Decoupling ESG from Regulation

Building an Investor-Driven ESG Framework for Asia Pacific

Academic Supervisor: Prof. Chen Renbao | Corporate Supervisor: Dr. Tina Thomas | Project Team: Sambridha Shrestha • Uzziah Thato Mokgweetsi • Li Ziyu • Khushi Mittal

12 Practitioner Interviews	**5** APAC Markets	**0%** Rated Financial Linkage as "Always"	**7** Framework Components

THE PROBLEM

Across APAC, ESG has been shaped by regulatory compliance rather than investor demand. Companies disclose what rules require. Investors receive information they cannot use. The result: a capital trust gap where material ESG risks remain unpriced, even as investors treat ESG as a systematic risk factor (Dobrick et al., 2025).

METHODOLOGY

1. Literature Review
2. Regulatory Gap Mapping
3. 12 Semi-Structured Interviews
4. Thematic Analysis
5. Framework Development

KEY FINDINGS | PRIMARY RESEARCH

Financial Linkage Gap – Most Severe

Across all 12 interviews, no respondent found ESG disclosures clearly linked to revenue, costs, or valuation.

"Impact on revenue and cost is the missing linkage." – Company 1

Transition Plan Credibility

Targets are common; credible, funded implementation plans are not.

"Does the transition plan have proper target and CAPEX alignment?" – Company 2

Data Comparability

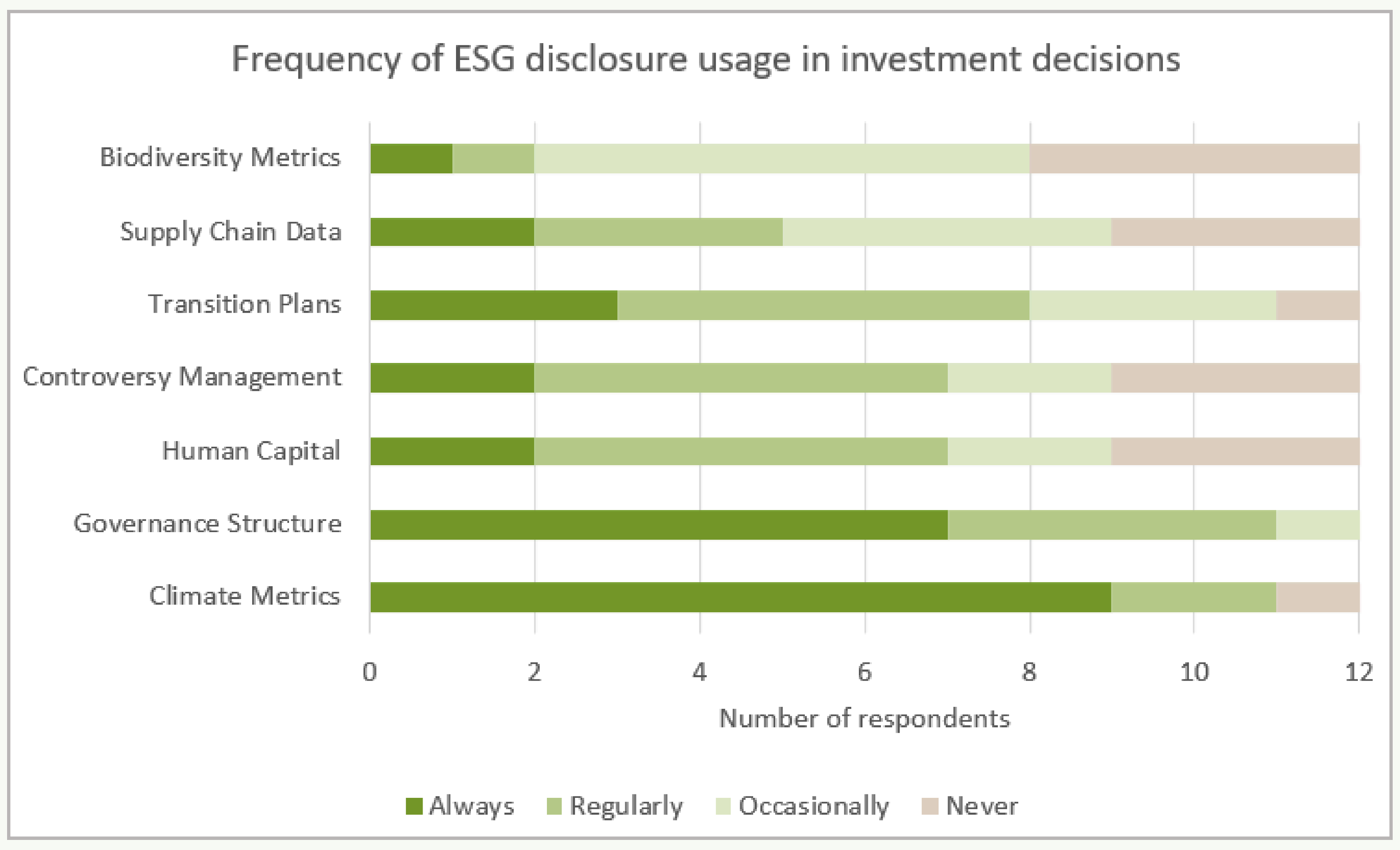
Inconsistent APAC standards force investors to rely on internal analysis; governance and climate data dominate, while biodiversity barely features.

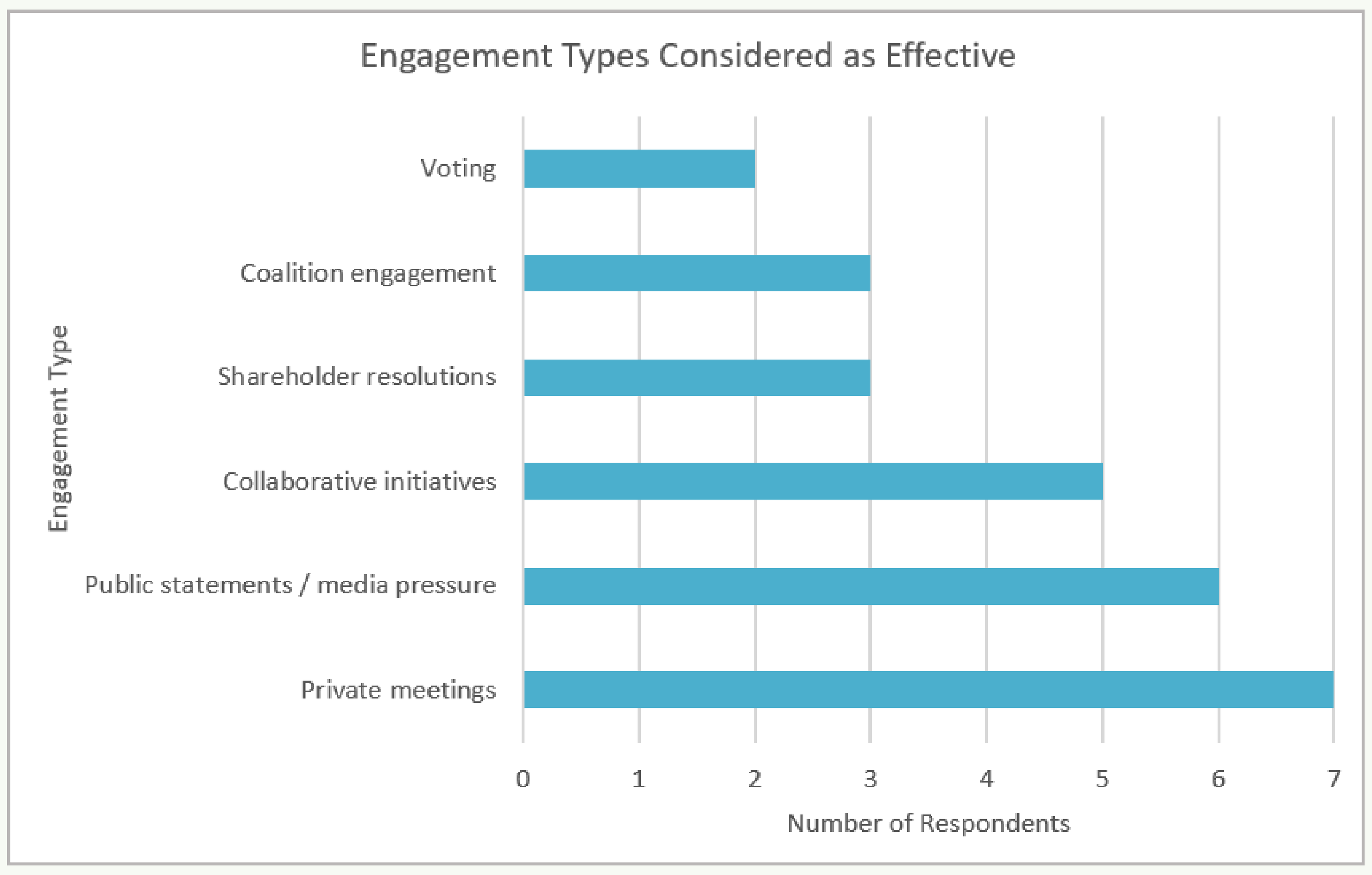
"Most use third-party ratings only for benchmarking." – Company 1

Engagement Effectiveness

In APAC, private meetings outperform coalitions. Without a regulatory floor, investor-driven ESG cannot take hold.

"Coalition engagement is least effective in APAC." — Company 2





**Company names anonymised (Company 1/2) due to confidentiality reasons*

THE INVESTOR-DRIVEN ESG FRAMEWORK

- **i** Financial Linkage — Map ESG to revenue, cost and CAPEX
- **ii** Transition Credibility — Milestone scorecard
- **iii** Comparable Data — APAC KPI set + confidence tiers
- **iv** Real Impl. — Policy → KPI → owner → progress
- **v** Investor Alignment — Mandate-specific use matrix
- **vi** Private Markets — Due diligence and reporting packs
- **vii** APAC Localisation — Regional context note per topic

"ESG only becomes financially consequential when information channels are strong enough for investor preferences to feed back into corporate decision-making."

Xue (2023) · Validated by primary research across 12 APAC investor organisations · Singapore · Hong Kong · Australia

IMPLICATIONS

For Regulators

Establish a baseline for financial linkage in ESG disclosures, extend rules to private assets, and harmonise APAC standards locally.

For Investors

Prioritise governance and climate, engage privately, and build mandate-specific use matrices.

For Companies

Pair ESG policies with KPIs, publish transition scorecards, and localise disclosure standards.