

Asia Pacific builds a sustainable future.

Resilience in economy,
environment and society

Key reflections and recommendations.

This document highlights the key reflections and recommendations – explore the main report for a more detailed understanding of the context of our findings.

Download the main report 



1. Sustainability reporting

Key reflections.

- Asia Pacific is playing a critical role in leading the adoption of ISSB Standards – demonstrating leadership and responsibility as climate risks are only escalating.
- If sustainability is about improving resilience – sustainability reporting helps organisations highlight both the risks and opportunities it present, and how to respond.
- Companies that begin mandatory reporting with a compliance mindset can, over time, evolve towards embedding sustainability into strategy, governance, risk management, capital allocation, and operations.
- The maturity gap in Asia Pacific will increasingly appear as a capability and ownership gap – rather than an institutional gap. Board clarity over responsibility and accountability, CFO capability, cross-functional collaboration, data controls, assurance readiness, and practitioner communities will determine whether sustainability reporting becomes a tool for resilience and competitiveness – rather than simply a compliance cost.

Recommendations.

To boards, CFOs and business leaders:

- **Clarify ownership of sustainability:** boards should explicitly approve a RACI that clearly defines responsibility and accountability for sustainability-related information.
- **Translating sustainability into financial business value:** CFOs need to translate sustainability matters into the language of finance and value, including risk exposure, revenue opportunities, asset resilience, capital allocation, and long-term value. Finance functions should leverage sustainability-related information and insights to drive business transformation and performance.

To policymakers, public sector bodies, and other relevant stakeholders:

- **Evolve support from requiring companies to report towards helping them report well.** This includes clearer road maps, phased implementation, practical guidance, sectoral data, calculation tools, assurance capability building, and practitioner communities.

- **Asia Pacific regulators and standard setters should strongly advocate** to EU regulators and standard setters for transition relief for Asia Pacific businesses in jurisdictions adopting ISSB Standards from the obligation to report on the ESRS – until a single set of global sustainability reporting standards is formally recognised. EU regulators and standard setters should also specify the standards that will be recognised as ‘equivalent’ to the ESRS as soon as possible. This will ease the reporting burden of not having to prepare separate reports purely for ESRS compliance purposes.
- **Asian representation in global policymaking bodies and institutions is a structural problem** – ASEAN, in particular, is significantly underrepresented. This extends beyond sustainability reporting and needs to be addressed.
- **Asia Pacific countries should better coordinate positions,** use regional platforms more strategically, and participate collectively in global standard setting over the entire financial and economic architecture.



2. Decarbonisation and energy transition

Key reflections.

- Decarbonisation is not just about reducing GHG emissions. It's also fundamental to energy and economic resilience in Asia Pacific, and towards maintaining or improving trust in businesses and governments, and supporting social stability
- Decarbonising opens market access opportunities. For SMEs, this should be the main driver for decarbonising, rather than mandatory sustainability reporting being forced on to the value chain.
- Decarbonisation projects should not be evaluated purely on financial returns alone – but also on non-financial returns.
- Decarbonisation should be incorporated into value chain procurement criteria – including where appropriate for SMEs.
- An overarching framework drawn from local values and culture could help accelerate and embed the sustainability shift needed across Asia Pacific. China holds the advantage from its 'Two Mountains' and ecological civilisation frameworks – ASEAN and other economies need to do this better.
- Navigating this transition requires finance and accountancy leaders with strategic understanding of decarbonisation, carbon markets and project bankability.

Recommendations.

To boards, CFOs and business leaders:

- **Make decarbonisation a business priority:** boards and senior management should treat decarbonisation as a strategic priority, not only to reduce emissions but for greater business resilience – protecting against fuel price volatility, geopolitical disruption, supply insecurity, and loss of market access
- **Reflect decarbonisation commitments in budgets, capital expenditure, and risk management:** an ambition has limited credibility unless it's reflected in budgets and risk management frameworks. CFOs should assess whether transition commitments appear in operating budgets, capital expenditure plans, procurement decisions, and risk registers. Ultimately, if a company claims in external disclosures that it is mitigating a risk that is a material topic – the board should ask where the corresponding budget is.
- **Build bankable projects.** The bankability of decarbonisation projects should be assessed as core to the transition strategy – rather than left solely to project developers or governments.

To policymakers, public sector bodies, and other relevant stakeholders:

- **Prioritise decarbonisation for energy and economic resilience:** governments should treat renewable energy generation and storage as a top economic priority. Decarbonisation builds greater energy and economic resilience – mitigating future shocks arising from geopolitical conflicts, supply chain disruptions from fossil based energy, and unilateral tariff impositions. This can reduce the burden on national OE and allows greater reallocation towards DE. Spending on education, healthcare and infrastructure, including grid expansion, will lend to a brighter future for people across Asia Pacific.
- **Mobilise Asian capital and strengthen public sector de-risking:** 'Asia funds Asia' – governments and businesses should harness the opportunity for capital raising and access in Asia Pacific towards addressing decarbonisation.
- **Encourage greater sectoral collaboration:** innovate and deploy technological solutions at scale. Sector-based collaboration to decarbonise can be more practical than requiring companies to resolve problems independently.





3. Nature

Key reflections.

- Nature underpins economic activity globally, and especially in Asia. More needs to be done to protect it and preserve its capacity to support value creation.
- Disclosures on nature-related risks and opportunities are low, although this is progressing and expected to develop further when ISSB issues its Practice Statement on BEES.
- Central banks and financial institutions are driving the agenda as they increasingly recognise the systemic effects of businesses' dependencies and impacts on nature.
- Water and heat are likely to be major issues for the region to address this century – including flooding, drought and melting glaciers.
- The Water-Energy-Food-Health nexus demonstrates how a single resource affects so many areas – yet remains mispriced in financial statements and in economies.
- Water, climate and nature must be managed together as interconnected issues and not treated as siloes.

Recommendations.

To boards, CFOs and business leaders:

- **Include significant nature risks and opportunities** – with particular attention to water and heat-related risks in the corporate risk register. This must include the societal dimensions.
- **Analyse business and supply chain exposure to nature-related risks:**
 - water availability and quality
 - flood, drought and sea-level rise exposure
 - impacts on communities and ecosystems
 - dependencies across suppliers and customers.
- **Transition from water risk management to water stewardship:** invest in water replenishment projects and technologies, engaging with affected communities and collective watershed initiatives in partnership with the public sector.

To policymakers, public sector bodies, and other relevant stakeholders:

- **Establish accurate, consistent, publicly accessible data on nature** – specifically water.
- **Develop common or sectoral guidance for physical water-risk assessment.**
- **Align with ISSB's Practice Statement** when issued to ensure that nature-related risks and opportunities are adequately addressed through governance, strategy and risk management, and metrics and targets.
- **Address and raise the risks from cryosphere** – from melting glaciers to polar ice – through inter-governmental policy dialogues.



4. Business and human rights

Key reflections.

- Asia Pacific has seen significant policy developments on B+HR, which are importantly aligned with UNGPs.
- Fifteen Asia Pacific countries have initiated UNGPs implementation efforts, either through standalone efforts or by integrating it into national strategies. China's new policy which requires Chinese businesses to address B+HR considerations in their internationalisation efforts, adds impetus to regional development.
- EU's CSRD and CSDDD will create regulatory-driven market access pressure for Asia Pacific companies that form part of the supply chain entities within their scope.
- Progress in implementing B+HR measures is uneven – with SMEs likely to face particular challenges
- Industry collaboration across the region will strengthen Asia Pacific businesses' ability to work with EU businesses in ensuring responsible procurement practices and avoid the 'race-to-the-bottom'.

Recommendations.

To boards, CFOs and business leaders:

- **Conduct a human rights due diligence:** address and mitigate the identified B+HR risks and connect human rights performance with financial and operational resilience.
- **Push cost-sharing into contracts explicitly** to ensure that buyers must share remediation and preventive costs where they jointly caused the impact.
- **Coordinate with industry bodies to negotiate collectively:** open costing models and wage floors – rather than leaving individual companies to negotiate alone with large buyers.

To policymakers, public sector bodies, and other relevant stakeholders:

- **ISSB should consider including disclosures about risks and opportunities** relating to B+HR disclosures in its human capital work.
- **Negotiate at a national and/or regional level** (ASEAN and ASEAN +3) with the EU to insert reciprocal labour/human rights chapters with cost-sharing or technical assistance obligations attached.
- **Fund SME upgrading** so that suppliers aren't forced to absorb costs alone.

5. Artificial intelligence (AI)



Key reflections.

- AI deployment in Asia Pacific is increasingly rapidly.
- AI at its core is sustainability-agnostic. Its impact on the environment and society will depend on how it's used – whether to solve critical sustainability issues or for mere productivity gains.
- Asia Pacific governments favour a more structured approach towards AI governance, although approaches vary from comprehensive AI legislation to lighter touch practical frameworks.
- Organisations should be mindful of the Jevons paradox – reductions in cost of a transaction could lead to acceleration of demand, resulting in much greater total AI cost.
- Given that current energy generation in many Asia Pacific countries remains heavily dependent on fossil fuels, the rapid deployment of AI without environmental guardrails could exacerbate carbon emissions and water use.
- AI governance pathways differ widely across the region – organisations operating across Asia Pacific will have to be alert to the requirements of the different regulatory frameworks.

Recommendations.

To boards, CFOs and business leaders:

- **Build accountable governance over AI.**
- **Embed AI within existing board, risk, audit, and investment processes.**
- **Close the skills gap** – pair AI adoption with structured upskilling and transition plans.
- **Measure and reduce AI's resource footprint.**
- **Raise the level of skills and adaptability** to the different governance frameworks across the region where they operate.

To policymakers, public sector bodies and other relevant stakeholders:

- **Adopt principles-based, adaptive AI regulation** – suited to national circumstances.
- **Promote regional interoperability** through an ASEAN or Asia Pacific framework.
- **Align AI growth with energy and climate goals** – ensure water and low-carbon energy investment keeps pace with data centre expansion.