

and accountability in ESG disclosures is crucial for maintaining stakeholder trust. In Malaysia, ESG disclosures are primarily guided by the Global Reporting Initiative (GRI) standards and Bursa Malaysia Sustainability Reporting Guide which provide structured frameworks for ESG disclosures. In contrast, in Thailand, the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) promote sustainability reporting that aligns with both GRI and Task Force on Climate-Related Financial Disclosures (TCFD) recommendations (Sukparangsee, 2025). Despite these frameworks, many ESG indicators remain voluntary and much of the information disclosed is narrative-based and unaudited, making it vulnerable to greenwashing (Bernini & La Rosa, 2023; Pucker, 2021). The challenge lies not simply about the quantity of what is reported, but more importantly, whether these disclosures truly represent a company's actual practices. This situation underscores the need for robust corporate governance mechanisms to ensure the integrity and credibility of ESG disclosures (Kamaludin et al, 2022).

The Role of Corporate Governance in Mitigating Greenwashing

Corporate governance refers to the systems, processes and structures established to guide and control company's operations, thereby fostering ethical conduct and accountability to its stakeholders (Cadbury, 1992). An effective corporate governance framework is vital for mitigating risks, promoting transparency and preserving trust between company and its key stakeholders. Recently, corporate governance has evolved beyond financial oversights, integrating ESG dimensions that are essential for long-term sustainability. In response, corporate governance can serve as a critical control mechanism to ensure that ESG disclosures are genuine rather than just serving as a polished public relations narrative (Yu et al., 2020). In both Malaysia and Thailand, governance codes emphasize principles of accountability, transparency, and ethical leadership. Key governance mechanisms that can reduce greenwashing include:

1. Board Independence

Independent boards serve as one of the key components for effective monitoring of management's actions as there are more likely to question sustainability claims and demand evidence-based reporting to prevent misleading disclosure (Fama & Jensen, 1983). As external members, they are expected to function independently and maintain professional integrity without managerial influence. Therefore, higher percentage of board independence reinforces governance effectiveness, promoting transparency and reducing the occurrence of greenwashing practice among companies (Pereira et al., 2024; Sensharma et al., 2022; Jain & Zaman, 2019).

2. Board Size

A larger board can incorporate a wider range of skills and experience to scrutinize the data behind ESG disclosures and ensure that the company's ESG efforts are accurately reported. In essence, past research suggests that appropriately sized boards strengthen oversights, improving their capacity to identify inconsistencies or misleading claims that may indicate greenwashing practice (Jain & Zaman, 2019).

3. Board Gender Diversity

The inclusion of female directors can improve monitoring and ensuring alignment between reported ESG and actual ESG practices. Their presence fosters more critical questioning of management's environmental claims, serving as a safeguard against misleading disclosures (Cotugno et al., 2025). Empirical evidence suggests that female directors, characterized by risk-aversion, ethically sensitive and heightened awareness of manipulation, are less likely to engage in greenwashing practice (Eliwa et al., 2023; Zahid et al., 2023).

4. ESG Committee

Effective ESG committee plays a crucial role in ensuring the integrity of ESG disclosure by critically scrutinizes the data and narratives presented by a company. By reviewing internal processes and key performance indicators, the committee verifies that ESG claims are substantiated by solid evidence. This rigorous oversight helps to ensure that ESG practices are transparent and prevent the dissemination of misleading or exaggerated information (Lin et al., 2025; Erol & Cankaya, 2023).

Therefore, these findings revealed that a robust corporate governance is crucial for ensuring that a company's ESG disclosures reflect its actual practices rather than merely for public relations. Each of these governance mechanisms plays a distinct role in verifying environmental claims, thereby mitigating the risk of greenwashing.

Conclusion

In light of increasing stakeholder expectations, greenwashing poses a significant risk to corporate credibility in both Malaysia and Thailand. While sustainability frameworks are evolving, they must be supported by robust internal governance structures. This article has explored the critical role of corporate governance in mitigating the risks of greenwashing in ESG disclosures, with a comparative focus on Malaysia and Thailand. Despite the presence of well-established frameworks such as GRI standards, Bursa Malaysia Sustainability Reporting Guide and the evolving sustainability practices promoted by SEC and SET, many ESG disclosures remain largely voluntary, narrative-based and unaudited. Thus, key governance tools including board independence, board size, board gender diversity and ESG committee is importance as a means to enhance the credibility of ESG disclosures. However, while these mechanisms show considerable promise, their optimal effectiveness may vary across different regions. Hence, future studies could investigate the interaction between cultural factors and corporate governance practices may influence the credibility of ESG disclosures. Comparative research between emerging markets (Malaysia and Thailand) and developed countries may reveal valuable insights. Furthermore, research is needed to explore the interaction between board committees dedicated to ESG with the adoption of international reporting standards such as GRI. Investigating this relationship could assist in developing best practices that ensure ESG disclosures are reliable.

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