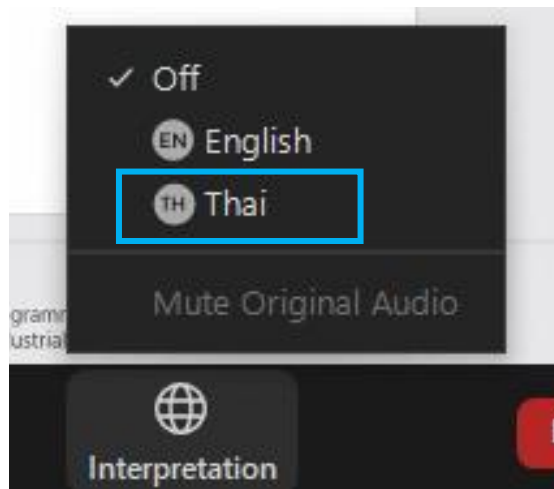


Welcome, we will begin shortly.

How to connect to Thai language live-translation



1. Click on "Interpretation" icon
2. Click "**Thai**" for live interpretation Thai audio
3. Mute Original Audio (optional)

Glossary

- **CDP:** Carbon Disclosure Project (*Event Organiser*)
- **GRI :** Global Reporting Initiative (*Event Organiser*)
- **SET:** the Stock Exchange of Thailand

- **GRI Standards:** Standards for Sustainability Reporting
- **SDGs:** Sustainable Development Goals
- **TCFD:** Task force on Climate-Related Financial Disclosures

- **ERM : Enterprise Risk Management**
- **ESRM : Enterprise Sustainability Risk Management**
- **ESG :** Environment, Social, and Governance
- **SBT:** Science-based target
- **SBTi:** Science-based Targets Initiative
- **NDC:** Nationally Determined Contributions



ESG Risk Analysis and Management:

Integration into impact
measurement and sustainability
reporting

18 October 2021

Advanced Workshop 2
Delivered by GRI



Thank you to our partners:



British Embassy
Bangkok



UK PACT: Partnering for Accelerated Climate Transitions

UK PACT is a £60 million programme running between 2018 and 2022

Mission and vision

- Delivered by **BEIS, the UK's Department for Business, Energy and Industrial Strategy**, through the UK's International Climate Finance (ICF)
- Supporting **achievement of Nationally Determined Contributions (NDCs)** and the long-term goal of the 2015 Paris Agreement to **limit dangerous climate change**
- **Demand-driven**, adjusting key focus areas based on partner countries' needs and sectoral priorities

We will achieve this by:

- Working with partner countries to improve the capacity and capability of key institutions to reduce emissions and foster inclusive economic growth
- Addressing barriers and constraints to clean growth
- Pursuing opportunities for greater climate ambition

Closing the gap on sustainable finance and enabling green recovery through capacity-building in CDP's TCFD-aligned disclosures and the GRI standards

This will be done through:

▼ Workshops

▼ Beginner: [D1](#) & [D2](#)

▼ Advanced 1: [D1](#) & [D2](#)

▼ Capital markets

▼ Published materials (the presentation deck and video clips of the workshops)

▼ Follow-up engagements: *to be confirmed*

Opening Remarks



Ms. Nareerat Santhayati

**Vice President, Head of Sustainable Development Department 1
The Stock Exchange of Thailand**

Opening Remarks



Mr. Andrew Beirne

Economic and Prosperity Counsellor & UK permanent representative to UNESCAP
British Embassy Bangkok

Integrating ESG Risk Analysis and Management (ESRM) into impact measurement and sustainability reporting

- **Lany Harijanti, GRI:**

Connecting the dot: From Impact Measurement, Reporting Frameworks, and Risk Analysis (10')

- **Dr. Patrick Martin, PhD, UN ESCAP (United Nations The Economic and Social Commission for Asia and the Pacific)**

Global Policy Landscape of Sustainability Risk – low carbon economy, carbon tax, sustainable finance (15')



Dr. Patrick Martin PhD
Climate Finance Specialist
UN ESCAP

Deep Dive into ESG Risk Analysis and Management

- **Constant Van Aerschot, WBCSD (World Business Council for Sustainable Development)**

What and Why Enterprise Sustainability (ESG) Risk Management, and tool: Integrating ESG into Enterprise Risk Management (20')



Constant Van Aerschot
Director
WBCSD Asia Pacific

- **Thitachai Apipongcharoen, Deloitte:**

Principles for ESG Risk Analysis and Management, and practical step by step E(S)RM (20')



Thitachai Apipongcharoen (Mac)
Risk Advisory - Climate & Sustainability
Deloitte

- **Q & A (15')**

Fireside Chat (15 minutes)

Q&A

Fireside Chat (20')

Dr. Wichai Narongwanich, FSVP- Kasikornbank



About GRI

www.globalreporting.org

Our impact

73%



of the **largest 250 companies** in the world reporting on sustainability use GRI.

Around 450 organizations from **68 countries** active in the GRI Community



More than 100 training partners across **57 countries** offer GRI Certified Training Courses



Two in Indonesia
13 across **ASEAN**

186,000



unique downloads of the GRI Standards in 2019, a **44% increase** on previous year
Asia downloads increased 41% from 2018

168



policies in **67 countries** and regions reference or require the GRI Standards
SG, Malaysia, Indonesia, Philippines and Thailand all require sustainability disclosure



Recap of the Beginner and Advanced Webinar

Beginner

Introduction – What Business Can Do for SDGs

- Conceptual Thinking, International and National Framework of Sustainability

Mapping the Intersections of Sustainability & SDGs

- Reporting Tools (TCFD, GRI Standards, and SDGs), and Gender Lens for Diversity & Inclusion

Advanced 1

Sustainability & SDGs Impact Measurement

- Measuring & Aligning Impacts in SDGs and Corporate's KPIs: Concepts, Tools, and Examples

Deep-Dive into Diversity, Inclusion, and Climate Impact Reporting

- The why's , strategies and examples, and aligning key performance, GRI standards, and SDGs

Poll 1

Mainstreaming Enterprise Risk Management (multiple choice)

- My company has a Chief Risk Officer
- My company has a Risk Management Team
- My company has done an ERM (Enterprise Risk Management)
- My company has done an ESG risk analysis
- I don't know
- None of the above



Connecting the Dots: From Impact Measurement, Reporting Frameworks, and Risk Analysis



Lany Harijanti

Regional Program Manager ASEAN

Sustainable Development/ SDGs



ESG & Sustainability Reporting

Pathways to alignment

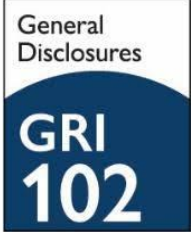


[Business-reporting-on-sdgs](#)



[Mapping SDGs-GRI](#)

International Standards



- Organisational Profile
- **Strategy**
- **Ethics & Integrity**
- **Governance**
- Stakeholder Engagement
- Reporting Practices

- TCFD**
- Governance
 - Strategy
 - Risk Management



- Financial Implications of Climate Risks



- TCFD**
- Target and Metrics**

SDGs Tagging

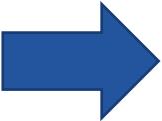


For beginners:
Start with choosing relevant goals and targets for each materiality

Please see SDGs:

Social:
SDG 1, 2, 3, 4, 5, 8, 10, 16

Environment:
SDG 6, 7, 9, 11, 12, 13, 14, 15



Align those issues with SDGs indicators

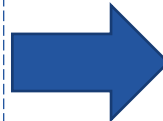
gender lens



Visibility through Data segregation of Gender/ Minority Groups
Segregate data based on gender/ minority status (if relevant)

Best Practices: Integration of Gender/ Minority Groups
Highlight some strategies/ practices to ensure protection of women and minority groups at workplace.

- Contributions to SMEs**
- Measure financial supports to SMEs
 - Segregate data of business size and women-led SMEs
 - Highlight some strategies/ practices to increase contributions to SMEs



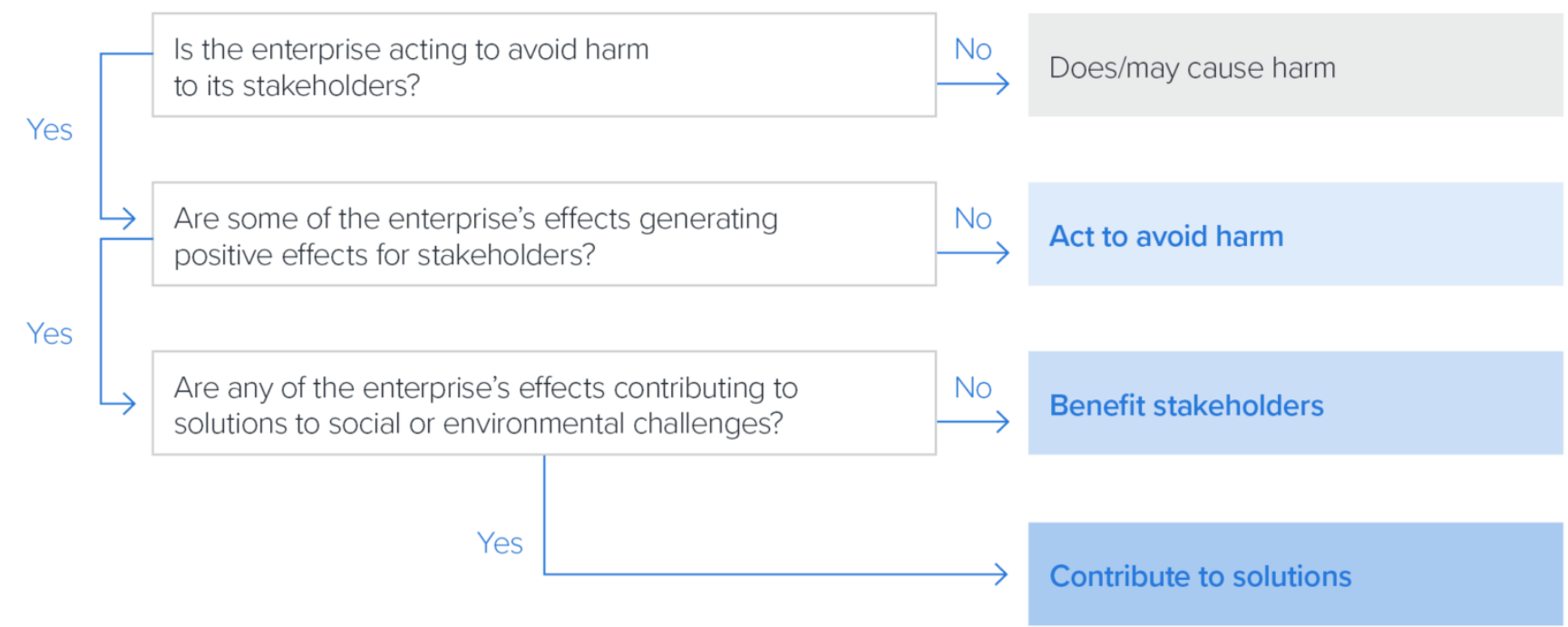
SDGs Action Plan



- Impact is a change in an outcome caused by an organisation.
- An impact can be positive or negative, intended or unintended.
 - [IMP - impact-management-norms](#)

Principles of Impact Measurement

How to classify an enterprise's total impact



Five Dimensions of Impact

The IMP reached global consensus that impact can be measured across five dimensions: What, Who, How Much, Contribution and Risk

Principles of Impact Measurement

Impact dimension

Impact questions each dimension seeks to answer



What

- What outcome occurs in the period?
- How important are the outcomes to the people (or planet) experiencing them?



Who

- Who experiences the outcome?
- How underserved are the affected stakeholders in relation to the outcome?



How Much

- How much of the outcome occurs - across scale, depth and duration?



Contribution

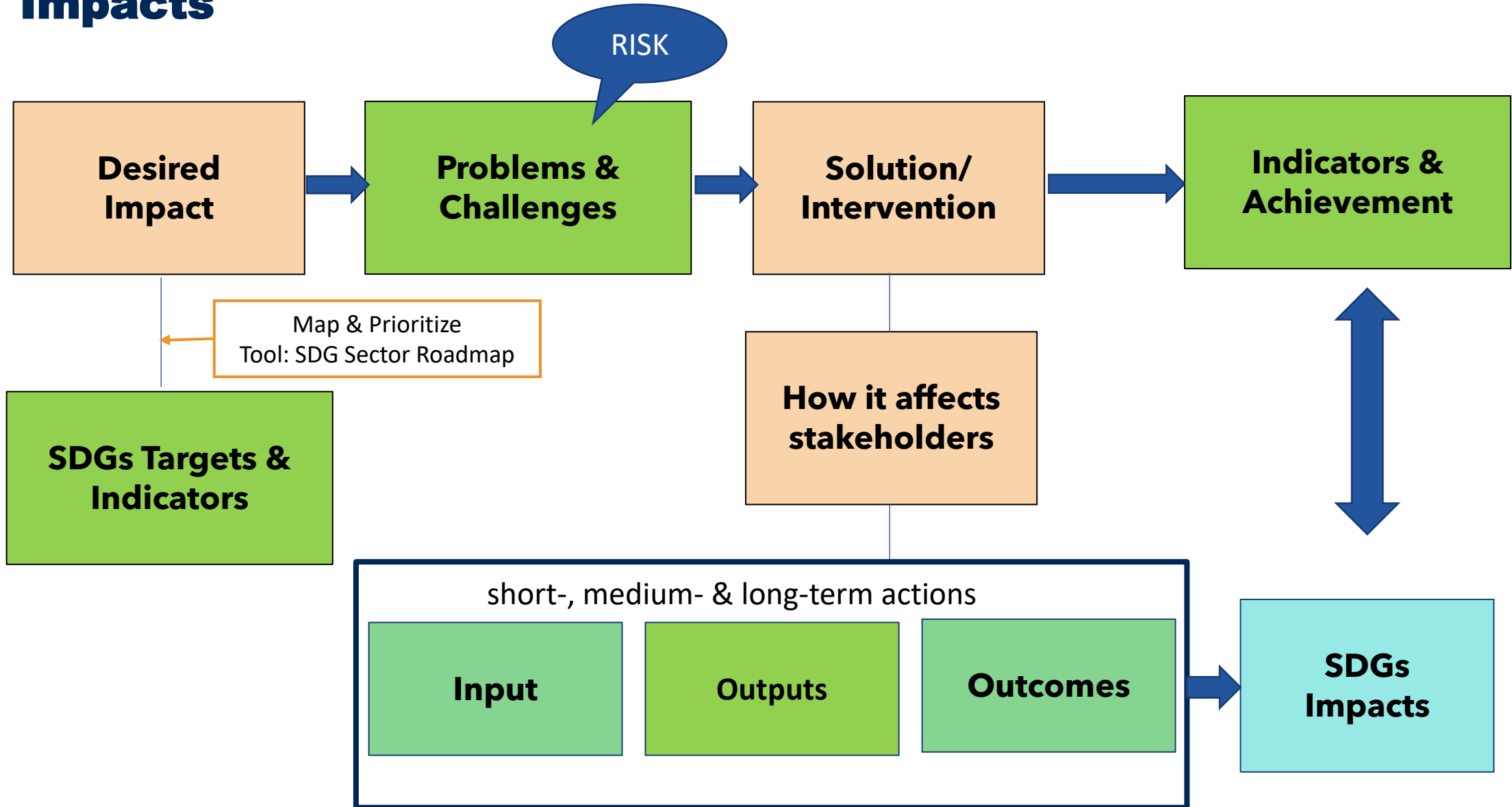
- Would this change likely have happened anyway?



Risk

- What is the risk to people and planet that impact does not occur as expected?

Alignment of Sustainability, SDGs, and Corporate KPI & Impacts





"Risk is core to the question of sustainability. Sustainability to me is that you are able to cope with the changing environment,"

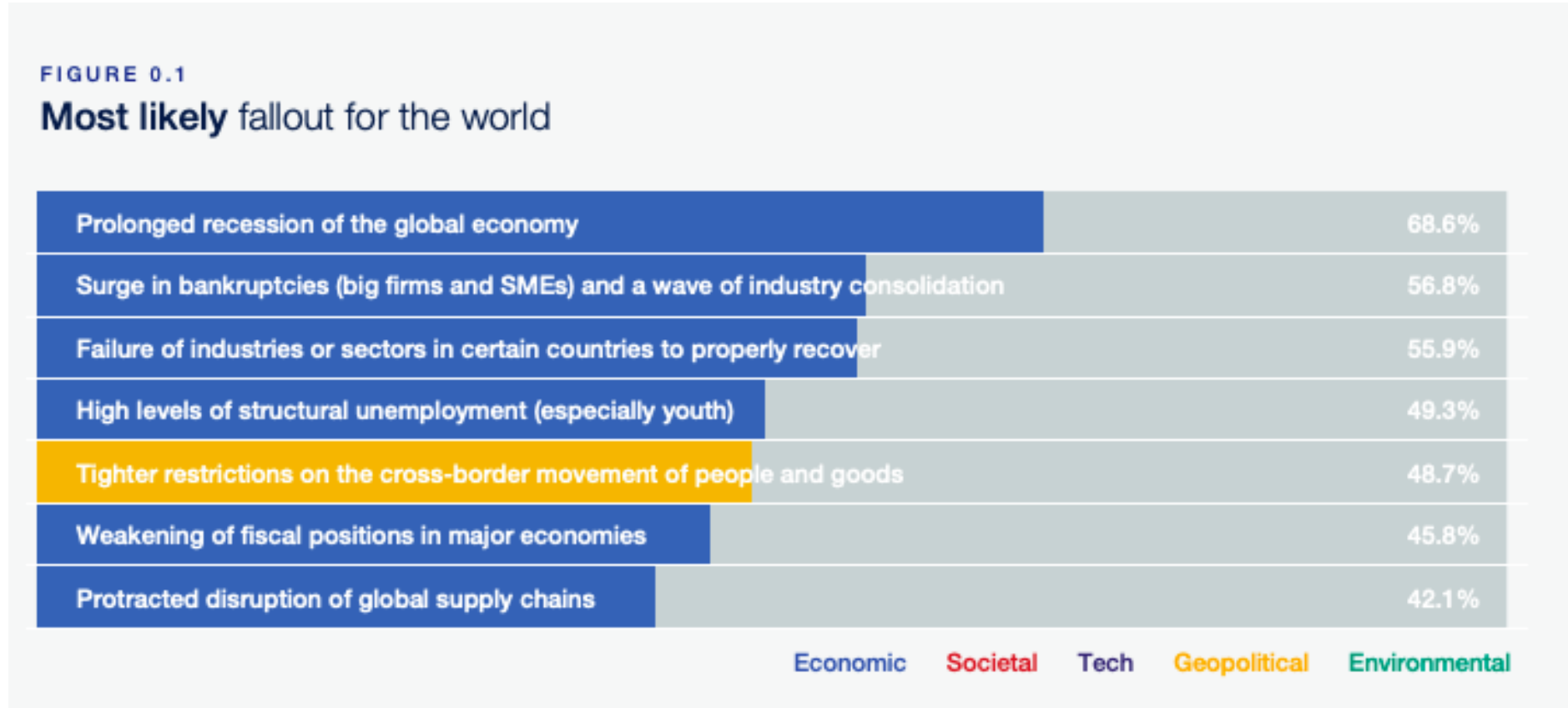
said Peter Giger, Group Chief Risk Officer at Zurich Insurance Group.

Delivered on the Risk Reset session during the [Sustainable Development Impact Summit 2020](#).

[How does managing risks help drive sustainability? | World Economic Forum \(weforum.org\)](#)

The fallout from the pandemic creates new risks

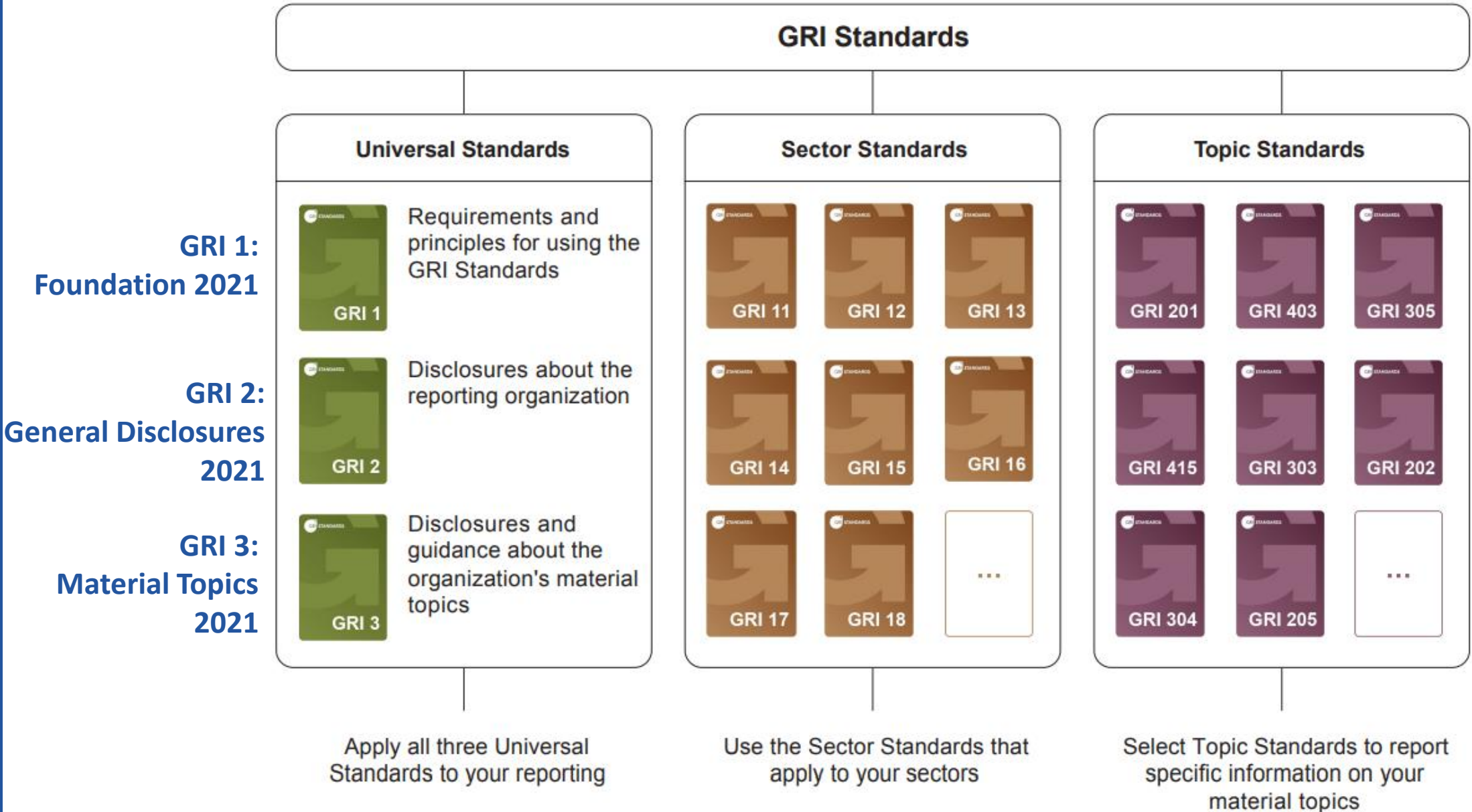
World Economic Forum's COVID-19 Risks Outlook,



The impact of the pandemic has created new risks in many different areas, including the economy, society and the environment.

- **ESG-related risks** are the **environmental**, **social** and **governance-related risks and/or opportunities** that may impact an entity. [COSO-WBCSD-ESGERM-Guidance-Full.pdf](#)
- **Sustainability risk** refers to the uncertainty in being able to sustain the growth of a given system (a corporation, household, community or economy) because certain practices may have negative externalities which result in the dilapidation of value chain of the system over a period of time or impact other related systems. [EnvEcoLogic](#)

The GRI Standards



The GRI Sustainability Reporting Standards



Topic-Specific Standards (34 → 31)



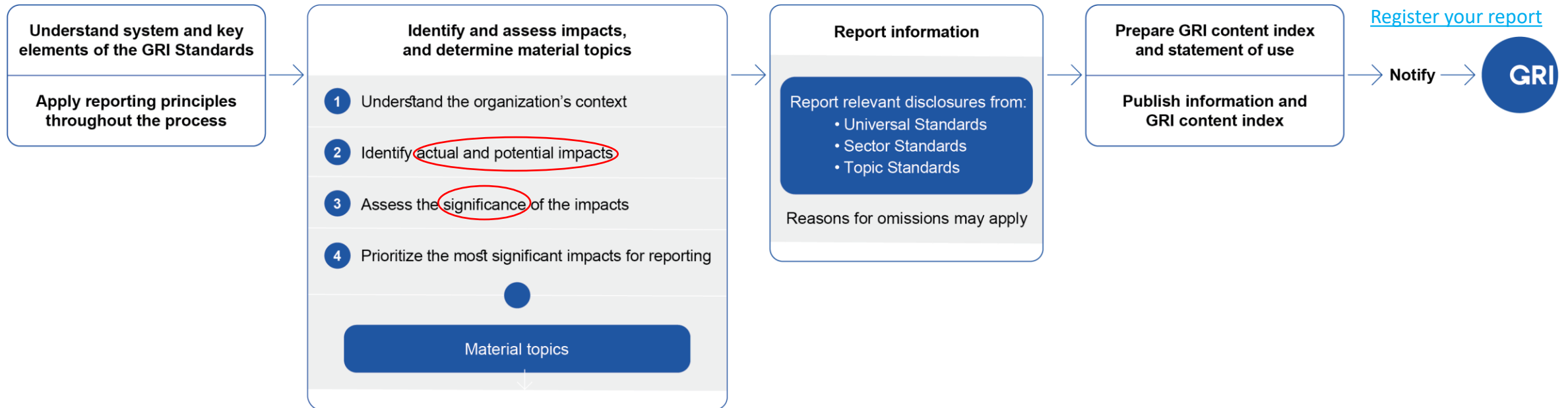
- 201 Economic Performance
- 202 Market Presence
- 203 Indirect Economic Impacts
- 204 Procurement Practices
- 205 Anti-corruption
- 206 Anti-competitive Behavior
- 207 Tax**

- 301 Materials
- 302 Energy
- 303 Water and Effluents**
- 304 Biodiversity
- 305 Emissions
- 306 Waste**
- 308 Supplier Environmental Assessment

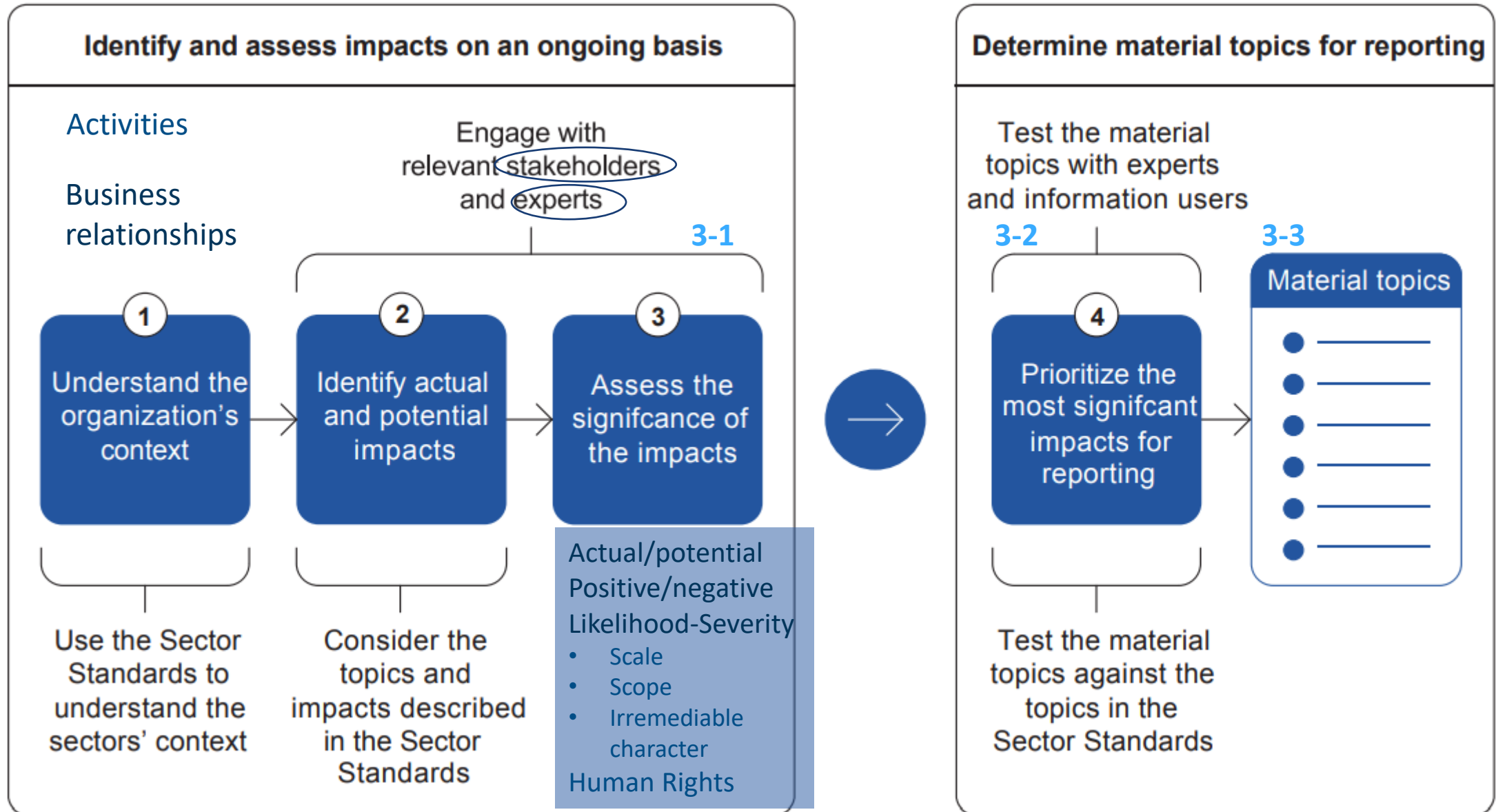
- 401 Employment
- 402 Labor/Management Relations
- 403 Occupational Health and Safety**
- 404 Training and Education
- 405 Diversity and Equal Opportunity
- 406 Non-discrimination
- 407 Freedom of Association and Collective Bargaining
- 408 Child Labor
- 409 Forced or Compulsory Labor

- 410 Security Practices
- 411 Rights of Indigenous Peoples
- 413 Local Communities
- 414 Supplier Social Assessment
- 415 Public Policy
- 416 Customer Health and Safety
- 417 Marketing and Labeling
- 418 Customer Privacy

Reporting using the GRI Standards



GRI 3: Material Topics 2021



GRI 3: Material Topics 2021

Disclosure 3-1 Process to determine material topics

REQUIREMENTS: The organization shall:

- a. describe the process it has followed to determine its material topics, including:
 - i. how it has identified **actual** and **potential, negative** and **positive impacts** on the **economy, environment**, and **people**, including impacts on their **human rights**, across its **activities** and **business relationships**;
 - ii. how it has prioritized the impacts for reporting based on their significance;
- b. specify the **stakeholders** and **experts** whose views have informed the process of determining its material topics. .

Disclosure 3-2 List of material topics

REQUIREMENTS: The organization shall:

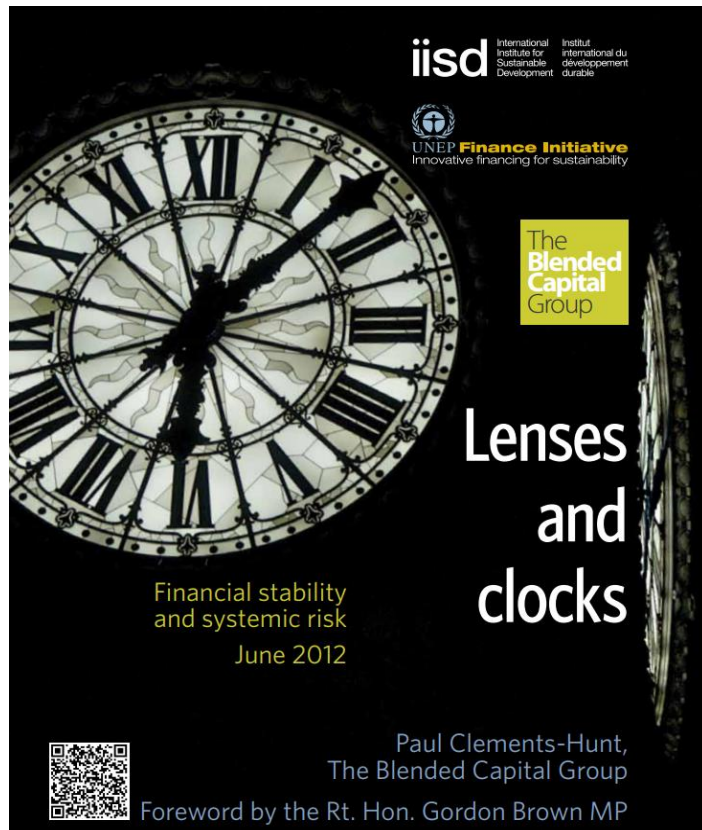
- a. list its material topics;
- b. report changes to the list of material topics compared to the previous reporting period.

Disclosure 3-3 Management of material topics



REQUIREMENTS For **each material topic** reported under Disclosure 3-2, the organization shall:

- a. describe the **actual** and **potential**, **negative** and **positive impacts** on the **economy**, **environment**, and **people**, including impacts on their **human rights**;
- b. report whether the organization is involved with the **negative** impacts through its **activities** or as a result of its **business relationships**, and describe the activities or business relationships;
- c. describe its **policies** or commitments regarding the material topic;
- d. describe **actions** taken to manage the topic and related impacts, including:
 - i. actions to prevent or mitigate potential negative impacts;
 - ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;
 - iii. actions to manage actual and potential positive impacts;
- e. report the following information about tracking the **effectiveness** of the actions taken:
 - i. processes used to **track** the effectiveness of the actions;
 - ii. **goals, targets, and indicators** used to evaluate progress;
 - iii. the effectiveness of the actions, including **progress** toward the goals and targets;
 - iv. **lessons learned** and how these have been **incorporated** into the organization's operational policies and procedures;
- f. describe how engagement with **stakeholders** has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e)



Our need to understand the full range of systemic risks, whether the risks of greater financial and economic volatility or the “creeping risks” associated with income inequality, global warming, resource depletion and ecosystems destruction, sits at the heart of our collective challenges during the course of this century.

Understanding these threats will also inform the choices we make to benefit from the opportunities ahead of us and, in doing so, improve life for billions of our fellow human beings, rebuild the planet’s natural capital and foster markets based on fairness and equality.

Rt. Hon. Gordon Brown MP, foreword for the 2012 Report [Lenses and Clocks \(unepfi.org\)](http://unepfi.org)



Low Carbon Economy: Policy and Transition Risks

- Global & ASEAN Trend on Low Carbon Economy, Carbon Tax and Sustainable Finance
- What are the policy and transition risks due to those global policy landscape on sustainability

Dr. Patrick Martin PhD

Climate Finance Specialist

Macroeconomic Policy and Financing for Development Division

UN ESCAP

2nd Advanced Workshop: ESG Risk Analysis and Management
18 October 2021

Low Carbon Economy: Policy and Transition Risks

Dr. Patrick Martin PhD

**Climate Finance Specialist, Macroeconomic Policy and Financing for
Development Division, UN ESCAP.**

Climate Change

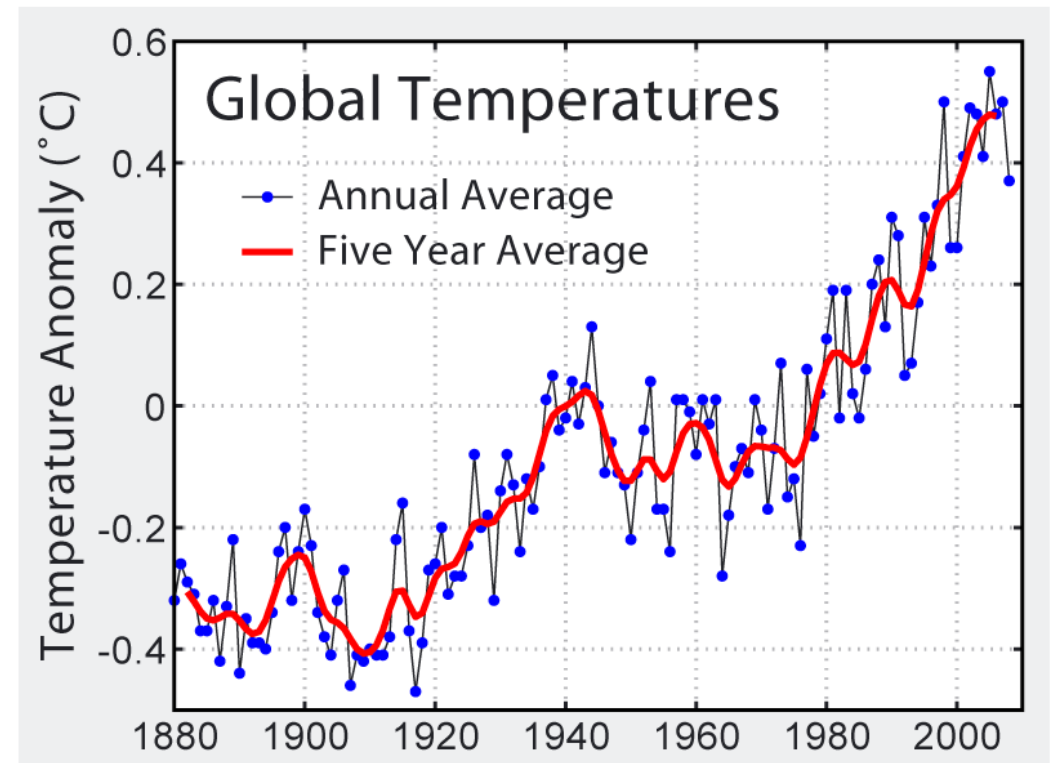
IPCC Special Report Global Warming of 1.5 °C

- Human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels, with a likely range of 0.8°C to 1.2°C.
- Global warming is likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate.

UN Climate Change Executive Secretary Patricia Espinosa

- ‘climate change is the biggest threat facing humanity’

Global temperatures since 1880



Impacts of Climate Change

IPCC Special Report Global Warming of 1.5 °C

- Greater frequency of extreme weather events
- Human mortality
- Widespread loss of biodiversity
- Decreasing global agricultural productivity
- Widespread food shortages

Climate change presents daunting challenges for all countries globally, but its adverse effects are proving particularly severe for countries in Asia and the Pacific.



Sustainable Development Goals – Climate Action

- Climate change is a fundamental threat to development
- Significant reductions in GHGs are needed to avert climate crisis.
- UNFCCC Paris Agreement
 - Limit global temperature increases to well below 2°C and ideally to 1.5°C above pre-industrial levels by the end of the century
- Even before pandemic the region was not on track to meet SDG’s
- Yet opportunities exist to incorporate sustainable climate action into the COVID-19 recovery efforts.



Economic Effects of Climate Change

Stern Review on the Economics of Climate Change

2006

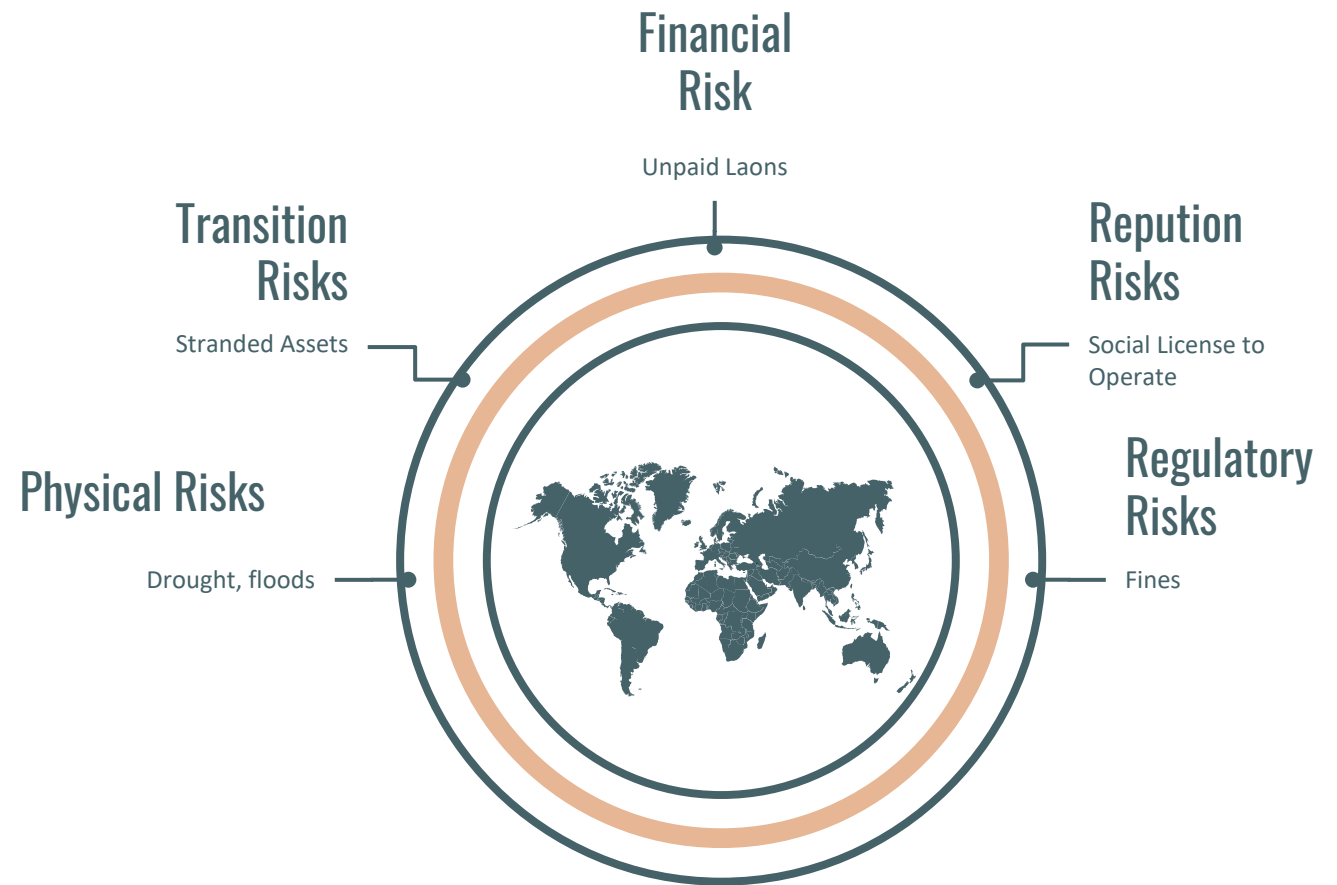
- ‘climate change is the greatest and widest-ranging market failure ever seen, presenting unique challenges for economics’

A late and sudden transition could destabilize the global financial system



Climate Change Risks

- **Physical Risks**
 - Destruction of property
- **Transition Risks**
 - Stranded Assets, write downs of asset values
- **Financial Risks**
 - Loss of business, unpaid loans
- **Regulatory Risks**
 - Fines for not complying with environmental laws
- **Reputational Risks**
 - Loss of sales due to the poor public perception of the company

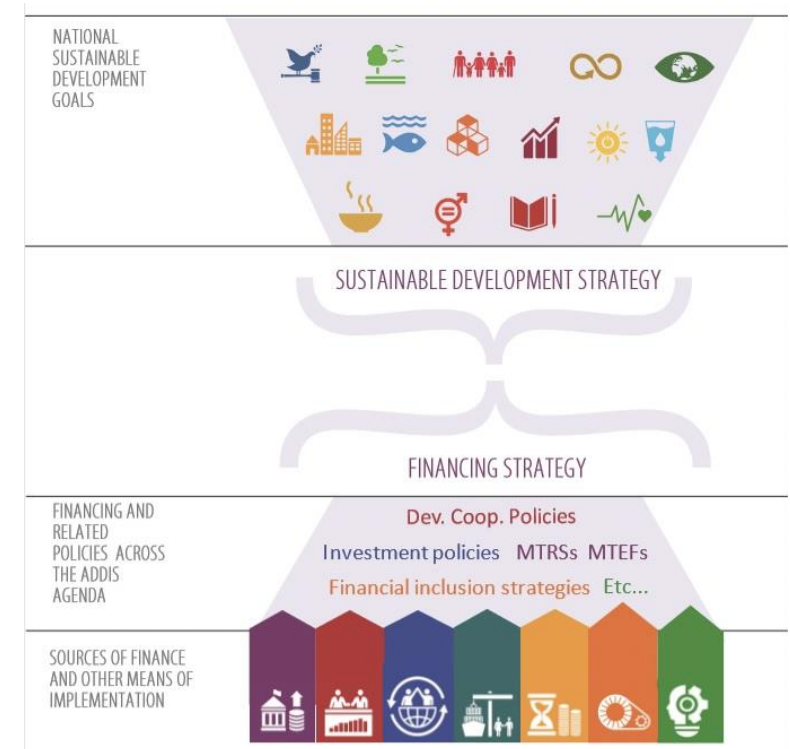


Climate Change Risks

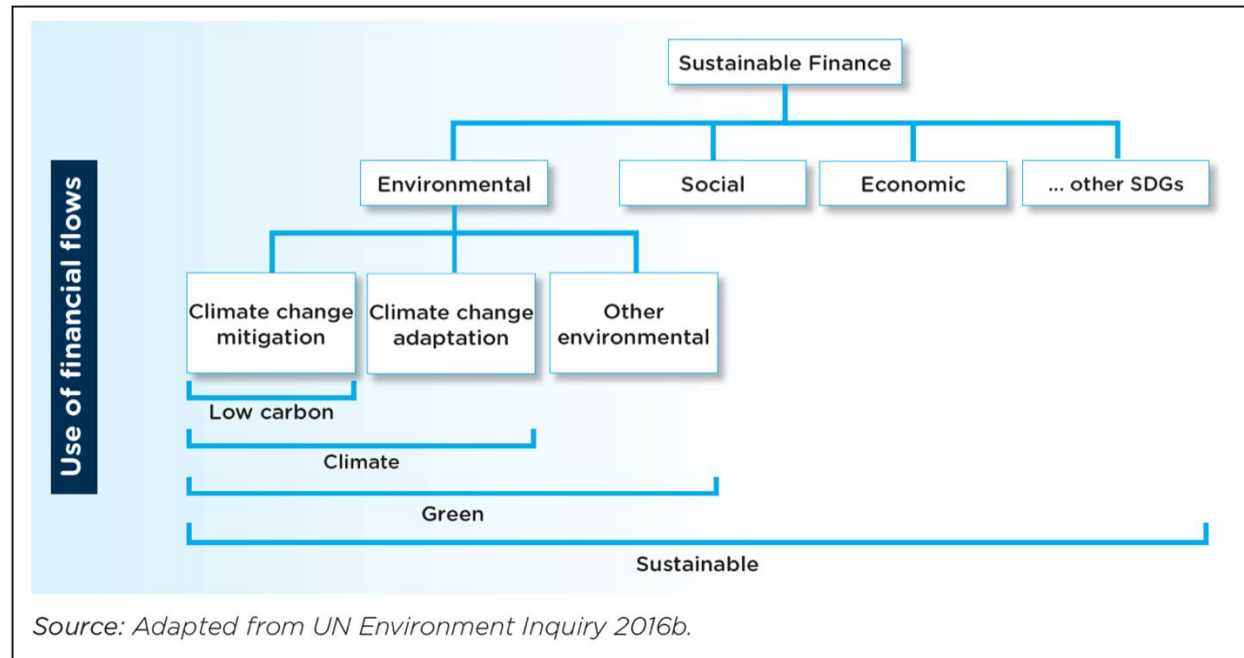
- A business could be directly impacted as a result of weather events or widespread environmental changes (Physical risks).
- In some situations, indirect risks can be more material than direct risks and can have significant consequences for the business.
- For example, a company could face significant increases in the cost of production if it were required by new environmental regulations to install clean technology (Transition risks).
- Anticipating and dealing with these risks should be an integral part of business strategies.
- Factors that impact risks:
 - Industry/sector
 - Geographic context
 - Regulatory context
 - Specific issues associated with operations

Climate Change and Sustainable Finance

- The sheer scale of the funds need to address climate change means that public finance alone will not meet the level of investment necessary.
- As such the private sector is vital to reaching the investment levels required to create low-carbon and climate-resilient communities



Climate Change and Sustainable Finance



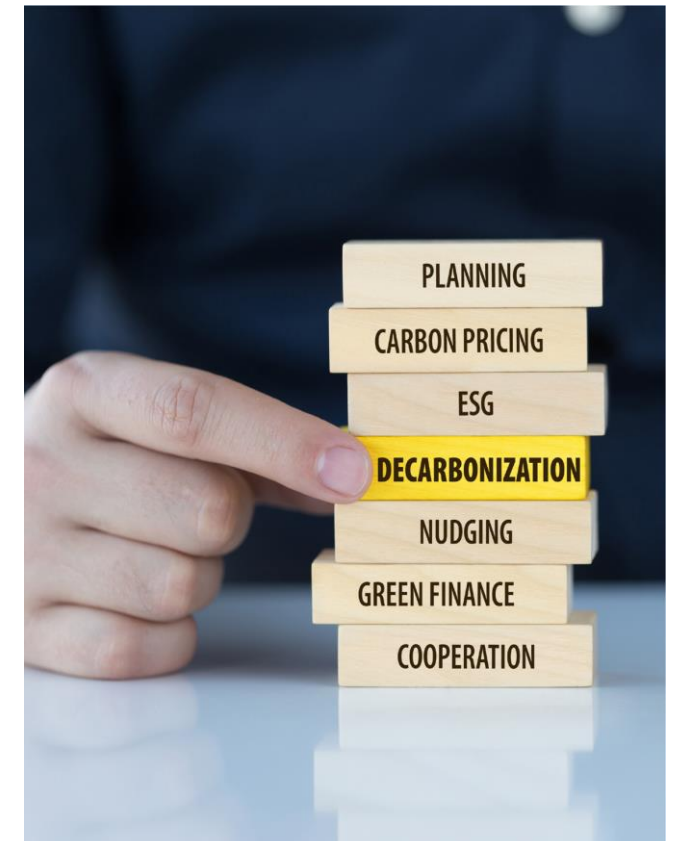
Climate Change Opportunities

- **UN Special Envoy on Climate Action and former Governor of the Bank of England, Mark Carney** - ‘to identify the largest opportunities and to manage the associated risks, disclosures of climate risk must become comprehensive, climate risk management must be transformed, and investing for a net-zero world must go mainstream.’
- **Larry Fink Blackrock** – ‘We also believe that climate transition creates a historic investment opportunity”



Climate Change Policy and Low Carbon Economy

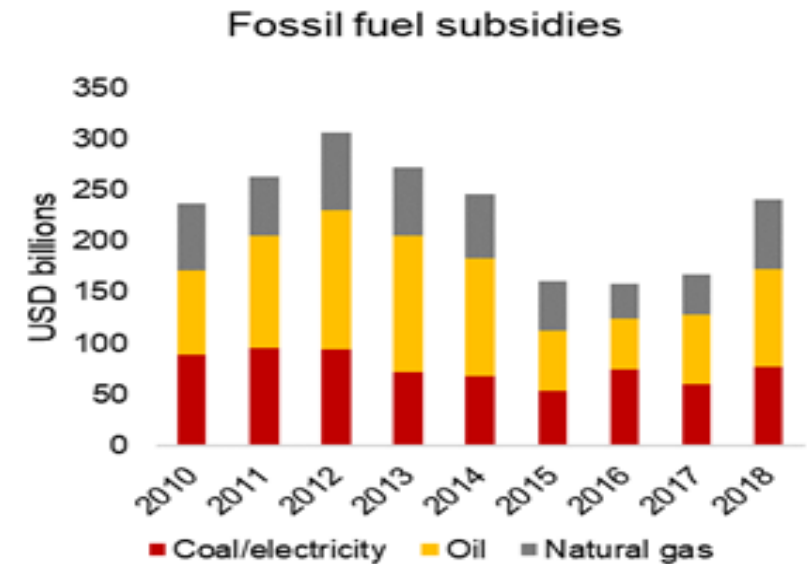
- Transition to a low-carbon economy is essential to reduce the risks from climate change.
- Anticipating and mitigating risks is crucial to ensuring a smooth and successful transition.
- A strong focus on transition risks is integral to ensuring that climate policies succeed.
- Despite current economic weaknesses, policymakers should not slow the transition to sustainable and low-carbon development actions



Source: UN ESCAP Economic And Social Survey Of Asia And The Pacific 2020, Towards Sustainable Economies

Policies to Address Climate Change

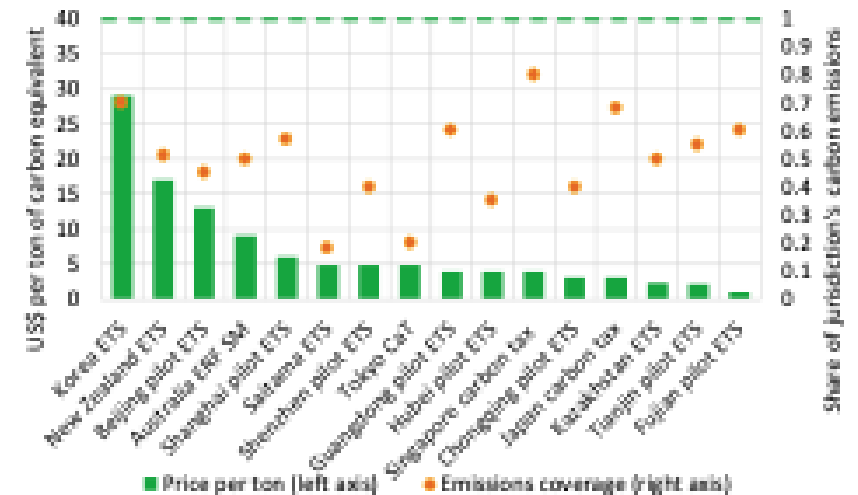
- Eliminate fossil fuel subsidies in order to reduce their consumption
- Fossil fuel subsidies that amount to \$240 billion a year
- Increase investment in renewables
- Fund a transition that is just - uneven impact due to structural shift
- Mitigate climate risks through climate-resilient infrastructure



Source: ESCAP, Economic and Social Survey of Asia and the Pacific 2020: Towards sustainable economies. Sales No. E.20.II.F.16.

Carbon Pricing

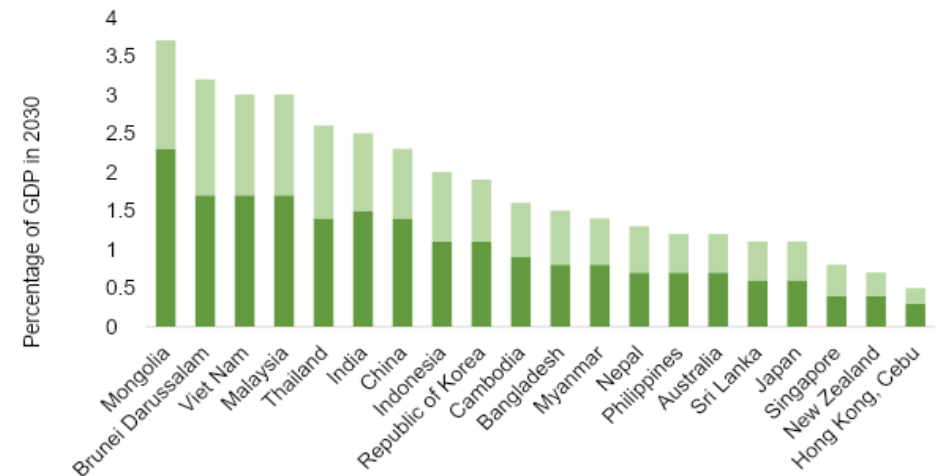
- A carbon price provides a powerful economic signal to carbon emitters to either reduce emissions or continue emitting and pay for the carbon produced.
- Imposing a price on carbon sends a financial message to investors that low-carbon investments have value.
- Carbon pricing instruments can be a powerful component of post COVID-19 recovery packages.



Source: Based on data from World Bank, ICAP, IETA and national sources.
 Note: ETS = emission trading system; CaT = cap-and-trade; ERF SM = Emissions Reduction Fund Safeguard Mechanism.

Carbon Tax

- ESCAP's Economic and Social Survey 2020 highlights that phasing out fossil fuels and introducing carbon pricing could open up significant fiscal space as well as address air pollution and climate change.
- Figure illustrates the potential revenues as percentage of GDP in 2030, based on a carbon price of \$35 per ton (dark green) and based on \$70 per ton (light green).



Source: ESCAP, Economic and Social Survey of Asia and the Pacific 2020.

EU Green Deal

European Green Deal and EU's intention to steer both private and public capital towards a sustainable economy.

Establishing a common language on what is “sustainable”

Conditions to be “green” under the EU Taxonomy

1. “Substantial contribution” to one or more of the environmental objective(s)
2. “Do No Significant Harm” to other environmental objectives
3. Compliance with the Minimum Safeguards
4. Compliance with the Technical Screening Criteria



CLIMATE CHANGE
MITIGATION



CLIMATE CHANGE
ADAPTATION



POLLUTION
PREVENTION



CIRCULAR
ECONOMY



SUSTAINABLE USE OF WATER AND
MARINE RESOURCES



HEALTHY
ECOSYSTEM

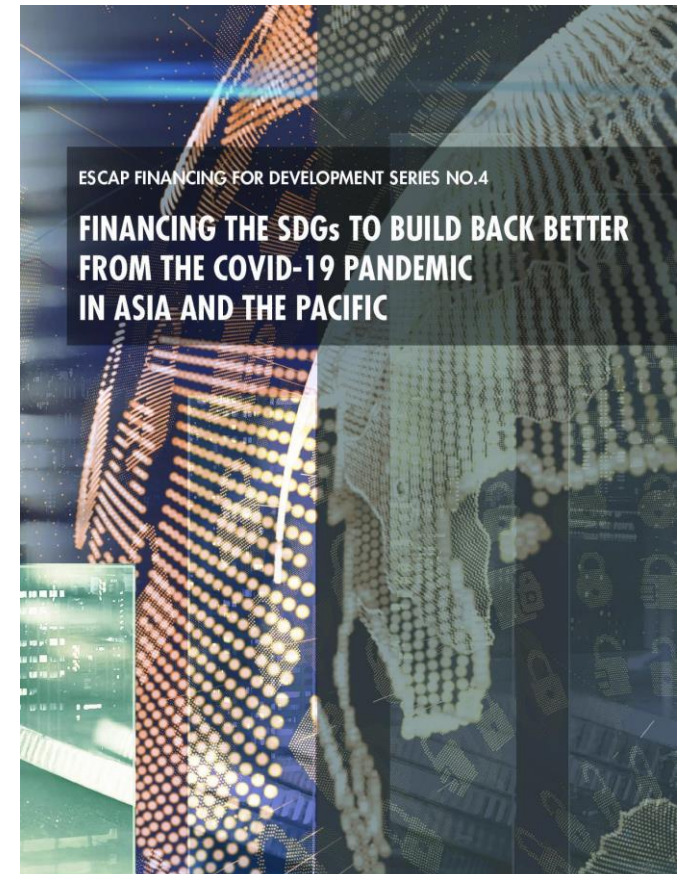
EU Carbon Border Adjustment Mechanism

- CBAM is a tariff mechanism intended to reduce carbon leakage and protect domestic industry from foreign competition in countries with weaker or no carbon pricing.
- CBAM proposal covers imported goods from energy-intensive sectors
 - Cement
 - Electricity
 - Fertilizer
 - Iron
 - Steel
 - Aluminum
- Initial three-year transitional or pilot phase is proposed to start in 2023
- Proposed commencement date 1 January 2026.

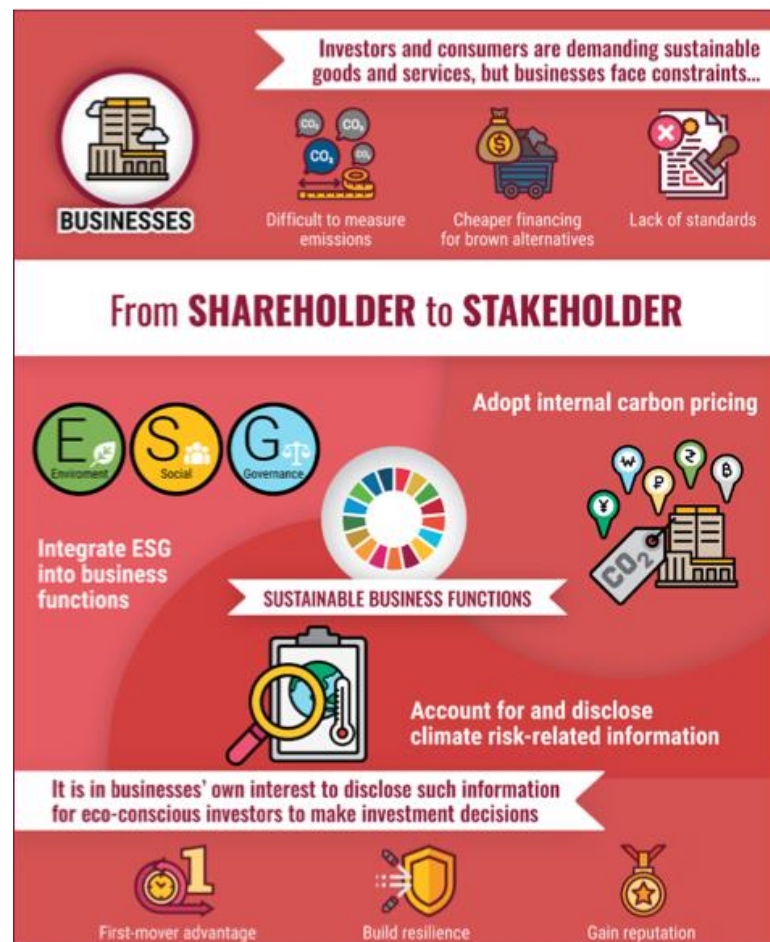
Regional Policy Environment to Finance Climate Action

Key policy areas:

- Green Taxonomy
- Carbon Pricing
- Climate-related Sector Policies
- Green Capital Market Development
- Climate Risk Disclosure and Reporting



Moving Forward



THANK YOU

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ESCAP



MOVING FORWARD TOGETHER



Deep Dive into ESG Risk Analysis and Management

- The what and why
- Principles and Strategies in Sustainability Risk Management
- [Integrating ESG into Enterprise Risk Management](#)

Constant Van Aerschot

Director, WBCSD Asia Pacific



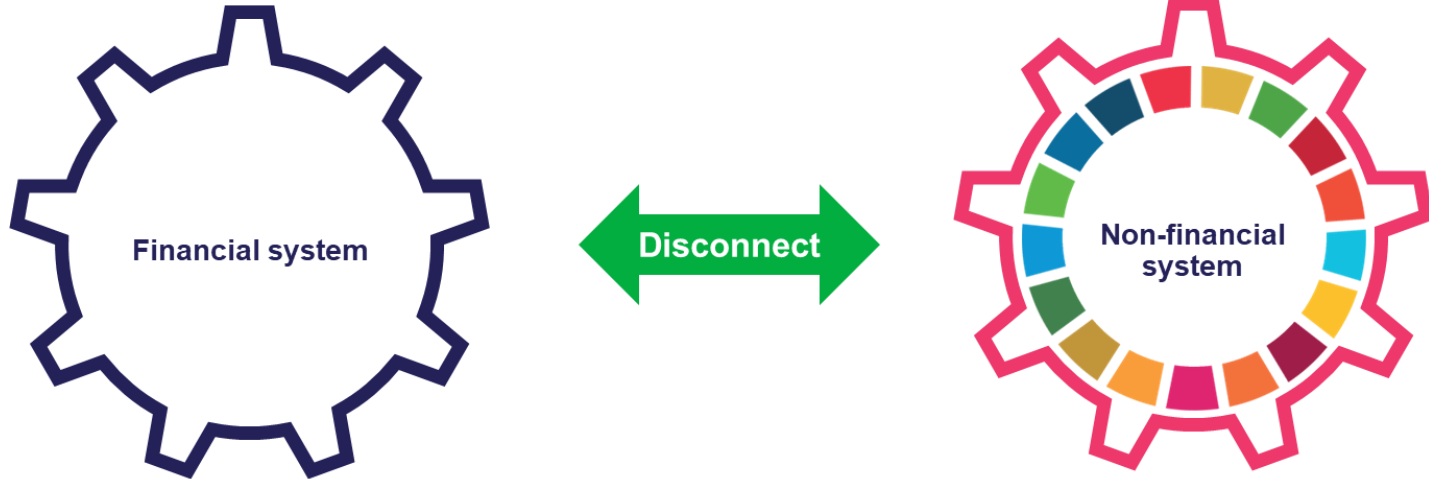
Building resilience by applying risk management to ESG-related risks

**World Business Council
for Sustainable Development**
Constant VAN AERSCHOT
Director Asia Pacific

18 October 2021

Context

Financial and non-financial systems serve different purposes, are influenced by different stakeholders and are misaligned, creating a disconnect.



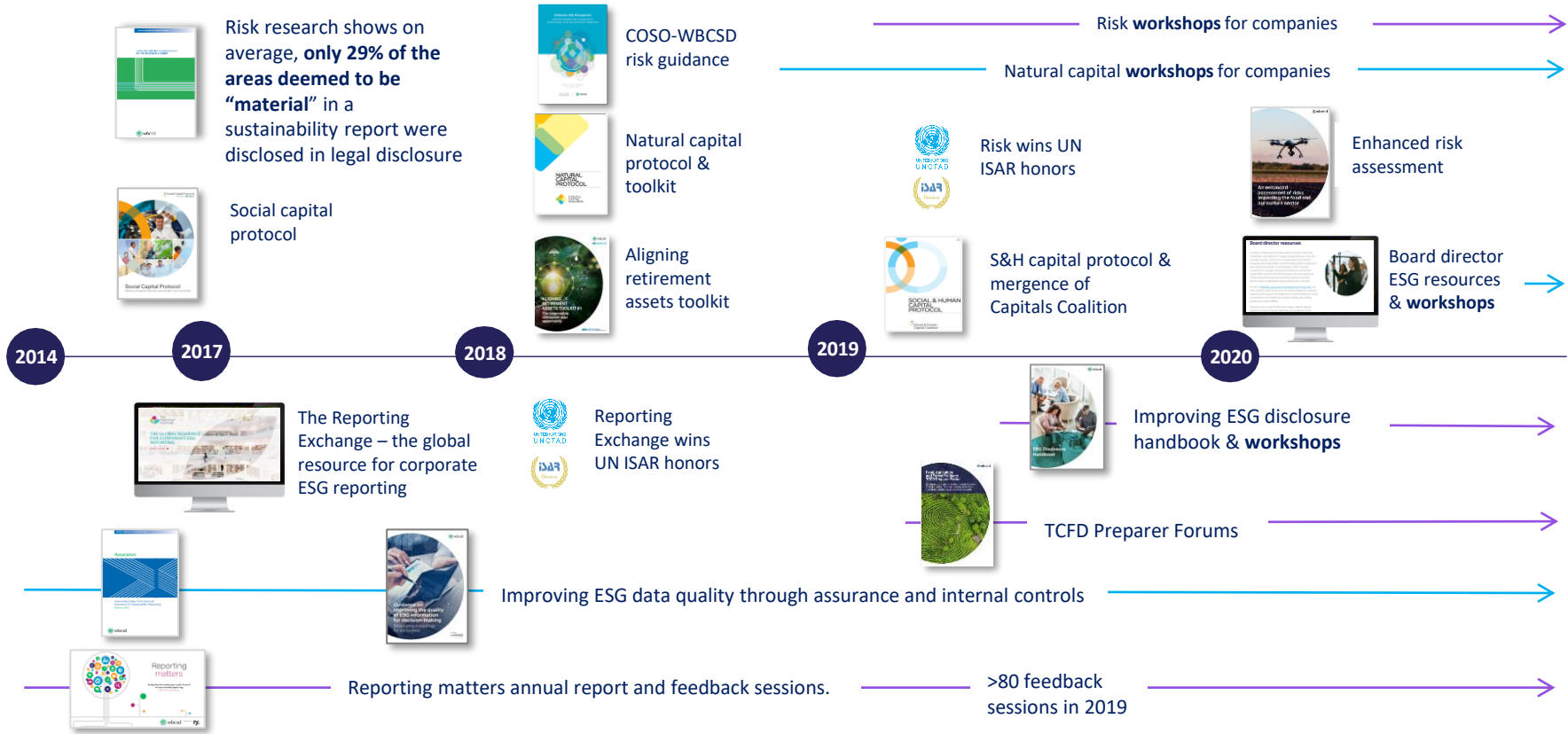
Efficiently allocates financial capital but does not focus on equity, fairness or other capitals

Recognizes other capitals and goals of sustainability but doesn't integrate into financial system

ESG-Risks and Disclosure

Decision-making

Disclosure



Why should ESG matter to your business?

What is driving focus on ESG risk management?

**Megatrends
and
disruption**

**Disrupting the global risk
landscape and future
growth pathways**

Customers

**Demanding more
sustainable products and
services**

Investors

**Wanting more data on a
company's ESG
performance**

Regulators

**Increasing regulation
around ESG issues**

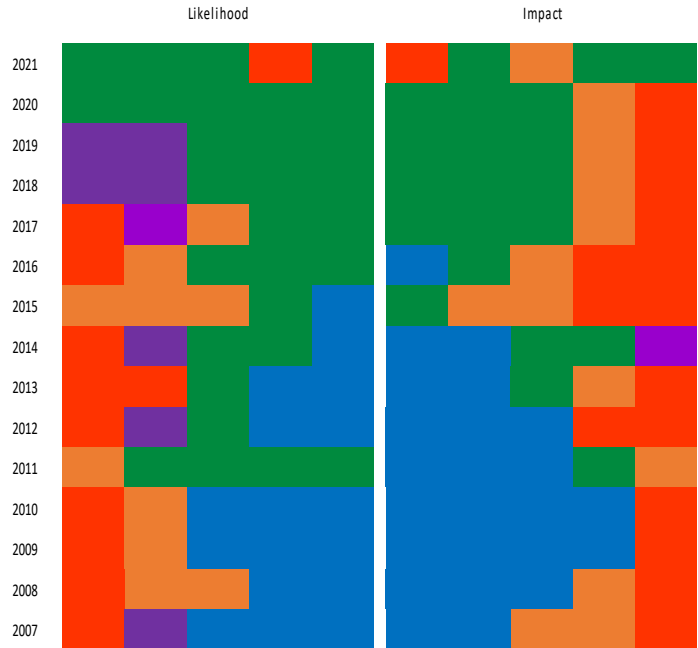
Employees

**Wanting to work for
employers that incorporate
ESG into their purpose**

**NGOs and
Communities**

**Increasing pressure for
radical transparency**

The business context and risk landscape have changed



Top 10 Global Risk – 2020

Likelihood		Impact	
1	Extreme weather	1	Climate action failure
2	Climate action failure	2	Weapons of mass destruction
3	Natural disasters	3	Biodiversity loss
4	Biodiversity loss	4	Extreme weather
5	Human-made environmental disasters	5	Water crises
6	Data fraud or theft	6	Information infrastructure breakdown
7	Cyberattacks	7	Natural disasters
8	Water crises	8	Cyberattacks
9	Global governance failure	9	Human-made environmental disasters
10	Asset bubbles	10	Infectious diseases

Changing business context is challenging risk management

- Focus on supply chain risks
- Human rights, diversity and equality more prevalent
- Geopolitical landscape
- Revised operational models
- Remote working / WFH
- Workplace safety
- Return to work protocols

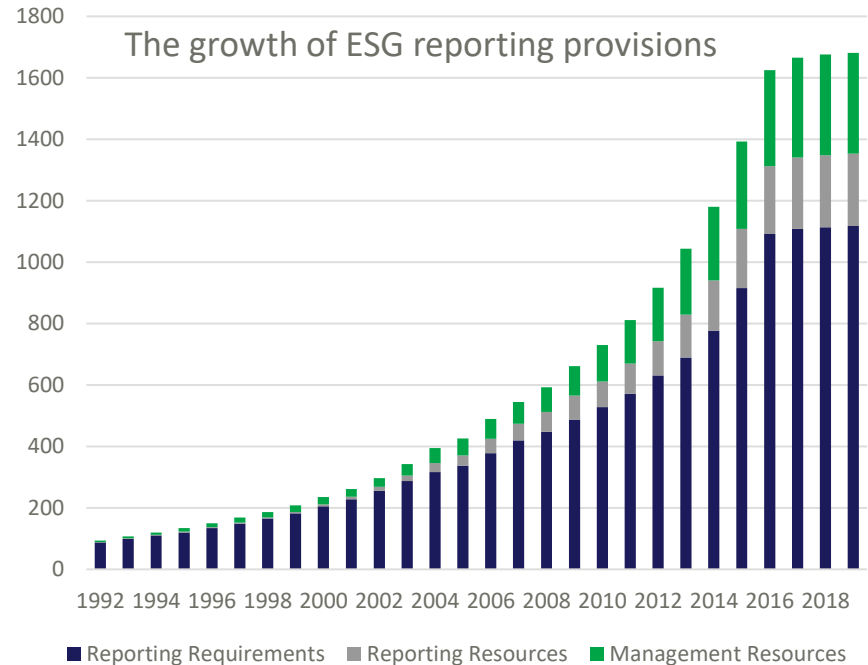


- New risk landscape and profile
- Need for risk assurance
- Revised risk management assessment
- Need for enhanced risk management capabilities
- New demands on data, technology and infrastructure

The evolution of the ESG reporting landscape

The current ESG reporting landscape is not supporting the effective disclosure of ESG issues and the use of that information by investors

- Explosion of mandatory / voluntary reporting provisions
- 2000+ reporting provisions globally, 74% of which have been introduced since 2007
- Complex reporting landscape covering many different topics
- 112 different subjects, 17 SDGs, 70 different sector disclosures
- National and regional variations
- Different audiences – investors, customers, wider stakeholders



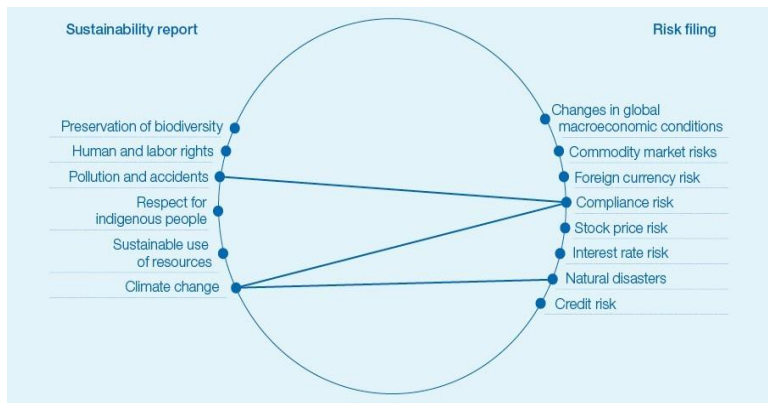
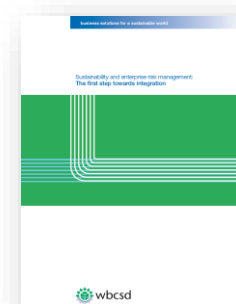
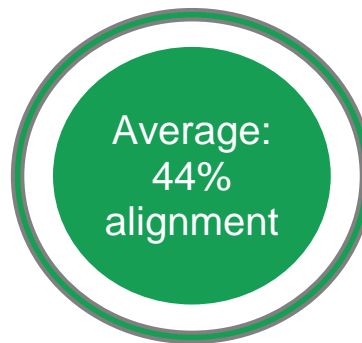
Source: The Reporting Exchange, 2019 – www.reportingexchange.com

Aligning ERM and ESG



Evidence of **limited alignment of ESG and ERM**

WBCSD research revealed **companies struggle to identify ESG-related risks** in annual risk filings despite identifying them as material in sustainability reports



1% of companies were found to have **“full alignment”**

75% of companies were found to have **“some alignment”**

24% of companies were found to have **“no alignment”**

[Link here to Sustainability and enterprise risk management: The first step towards integration](#)

Enterprise Risk Management

Sectoral Findings

Sectors	2019	2018	2017
Personal Care, Drug and Grocery Stores	74 %	50 %	51 %
Construction & Materials	57 %	42 %	51 %
Oil & Gas	56 %	45 %	54 %
Basic Resources	55 %	37 %	46 %
Chemicals	49 %	40 %	54 %
Consumer Products and Services	48 %	27 %	26 %
Technology	48 %	34 %	43 %
Banks	47 %	38 %	45 %
Utilities	47 %	52 %	53 %
Industrial Goods & Services	45 %	38 %	38 %
Health Care	41 %	37 %	45 %
Food, Beverage & Tobacco	37 %	27 %	26 %
Financial Services	35 %	33 %	26 %
Telecommunications	35 %	32 %	44 %
Automobiles & Parts	33 %	29 %	53 %
Retailers	33 %	31 %	37 %

Table 8: Average risk alignment per sector. Green highlight indicates a higher average alignment than the average alignment of the whole sample in the year under analysis.

Material topics

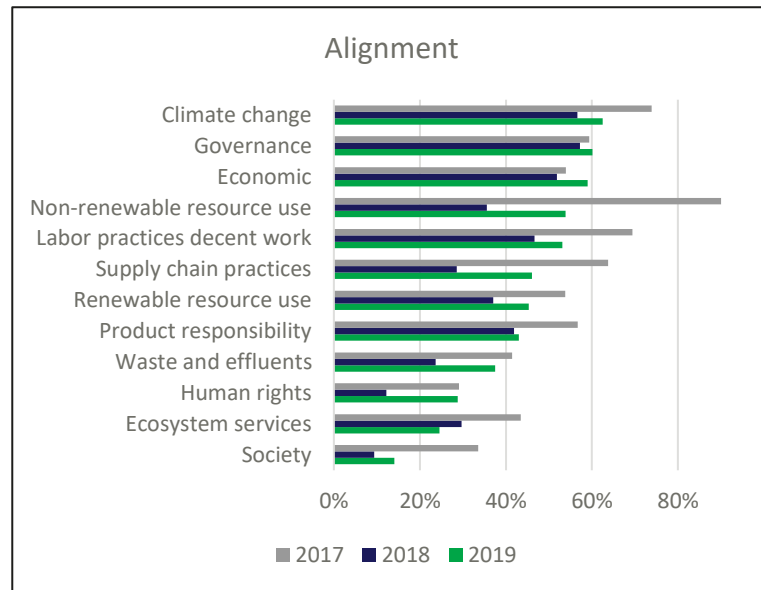
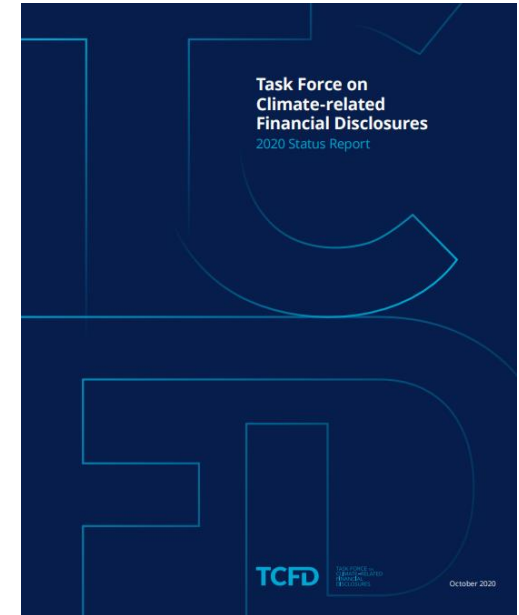
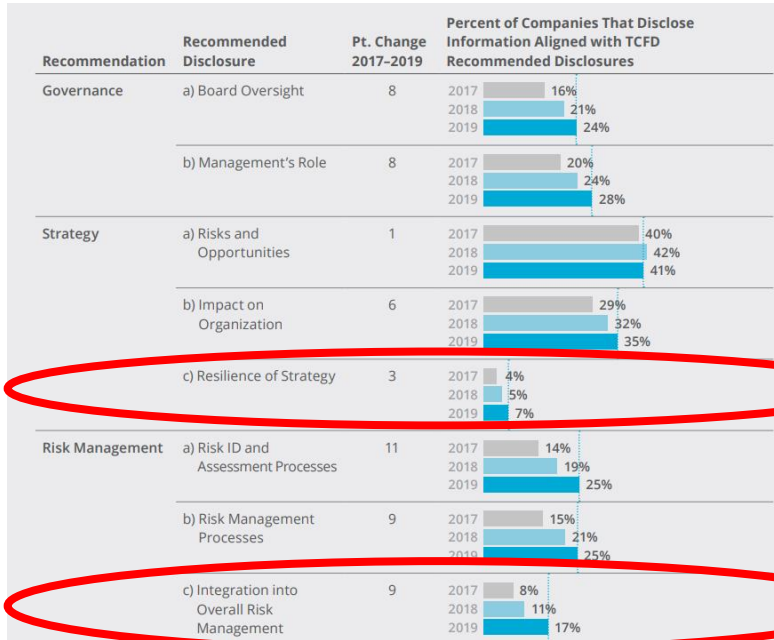


Figure 13: Material topics mentioned in company's sustainability disclosures and risk disclosures.

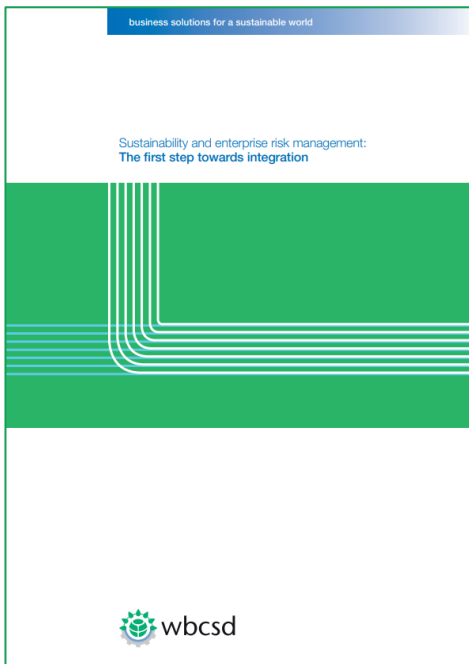
TCFD progress & learnings

Need to improve **quantity and quality** of disclosure support **risk management integration** and the assessment of **strategic resilience**.



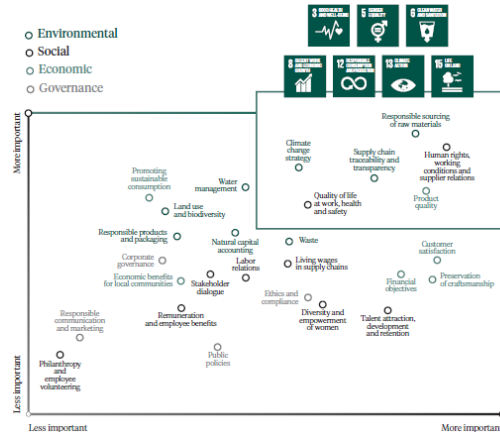
Risk alignment Methodology

Identifying if risk disclosure aligns with identified sustainability material issues



Sustainability and enterprise risk management:
The first step towards integration, 2017

1. Determine material issues
2. Recategorize material issues
3. Identify risk disclosure
4. Determine alignment of risk factors
5. Determine alignment of legal filings



ITEM 1A. RISK FACTORS
 In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially adversely affect our business, financial condition and results of operations. Additional risks and uncertainties not presently in operations and financial condition.

If we pursue strategic acquisitions, alliances, divestitures or joint ventures, we may not be able to successfully consummate favorable transactions or successfully integrate acquired businesses.

From time to time, we may evaluate potential acquisitions, alliances, divestitures or joint ventures that would further our strategic objectives. With respect to acquisitions, we may not be able to identify suitable candidates, consummate a synergies and other benefits as a result of integration challenges, or may not achieve those objectives on a timely basis. Future acquisitions of foreign companies or new foreign ventures would subject us to local laws and regulations and foreign exchange rate changes, government price control, repatriation of profits and liabilities relating to the U.S. Foreign Corrupt Practices Act.

With respect to proposed divestitures of assets or businesses, we may encounter difficulty in finding acquirors or alternative exit strategies on terms that could delay the accomplishment of our strategic objectives or operations acquired or joint ventures created may not be profitable or may not achieve sales levels and profitability that justify the investments made. Our corporate development activities may present financial and businesses, integrating or separating personnel and financial and other systems, and adverse effects on existing business relationships with suppliers and customers. Future acquisitions could also result in potentially dilutive issuances expenses related to certain intangible assets and increased operating expenses, which could adversely affect our results of operations and financial condition.

The divestiture (the "Divestiture") of selected cookie, fruit and fruit-flavored snacks, pie crusts, and ice cream cone businesses, consummated on July 28, 2019 (the "Divested Business") may not achieve some or all of the anticipated risks associated with our continued provision of transition services to the Divested Business.

10

We may not realize the benefits we expect from revenue growth management.

We are utilizing formal revenue growth management practices to help us realize price in a more effective way. This approach addresses price strategy, price-pack architecture, promotion strategy, mix management, and trade strategies. It is not always accepted by our customers, consumers or third party providers causing us not to realize the anticipated benefits. In addition, the complexity of the execution requires a substantial amount of management and operational attention from other business issues and have adverse effects on existing business relationships with suppliers and customers. Any failure to execute revenue growth management in accordance with our plans could adversely affect our results of operations.

Our results may be materially and adversely impacted as a result of increases in the price of raw materials, including agricultural commodities, fuel and labor.

Agricultural commodities, including corn, wheat, rice, potato flakes, vegetable oils, sugar and cocoa, are the principal raw materials used in our products. Cartonboard, corrugated and plastic are the principal packaging materials used by regulation, and/or shutdown, import and export requirements (including tariffs), global geopolitical conditions, drought and other weather conditions (including the potential effects of climate change) or other unforeseen circumstances. To increase our prices or adequately hedge against such changes in prices in a manner that offsets such changes, the results of our operations could be materially and adversely affected. In addition, we use derivatives hedged price could exceed the spot price on the date of purchase, resulting in an unfavorable impact on both gross margin and net earnings. Also, sustained price increases may lead to declines in volume as competitors may not adjust to sales declines and loss of market share.

Central processing equipment at major domestic and international facilities are regularly fueled by electricity, natural gas or propane, which are obtained from local utilities or other local suppliers. Short-term stand-by propane storage exist also be used to fuel certain operations at various plants. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products. The cost of fuel may fluctuate widely due to economic and political conditions which could have a material adverse effect on our consolidated operating results or financial condition.

Our results may be adversely affected by increases in transportation costs and reduced availability of or increases in the price of oil or other fuels.

Overview of WBCSD & COSO's guidance



Committee of Sponsoring Organizations
of the Treadway Commission



Association
of International
Certified Professional
Accountants®

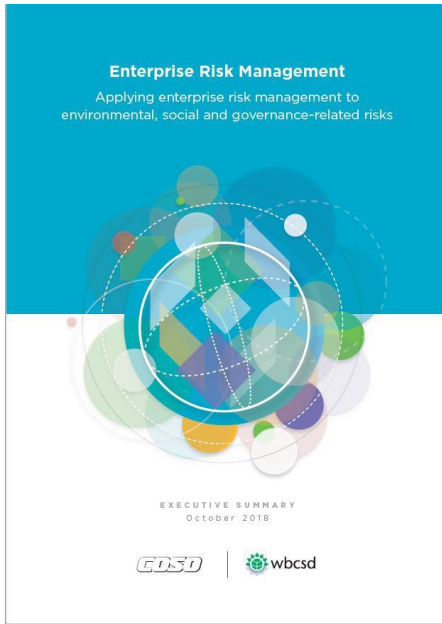


American
Accounting
Association



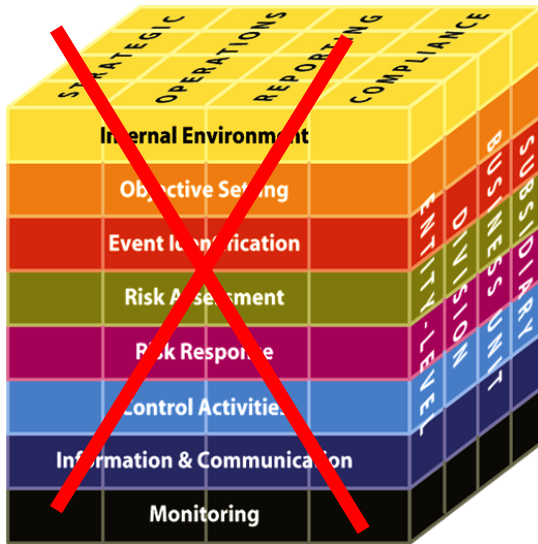
The Institute of
Internal Auditors

Applying enterprise risk management to environmental, social and governance-related risks

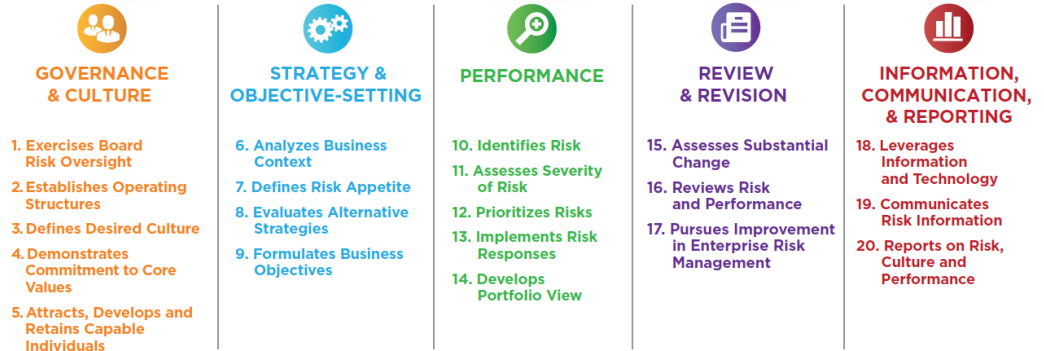
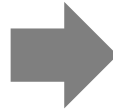


COSO 2017 framework

There are established ERM frameworks that are applied globally



2004



2017

How does it help?

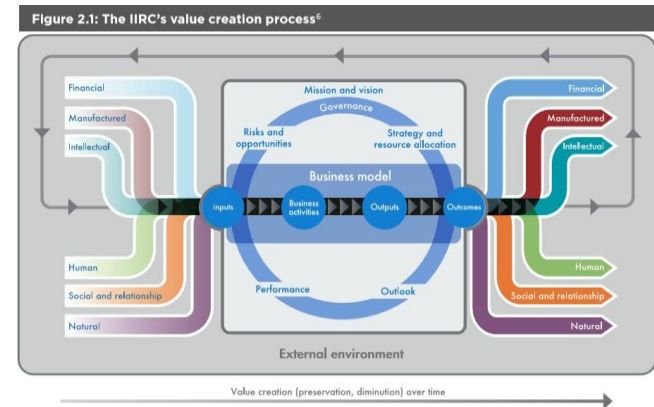
- **Understand the connection points** between you and risk management – that is, **how** you can engage with ERM and **speak the same language**
- Communicate your insights on the **broader impacts and dependences of the company and how these might translate into risks**
- Frame risks in terms of the **impact on the company's strategy and business objective** and understand **how your company compares and prioritizes risks**
- Understand the tools, knowledge and resources that risk management can provide to support ESG risk management
- Develop responses that are **appropriate and innovative**
- **Improve your risk disclosures**

Strategy & objective-setting for ESG-related risks

Therefore, a strong understanding of the business context, strategy and objectives serves as the anchor to all ERM activities and the effective management of risks.

Including: examining the value creation process to understand these impacts and dependencies in the short, medium and long term.

- Evolving models of valuation
- Moving beyond just financial capital Value creation over the long-term for all stakeholders
- Recognizing intangible value



Diagnostic tool for assessing the level of integration of ESG-related risks

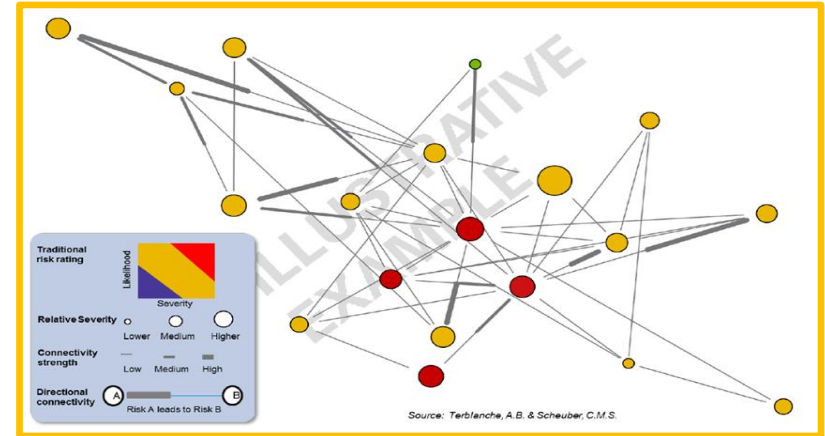
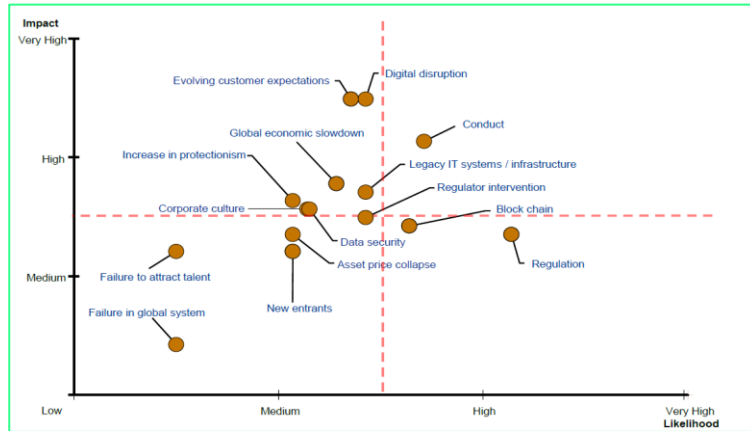
- ▶ A tool for companies to assess their level of integration of ESG and ERM
- ▶ Aligns to the guidance checklist of actions and provides criteria for companies to rate themselves for each chapter of the guidance:
 - 1 Basic: None or few of the recommendations in place
 - 2 Developing: Rating between 1 and 3
 - 3 Established: Some of the recommendations in place, for a selection of ESG-related risks
 - 4 Leading: Rating between 4 and 5
 - 5 Advanced: Most or all of the recommendations in place
- ▶ Helps to identify gaps and areas of focus or future initiatives



See <https://www.wbcd.org/vzcyj>

Enhanced Risk Assessment Methodology

Moving beyond impact and likelihood



(Source: KPMG Dynamic Risk Assessment)

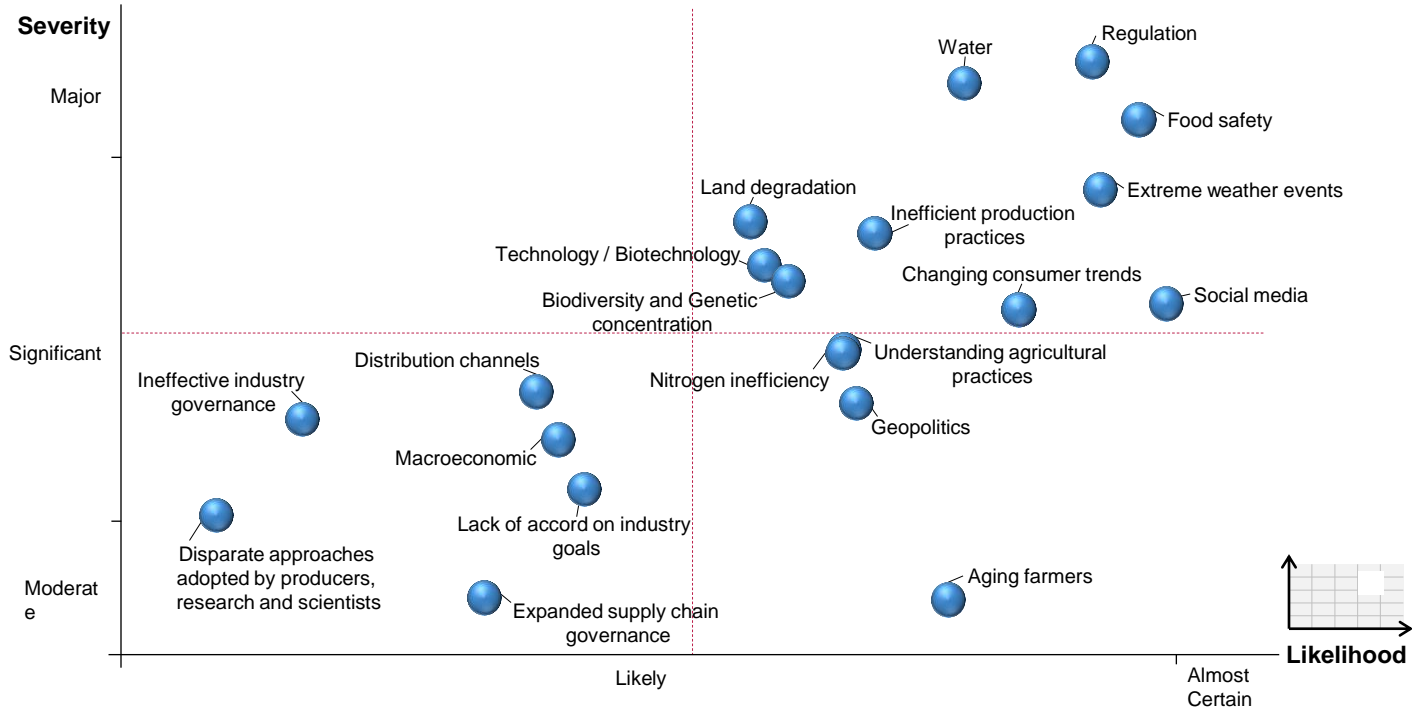
Uses alternative techniques to

- Extend traditional approaches to risk assessment
- Investigate the structure of the whole risk system to understand ...
- ... the connectivity and strength of connections between risks

Provides insight to

- Range of impacts of risk events
- Speed at which risk impacts could occur
- The clustering of types of risks and impacts
- Identifies trigger risks and risks impacted by other risks
- Aggregation of business impacts and vulnerabilities

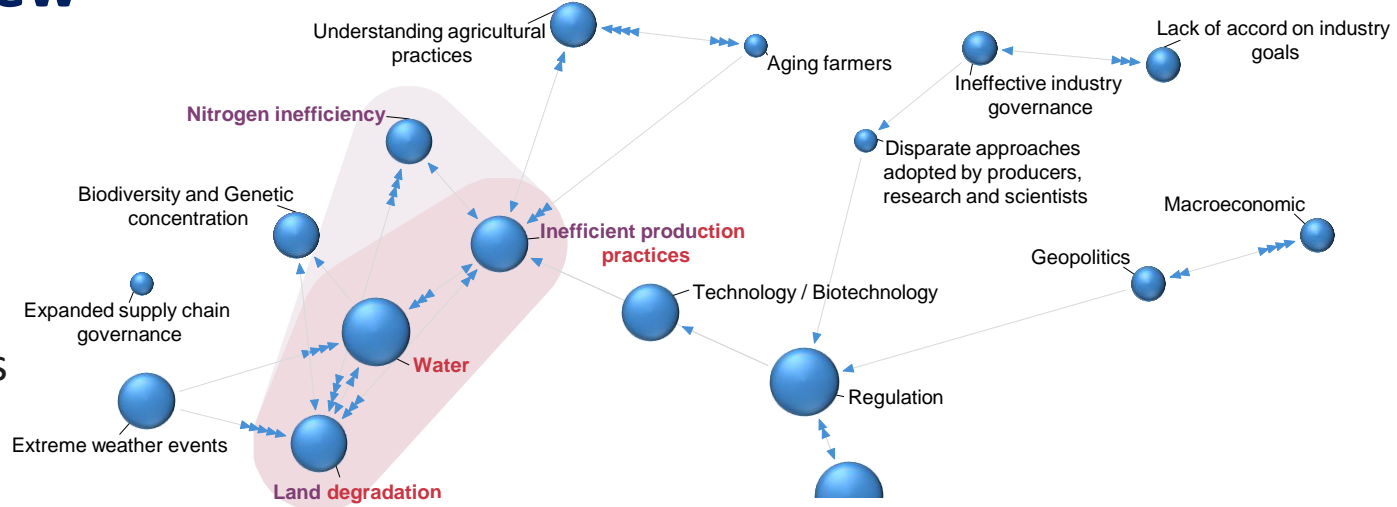
The traditional view – example from Food & Agriculture



Network view

Captures connections between risks

Identifies clusters of connected risks



Risk Cluster 1
Inefficient production practices
Land degradation
Nitrogen inefficiency

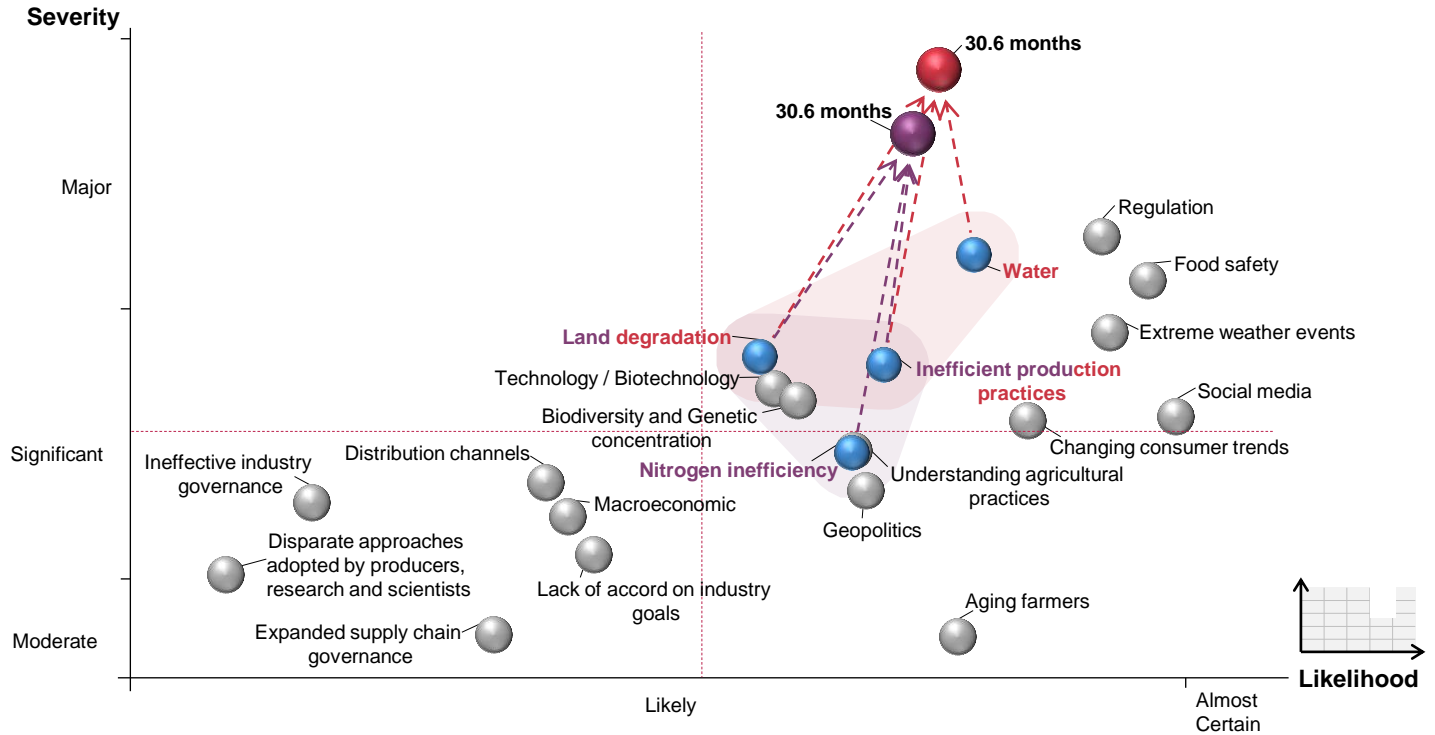
Risk Cluster 2
Inefficient production practices
Land degradation
Water

consumer trends

Aggregated impacts of clusters

Cluster 1 Cluster 2

Aggregated impact of the clusters are greater -almost catastrophic! - than the individually most severe risk.



Dynamic Risk Assessment



Available at <https://www.wbcscd.org/ermdrabbp>



Available at <https://www.wbcscd.org/draaeors>

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Singapore 118222

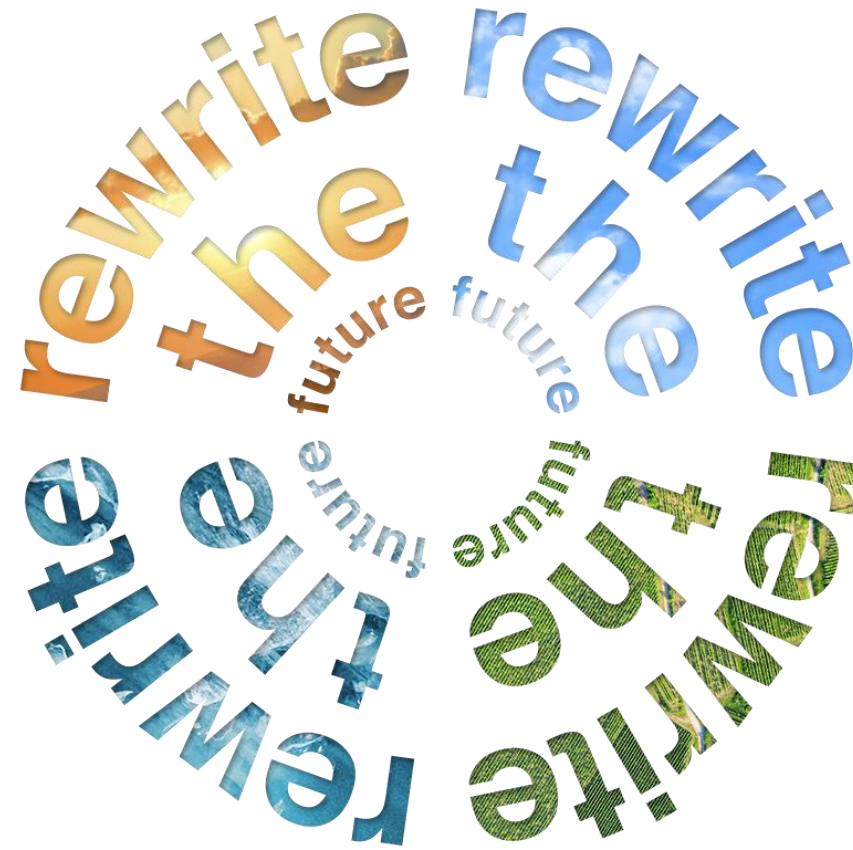


Deep Dive into ESG Risk Analysis and Management

- Step-by-Step of E(S)RM
- Practical examples of E(S)RM in Energy or Emission or Social issues

Thitachai Apipongcharoen (Mac)

Assistant Manager | Risk Advisory - Climate & Sustainability
Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.



Sustainability Risk Management

Powering performance for responsible growth

18 OCTOBER 2021

Contents

Sustainability Risk Management

- Before implementing Sustainability Risk Management
- Sustainability Risk Management Framework
- Practical Examples of Sustainability Risk Management



Before implementing Sustainability Risk Management

Questions to ask yourself

Why is sustainability a board-level challenge?

How frequently does the board discuss sustainability risks?

Is there clear governance around our reporting processes and controls?

Does the board discuss how partnerships can be leveraged to discover and capture new value?

Does the board consider societal issues as business opportunities?

Has the board incorporated sustainability priorities and initiatives into business strategy?

Do sustainability measurement and reporting practices enable management to effectively communicate how sustainability drives value for the organisation?

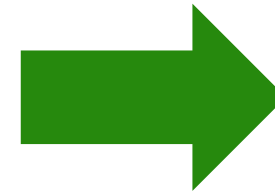
Before implementing Sustainability Risk Management

Integration of SDGs into business

Deloitte has developed the **Sustainability Risk Management Framework** to guide the integration of ESG factors based on the 17 Sustainable Development Goals (SDGs). Our approach incorporates a risk management perspective to formulate and implement a corporate strategy that builds the legacy, prosperity and continuity of your organisation.



© UN



Integration of SDGs into business - Deloitte Examples



Before implementing Sustainability Risk Management

Sectors and top 3 SDG Impact based on ESG materiality *

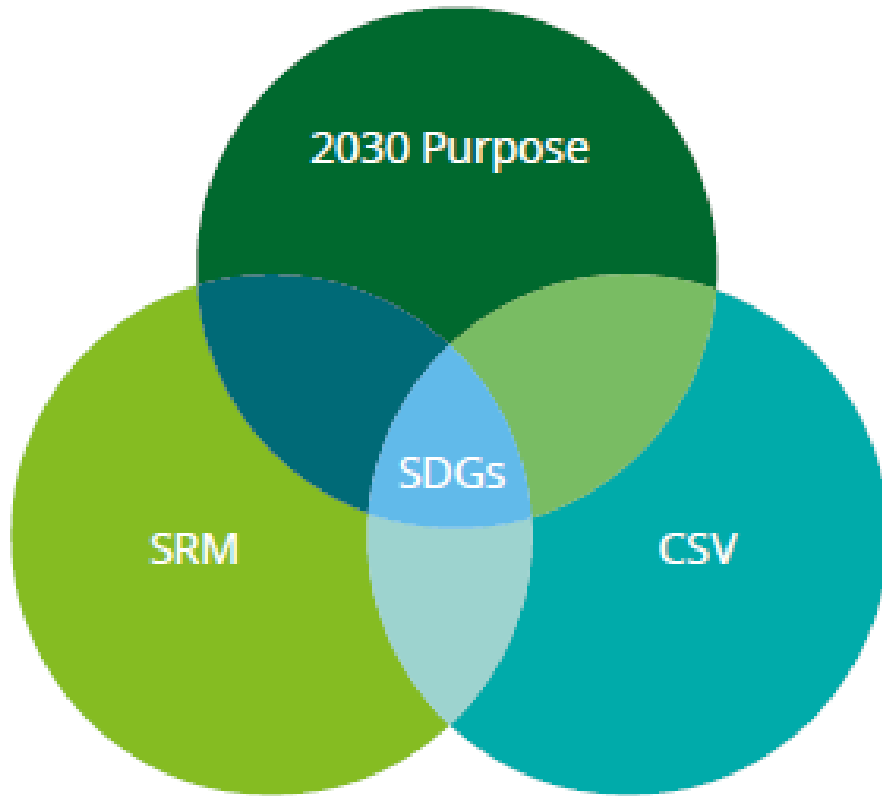
1st 2nd 3rd

Sectors	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Healthcare			3 rd	2 nd											1 st	
Consumption		1 st		2 nd									3 rd			
Resource Transformation												2 nd	3 rd	1 st		
Non-renewable Resources											3 rd	1 st		2 nd		
Renewable Resources											2 nd	1 st	3 rd			
Technology					1 st				2 nd							3 rd
Infrastructure											1 st			2 nd	3 rd	
Transportation			1 st									2 nd		3 rd		
Services		3 rd		2 nd	1 st											
Financials				2 nd					1 st	3 rd						

* Top 3 SDGS per industry (excluding SDG 17), from MIT Sloan Management Review (2018)

Before implementing Sustainability Risk Management

Aligning strategy and sustainability to drive purpose



Sustainable Development Goals (SDGs)
The achievement of the SDGs constitutes an opportunity for business to unlock new avenue for growth and cost-savings. In Asia alone, the value of achieving the SDGs is estimated at a minimum of \$5 trillion, which is associated with an increase of 230 million jobs.*

Sustainability Risk Management (SRM)
SRM is the key for businesses to work towards their 2030 purpose in a holistic and continuous manner. By focusing on the organisation's culture, capabilities, and practices SRM offers an approach that is aligned with the particularities of your business.

2030 Purpose
To fully benefit from the interdependency between sustainable development and commercial success, business must articulate a clear purpose that can be lined to the SDGs and use it to shape the activities and culture of the organisation. We call this 2030 Purpose.

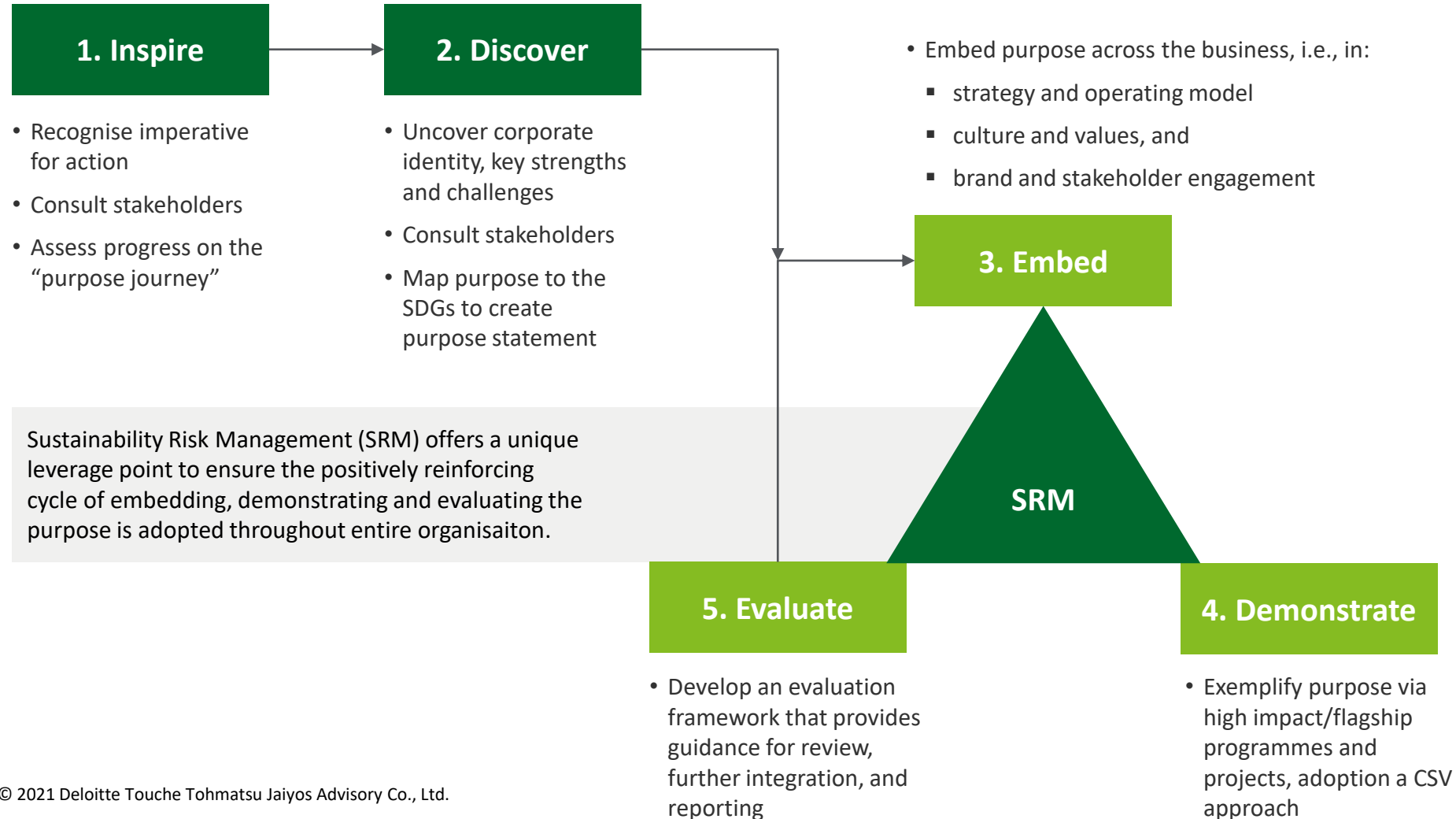
Creating Shared Value (CSV)
At the heart of a successful CV strategy lies the recognition that societal issues constitute business opportunities. A CSV approach goes beyond philanthropy and social responsibility, and instead focuses on creating social value through commercial activities.

* Business and Sustainable Development Commission (2017), from : <http://report.businesscommission.org/uploads/Better-Business-Better-World-Asia.pdf>

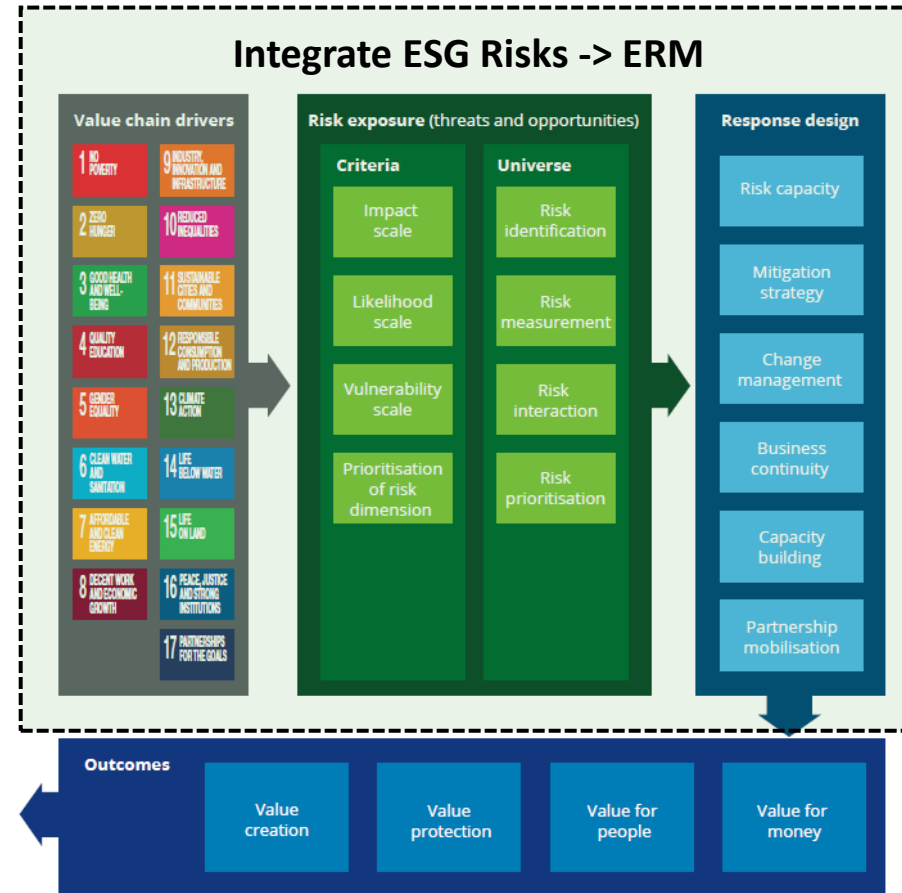
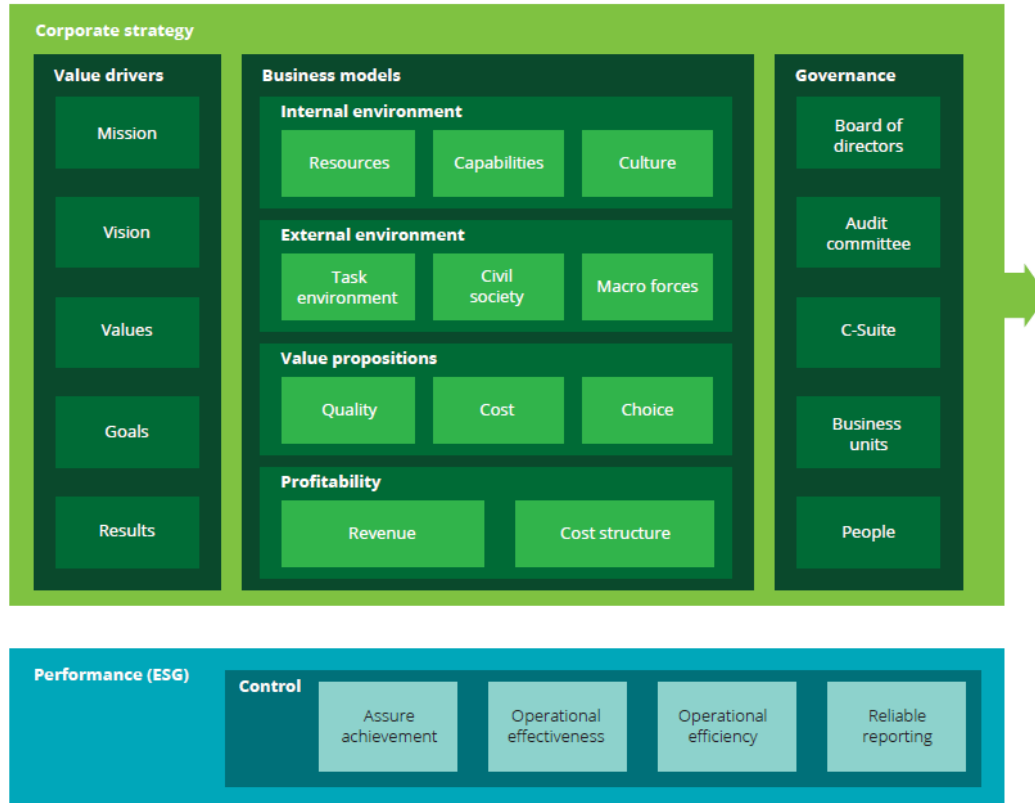
Sustainability Risk Management Framework

Unlocking the power of purpose

There are a number of key steps individual companies can take to discover and live their purpose to the benefit of long-term performance and a flourishing society alike.



Sustainability Risk Management Framework



- ESG metrics recommended by the World Federation of Exchanges (2018)**
- Environmental**
 - Greenhouse gas emissions
 - Emissions intensity
 - Energy usage
 - Energy intensity
 - Energy mix
 - Water usage
 - Environmental operations
 - Environmental oversight
 - Climate risk mitigation
 - Social**
 - CEO pay ratio
 - Gender pay ratio
 - Employee turnover
 - Gender diversity
 - Temporary worker ratio
 - Non-discrimination
 - Injury rate
 - Global health & safety
 - Child & forced labour
 - Human rights
 - Governance**
 - Board diversity
 - Board independence
 - Incentivised pay
 - Collective bargaining
 - Supplier code of conduct
 - Ethics & anti-corruption
 - Data privacy
 - Sustainability reporting
 - Disclosure practices
 - External assurance

Practical Examples of Sustainability Risk Management



Power and Automation Group

A Swiss power and automation group provides talented engineering students in Indonesia, Malaysia, Vietnam, and elsewhere with college scholarships, a company mentor, and an invitation to visit the group's Corporate Research Centre. The company increases the skill levels of local populations while bolstering their recruitment strategy.*

Business actions :

1. Ensure that all employees across the business and supply chain have access to vocational training and life-long learning opportunities
2. Ensure that all employees across the business and supply chain earn a wage that allows them to support the education of dependents and that there is zero child labour
3. Implement programmes to support higher education and access to free, equitable, and inclusive primary and secondary education, focusing particularly on disadvantaged groups
4. Research, develop and deploy products and services that improve educational access and learning outcomes

*Reference: ABB (NA), from: <https://new.abb.com/sustainability/society/foundation>



SDG 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Practical Examples of Sustainability Risk Management



Airport Operator

A French airport operator offers contract employment and full social welfare to 1,300 craftsmen in Cambodia and reinvests profit into developing this business. The operator gains access to artisan craftsmanship while locals benefit from social welfare packages and training programmes.*

Business actions :

1. Support decent working conditions for all employees across the business and supply chain, with partnerships to build suppliers' capacity to do the same
2. Educate and train the labour force, focusing on vulnerable and economically disadvantaged groups
3. Create decent formal-sector jobs in labour-intensive sectors, especially in least developed countries
4. Drive economic growth and productivity by investing in R&D, upgrading skills, and supporting growing businesses, in a way that is compatible with sustainable development



SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



*Reference: Air Transport Action Group (NA), from: <https://aviationbenefits.org/case-studies/cambodian-airports-keeping-khmer-culture-alive/>

Practical Examples of Sustainability Risk Management

Insurance Company

A Swiss insurance company implemented solutions to help make communities in Indonesia and elsewhere more resilient towards flooding, increasing the safety of at-risk communities while improving the firm's methodology for determining insurance premiums.*

Business actions :

1. Ensure climate resilience of company and supply chain operations, and the communities surrounding them
2. Substantially reduce emissions associated with company and supply chain operations, in alignment with climate science
3. Shift to a portfolio of goods and services that have, and promote, negligible emissions from use
4. Promote climate conscious behavior and build capacity for climate action



SDG 13

Take urgent action to combat climate change and its impacts



*Reference: Zurich Insurance Group (NA), from: <https://www.zurich.com/en/sustainability/flood-resilience/collaborationwith-ifrc>

OUR OFFERINGS

Our Climate & Sustainability Offerings

Our five main integrated offerings help clients shape responsible and resilient businesses to operate in an increasingly unpredictable world.

01

Climate &
Decarbonisation

02

Sustainable
Finance

03

Governance
and Impact
Reporting

04

Supply Chain
Traceability
and
Responsible
Sourcing

05

Advocacy
and Policy
Advisory

Embracing sustainability isn't just good for people and the planet – it's good for business.

Deloitte's sustainability consultants help clients embed sustainability into strategy and operations to achieve greater enterprise value in the new sustainable economy. Our clients become better positioned to embrace change, pre-empt challenges and accelerate solutions to thrive in the long-term.

DELOITTE THAILAND CLIMATE & SUSTAINABILITY

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QnA – 5 minutes





Fireside Chat

Dr. Wichai Narongwanich, FSVP
Kasikornbank



Hendri Yulius Wijaya
Country Program Manager, GRI

Upcoming Workshops

Date	Topic	Led by	Format
18 November	Capital Market and Sustainable Finance	CDP & GRI	Online

Before you go, would you kindly fill in our post event evaluation survey
Please select: Multi-Country

<http://bit.ly/grcf0621>



Select the country *

Multi-country x ▾ ←

Select the implementor of the training *

CDP WORLDWIDE x ▾ ←

Select the name of the training *

Advanced workshops on TCFD and SDGs, led by CDP and GRI x ▾ ←

