



ACT



Forging ahead: Environmental disclosure trends in Asia-Pacific 2023



CONTENTS:

3	Foreword
5	A Region on the Rise: Asia-Pacific Disclosure Growth Outpaces Global Rise in 2023
9	Manufacturing, Services, and Materials are the Top Three Disclosing Industries
13	Deep-Dive: Driving Forces of Increased Disclosure Rates in Asia-Pacific
16	Climate Change Preparedness is Steadily Increasing
20	Actions Against Deforestation Remained Stable
22	Growth in Foundations for Actions Towards Water Security
25	Conclusion
26	Acknowledgements

Foreword

CDP has been at the forefront of driving environmental disclosure and action globally for nearly 25 years. However, time is running out to prevent the catastrophic effects of climate change and the irreversible loss of nature. The recent extreme heat waves in July 2024, marking the beginning of an ‘era of global boiling’, underscore the urgent need for data-driven global action. Delaying action could lead to global temperatures reaching 2.8°C or more by the end of the century, risking billions of lives worldwide and causing immense economic damage.

Creating a sustainable future starts with measuring and managing our environmental impacts, surfacing data to identify where action is needed through environmental disclosure. CDP enables organizations to disclose once and ensure their data is widely used, not only to manage environmental impacts but also to secure access to capital, enhance competitiveness, and navigate new regulatory landscapes. Disclosure is also foundational for driving and tracking action towards global goals such as the Paris Agreement and Global Biodiversity Framework.

2023 was a record-breaking year for CDP. Over 23,000 companies, representing two-thirds of global market capitalization, disclosed environmental data through CDP, alongside more than 1,200 cities, states, and regions. The Asia-Pacific region, accounting for over 30% of CDP’s global disclosures, has made significant strides in environmental disclosure, with a record 8,000 companies worth \$14 trillion disclosing in 2023, marking a 170% increase since 2020.

Despite the rising disclosure numbers, only around 400 companies globally report data aligned with CDP’s highest benchmark. Of these, 174 are Asia-Pacific companies, representing 40% of all global A List companies, highlighting the rising environmental awareness in the region and the growing commitment to meeting stringent environmental standards.

As the home to many of the world’s fastest-growing economies, Asia-Pacific plays a pivotal role in creating a just, green, and resilient low-carbon economy. The growing involvement in disclosure from corporates, cities, states, and regions in this corner of the globe raises optimism for achieving a net-zero, nature-positive, and equitable future.



Li Fei

Global Co-Director of Disclosures,
CDP

Foreword

The Asia-Pacific region plays a critical role in our collective efforts to limit global warming to 1.5°C. As home to many of the world's fastest-growing economies, the acceleration of decarbonization in Asia-Pacific will have an unparalleled impact on achieving this crucial target.

In recent years, we have witnessed progress, and companies across the region are now more equipped than ever to take meaningful action, as evidenced by the upward trends in environmental disclosure. The statistics speak for themselves — the Asia-Pacific markets have shown significant increases in the number of companies disclosing their environmental impacts, with many achieving leadership scores in climate action, water security, and forest stewardship. Across Asia-Pacific, there was a 30% increase in disclosures from the previous disclosure cycle, reaching nearly 8,000 which is higher than the 24% increase in disclosures globally. Almost all countries in Asia-Pacific saw an increase in the number of disclosures with countries like China, Japan, and South Korea leading the charge.

However, while these developments are encouraging, these alone are not enough. The road to 1.5°C requires not just momentum, but acceleration. The challenge that companies face is immense: we must deepen our commitments, expand our efforts, and empower every sector, every market, and every company to set decarbonization targets, meet and exceed them, and align to create a sustainable and resilient future. Companies must be ready to transform their climate ambition into action.

At ACT, we believe in the power of transparency as a catalyst for change. Disclosure is not merely a report card; it is the starting step of a roadmap to action. It provides the data necessary for companies to measure their impacts, manage their risks, and capitalize on opportunities in the transition to a low-carbon economy. But more importantly, it enables accountability, driving the urgent actions needed to close the gap between current trajectories and our climate goals.

The stakes are high, and the time for incremental progress has passed. By accelerating our efforts and embracing the full scope of our environmental responsibilities, we can ensure that Asia-Pacific not only contributes to the global 1.5°C target but leads the world in the transition to a net-zero, nature-positive future.



Federico Di Credico
Chief Sustainability Officer,
ACT Group

A Region on the Rise: Asia-Pacific Disclosure Growth Outpaces Global Rise in 2023



Number of Disclosures: ☁️ Climate Change 🌲 Forests 💧 Water Security 🏆 Total number of leadership scores (A & A- scores for Climate, Water Security, and Forests)

Between 2022 and 2023, total disclosures in Asia-Pacific increased by 1,835 (+30%) to reach almost 8,000, exceeding the 24% growth in global disclosures. Disclosure increased in the majority of Asia-Pacific countries compared to the previous year.

The largest economies within Asia-Pacific – China, Japan and South Korea – remain as the markets with the highest absolute number of disclosures. China saw the largest increase of 701 disclosures in 2023 (+27% year-on-year),¹ South Korea gained 455 new disclosures (+103%) and Japan saw an increase of 280 disclosures (+16%). This is no surprise given the maturity of mandatory environmental disclosures in these markets. Other sub-regions of Asia-Pacific, such as Southeast Asia, also saw significant growth in total disclosures (+32%), driven by increased stakeholder demand to disclose.

In terms of relative growth, Cambodia saw the highest growth in disclosures (+200%), as the number of disclosing companies tripled from four to 12. Respondents from Cambodia were largely concentrated in the textiles and fabric goods, as well as leisure and home manufacturing sectors. This was followed closely by South Korea (+103%), Vietnam (+97%) and Bangladesh (+85%). With an increase of 38 new respondents, Vietnam nearly doubled its disclosures, predominantly from the textiles and fabric goods; electrical and electronic equipment, and plastic product manufacturing sectors. Bangladesh saw an increase of 17 new corporate disclosures in 2023, mostly from the textiles and fabric goods sectors.



30%

Growth in Asia-Pacific disclosure in 2023

701

China had the greatest increase of disclosures in 2023



China, Japan and South Korea remain the top markets with the highest absolute number of disclosures

¹ Chinese Mainland (546 new disclosures); Hong Kong, China (43 disclosures); Macao, China (0 disclosures); Taiwan, China (112 disclosures)

Water disclosure is growing as quickly as climate disclosure

Each of CDP's three questionnaires, climate change, forests and water security, saw an increase in disclosures.

Climate Change

Across the three themes, climate change had the greatest number of disclosers.

Forests

Although disclosure on forests increased by 13% compared to the previous year, the growth rate and uptake of forests disclosure amongst requested corporates remains slower than in climate change (+30%) and water security (+26%). For forests, the top responding markets were Japan (137), China (97)² and India (20).

Water Security

The growth rate in disclosures for water security caught up with climate change with a 26% increase in 2023, with over 1,880 respondents to the questionnaire. Top responding markets included Japan (705), China (695)³ and India (155).



26%

increase in Water Security disclosures



² Chinese Mainland (87 disclosures); Hong Kong, China (6 disclosures); Macao, China (0 disclosures); Taiwan, China (4 disclosures).

³ Chinese Mainland (439 disclosures); Hong Kong, China (43 disclosures); Macao, China (0 disclosures); Taiwan, China (213 disclosures).

Disclosure excellence: Top Performers

Markets in Asia-Pacific with the highest number of leadership scores (A & A-) in 2023

In 2023, a total of 714 leadership scores (A or A-) in Asia-Pacific were awarded across climate change, forests, and water security. Compared to 2022, the number of leadership scores awarded jumped by 231 (+48%).

Across themes, corporates in Japan received the highest number of leadership scores, with 410 A or A- scores awarded. This marks an increase of 35% from the previous year. China also saw a significant rise in top performers, with 75 additional leadership scores awarded (+109%). In particular, Chinese Mainland witnessed the fastest growth across all regions at a 288% increase in leadership scores. Top performers are also emerging in the Southeast Asia region, such as in Singapore and Thailand.



Climate Change

Within the climate change questionnaire, Japan led the pack with 299 companies obtaining a leadership score. Compared to 2022, there was an increase by 94 more corporates that received a leadership score (+46%). This was followed by China⁴ with 108 companies with a leadership score (+135%) and South Korea with 61 companies (+53%).



Forests

Only 24 companies disclosing through the forests questionnaire obtained leadership scores – 17 of them were from Japan, followed by two companies from Indonesia while two each from Thailand, Australia, Malaysia and Singapore had a single top scorer amongst respondents to the forests questionnaire.



Water Security

The majority of companies in Asia-Pacific that obtained leadership scores were from Japan (94 companies), with eight new leadership scores awarded compared to the previous year (+9%). This was followed by China with 36 companies awarded leadership scores (+57%).⁵

⁴ Chinese Mainland (49 leaders); Hong Kong, China (9 leaders); Macao, China (0 leaders); Taiwan, China (50 leaders).




⁵ Chinese Mainland (13 leaders); Hong Kong, China (1 leader); Macao, China (0 leaders); Taiwan, China (22 leaders).

Manufacturing, Services, and Materials are the Top Three Disclosing Industries




	Number of respondents in 2023	Number of first time respondents in 2023	Top responding sector
 Apparel	325	148	Textiles & fabric goods
 Biotech, health care and pharma	184	58	Biotech & pharma
 Food, beverage & agriculture	255	106	Food & beverage processing
 Fossil Fuels	53	14	Oil & gas extraction & production
 Hospitality	37	8	Bars, hotels & restaurants
 Infrastructure	245	74	Construction
 Manufacturing	4441	1589	Metal products manufacturing
 Materials	794	230	Chemicals
 Power generation	45	7	Renewable power generation
 Retail	347	127	Trading, wholesale, distribution, rental & leasing
 Services	1041	373	Specialized professional services
 Transportation services	204	84	Intermodal transport & logistics

Top disclosing industries differ by Asia-Pacific markets




Australia

24	Specialized professional services	
21	Financial services	
16	IT & software development	


Bangladesh

28	Textiles & fabric goods	
5	Paper products & packaging	
1	Construction; Leisure & home manufacturing; Specialized professional services	




Chinese Mainland

621	Electrical & electronic equipment	
561	Metal products manufacturing	
218	Plastic product manufacturing	




Hong Kong, China

40	Electrical & electronic equipment	
33	Textiles & fabric goods	
24	Plastic product manufacturing	



India

114	Metal products manufacturing	
73	Electrical & electronic equipment	
66	Chemicals	




Indonesia

13	Textiles & fabric goods	
10	Chemicals	
8	Plastic product manufacturing	




Japan

205	Metal products manufacturing	
182	Electrical & electronic equipment	
157	Chemicals	




Malaysia

22	Electrical & electronic equipment	
16	Metal products manufacturing	
10	Plastic product manufacturing	




Pakistan

16	Textiles & fabric goods	
4	Paper products & packaging	
3	Specialized professional services	



Singapore

24	Metal products manufacturing	
21	Electrical & electronic equipment	
15	Trading, wholesale, distribution, rental & leasing	




South Korea

228	Electrical & electronic equipment	
166	Metal products manufacturing	
103	Transportation equipment	

Taiwan, China

241	Electrical & electronic equipment	
107	Metal products manufacturing	
42	Chemicals	

Thailand

15	Plastic product manufacturing	
13	Electrical & electronic equipment	
12	Chemicals	

Vietnam

20	Textiles & fabric goods	
13	Electrical & electronic equipment	
11	Plastic product manufacturing	

Across industries, manufacturing, services and materials had the highest number of respondents in 2023 for all three themes. Manufacturing had the highest figure at 4,441 disclosures, with metal products manufacturing as the top responding sector within the industry group. Metal products manufacturing was the top disclosing sector in many markets, including major Asian economies such as China, Japan, South Korea and India, as well as Southeast Asian markets such as Singapore, Malaysia and Thailand.

After manufacturing, the leading industries in terms of volume of respondents were services (1,041 respondents) and materials (794 respondents), which had specialized professional services and chemicals sectors as the top responding sectors respectively. Countries that counted specialized professional services within their top responding sectors included Australia and New Zealand. Chemicals was a prominent disclosing sector in nearly all manufacturing-heavy countries in Asia, including China, India, Japan, South Korea, Malaysia, Indonesia and Thailand.

These same industries also saw the highest absolute number of first-time respondents in 2023. There were 1,589 first-time respondents in the manufacturing industry (36% share of the total industry), followed by 373 respondents in the services industry (36% share) and 230 respondents in the materials industry (29% share).



Manufacturing is the top responding industry with

4,441

respondents

In terms of relative growth, the apparel (+84%); food, beverage and agriculture (+71%); and transportation services (+70%) industries saw exponential growth compared to 2022. Textile manufacturing hubs such as Bangladesh, Cambodia, Pakistan and Vietnam drove the growth of disclosure numbers in the apparel sector.

These industries tend to be emissions-intensive and subject to mandatory climate disclosure requirements. Moreover, industries such as apparel, food, beverage and agriculture are highly dependent on nature – they are water intensive, and food, beverage and agriculture are hugely land dependent. On the whole, these industries are also seeing increased pressure from stakeholders to disclose their environmental impact and performance, likely influencing the rise in disclosure figures.



Deep-Dive: Driving Forces of Increased Disclosure Rates in Asia-Pacific

1. Pressure from investors and customers to voluntarily disclose environmental information continues to increase



Investors continue to request disclosures from portfolio companies, driven by a need to better understand the risks and opportunities from their investments

Globally, CDP saw a record 288 signatories supporting the Non-Disclosure Campaign,⁶ a 10% increase on the 2022 total. Six percent of signatories are from Asia-Pacific. The higher number of participating investors has resulted in an increasing number of companies engaged – between 2022 and 2023, there was an 8.5% increase in companies engaged through this programme. In Asia-Pacific, 538 distinct companies were engaged and 105 companies responded (20%). Japan saw the highest disclosure rate from companies through this campaign, with 39% of companies starting to disclose through CDP after engagement by investors. Japan also had the highest disclosure rate across the three themes, with 47% for climate change, 20% for forests, and 24% for water security.



Supply chain pressure is also driving disclosure, as an increased focus on tracking and addressing Scope 3 has been gaining momentum

According to the latest report by CDP and BCG,⁷ supply chain emissions can be 26 times higher than operational emissions. There has been a greater push to measure, report and tackle these emissions. One driving force is the inclusion of Scope 3 within sustainability reporting standards such as the International Sustainability Standards Board (ISSB) and mandatory disclosure requirements such as the European Union's Corporate Sustainability Reporting Directive (CSRD). Some of the Asia-Pacific disclosure requirements are also following suit.

Another nudge is corporate engagement with their suppliers to measure, report and address their emissions, for example through the CDP Supply Chain Program. As part of the program, CDP disclosure requests from members to Asia-Pacific companies grew by 21% between 2022 and 2023. As more corporates set Scope 3 targets – only 15% of corporates globally reporting on CDP currently do so – it can be anticipated that there will be more pressure on suppliers to measure, disclose, and reduce emissions.

⁶ This refers to the selection of a subset of non-disclosing companies targeted for engagement to nudge them towards environmental transparency through CDP's disclosure process.

⁷ Scope 3 Upstream: Big Challenges, Simple Remedies, Report by CDP and BCG, June 2024

2. Beyond voluntary disclosures, there has been a shift towards mandatory ESG disclosures in several Asia-Pacific markets, as disclosure requirements have emerged and expanded across nearly all of the region's major economies



Greater harmonization of environmental disclosures observed globally

For decades, sustainability reporting was voluntary by a select group of proactive companies. Today, reflecting the global need for climate action, such reporting is transitioning towards becoming a mandatory requirement across the globe.

At the international level, new climate reporting standards and frameworks have been introduced to give companies more guidance on disclosures and to set common benchmarks. Due to the multitude of standards and frameworks that have emerged, the need for a single international standard to enable comparable and standardized reporting resulted in the formation of the International Sustainability Standards Board (ISSB) at COP26 in 2021. Building upon the work of the Climate Disclosure Standards Board (CDSB), Task Force for Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) amongst others, the ISSB published two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards – IFRS 1 (General requirements for Disclosure of Sustainability-related Financial Information) and IFRS 2 (Climate-related disclosures) – in June 2023. These standards aim to set a high-quality, comprehensive global baseline of sustainability disclosures.

At the regional level, climate disclosure requirements are also emerging but with global implications. For example, the EU CSRD came into force in January 2023, with the first companies needing to report for FY2024. Underpinned by the European Sustainability Reporting Standard the CSRD will initially focus on companies in the EU but will eventually expand to foreign companies with operations in the EU.

On nature, with the release of the Task Force for Nature-related Financial Disclosures (TNFD)'s reporting framework in 2023, there is increasingly standardized reporting of nature-related indicators. Leading companies are also looking to understand their impacts on nature and explore actions they can take to align with global goals for nature. Beyond TNFD, another framework setting best practices for nature-related disclosures is the Science-based Targets for Nature initiative (SBTN). Additionally, the ISSB has stated that it is working to integrate disclosure on nature issues into its standards.⁸

⁸ ISSB to Commence Research Projects about Risks and Opportunities Related to Nature and Human Capital." News and Events. IFRS, April 23, 2024. IFRS. <https://www.ifrs.org/news-and-events/news/2024/04/issb-commence-research-projects-risks-opportunities-nature-human-capital/>.



Emerging mandatory disclosure requirements in Asia-Pacific, with some aligning with ISSB

In recent years, many Asia-Pacific jurisdictions have been introducing mandatory disclosures — with some even expanding existing ones. For example, in India, Business Responsibility and Sustainability Reporting (BRSR) has been voluntary since FY22 and mandatory from FY23 for the top 1,000 listed companies by market capitalization.⁹ In Indonesia, sustainability reporting has been mandatory since 2021 for listed companies and financial institutions under regulation 51/POJK.03/2017. Similarly, Vietnam has also enforced disclosure of ESG performance within the annual reports for all listed companies through Circular 96/2020/TT-BTC. In New Zealand, existing regulation was revised to require large financial institutions to make climate-related disclosures from January 1, 2023, in accordance with climate standards published by the domestic standards authority the External Reporting Board (XRB).

With the introduction of the ISSB, some of these country-specific ESG reporting requirements are planning to align with ISSB standards. Out of 21 jurisdictions that have made commitments to adopt ISSB standards or to take steps to introduce them globally, 12 of them are in Asia-Pacific, including countries such as Australia, Bangladesh, China, Japan, Malaysia, Pakistan, the Philippines, Singapore, South Korea and Sri Lanka.¹⁰ By using common reporting standards, it is likely that disclosures will be more comparable and comprehensive, providing investors with data to better understand the environmental performance of their portfolio companies, while also helping companies identify areas of risks and opportunities.



⁹ SEBI. 2021. "Business Responsibility and Sustainability Reporting by Listed Entities." Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562. Securities and Exchange Board of India. https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html.

¹⁰ Jurisdictions Representing over Half the Global Economy by GDP Take Steps towards ISSB Standards," May 28, 2024. IFRS. <https://www.ifrs.org/news-and-events/news/2024/05/jurisdictions-representing-over-half-the-global-economy-by-gdp-take-steps-towards-issb-standards/>.

Climate Change Preparedness is Steadily Increasing

	All Asia-Pacific respondents (2022 figure)	All Asia-Pacific respondents (2023 figure)	% Change
Total respondents	6111	7957	
Building strong foundations to enable climate action			
Has board-level oversight of climate related issues	74%	72%	-2% ▲
Organization's strategy includes a climate transition plan	26%	30%	+4% ▼
Conducts climate-related scenario analysis	29%	31%	+ 2% ▼
Has company-wide and multidisciplinary risk management process for identifying, assessing and managing climate-related risks and opportunities	35%	34%	-1% ▲
Conducts risk assessments more than once a year and all time horizons are considered	16%	16%	0%
Spending and revenue that is aligned with the organization's climate transition	7%	9%	+2% ▼
Engage with the value chain on climate change	64%	65%	+1% ▼
Measuring emissions and setting targets for reductions			
Disclosed Scope 1 emissions	70%	73%	+3% ▼
Disclosed Scope 2 emissions	63%	67%	+4% ▼
Disclosed Scope 3 emissions (at least 1 category)	38%	39%	+1% ▼
Disclosed Scope 3 emissions (all relevant categories) ¹¹	10%	13%	+3% ▼
Reported having active emissions reduction targets in the reporting year	57%	58%	+1% ▼

¹¹ These figures are based on responses on C6.5 in 2023's questionnaire, relevance of the categories are as per company's own discretion.

	All Asia-Pacific respondents (2022 figure)	All Asia-Pacific respondents (2023 figure)	% Change
Reported science-based targets ¹² , either intensity or absolute	7%	7%	0%
Reported 1.5°C aligned science-based targets	4%	5%	+1% ▼

Limited progress towards credible climate transition plans

For the most part, the proportion of Asia-Pacific companies reporting activities in areas that are foundational to enable climate action, such as governance, scenario analysis, financial planning, risk identification and management, and value chain engagement, saw minimal change.

Notably, there was an increase in the proportion of companies that reported climate transition plans (+4%) as well as alignment of spending and revenue with such transition plans (+2%). However, there is still much room for improvement as only 30% of all corporates disclosing to the climate change theme reported having such a plan, and only a third of them (9%) have reported financial planning aligned with their transition. Consistent with Japan's leadership in environmental disclosures, the country was the leader for the third year in a row when assessed for credible climate transition planning.¹³

Encouragingly, the majority of companies in Asia-Pacific (65%) continued to engage with their value chain, such as their suppliers, on climate issues.



Only

30%

of all corporates disclosing to the Climate Change theme reported having a climate transition plan

Increased disclosure of emissions inventory and setting of science-based targets



35%

increase in corporates reporting a validated science-based target from 2022 to 2023

Compared to 2022, when looking at the disclosure of Scope 1 and 2 emissions, the proportion of companies that disclosed these figures increased by 3% and 4% respectively. Furthermore, the proportion of companies reporting Scope 1 and 2 emissions in Asia-Pacific is higher than the average – 73% of Asian companies reported Scope 1 emissions compared to 67% of disclosing companies globally. Similarly, 67% of Asian companies reported Scope 2 emissions compared to 62% globally.



Only Scope 3 emissions disclosure in Asia (39%) lagged behind global numbers (42%). Although the proportion of companies that reported at least one Scope 3 category, the proportion of those that reported all relevant categories of Scope 3 emissions increased by 3%, signalling that a subset of companies has expanded the coverage of their Scope 3 disclosures.

More than half (58%) of Asia-Pacific companies reported having active emissions reduction targets in the reporting year, which was a slight increase from the previous year. While the proportion of companies in the given year reporting science-based targets remained flat from 2022 to 2023, there was still a 35% (427 to 577) increase in corporates reporting a validated science-based target from 2022 to 2023.

¹² These figures only includes companies that have an approved and validated target by SBTi.

¹³ The State of Play 2023: Climate Transition Plan Disclosure, CDP (2024)

		All Asia-Pacific respondents (2022 figure)	All Asia-Pacific respondents (2023 figure)	% Change
Emissions reduction actions				
Top 3 Initiative Types by %				
Top emissions reduction initiatives by Type	1. Energy efficiency in production processes	33%	33%	0%
	2. Energy efficiency in buildings	22%	20%	-2% ▲
	3. Low-carbon energy consumption	11%	13%	+2% ▼
Top 3 Sources by %				
Top sources of production energy efficiency	1. Process optimisation	38%	33%	-5% ▲
	2. Machine/equipment replacement	21%	22%	+1% ▼
	3. Compressed Air	9%	9%	0%
Top 3 Sources by %				
Top sources of building energy efficiency initiatives	1. Lighting	52%	51%	-1% ▲
	2. Heating, Ventilation and Air Conditioning	28%	29%	+1% ▼
	3. Building Energy Management Systems (BEMS)	6%	6%	0%

	All Asia-Pacific respondents (2022 figure)	All Asia-Pacific respondents (2023 figure)	% Change
Proportion of energy consumed from renewable sources¹⁴ Top procurement methods: <ul style="list-style-type: none"> • Unbundled energy attribute certificates (EACs) • Power purchase agreements (PPAs) • Contracts with suppliers 	 13%	 16%	+3% ▼

Across the board, the increase in the number of respondents for key categories of the CDP questionnaires indicates that more companies are making progress in strategy and governance, measurement and target setting, as well as emissions reduction actions across the Asia-Pacific region.

Action to reduce emissions: spotlight on energy

Across countries and sectors in Asia-Pacific, energy efficiency measures remain the most popular strategies employed to reduce emissions in 2023 – in particular, efficiency measures within production processes and for buildings.

In terms of production efficiency, the most reported energy efficiency initiative in 2023 involved process optimization (33%), followed by equipment or machine replacement (22%) and compressed air (9%). For building efficiency, the most reported actions involved building lighting (51%), followed by heating, ventilation and air conditioning systems (29%), and building energy management systems (6%). No notable fluctuations were observed across the years in these strategies.

After energy efficiency measures, consumption of low-carbon energy (including renewable energy), was the next most common emissions reduction activity reported by companies. Encouragingly, there was an increase in the average proportion of energy consumed from renewable sources between 2022 and 2023, to 16% (+3%). The increase in renewable energy consumption was likely to be spurred on by the growth in compliance and domestic renewable energy schemes in many Asia-Pacific markets, leading to an expansion in both renewable energy access and commitments to consume renewable energy. On voluntary commitments, RE100 data shows that the 10 largest electricity consumers that recently joined¹⁵ and committed to transitioning to 100% renewable electricity are headquartered in Asia-Pacific. Additionally, over half of the companies making their renewable energy targets more ambitious are also headquartered in Asia.¹⁶

This renewable energy was sourced from a variety of methods, with the top sources being contracts with energy suppliers, power purchase agreements and purchasing of unbundled energy attribute certificates.



16%

of energy consumed by respondents in Asia-Pacific comes from renewable sources

¹⁴ This figure represents the non-weighted average renewable mix of all Asia-Pacific disclosers.

¹⁵ Between the 2022 and 2023 disclosure cycles

¹⁶ RE100 annual disclosure report 2023

Actions Against Deforestation Remained Stable



Forests

	All Asia-Pacific respondents (2022 figure)	All Asia-Pacific respondents (2023 figure)	% Change
Total respondents	276	311	
Building strong foundations for actions against deforestation			
Conducted forest-related risk assessment	56%	58%	+2% ▼
Has a forest-related policy	69%	72%	+3% ▼
Has a forest-related commitment	47%	52%	+5% ▼
Has good quality forest-related commitment	1%	1%	0%
Taking steps to prevent deforestation			
Has traceability system	66%	68%	+2% ▼
Able to trace 90% of commodity volume up to the municipality level	18%	19%	+1% ▼
Has adopted third-party certification scheme	48%	53%	+5% ▼
Has 90% of the total volume commodity certified with no deforestation compliant third-party certification scheme	8%	9%	+1% ▼
Preventing deforestation across the value chain			
Works with direct suppliers	57%	54%	-3% ▲
Multi-partnerships or stakeholder initiatives including landscape/jurisdictional approaches	45%	44%	-1% ▲



Building strong foundations for actions against deforestation

Companies are markedly improving the structures in place to monitor deforestation risk across their operations, with a 2–5% increase in these performance indicators. More than half of respondents have conducted forest-related risk assessments, set forest-related policies and put in place a forest-related commitment. These indicators help companies have a sufficient overview of the risks from deforestation, and prioritize the top issues, enforced by good policy coverage of these issues and demonstrated by robust public commitments. However, there has been limited improvement in the proportion of companies with good quality forest-related commitments – stagnant at 1% of total respondents. A top-quality forest-related commitment has robust public commitments to eliminate deforestation from operations and supply chains as well as increasing accountability, remediation and constructive engagement with external stakeholders.¹⁷



68%

of total respondents in
Asia-Pacific implement
a traceability system

Monitoring and preventing further deforestation

Companies are increasingly taking the necessary steps to prevent further deforestation in their processes, with a 1–5% increase in these performance indicators. The majority of companies continue to implement a traceability system, increasing by 2% to 68% of total respondents in Asia-Pacific. A strong traceability system is essential to trace the origins of the forest risk commodities to enable oversight by companies to meet their commitments. Third-party certifications are one of the key methods to showcase sourcing that is in line with third-party no-deforestation standards, and such actions have increased most significantly amongst the reporting group (+5%).

Value chain action

However, value chain action slightly declined in 2023. A smaller proportion of respondents reported working with direct suppliers on the prevention of deforestation (-3%) and getting involved in multi-partnerships or stakeholder initiatives (-1%). Direct supplier engagement is crucial to meeting commitments and targets for their value chain. Since direct suppliers are subjected to significant influence from procuring companies through contractual obligations, strong engagement is critical to reduce data gaps and correct actions that are not in line with the company's policies or commitments.

¹⁷ Understanding CDP's 15 forest-related key performance indicators

Growth in Foundations for Actions Towards Water Security

Alongside the strong growth in disclosure numbers on water security in Asia-Pacific (26%), there is a slight improvement in the foundations of water security action in companies across the region, where some key actions such as realized water-related opportunities and publicly available documented water policy have seen an increase of around 2%.

Monitoring and taking steps towards water security

An increase in number of disclosing companies did not translate into increased setting of water-related targets and monitoring of water-security metrics. On the contrary, it translated into a slight decline from 60% to 57%. Certain areas of monitoring did record a significant growth however, suggesting an increased corporate focus on particular areas of action, such as water withdrawals (+17%) and water pollution (+13%), and water, sanitation and hygiene (+10%).

Another area that saw a significant drop was the number of companies that have provisioned to meter and monitor total water quality volume for more than 75% of their facilities recorded a 10% decrease. This drop might be explained by a significant increase in the number of total respondents - more companies are reporting, including companies that have not yet set strong water quality monitoring policies.



26%

strong growth in
disclosures on water
security





Water Security

All Asia-Pacific
respondents
(2022 figure)

All Asia-Pacific
respondents
(2023 figure)

% Change

Total respondents

1491

1880

Building strong foundations for actions towards Water Security

Conducted a water-related risk assessment



-1% ▲

Identified and realised water-related opportunities



2% ▼

Has a documented water policy that is publicly available



2% ▼

Taking steps towards Water Security

Has a water-related target



-3% ▲

Has Water, Sanitation & Hygiene (WASH) targets



10% ▼

Has a water withdrawals target



17% ▼

Has a pollution-related target



13% ▼

Has monitored total water withdrawal volumes at >75% of facilities



-6% ▲

Has metered and monitored total water quality volume at > 75% of facilities



-10% ▲

With low water impact products and services



4% ▼

Moving towards Water Security in across the value chain

Engaging with value chain on water-related issues



6% ▼

Require suppliers to meet water-related requirements

-



-

Value chain actions on water

Value chain actions for water have picked up steam, where a growth in number of disclosing companies also led to a slight increase in recorded corporate engagement with their value chain on water-related issues (+6%). However, value chain engagement has yet to make it to the mainstream. In 2023, a new question was included in the water security questionnaire – whether respondents require suppliers to meet water-related requirements. The survey found nearly a quarter of the respondents (23%) have set water-related requirements for their suppliers. Customer pressure on supply chains to take action does therefore exist but is still not a widespread practice.

Water-related disclosure is still in its infancy, but a significant increase in disclosure suggests growing interest from regional companies. Increased disclosure numbers and sample size confirm trends already observed in the past years: more than two-thirds of companies conduct water related assessments but only half have a publicly available water-related policies. If certain areas of action appears to receive increased focus (eg WASH), much remains to be done, most notably concerning supply chains. If we notice a 6% increase in the number of companies engaging with their value chain, the practice remains far from being a default for companies in the region.



23%

**of respondents have set
water-related requirements
for their suppliers**



Conclusion

Despite increased awareness and significant growth in climate disclosures in the Asia-Pacific region, home to many of the world's rapidly growing economies, the progress made by corporates in reducing greenhouse gas emissions remains slow, and we are far from where we need to be to reach net-zero by 2050.

Addressing climate change and nature loss together is crucial in Asia-Pacific due to its rich biodiversity, economic reliance on natural resources, and high vulnerability to climate impacts. The interconnectedness of climate change and nature loss means that both crises must be addressed together. Among the nearly 8,000 Asia-Pacific companies disclosing through CDP in 2023, less than 30% are providing information on nature-related issues. This highlights the need for a broader environmental focus, as addressing climate change alone is not sufficient. On a positive note, this report shows that disclosures on nature-related topics, such as water security, are steadily increasing and keeping pace with the growth of climate disclosure.

While staying within 1.5°C remains a key business objective, and the number of 1.5°C-aligned science-based targets is rising, the proportion of companies with these targets in the reporting cohort remained the same. Additionally, although the proportion of companies with a transition plan increased from 2022 to 2023, less than a third of these companies reported associated financial planning to achieve these plans.

The message is clear: businesses must transition to net-zero and be nature-positive across their value chains. Every company has a role to play, whether in striving for a net-zero target, minimizing deforestation, or reducing water pollution. Disclosing environmental data and having a robust climate transition plan are crucial for securing access to capital, enhancing competitiveness, and meeting compliance requirements, all of which are essential for business success both domestically and internationally. Transparency and accountability, followed by immediate action, are necessary for real progress towards net-zero and a nature-positive future.



**The message is clear:
businesses must
transition to net-zero
and nature-positive
across their value chains.**

Acknowledgements

Authors

Edwin Ng

Corporate Engagement Officer, CDP

Nadiya Nair

Strategy & Development Team Lead - Renewable Energy & Carbon Markets (APAC), ACT

Teresa Teo

Sustainability Team Lead (APAC), ACT

Acknowledgements and Contributions

CDP

Akanksha Aggarwal
Andrew Glumac
Eilis O'Connell
Farheen Altaf
Fitriannisa Soegiharto
Fei Li
George Bush
Henry Fogarty
Joshua Snodin
Kelly So
Miriam Denis Le Seve
Nicholas Fedson
Patricia Calderon
Rini Setiawati
Tatiana Boldyreva
Usman Khan

ACT

Ashkvina Rajendran
Federico Di Credico
Jeroen Coenen
Stanislav Parovyi
Tyler Besse

Media enquiries

Fitriannisa Soegiharto

Marketing & Communications Senior Manager, SEA, CDP
fitriannisa.soegiharto@cdp.net

Ashkvina Rajendran

Field Marketing Manager, APAC, ACT
arajendran@actcommodities.com

CDP Worldwide

4th Floor
60 Great Tower Street
London
EC3R 5AZ
Tel: +44 (0) 203 818 3900
Website: www.cdp.net

ACT Group APAC

108 Robinson Road
#03-01
Singapore 068900
Tel: +65 69909220
Email: APAC@actcommodities.com
Website: www.actcommodities.com

About CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 700 financial institutions with over \$142 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 24,000 organizations around the world disclosed data through CDP in 2023, with more than 23,000 companies – including listed companies worth two thirds global market capitalization - and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

Visit www.cdp.net or follow us [@CDP](https://twitter.com/CDP) to find out more.

About ACT Group

ACT Group develops and provides comprehensive and innovative environmental solutions that empower businesses globally to act on and achieve their environmental goals efficiently and transparently, no matter how ambitious.

Founded in 2009, thousands of customers worldwide rely on ACT's extensive global environmental regulation, market, standard, and product expertise to deliver real results.

Providing solution discovery, optimized procurement strategies, environmental project development, and cutting-edge digital decarbonization services as well as 200+ physical environmental products, ACT simplifies and streamlines its customers' journeys to net zero.

ACT is a CDP Gold Accredited and ICROA Accredited Solutions Provider, a member of the Singapore Carbon Market Alliance (SCMA), and is represented on the board of the International Emissions Trading Association (IETA).

Visit actcommodities.com or follow us [@ACTGroup](https://twitter.com/ACTGroup) to find out more.