

## **Chapter 4 Teaching Guide**

The Dos and Don'ts of Navigating ESG / Sustainability in Asia

### **1. Chapter Overview**

Chapter 4 shifts from concepts and interpretation to practical execution. It focuses on how companies in Asia can design, implement, and communicate ESG policies in a way that is credible, achievable, and resilient to regulatory, political, and market scrutiny. While the chapter is written primarily for corporates, it is equally relevant to investors and regulators seeking to evaluate the quality and credibility of ESG practices.

The chapter emphasises that ESG success in Asia depends less on ambition or rhetoric and more on policy design, internal incentives, governance discipline, and communication integrity. It introduces a clear set of “dos and don'ts,” highlighting risks associated with greenwashing, greenhushing, and unrealistic commitments, and demonstrates why balanced, evidence-based communication is essential for maintaining trust with investors and stakeholders.

## **2. Key Learning Objectives**

After completing this chapter, students should be able to:

1. Explain why ESG policy design is a strategic—not cosmetic—exercise for Asian companies.
2. Identify key elements of effective ESG policies, including materiality, SMART targets, and internal accountability.
3. Assess the role of employee buy-in and incentives in successful ESG implementation.
4. Distinguish between credible ESG communication and greenwashing or greenhushing.
5. Evaluate ESG policies from the perspective of investors, regulators, and boards.
6. Analyse how governance structures underpin credible ESG commitments.
7. Apply practical “do and don’t” principles to real corporate ESG scenarios.

### **3. Summary of Key Points (Instructor Version)**

- ESG policies must be tailored to company-specific risks, strategy, and regional context.
- Treating ESG as a branding exercise increases reputational and regulatory risk.
- Materiality assessments and SMART targets are central to policy credibility.
- Employee engagement and incentive alignment are critical to execution.
- Overstated sustainability claims (greenwashing) expose companies to legal and reputational harm.
- Understated sustainability efforts (greenhushing) undermine transparency and investor trust.
- Governance reforms strengthen accountability and signal seriousness to stakeholders.
- Clear, balanced communication links ESG policies to long-term resilience and value creation.

## **4. Teaching Guidance: How to Use This Chapter**

### **a. Recommended Teaching Approach**

This chapter works best as a practical, application-focused session, particularly suited for:

- MBA / EMBA courses on strategy, governance, or sustainability
- Executive education for boards and senior management
- Corporate governance or stewardship modules
- Professional training for IR, compliance, or sustainability teams

It is ideal for case-based discussion, policy critique, and role-play exercises.

### **b. Suggested Class Flow (90 minutes)**

- i. Opening discussion (10 minutes)

Ask students:

“What makes an ESG policy credible—and what makes it risky?”

- ii. Policy design fundamentals (20 minutes)

Discuss:

- Materiality and prioritisation
- SMART targets
- Governance and accountability
- Employee incentives

- iii. Communication risks (25 minutes)

Use greenwashing and greenhushing examples to explore:

- Regulatory risk
- Investor backlash
- Media and litigation exposure

iv. Applied exercise (25 minutes)

Students work in groups to:

- Critique a hypothetical ESG policy, or
- Redesign an overly ambitious or vague ESG commitment, or
- Identify greenwashing / greenhushing risks in sample disclosures.

v. Synthesis (10 minutes)

Reinforce the link between ESG policy quality, governance credibility, and investor trust.

## **5. Common Student Misconceptions to Address**

- Ambitious ESG targets are always better than modest ones
- ESG policies mainly serve reputational purposes
- Employees will naturally support ESG initiatives
- Silence on ESG reduces risk
- Governance reforms are secondary to environmental initiatives

Instructors should redirect discussion toward execution risk, accountability, and trust.

## **6. Instructor Tips for Effective Discussion**

- Encourage students to think like boards and regulators, not marketers.
- Ask “how would this fail?” when reviewing ESG policies.
- Highlight trade-offs between ambition and credibility.
- Emphasise the internal mechanics of implementation.
- Link ESG communication directly to litigation, enforcement, and capital access.

## **7. Suggested Supplementary Readings (Optional)**

### **Policy Design & Governance**

- OECD. *Corporate Governance and Sustainability*
- World Economic Forum. *How to Set Credible Net-Zero Targets*
- McKinsey. *The ESG Premium: Myth or Reality?*

### **Greenwashing & Disclosure**

- SEC. *Climate and ESG Enforcement Actions*
- EU Commission. *Green Claims Directive*
- UK CMA. *Green Claims Code*

### **Asia-Focused**

- ACGA. *CG Watch*
- HKEX / SGX ESG Guidance Notes
- CSRC ESG disclosure rules (China)



## **8. How This Chapter Connects to the Rest of the Book**

Chapter 4 operationalises the foundations laid in Chapters 1–3. It translates stakeholder expectations, investor logic, and ESG literacy into practical policy design and communication choices. The chapter prepares readers for later discussions on disclosure, governance reform, climate transition planning, and stewardship escalation by demonstrating how execution quality determines credibility.