting the asset specific risk validation at detailed site level, potential significant risk and potential opportunities for GC to benefit, and high level financial implications can be outlined as follows;

	Water Stress	Flooding	Wind and Cyclones	Sea Level Risk	Extreme Heat
Natural Hazard					
Implication to GC Business	Water stress may result in unavailability of adequate fresh water. This may lead to disruption of production, and utilities. Additionally, it may also increase the water sourcing cost as plant requires to adopt more expensive alternate technologies.	Disruption of GC's operation resulted in revenue loss. GC's critical 1st tier feedstock supplier may delay delivery raw material but there is no significant impact to GC.	GC's design standard with design margin 10% can cope maximum wind speed in Thailand. No significant impact on GC assets.	No GC assets located in sea level risk. No significant impact on GC assets.	No significant impact on GC assets.
Financial Implication	404 – 536 MTHB	17 MTHB	-	-	-

2.4.1. *Climate-related metric*

GC asset that for the period 1st January to 31st December 2020, the total GHG emissions by scope, within our organizational boundary are as follows:

Scope (as defined within ISO 14064-1:2006)	GHG emissions (tons CO_2 equivalent)				
	2012 (recalculated)	2017 (recalculated)	2018 (recalculated)	2019 (recalculated)	2020
Direct GHG Emissions ($MtCO_2$ equivalent)	5.74	6.37	6.08	6.10	5.88
Market-based energy indirect (scope 2) GHG emissions ($MtCO_2$ equivalent)	2.72	2.02	1.92	2.14	1.98
Location based energy indirect (scope 2) GHG emissions ($MtCO_2$ equivalent)	0.03	0.01	0.01	0.013	0.02
Other relevant indirect GHG emission (scope 3)* ($MtCO_2$ equivalent)	2.68	11	10	11	11.03

Remark: GHG scope 3 covers 8 categories, including Purchased goods and service, Upstream transportation and distribution, Waste generated in operations, Business travel, Downstream transportation and distribution, Processing of sold products, Use of sold product and End-of-life treatment of sold product.

SOURCE: https://sustainability.pttgcgroup.com/storage/document/climate-change-strategy-and-target/tcfd-report-2021-en.pdf

Case Study 2 is from Indorama Ventures PCL, a large Industrials company. The company's 2020 Sustainability Report discloses on its externally assured GHG emissions. This disclosure is a good example of how a company can be clear on the methods used and scope of data calculation, enabling investors and other stakeholders to easily compare across companies. Indorama also calculates its GHG emissions to industry standards.

Case Study 2: Indorama Ventures PCL

Indorama provides good disclosure on its Scope 1 & 2 GHG emissions. The disclosure includes both market based and location based emissions data, historic/trendl data and details of how the operational coverage of the emissions has changed over time. Finally, Indorama also provides includes an independent assurance statement for the data.

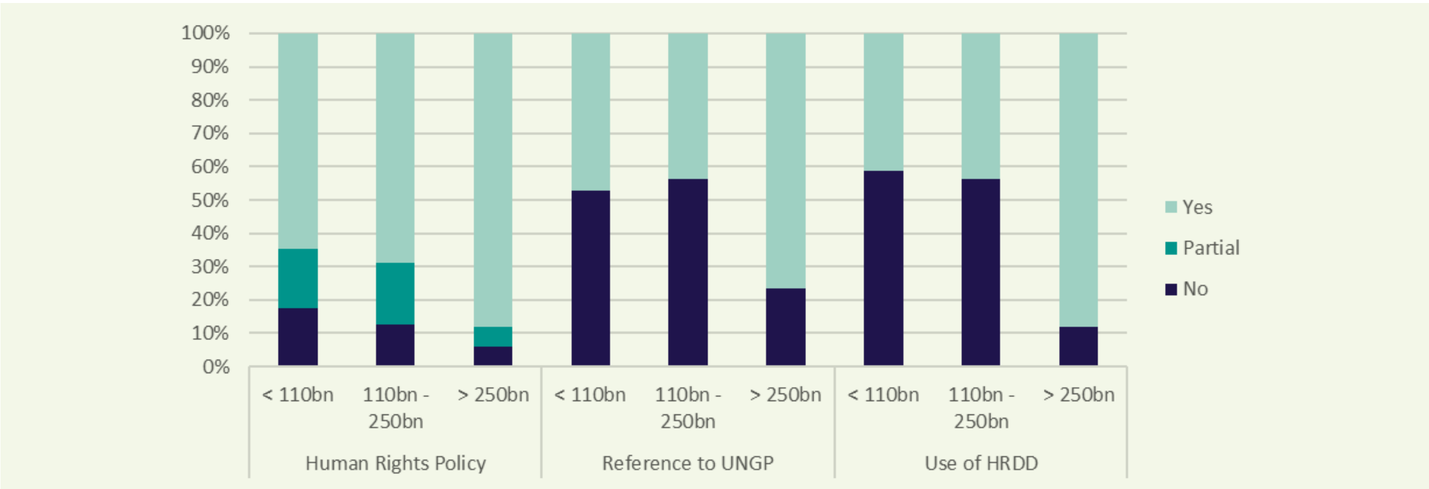
SOURCE: https://sustainability.indoramaventures.com/storage/content/sustainability-report/en/sustainability-report-2020/doc.pdf

HUMAN RIGHTS

Overall, there is good disclosure against the social indicators in the reference framework across company size and sectors, with 79% of the indicators being scored at least Partial by all 61 assessed companies. Within the Social theme, human rights is a key topic for Thailand. Indicator 29 in the assessment framework explored whether a company has a human rights policy that references international norms, 67% companies scoring 'Yes'. Amongst the SET 50 companies there is a clear increase in disclosure as market capitalisation increases, as can be seen in Figure 8.

Further analysis was conducted to explore whether companies' human rights policies explicitly referred to the UN Guiding Principles on Business and Human Rights (UNGPs) and whether they used Human Rights Due Diligence (HRDD) as a risk management tool. Across the SET 50 companies as a whole, 56% of companies reference the UNGPs and 58% use HRDD, with significantly higher rates amongst the largest companies.

FIGURE 8 - Disclosure rates for SET 50 companies on human rights indicators split by market capitalisation groups



Most of the companies that refer to the UNGPs and HRDD in their human rights policies simply make a brief reference to the frameworks. In the case of HRDD, many companies publish the general HRDD framework but do not specify how their actually follow (or implement) the framework. The following examples demonstrate some instances of best practice related to Human Rights disclosure aligning with international norms.

Case Study 3 is from Thai Union Group PCL, an Agro & Food Industry company. This is a good example of how a company can disclose on its real world activities in relation to the Human Rights Due Diligence (HRDD) framework, thereby enabling stakeholders to understand how human rights is managed in practice.

Case Study 3: Thai Union Group PCL

Thai Union's HRDD document uses the pillars of the HRDD Framework to organise and present specific examples of the company's human rights-related activities.

Recent Key Activities & Initiatives, by pillars*

Pillar 1 Basic Statement & Policies on Human Rights	Pillar 2 Assess Risk	Pillar 3 Prevent	Pillar 4 Detect	Pillar 5 Remedy	Pillar 6 Continuous Monitoring & Disclosure
• Published Global Non-Reprisal Policy • Published Policy on Responsible Sourcing of Palm Oil to ensure social and environmental sustainability of palm oil in our supply chain • Published Policy on Responsible Sourcing of Tuna • Published updated Ethical Migrant Recruitment Policy	• Continue to conduct more granular country-based and sector-based human rights risk assessments for selected high-risk operation sites and supply chains • Commissioned independent human rights risk assessment of seafood raw materials in our Chicken of the Sea Frozen Food's supply chain.	• All mitigation action plans to mitigate and prevent human rights risks remain in place for 100% of our operations sites. • Ongoing training on Thai Union's CoC including the topics of anti-harassment and anti-discrimination • Implemented special health and hygiene measures to minimize COVID-19 infection risks for our employees	• Continuing external audits of global fleets against the Vessel Code of Conduct (VCoC) • Initiated in-depth audits of the labor recruitment process of fishers in our supply chain	• Began to implement a systematic remediation guideline in our Thailand-based operations, to ensure that remedies provided to affected individuals are compatible with human rights. • Began to implement a rating system of labor rights complaints or grievances in our Thailand-based operations, to ensure that issues are investigated and resolved in a manner that is timely and compatible with human rights	• Published our annual update of the UK Modern Slavery Act Transparency statement • Published our 2020 annual Sustainability Report

- This slide cover recent key activities & initiatives during April 2020-May 2021. Further details about our human rights-related activities are shared in our annual Sustainability Report, UK Modern Slavery Act Transparency Statement, and SeaChange® website.

SOURCE: https://www.thaiunion.com/files/download/sustainability/policy/20210601-human-rights-due-diligence-framework.pdf

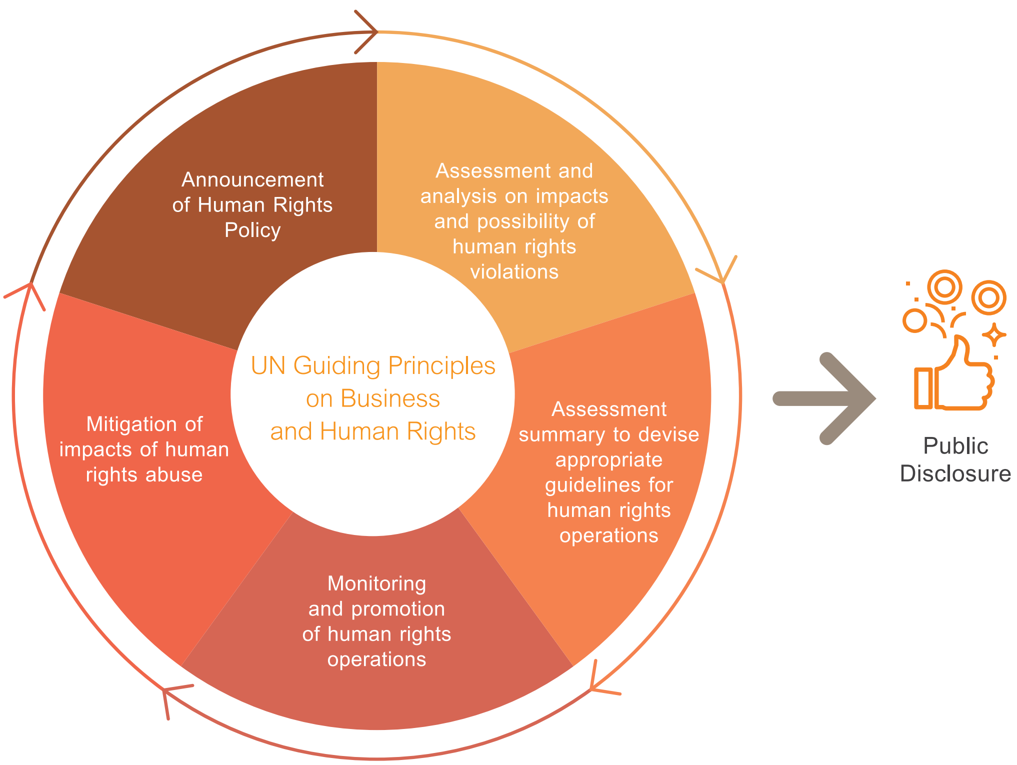
Case Study 4 is from Kasikornbank, a Financials company. It provides a clear statement on its responsibility to manage human rights, and has a commitment that its operations will be run in line with the United Nations Guiding Principles on Business and Human Rights, including a discussion of what those principles mean for the company. The next level of detail on this disclosure would be to describe the specific actions the company is taking to meet each of the UNGP's.

Case Study 4: Kasikornbank

Kasikornbank's 2020 Sustainability Report publishes the steps of the UN Guiding Principles, stating its operations are in line with the framework.

Business entities worldwide have increasingly embraced greater respect for human rights because the business sector plays a key role in promoting human rights through their business operations which improve the quality of life, while their products and services are developed to facilitate the convenience of the public. However, any inappropriate operation may become a threat to business operations. KBank, as a financial service provider, fully recognizes that respect for human rights is an important corporate responsibility which relates to employees, customers, suppliers and joint ventures. KBank's business activities could potentially either prevent or support human rights violations. For this reason, the Board of Directors reviews our human rights policy every year*. Relevant work teams from various departments also work together every year to assess human rights risks and impacts, examine operational processes to prevent such risks and find appropriate solutions and remediation actions to brace for any impacts stemming from human rights violations.

KBank runs operations in line with the United Nations Guiding Principles on Business and Human Rights, Principles of Humanity, as follows:



SOURCE: https://www.kasikornbank.com/en/sustainable-development/SDAnnualReports/Y2020_SD_EN.pdf

Case Study 5 is from Berli Jucker PCL, a Services company. It publishes a standard operating procedure document for HRDD which clearly outlines the process for identifying and managing human rights risks.

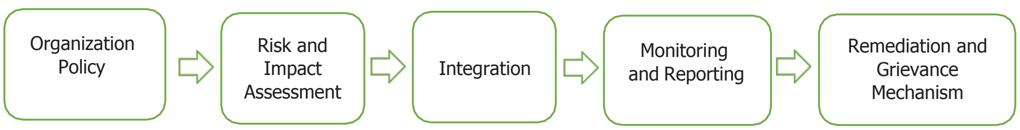
Case Study 5: Berli Jucker PCL

Berli Jucker PCL's HRDD Standard Operating Procedure document describes how their human rights due diligence reporting will be carried out to align with UNGP.

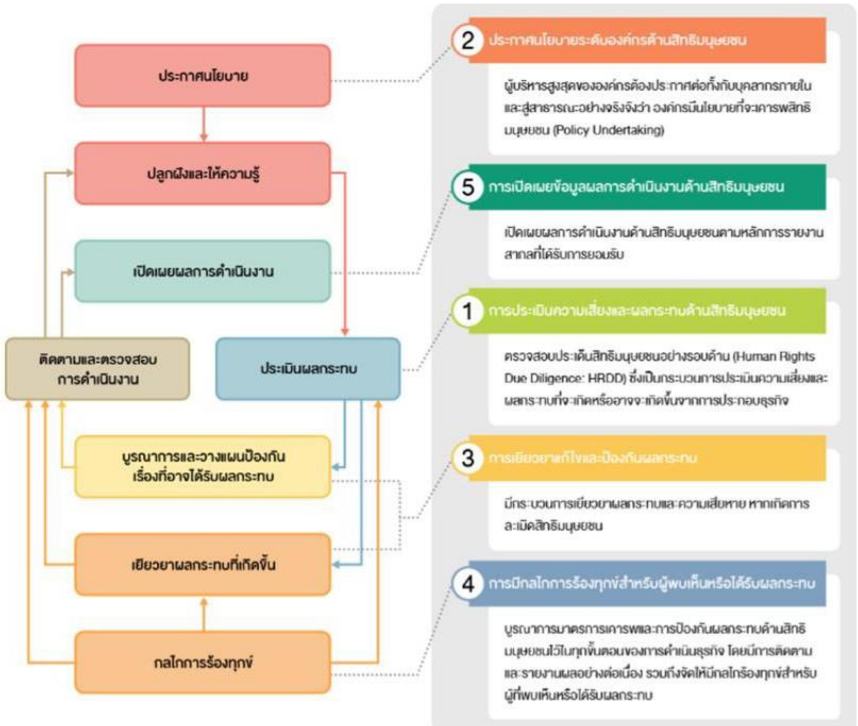
Human Rights Due Diligence Process

The Requirement of the BJC Human Rights Due Diligence process (in accordance with the UN Guiding Principles for Business and Human rights: UNGP) has 5 steps as follows:

1. Integrate the principle of human rights into the new policy and currently existing policy
2. Assess the risk and impact on human rights
3. Integrate and implement
4. Monitor the responses and communicate the impacts are resolved
5. Remediate and accept complaints



Human rights framework based on the UN Guiding Principles for Business and Human rights (UNGP)Human rights risk and impact assessment.

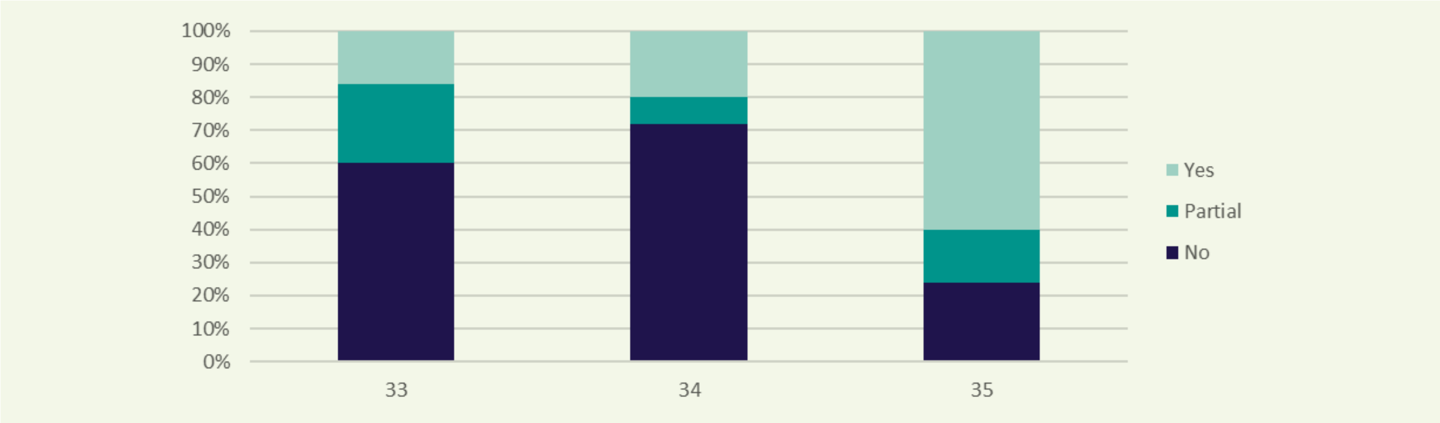


SOURCE: https://sustainability.bjc.co.th/frontend/web/index.php?r=about%2Fdownload&id=63

BOARD MATRIX

A majority of SET 50 companies report using a board matrix, as shown by Figure 9. Seventy six percent (76%) of companies score at least 'Partial' for indicator 35 which asks whether the company uses a skills matrix for the board nomination process. However, less than half of companies disclose if the board receives training on ESG issues (indicator 33) or whether the board has competencies relating to ESG (indicator 34). Overall, this suggests companies may be using board matrices that does not factor in ESG competency, and ESG competency is not an issue that is readily developed at board-level. In the SET 50 only one company scored 'Yes' on all three of indicators 33, 34 and 35.

FIGURE 9 - Disclosure rates of SET 50 companies on specific indicators related to board matrix



Case Study 6 is from Banpu PCL, a smaller Resources company in the SET 50. Its disclosure in the 2020 Sustainability Report on its use of a board skills matrix is simple and clear to understand.

Case Study 6: Banpu PCL

Banpu PCL's 2020 Sustainability Report clearly discloses the board skills matrix it uses in director nomination and its assessment of the skills of its current board of directors. Note that ESG skills are not explicitly included in the matrix, though ESG considerations may be an element of the disclosed skills.

BOARD OF DIRECTORS NOMINATION

The Corporate Governance and Nomination Committee is responsible for setting nomination criteria and reviewing the qualifications of the directors. In general, the tenure of Independent Board Directors must not exceed 9 years or 3 consecutive terms and Directors must not hold more than 5 external directorships in other listed companies. Moreover, a number of aspects are taken into consideration when each candidate is assessed, including independence, gender, nationality, religion, age, experience, skill and expertise. The attributes of the candidates are assessed using the Board Skills Matrix to ensure benefits to the Company and expectations of the stakeholders. After the screening process, the Corporate Governance and Nomination Committee will nominate the candidate for the Board's approval to propose the candidate director to be elected by shareholder's approval in the Annual General Meeting.

BOARD SKILLS MATRIX

Skill	No. of Director	
Information Technology	●○○○○○○○○○○○○	1 Person
Economic	●●●●●○○○○○○○○	5 Persons
Mining	●●●●○○○○○○○○○	4 Persons
Power	●●●●●○○○○○○○○	5 Persons
Management	●●●●●●●●●●●●●	13 Persons
Business Relation	●●●●●●●●●●●●●	13 Persons
Strategic/International	●●●●●●●●●●●○○	11 Persons
Technical/Engineer	●●●●●○○○○○○○○	5 Persons
Finance	●●●●●○○○○○○○○	5 Persons
Marketing/Logistic	●●●○○○○○○○○○○	3 Persons
Oil & Gas	●○○○○○○○○○○○○	1 Person

SOURCE: https://www.banpu.com/wp-content/uploads/2021/05/Banpu-SD-Report-2020-EN.pdf

Case Study 7 is from The Airports of Thailand PCL, a Services company and one of the largest in the SET 50. Its board skills matrix is effective in competencies each board member has and how those competencies feed into each of the board committees. It is also noteworthy that one of the skills explicitly features sustainable development.

Case Study 7: Airports of Thailand PCL

Airports of Thailand discloses a populated board skills matrix on its corporate website. The matrix includes a column for 'Strategic Planning/Sustainable Development'.

Board skills matrix and diversity of Airports of Thailand Public Company Limited as of 22 April 2020

Director's Name	Diversity				Educations and Experiences								Specific Committee				
	Gender	Age	Directors' Pool (Ministry of Finance)	Independent Director	Finance and Economics	Management and Business Administration/Commerce and Service/Marketing	Transportation and Logistics	Laws/Security	Strategic Planning/Sustainable Development	Science and Technology/Telecommunications and Information Technology/Innovation	Accounting	Engineering/Energy	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	Risk Management Committee
1. MR. PRASONG POONTANEAT	M	60	✓		✓	✓		✓			✓	✓					
2. MISS SUTTIRAT RATTANACHOT	F	60	✓	✓	✓	✓	✓	✓			✓				✓		
3. MR. MANIT NITIPRATEEP	M	64	✓	✓	✓	✓			✓		✓			✓			✓
4. MR. THANIN PA-EM	M	63	✓	✓	✓	✓		✓	✓	✓						✓	✓
5. AIR CHIEF MARSHAL BHANUPONG SEYAYONGKA	M	60		✓		✓	✓	✓	✓	✓			✓	✓		✓	
6. MR. KRICHTHEP SIMLEE	M	60	✓			✓	✓		✓			✓					
7. POLICE GENERAL MANU MEKMOK	M	58		✓		✓		✓						✓			
8. MR. SARAWUT BENJAKUL	M	54	✓	✓		✓	✓	✓									
9. MR. KRISADA CHINAVICHARANA	M	56	✓			✓		✓						✓	✓		
10. MR. WARA TONGPRASIN	M	48		✓	✓	✓		✓			✓		✓			✓	
11. MRS. NATJAREE ANUNTASILPA	F	49		✓	✓	✓					✓		✓		✓		
12. MR. KRIT SESAVEJ	M	56	✓	✓	✓	✓			✓								✓
13. Mr. CHAYATAN PHROMSORN	M	54				✓	✓		✓			✓					
14. MR. NITINAI SIRISMATTHAKARN	M	48	✓		✓	✓	✓		✓	✓		✓				✓	✓
TOTAL			9	9	8	14	6	8	7	3	5	4	3	4	3	4	4

- 9 directors are listed in the Director's Pool of Ministry of Finance
- 9 Independent directors

SOURCE: https://www.airportthai.co.th/wp-content/uploads/2020/05/Skill-matrix-22-April.20.pdf

Global Policy Discussion

The global ESG landscape is rapidly evolving with significant advancements in sustainability regulations across global regions. While the European Union is setting the pace with the highest number of ESG-related regulations out of any region, many countries across the world have now introduced mandatory or voluntary ESG/CSR reporting guidelines covering a broad range of sustainability-related topics. Within Asia, regulators and also industry bodies have been key drivers of increased ESG and sustainability legislation in recent years. See Appendix for a list of ESG related regulation.

EXISTING AREAS OF ESG REGULATIONS

Broad-spectrum ESG regulations:

Broad-spectrum ESG regulations, rather than thematic, can largely be grouped into several categories: corporate ESG disclosure, investor ESG disclosure, investor ESG integration, and investment stewardship codes. In addition, ESG regulations can take the form of ESG-aligned financial products, taxonomies, and national sustainable finance strategies.

Over 80 countries and the European Union have implemented some level of oversight or guidance on how corporates and/or investors report against ESG guidelines. Several jurisdictions also have regionally specific stewardship codes. While Europe and the UK are leading the way on introducing mandatory disclosures covering a broad spectrum of ESG topics, Asian countries still rely heavily on voluntary frameworks.

ESG-specific regulations:

Governance is the most widely covered topic in ESG-specific regulation. Many countries now have corporate governance codes. Globally these are fairly aligned requiring disclosure on common metrics.

Environmental ESG regulation covers a range of legislation types, from setting standards for green financial products like green bonds to taxonomies to climate stress testing. Climate change, and related topics, are currently dominating implemented environmental corporate ESG regulation, and more often requiring mandatory disclosure. The 2021 TCFD status report highlights there are 8 jurisdictions which have announced TCFD-aligned official reporting requirements – Brazil, EU, Hong Kong, Japan, New Zealand, Singapore, Switzerland, United Kingdom. TCFD supporters have increased from 513 in 2018 to 2,616 in 2021, this includes 287 and 1,069 financial institutions respectively.

Notwithstanding national-level net zero commitments, Asian markets tend to have broad-spectrum ESG regulations instead of regulations that focus on specific environmental issues. In addition, Asian markets do appear to be making above average progress in developing region-specific green taxonomies (e.g. Malaysia, Bangladesh, Singapore, China).

Social issues are less commonly isolated in ESG regulations, particularly in Asia. Where mandatory social ESG requirements exist, they tend to relate to employee or board diversity, or requirements to address human rights-related abuses in operations and supply chains.

HORIZONS OF ESG REGULATION

As ESG matures, the demand for globally comparable and consistent ESG data has grown, and has been a key driver for the establishment of the International Sustainability Standards Board (ISSB) by the IFRS Foundation. ISSB intends to become the framework for a comprehensive global baseline of sustainability disclosure. In June 2023, ISSB issued its inaugural standards—IFRS S1 and IFRS S2. IFRS S1 sets out disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 – which is designed to be used with S1 - sets out specific climate-related disclosures and is designed to be used with IFRS S1. Both S1 and S2 fully incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

ISSB standards are expected to lead investor and other stakeholder expectations of what corporates should report on. Government regulators will need to consider the extent to which they will require entities within their jurisdiction to align with ISSB standards, and to decide how to balance the desire to promote foreign investment and consensus around financially material ESG disclosures, aganst the cost and complexity of introdicuing ISSB standards, in particular outside of developed markets.

More generally, we may see a greater focus on the 'S' of ESG, with human rights (as reflected in the latest GRI Framework), the treatment of employees, diversity and inclusion, protection of whistle-blowers, and environmental justice all receiving increasing attention.

Beyond issue-specific reporting, there are two other notable trends to highlight. First, as reporting continues to improve on direct operations the importance of accountability across the value chain is likely to increase. Second, the trend of evolving from voluntary reporting to mandatory reporting is expected to increase and reporting requirements are likely to become increasingly implementation focused.

Policy Recommendations for Thailand

This section provides some initial recommendations on how Thailand can evolve its ESG-related corporate disclosure regulations.

As shown by the strong general reporting indicator disclosure rates (Figure 2), existing ESG-related regulation in Thailand, and most recently the Form 56-1 One Report, appears to have been effective in developing a culture of ESG reporting amongst large and listed companies. Having implemented effective corporate disclosure-related regulatory requirements, SEC Thailand should focus on ensuring that the information corporates are reporting is of sufficient scope and quality to enable the financial system to support national and international sustainability priorities.

Beyond enhancing the quality of existing reporting, there are two key considerations for Thailand's regulators: (1) ensuring disclosure requirements are aligned with international best practice and are relevant to the international investment community, and (2) ensuring that corporate disclosures deliver or enable real world outcomes in relation to international and Thai sustainability goals (e.g., The Paris Agreement).

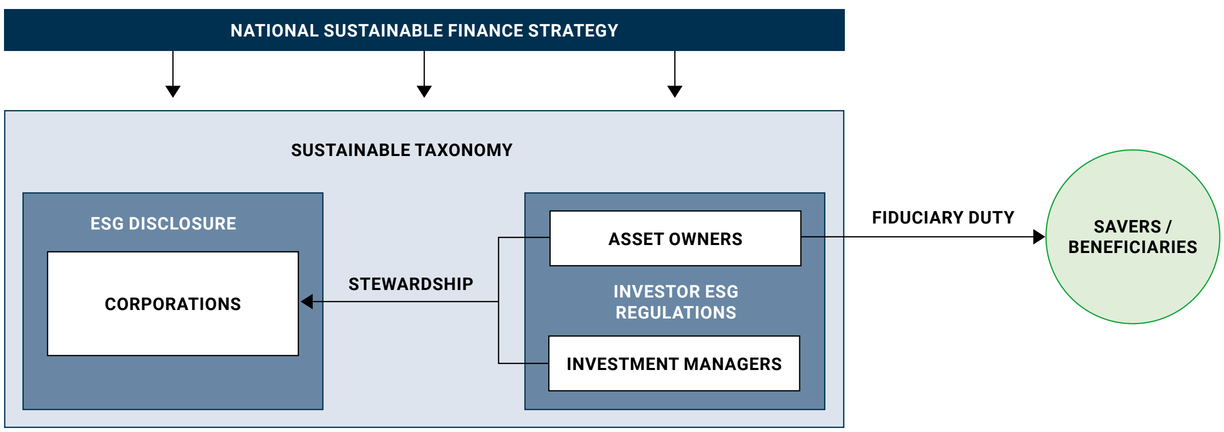
It is also worth reiterating the role of corporate ESG disclosure policy within a sustainable finance system, which is to provide the current and forward-looking information on corporate performance on ESG issues that will be used by investors when making investment decisions and when engaging with companies (see Figure 10).

FIGURE 10 - Sustainable Investment Regulation overview[5]

BOX 1: PRIORITY ELEMENTS OF SUSTAINABLE INVESTMENT POLICY AND REGULATION

Sustainable investment policy and regulation need to cover the following five areas:

- Corporate ESG disclosures, including alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Stewardship (engagement and voting)
- Investors' duties to incorporate ESG-related considerations in their investment decision making, to provide sustainability-related disclosures and to report on their ESG incorporation policies and performance targets
- Taxonomies of sustainable economic activities, defining common and clear criteria to classify projects or investments as green or sustainable
- National/regional sustainable finance strategies, that encourage and enable the low-carbon transition and the delivery of the SDGs



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REGULATION

We recommend that mandatory TCFD reporting is introduced. Climate change is a critical global issue, acknowledged by Thailand through its NDC and commitment to the Paris Agreement. The TCFD recommendations, designed for ambitious climate-related reporting but also practical for near-term adoption, are widely accepted as the most appropriate global framework for robust reporting on climate change. Comprehensive TCFD reporting for Thailand's listed companies would significantly improve investors' ability to make the shifts in capital needed for transition to a low carbon economy.

Mandatory reporting could initially focus on the SET 50 and/or SET 100 companies that are likely to have greater capacity to comply, with future consideration on whether to expand to other listed companies. A starting point could be to adopt a comply or explain approach to reporting where companies can explain their progress in implementing the TCFD requirements for governance, strategy, risk management and metrics & targets. Companies would also have the ability to explain if they felt aspects of the requirements were not applicable to them, or if they faced other barriers to reporting. TCFD implementation should be supported by capacity building for issuers, corporate advisors, and regulators.

5 For a more detailed discussion, see World Bank Group and Principles for Responsible Investment (2020), How Policy Makers Can Implement Reforms for a Sustainable Financial System (Part 1): A Toolkit for Sustainable Investment Policy and Regulation

One of the key recommended disclosures involves the use of climate scenario analysis to consider a company's resilience, including a 2oC or lower scenario. We recommend Thailand's financial regulators consider introducing a few simple scenarios that companies are asked to report against in the first couple of years, using an approach that varies in stringency according to company size. Regulators may follow the example of Bank of Thailand which is developing climate scenario analysis exercises that will be conducted with large banks before covering all Thai commercial banks in 2024.

ENHANCED LIST OF ESG INDICATORS BASED ON INTERNATIONAL SUSTAINABILITY STANDARDS BOARD (ISSB)

We recommend that the One Report is supplemented with an enhanced list of ESG disclosure requirements that align with ISSB's disclosure requirements. ISSB has been created through consolidation of leading investor-focused sustainability disclosure organisations including the Climate Disclosure Standards Board (CDSB - an initiative of CDP) and the Value Reporting Foundation (VRF - which houses the Integrated Reporting Framework and the SASB Standards). ISSB intends to become the framework for a comprehensive global baseline of sustainability disclosure. As noted above, in June 2023 it released IFRS S1 and IFRS S2, covering reporting on financially material sustainability-related risks and opportunities and reporting on climate change,

It is important that policymakers consider how they can support companies in aligning with these requirements in order to maintain and encourage international investment. However, there is debate on the appropriateness of ISSB standards outside of developed markets due to demanding disclosure requirements and potentially high implementation costs. Therefore, we recommend that Thailand develops a list of specific ESG indicators, reviewed against ISSB standards, that are materially relevant and internationally aligned.

We suggest that Section 3 of the One Report could be used to require and/or encourage reporting of an enhanced list of ESG indicators aligned with ISSB requirements. For comprehensive disclosure amongst Thailand's listed companies, we would encourage mandatory reporting to be introduced with a two-year phase-in period. However, given the potential cost of implementation, mandatory requirements could initially focus on the largest SET 50 companies where reporting practices are better developed, with voluntary disclosure for other companies. A comprehensive list may include metrics that are potentially irrelevant for certain sectors so disclosure could use a 'comply or explain' basis.

ASEAN TAXONOMY

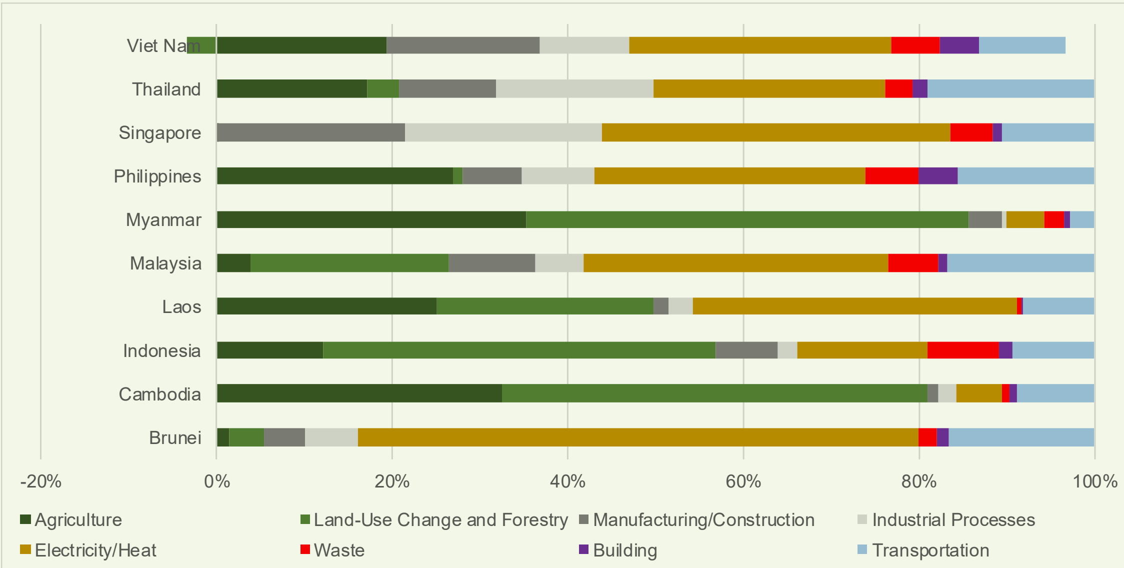
We recommend that Thailand's regulators introduce national regulation to support the ASEAN Taxonomy. The ASEAN Taxonomy Version 1 was developed in response to the clear need for a common language across ASEAN Member States and to improve the lack of transparency of information and quality data. Version 1 is the foundation for the ongoing development of the ASEAN Taxonomy.[6] The framework will evolve as the multitude of stakeholders in ASEAN provide their feedback and detailed technical screening criteria are developed.

The ASEAN Taxonomy for its Plus Standard has produced a ranking of priority sectors, responsible for over 85% of ASEAN GHG emissions (see Figure 11), for which threshold-based screening criteria will be developed: (1) Agriculture, forestry and fishing, (2) Manufacturing, (3) Electricity, gas, steam, and air conditioning supply, (4) Transportation and storage, (5) Construction & Real estate activities, (6) Water supply; sewerage, waste management and remediation activities.

6 Since this benchmarking exercise was conducted, ASEAN have published the Version 2 of the taxonomy. Amongst other changes this extends to social issues. SEC would be expected to align its own guidance with the revised taxonomy over time. https://asean.org/wp-content/uploads/2023/03/ASEAN-Taxonomy-Version-2.pdf

FIGURE 11 - GHG emissions contribution by sectors 2018 - by AMS[7]

To understand how these sectors contribute to individual AMS emissions, data on each AMS emission was examined by sector. Figure 15 shows the contribution of GHG emissions by the sectors in the AMS.



Implementation of the ASEAN Taxonomy will need the support of ASEAN Member State regulators to ensure the data needed for activity threshold classification is available and of sufficient quality. **As the ASEAN Taxonomy activities and thresholds are progressively defined, we recommend that the SEC Thailand considers:**

1. Adopting mandatory disclosure requirements against ASEAN Taxonomy Plus Standard activities, but with a 2-year phase-in period.
   - The ASEAN Taxonomy disclosure requirements could be included as specified metrics/information within Section 3 of the One Report.
2. Applying, in the first instance, Plus Standard disclosure requirements to SET 100 listed companies in Priority Sectors, but consider extending these requirements to all listed companies in Priority Sectors.
   - The ASEAN Taxonomy recognises that it should apply to 'large businesses and multinationals who are able to make impactful investments and innovation, but also the small and medium enterprises (SMEs) who are the backbone of the ASEAN economy'.
3. Requiring all listed companies to report against the qualitative Foundation Framework of the ASEAN Taxonomy with a 2-year phase-in period.

The ASEAN taxonomy provides a useable and credible definition of green activities for immediate use in the capital markets. It is a readily available method of aligning with regional standards to draw international investment. Thailand is developing a national taxonomy that will reflect Thailand's specific context and the ASEAN taxonomy should not be seen as replacing Thailand's own national green taxonomy. The Thai national green taxonomy objectives are expected to broadly align (90-95%) with the ASEAN Taxonomy's Plus Standard. Adherence to the disclosure requirements of the ASEAN standard may also allow companies to produce ESG data that helps them rapidly adopt the standards of the national taxonomy once it is ready.

7 https://www.theacmf.org/images/downloads/pdf/ASEAN-Taxonomy.pdf (page 34)

A key consideration in taxonomy development is interoperability of taxonomies designed in and/or for differing markets. The ASEAN Taxonomy is already considering this as part of its policy design process. Similarly, SEC Thailand in its capacity as a co-developer of the Thailand taxonomy and a regulator influencing implementation should consider how taxonomy related regulation supports the Thailand, ASEAN, and other international taxonomies.

OTHER NATIONAL POLICY PRIORITIES

We recommend that the One Report is supplemented with a list of core indicators that will support Thailand's national policy priorities. We note that, if reporting effectively, companies should be consistently revaluating their current and emerging ESG risks and opportunities and modifying their management and reporting practices as topics gain relevance. However, there is a risk that companies default to solely reporting on the required indicators and this recommendation is designed to ensure that reporting does not stagnate and remains relevant.

Appendix

ASSESSMENT FRAMEWORK

No. (#)	Questions
Overview of ESG integration and reporting	
1	Does the company report/explain the scope of its reporting?
2	Does the company provide information on the company's business model?
3	Does the company provide information on the relevance of ESG issues to the company's strategy and risk profile?
4	Does the company provide information on the policies the company has adopted in relation to the issues in question?
4.01	Governance
4.02	Social
4.03	Environment
5	Does the company provide information on the commitments, objectives and targets the company has set in relation to these issues, and the key performance measures (KPIs) it uses to tracks its performance against these?
5.01	Governance
5.02	Social
5.03	Environment
6	Does the company provide information on the actions taken by the company to manage these issues?
6.01	Governance
6.02	Social
6.03	Environment
7	Does the company provide information on the company's performance on each of these issues?
7.01	Governance
7.02	Social
7.03	Environment
8	Does the company report its dedicated structure allocated exclusively for Sustainability/ESG (personal/department)?
9	Does the company report on the proportion of turnover aligned with sustainability-related activities?
10	What other themes or indicators are captured and appear to be of importance to the company?
11	Does the company use the Sustainable Development Goals in its reporting framework?

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No. (#)	Questions
Specific indicators	
12	Does the company disclose its total GHG emissions (scope 1,2,3)?
12.01	Scope 1 & 2
12.02	Are the disclosed Scope 1 & 2 emissions externally assured?
12.03	Scope 3
12.04	Are the disclosed Scope 3 emissions externally assured?
13	Does the company disclose its GHG emission reduction performance or historical data of GHG emissions?
14	Does the company disclose a GHG emission reduction goal?
15	Does the company disclose its air emissions of NOx, SOx, POP, VOC, HAP, PM?
15.01	NOx
15.02	Sox
15.03	Persistent organic pollutants (POP)
15.04	Volatile organic compounds (VOC)
15.05	Hazardous air pollutants (HAP)
15.06	Particulate matter (PM)
16	Does the company disclose its total water withdrawl?
17	Does the company disclose the proportion of water recycled?
18	Does the company disclose its total energy consumed?
19	Does the company disclose the proportion of renewable energy consumed?
20	Does the company disclose its total waste from operations?
21	Does the company disclose the proportion of hazardous waste?
22	Does the company disclose the proportion of waste recycled?
23	Does the company disclose its water emissions of:
23.01	Nitrogen?
23.02	Phosphorus?
23.03	Persistent Organic Pollutants?
23.04	Oxygen Demand?
24	Does the company disclose its workforce composition by gender?
25	Does the company disclose the training hours provided per employee?
25.01	On job specific training
25.02	On ESG-related topics
26	Does the company disclose its wages paid?
27	Does the company disclose its injury rate?
28	Does the company disclose its fatality rate?

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No. (#)	Questions
29	Does the company have a policy to respect internationally recognised human rights e.g. UN International Bill of Rights, UDHR, UN International Covenant on Civil and Political Rights, UN International Covenant on Economic, Social and Cultural Rights?'
30	Does the company disclose the proportion of women on the Board?
31	Does the company disclose on decentralization of authority of the President/CEO?
32	Does the company disclose its CEO pay ratio?
33	Does the company disclose if the Board receives training on ESG issues?
34	Does the company disclose whether the Board has competancies relating to ESG?
35	Does the company use skills matrix for the board nomination process?
36	Does the company have a published insider trading policy?
37	Does the company have a published anti-corruption policy?
38	Does the company have a published conflicts of interest management policy?
39	Has the company identified its key stakeholders?
40	Does the company describe the expectations of those stakeholders and how it meets those expectations?
TCFD related indicators	
41	Does the company include TCFD related information in its annual report?
42	What elements of TCFD does the company report against?
42.01	Describe the board's oversight of climate-related risks and opportunities.
42.02	Describe management's role in assessing and managing climate-related risks and opportunities.
42.03	Describe the organization's processes for identifying and assessing climate-related risks.
42.04	Describe the organization's processes for managing climate-related risks.
42.05	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
42.06	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
42.07	Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.
42.08	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
42.09	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
42.10	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
42.11	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

GLOBAL POLICY EXAMPLES

The below table is a list of examples of ESG-related regulation but is not a complete list of all ESG regulation. It looks at both general ESG regulation and regulations aimed at specific themes or areas, it also covers global national markets but with a focus on Asian markets.

Category	Type of regulation	Notable examples
General ESG regulations	Corporate ESG disclosure	• European Union - Non-Financial Reporting Directive (NFRD) and Corporate Sustainability Reporting Directive (CSRD) [proposed] • Indonesia - Mandatory Corporate ESG disclosure for corporations and financial services organisations (e.g. rule X.K.6) • India – Guidance Document on ESG Disclosures – Bombay Stock Exchange published a guidance document on ESG disclosures, a comprehensive set of voluntary ESG reporting recommendations, informed by global sustainability reporting frameworks • sustainability reporting frameworks • Japan – Basic Policy of Reserves (2014;2020) • Philippines – Sustainability Reporting Guidelines for Publicly Listed Companies, Memorandum Circular No. 1085 (2020) from The Philippine Securities and Exchange Commission - outlines information that covered companies will have to disclose in relation to their non-financial performance across the economic, environmental and social aspects of their organisations. • United Kingdom – Mandatory disclosure against TCFD [proposed] • Hong Kong – ESG Reporting Guide (2016) from HKEX- ESG disclosure guidelines for listed companies • Singapore – Sustainability Reporting Guide (2016) from Singapore Exchange (SGX) - mandates annual sustainability reporting by all listed companies • China - ESG disclosure requirement for listed companies • Taiwan – mandatory CSR reporting in compliance with GRI Standards, now includes elements of TCFD
	Investor ESG disclosure	• Hong Kong - Requirement that ESG /climate-focused funds disclose how they incorporate ESG factors, report and reference ESG criteria etc. • China - First Green Investment Guidelines, from The Asset Management Association of China (AMAC) • European Union – e.g. Sustainable finance disclosure regulation (SFDR) • Singapore - Singapore Exchange Regulation (SGX RegCo) and Monetary Authority of Singapore (MAS) disclosure standards for ESG fund [proposed]
	Investor ESG integration	• European Union – regulations on Personal Pension Products, Long-term investment funds • Bangladesh – Guidelines on Environmental and Social Risk Management • South Korea – National Pension Service Act
	Financial ESG products	• ASEAN - Sustainable bond standards • China – Sustainability linked bonds • Malaysia – Guidelines on sustainable and responsible investment funds • Hong-Kong - List of verified ESG funds from Securities and Futures Commission (SFC) • Taiwan - “FTSE4Good TIP Taiwan ESG Index Futures” from TWSE

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Category	Type of regulation	Notable examples
General ESG regulations	Stewardship codes	• European Union – EFAMA Stewardship Code • Japan – Japan's Stewardship code • Singapore - Stewardship principles for responsible investors • Hong Kong – Principles of Responsible Ownership • India – Stewardship Code for Mutual Funds • Malaysia – Malaysian Code for Institutional Investors • Singapore – Singapore Stewardship Principles for Responsible Investors • South Korea - Stewardship Code • Thailand – Investment Governance Code for Institutional Investors • Taiwan - Stewardship Principles for Institutional Investors from Taiwan Stock Exchange (TWSE) • United Kingdom – The UK Stewardship Code • USA - Stewardship Framework for Institutional Investors
Environment ('E') regulations	Corporate environmental disclosure	• European Union - EU Taxonomy (contains disclosure requirements) • United Kingdom - Climate-related Financial Disclosure Regulations 2022 • USA - Securities and Exchange Commission (SEC) of climate risk [proposed] and requirement for major oil companies to disclose methane emission data • France - Energy Transition Law • Japan - Mandatory GHG Accounting and Reporting System • New Zealand – mandatory "comply or explain" disclosures for financial institutions
	Investor environmental disclosure	• China – Green Investment Guidelines • United Kingdom – Mandatory climate-related financial disclosures by pension schemes
	Investor environmental integration	• Japan – Green Investment Guidance
	Climate stress testing (banks)	• European Union - The European Central Bank's supervisory climate risk stress for the banking system
	Carbon markets	• European Union - The European Central Bank's supervisory climate risk stress for the banking system • European Union – EU Emissions Trading System • USA - Regional carbon markets (e.g. RGGI) • Malaysia - voluntary Carbon Trading Market • New Zealand – NZ Emissions Trading System
	Green taxonomies	• EU Taxonomy • ASEAN Taxonomy for Sustainable Finance • Malaysian taxonomy • Canada • China's green bond endorsed projects catalogue • Singapore's green taxonomy
	Green financial products	• European Union – EU Green Bond Standard • ASEAN – Green bond standards • China – Guidelines for issuance of green bonds • Japan – Green bond guidelines • Indonesia - OJK Regulation (POJK) No. 60/POJK.04/2017 - lays out the standards for green bonds issuance

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Category	Type of regulation	Notable examples
Social ('S') regulations	Corporate disclosure - employee diversity	• European Union - Non-Financial Reporting Directive (NFRD) - gender representation among senior managers
	Human rights, trafficking and slavery regulations	• USA - Bans on imports from countries that violate human rights, federal acquisition regulation final rule on ending trafficking in persons • EU – Conflict minerals regulation (obliges importers in the EU of tin, tantalum and tungsten to apply due diligence to their supply chain) • United Kingdom – Modern slavery act 2015, UK Companies Act • Australia – Modern slavery act 2018
	Corporate disclosure -Human capital management	• USA - The Securities and Exchange Commission (SEC) proposed legislation on human capital management
	Financial products	• ASEAN – social bond standards
Governance ('G') regulations	Executive remuneration regulation	• United Kingdom - MIFIDPRU Remuneration Code (SYSC 19G)
	Corporate disclosure -Corporate governance	• Japan – Corporate governance code revised to include human rights provision • Singapore – SGX Code of Corporate Governance RegCo requirements for board diversity policies and disclosures
	Corporate governance regulation	• Japan - Corporate governance code (2018) • Philippines – Principles of Good corporate governance • Bangladesh – Corporate Governance Guidelines • Hong Kong – Corporate Governance Code • Thailand - Securities and Exchange Commission (SEC) issued a Corporate Governance Code in 2017

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