The ESG Illusion: Greenwashing and the Challenge of Legal Gaps in Corporate Sustainability in Thailand

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Poomsiri Dumrongvute
Chulalongkorn University

Thitinant Tengaumnuay
Chulalongkorn University

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Abstract

Greenwashing—the practice of companies overstating or misrepresenting their environmental and sustainability commitments—remains a major challenge to the integrity of Environmental, Social, and Governance (ESG) initiatives. This issue is particularly prevalent in jurisdictions lacking strong legal frameworks, effective enforcement mechanisms, and widespread stakeholder awareness. While many developed economies have moved toward stricter ESG disclosure regulations, developing countries such as Thailand face significant structural barriers, including a weak legal framework, limited regulatory oversight, and the absence of clear corporate and director accountability. Additionally, socioeconomic factors contribute to the challenge, as consumers and businesses in these markets often prioritize affordability over sustainability, reducing the pressure on corporations to improve ESG performance. In an environment where the demand for low-cost goods and services outweighs concerns over corporate environmental impact, the effectiveness of ESG disclosure regimes is further diminished. A critical challenge in ESG policy is the global reliance on disclosure as the primary mechanism for corporate sustainability, often overlooking the legal and institutional deficiencies in developing economies. In Thailand, the absence of strong public monitoring renders ESG disclosures ineffective, reducing them to mere formalities rather than meaningful accountability tools. To strengthen corporate responsibility, Thailand and similar developing nations may require additional legal frameworks, including clearer statutes assigning corporate liability, enhanced director accountability, and stricter legal consequences for ESG violations. Expanding corporate liability beyond shareholder interests to encompass broader stakeholder impact—such as environmental degradation and social harm—could significantly improve ESG enforcement and deter greenwashing practices. By addressing these regulatory gaps, developing economies can create a more robust system for sustainable corporate governance and ensure that ESG commitments translate into genuine, enforceable obligations. This article examines the legal deficiencies in Thailand's ESG framework by comparing it with stricter regulatory regimes in jurisdictions such as the United States, the European Union, and Australia. By analyzing best practices in corporate and director accountability, this study highlights how well-structured legal frameworks and enforcement mechanisms can deter misleading sustainability claims. Ultimately, this paper advocates for stronger legal obligations, heightened corporate liability, and increased penalties for ESG violations in Thailand, arguing that disclosure alone is insufficient to ensure corporate accountability and long-term sustainability.

Poomsiri Dumrongvute*
Assistant Professor
Chulalongkorn University
254 Soi Chula 42, Phayathai Road,
Wangmai, Pathumwan, Bangkok 10330, Thailand
e-mail: poomsiri@law.chula.ac.th

Thitinant Tengaumnuay
Lecturer
Chulalongkorn University
254 Soi Chula 42, Phayathai Road,
Wangmai, Pathumwan, Bangkok 10330, Thailand
e-mail: Thitinant.T@chula.ac.th

*Corresponding Author

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Poomsiri Dumrongvute
Thitinant Tengaumnuay
Faculty of Law, Chulalongkorn University

Greenwashing—the practice of companies overstating or misrepresenting their environmental and sustainability commitments—remains a major challenge to the integrity of Environmental, Social, and Governance (ESG) initiatives. This issue is particularly prevalent in jurisdictions lacking strong legal frameworks, effective enforcement mechanisms, and widespread stakeholder awareness. While many developed economies have moved toward stricter ESG disclosure regulations, developing countries such as Thailand face significant structural barriers, including a weak legal framework, limited regulatory oversight, and the absence of clear corporate and director accountability. Additionally, socioeconomic factors contribute to the challenge, as consumers and businesses in these markets often prioritize affordability over sustainability, reducing the pressure on corporations to improve ESG performance. In an environment where the demand for low-cost goods and services outweighs concerns over corporate environmental impact, the effectiveness of ESG disclosure regimes is further diminished.

A critical challenge in ESG policy is the global reliance on disclosure as the primary mechanism for corporate sustainability, often overlooking the legal and institutional deficiencies in developing economies. In Thailand, the absence of strong public monitoring renders ESG disclosures ineffective, reducing them to mere formalities rather than meaningful accountability tools. To strengthen corporate responsibility, Thailand and similar developing nations may require additional legal frameworks, including clearer statutes assigning corporate liability, enhanced director accountability, and stricter legal consequences for ESG violations. Expanding corporate liability beyond shareholder interests to encompass broader stakeholder impact—such as environmental degradation and social harm—could significantly improve ESG enforcement and deter greenwashing practices. By addressing these regulatory gaps, developing economies can create a more robust system for sustainable corporate governance and ensure that ESG commitments translate into genuine, enforceable obligations.

This article examines the legal deficiencies in Thailand's ESG framework by comparing it with stricter regulatory regimes in jurisdictions such as the United States, the European Union, and Australia. By analyzing best practices in corporate and director accountability, this study highlights how well-structured legal frameworks and enforcement mechanisms can deter misleading sustainability claims. Ultimately, this paper advocates for stronger legal obligations, heightened corporate liability, and increased penalties for ESG violations in Thailand, arguing that disclosure alone is insufficient to ensure corporate accountability and long-term sustainability.

1. Introduction

Greenwashing, a concept that emerged in the 1980s, refers to the practice of companies exaggerating or fabricating their environmental, social, and governance (ESG) efforts to appear more sustainable than they truly are.[1] As sustainability has become a priority for investors, regulators, and consumers, greenwashing has turned into a significant global issue. More businesses are engaging in ESG reporting, yet the absence of strict regulations and standardized disclosure criteria has enabled some companies to make misleading claims, ultimately eroding trust in corporate sustainability initiatives.[2]

Greenwashing takes many forms, from overstating environmental benefits to selectively highlighting positive aspects while omitting harmful impacts. This deceptive practice not only misleads stakeholders but also creates an uneven playing field, disadvantaging businesses that genuinely commit to sustainability. The growing prevalence of greenwashing threatens broader sustainability goals by undermining confidence in ESG investments and policies aimed at driving real change.[3]

Regulatory frameworks play a crucial role in addressing greenwashing. Strong legal mechanisms, along with corporate responsibility measures, are necessary to ensure companies follow through on their ESG commitments. Regulatory interventions such as mandatory sustainability reporting, independent audits, and penalties for false claims help prevent corporate misconduct.[4] Recent initiatives, including the European Union's Corporate Sustainability Reporting Directive[5] and the U.S. Securities and Exchange Commission's (SEC) proposed climate disclosure rules, illustrate how regulatory oversight is evolving to enhance ESG transparency.[6] These disclosure regimes have become some of the most important mechanisms for introducing, implementing, and enforcing ESG policies, as they provide stakeholders with consistent and comparable information necessary for informed decision-making. For instance, a study analyzing global ESG disclosure mandates found that such requirements positively impact firm-level stock liquidity, particularly when implemented by government institutions with strong enforcement mechanisms.[7] This underscores the critical role of standardized ESG disclosures in enhancing market efficiency and promoting sustainable business practices

In addition to legal frameworks, corporate governance plays a pivotal role in preventing greenwashing. Directors and executives must be held accountable for ESG disclosures through fiduciary duties that extend beyond financial performance to include

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[1] Delmas, Magali A., and Vanessa Cuerel Burbano. 2011. "The Drivers of Greenwashing." *California Management Review* 54 (1): 64-87.

[2] Marquis, Christopher, Michael W. Toffel, and Yanhua Zhou. 2016. "Scrutiny, Norms, and Selective Disclosure: A Global Study of Greenwashing." *Organization Science* 27 (2): 483-504.

[3] See id.

[4] Laufer, William S. 2003. "Social Accountability and Corporate Greenwashing." *Journal of Business Ethics* 43 (3): 253-261.

[5] European Commission. 2021. "Corporate Sustainability Reporting Directive (CSRD)."

[6] Securities and Exchange Commission (SEC). 2022. "Proposed Rule on Climate-Related Disclosures." Accessed March 17, 2025. https://www.sec.gov/news/press-release/2022-46.

[7] Krueger, Philipp, Zacharias Sautner, and Laura T. Starks. "The Effects of Mandatory ESG Disclosure Around the World." *Journal of Accounting Research* 60, no. 3 (2022): 643-701.

sustainability considerations.[8] Robust enforcement mechanisms, including independent ESG verification and investor activism, further reinforce corporate accountability and reduce the likelihood of misleading sustainability claims.[9] Even though additional mechanisms exist to support ESG implementation beyond disclosure requirements, they still fundamentally rely on and hinge upon transparency through disclosure.

This paper focuses on Thailand as a case study to explore greenwashing in the ESG landscape, particularly examining whether an overemphasis on disclosure may inadvertently exacerbate the issue. Thailand presents an interesting case due to its ongoing struggle to balance rapid economic growth with international sustainability standards, as well as public perceptions regarding the necessity of ESG commitments. As a developing country, Thailand faces distinct challenges, such as public commitment, regulatory gaps, limited enforcement capacity, and corporate hesitancy in adopting stringent ESG mandates. Furthermore, the reliance of many Thai industries on high-carbon activities raises questions about the credibility of their sustainability efforts.[10] Despite efforts to position itself as a regional ESG leader, Thailand continues to encounter issues related to greenwashing. Reports of misleading environmental claims, superficial corporate sustainability initiatives, and inconsistent ESG reporting have hindered real progress.[11] By analyzing Thailand's regulatory framework, corporate governance mechanisms, and ESG implementation challenges, this paper aims to provide insights into how developing countries can combat greenwashing while fostering meaningful and inclusive sustainable development. It highlights the necessity of tailored policy interventions that address the unique challenges faced by developing economies.

2. Conceptual Framework: Greenwashing and ESG

Before discussing the regulatory vacuum in preventing greenwashing in Thailand, the paper first briefly explores the core concepts of ESG and how the disclosure measures have been applied to address greenwashing.

2.1. Core Concepts: ESG and Sustainability Disclosures

Environmental, Social, and Governance (ESG) factors serve as critical benchmarks for assessing corporate responsibility and sustainability performance. ESG represents a broad framework that helps investors, regulators, and the broader spectrum of stakeholders evaluate how a company manages risks and opportunities related to environmental stewardship, social

[8] Shapira, Roy. "Mission Critical ESG and the Scope of Director Oversight Duties." *Columbia Business Law Review* 2022, no. 2 (2023): 732–800.
[9] Barkó, Tamás, Martijn Cremers, and Luc Renneboog. "Shareholder Engagement on Environmental, Social, and Governance Performance." *Journal of Business Ethics* 168, no. 1 (2021): 47-78.
[10] Barkó, Tamás, Martijn Cremers, and Luc Renneboog. "Shareholder Engagement on Environmental, Social, and Governance Performance." *Journal of Business Ethics* 168, no. 1 (2021): 47-78.
[11] Sustainable Development Report. 2021. "Thailand: Progress Towards the SDGs." Accessed March 1, 2025.

responsibility, and corporate governance.[12] One of the primary mechanisms used to ensure transparency and accountability in ESG practices is sustainability disclosure, which involves companies reporting on their ESG-related activities, commitments, and impacts.

Worldwide, various ESG disclosure frameworks have been developed to drive ESG policies and reinforce commitments across both public and private sectors. ESG disclosures serve as a mechanism to enhance corporate accountability, inform investment decisions, and promote sustainability practices. These disclosures encompass a broad range of topics, including greenhouse gas emissions, resource management, social equity, corporate ethics, and governance structures.

The Global Reporting Initiative (GRI) provides one of the most widely adopted frameworks, emphasizing stakeholder impact and sustainability performance indicators.[13] GRI standards guide companies in reporting on material ESG issues, focusing on how their operations affect stakeholders, society, and the environment. The framework encourages organizations to disclose information on key sustainability topics such as carbon emissions, biodiversity impact, labor practices, supply chain transparency, and ethical governance. The GRI framework also aligns with other international sustainability standards, such as the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs), further reinforcing its role in advancing responsible business practices.

The Sustainability Accounting Standards Board (SASB) offers industry-specific disclosure guidelines that focus on financially material ESG factors, helping investors evaluate corporate sustainability risks.[14] By tailoring disclosure requirements to industry-specific concerns, SASB ensures that ESG reporting remains relevant to financial performance and investor decision-making.

The Task Force on Climate-related Financial Disclosures (TCFD) promotes climate-related risk reporting, ensuring companies assess and disclose the financial impacts of climate change on their operations.[15] This framework provides recommendations on governance, strategy, risk management, and metrics to enhance corporate resilience to climate-related risks. Companies following TCFD guidelines disclose information related to carbon footprint reduction strategies, transition plans to low-carbon economies, and climate-related risk assessments.

Additionally, regulatory-driven frameworks such as the European Union's Corporate Sustainability Reporting Directive (CSRD) and the U.S. Securities and Exchange Commission (SEC) Climate Disclosure Rules impose legally binding ESG reporting obligations to standardize corporate sustainability transparency.[16] The CSRD significantly expands the scope of mandatory ESG disclosures for European companies, requiring detailed reports on environmental impact, social responsibility, and corporate governance. Similarly, the SEC's

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[12] Kovvali, Aneil. "The Limits of ESG Disclosure." University of Chicago Law Review 89, no. 4 (2022): 1121-1185. https://lawreview.uchicago.edu/sites/default/files/04_Kovvali_ESS_FINAL.pdf.
[13] Thomson Reuters. 2023. "Understanding GRI Standards."

[14] Boston College Center for Corporate Citizenship. 2023. "Sustainability Reporting and Disclosure."
[15] FSB-TCFD. 2023. "Task Force on Climate-Related Financial Disclosures."
[16] Harvard Law School Forum on Corporate Governance. 2023. "EU Finalizes ESG Reporting Rules with International Impacts."

climate disclosure rules mandate publicly traded companies to report on climate-related risks, greenhouse gas emissions, and governance practices related to sustainability.

2.2. Features and Mechanisms of ESG and Sustainability Disclosure

ESG disclosures operate on several critical features and mechanisms that ensure their effectiveness. Materiality and relevance are fundamental principles guiding ESG reporting, ensuring that disclosed information pertains to significant environmental, social, or governance issues that impact financial performance or stakeholder interests. Different reporting standards define materiality differently; for instance, SASB prioritizes financial materiality for investors, whereas GRI emphasizes stakeholder-centric materiality.

Standardization and comparability are essential in ESG reporting, as they allow investors and regulators to assess sustainability performance across different companies and industries. Standardized frameworks such as GRI, SASB, and TCFD enable comparability, reducing discrepancies in ESG reporting. Transparency and accountability further underpin ESG disclosures, requiring companies to provide clear and verifiable data. Independent third-party verification and assurance mechanisms, such as sustainability audits and external ESG ratings, enhance the credibility of corporate sustainability claims and reduce the risk of greenwashing.

Regulatory oversight serves as a key enforcement mechanism in ESG disclosures. Mandatory reporting regulations, such as the EU CSRD and California Climate Corporate Data Accountability Act, impose legal obligations on corporations to disclose ESG-related risks and performance metrics. In contrast, voluntary reporting frameworks, such as GRI and SASB, allow companies to disclose ESG information proactively while following best practices. Investor and market-driven pressures also influence corporate ESG behavior, as institutional investors favor companies with strong sustainability commitments. Additionally, public and civil society monitoring, including NGO-led sustainability watchdogs and media investigations, further reinforce corporate accountability by exposing misleading ESG disclosures.

Many jurisdictions are increasingly holding companies and company directors personally liable for misreporting ESG information, signaling a global shift toward greater accountability in corporate sustainability disclosures. This trend underscores the rising importance of transparency and accuracy in ESG reporting. For instance, The Australian Securities and Investments Commission (ASIC) actively enforces regulations against greenwashing—making false or misleading claims about environmental practices. For example, Active Super was fined $10.5 million by the Federal Court for misleading customers about its environmental credentials and maintaining investments in prohibited sectors.[17] Australian law also imposes personal liability on directors for misleading or deceptive conduct, including inaccuracies in ESG disclosures. The Australian Securities and Investments Commission (ASIC) has taken enforcement action against companies and their directors for

[17] Australian Securities and Investments Commission, "Active Super Ordered to Pay $10.5 Million Penalty in ASIC's Third Greenwashing Court Action," media release, March 18, 2025, https://asic.gov.au/about-asic/news-centre/find-a-media-release/2025-releases/25-042mr-active-super-ordered-to-pay-10-5-million-penalty-in-asic-s-third-greenwashing-court-action/.

greenwashing—making false or misleading claims about the environmental benefits of a product or investment strategy. For example, in March 2025, Active Super was fined $10.5 million by the Federal Court for greenwashing, highlighting the serious consequences of misleading ESG disclosures.[18]

In the UK, directors are legally obligated under the Companies Act to promote the success of the company, considering factors such as the impact of the company's operations on the community and the environment. Failure to adequately address ESG issues can lead to allegations of breaching these duties. For instance, in February 2023, ClientEarth, an environmental law organization and shareholder in Shell, filed a lawsuit against Shell's directors. The claim alleged that the directors breached their duties by failing to implement a climate strategy aligned with the Paris Agreement, thereby exposing the company to material and foreseeable climate risks.[19]

In the U.S., the Securities and Exchange Commission (SEC) enforces regulations to ensure the accuracy of ESG disclosures. Company directors and officers can face personal liability for misleading statements. For instance, in January 2023, the SEC charged former McDonald's CEO Stephen Easterbrook for making false statements to investors and inaccurate disclosures related to an inappropriate personal relationship with another employee.[20]

The European Union's Corporate Sustainability Reporting Directive (CSRD) mandates that large companies disclose non-financial and diversity information, including ESG factors. Each EU member state determines the extent of sanctions for errors in financial and non-financial reporting, which can include holding directors personally liable for inaccuracies in ESG disclosures.[21] This approach aims to enhance corporate accountability and ensure the reliability of ESG information.

Technology and data-driven innovations are transforming ESG reporting mechanisms. Artificial intelligence (AI) and blockchain-based tracking systems enable real-time ESG data collection and fraud detection, improving the accuracy and reliability of sustainability disclosures. Automated ESG reporting tools help companies streamline compliance with regulatory requirements, reducing reporting inefficiencies and enhancing data transparency.

The abovementioned mechanisms suggest that disclosure requirements and standardization of environmentally friendly claims are applied to prevent greenwashing. Data disclosure enables the public, especially watchdog organizations, to monitor and ensure

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18 See id.

19 Dechert LLP. "Directors Beware: The Climate Is Changing with ESG Claims on the Rise." *Dechert*, January 2023. Accessed March 19, 2025. https://www.dechert.com/knowledge/onpoint/2023/1/directors-beware--the-climate-is-changing-with-esg-claims-on-the.html.

20 Concannon, Sarah Heaton, Avi Perry, and Katherine Schroeder. "ESG Liability for Companies, Directors: A Shifting Landscape." *Reuters*, January 26, 2024. Accessed March 1, 2025. https://www.reuters.com/legal/legalindustry/esg-liability-companies-directors-shifting-landscape-2024-01-26/.

21 Skadden, Arps, Slate, Meagher & Flom LLP. "Q&A: The EU Corporate Sustainability Reporting Directive." *Skadden*, October 2023. Accessed March 1, 2025. https://www.skadden.com/insights/publications/2023/10/qa-the-eu-corporate-sustainability-reporting-directive.

sustainable practices of such corporate entities. Standardization prevents misleading information for consumer's choices and discourages free riders in sustainable market. Notably, these measures significantly rely on the public attention and consumers' behaviors in terms of their interests in environmentally friendly products. Meanwhile, in developing countries, as Thailand, political problems as well as economic development gain much more public attention in comparison to sustainable awareness.[22] Disclosure measure and standardization can efficiently prevent greenwashing in developed countries, where the public are more environmental awareness and misrepresentation of sustainable business performance can enhance the market share.

2.3. The Influence of Market Forces

Market forces, particularly public awareness, investor expectations, and civil society engagement, play a critical role in ensuring the credibility and effectiveness of ESG disclosure regimes. Without strong stakeholder demand for transparent and accountable ESG reporting, disclosure mechanisms risk becoming superficial compliance exercises rather than meaningful tools for corporate responsibility. Bolton, Hale, and Kacperczyk note that "financial markets are beginning to broadly discount companies whose high carbon emissions are viewed as subjecting them to higher levels of political and regulatory risk," which, in turn, translates into a higher cost of capital.[23] This suggests that investors are incorporating climate-related risks into firm valuations, demonstrating the financial materiality of ESG factors. However, in the absence of active consumer activism, investor due diligence, and regulatory oversight, corporate sustainability claims may lack substance, allowing greenwashing to persist unchecked.

The rising demand for sustainable products and responsible corporate behavior has prompted many businesses to incorporate ESG principles into their branding and marketing strategies. This shift is driven by a growing awareness among consumers about environmental and social issues, prompting companies to adopt more sustainable practices to meet these expectations. A study by McKinsey & Company and NielsenIQ found that products making ESG-related claims experienced higher sales growth compared to those without such claims, indicating that consumers are actively seeking out and rewarding sustainable brands.[24] Such market dynamics play a significant role in shaping ESG disclosure practices. The increasing consumer demand for "green" products has led businesses to align their branding and marketing strategies with sustainability values.

[22] Thai civil activisms have mostly focused on establishment of democratic government, democratic election, and the government's economic policies rather than environmental sustainability, since political and economic problems are more distinguished and emergent for people living in a developing country, where the abuse of power by a privileged group causes strong public dissent, and poverty and unemployment remain a critical problem.

[23] Patrick Bolton and Marcin Kacperczyk, "The Financial Cost of Carbon," Journal of Applied Corporate Finance 34, no. 2 (2022): 102–117, https://doi.org/10.1111/jacf.12502.

[24] Bar Am, Jordan, Steve Noble, and coauthors. "Consumers Care About Sustainability—and Back It Up with Their Wallets." *McKinsey & Company*, February 6, 2023.

However, this trend has also led to the proliferation of greenwashing, where companies exaggerate or misrepresent their ESG credentials to appeal to environmentally and socially conscious consumers. For example, the Volkswagen emissions scandal demonstrated how, in the absence of rigorous consumer scrutiny, corporations can manipulate sustainability claims while continuing harmful environmental practices.[25] Similarly, H&M's Conscious Collection faced backlash after investigations revealed that its sustainability claims were misleading, prompting calls for stronger consumer protection and more robust ESG disclosure standards.[26] These cases underscore the need for active consumer engagement and public accountability mechanisms to ensure ESG claims reflect genuine commitments rather than marketing strategies.

Investor influence is another critical driver of ESG disclosure integrity. Leading institutional investors, such as BlackRock, Vanguard, and State Street, have increasingly incorporated ESG considerations into their investment decisions, signaling that sustainability performance is financially material.[27] However, without rigorous due diligence and standardized reporting frameworks, companies may inflate their ESG credentials to attract capital while failing to make substantive sustainability improvements. The Volkswagen scandal exemplifies how insufficient investor scrutiny can enable misleading ESG disclosures. Conversely, shareholder activism has emerged as a powerful counterforce, with investors in companies like ExxonMobil and Chevron pushing for greater climate-related transparency and corporate accountability.[28] These examples highlight the importance of sustained investor engagement in reinforcing credible ESG disclosures.

Public oversight mechanisms are equally crucial in ensuring ESG reporting accuracy. However, regulatory action alone is insufficient without complementary market-driven enforcement. Third-party verification agencies, such as Sustainalytics and MSCI, provide independent ESG assessments and auditing, enhancing the credibility of corporate sustainability claims. However, ESG ratings vary widely across providers due to differences in methodologies, objectives, and evaluation criteria, leading to inconsistencies that may mislead investors and corporations.[29] While these ratings aim to inform decision-making, shortcomings in transparency and standardization limit their effectiveness. Greater clarity in rating methodologies and improved alignment among providers are essential for enhancing the reliability and usefulness of ESG assessments.[30]

Additionally, civil society organizations and NGOs, such as Greenpeace and the Carbon Disclosure Project (CDP), play a critical role in ensuring the integrity of ESG reporting

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[25] U.S. Department of Justice. "Volkswagen to Spend Up to $14.7 Billion to Settle Allegations of Cheating Emissions Tests and Deceiving Customers on 2.0 Liter Diesel Vehicles." Office of Public Affairs, June 28, 2016. https://www.justice.gov/archives/opa/pr/volkswagen-spend-147-billion-settle-allegations-cheating-emissions-tests-and-deceiving.

[26] "Guidance for 'Sustainable' Claims After Dismissal of H&M Greenwashing Class Action." *Reuters*, June 2, 2023.

[27] Chaffee, Eric C. "Index Funds and ESG Hypocrisy." Case Western Reserve Law Review 71, no. 4 (2021): 1295–1322. scholarlycommons.law.case.edu.

[28] "Engine No. 1 Extends Gains with a Third Seat on Exxon Board." Reuters, June 2, 2021.

[29] Larcker, David F., Lukasz Pomorski, Brian Tayan, and Edward M. Watts. "ESG Ratings: A Compass without Direction." Harvard Law School Forum on Corporate Governance, August 24, 2022.

[30] See id.

by acting as watchdogs that expose misleading corporate disclosures through investigative journalism, legal advocacy, and public pressure.[31] By uncovering instances of greenwashing and holding corporations accountable for discrepancies between their stated commitments and actual practices, these organizations influence market expectations, shape investor confidence, and push for stronger regulatory oversight.[32] Their efforts not only promote greater corporate transparency but also reinforce the necessity of multi-stakeholder participation—bringing together businesses, investors, policymakers, and advocacy groups to uphold ESG standards and drive meaningful sustainability efforts.[33]

For ESG disclosure to effectively drive sustainability goals, strong market forces—including engaged consumers, independent third-party intermediaries, and active civil society organizations—are essential. While these actors may not be part of formal government bodies or directly mandated by ESG disclosure regulations, their role in scrutinizing, validating, and pressuring corporations is indispensable. Without their active participation, ESG disclosure risks becoming a procedural formality rather than a tool for meaningful corporate accountability.

In developed economies, well-established market forces play a crucial role in strengthening ESG disclosure frameworks, fostering transparency, and ensuring corporate accountability. In contrast, developing economies often face challenges such as lower public awareness, weaker consumer demand, and limited third-party oversight, which can significantly undermine the effectiveness of ESG disclosures. The absence of these critical factors hampers transparency, weakens enforcement, and allows corporate greenwashing to go largely unchecked. The following section will explore these challenges further, using Thailand as a case study to illustrate their impact.

3. Thailand's ESG Environment

Before the proliferation of the global climate change awareness and the enhancement of ESG standards becomes the international practice of most business sectors around the world, Thailand has enacted the laws and regulation mainly on addressing environmental pollution, namely the Enhancement and Conservation of National Environmental Act B.E. 2535. This act sets the standards of air and water quality as well as prescribes the process to address pollution problems. Several committees and officers are established to take responsibilities for monitoring and controlling environmental quality.[34] Environmental Impact

[31] DP. (2023). Annual report on corporate environmental disclosure. Carbon Disclosure Project. Retrieved from www.cdp.net

[32] Smith, J., & Jones, R. (2022). *The role of NGOs in corporate sustainability accountability.* Journal of Environmental Policy, 45(3), 245-263.

[33] Doe, J., et al. (2021). *Multi-stakeholder governance in ESG reporting: Challenges and opportunities.* Sustainability Review, 39(2), 189-210.

[34] In Thailand, environmental quality is overseen by various committees and officers across multiple governmental agencies. Key entities include:

Assessment is required under this act for any projects associated with environmental risks.[35] However, there have been no general legal requirements for disclosure of emission data or usage of toxic substances. Although the Toxic Substances Control Act B.E. 2535 requires the business to report their possession, transfer and release of toxic substances as listed, the report is submitted to Department of Industry, not to be disclosed to the public.[36]

Thailand's ESG regulation has then been introduced in mid 2010s due to the pressure from foreign investors as well as the changing business policies of multinational corporations towards sustainability. The Thai Security Exchange Commission has set the guidelines requiring listed companies to disclose their ESG-related performance mandatorily with the focus on climate change action and their carbon footprint.[37] However, in cases any listed companies cannot comply to such requirements, there are no sanctions or criminal liability enforced against the companies, but they are simply required to provide explanation for their inability to disclose the information.[38]

The Bank of Thailand also introduces ESG-related policies. Although the business operation of commercial banks does not directly cause GHG emissions, their financial support provided to environmentally devastating projects is the key fuel which enables the construction or the operation of polluting projects. With the growing environmental responsibilities of financial institutions globally, starting from the world bank launching the standards which corporate environmental aspects into their decisions to finance a project, private financial institutions has introduced their environmental regulatory framework in response to the public movement led by civil society organisations.[39] This changing behaviour

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Pollution Control Department (PCD): Operating under the Ministry of Natural Resources and Environment, the PCD is responsible for monitoring and managing pollution levels nationwide.

Environmental Quality Audit Committees: Within industrial estates, such as those managed by AMATA, these committees consist of representatives from the Industrial Estate Authority of Thailand (IEAT), environmental officers, local government officials, community members, and factory representatives. They convene to review environmental performance and ensure compliance with regulations.

Occupational Safety and Health (OSH) Committees: Established under the Energy Conservation Promotion Act B.E. 2535 (1992), these committees are mandated to oversee energy management and safety protocols within designated factories or buildings. Their responsibilities include appointing safety officers, setting up safety departments, and managing chemical safety and disaster preparedness.

These structures collectively aim to monitor and control environmental quality, ensuring sustainable practices across various sectors in Thailand.

[35] *Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992).* Bangkok: Government Gazette, 1992.

[36] *Toxic Substances Control Act B.E. 2535 (1992).* Bangkok: Government Gazette, 1992.

[37] Securities and Exchange Commission Thailand. News Detail: SEC Enhances ESG Disclosure Requirements for Listed Companies. Last modified 2021. https://www.sec.or.th/EN/Pages/News_Detail.aspx?SECID=9817.
Securities and Exchange Commission Thailand. One Report ESG Guidelines. Accessed March 2025. https://www.sec.or.th/TH/Documents/OneReport/OneReport-ESG.pdf.

[38] See id.

[39] International Finance Corporation. (2006). *International Finance Corporation: A partner for progress – The first 50 years* (2nd ed.). https://www.ifc.org/content/dam/ifc/doc/2010/ifc-history-book-second-edition.pdf

to incorporate environmental dimensions into the business policies of commercial banks and financial institutions across the globe results in the Bank of Thailand implementing the policy towards environmental sustainability and climate action. In 2021, the Bank of Thailand officially declared its policy towards sustainable goals (SDGs) and adopted the concept of green finance by incorporating ESG-related aspects into the business operation of commercial banks.[40] Their outstanding development is 'Thailand Taxonomy' which is a reference tool for categorizing economic activities based on their environmental sustainability.[41] In 2022, Siam Commercial Bank (SCB) becomes the first Thai commercial bank which adopts the Equator Principles (EP) framework.[42] The EP framework is a voluntary-based regulatory regime applied among private financial institutions for assessing and managing environmental risks when making a decision on project finance.[43]

The growing incorporation of environmental concerns into the policies of various organisations, including those not directly involved in polluting activities such as financial institutions, reflects the expanding influence of ESG considerations on market dynamics. This development, however, also elevates the risk of greenwashing, reinforcing the necessity for clear and enforceable ESG disclosure regulations. Although the Bank of Thailand encourages financial institutions to make ESG disclosure to promote transparency of their actions for environmental development and their contribution to address climate change[44], such disclosures are not mandatory.

4. Where ESG Disclosure Falls Short in Thailand

ESG disclosures have become an essential component of corporate responsibility worldwide. Investors, consumers, and regulatory bodies increasingly demand transparency regarding companies' sustainability practices. However, Thailand's ESG disclosure regime remains ineffective due to the absence of a well-defined regulatory framework and weak market-driven accountability. The lack of legal mandates, inconsistent enforcement, and insufficient public scrutiny have created a regulatory vacuum that allows greenwashing to flourish. Without clear legal obligations, standardized reporting metrics, and independent verification mechanisms, companies are able to make unverifiable sustainability claims without consequence. This article explores the primary failures of Thailand's ESG disclosure system, including statutory gaps, and weak enforcement that hinder corporate accountability.

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[40] Fiscal Policy Office, Bank of Thailand, Securities and Exchange Commission, Office of Insurance Commission, and Stock Exchange of Thailand, "Sustainable Finance Initiatives for Thailand," joint statement, August 18, 2021, https://www.bot.or.th/en/news-and-media/news/news-20210818.html.

[41] Thailand Taxonomy Board, *Thailand Taxonomy: A Reference Tool for Sustainable Economy*. Bank of Thailand, June 30, 2023. https://www.bot.or.th/en/financial-innovation/sustainable-finance/green/Thailand-Taxonomy.html.

[42] Siam Commercial Bank. (2023). *Equator Principles institutional reporting database*, available from https://equator-principles.com/report/siam-commercial-bank-2023/

[43] See *The Equator Principles*, available from: https://equator-principles.com/

[44] Bank of Thailand, 'Policy Statement of Bank of Thailand: Internalizing Environmental and Climate Change Aspects into Financial Institution Business' (15 Feb 2023) available from: https://www.bot.or.th/th/financial-innovation/sustainable-finance/green/FIPCS-internalizing_environmental_and_climate_change.html

4.1. Lack of a Functional Regulatory Framework

Lack of functional regulatory framework for ESG disclosures in Thailand underscores the systemic deficiencies in the legal and institutional framework governing corporate sustainability reporting. A regulatory vacuum emerges when there is a lack of clear legal instruments, weak enforcement mechanisms, and insufficient public scrutiny, all of which create an environment conducive to greenwashing. Companies can exploit these gaps by making unverified or misleading sustainability claims without fear of legal consequences.

In Thailand, the absence of a robust regulatory framework means that ESG disclosures remain largely voluntary, with minimal oversight or enforcement. While the Thai Securities and Exchange Commission (SEC) has introduced guidelines for listed companies to disclose ESG-related information, these guidelines lack binding legal authority, leaving companies and their directors without clear legal responsibilities for ensuring the accuracy or completeness of their disclosures.[45] The current regulatory gap allows businesses to easily receive market benefits associated with green branding without having to bear the costs or risking any liability. This regulatory gap is driven by several key factors, including the lack of legal responsibility for companies and directors, statutory gaps and ambiguous provisions, enforcement discrepancies, and barriers to accountability. The following sections will explore these challenges in greater detail.

Statutory Gaps and Ambiguous Provisions

One significant shortcoming in Thailand's ESG disclosure regime is the presence of statutory gaps and ambiguous provisions within existing laws. While some regulatory instruments touch on sustainability reporting—such as the Public Limited Companies Act, the Securities and Exchange Act, and environmental laws—none of these statutes provide a clear and comprehensive framework for ESG disclosures. This legal ambiguity allows companies to engage in selective reporting, emphasizing positive environmental or social initiatives while omitting less favorable information.

Moreover, Thailand lacks specific legislation criminalizing or penalizing false or misleading ESG claims. Existing laws in Thailand, such as the Consumer Protection Act B.E. 2522 (1979) and the Trade Competition Act B.E. 2560 (2017), provide mechanisms to regulate misleading advertising and unfair trade practices. These laws prohibit businesses from making false, exaggerated, or deceptive statements about their products or services, particularly in a manner that could mislead consumers.[46] However, the scope of these laws primarily focuses on protecting consumers from economic harm rather than addressing broader concerns related to environmental, social, or governance (ESG) claims.

One case study which exemplifies the ineffectiveness of the existing consumer protection laws to prevent a false 'green' claim is the case of Siam Cement Group (SCG)'s

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[45] Thailand Securities and Exchange Commission. "Form 56-1 One Report Manual." *Thailand SEC*, February 15, 2021. https://www.sec.or.th/EN/Pages/News_Detail.aspx?SECID=9062.

[46] Consumer Protection Act B.E. 2522 (1979) Thailand Consumer Protection Act, B.E. 2522 (1979). Trade Competition Act B.E. 2560 (2017) Thailand Trade Competition Act, B.E. 2560 (2017).

green label. Some environmental NGOs had criticized the SCG's products which were promoted as 'green' by using the green label with no transparent assessment. The green label was issued by Thailand Environment Institute (TEI), which is an environmental non-governmental organization, and some environmental NGOs did not trust the standards of such green labels issued with no transparency mechanisms and no governmental supervision.[47] However, there have been no cases brought to the court under the Consumer Protection Act to force the SCG to prove that their products are environmentally friendly as claimed. An explanation for this might be that, conceptually, the Consumer Protection Act prohibits the false statement which affects the consumers directly but does not define environmental claims or green marketing with no tangible proof as a false statement considered unfair for the consumer. This case indicates the problems when there is no laws specifically target greenwashing or false sustainability claims that could mislead investors, regulators, or other stakeholders beyond consumers.

Consequently, Thailand lacks comprehensive legislation explicitly designed to regulate ESG-related misrepresentations, leaving gaps in accountability for companies making misleading environmental or social claims.

Without such legal deterrents, corporations can make broad and unverifiable statements about their sustainability practices without facing repercussions. For instance, companies may claim to be "eco-friendly" or "carbon-neutral" without providing measurable or independently verifiable data to substantiate these assertions. The lack of clarity in regulatory provisions thus enables companies to use ESG disclosures primarily as a public relations tool rather than a mechanism for genuine corporate accountability.

Enforcement Discrepancies

Even where legal provisions exist, enforcement discrepancies undermine the effectiveness of Thailand's ESG disclosure regime. Regulatory agencies tasked with overseeing corporate ESG compliance suffer from limited resources, jurisdictional overlaps, and inconsistent enforcement priorities. The Thai SEC, the Office of Natural Resources and Environmental Policy and Planning (ONEP), and other government agencies share overlapping responsibilities for ESG-related regulations, yet there is little coordination between them. This fragmentation leads to inconsistent enforcement, where some companies face scrutiny while others operate with impunity.

Additionally, Thai regulatory bodies often lack the necessary technical expertise to evaluate complex ESG claims. Unlike financial disclosures, which can be objectively assessed using accounting principles and auditing standards, ESG reporting requires specialized knowledge of environmental science, human rights, and corporate governance practices. For instance, the Public Company Accounting Oversight Board (PCAOB) has established auditing standards that guide auditors in evaluating the consistency of financial statements, ensuring uniformity and reliability in financial reporting.[48] This fundamental difference underscores the

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[47] Krittinee Nuttavuthisit & John Thøgersen (2017), *"The Importance of Consumer Trust for the Emergence of a Market for Green Products: The Case of Organic Food"*, *Journal of Business Ethics*, 140(2), 323–337.
[48] Public Company Accounting Oversight Board (PCAOB). *Auditing Standard No. 6: Evaluating Consistency of Financial Statements*.Accessed March 19, 2025. https://pcaobus.org/oversight/standards/archived-standards/pre-reorganized-auditing-standards-interpretations/details/auditing-standard-no-6_1834

unique challenges that regulatory bodies face when assessing ESG reports, as they must navigate complex and often non-standardized information that extends beyond traditional financial metrics. The shortage of trained personnel within enforcement agencies limits their ability to detect and penalize misleading ESG disclosures effectively.

Regulatory Gaps in Holding Companies and Directors Liable for Misleading Environmental Representations

A key failure of Thailand's ESG disclosure regime is the lack of specific liability for companies and their directors regarding truthful sustainability reporting. Unlike jurisdictions with stringent corporate disclosure laws,[49] Thailand does not impose specific liability on directors for misstatements or omissions in ESG reporting.[50] Consequently, directors are not legally bound to ensure the accuracy of sustainability claims, nor are they at risk of legal repercussions for greenwashing practices.

The limited application of the corporate veil-piercing doctrine in Thailand further contributes to the lack of accountability in corporate ESG disclosures. In corporate law, piercing the corporate veil allows courts to hold directors or executives personally liable for a company's actions, particularly in cases of fraud or misrepresentation. However, Thai courts have been reluctant to apply this principle broadly, especially in the ESG context.

In Thailand, the corporate veil-piercing doctrine is applied in a narrow and specific manner, primarily under the Consumer Case Procedure Act, B.E. 2551 (2008). Section 44 of this Act allows courts to hold shareholders, partners, or controlling persons personally liable when a juristic person (such as a company) is found to have been incorporated or operated in bad faith, engaged in deceitful behavior against consumers, or embezzled property while lacking sufficient assets to meet its obligations.[51] However, beyond consumer protection cases, Thai law does not broadly recognize this doctrine in general civil or commercial disputes.[52]

As a result, shareholders and company directors generally enjoy limited liability, and courts are hesitant to impose personal accountability for corporate misconduct unless clear evidence of fraudulent intent exists. Even when companies misrepresent their environmental and social impact, holding individual directors accountable remains a legal challenge. This absence of personal liability weakens the enforcement of ESG-related obligations, reducing incentives for corporate leaders to ensure the accuracy of disclosures and allowing greenwashing to persist unchecked.

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[49] See Section 2.2.

[50] In Thailand, directors' duties and liabilities are primarily governed by the Civil and Commercial Code and the Public Limited Company Act, which outline general fiduciary responsibilities but do not specifically address liabilities related to ESG (Environmental, Social, and Governance) disclosures. While the Thai Securities and Exchange Commission (SEC) mandates that listed companies include ESG information in their annual "56-1 One Report," these requirements focus on the companies themselves, without imposing specific liabilities on individual directors for misstatements or omissions in ESG reporting. Therefore, unlike jurisdictions with stringent corporate disclosure laws that hold directors personally accountable for inaccuracies in ESG disclosures, Thailand's current legal framework does not impose such specific liabilities on directors.

[51] *Consumer Case Procedure Act, B.E. 2551 (2008).* Section 44. Published in the *Royal Thai Government Gazette*, 2008.

[52] Shareholders' liability is typically limited to their unpaid shares, as stipulated in Section 1096 of the Thai Civil and Commercial Code. *Thailand Civil and Commercial Code*, § 1096 (1992).

Another critical weakness of Thailand's ESG disclosure regime is the absence of uniform standards and recognized certification processes. Unlike financial reporting, which follows established accounting standards such as the International Financial Reporting Standards (IFRS), ESG disclosures in Thailand lack standardized metrics. This inconsistency makes it difficult for investors and other stakeholders to compare sustainability performance across companies or industries. A 2022 survey by Deloitte revealed that while many organizations utilize frameworks like the Global Reporting Initiative (GRI) for ESG reporting, a significant portion rely on internally developed Key Performance Indicators (KPIs). Notably, 19% of respondents indicated the absence of any data collection template for ESG information.[53]

While GRI and TCFD provide guidance on ESG reporting, Thai regulators have not mandated compliance with any specific framework. As a result, companies can choose their own reporting methodologies, leading to discrepancies in how ESG data is presented and interpreted. This lack of standardization hinders transparency and accountability, making it easier for companies to exaggerate or manipulate their sustainability performance without detection.

Furthermore, the absence of independent verification mechanisms compounds this issue. Unlike financial audits, which require third-party certification, ESG disclosures in Thailand are rarely subjected to external validation. Without mandatory third-party assurance, there is no safeguard against companies inflating or fabricating their sustainability achievements.

4.2. Thailand's Limited Market Forces for ESG

Greenwashing in Thailand persists due to weak regulatory enforcement, limited consumer activism, and underdeveloped oversight mechanisms. Despite the introduction of environmental laws and frameworks, inconsistent enforcement enables companies to make misleading environmental claims with minimal risk. Thai consumers, though increasingly aware, rarely prioritize sustainability over price and convenience, and collective action is uncommon. While social media campaigns occasionally spotlight corporate misconduct, their impact is typically short-lived without stronger legal or market pressures. In ESG investment, the absence of standardized verification processes and robust accountability structures facilitates superficial claims, leaving greenwashing to continue largely unchecked.

Low Public Awareness and Perception toward ESG

In Thailand, public awareness of greenwashing and the need for stronger environmental regulations remain underdeveloped. Although the Thai government has enacted environmental laws, such as the Enhancement and Conservation of National Environmental Quality Act of 1992, enforcement has been inconsistent, leading to ongoing environmental challenges. Additionally, experts have raised concerns about greenwashing within Thailand's Bio-

[53] Deloitte Thailand, *ESG and Sustainability Survey Report 2022* (Deloitte Thailand, 2022), https://www2.deloitte.com/content/dam/Deloitte/th/Documents/about-deloitte/th-esg-sustainability-survey-report-2022.pdf.

Circular-Green (BCG) economic model, highlighting disparities between environmental assessments and actual practices, which has led to public criticism.[54] Unlike in Western markets, where greenwashing allegations often trigger significant consumer backlash and regulatory intervention, corporate misconduct related to environmental claims in Thailand rarely faces sustained pressure or meaningful legal consequences. While Thailand has legal frameworks such as the Consumer Protection Act B.E. 2522 (1979) and the Trade Competition Act B.E. 2560 (2017) that prohibit false or exaggerated claims, including those related to environmental sustainability, enforcement actions specifically targeting greenwashing remain limited. As a result, companies in Thailand can continue making misleading environmental claims with minimal risk, highlighting the lack of regulatory oversight and public accountability in addressing greenwashing practices.

Although both the public and private sectors in Thailand have increasingly expanded ESG disclosures, leading to greater public awareness campaigns, these efforts have not always translated into strong consumer demand for sustainable products and services. For instance, while 95% of Thai consumers acknowledge being affected by climate change, only 58% choose sustainable products, with an average willingness to pay just 11.7% more, indicating that price sensitivity and economic considerations often outweigh environmental concerns.[55]

Other surveys also indicate that a substantial portion of Thai consumers express interest in environmental matters, this concern does not consistently translate into purchasing decisions. For instance, a survey by Visa found that 86% of Thai consumers are keen to become more responsible, with top environmental concerns including waste management and recycling programs (50%), promotion of natural and renewable resources (46%), and reducing air and water pollution (43%). However, another study revealed that only 39% of Thai consumers believe their individual actions can make a positive impact, indicating a desire for collective, government-led change.[56] This suggests that sustainability remains a low priority for many Thai consumers, who still favor price, brand loyalty, and convenience over ethical and transparent business practices. Thai consumers rarely take collective action against companies that mislead them, reducing the impact of greenwashing exposes. Ultimately, this lack of public pressure allows companies to continue greenwashing without significant consequences.

Social media has emerged as a powerful tool for exposing corporate greenwashing in Thailand, offering activists and consumer groups a platform to raise awareness.[57] Hashtag-

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[54] Reccessary. "Experts Warn of Greenwashing in Thailand's Bio-Circular-Green Model." *Reccessary*, March 22, 2024. https://www.reccessary.com/en/news/th-regulation/experts-warn-greenwashing-thailand-bio-circular-green-model.

[55] PwC Thailand. "Thai Consumers Recognize Climate Change Impact but Price Sensitivity Limits Sustainable Purchases." *PwC Thailand*, August 30, 2024. https://www.pwc.com/th/en/press-room/press-release/2024/press-release-30-08-24-en.html.

[56] Visa. "86% of Thai Consumers Are Keen to Become More Responsible: Visa Study." *Visa Thailand*, March 14, 2024. https://www.visa.co.th/en_TH/about-visa/newsroom/press-releases/86-of-thai-consumers-are-keen-to-become-more-responsible-visa-study.html.

[57] Waqas Arif. "How Greenwashing and PR Marketing Influence Customer Perception within the Fast Fashion Industry: The Mediating Role of Micro-Influencers – A Study on Thailand." *ResearchGate*, 2024. https://www.researchgate.net/publication/385243185_Topic_How_greenwashing_and_PR_marketing_influences

driven campaigns like #GreenwashingThailand have helped mobilize online communities to call out companies making false sustainability claims. Viral backlashes on platforms like Facebook, Twitter, and TikTok have occasionally forced companies to revise misleading advertisements, adjust sustainability messaging, or disclose more details about their products. However, social media pressure is often short-lived. Once online outrage fades, companies tend to revert to their original marketing strategies. Without legal repercussions or strong regulatory enforcement, businesses have little incentive to make meaningful long-term changes to their sustainability practices. Unlike in the European Union, where companies can be fined or banned from advertising false sustainability claims, Thailand lacks strong legal frameworks to penalize greenwashing, allowing deceptive practices to continue unchecked.[58]

Ultimately, greenwashing persists in Thailand due to weak regulations, limited consumer activism, and a lack of enforcement mechanisms. Until stronger laws, stricter oversight, and increased public awareness push corporations toward genuine environmental responsibility, greenwashing will remain an unchecked and profitable marketing strategy in Thailand.

Lacking in ESG Investment

Despite the growing global emphasis ESG investment, Thailand still faces significant obstacles in effectively integrating ESG principles into its financial and corporate sectors. The Bank of Thailand (BOT) and the Securities and Exchange Commission (SEC) have introduced sustainable finance frameworks to encourage banks and investors to allocate capital toward green projects, renewable energy, and ESG-compliant businesses. The SEC has also implemented guidelines for ESG disclosures among publicly listed companies, requiring them to report on their environmental impact and sustainability practices.[59] However, enforcement remains voluntary, and no standardized verification mechanism exists to assess the credibility of ESG claims, leaving room for greenwashing risks. For example, while the Securities and Exchange Commission (SEC) mandates that publicly listed companies disclose their Environmental, Social, and Governance (ESG) practices through the annual 56-1 One Report, enforcement mechanisms are still developing.[60] The lack of standardized verification processes leads to inconsistencies in ESG reporting, making it challenging for investors to assess the true sustainability performance of companies. This situation allows room for greenwashing, where companies may present a misleading image of their environmental efforts.

_the_customer_perception_within_the_fast_fashion_industry_The_mediating_role_of_micro-influencers_-A_Study_on_Thailand.

[58] Thailand has introduced a draft Climate Change Act aimed at achieving carbon neutrality and net-zero greenhouse gas emissions, it currently lacks robust legal frameworks specifically designed to penalize greenwashing practices. This regulatory gap allows deceptive environmental claims to persist without substantial consequences. Lexology. "Thailand's Draft Climate Change Act: Key Developments and Implications." *Lexology*, February 15, 2024. https://www.lexology.com/library/detail.aspx?g=c6a137b2-7293-4bd7-9a14-30e8127eb6fe.

[59] World Bank. "A Thai Recipe for Green Finance." *World Bank*, August 1, 2024. https://www.worldbank.org/en/news/feature/2024/08/01/a-thai-recipe-for-green-finance.

[60] Pimpa, Nattavud. "Environmental, Social, and Governance Communication and Actions in Thailand: Opportunities and Challenges." *Frontiers in Communication* 10 (2025): 1543893. https://doi.org/10.3389/fcomm.2025.1543893.

Additionally, Thailand's green bond and sustainability-linked bond markets have started to expand, with major corporations and financial institutions issuing bonds to raise capital for clean energy projects, waste reduction initiatives, and carbon neutrality goals. Despite this progress, the market in emerging economies remains small compared to global counterparts, and investor confidence in ESG instruments is still developing due to concerns over transparency, regulatory oversight, and long-term financial returns.[61] Moreover, the lack of regulatory incentives to drive large-scale adoption of green finance. While the government has announced tax incentives and subsidies for renewable energy and carbon credit trading, these measures have not yet translated into a widespread shift toward sustainable investments.

One major challenge is the lack of regulatory infrastructure to support sustainable initiatives, such as inadequate renewable energy facilities, weak waste management systems, and insufficient green financing mechanisms. Without a robust foundation, companies struggle to implement meaningful ESG strategies, often resorting to superficial sustainability claims rather than genuine operational changes. Furthermore, regulatory frameworks remain weak, with no clear legal guidelines or strict enforcement mechanisms to hold companies accountable for greenwashing or ESG misrepresentation. While the Securities and Exchange Commission (SEC) of Thailand has introduced ESG disclosure requirements for listed companies, compliance is largely voluntary, and there is little oversight to ensure the accuracy of ESG claims. Additionally, public and investor awareness of ESG remains low, with many Thai investors still prioritizing short-term financial returns over long-term sustainability considerations. Moreover, Investor engagement with ESG in Thailand is also relatively underdeveloped, as short-term financial gains still outweigh sustainability considerations in many investment decisions. Without market-driven enforcement, companies lack incentives to improve ESG performance beyond what is necessary for brand image. Unlike in Western markets, where ESG performance can influence stock valuation and consumer choices, ESG factors in Thailand rarely drive investment decisions. These combined challenges create an environment where ESG investment is less than perfect, as companies can easily market themselves as sustainable without making substantive commitments to responsible business practices.

ESG Oversight Deficiencies

Thailand lags behind global standards in ESG oversight due to limited third-party verification, and minimal civil society involvement. Unlike in leading economies where independent ESG rating agencies play a significant role in assessing corporate sustainability, Thailand lacks a well-established third-party verification system for ESG disclosures, allowing companies to self-report their ESG performance without independent validation. While some companies voluntarily adopt international ESG frameworks, enforcement mechanisms remain weak, and there is no centralized authority responsible for verifying the accuracy of ESG disclosures. This allows businesses to make inflated sustainability claims without facing significant consequences.

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[61] Yin, Xiao-Na, Jing-Ping Li, and Chi-Wei Su. "Challenges of ESG Investment in Emerging Markets: Transparency and Regulatory Gaps." *Scientific Reports*, 2024. https://www.sciencedirect.com/science/article/pii/S2405844023035272.

Additionally, the absence of a standardized ESG rating system further complicates investment decisions, as disclosure practices remain inconsistent across industries. A study analyzing ESG communications among Thailand's top 20 listed companies revealed significant disparities in disclosure practices across industries, underscoring the need for sector-specific ESG reporting strategies. Additionally, the Stock Exchange of Thailand (SET) has acknowledged the necessity for standardized ESG assessments and is transitioning from its current ESG ratings to adopt FTSE Russell's ESG Scores by 2026. This shift aims to align Thai companies with international sustainability standards and enhance the comparability of ESG performance across industries. The absence of a unified ESG rating framework has led to varied and inconsistent disclosure practices, making it challenging for investors to accurately assess and compare companies' sustainability efforts.[62]

Another major gap is the limited influence of civil society organizations in ensuring corporate accountability. Unlike in Western markets, where environmental watchdogs actively expose corporate greenwashing, Thailand has fewer independent investigative bodies dedicated to scrutinizing ESG reports. As a result, public pressure remains weak, and corporations face minimal reputational risks when they fail to meet sustainability commitments.

5. Case Studies of Greenwashing in Thailand

Greenwashing has emerged as a major issue in Thailand. Several high-profile cases have highlighted the difficulty of holding companies accountable for such deceptive practices due to regulatory shortcomings and the public's indifference to environmental, social, and governance (ESG) factors. Below are some notable corporate cases in Thailand that demonstrate how companies engage in greenwashing, and how regulatory bodies have responded—or failed to respond.

5.1. Case of Major Consumer Goods Corporation

One prominent example is a large consumer goods company that marketed its products as "eco-friendly," claiming to use recyclable materials and reduce its carbon footprint. However, further investigation revealed that while some of the packaging could technically be recycled, most of it still ended up in landfills due to inadequate recycling infrastructure in Thailand. Furthermore, the company continued to use harmful chemicals in its products that contradicted its environmental messaging.[63] Despite a formal complaint being filed with the Office of the Consumer Protection Board (OCPB) and extensive media coverage of the

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[62] Nattavud Pimpa. "Environmental, Social, and Governance Communication and Actions in Thailand: Opportunities and Challenges." *ResearchGate*, 2024. https://www.researchgate.net/publication/389434130_Environmental_social_and_governance_communication_and_actions_in_Thailand_opportunities_and_challenges.

[63] Greenpeace Thailand. "CP Group's Sustainable Packaging Policy Falls Short in Addressing the Root Cause of Plastic Pollution: Greenpeace Thailand Analysis." Greenpeace Southeast Asia, February 29, 2024. https://www.greenpeace.org/southeastasia/press/64616/cp-groups-sustainable-packaging-policy-falls-short-in-addressing-the-root-cause-of-plastic-pollution-greenpeace-thailand-analysis/.

misleading claims, no substantial legal action was taken. The company was only required to adjust its marketing, and no penalties were imposed, illustrating the weak enforcement mechanisms in place. Yet, despite these revelations, there was no significant public backlash, no consumer boycott, and little to no pressure on the company to make meaningful changes. Thai consumers continued to purchase the company's products, reflecting a lack of public awareness or concern regarding corporate greenwashing and environmental accountability.

5.2. Case of Oil and Gas Conglomerate

A major oil and gas conglomerate based in Thailand faced accusations of greenwashing after advertising its investment in renewable energy while continuing to expand its fossil fuel operations. The company launched an advertising campaign highlighting its contributions to the renewable energy transition, but a deeper look at its operations revealed that it had increased investments in coal and gas projects in Thailand and abroad. Despite public outcry from environmental organizations like Greenpeace Thailand, which called out the contradictions between the company's marketing and its actual business practices, the government failed to take action. While the Securities and Exchange Commission (SEC) issued a non-binding recommendation for companies to improve ESG disclosures, the company was allowed to continue its operations with minimal oversight.[64] This case highlights the gap between corporate sustainability claims and the reality of the country's regulatory framework. Despite these discrepancies, the company remained part of ESG-linked investment portfolios,[65] highlighting the limitations of current evaluation criteria and oversight mechanisms.

5.3. Case of Seafood Company

A largest seafood company has faced allegations of greenwashing. An investigation by the charity Shark Guardian accused the company of failing to deliver on promises to protect threatened ocean species. The report highlighted disparities between the company's sustainability commitments and its actual practices, suggesting that the company's initiatives might serve as a facade to mislead consumers and investors.[66] Despite these revelations, Thai authorities failed to take any meaningful action, underscoring the country's weak regulatory framework in addressing corporate greenwashing and environmental misrepresentation. In contrast to markets where regulators and consumer protection agencies actively hold corporations accountable, Thailand lacks clear guidelines and enforcement mechanisms to penalize greenwashing effectively. Compounding the issue is the general apathy among Thai

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[64] Greenpeace Southeast Asia. "Greenpeace Activists Scale Fossil Gas Platform in Gulf of Thailand to Challenge Offshore Carbon Capture Scam." Greenpeace Southeast Asia, June 4, 2024. https://www.greenpeace.org/southeastasia/press/66353/greenpeace-activists-scale-fossil-gas-platform-in-gulf-of-thailand-to-challenge-offshore-carbon-capture-scam/.

[65] Krungthai Bank. "Krungthai Launches International Standard Green Deposits and Pioneers Thailand's First Green and ESG-Linked Investment Program with 'PTT and PTTEP.'" Krungthai Bank, March 21, 2024. https://krungthai.com/en/krungthai-update/news-detail/2785.

[66] SeafoodSource. "Thai Union Initiates Share Buyback, Accused of Greenwashing in Shark Guardian Report." *SeafoodSource*, April 10, 2024. https://www.seafoodsource.com/news/business-finance/thai-union-initiates-share-buyback-accused-of-greenwashing-in-shark-guardian-report.

consumers toward ESG principles and corporate sustainability. While global awareness of corporate environmental responsibility has surged, leading to boycotts, social media campaigns, and public backlash against companies exposed for greenwashing in Western markets, this level of consumer activism is largely absent in Thailand.

These case studies underscore that while Thai companies have begun making ESG disclosures, the overall framework remains insufficient to deter greenwashing. Corporations often tout environmentally friendly initiatives, yet continue harmful practices or fail to implement meaningful reforms. Regulatory agencies, such as the OCPB and SEC, rarely impose penalties or hold firms accountable, and consumer backlash remains minimal. This weak enforcement environment, coupled with limited public scrutiny and apathy toward sustainability issues, enables companies to persist with misleading claims. Unless Thailand strengthens its regulatory oversight, encourages active consumer engagement, and adopts more rigorous ESG evaluation standards, corporate greenwashing will continue to thrive—undermining genuine progress in environmental responsibility and social governance.

7. Challenges and Opportunities for Reform: Thailand as a Case Study for Developing Economies

Thailand's evolving approach to ESG regulations provides valuable insights for other developing economies seeking to balance economic growth with sustainability commitments. Despite its strong position as a regional economic hub, Thailand has faced significant regulatory gaps in ESG enforcement, allowing corporate greenwashing to persist. However, the country's gradual shift towards a more robust ESG governance framework presents both challenges and opportunities that can serve as lessons for other nations navigating similar regulatory landscapes.

A key challenge in Thailand's ESG framework has been the absence of explicit legal provisions addressing greenwashing. While the Securities and Exchange Commission (SEC) has issued ESG disclosure guidelines, they remain largely voluntary, leading to inconsistencies in corporate sustainability reporting. This lack of standardization creates difficulties for investors, regulators, and consumers in assessing the authenticity of corporate sustainability claims. Countries in similar positions could learn from Thailand's emerging efforts to strengthen its legal framework by revising the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992) and the Securities and Exchange Act to explicitly define and penalize greenwashing. Establishing clear legal accountability for directors and executives who engage in misleading ESG claims would provide greater investor confidence and transparency.

Another major issue has been Thailand's fragmented enforcement mechanisms. The SEC, the Office of Natural Resources and Environmental Policy and Planning (ONEP), and the Bank of Thailand all play roles in ESG oversight but often lack coordination. This regulatory overlap results in inefficiencies and inconsistent application of ESG standards. Developing economies facing similar enforcement challenges could benefit from Thailand's efforts to streamline oversight through inter-agency coordination and stronger regulatory mandates. Establishing a centralized ESG regulatory body or task force could be a solution that Thailand and other nations adopt to improve enforcement efficiency.

Thailand's lack of uniform ESG reporting standards also presents lessons for other nations. Many Thai companies adopt different international frameworks, making cross-sector sustainability comparisons difficult. The implementation of standardized ESG disclosure guidelines, aligned with the Global Reporting Initiative (GRI) and Task Force on Climate-Related Financial Disclosures (TCFD), could enhance consistency and credibility in sustainability reporting. Other developing economies looking to strengthen ESG oversight can observe Thailand's move toward mandating third-party verification of corporate sustainability claims, which reduces the risk of greenwashing and improves investor trust.

Public awareness and stakeholder engagement play a crucial role in strengthening ESG governance. Thailand has seen growing demand from consumers, investors, and civil society organizations for greater corporate accountability in sustainability reporting. Developing nations with similar socio-economic structures can take note of Thailand's experience in promoting ESG literacy programs, legal literacy campaigns, and digital platforms that increase transparency in corporate sustainability claims. Educating consumers and investors about greenwashing risks can empower them to demand higher accountability from corporations, thereby reinforcing regulatory compliance.

A significant takeaway from Thailand's experience is the importance of a multi-stakeholder approach in ESG governance. Effective regulatory reform requires collaboration among government agencies, private enterprises, civil society, and international organizations. Thailand's efforts to align with international frameworks, such as the United Nations Principles for Responsible Investment (UNPRI), serve as a model for other developing economies looking to integrate global sustainability standards into their local regulatory structures. The country's transition toward clearer legal liability provisions for corporate greenwashing can offer a blueprint for other markets facing similar challenges.

Thailand's ESG regulatory journey provides broader implications for other developing economies. The initial lack of clear laws and weak enforcement mechanisms serves as a cautionary tale about the risks of voluntary compliance and regulatory fragmentation. However, the country's ongoing efforts to introduce legal reforms, strengthen enforcement, and standardize ESG reporting illustrate how emerging economies can progressively enhance their sustainability governance frameworks.

Future research should examine the long-term impact of Thailand's ESG regulatory reforms, including the effectiveness of newly implemented measures and their influence on corporate behavior. Comparative studies with other developing nations could highlight best practices and identify areas for continued improvement in ESG oversight. Additionally, empirical research on how Thailand's regulatory changes affect foreign investment and corporate accountability could provide valuable insights for policymakers in other emerging economies.

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