

Question Report

Day 1: ESG Risk Management

- 1. While I'm sure we can all agree that climate-related policies are beneficial and necessary, how likely is it that such policies will actually be adopted/ implemented in Thailand or ASEAN within the next few (3-5) years?**

a) *In Thailand, a collection of government entities, including SET, BOT, and SEC, have developed a set of [sustainable finance initiatives](#) that are set to be in place by 2025. Among the initiatives are creating a taxonomy, developing a robust reporting regime, and deploying fiscal and prudential instruments that integrate environmental considerations in risk management.*

Similar signals have been sent from ASEAN, which is expected to release a regional taxonomy around COP. The ASEAN Capital Markets Forum (ACMF) [Sustainable Finance Roadmap](#) lays out a set of priorities and action points. Individual, various ASEAN states have released or updated sustainable finance/development roadmaps. It, therefore, appears likely that enhanced regulation is coming at both the national and regional level.

- 2. What are the obstacles to implementing such policies, or what would be the key drivers or triggers for implementing such policies? i.e. For companies, what would be the signs that would indicate that these stricter policies are actually becoming a risk to business as usual?**

a) *As noted in the response above, various regulatory authorities and policymakers have made public commitments to enhancing climate policies, and risks of either non-compliance with these policies or failure to prepare for upcoming policy shifts should be carefully considered. Risks to business as usual could include being unable to access financing earmarked for green and sustainable investment (whether allocated through local instruments like a Thai or ASEAN taxonomy or, in the case of European investors, the EU taxonomy). Similarly, companies located in or that trade in countries with national net-zero targets (which include some of the largest economies in East Asia and the lead trading partners of many Southeast Asian states) may find themselves at a competitive disadvantage in these net-zero markets.*

- 3. Should the criteria for ESG risk and ERM risk be the same or not?**

a. *Yes, CDP considers it best practice to integrate your ESG risk assessments into your overall company-wide risk assessment processes (ERM).*