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Results of the Survey on Financial Regulators' Initiatives Regarding Corporate Climate-Related Disclosures: ADBI–ADB Climate Finance Dialogue Progress Report

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Key Points

- Since the International Sustainability Standards Board (ISSB) released the Climate-Related Disclosures in June 2023, there has been an increasing momentum globally toward standardizing climate-related corporate disclosure. The Task Force for Climate-Related Disclosure (TCFD) recommendations are fully incorporated into the ISSB Standards.
- Asia needs significant clean energy investment, and collective actions to promote foreign private sector capital flows are desirable. Sharing information on corporate disclosure, supervisory approaches, and transition finance could promote interoperability among Asian governments and regulators.
- The ADBI-ADB Asian Climate Finance Dialogue project, launched in November 2023, aims to promote dialogue among financial regulators and central banks on climate-related information disclosure and policies, supporting private climate finance scale-up and ensuring financial stability in Asia.
- As part of our project, ADBI conducted a survey on the status of climate-related disclosures across 12 Asian economies. This policy brief presents a summary of the survey. Overall, the majority of financial regulators have not yet formally endorsed the TCFD recommendations and/or ISSB Standards, but nearly half of them have set a timeline for their adoption in the near future. Moreover, 75% of the economies have recommended GHG emission data but only 25% with regard to emission targets. While half of the economies plan to fully adopt ISSB Standards, 75% plan to apply them to certain types of companies, and 60% require external assurance.
- The survey also sheds light on the challenges faced by regulators—such as obtaining high-quality Scope 3 GHG emissions data and ensuring a smooth, practical, and adaptive integration of domestic circumstances to international disclosure standards including TCFD/ISSB.

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1. Introduction

For the first time, at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), an agreement was reached to transition away from fossil fuels, triple global renewable energy capacity by 2030, and double global average energy efficiency, among other measures, in order to limit the global average temperature increase agreed in the Paris Agreement. Therefore, all participating economies are urged to expedite concrete actions in line with these commitments.

Currently, Asia accounts for 40% of global greenhouse gas (GHG) emissions and 60% of global coal consumption. Even excluding the People's Republic of China (PRC), the country with the largest GHG emissions, Asia is expected to see the highest increase in GHG emissions globally. Particularly in rapidly growing Asian emerging and developing economies, there is the challenge of meeting robust demand for electricity, compounded by many newly operational coal-fired power plants. Consequently, waiting for the aging of these power plants before replacing them with renewables poses significant obstacles to achieving substantial GHG reduction. Therefore, efforts are required to advance the replacement of fossil fuels with renewables and other measures, such as operating existing coal-fired power plants while using abatement technologies like hydrogen and carbon capture utilization and storage (CCUS) to reduce GHG emissions.

Asia needs to increase a substantial amount of investment in clean energy and low-carbon technology in order to meet its 2030 GHG emission targets described in the Nationally Determined Contributions (NDCs) and accelerate the path toward carbon neutrality by 2050 or a little later. Many of these investment activities are expected to be undertaken by companies in the form of projects. In addition, there are many energy-intensive heavy manufacturing industries in some Asian countries including Japan, the PRC, and the Republic of Korea

(ROK). Southeast Asia and South Asia are expected to develop as bases for such manufacturing industries in the future given their high economic and population growth potential. Particularly in hard-to-abate sectors such as steel, aluminum, cement, fertilizers, aviation, and chemicals, low-cost technologies for emission reduction have not yet been firmly established. Therefore, significant investments and technological developments will be necessary for the decarbonization of these manufacturing industries.

Given that the scale of these investments is substantial, the mobilization of private-sector finance is crucial. For this to take place at scale, it is necessary to develop climate finance so that investors and financial institutions are willing to allocate more funds to decarbonization and low-carbon activities. On this front, promoting climate-related corporate information disclosure based on the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations and the International Sustainability Standards Board (ISSB) Standards is an essential step to inform investors and financial institutions of the potential opportunities and risks associated with investing in and lending to carbon-intensive companies. Therefore, they have to understand that their financing activities may become non-performing in the future if those companies find it difficult to recover the costs of fixed asset investment due to the materialization of climate risks—making those assets stranded and lowering companies' repayment capacity and returns. If there are many financial institutions that finance such industries and companies, there is a risk that the stability of the financial system could be threatened.

In Asia, financial regulators have been adopting divergent approaches toward corporate disclosure and related policies (such as taxonomies, technology roadmaps, transition finance, and carbon credit). It is worthwhile to promote collaborative actions to scale up climate finance in the region. For this reason, the Asian Development Bank (ADB) and the Asian Development Bank Institute (ADBI) launched the Asian Climate Finance Dialogue jointly in late 2023. The project aims at promoting information exchange on climate-related disclosure frameworks applied to corporates and financing institutions and related challenges, and enhancing capacity building among financial regulators and governments. It is also developing a website that provides useful information about financial regulators' approaches in a standardized manner and associated relevant resources. ADBI also conducted the first questionnaire-based survey of 12 Asian economies. Section 2 gives an overview of global information disclosure standards, as well as the project. Section 3 focuses on the survey and a summary of survey results.

2. Global Climate-Related Disclosure Frameworks and the ADBI–ADB Climate Finance Dialogue

This section focuses on two important global disclosure frameworks—TCFD recommendations and ISSB Standards—and highlights their common features and differences. The section also provides background information that led to the formation of the ADBI–ADB Climate Finance Dialogue project.

2.1 Task Force on Climate-Related Disclosure (TCFD) Recommendations

Aimed at promoting climate finance, the Task Force on Climate-related Financial Disclosure (TCFD) was created by the Financial Stability Board (FSB) in 2015 in response to the G20 decision that recommended companies disclose climate-related financial information. This initiative was designed to promote more accurate, timely, standardized information. The TCFD recommendations were released in 2017 and revised in 2021 (TCFD 207 2021). They are a set of recommendations for the voluntary disclosure of climate change-related financial risks and opportunities. They were developed in response to growing demand by investors, lenders, insurance companies, and other stakeholders to provide information useful for their financing decisions.

The TCFD recommendations consist of four pillars: Governance, Strategy, Risk Management, and Indicators and Targets. These four pillars have now become the global common foundation for disclosures regarding corporate sustainability or ESG information.

- The **Governance Pillar** focuses on disclosing the corporate governance structure to cope with climate risks and opportunities including board supervision and the role of management.
- The **Strategy Pillar** describes the "material" climate risks and opportunities identified over the short, medium, and long term and their implications on the business models, strategies, and financial planning. Companies are expected to explicitly disclose the actual and

potential financial impacts of climate change and transition plans (description of detailed measures to achieve the emissions target and transform current business operations toward low-carbon operations). It also includes climate scenario analysis (description of resilience analysis of current business models against various climate scenarios such as an above 3°C global warming scenario, a 2°C or lower scenario in line with the Paris Agreement, or a 1.5°C scenario increasingly expected by ESG investors). Detailed analysis of climate transition plans and climate scenario analysis can be found in Shirai (2023a).

- The **Risk Management Pillar** describes the process of identifying, assessing, managing, and integrating climate risks into overall risk management.
- The **Metrics and Targets Pillar** is the most important one since indicators and targets can be used by ESG investors and financial institutions to deepen their understanding of the climate-related risks and opportunities of companies they invest in. This information is useful for financial institutions and other stakeholders to engage with companies to evaluate their actions and at the same time shift funds to more sustainable assets in their investment and loan portfolios by making efforts to align with the Paris Agreement goals.

While TCFD recommendations are increasingly accepted by companies, corporate-level disclosure remains inadequate and tends to be discretionary because it is voluntary. In particular, disclosure of GHG emission data and emissions-reduction targets remains highly inadequate. Moreover, there are numerous sustainability and climate-related reporting standards developed by NGOs, think tanks, and others. As companies freely pick and choose among those standards and often follow just part of the selected standards, investors and financial institutions continue to find it difficult to compare the disclosed information across companies, industries, and economies. This has led to a growing call to develop a global standardized corporate disclosure requirement.

2.2 *Differences between TCFD Recommendations and ISSB Standards*

In the face of a growing call for greater standardization, the International Sustainability Standards Board (ISSB) was established by the International Financial Reporting Standards (IFRS) Foundation in November 2021 with strong worldwide support to provide timely, reliable, and comprehensive information on ESG matters starting with climate issues. The ISSB published two documents in June 2023: General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosure (IFRS S2) (ISSB 2023a, 2023b). IFRS S1 focuses on sustainability-related risks and opportunities companies face over the short, medium and long term, while IFRS S2 focuses on specific climate-related disclosures. The four pillars of TCFD recommendations were essentially integrated into both ISSB Standards. Compared with TCFD recommendations, however, the IFRS S2 requires more detailed, stringent, and comprehensive information disclosure (see Shirai [2023b] for details).

One important difference between TCFD recommendations and ISSB Standards (IFRS S2) is the treatment of Scope 3 emissions data. The ISSB Standards encourage companies to disclose not only Scope 1 and 2 but also the entire value chain (upstream and downstream, Scope 3) GHG emissions for all companies, while TCFD recommendations indicated disclosure of Scope 3 emissions data when they are material for companies. Disclosure of Scope 3 emission data can be delayed for one year due to the complexity of measuring emissions compared with Scope 1 and 2 data. As companies may estimate Scope 3 emissions data based on various indirect data in addition to direct measurement of GHG emissions from suppliers, companies are required to disclose their measurement approaches, inputs, and assumptions used and prioritize using verified data. Moreover, the ISSB Standards require companies to disclose GHG emissions data using an absolute amount (metric tonnes of CO_2 equivalent) rather than an intensity indicator (such as GHG emissions divided by output or sales). The absolute emissions data are more preferable and stringent than intensity-based emissions data since the former could clearly show the degree of contributions to GHG emissions reduction.

Regarding GHG emissions targets, the ISSB Standards contain both quantitative and qualitative targets used to monitor progress toward achieving goals including GHG emission targets. However, companies using net GHG emission targets are required to disclose gross GHG emissions targets as well as offsetting measures—such as carbon credit (including types of carbon credit such as nature-based or technology-based). This requirement aims to clarify a company's own emissions reduction efforts without depending excessively on meeting its GHG emissions targets by purchasing carbon credits from third parties. Information about the extent of the company's plans to use carbon credits to meet GHG emissions targets should be provided. Companies must provide information about their approaches regarding setting and reviewing each target and monitoring progress against each target. For example, information on whether the target and the methodology for setting the target have been validated by a third party, how the process of reviewing the target is made, what metrics are used to monitor progress toward reaching the target, and whether there have been revisions to the target should be provided.

As for the Strategy pillar, the ISSB Standards place greater focus on climate transition plans than do TCFD recommendations as companies are required to outline how they will transition their business activities to a low-carbon economy and achieve their climate targets. The plans should include current and anticipated changes to a company's business models, strategies, resource allocation, and capital spending from the perspectives of reducing exposure to various climate-related risks and capturing climate-related opportunities. Moreover, the ISSB Standards require a climate scenario analysis—a long-term analysis to examine the impact of climate change on corporate financial positions (such as sales, cash flows, and profits) under various climate scenarios, although the analysis can be conducted in a flexible manner depending on the company's circumstances. Companies with a high degree of exposure to climate risks are able to use a simpler "qualitative" scenario analysis if they are not equipped with the skills, capabilities, or resources needed to perform quantitative analysis. Over time, however, such companies are expected to accumulate capabilities and apply a more advanced "quantitative" climate scenario analysis.

Besides TCFD recommendations, the ISSB Standards also integrated the Standards of the Sustainability Accounting Standards Board (SASB) Standards, the Climate Disclosure Standards Board (CDSB) Framework, the Integrated Reporting Framework, and the World Economic Forum metrics. While companies can adopt the ISSB Standards voluntarily, many economies endorsed the establishment of ISSB and the standards. ISSB disclosure frameworks received support from the G7, the G20, and the Financial Stability Board (FSB). In particular, the International Organization of Securities (IOSCO), which is comprised of 130 member jurisdictions and covers more than 95% of the world's financial markets, officially supported the ISSB Standards. Thus, many financial regulators are expected to mandate IFRS S1 and S2 within their jurisdictions.

2.3 *Collaborative Actions Needed to Promote Decarbonization Efforts in Asia*

In Asia, climate finance remains limited, and huge emissions and investment gaps exist. To expedite the decarbonization process, encouraging companies to disclose climate-related information based on standardized frameworks is crucial. Better disclosure and reporting will help reduce those gaps. Thus, Asia should promote corporate disclosure based on TCFD recommendations and ISSB Standards. However, more comprehensive disclosure efforts beyond ISSB Standards will be necessary since one notable issue related to IFRS S2 is the absence of a requirement for a long-term net-zero emission target. Given the critical importance of achieving net-zero emissions by around 2050 or a little after for countries and major companies, it is desirable for each economy to mandate long-term net-zero targets in a phased manner, along with ISSB disclosure requirements, starting with large publicly listed companies. However, it is important to note that making IFRS S2 mandatory, while providing an essential step toward disclosure standardization, is not the only solution for scaling up climate and sustainable finance. Other issues such as taxonomies, transition finance, and the fragmentation of labelled bond markets, need to be discussed extensively among regulators. For further details, see Shirai (2023c).

Asia faces similar challenges in terms of decarbonizing its economies and achieving net zero emissions targets. Nevertheless, there are divergent approaches for decarbonization in each economy, making it difficult for investors to compare across economies. While there are some regional initiatives and efforts to promote interoperability, more comprehensive efforts may be necessary. Furthermore, a notable concern across Asia is the fragmented nature of information, which could raise uncertainty about whether investors have a thorough understanding of those individual approaches. For example, even with a simple term like "information disclosure obligation" regarding companies, regulatory practices and enforcement vary among Asian economies—whether it is legally mandated by law, required by listing rules, or based on principles where non-compliance can be explained or unnecessary.

Given the divergent approaches in Asia, there are concerns that climate finance may become increasingly fragmented if the current trend continues. Moreover, there is a substantial disparity in knowledge among Asian authorities regarding decarbonization, and within the Asia region, there is often limited awareness of each other's approaches. It is crucial for each economy to share awareness of the issue, deepen understanding, and create opportunities to collectively explore better approaches, thereby uplifting Asia as a whole.

While it is crucial to reference the climate-related disclosure and related financial policies of the frontrunner—the European Union and some other leading countries—it may be important to examine some specific challenges faced by Asia collectively. Considering this, it might be worthwhile for Asian economies to engage in discussions with global investors and experts to explore a common and easily understandable approach.

These considerations led to the launch of the Asian Climate Finance Dialogue Project by ADBI and ADB in 2023. This project aims to establish a web-based platform that provides information about financial regulators' approaches toward climate-related disclosure and related financial policies in a standardized manner. The project also facilitates informal meetings among financial regulatory authorities from various economies in the region, focusing on specific themes related to disclosure challenges. The goal is to provide an informal forum for economies to exchange information and engage in discussions with each other. The project also provides capacity-building workshops for governments and financial regulators in developing and emerging Asian economies. Engaging with central banks in Asia is also part of the plan.

The First Roundtable was held in November 2023, bringing together regulatory authorities from ASEAN, Japan, PRC, and ROK. Starting this year, there are plans to facilitate informal meetings with financial regulatory authorities from various economies, focusing on specific themes related to disclosure challenges. Work is already underway, including sending questionnaires to officials in each economy to deepen the understanding of common themes. The Second Roundtable held in February 2024 focused on discussions on how each economy is incorporating the climate and sustainability disclosure standards announced by ISSB into its national systems. The agenda also included disclosure of supplier emissions (Scope 3) and related challenges. The Third Roundtable, likely to be held in September 2024, will shed light on various approaches to transition finance. In the future, the focus will be extended to reduction contribution (commonly known as Scope 4), carbon credit, corporate transition plans, and scenario analysis.

3. Survey Report on Corporate Climate-Related Disclosure Progress

To understand the current status of financial regulators' stance regarding climate-related corporate disclosure, the first questionnaire-based survey was conducted between November 2023 and January 2024. In particular, attention was given to their progress regarding TCFD recommendations and the current situation of preparing for ISSB climate-related disclosure standards. Based on responses from 12 Asian economies, this report presents the survey's objectives and major content and summarizes its results.

3.1 *Objectives and Content of the Survey*

This survey was conducted with the following objectives:

- To understand the current progress of corporate climate-related disclosure in the Asian region.
- To gain insights regarding the authorities' plans concerning corporate climate-related disclosure regulations within the context of adopting the international standard, especially ISSB.
- To be informed about the current challenges that the economies are facing pertaining to the implementation of corporate climate-related disclosure requirements.
- To identify what measures are required to encourage and support the involved economies with respect to climate-related disclosure implementation.

The elements in the questionnaire for the core pillars of the survey are presented in Table 1.

3.2 *Summary of Survey Results and Discussions Regarding TCFD Recommendations*

About 42% of the economies surveyed have **officially endorsed corporate climate-related disclosures** that are based on TCFD recommendations (Figure 1). Meanwhile, roughly 45% of these economies have established a specific timeline for implementing these disclosures in the future (Figure 2). A number of economies have been promoting disclosure standards such as GRI Standards

Table 1: Major Features of the Survey

Core Elements of the Survey	Detailed Content
I. Status of Disclosure with Regard to TCFD Recommendations	The status of official endorsement of corporate climate-related disclosures based on TCFD recommendations; and whether TCFD recommendations are mandatory or voluntary in the respondent's jurisdiction.
	Timeline being set for the disclosure requirements.
	Target being set for some specific firms or sectors to apply for the disclosure requirements.
	Four pillars (governance, strategy, risk management, and metrics and targets) specified for the disclosure requirements.
	Climate scenario analysis specified for disclosure requirements.
	GHG emissions data specified for disclosure requirements.
	GHG emission targets specified for disclosure requirements.
	Reporting format for corporate climate-related disclosures.
II. Status of the ISSB Standards	The status of official endorsement of corporate climate-related disclosures based on the ISSB Standards.
	The timeline being set to adopt the ISSB Standards.
	The plan being adopted to fully adopt the ISSB Standards.
III. Major Challenges That Regulators Face During the Process of Implementing Disclosure Standards	The most critical topics or themes that should be covered in upcoming roundtables, as well as capacity building and training workshops to facilitate the process of implementing corporate climate-related disclosure.

Figure 1: Official Endorsement of TCFD Recommendations (%)

Source: Prepared by the authors based on the survey results.

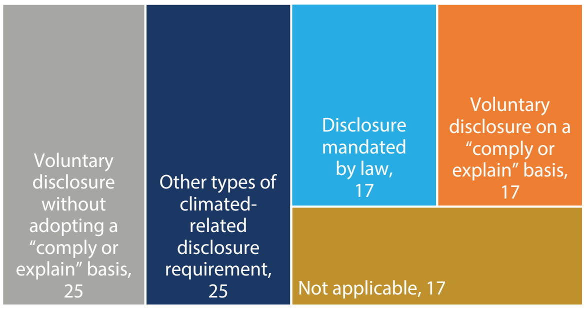
Figure 2: Setting the Timeline for Disclosures Based on TCFD Recommendations (%)

Source: Prepared by the authors based on the survey results.

for some time. Some of these economies have begun to encourage TCFD recommendations as well without officially endorsing them. Timeline analysis reveals that the economies mostly adopt a short-term strategic strategy for endorsing TCFD within a timeframe of 1 to 3 years.

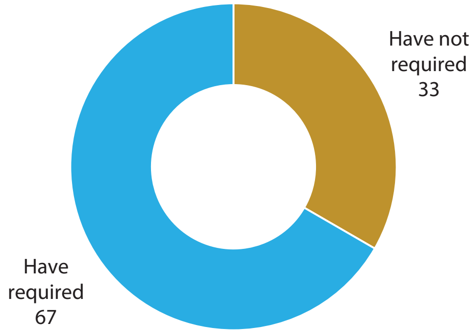
Some of the major explanations for timeline setting include: *"We plan to adopt the regulation on Environment, Social, and Governance which covers the practice of internationally recognized sustainability standards, including TCFD next year"; or "The in-charge Steering Group has agreed to enhance climate-related disclosures by requiring mandatory disclosures to align with TCFD recommendations no later than 2025"; or "Exchange are required to include TCFD-aligned climate-related disclosures in annual reports issued on or after 31 December 2025."*

Figure 3: Types of Disclosure Implementation Based on TCFD Recommendations (%)



Source: Prepared by the authors based on the survey results.

Figure 4: Disclosure Requirements in Accordance with the Four Pillars (%)



Source: Prepared by the authors based on the survey results.

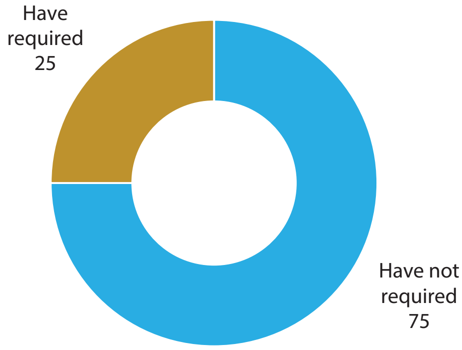
According to the survey, 25% of the respondents stated that they adhere to various disclosure rules, which include providing extensive explanations (Figure 3). Some of these explanations included using a phased method for gradually enforcing obligatory measures in the future or tailoring the requirements based on the specific industry. For example: *"From FY2022, mandatory for all listed issuers on a "comply or explain" basis; From FY2023, mandatory for listed issuers in (a) financial industry; (b) agriculture, food, and forest products industry; and (c) energy industry; From FY2024, mandatory for listed issuers in (d) materials and buildings industry; and (e) transportation industry. All other issuers remain on a "comply or explain" basis".* Noticeably, roughly 25% of the respondents reported that their economies have been practicing voluntary disclosure without adopting a "comply or explain" framework (Figure 3). This was followed by the implementation of voluntary disclosure with the requirement to comply or explain, which accounted for 17% of the responses. Another 17% of the respondents stated that disclosure was mandated by law.

Moreover, all the economies that officially endorsed TCFD have accompanied specific requirements—such as based on industry type or firms' specific characteristics. Most of the companies targeted are publicly listed: large publicly listed companies that fulfill certain scale criteria, or listed issuers in the main market of the stock exchange. It is worth noting that the types of targeted entities vary across a wide range and include banks, asset management firms, insurance companies, pension trustees, and listed entities.

The TCFD recommendations are based on four pillars (governance, strategy, risk management, and metrics and targets). According to the survey, 67% of respondents indicated that they required companies to disclose based on the four pillars (Figure 4).

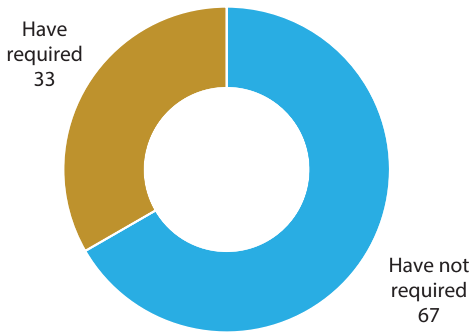
When turning to disclosure **requirements on climate transition plans** as described in Section 2 (Figure 5), roughly 25% of the respondents have required companies to disclose their transition plan (Strategy pillar); only one economy out of five requiring TCFD has actually required companies to disclose their transition plans. A similar situation is seen with regard to climate scenario analysis (Figure 6).

Figure 5: Requirement to Disclose Transition Plans (%)



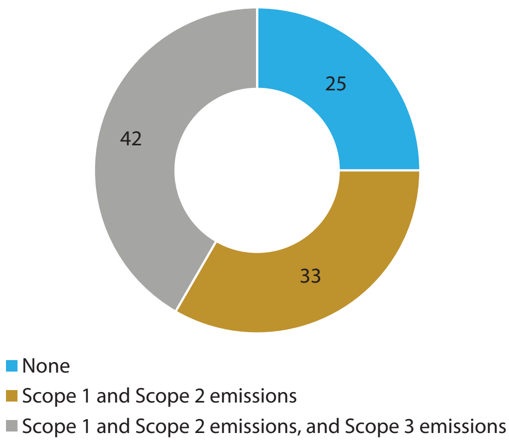
Source: Prepared by the authors based on the survey results.

Figure 6: Requirement to Disclose Climate Scenario Analysis (%)



Source: Prepared by the authors based on the survey results.

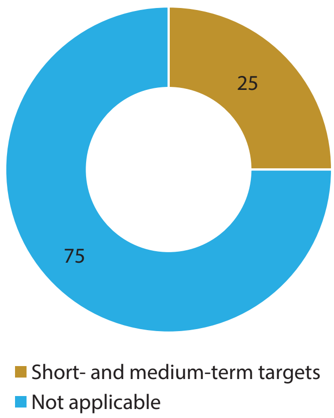
Figure 7: Requirement or Recommendation to Disclose GHG Emissions Data (%)



Source: Prepared by the authors based on the survey results.

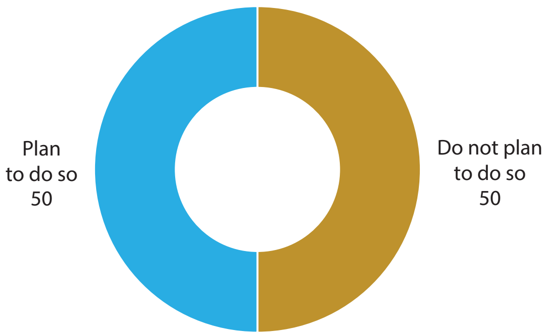
Among all climate risk disclosures, GHG emissions are essential and a top priority. Under TCFD recommendations, companies are able to disclose GHG emissions based on absolute amount or intensity. The survey results show a positive sign that 42% of surveyed economies have been requiring all Scope 1, 2, and Scope 3 emission disclosures; followed closely by 33% of only Scope 1, and Scope 2 emissions (Figure 7). With regard to emissions targets, the survey asked if emissions targets were required or recommended. Some have reported that short- and medium-term GHG emission targets were required or recommended (25%), meanwhile, no economy indicated long-term net-zero targets (Figure 8).

Figure 8: Requirement or Recommendation to Disclose GHG Emission Targets (%)



Source: Prepared by the authors based on the survey results.

Figure 9: Policy Regarding the Full Adoption of ISSB Standards (%)



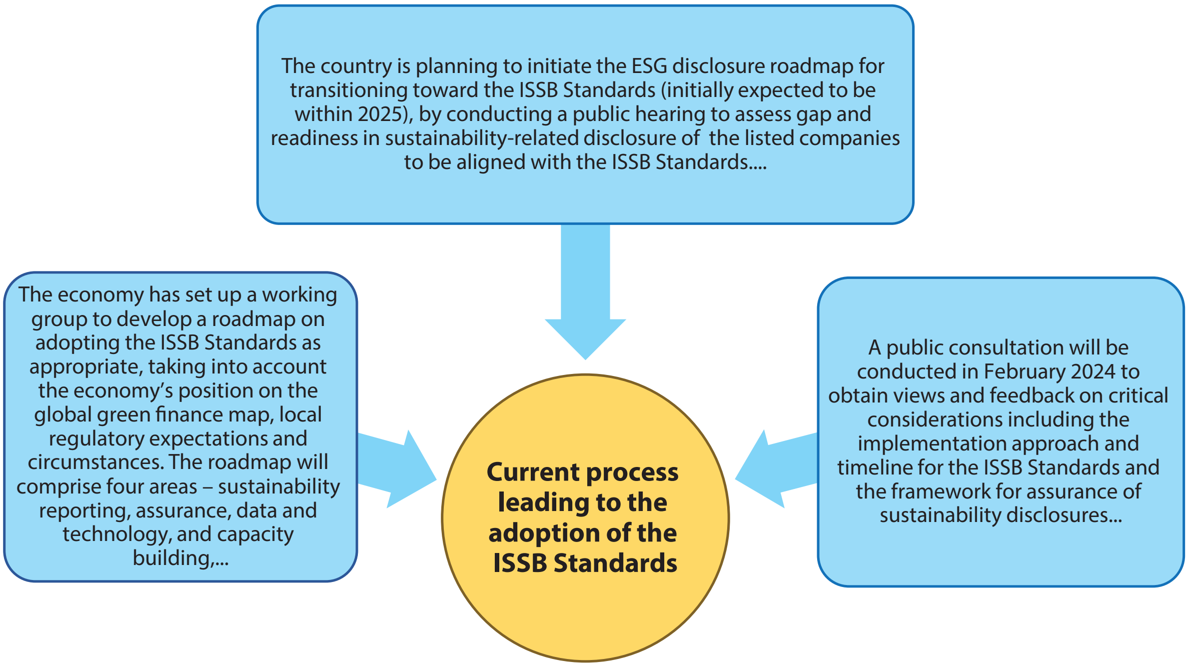
Source: Prepared by the authors based on the survey results.

3.3 Summary of Survey Findings and Discussions with Regard to ISSB Standards

Following the TCFD recommendations, the survey assessed the degree of preparation for adopting the ISSB Standards.

The results show that more than 80% of respondents indicated that they have NOT officially endorsed the ISSB Standards, and only half (50% of the total respondents) planned to adopt those standards fully in the future (Figure 9). Some of their plans are presented in Figure 10.

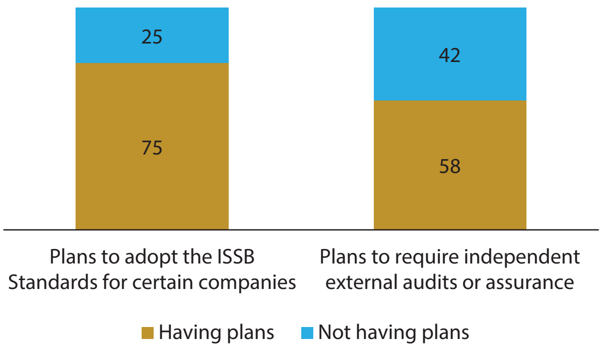
Figure 10: Examples of Responses Regarding Plans for Adopting the ISSB Standards



Source: Prepared by the authors based on the survey results.

Nevertheless, 75% of the respondents indicated that they have a strategy to implement the ISSB Standards for specific entities. For instance, the initial focus will be on larger companies—such as all companies listed on the stock exchange; primarily large, listed companies; or large, listed companies that meet specific size criteria to comply with the disclosure obligations (Figure 11).

Figure 11: Plan to Adopt the ISSB Standards for Certain Types of Companies and Need for External Assurance (%)



Source: Prepared by the authors based on survey results.

Approximately 60% of the respondents expressed their intention to **mandate independent external audits or assurance** for corporate climate-related disclosures. This reflects the significant role played by external assurance providers in terms of bolstering trust and confidence in financial and non-financial reporting (Figure 11). However, the balance between the benefits of obtaining external assurance and the associated costs may need to be struck by financial regulators. This is particularly so for smaller companies.

The survey results also revealed that the respondents mentioned several **challenges they face while preparing and implementing disclosure requirements**. The primary concern revolves around the disclosures for Scope 3 emissions data, as there is a significant absence of reliable primary data (data provided directly by suppliers). Initially, companies have to rely substantially on secondary data (data provided by third parties, such as emissions factors provided by the government in the relevant jurisdiction or released by some international organizations such as the International Energy Agency) due to a lack of primary data. Since secondary data are based on average statistics, companies are not able to reflect their emissions reduction efforts made jointly with their supplier through extensive engagement. However, these data problems are expected to improve over time as the number of companies and their suppliers that attempt to calculate GHG emissions increases. As the share of primary data used in calculating GHG emissions increases over time, companies' GHG emissions data will become more precise and trustworthy. The incentives for companies to promote further emissions cuts may increase. All such companies and suppliers will benefit from greater transparency and earn investors' trust. At the same time, they may generate new market opportunities for their products and services by gaining more customers globally.

Another obstacle highlighted in the survey was the seamless and appropriate integration of international standards with current local practices, while appropriately adjusting to the specific conditions of the economy. Hence, it is vital to simultaneously achieve knowledge exchange and capacity building. It is important to foster deeper collaboration among regional and international regulators, companies, and other partners to exchange information and learn from each other. This would facilitate the establishment of effective governance and best practices for disclosing climate-related information.

4. Conclusion

Asia accounts for 40% of worldwide GHG emissions and 60% of global coal usage and is projected to have the largest growth in global emissions. Meeting demand for electricity and transitioning from coal-fired power plants to renewable energy sources poses significant challenges for Asian economies. In order to achieve its energy transition objectives, meet the 2030 GHG emission targets, and attain carbon neutrality by 2050, Asia requires substantial financial investment in clean energy and low-carbon technology initiatives. The private sector plays a crucial role in expanding these investments and expediting the journey toward carbon neutrality.

Hence, it is essential to promote the dissemination of climate-related corporate information in accordance with globally recognized guidelines (such as TCFD recommendations and ISSB Standards) to scale up climate finance. Investors want more reliable, transparent, standardized information about companies' climate-related risks and opportunities. In particular, Scope 1, 2, and 3 emissions data and emissions targets are essential to monitor companies' progress with their emissions targets. Investors also increasingly focus on climate transition plans to check companies' credibility regarding their emission target achievement. Climate scenario analysis is equally stressed by investors to assess whether companies are gaining awareness with regard to the resilience of their business models. Thus, it is important for financial regulators to help companies deepen their understanding of the objectives of TCFD Recommendations and ISSB Standards.

In Asia, financial regulators are adopting divergent approaches toward corporate disclosures and related policies (such as taxonomies, transition finance, voluntary carbon credits, and stress tests). In the context of the need for regional and global standardization of corporate climate information disclosure, promoting cooperative actions, information exchange, and international standards aims to scale up climate finance. For this reason, ADB and ADBI launched the Asia Climate Finance Dialogue in late 2023 and conducted a questionnaire-based survey of several Asian economies.

The survey results provide insight into the current state of climate-related disclosures across Asia. Most economies surveyed have not officially endorsed the standards, such as the TCFD recommendations, for climate-related financial disclosures. However, a large number of economies have established a specific timeline to adopt these standards in the near future. Furthermore, the majority of economies have been implementing voluntary disclosure practices without a "comply or explain" basis and with a phased approach to climate-related disclosure requirements. Noticeably, a large proportion of economies have required or recommended corporations to disclose Scope 1, 2, and Scope 3 emissions data. However, a significant number of respondents stated that they have not required companies to publish climate transition plans or climate scenario analyses.

Regarding the ISSB Standards, most economies have not yet fully endorsed them, although a lot of economies have expressed their intention to implement these requirements for certain companies in the future. They have not yet decided whether companies should be required to obtain independent external audits or assurances relating to climate issues.

Appendix: Survey Questionnaire

Question 1.

Please enter your economy name, your organization name, and your email address.

PART 1 – CURRENT STATUS OF CORPORATE CLIMATE-RELATED DISCLOSURES
(E.g. Task Force on Climate-related Financial Disclosures (TCFD) Recommendations)

Question 2.

Are the corporate climate-related disclosures based on TCFD recommendations officially endorsed in your economy?

- Yes
- No

Question 3.
Has your economy set the timeline for the disclosures based on TCFD recommendations?

- Please specify depending on your economy's situation

Question 4.

Are the disclosures based on TCFD recommendations mandatory or voluntary in your economy?

- Disclosures are mandated by law
- Disclosures are mandated as parts of listing regulations
- Disclosures are voluntary with the requirement to "Comply or Explain" basis
- Disclosures are voluntary without the requirement to "Comply or Explain" basis
- Other types of climate-related disclosure requirements (Please explain further in the following question)
- Not applicable (Please explain further in the following question)

Question 5.

If available, please also specify further on mandatory/voluntary TCFD-based disclosure requirements depending on your economy's situation.

Question 6.

Has your economy required TCFD-based disclosures applicable to targeted firms (e.g., the stock exchange's all listed companies, main market-listed companies; or companies doing business in specific sectors)?

Question 7.

Has your economy specified the climate-related disclosure requirements in accordance with the four pillars (governance, strategy, risk management, and metrics and targets)?

- Yes
- No

Question 8.

Has your economy required corporations to disclose their transition plans (strategy pillar)?

- Yes
- No

Question 9.

Has your economy required climate scenario analysis disclosures?

- Yes
- No

Question 10.

Has your economy required or recommended companies to disclose GHG emissions data?

- Scope 1 and Scope 2 emissions
- Scope 1 and Scope 2 emissions, and Scope 3 emissions
- None

continued on next page

Appendix *continued*

Question 11.

How has your economy required or recommended disclosure of GHG emission targets?

- Short- and medium-term targets
- Long-term Net-Zero targets
- Not applicable

Question 12.

What is the reporting format for corporate climate-related financial disclosure in your economy?

- Annual Integration report/Annual Sustainability report
- Annual Security report
- Others
- Not applicable

PART 2 – ISSB CLIMATE-RELATED DISCLOSURE STANDARD PREPARATION

Question 13.

Has your economy officially endorsed the International Sustainability Standards Board (ISSB) standards?

- Yes
- No

Question 14.

How about your economy's current process leading (timeline) to the adoption of the ISSB Standards?

Question 15.

Has your economy planned to adopt the ISSB Standards fully?

- Yes
- No

Question 16.

Has your economy planned to adopt the ISSB Standards applicable to targeted firms (e.g., the stock exchange's all-listed companies, main market-listed companies; or companies doing business in specific sectors)?

Question 17.

Has your economy planned to require independent external audits or assurance for corporate climate-related disclosures?

- Yes
- No

Question 18.

Please kindly let us know any other related information regarding corporate climate-related disclosure requirements in line with your economy's situation that this survey has not mentioned.

Question 19.

Please kindly let us know your ideas about the most critical topics/themes that should be covered in the upcoming roundtable, as well as capacity building and training events to support your economy during the process of corporate climate-related disclosure requirement implementation.

* End of the survey

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