



KPMG Risk Insights Executive talk

Compliance risk: challenges and insights

KPMG in Thailand
No. 2/2025 – 27 March 2025



KPMG presenters today



**Sukit
Vongthavaravat**

CPA, CIA

Head of Alliances
Consulting Partner
KPMG in Thailand



**Pundarik
Petchkuha**

CIA, CPA GRCP, GRCA,
IPMP, IRMP

Consulting Director
KPMG in Thailand



**Threenuch
Bunruangthaworn**

Legal Director
KPMG in Thailand



**Variya
Vongmak**

Consulting Manager
KPMG in Thailand

Agenda



01

Evolving compliance landscape

Embrace regulatory shift through corporate compliance journey



02

Panel discussion: Compliance for ESG regulations

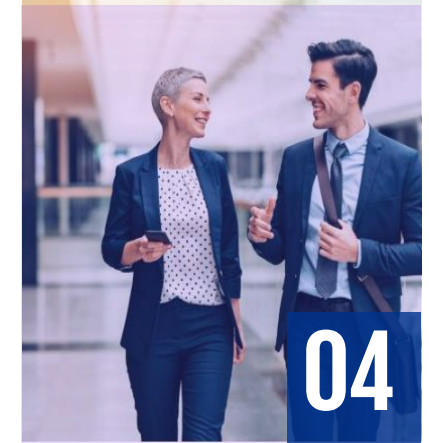
Get ready for the next wave of ESG reporting and regulations



03

IT solutions for corporate compliance

Utilize IT solutions to streamline corporate compliance process



04

Q&A session

An exclusive conversation with KPMG Business Advisors

01

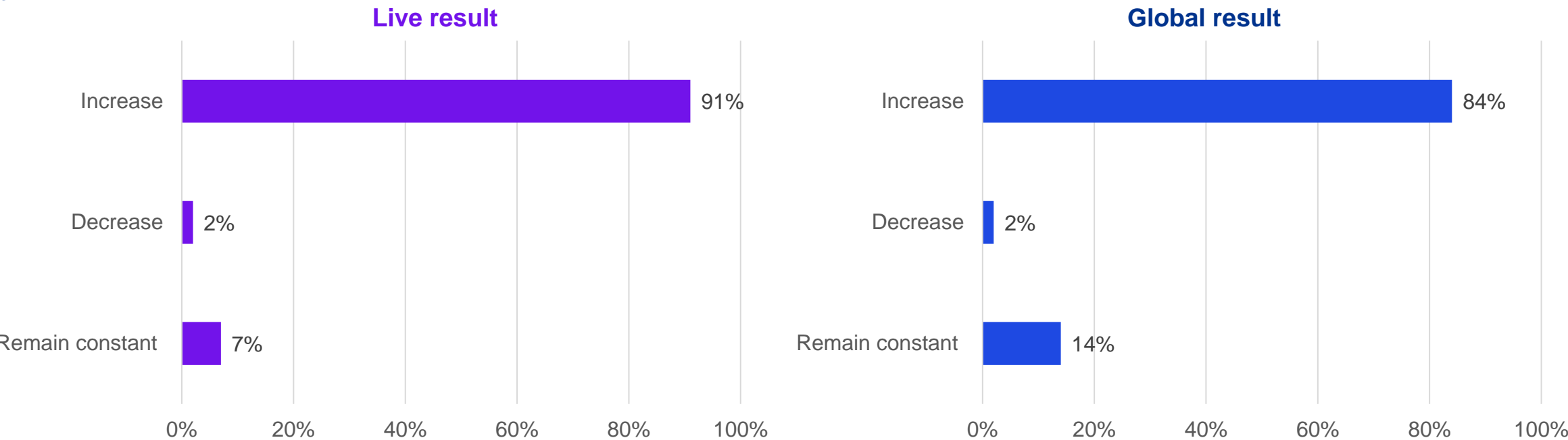
Evolving compliance landscape



**Do you expect
the level of compliance focus to
increase, decrease
or remain constant
in the next two years?**

Global key findings – Compliance pressures

Do you expect the level of compliance focus to increase, decrease or remain constant in the next two years?



Source: KPMG Global Chief Ethics and Compliance Officer 2024



**From which stakeholders do you feel
the most pressure
to enhance compliance
in the coming years?**

Global key findings – Compliance pressures

From which stakeholders do you feel the most pressure to enhance compliance in the coming years?

Customers

**Regulator/
examiners**

**Social policy/
public perception**

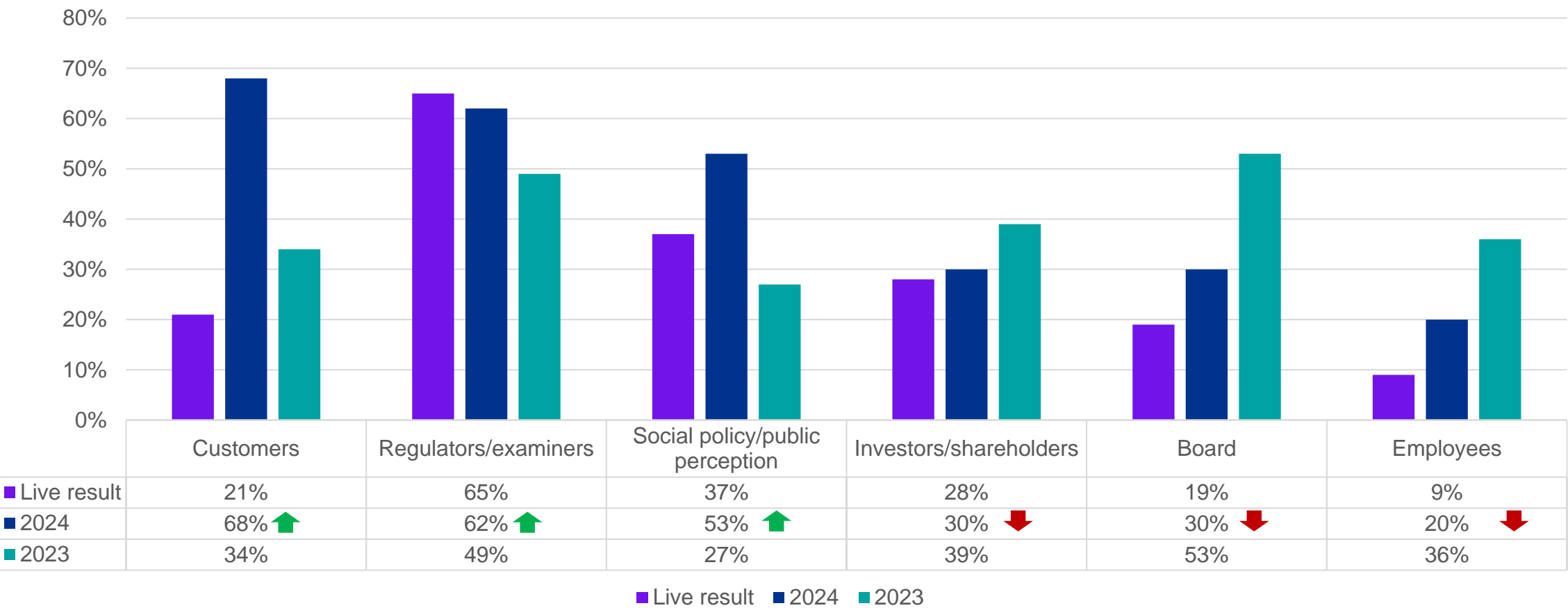
**Investors/
shareholders**

Board

Employee

Global key findings – Compliance pressures

From which stakeholders do you feel the most pressure to enhance compliance in the coming years?



Source: KPMG Global Chief Ethics and Compliance Officer survey 2024 & 2023



What are the top
compliance challenges
in the next two years?

Global key findings – Challenges ahead

What are the top compliance challenges in the next two years?



**New
Regulatory**



**Data analytics/
Predictive
modeling**



**Improving
board
oversight**



**Incorporating
compliance
control early
in the process**



**Data accuracy/
completeness**



**Implementing
technological
tools**



**Data
accessibility**



**Retaining
talent**



**Disclosure
obligations**



**Creating
process
automation**

Global key findings – Top 5 challenges ahead

Live result

1



New
Regulatory

2



Data analytics/
Predictive
modeling

3



Disclosure
obligations

4



Implementing
technological
tools

5



Incorporating
compliance
control early
in the process

Global result

1



New
regulatory

2



Data analytics/
predictive
modeling

3




Improving
board
oversight

4



Incorporating
compliance
control early
in the process

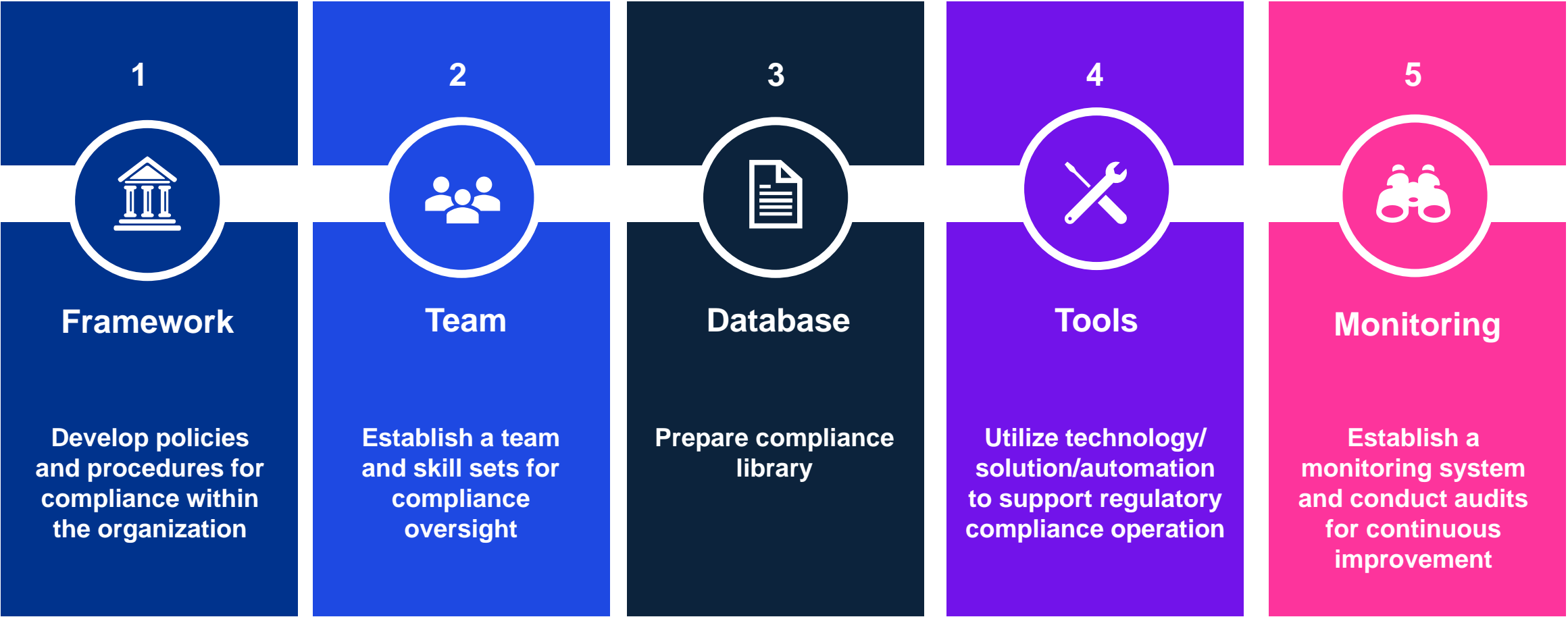
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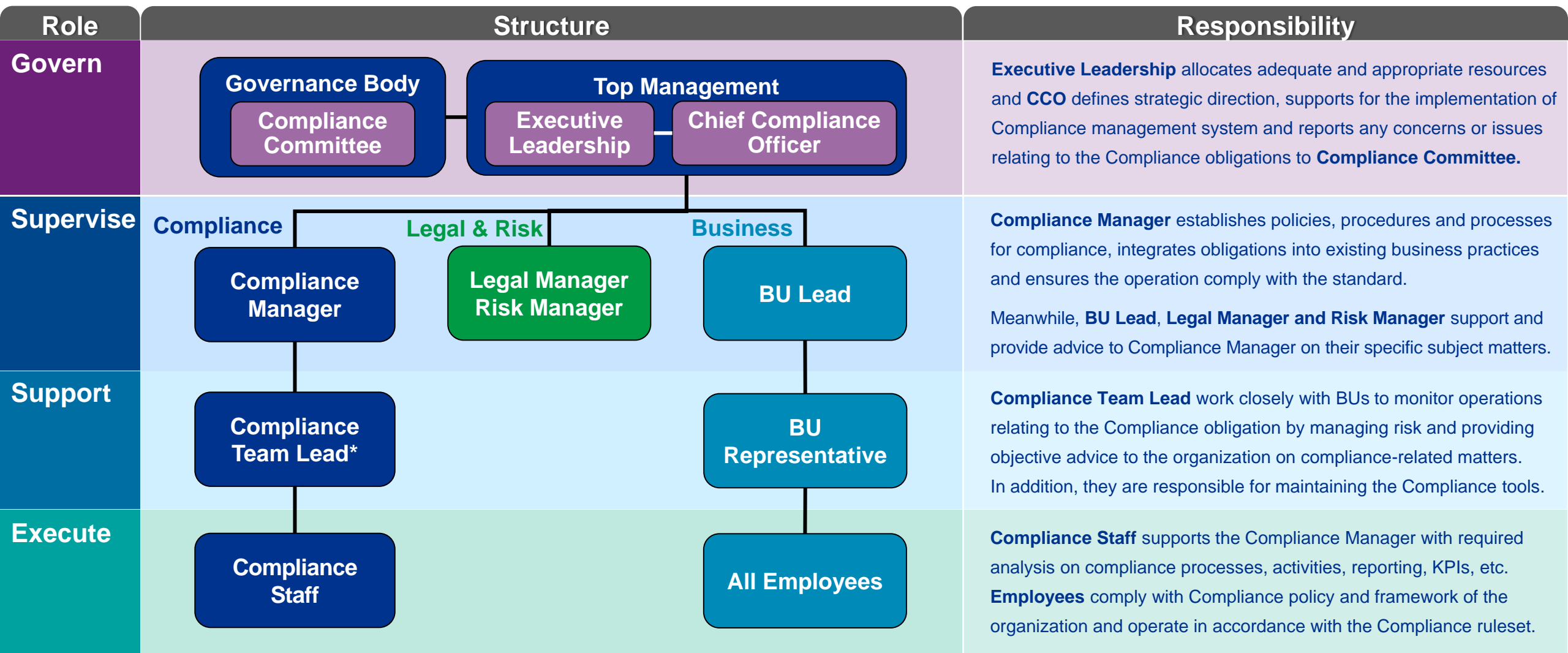
Data accuracy/
completeness

Source: KPMG Global Chief Ethics and Compliance Officer survey 2024

Corporate compliance journey



High-level governance model





**Have you implemented
a compliance program
for **ESG** regulations?**

Global key findings – ESG compliance

Have you implemented a compliance program for ESG regulations?

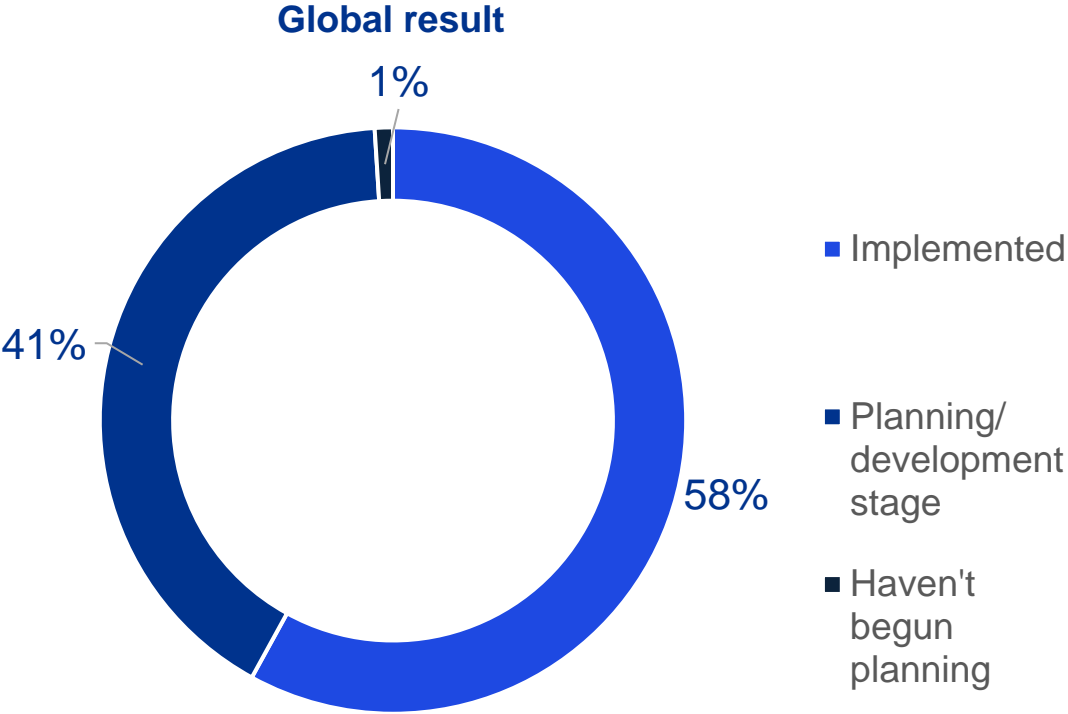
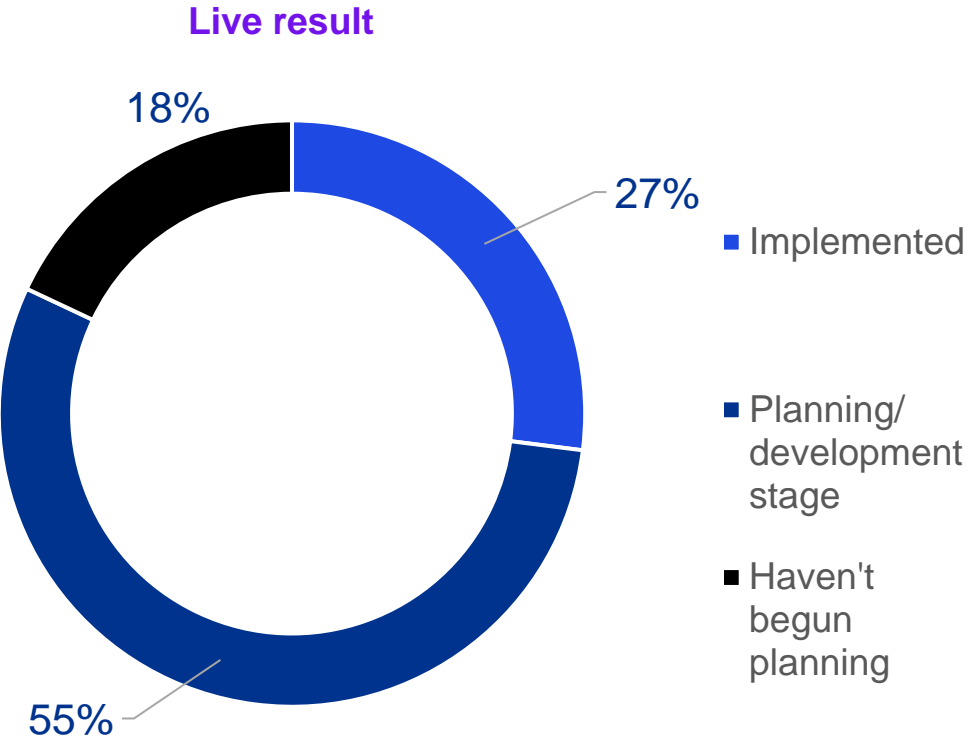
Implemented

**Planning
Development stage**

**Haven't begun
planning**

Global key findings – ESG compliance

Have you implemented a compliance program for ESG regulations?



Source: KPMG Global Chief Ethics and Compliance Officer survey 2024



02

Legal compliance insights: Compliance for ESG regulations

Environmental, social and governance (ESG)

Sustainability can be measured by 3 main factors: environmental, social or governance (ESG) criteria. These factors can have a negative impact on the assets, financial situation and reputation of companies and should therefore be considered as risks.

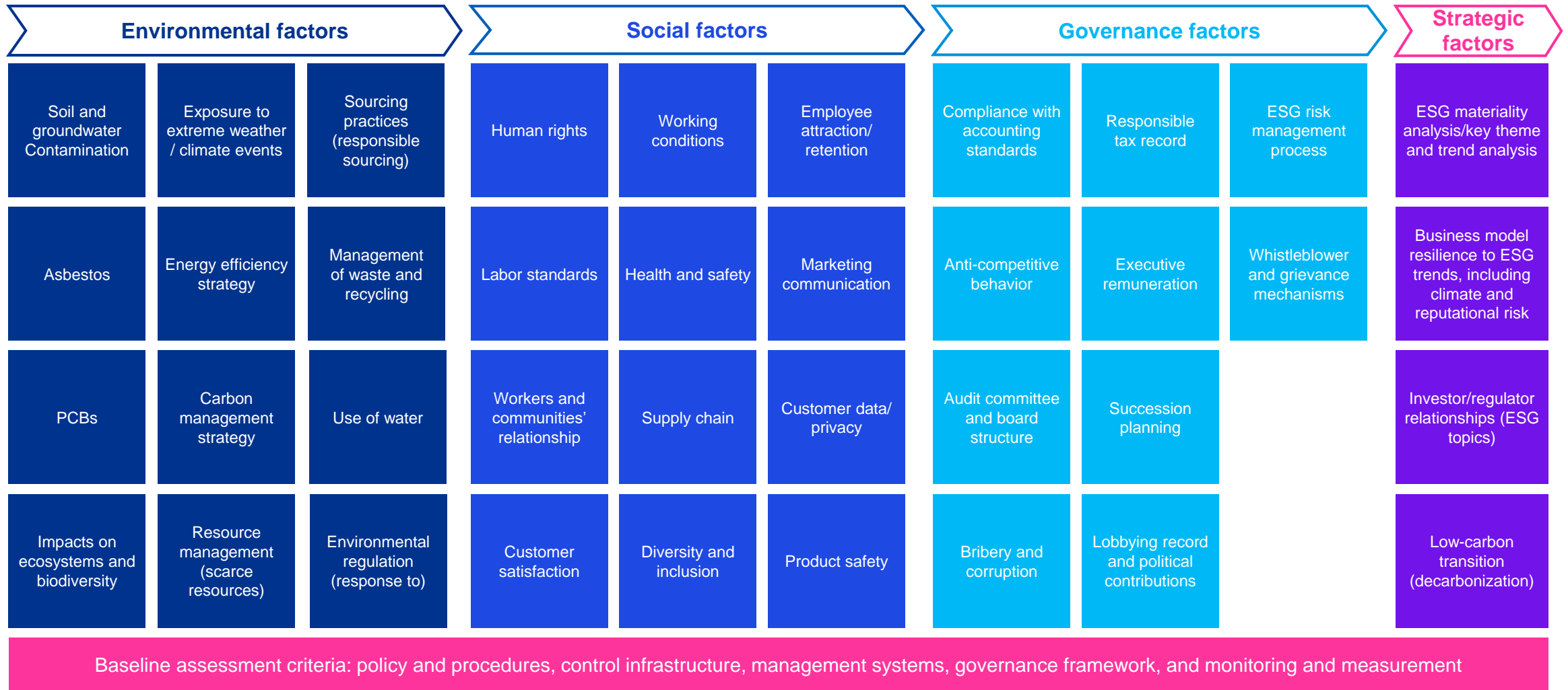


Climate risk is only one type of ESG risk.

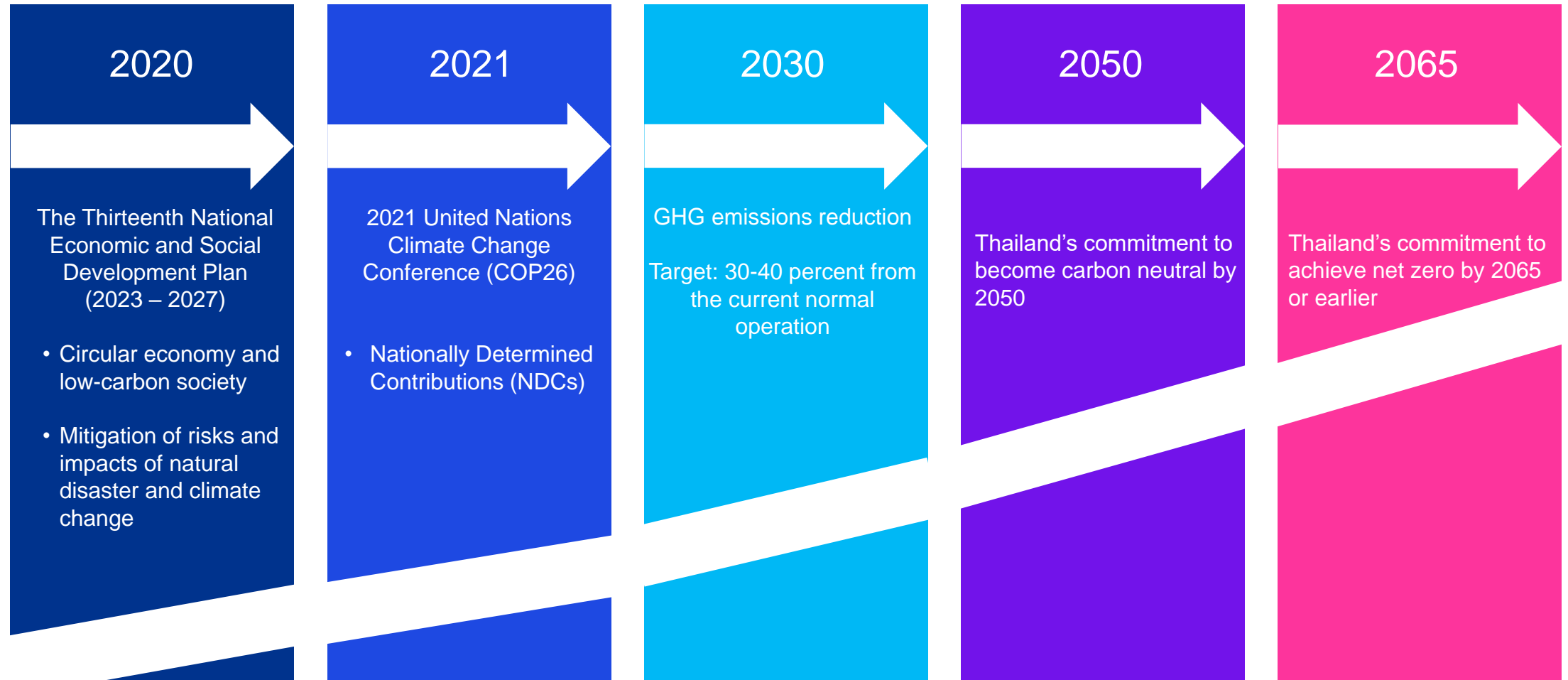
Although it is the most urgent right now, we are increasingly and deliberately talking about "sustainability", which includes all types of ESG risk.

	Environmental <i>Your impact on the planet</i>	<ul style="list-style-type: none">• Energy and emissions• Climate risk and net zero (EU Green Deal, US Inflation Reduction Act, National Climate Reduction Acts)• Resource circularity, ecology and biodiversity (EU Circular Economy Action Plan, National Circular Economy Acts)
	Social <i>Your contribution to the communities</i>	<ul style="list-style-type: none">• Workforce and skills for the future• Inclusion, diversity and equality• Health and safety• Economic and social contribution• R&D and innovation• Financial investment (SFDR, Taxonomy Regulation)
	Governance <i>How organisations behave</i>	<ul style="list-style-type: none">• Risk and opportunity oversight (CSRD, TCFD, SFDR, Taxonomy Regulation)• Ethical behavior• Purpose and contribution

ESG taxonomy



Thailand's commitment to net zero in 2065



Relevant draft bills towards Thailand's net zero commitment

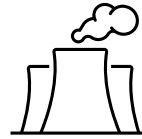
1



Climate Change Act

Outlining national plan to tackle climate change issues and impose cooperative actions from business operators upon GHGs emissions and removals.

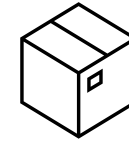
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Clean Air Act

Outlining national plan to ensure clean air across the country, measures for polluted air control, and prohibition of certain actions creating air pollution, licensing, etc.

3



Sustainable Packaging Management Act

Outlining packaging requirements regarding prohibition of manufacturing or importing of single-use packaging, registration, and reporting compliance.

Work force, labor and modern slavery

ESG's 'S', social, relates to an organization's contributions to their communities, including the attraction and retention of the workforce and workforce engagement.

- The social criteria are addressed by the workforce management framework, which provides a holistic approach to designing, developing and fluidly managing the workforce to meet the needs of the business, both in the context of change programs and 'business as usual' compliance.
- Regulators increasingly require companies to embed ESG into their labour policies and practices, including aspects of equity and inclusion, human rights and well-being.
- As organizations look for ways to embrace corporate responsibility while attracting and retaining top talent globally, pay equity metrics, policies and practices are viewed as key elements of the ESG strategy that employers should address with a sense of urgency.

Key Consideration:

**Workforce
Change**

Pay Equity

**HR Compliance
Advisory**

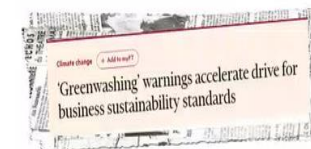
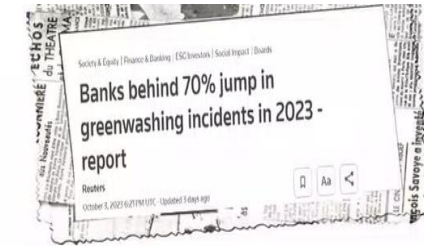


Greenwashing

As more products are being labelled "green" or "sustainable," there has been a rise in exaggerated, misleading or unsubstantiated claims — and financial services regulators are taking notice. There have always been regulatory and legal requirements to not mislead or misrepresent a product or service's credentials. However, the ESG agenda has ushered in an era of hyper-transparency and invites scrutiny from a significantly wider spectrum of stakeholders.

The Thailand Greenhouse Gas Management Organization (Public Organization) or TGO has developed quantification guidelines for those Thai companies that intend to quantify and certify their **Carbon Footprint of Organization (CFO)** and **Carbon Footprint of Product (CFP)** under the TGO's scheme.

Greenwashing can be understood as deceptive marketing practices used by companies to create a false impression of environmental responsibility. This strategy involves providing misleading or false information about the environmental impact of a company's products and operations to appear more eco-friendly than they actually are.



What risks do I face if I am accused of greenwashing practices?

Companies found to be engaging in greenwashing practices are exposed to a range of potentially significant risks, such as regulatory enforcement and penalties, impacts on corporate reputation and stakeholder trust, and litigation.

01 Damage to corporate reputation

Companies that attempt to improve their image through greenwashing campaigns will be subject to increasing scrutiny from consumers, employees, investors and suppliers.

- Employees engagement increases in companies with robust sustainable practices and strategy.
- Employees increasingly demand further sustainability efforts to their companies

02 Legal and regulatory risks

Companies using misleading environmental marketing risk facing regulatory scrutiny, investigations, enforcement actions, financial penalties, and potential criminal liability for directors.



EU Targets Airline

The European Commission, in collaboration with national consumer protection authorities, has initiated actions against 20 airlines suspected of engaging in misleading greenwashing practices.

03 Litigation risks

Sabin Center for Climate Change database reveals an increase in climate-related litigation.



Source: [Global Climate Change Litigation - Climate Change Litigation \(climatecasechart.com\)](https://climatecasechart.com/global-climate-change-litigation/)

21.1%

The number of alleged greenwashing cases **worldwide** increased by 21.1% from 2022 to 2023.

26.1%

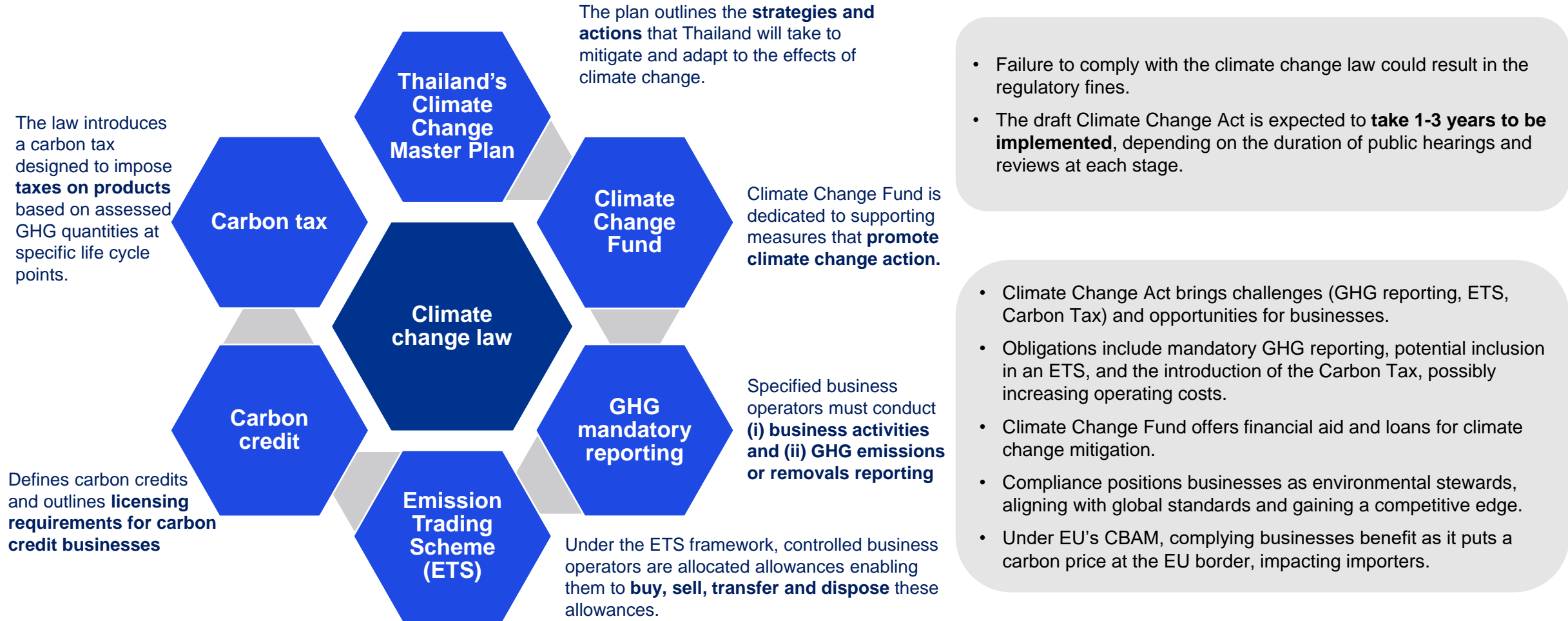
Alleged greenwashing cases in the **EU** rose by 26.1% between 2022 and 2023.

Compliance mechanisms to mitigate the risks of greenwashing

Anticipating ESG trends and regulatory changes is crucial for companies to achieve sustainable transformation, avoid reputational and market repercussions, and effectively manage ESG opportunities and risks.



Key provisions of Thailand's Climate Change Act (draft)



Business activities reporting compliance (1/2)

Regulated business groups under the draft Climate Change Act

The specific business groups will be determined by the ministerial regulation. However, this draft Climate Change Act sets the scope for the business groups that may be required to submit reports:

- (1) **Energy business operators** in accordance with the law governing energy business operations
- (2) **Individuals who operate factories** in accordance with the law governing factories
- (3) **Owners of controlled factories or controlled buildings** in accordance with the law governing the promotion of energy conservation
- (4) **Other persons as specified in the ministerial regulations**, with the approval of the committee.

Business activities reporting for GHG database

Reporting details of regulated industries: 3.

1. Energy and transportation

- **Fuel combustion** in electricity generation, manufacturing and construction, transportation, and other industries regardless of fuel type; and
- **Fuel leakage** of coal mine, oil and natural gas, regardless of fuel type

2. Industrial process of:

- Non-metal and metal
- Chemical
- Non-energy fuel products and solvents
- Electronics
- Ozone-depleting substance substitute
- Electrical equipment manufacturing, and use of perfluorocarbon, sulfur hexafluoride, and nitrous oxide
- Pulp and paper, food and beverage

3. Agriculture

- Number of livestock
- Agricultural biomass burning
- Fertilizer and soil treatment usage
- Cultivated area
- Harvested area and economic crop yield

4. Forest and land utilization

- Forest area, plantation area, forest logging
- Wildfire area
- Agricultural land and logging
- Changes in forest and agriculture area

5. Waste management

- Waste quantity and composition
- Wastewater and substance content
- Waste and wastewater treatment and disposal method
- Methane gas utilization
- Industries generating organic-laden wastewater

6. Others in ministerial regulations

Penalties

- **Failure to collect or report data:** an administrative fine ranging from THB10,000 to THB100,000, plus an additional fine of up to THB1,000 per day until compliance is achieved
- **Intentional false reporting or concealment of information causing harm:** an administrative fine ranging from THB30,000 to THB300,000, plus an additional fine of up to THB3,000 per day until compliance is achieved

GHG emissions and removals reporting compliance (2/2)

Regulated business groups under the draft Climate Change Act

The reporting entity will be a **juristic person having characteristics or scope of business as prescribed under the ministerial regulation.**

- Monitor and report greenhouse gas emissions or removals associated with business operations

Greenhouse gases (GHGs) are:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulfur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Reporting of GHG emissions and removals

1. **The report must contain items such as**
 - general information of the juristic person
 - information on the amount of emissions, storage or reduction of greenhouse gases.
 - plan to measure the amount of greenhouse gas emissions, storage and absorption.
 - action plans to reduce greenhouse gas emissions, etc.
2. **The report must be verified by an accredited verification agency.**
3. **The report will be disclosed on an electronic system or platform.**

4. **Request for non-disclosure of the information due to significant trade secret**

A juristic person has the right to submit a written request to prevent disclosure of important information, subject to exceptions, if there is a special reason to believe that disclosure of such information will affect or infringe on trade secret rights under trade secret law.

However, the following information must not be considered secret: the amount of net emissions and absorption of greenhouse gases from the operations of the juristic person.

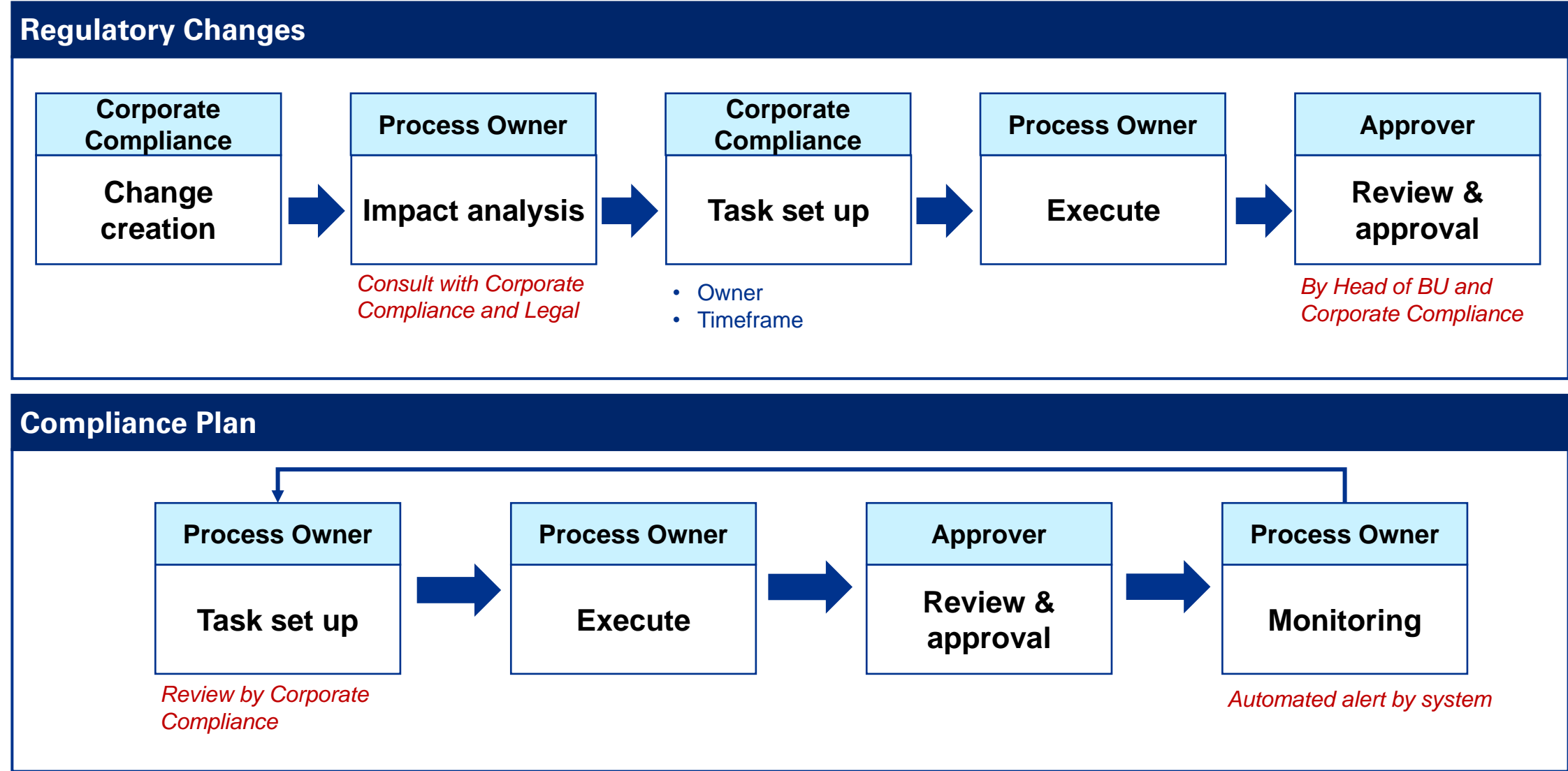
Penalties

- **Failure to collect or report data:** an administrative fine of up to THB100,000, plus an additional fine of up to THB10,000 per day until compliance is achieved
- **Intentional submission of false information:** an administrative fine of up to THB5,000,000 or three times the value of the benefits obtained from such actions, whichever is higher

03

IT solutions for corporate compliance

KPMG Risk Hub – High-level workflows




KPMG Risk Hub – Email Alert

KPMG Risk Hub - Compliance Plan related task was assigned to you



donotreply@riskhub.kpmg.com

To  Variya, Vongmak

KPMG Risk Hub

Compliance Plan:

[จัดสร้างรายงาน ESG \(LP-000101\)](#)

Due Date:

Due in 0 days (26 March 2025)

Criticality:

Medium

Short Name:

การจัดสร้างรายงานตามพระราชบัญญัติการเปลี่ยนแปลงสภาพภูมิอากาศที่กำหนด

Stage:

Awaiting Approval

Status:

Awaiting Approval

This email was automatically generated by KPMG Risk Hub.

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KPMG Risk Hub

Analytics

Organisation

Risk & Control

Compliance

Policy Management

Events

Business Continuity

Regulatory

Questionnaire

Issue & Action

Attachments

☰

KPMG Risk Hub

Need Help?

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Welcome Vongmak

Last successful login 25/3/2025, 13:26

Home

My Tasks (66)

Subscription Tasks (59)

Oversight Tasks (30)

Report Catalogue

Compliance Plan

My Items

Risk Registers

7

My Risks

42

My Controls

38

My Issues

2

My Action Items

Reg Change and Compliance Management

Regulatory Interactions

4

My Tasks

66

Overdue (33)

Due soon (1)

Due in 2+ weeks (2)

No due date (30)

Top 5 by due date

Reg Libraries

Mandates

7

Obligations

55

Compliance Themes

0

No data available

Regulatory Interaction

2

Not Started

In Progress

Under Review

Completed

⦿

⦿ Risk

42

20

10

0

Value

Low

Medium

High

Very High

Other

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Compliance linkage

Risk

- Compliance requirements are **integrated into the organization's risk registers** to identify compliance-related risks. This helps reduce the risk of penalties, legal actions and reputational damage that may result from non-compliance.

Governance

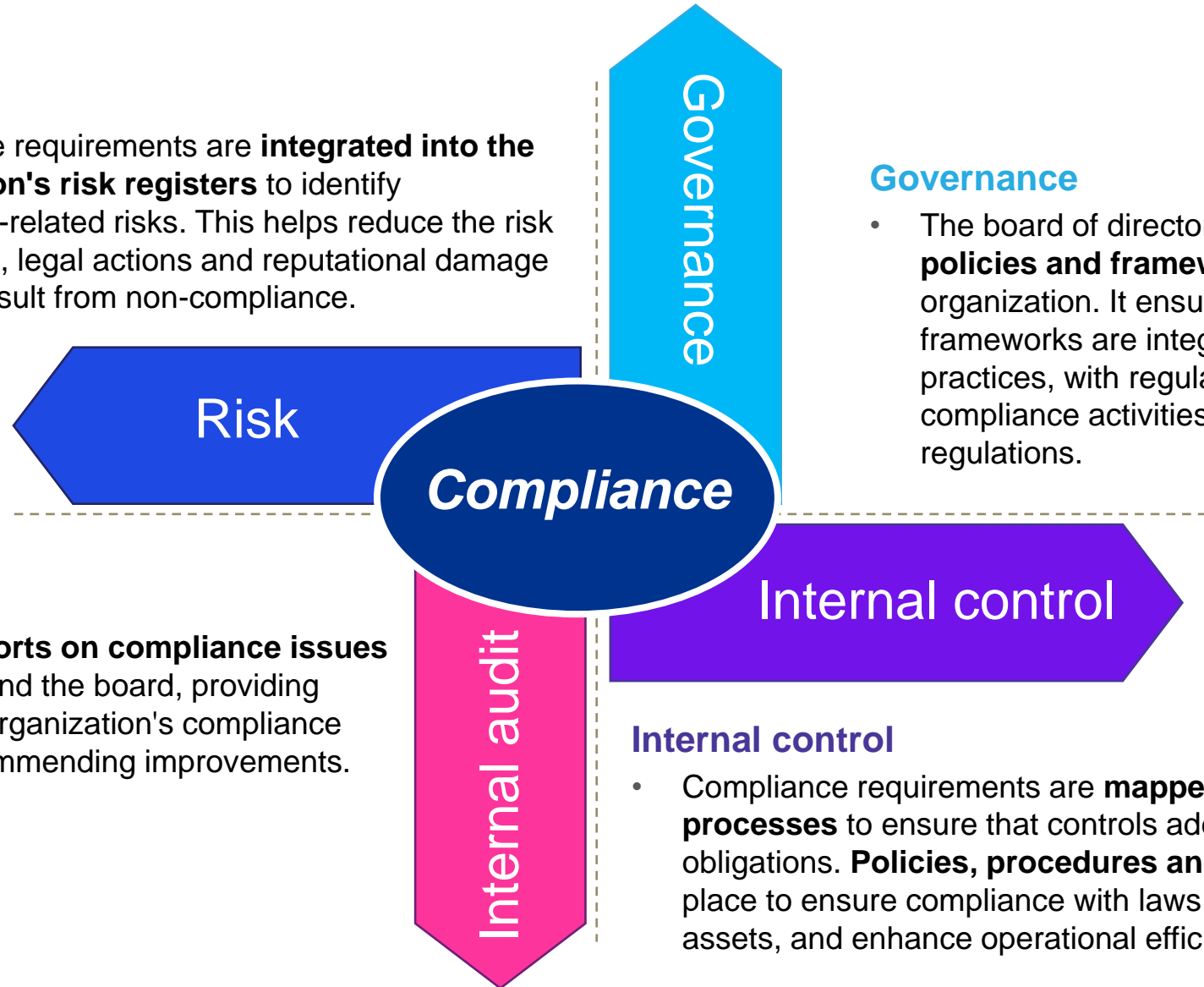
- The board of directors **establishes governance policies and frameworks** to guide the organization. It ensures that compliance frameworks are integrated into governance practices, with regular oversight to monitor compliance activities and adherence to regulations.

Internal audit

- Internal audit **reports on compliance issues** to management and the board, providing insights into the organization's compliance posture and recommending improvements.

Internal control

- Compliance requirements are **mapped to internal control processes** to ensure that controls address specific regulatory obligations. **Policies, procedures and mechanisms** are put in place to ensure compliance with laws and regulations, safeguard assets, and enhance operational efficiency.



Key Takeaways



Framework

- Is the framework **comprehensive, robust and adaptable** to rapid changes?
- Can the framework **integrate with other GRC** components?
- Does the current governance structure support **effective and transparent** compliance management?



Team

- **Are roles, responsibilities** clearly defined?
- Do you have **sufficient resources** with the **right skillsets**?



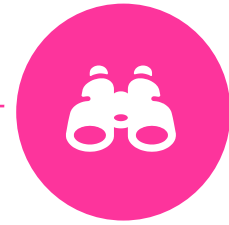
Database

- Is your **compliance library** complete and up-to-date?
- Do you have **proper protocol** to cope with reg. change?



Tools

- Do you have **tools / system** to deal with complexity and extensive datasets?
- Should any tasks change to **automated process**?



Monitoring

- Have you established **proactive monitoring** mechanism?
- Are all key compliance risks **properly monitored**?
- Do you have **synergy across GRC** components and internal audit?

04

Q&A Session



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

KPMG in Thailand

48th-50th Floor, Empire Tower
1 South Sathorn Road
Bangkok 10120
T: +66 2677 2000



KPMG in Thailand



kpmg.com/th

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