

State Ownership and Sustainability in Asia

OECD have issued a report on “*State Ownership and Sustainability in Asia*” in May 2026 that reviews the national approaches to integrating sustainability and governance across the selected Asian jurisdictions (the People’s Republic of China, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand and Viet Nam) and highlights the main issues being faced in incorporating sustainability policies within the state-owned enterprises (SOEs). It also provides suggestions for policymakers to support further improvements in their SOE sectors.

The key findings and ongoing challenges include the following:

Role of the state-owner: While all reviewed countries have made national sustainability commitments which are gradually being integrated into SOEs sustainability practices, the implementation remains uneven and concentrated among large or listed enterprises since the Sustainability requirements (e.g. operational, strategic, disclosure) for SOEs are typically established through laws and regulations, governance codes or sectoral guidance but the level of coverage, formalisation and coherence varies, with a focus on large or listed SOEs. Further, the linkages to performance outcomes are still evolving. Strengthening consistent enforcement across portfolios, providing credible incentives and SOE engagement will be critical to turn commitments into measurable outcomes rather than remaining aspirational.

Roles and responsibilities of SOE boards: The national governance frameworks provide varied provisions in respect of sustainability-related board responsibilities, viz., explicit requirements for listed SOEs, expectations in corporate governance codes and reliance on existing risk management or due diligence practices. In cases of large or listed SOEs, the sharpened focus on board’s oversight of sustainability has resulted in changes in leadership structures (either by way of designated sustainability committees at board or executive level) and performance evaluation. However, inclusion of sustainability expertise as a criterion for board appointments remains at an early stage. Further, in most reviewed countries, the linking of sustainability to executive remuneration is limited and targeted capacity building initiatives for boards and senior management are uncommon.

Sustainability reporting and disclosure: Sustainability reporting frameworks are being aligned with international standards but compliance expectations remain limited to specific categories of SOEs. Most of the countries have SOEs that report under the Global Reporting Initiative (GRI) Standards and/or the Sustainability Accounting

Standards Board (SASB) standards, while many of them are developing national equivalents to International Financial Reporting Standards (IFRS) S1 and S2. Despite constant initiatives to align sustainability reporting with evolving internationally recognised disclosure frameworks, significant variations persist in reporting obligations across jurisdictions. Moreover, national frameworks are phased or distinguished by enterprise type (listed vs. non-listed), size or sector and therefore, non-listed and smaller SOEs are not expected to be subject to comprehensive sustainability disclosure requirements in the short- to medium-term. Further, the Independent third party verification processes to provide assurances on sustainability reporting are less advanced than disclosure mandates. While tailored disclosure requirements recognise differences in organisational capacities, they may also lead to fragmented reporting and uneven transparency and disclosure practices of SOEs.

Responsible business conduct and stakeholder engagement: In addition to disclosure and reporting, broader Responsible Business Conduct (RBC) principles and standards are increasingly being integrated into national framework. All reviewed countries have reflected commitments to international RBC standards including human rights and environmental due diligence, in their national legal frameworks, policies and action plans, however, limited resourcing and weak enforcement limit the uptake and impact on SOE strategy and operations. The effectiveness of these efforts remains constrained due to absence of co-ordination mechanisms among relevant authorities and inadequate resources and therefore, the practical implementation remains uneven across jurisdictions.

Key recommendations

Considering the above findings, the following measures could support policymakers in enabling SOEs and their owners to lead by example on sustainability across the reviewed jurisdictions:

- **State sustainability-related expectations should be clearly set out in ownership policies:** Clear long-term strategies reflected in ownership policies and enterprise rationales help SOEs to effectively incorporate sustainability-related risks and opportunities in corporate objectives, targets, disclosure and monitoring measures, while avoiding conflicting expectations arising from operational and strategic uncertainties.
- **SOE boards should actively incorporate sustainability into their oversight and strategic functions:** Adopting a long-term perspective will

allow SOE boards to embed sustainability-related considerations into business strategies supporting long-term value creation, incentive and performance monitoring frameworks for executives, and risk management and control systems. Comprehensive incorporation of sustainability considerations across board responsibilities, succession planning and remuneration frameworks, along with “top down” and “bottom up” communication of material information to state owners and stakeholders will play a key role.

- **Sustainability reporting and disclosure obligations should be expected of all SOEs with requirements phased in and tailored based on size, sector or stage of development:** Implementation of interoperable sustainability reporting frameworks will enhance long-term comparability of information, and the incremental or segmented phasing of obligations can recognise disparities in enterprise capacities in the short to medium term. Further, the phased external assurance obligations can improve credibility and accountability – starting with high-priority sectors where reasonable assurance could be phased in as a priority over limited assurance while systems and

capabilities mature. While disclosure practices remain inconsistent across portfolios, state owners should disclose assumptions, boundaries and data limitations used in aggregation.

- **Due diligence responsibilities should be clearly identified in SOEs to enhance RBC outcomes:** Coherent and well-enforced RBC policies should extend beyond large or high-risk SOEs to be systematically implemented across SOE portfolios, with due diligence responsibilities and operational plans identified at the company level, supported by clear lines of accountability, monitoring and access to remedy.
- **SOEs should view sustainability as broader than climate:** National and corporate approaches should prioritise climate-related risks and opportunities while giving due consideration to other aspects such as integrity and anti-corruption, human rights and human capital, environment and biodiversity, modern slavery.

Source: https://www.oecd.org/en/publications/state-ownership-and-sustainability-in-asia_7639805e-en.html

STUDENT COMPANY SECRETARY (e-Journal)

Advertisement Tariff

Full Page Advertisement			Half Page Advertisement		
Per Insertion	6 Insertions	12 Insertions	Per Insertion	6 Insertions	12 Insertions
Rs. 17,000	Rs. 88,000	Rs. 1,70,000	Rs. 8,500	Rs. 44,000	Rs. 85,000

MECHANICAL DATA

Full Page 18x24cm

Half Page 9x24 cm or 18x12cm

- The Institute reserves the right not to accept order for any particular advertisement.
- The e-Journal is uploaded at www.icsi.edu during the last week of every month and also circulated among the students. The advertisement material should be sent in the form of typed manuscript or art pull or open file before 15th of any month for inclusion in the respective month's issue.

For further information
Mail to : academics@icsi.edu
Ext. 0120-4082171



भारतीय कम्पनी सचिव संस्थान
THE INSTITUTE OF
Company Secretaries of India
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)