

PRI RESPONSE

PRINCIPLE OF THAILAND SUSTAINABILITY DISCLOSURE ROADMAP REGARDING INTERNATIONAL SUSTAINABILITY STANDARDS (ISSB ROADMAP)

December 2024

This document is provided for information only. It should not be construed as advice, nor relied upon. PRI Association is not responsible for any decision or action taken based on this document or for any loss or damage arising from such decision or action. All information is provided “as-is” with no guarantee of completeness, accuracy or timeliness and without warranty of any kind, expressed or implied. PRI Association is not responsible for and does not endorse third-party content, websites or resources included or referenced herein. The inclusion of examples or case studies does not constitute an endorsement by PRI Association or PRI signatories. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws. Copyright © PRI Association (2024). All rights reserved. This content may not be reproduced, or used for any other purpose, without the prior written consent of PRI Association.

To inform this paper, the following group has been consulted: PRI signatories in Thailand. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone, and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws.

PRI Association

Registered office: 25 Camperdown Street
London, UK, E1 8DZ Company no. 7207947
T: +44 (0) 20 3714 3220 W: www.unpri.org E: info@unpri.org



United Nations
Global Compact

ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a range of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. We welcome the opportunity to respond to the Thailand Securities and Exchange Commission (SEC) [consultation](#) on the Principle of Thailand Sustainability Disclosure Roadmap regarding International Sustainability Standards (ISSB Roadmap).

ABOUT THIS CONSULTATION

The SEC is proposing to update its mandatory sustainability disclosure requirements to align them with the ISSB Standards. The aim is to improve interoperability of company reporting to investors with global standards. This will be done with regard to proportionality and the context and readiness of the Thai ecosystem, with phase-in across various types of listed companies.

The ISSB Standards aim to deliver a global baseline of sustainability-related financial disclosures that meet the information needs of an entity's investors, creditors and other lenders. They include:

- [IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) – requirements on sustainability-related risks and opportunities across all sustainability issues, and how to prepare and report sustainability-related financial disclosures.
- [IFRS S2 Climate-related Disclosures](#) – requirements on climate-related risks and opportunities.

Current sustainability disclosure requirements are captured within Thailand's Annual Registration Statement and Annual Report Form 56-1 One Report and Form 69-1. Key differences relative to the ISSB Standards are described in the consultation document. Information captured within these requirements but not the ISSB Standards would still need to be disclosed under the SEC's proposal.

For more information, contact:

Kazuma Osaki
Head, APAC Policy
kazuma.osaki@unpri.org

Benjamin Taylor
Senior Analyst, Driving Meaningful Data
benjamin.taylor@unpri.org

KEY RECOMMENDATIONS

The PRI welcomes the SEC's proposal to adopt sustainability disclosure requirements aligned with the ISSB Standards. Signatories regularly report to the PRI that the lack of comparable and more generally decision-useful corporate sustainability data¹ is a substantial barrier to their responsible investment practice. This change would help to provide investors with the data they need (and currently lack) from companies to inform their investment decision-making processes.

We also support the proposal to not deviate from the content of the ISSB Standards, but instead achieve proportionality by phasing-in certain requirements. This is preferable because full alignment with the Standards will provide investors with more comparable and better-quality reporting across jurisdictions. We acknowledge this will also require capacity building, and stand ready to support these efforts as a partner organisation to the ISSB's Partnership Framework for Capacity Building.

Further, we support the proposal to maintain aspects of existing sustainability reporting requirements. This will ensure continuity and consistency across historical reporting, but also provide a bridge between climate-first reporting and more comprehensive reporting during the transition period.

The PRI's key recommendations are for the SEC to shorten the proposed delays to the following reporting requirements upon entry into force, from five to two years in each case.

- **Reporting on issues beyond climate** – this would provide investors with the information they need on these issues sooner.
- **Issuing sustainability-related financial disclosures for the same time period as the related financial statements** – this would improve the connectivity and relevance of reporting to investors at an earlier stage.
- **Reporting GHG emissions using the GHG protocol** – this would help to more quickly standardise Thai companies' emissions data with entities in other jurisdictions, thereby enhancing comparability and facilitating aggregation for investors.
- **Reporting Scope 3 GHG emissions** – these are the most impactful kind of emissions for some industries, and leaving them out can mean that a large share of actual emissions are not reported.

Finally, it is worth noting that all investors need sustainability-related financial information to inform their assessment of companies' risks and opportunities, but some investors also need information to assess and interpret a company's impacts and alignment with sustainability goals and thresholds. While the ISSB Standards are expected to enable disclosure of some of this information, it is unlikely they will provide investors with all the information they need on companies' impacts and dependencies. Therefore, in line with the ISSB's "building blocks" approach, the SEC should eventually consider disclosure requirements additional to the ISSB Standards that capture further information on companies' sustainability impacts and dependencies. These should build on the GRI Standards, similar to the approach of the European Commission and Chinese Ministry of Finance.

¹ As set out in the PRI's [Investor Data Needs framework](#), to be decision-useful, sustainability information must be available, accessible, verifiable, comparable across multiple dimensions, a faithful representation and relevant to investors.

DETAILED RESPONSE

The consultation asks respondents whether they agree with the following proposals, and to justify this.

1. The reporting entity is required to disclose in the reporting frame in line with the ISSB Standards. However, the disclosure on other information as prescribed in 56-1 One Report beyond IFRS S1 and S2 will remain unchanged (details as prescribed in 5.1).

The PRI agrees with this proposal.

Decision-useful corporate sustainability reporting is a prerequisite for responsible investment. Investors currently lack such information across their portfolios, including the most basic sustainability data. This makes it more difficult for them to allocate capital efficiently, accounting for sustainability-related financial risks and opportunities and addressing sustainability goals.

The ISSB Standards are an opportunity to provide investors with the comparable, high-quality sustainability information they need from portfolio companies for decision-making. Crucially, they are underpinned by the structure and concepts of accounting standards from the International Accounting Standards Board (IASB), build on the framework established by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) – and other well-established voluntary sustainability reporting initiatives – and have been endorsed by the International Organization of Securities Commissions (IOSCO).²

National and regional policymakers and standard setters have an essential role to play through the introduction of sustainability disclosure requirements aligned with the ISSB Standards.

The PRI is a strong advocate for the adoption of the ISSB Standards by governments around the world. In May 2024 we published a [call to action](#) for jurisdictions to commit to adoption of both ISSB Standards at pace. This was issued in collaboration with the London Stock Exchange Group, UN Sustainable Stock Exchanges initiative and World Business Council for Sustainable Development – and endorsed by 121 investors, companies, stock exchanges and other organisations.

Over 30 jurisdictions have now adopted the ISSB Standards or are taking steps to do so. To date, in the APAC region we have engaged in consultations on the adoption of the Standards in Australia, China, Hong Kong SAR, Japan, South Korea, Malaysia and Singapore (submissions available [online](#)). As we engage with local markets, we have consistently found that investors support the adoption of the ISSB Standards by international and local standard setting and policymaking bodies.

We also support the proposal to maintain aspects of existing sustainability reporting requirements. This will ensure continuity and consistency across historical reporting, but also provide a bridge between climate-first reporting and more comprehensive reporting during the transition period.

² IOSCO's [endorsement](#) recommends that its member jurisdictions consider ways in which they might adopt, apply or otherwise be informed by the standards.

2. The implementation period for disclosing information in accordance with ISSB Standards shall be on phased-in approach (details as prescribed in 5.2).

The PRI agrees with this proposal. Full adoption of the ISSB Standards from a content perspective is needed to provide investors with more comparable and better-quality reporting across jurisdictions. Proportionality should instead be improved with relief provisions similar to those in IFRS S1 and S2, as the SEC is proposing to do.

We believe a five-year phase in period is too long – and provide rationale in our response to Question 5 – but even this remains preferable to content deviations for investors.

3. The consideration on the listed companies as the reporting entity required to disclose information according to ISSB Standards under SET Index (details as prescribed in 5.3).

The PRI does not have a response to this question..

4. The limited assurance for the disclosure on GHG emissions (details as prescribed in 5.4).

The PRI agrees with this proposal. Climate-related information that is used for investment decision-making must be accurate and reliable. External assurance plays an important role in upholding the quality of emissions reporting, providing comfort to users that the standards used have been satisfied.

5. Transition reliefs (details as prescribed in 5.5)

5.1 The comparative Reporting: The relief will be applied on the first reporting period on providing comparative information.

The PRI agrees with this proposal.

5.2 Climate-first reporting: During the transition relief period of each reporting entity, the entity is required to disclose the information by following ISSB Standards IFRS S1 only to the extent that is related to climate and IFRS S2 entirely. Once the relief expires, the reporting entity shall uplift their disclosure by following ISSB Standards IFRS S1 and IFRS S2 (details as prescribed in 5.5.2).

The PRI supports the proposal to phase-in reporting on sustainability issues beyond climate, but recommends the five-year transition period is shortened to two years.

We understand the SEC's proposal to focus initially on climate-related disclosures, and acknowledge that some information on other issues is captured in existing disclosure requirements within Thailand's Annual Registration Statement and Annual Report Form 56-1 One Report and Form 69-1.

However, investors need high-quality reporting on a wide range of sustainability topics where material to investment decisions. As for climate, they benefit from material information on governance, strategy, risk management and metrics and targets related to these issues. Much of this is additional to current requirements in Thailand, but still important to investors' assessment of entities' prospects.

5.3 Timing of Reporting: During the transition relief period of each reporting entity, the reporting entity is eligible to report its annual sustainability-related financial disclosure in the different period of time from its related financial statements. Once the relief expires, the reporting entity shall report its sustainability-related financial information in the same timeframe as reports on financial positions and operating results depending on circumstance (details as prescribed in 5.5.3).

The PRI supports the proposal to initially allow for sustainability-related financial disclosures to be issued for a different period of time to the related financial statements, but we recommend that the five-year transition period is shortened to two years. Providing sustainability information at the same time as the financial statements helps to ensure connectivity in the data that is reported, thereby improving the relevance of this data for investors.

5.4 GHG Protocol: During the transition relief period of each reporting entity, the reporting entity is eligible to apply either GHG Protocol 2004 or other international standards and its equivalent. Once the relief expires, the entity shall disclose the GHG emission information by applying GHG Protocol 2004 (details as prescribed in 5.5.4).

The PRI supports the proposal to initially allow companies to disclose GHG emissions by applying the GHG Protocol or other international standards, before requiring only the GHG Protocol, but recommends the five-year transition period is shortened to two years. The GHG Protocol is the most widely used and recognised international standard for calculating GHG emissions. Earlier adoption by Thai companies would help to standardise their emissions data with entities in other jurisdictions, increasing comparability and facilitating aggregation for investors.

5.5 GHG Emission scope 3: During the transition relief period, the reporting entity is eligible to omit GHG emissions scope 3 and disclose only scope 1 and 2. After that, the reporting entity shall disclose all scopes without relief. In this regard, the reporting entity shall identify the name of verifier, who is either registered with TGO or verified the information in accordance with other acceptable international standards (details as prescribed in 5.5.5).

The PRI supports the proposal to phase-in reporting on Scope 3 GHG emissions, but recommends the five-year transition period is shortened to two years. While we understand that they can be difficult to report, the PRI supports their disclosure where material. Scope 3 emissions are important to investors because they are the most impactful kind of emissions for some industries. Leaving them out can mean that a large share of actual emissions is not reported by companies.

6. The arrangement of capacity building (e.g. seminar, workshop) in order to enhance the understanding of the ISSB Standards for the benefit of the disclosure.

The PRI agrees with this proposal. Alongside relief provisions, capacity building is needed to ensure effective implementation of the Standards by preparers, particularly those less experienced with sustainability reporting. The PRI is a partner organisation to the ISSB's Partnership Framework for Capacity Building and stands ready to support these efforts.

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the Thailand SEC on the Sustainability Disclosure Roadmap.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org