

## SEC Thailand

### S1: General Requirements for Disclosure of Sustainability-related Financial Information

Question	Comments
<p><b>Question 1—Overall approach</b> Proposals in the Exposure Draft would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed.</p>	
<p>(a) Does the Exposure Draft state clearly that an entity would be required to identify and disclose material information about all of the sustainability-related risks and opportunities to which the entity is exposed, even if such risks and opportunities are not addressed by a specific IFRS Sustainability Disclosure Standard? Why or why not? If not, how could such a requirement be made clearer?</p>	<p>(a) The Exposure Draft (“ED”) does state clearly that an entity would be required to disclose their material sustainability-related risks and opportunities.</p>
<p>(b) Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not?</p>	<p>(b) The ED does lay the basis that meets its proposed objective. The draft would be useful for primary users in making decisions regarding entity’s risks and opportunities related to sustainability</p>
<p>(c) Is it clear how the proposed requirements in the Exposure Draft would be applied together with other IFRS Sustainability Disclosure Standards, including the [draft] IFRS S2 Climate-related Disclosures? Why or why not? If not, what aspects of the proposals are unclear?</p>	<p>(c) The ED explains the connection between itself and other IFRS Sustainability Disclosure Standards.</p>
<p>(d) Do you agree that the requirements proposed in the Exposure Draft would provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals? If not, what approach do you suggest and why?</p>	<p>(d) The ED requires an entity to disclose their material sustainability-related risks and opportunities information. Given that materiality is subject to the entity’s own judgement, the ED could provide a suitable basis for determination to some certain extent.</p>
<p><b>Question 2—Objective (paragraphs 1–7)</b> The Exposure Draft sets out proposed requirements for entities to disclose sustainability-related financial information that provides a sufficient basis for the primary users of the information to assess the implications of sustainability-related risks and opportunities on an entity’s enterprise value.</p>	
<p>(a) Is the proposed objective of disclosing sustainability-related financial information clear? Why or why not?</p>	<p>(a) The purpose of disclosing sustainability-related financial information is clear, since the ED sets out the preparation material information that entity needs to disclose to primary users in order to have sufficient basic information to estimate the entity’s enterprise value. However, the definition of enterprise value provided seems to be more specific to the overall assessment of the entity.</p>
<p>(b) Is the definition of ‘sustainability-related financial information’ clear (see Appendix A)? Why or why not? If not, do you have any suggestions for improving the definition to make it clearer?</p>	<p>(b) The definition provided is clear and consistent with the objective of the ED.</p>
<p><b>Question 3—Scope (paragraphs 8–10)</b> Proposals in the Exposure Draft would apply to the preparation and disclosure of sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards.</p>	

<p>Do you agree that the proposals in the Exposure Draft could be used by entities that prepare their general-purpose financial statements in accordance with any jurisdiction’s GAAP (rather than only those prepared in accordance with IFRS Accounting Standards)? If not, why not?</p>	<p>We agree that the ED could be applied with IFRS and GAAP Standards.</p>
<p><b>Question 4—Core content (paragraphs 11–35)</b> The Exposure Draft includes proposals that entities disclose information that enables primary users to assess enterprise value using the well-established work of the TCFD.</p>	
<p>(a) Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why or why not?</p>	<p>(a) The objectives are clear that the disclosure is intended for the end users to understand how the entity reports the core content and ultimately help to achieve the organizational goals, which is based on the TCFD’s 4 pillars.</p>
<p>(b) Are the disclosure requirements for governance, strategy, risk management and metrics and targets appropriate to their stated disclosure objective? Why or why not?</p>	<p>(b) The requirements are appropriate to their stated disclosure objective. However, entities are different in terms of size, industry sector and stage of business development, this might hinder some entities to comply with all the requirements.</p>
<p><b>Question 5—Reporting entity (paragraphs 37–41)</b> The Exposure Draft proposes that sustainability-related financial information would be required to be provided for the same reporting entity as the related general-purpose financial statements.</p>	
<p>a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why?</p>	<p>a) If the same reporting entity could disclose the sustainability-related financial information and the related financial statements, that would assist the users to determine their connection. But it is difficult for entities to measure / quantify, especially social and environmental impacts into monetary values.</p>
<p>(b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why?</p>	<p>(b) It sounds good as concept, but the reality may not fit to entities since they have limited knowledge of sustainability, including value chain, which inhibits the capture of this requirement. Moreover, reliable information as such must be well thought through and aligned with the corporate strategy to manage and cope with internal and external risk impacts.</p>
<p>(c) Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?</p>	<p>(c) The requirements are clear and may be capable of consistent application. However, if there are any changes in activities, interactions, relationships, and the use of resources along its value chain, entity needs to disclose for primary users in order to be useful for their decision making.</p>
<p><b>Question 6—Connected information (paragraphs 42–44)</b> The Exposure Draft proposes that an entity be required to provide users of general-purpose financial reporting with information that enables them to assess the connections between various sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements.</p>	
<p>(a) Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not?</p>	<p>(a) The ED explains rather clear on the connectivity.</p>
<p>(b) Do you agree with the proposed requirements to identify and explain the connections between</p>	<p>(b) The connection between sustainability-related risks and opportunities and information in general purpose</p>

<p>sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?</p>	<p>financial reporting, including the financial statements, can help the primary users to understand the circumstances of entity in many points of views.</p>
<p><b>Question 7—Fair presentation (paragraphs 45–55)</b> The Exposure Draft proposes that a complete set of sustainability-related financial disclosures would be required to present fairly the sustainability-related risks and opportunities to which an entity is exposed.</p>	
<p>(a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, clear? Why or why not?</p>	<p>The ED that requires the entity to disclose the industry or industries specified view might be difficult when the industry-level information is not provided. If there is no available reference in the SASB or CDSM, what should be the most appropriate approach for a company to comply with this requirement?</p> <p>(a) The ED explains rather clear on 'fair presentation', but this in practice would require substantial judgement.</p>
<p>(b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.</p>	<p>(b) The sources provided in ED are useful but might impose some obstacles to some entities with limited resources and capacity to apply the guidance, especially small companies.</p>
<p><b>Question 8—Materiality (paragraphs 56–62)</b> Information 'is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general-purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity'.</p>	
<p>(a) Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not?</p>	<p>(a) The definition and application of materiality is clear in this context because the materiality information depends on how each entity determines and discloses in the report for primary users who will use the information to make their investment decision and assess the enterprise value.</p>
<p>(b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not?</p>	<p>(b) The application of materiality could capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value. Challenges remain though with the judgment of materiality and how to quantify it to the enterprise value.</p>
<p>(c) Is the Exposure Draft and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why or why not? If not, what additional guidance is needed and why?</p>	<p>(c) The ED provides rather general guide on identifying material sustainability-related financial information.</p>
<p>(d) Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information? Why or why not? If not, why?</p>	<p>(d) Agree because it can be explained that local laws or regulations prohibit the entity to disclose that information. However, the information which is prohibited to disclose should not be the material information that primary users may have to use for decision making or misunderstanding.</p>

<p><b>Question 9—Frequency of reporting (paragraphs 66–71)</b> The Exposure Draft proposes that an entity be required to report its sustainability-related financial disclosures at the same time as its related financial statements, and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.</p>	
<p>Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate? Why or why not?</p>	<p>Even though the ED allows the entity to provide less information at interim dates than it provides in its annual disclosures and does not mandate the frequency of disclosure, the frequency of reporting requirement might increase disclosure burden. To illustrate, some jurisdictions may require entities to publish the financial statements more frequently (e.g., quarterly).</p>
<p><b>Question 10—Location of information (paragraphs 72–78)</b> The Exposure Draft proposes that an entity be required to disclose information required by the IFRS Sustainability Disclosure Standards as part of its general-purpose financial reporting—i.e., as part of the same package of reporting that is targeted at investors and other providers of financial capital.</p>	
<p>(a) Do you agree with the proposals about the location of sustainability-related financial disclosures? Why or why not?</p>	<p>We would prefer a single approach in term of ESG disclosure location (e.g., consolidated financial reports or separate ESG / CSR reports) to promote consistency and comparability across companies and industries.</p> <p>(a) The proposals would allow the entity to locate sustainability-related financial disclosures depending on how the entity wishes to communicate.</p>
<p>(b) Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location?</p>	<p>(b) Maybe, if some jurisdiction has the specified requirements less than the ED. Therefore, the entity tends to meet the minimum requirement.</p>
<p>(c) Do you agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross referenced? Why or why not?</p>	<p>(c) Yes, the proposal would allow the entity’s discretion yet subject to relevant rules and regulations in its respective jurisdiction.</p>
<p>(d) Is it clear that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way? Why or why not?</p>	<p>(d) It is clear that entities are not required to make separate disclosures on each aspect but encouraged to make integrated information. But in the early stage, if some entities still continue to disclose separately as GRI standard, what measures will be taken?</p>
<p><b>Question 11—Comparative information, sources of estimation and outcome uncertainty, and errors (paragraphs 63–65, 79–83 and 84–90)</b> The Exposure Draft sets out proposed requirements for comparative information, sources of estimation and outcome uncertainty, and errors.</p>	

(a) Have these general features been adapted appropriately into the proposals? If not, what should be changed?	(a) The ED explains these general features rather well.
(b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives?	(b) Agree. A new metric could better reflect performance of the entity in the current period. The primary users will have the better information to decide or assess the performance of entity.
(c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?	(c) Generally, agree. But in practice, some entities may not be able to estimate impact on ESG.
<p><b>Question 12—Statement of compliance (paragraphs 91–92)</b></p> <p>The Exposure Draft proposes that for an entity to claim compliance with IFRS Sustainability Disclosure Standards, it would be required to comply with the proposals in the Exposure Draft and all of the requirements of applicable IFRS Sustainability Disclosure Standards. Furthermore, the entity would be required to include an explicit and unqualified statement that it has complied with all of these requirements.</p> <p>The Exposure Draft proposes a relief for an entity. It would not be required to disclose information otherwise required by an IFRS Sustainability Disclosure Standard if local laws or regulations prohibit the entity from disclosing that information. An entity using that relief is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards.</p>	
Do you agree with this proposal? Why or why not? If not, what would you suggest and why?	Agree with the approach that the entity still has to comply with local laws and regulations.
<p><b>Question 13—Effective date (Appendix B)</b></p> <p>The Exposure Draft proposes allowing entities to apply the Standard before the effective date to be set by the ISSB. It also proposes relief from the requirement to present comparative information in the first year the requirements would be applied to facilitate timely application of the Standard.</p>	
(a) When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer, including specific information about the preparation that will be required by entities applying the proposals, those using the sustainability-related financial disclosures and others.	<p>We would like the ISSB to clarify the expected timeline of implementation after the finalization of the ISSB standard.</p> <p>(a) The implementation timeline should be in line with that of the ASEAN Capital Markets Forum (ACMF) and IOSCO recommendation.</p>
(b) Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application? If not, why not?	(b) Agree with the relief period.
<p><b>Question 14—Global baseline</b></p> <p>IFRS Sustainability Disclosure Standards are intended to meet the needs of the users of general-purpose financial reporting to enable them to make assessments of enterprise value, providing a comprehensive global baseline for the assessment of enterprise value.</p> <p>Other stakeholders are also interested in the effects of sustainability-related risks and opportunities. Those needs may be met by requirements set by others, including regulators and jurisdictions. The ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards.</p>	

<p>Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?</p>	<p>The ED could provide some further application guidance to entities with different industry sector and size.</p>
<p><b>Question 15—Digital reporting</b>  The ISSB plans to prioritize enabling digital consumption of sustainability-related financial information prepared in accordance with IFRS Sustainability Disclosure Standards from the outset of its work. The primary benefit of digital consumption as compared to paper-based consumption is improved accessibility, enabling easier extraction and comparison of information. To facilitate digital consumption of information provided in accordance with IFRS Sustainability Disclosure Standards, an IFRS Sustainability Disclosures Taxonomy is being developed by the IFRS Foundation. The Exposure Draft and [draft] IFRS S2 Climate-related Disclosures Standards are the sources for the Taxonomy. It is intended that a staff draft of the Taxonomy will be published shortly after the release of the Exposure Draft, accompanied by a staff paper which will include an overview of the essential proposals for the Taxonomy. At a later date, an Exposure Draft of Taxonomy proposals is planned to be published by the ISSB for public consultation.</p>	
<p>Do you have any comments or suggestions relating to the drafting of the Exposure Draft that would facilitate the development of a Taxonomy and digital reporting (for example, any particular disclosure requirements that could be difficult to tag digitally)</p>	<p>We agree with the digital reporting submission.</p>
<p><b>Question 16—Costs, benefits and likely effects</b> Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing?</p>	
<p>(a) Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing them that the ISSB should consider in analyzing the likely effects of these proposals?</p>	<p>(a) The ED is useful for primary users.</p>
<p>(b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?</p>	<p>(b) Language barrier to fully comprehend the ED for some local entities could be considered.</p>
<p><b>Question 17—Other comments</b>  Do you have any other comments on the proposals set out in the Exposure Draft?</p>	<p>The ED would provide more alignment and enhance the company’s ability to disclose sustainability- and ESG-related information in the long run. By building upon the prevailing principles and standards (e.g., TCFD, IFRS, SASB, and CDSB), the ED lowers the company’s disclosure burden to conform to various standard requirements. Furthermore, the global baseline approach will ensure compatibility with requirements aimed at broader stakeholder groups as well as ease investors’ understanding when assessing this information across different jurisdictions and standards.</p>

## **SEC Thailand's additional comments on the (1) Sustainability-related Disclosures and (2) Climate-related Disclosures**

1. Asset managers are increasingly challenged by the disclosure requirements of sustainability risk, particularly climate risks in their portfolios. [This underlined the necessity of comparable, consistent, and reliable sustainability-related data for asset manager to make an informed investment and stewardship decisions.](#) The most efficient way to serve this need is to have globally accepted sustainability disclosure standards which are used by companies around the world. This would greatly assist asset managers in sourcing the data they need for their own disclosure requirements and integrate sustainability risk, particularly climate risks, into their portfolio management and investment analysis.
2. For this reason, the SEC Thailand has supported the establishment of ISSB and its mission to develop a comprehensive global baseline of corporate sustainability disclosure which [would assist our asset managers in having access to sustainability information to support their investment decisions, risk management processes and ownership activities.](#)
3. On a broad level:

The SEC Thailand supports the views shared by the [Chair of the Board of the IOSCO](#) at the IFRS Foundation Conference, on 23<sup>rd</sup> June 2022, which addresses the path forward for the endorsement of future standards of ISSB by IOSCO . That is, apart from how regulators should examine how we will adopt the standards in our own jurisdictions, we need to consider the degree to which and how they can be adopted in practice. Accordingly, there are more detailed points to be considered by IOSCO as follows:

  - the ISSB standards should be [compatible and connected](#) with existing accounting and financial reporting standards — serving as a “bridge”;
  - they should act as [a common base for jurisdiction-level requirements](#), making them [interoperable](#) with one another using a building blocks approach;
  - they should provide the degree of consistency necessary to [enable markets to reliably price sustainability-related risks and opportunities and support capital allocation](#); and
  - they should form the [basis for the development of a credible assurance framework](#).
4. On a granular level:

The SEC Thailand welcomes the opportunity to contribute our perspective on the following topics:

  - 4.1 TCFD: the SEC Thailand, as a supporter of the Task Force for Climate-related Financial Disclosures (TCFD), is very encouraged to see that [the Exposure Drafts published by the ISSB build on the four pillars used in the recommendations by the TCFD](#). Given the fact that TCFD recommendations are widely adopted by many companies and have also begun to be incorporated into many regulatory frameworks around the world, we see this as a positive step that should allow the ISSB to contribute to creating further consistency, comparability and reliability when it comes to sustainability reporting.
  - 4.2 Industry-based disclosure requirements: the SEC Thailand understands that the sustainability-related risks and opportunities vary by industry. [For asset manager, it is essential that companies communicate their management of the sustainability-related risks and opportunities most relevant to their operating environment, and most likely to impact their financial performances.](#) In this regard, we are very pleased to see that the Exposure Draft published by the ISSB has embedded an industry-based approach in its proposals.
  - 4.3 Connected information: the SEC Thailand are of the views that to enable asset managers in getting a complete picture when assessing companies' values, the information disclosed should assist asset managers in obtaining a better understanding of [how relevant sustainability-related risks and opportunities information is linked to the various types of information that is disclosed in general purpose financial reporting](#). Therefore, we welcome the proposal in the Exposure Draft which asks the companies to explain the connections between the different sets of information.