

Board Responsibility and Sustainability-Related Disclosure in Asia

OECD has released a report on *Board Responsibility and Sustainability-Related Disclosure in Asia*¹ in November 2025 that sets out the responsibilities of company boards in overseeing sustainability-related disclosures and identifies policy priorities to strengthen governance across the region.

The sustainability disclosure ecosystem in Asia is rapidly evolving. Most of surveyed Asian jurisdictions have put in place mandatory sustainability disclosure frameworks, covering all material sustainability matters. With the exception of Singapore, these jurisdictions have generally adopted local disclosure standards, in some cases drawing on international frameworks (e.g. Hong Kong (China) and Japan). While India and Vietnam have already put in place assurance-related requirements to further enhance the quality of sustainability disclosures, most other surveyed jurisdictions are also actively considering such requirements (e.g. Japan, Korea, and Singapore).

FROM GREENWASHING TO SUSTAINABILITY WASHING

The report also underscores the importance of broadening the remit of the term “greenwashing” to “sustainability washing”—defined as “companies spreading disinformation or misinformation in their sustainability disclosures or sustainability-related claims”. “Disinformation” implies intent – knowingly providing incorrect, incomplete or misleading information, whereas “misinformation” reflects a failure by the board and senior executives to take reasonable steps to ensure accuracy and completeness. Any such assessment must be contextual: directors should not be automatically held accountable where there is insufficient clarity on disclosure expectations or a shortage of suitably experienced professionals to support their oversight.

The report calls for more detailed examination of “sustainability washing” and its implications from a regulatory and policy lens. As it is the case in other regions, board members in Asia have a legal obligation to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company. In the People’s Republic of China (hereafter ‘China’) and India, the interest of the company is understood to include equally the interests of shareholders and non-shareholders constituents such as employees, creditors and consumers (hereafter ‘stakeholders’). In most other Asian jurisdictions under study, the interests of shareholders are central to directors but they should also take into account the interests of stakeholders. In all cases, failure to implement and maintain an adequate information

and reporting system about a critical issue could constitute bad faith and, therefore, a breach to directors’ duty of loyalty.

BOARD RESPONSIBILITY AND EVOLVING STANDARDS IN SUSTAINABILITY DISCLOSURE

The relevant disclosure frameworks in the surveyed jurisdictions explicitly assign to the board of directors the responsibility to exercise effective oversight over company disclosures, including those related to sustainability. Some surveyed jurisdictions have adopted the Business Judgement Rule (e.g. Hong Kong (China), Indonesia, Japan, Korea and Singapore), where board members are protected against litigation if they made a business decision diligently, with procedural due care, on a duly informed basis and without any conflicts of interest. Even in jurisdictions where such a rule has not been adopted (e.g. India and Vietnam), the judicial standard of review of board decisions largely requires a subjective assessment that defers to directors the determination of the best interest of the company. However, objective standards of review are emerging in some jurisdictions (e.g. Hong Kong (China) and Singapore) to hold directors accountable in some circumstances.

There is an overall lack of private enforcement actions for sustainability washing in surveyed Asian jurisdictions. However, regulators have stepped up to engage with companies and nudge them to improve their sustainability disclosure practices using effective engagement tools. The report focuses on engagement and enforcement approaches to improve the quality of sustainability-related disclosure, comparing institutional investor engagement, private litigation, public enforcement of securities law, and mechanisms under other sectoral laws. Asian regulators have employed an adaptive approach to the enforcement of breach of sustainability disclosure requirements. Adaptive strategy refers to regulators implementing the engagement and enforcement tools that are used for breach of financial disclosure requirements to remedy breach of sustainability disclosure requirements.

FIVE INTERLINKED POLICY PRIORITIES FOR ENHANCED SUSTAINABILITY GOVERNANCE IN ASIA

- Strengthening legislative and regulatory certainty to enhance consistency in disclosure requirements. Regulators must clearly establish the requirements in the sustainability-related disclosure frameworks and the enforcement avenues for the breach of sustainability disclosure requirements.
- Fostering meaningful engagement with companies and stakeholders to build trust and encourage effective compliance. Regulators should use engagement tools such as infringement notices or advice letters to secure

¹ https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/11/board-responsibility-and-sustainability-related-disclosure-in-asia_7509e0ac/8d2672e7-en.pdf

better compliance with applicable sustainability disclosure requirements. Regulators may create a platform for relevant market participants to come together and develop best practices for sustainability disclosure.

- Developing a multi-layered enforcement toolkit combining private and public mechanisms to improve accountability. Regulators need to employ a range of enforcement tools, which may be suitable for an escalation strategy, holding directors accountable for any serious breach of sustainability disclosure requirements.
- Leveraging technology to improve data quality, monitoring, and assurance processes. Companies are using technology to improve their sustainability disclosure practices and regulators are also adopting technology for supervisory purposes. Asian regulators need to track these developments and employ them to enhance market integrity.

- Building institutional and professional capacity to ensure directors and regulators are equipped to meet evolving expectations. Regulators should encourage and conduct training for corporate directors and senior management on improving sustainability disclosure practices at the company level. At the regulatory level, securities regulators should explore the possibility for cooperation with national regulators supervising other sustainability-related matters, such as advertising law, and with foreign securities regulators, with the goal of developing a better enforcement strategy to tackle sustainability washing.

Taken together, these measures can underpin a coherent policy framework that strengthens board accountability for sustainability-related disclosures without discouraging companies from reporting material sustainability matters. Reinforcing the role of boards is integral to corporate governance reform and to positioning Asian markets to align with global sustainability best practices.

