



APAC Trends

Sustainability's new center of gravity: How Asia-Pacific is defining the next era of sustainable business

SEPTEMBER 2026

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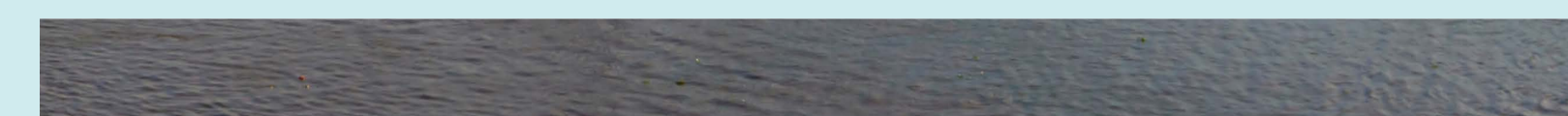
Introduction

Asia-Pacific (APAC) is helping define the next era of sustainable business. As the world’s manufacturing hub and a center of economic growth and innovation, the region is reshaping how sustainability is financed, regulated, deployed, and operationalized. While not a leader across every sustainability pillar, APAC’s scale, policy momentum, and corporate ambitions cement its place as a global force.

Here, companies, governments, and financial institutions are taking the lead in implementation across key dimensions such as disclosure, decarbonization, digitization, and operational resilience. The pace of the world’s energy transition, for example, will be shaped by decisions made in China, India, and other APAC countries that are accelerating clean energy deployment through aggressive policy support, outbound investment, and the rapid domestic adoption of technologies like renewable energy and electric vehicles (EVs). Further, as a global export center, what happens here affects sustainability everywhere via supply chains that traverse the globe.

APAC is also emerging as a global center for AI adoption and data center buildouts, creating new opportunities while raising questions about impacts on communities and the environment. Lastly, the region is redefining operational sustainability via fresh approaches to worker protection, safety, and environmental safeguards that are setting new benchmarks for how companies manage risk, protect people and ecosystems, and drive efficiencies.

Whether or not they operate in the region, companies must follow these developments to understand where sustainable business is headed next. As APAC’s influence grows, understanding advances here will be less of a local concern and more a global business imperative.



Four trends redefining sustainability

1

Sustainability that pays

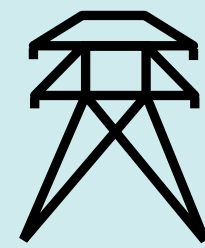
Investment, disclosure, and climate action elevate APAC's sustainability leadership.



2

Energy conundrums

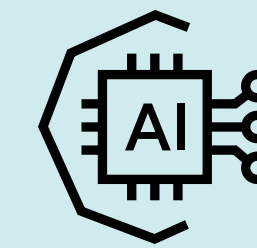
The world's clean energy engine confronts energy security vulnerabilities.



3

Sustainability in the digital era

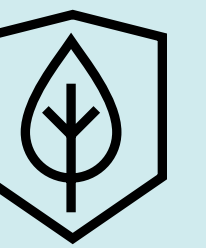
APAC's AI leadership meets sustainability tensions.



4

EHS transformation

From compliance requirement to strategic capability.



Investment, disclosure, and climate action elevate APAC's sustainability leadership

Investment, disclosure, and climate action elevate APAC's sustainability leadership





APAC is increasingly shaping the global sustainability agenda

APAC’s sustainability leadership is ascending, as expanding sustainability investment, disclosure requirements, and corporate climate action enhance its regional clout.

Sustainability professionals expect the region’s global influence to grow

- *APAC’s rising sustainability influence:* APAC is strengthening its role in shaping the global sustainability agenda, according to a June 2026 survey, which **found** that 62% of sustainability professionals expect the region’s influence to grow over the next three years. The finding points to the region’s increasing importance in driving the next phase of sustainable business transformation via policy, investment flows, and innovation.
- *Regional investment momentum builds competitive advantage:* Companies in APAC are building their sustainability ambitions through sustained investment. According to a December 2025 survey, 87% of C-suite executives in APAC **reported** increasing sustainability investments over the previous year (**compared** to 82% globally), signaling that businesses across the region are prioritizing sustainability as they look to build long-term resilience, drive innovation, and bolster growth.

Sustainability reporting activity increases, as APAC leads on ISSB adoption and climate disclosure

- *APAC strengthens alignment with ISSB standards:* As we’ve covered extensively in our [Regulations Radar](#) series, countries in APAC are adopting sustainability reporting requirements en masse. Across the region, 19 jurisdictions **have** climate-related financial disclosure regulations, with 13 having either adopted ISSB-aligned requirements or issued exposure drafts. This movement towards ISSB convergence has made APAC and its 15% ISSB disclosure rate among companies the second-most ISSB-aligned region globally, following Europe at 19%.
- *South Korea, Indonesia, Bangladesh, and Nepal advance ISSB-aligned reporting:* In July 2026, South Korea **announced** that large companies would be required to align with the ISSB’s IFRS S1 and S2 standards for general sustainability and climate reporting starting in FY27, adding to the APAC jurisdictions pursuing ISSB-aligned reporting requirements. Elsewhere in the region, countries including [Bangladesh](#), [Indonesia](#), and [Nepal](#) are considering ISSB adoption.
- *Australia’s climate disclosure regime begins:* Australia’s compulsory sustainability reporting regime **saw** 259 companies file climate risk reports in 2025 under the

Corporations Act and AASB S2, which entered into force last year. The top reporting sectors under the regime were mining, construction, materials and manufacturing, and financial services and insurance.

- *ERM’s Australia Knowledge Bank tracks the country’s sustainability shifts:* ERM recently **launched** its Australia Knowledge Bank to help companies follow the country’s latest sustainability developments. An August 2026 piece on the site **evaluates** the first batch of AASB S2 reports, finding that the energy and mining sectors—which have faced significant shareholder climate action pressure—have the most rigorous disclosures and that governance and risk reporting were the most complete and highest quality.
- *Asia emerges as a science-based targets leader:* In 2025, Asia **was** the fastest-growing region for Science Based Targets initiative (SBTi)-aligned target-setting, experiencing a 53% increase in companies setting science-based targets (compared to 40% globally). The growth coincides with the launch of SBTi’s new [Corporate Net-Zero Standard](#), which will require companies to strengthen the link between their targets and transition planning.

WHAT COMPANIES NEED TO KNOW

- **Expect increasing focus on ISSB reporting readiness:** As ISSB-aligned reporting requirements expand across APAC, companies subject to them will be expected to expand sustainability data, governance processes, and reporting capabilities in accordance with the standard for both compliance and stakeholder expectations.
- **APAC as an increasingly demanding reporting jurisdiction:** Sustainability reporting requirements across APAC are evolving rapidly, requiring companies to evaluate whether their existing reporting programs are fit for purpose in the APAC markets they operate in. Organizations that have prepared primarily for requirements elsewhere may still face additional obligations in the region, making jurisdiction-specific evaluations critical.

→ **Climate transition plans are non-negotiable:** With climate transition plans now a core component of SBTi requirements and rapid growth in science-based target adoption across the region, companies should ensure their climate commitments are supported by credible implementation pathways and measurable outcomes. Those that underestimate this implementation shift are likely to face additional scrutiny from investors and other stakeholders who prioritize decision-useful information.

Capital flows and carbon markets amplify APAC's sustainability reach

Sustainable finance activity is gathering pace across APAC, with capital flowing to climate resilience, decarbonization, clean infrastructure, and digital transformation activities. At the same time, regional investors and companies are shaping sustainability beyond the region through outbound investments in clean energy, while carbon markets are expanding, creating new financial incentives for emissions reductions.

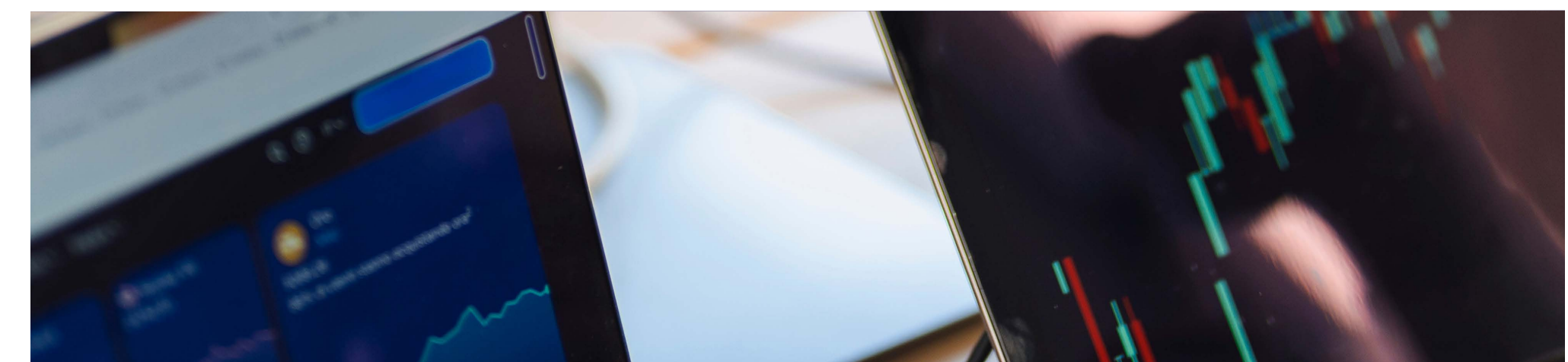


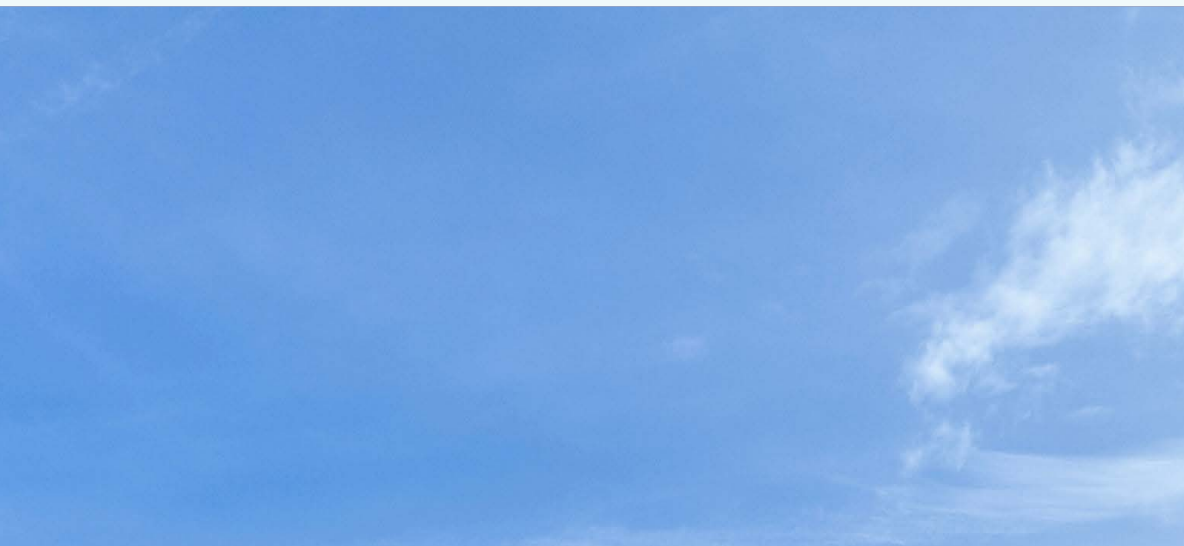
APAC strengthens its position as a sustainable finance hub

- **APAC ramps up climate finance:** Financial markets are channeling capital towards climate action across APAC. In 2025, APAC was the largest region for energy transition investment, **reaching** \$1.1 trillion, or 47% of the global total (\$2.3 trillion). At the company level, Deutsche Bank **facilitated** a \$50 million Green Climate Fund investment in July 2026 that is expected to help reduce 8 million tons of emissions and support sustainable agricultural and food systems in Vietnam's Mekong Delta. Similarly, Australian Ethical **launched** a \$445 million climate-focused private markets fund in April 2026 targeting decarbonization and clean infrastructure development.
- **Sustainable bonds gain regional momentum:** Sustainable bond issuances are reinforcing climate finance advances. The public and private sectors **issued** a record \$275.9 billion in sustainable bonds in the Association of Southeast Asian Nations Plus Three (China, Japan, and South Korea) in 2025, leading all regions with close to 30% of the global total.

In individual company examples, Nomura **supported** Japan's first green project bond for a grid-scale battery business, raising \$33.9 million in March 2026. Meanwhile, Standard Chartered **issued** a \$2.5 billion Green Wonton Bond (i.e., Hong Kong Dollar-denominated green bonds issued by foreign corporations) in May 2026.

- **Outbound investment expands APAC's sustainability influence:** APAC companies are increasing their outbound investment. Chinese companies, for example, have **invested** almost \$173 billion overseas in clean technology sectors since 2014, with 2025 investment in wind and solar energy reaching approximately \$7 billion and \$3 billion, respectively. ERM's April 2026 blog on China's outbound investment **highlights** the same reality, whereby domestic overcapacity is spurring firms to bring their sustainability prowess to new markets, particularly in the Global South.





Carbon markets expand across APAC

- *A world leader in carbon pricing coverage:* The APAC region is an undisputed leader in carbon markets, with 71% of all global emissions **covered** by an emissions trading system or carbon tax in the East Asia Pacific, compared to 15% in Europe and Central Asia, though prices are lower than in those jurisdictions. This coverage has implications for corporate competitiveness. An April 2026 ERM blog **makes** clear that carbon pricing expansion can directly impact corporate competitiveness by raising input costs and pressuring margins, thereby putting a premium on carbon performance.
- *Vietnam launches a pilot carbon market:* Vietnam began **piloting** its domestic carbon market in June 2026 to mobilize green finance and support its 2050 net zero goal. The pilot allocates emissions quotas to 110 major emitters across the power, steel, and cement sectors.

- *Japan’s carbon market enters mandatory phase, expands Article 6 contributions:* Japan’s GX-ETS **became** mandatory for an estimated 300-400 companies with annual direct CO₂ emissions above 100,000 tonnes in April 2026. Japan has also become a world leader in bilateral agreements under Article 6.2 of the Paris Agreement, which covers international carbon markets and cooperation. It **accounts** for 133 of the 169 projects covered by these agreements, through which it funds decarbonization projects in developing countries and splits resultant carbon credits between itself and the host country.

WHAT COMPANIES NEED TO KNOW

- **Follow APAC’s capital flows:** Capital allocation across APAC provides a signal for where future sustainability opportunities are heading next, whether in the clean energy space or carbon markets. Companies that track these trends will be better able to identify growth options, anticipate market shifts, and align their strategies with areas where capital is flowing.
- **Carbon markets to become a more material business consideration:** With carbon markets and cross-border Article 6 collaboration growing throughout the region, companies should assess how carbon trading schemes may create both risks and opportunities for their businesses. ERM’s carbon markets advisory teams work at the intersection of carbon trading schemes, helping to develop decarbonization strategies that fit both compliance and voluntary carbon market demands.
- **The financial case for decarbonization is deepening:** APAC’s expanding carbon markets and sustainable finance activity mean decarbonization is squarely a financial issue. Companies that are slow to prepare for carbon costs and investor scrutiny are likely to face higher capital costs and reduced competitiveness.

Rapid clean energy deployment reshapes APAC power landscape

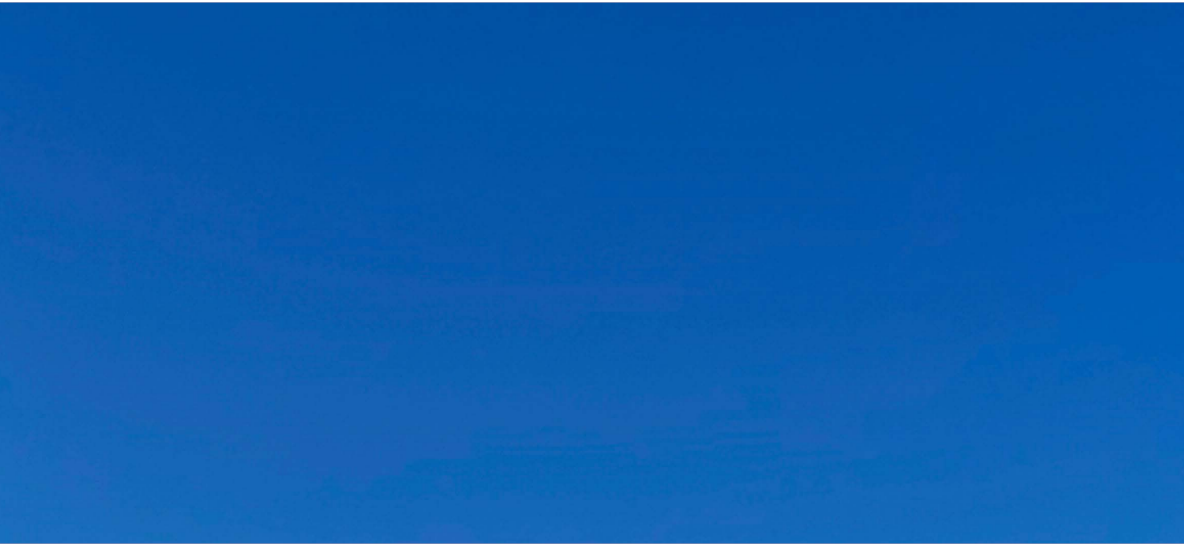
Clean energy expansion is accelerating across APAC, with governments playing influential roles in shaping the technologies, supply chains, and investment flows underpinning the global energy transition. Companies are also driving the energy transition by scaling clean energy equipment, expanding renewable energy capacity, procuring low-carbon power, and transitioning legacy fossil fuel businesses.



Clean energy gains ground on fossil fuels

- *China and India accelerate the shift away from fossil generation:* China and India saw rapid renewable energy deployment in 2025, with the former **accounting** for over 60% of global capacity additions and the latter experiencing the fastest capacity growth among major markets at almost 60% year-over-year. This acceleration **helped** drive a 0.2% decline in global fossil fuel generation in 2025. Twenty-twenty-five was also the first year this century when fossil generation dropped in both countries, falling by 0.9% in China and 3.3% in India.
- *APAC governments raise clean energy ambitions:* APAC has some of the world’s most aggressive clean energy targets and continues to raise them. In March 2026, India approved a new 2035 target to source 60% of its power generation from non-fossil sources, while China **announced** plans in June 2026 to obtain around half of its power from non-fossil sources by 2030. Singapore also strengthened its ambitions, **raising** its 2030 solar deployment target to 3 GWp (the maximum electrical output that can be achieved under ideal conditions) in February 2026 after achieving its previous goal ahead of schedule.
- *Rapid EV adoption displaces gas-powered cars throughout APAC:* The APAC region is the **largest** EV market by sales volume in the world, led by China, where EVs **accounted** for 53% of all new car sales in 2025, up from just 6% in 2020. In Southeast Asia, annual EV sales doubled in 2025, with EVs accounting for almost 20% of new car sales, led by Vietnam, Indonesia, and Thailand. Momentum continued into 2026, with electric car sales across APAC excluding China increasing 80% year-on-year in Q1 2026.





Companies bolster energy transition ambitions via clean energy moves

- *Huawei emerges as a major player in energy transition:* Huawei’s digital power business **generated** nearly \$11 billion in revenue in 2025, approaching the scale of Tesla’s energy division and highlighting its major role in clean energy infrastructure. Through products spanning solar inverters, battery storage systems, and EV charging technologies, the company is an influential force in the energy transition and just one part of China’s dominance of the industries driving the energy transition.
- *Aditya Birla Renewables expands its clean energy footprint:* Aditya Birla Renewables, a subsidiary of the Aditya Birla Group and a growing Indian renewables developer, **agreed** in July 2026 to acquire Shell’s India-based renewable energy platform, Spring Energy. The transaction adds approximately 5 GW of solar and wind assets to its portfolio, taking it closer to Indian renewable power leaders like **Adani Green** and **ReNew**, both of which have double-digit GW capacity.

- *TSMC expands renewable energy procurement:* Taiwan Semiconductor Manufacturing Company Limited (TSMC), the world’s largest chipmaker, **signed** a 30-year power purchase agreement (PPA) for 294 MW of electricity from Taiwan’s Hai Long offshore wind farm. The agreement points to how APAC companies are continuing to secure large-scale renewable power supplies to meet electricity demand while advancing their decarbonization commitments.
- *TBS advances its transition away from coal:* Indonesian energy company TBS **launched** its Climate Transition Plan with support from ERM in November 2025, outlining its plans to reach carbon neutrality through the phaseout of coal and investment in low-carbon businesses. Following its 2024 divestment of two coal-fired power plants, which reduced its operational emissions by approximately 85%, TBS plans to invest up to \$600 million through 2030 to neutralize its remaining emissions.

WHAT COMPANIES NEED TO KNOW

- **Clean energy is becoming a business imperative:** As clean energy ambitions rise across APAC, companies operating in the region will face rising expectations to accelerate procurement and investment while aligning these moves with their climate transition plans. Given their nearby location to China and its clean energy engine, many will likely benefit from lower-cost, local solutions that will help them reduce emissions and increase competitiveness.
- **APAC is both a source of decarbonization solutions and a demand driver:** The scaling of renewable energy, supporting infrastructure, and low-carbon business models across the APAC region is helping drive down the costs of decarbonization while boosting deployment globally. No matter their operating geographies, companies should monitor developments closely to ensure they benefit from the momentum of the region.

Supply security concerns reshape energy strategies across APAC

Geopolitical tensions and supply disruptions are reinforcing energy security as a strategic priority across APAC. As energy market volatility continues, governments and companies are reassessing energy sourcing, fuel choices, and investment strategies to improve resilience while balancing affordability and decarbonization goals.



Energy import dependencies spur energy diversification moves

- *APAC remains highly exposed to energy supply disruptions:* Before the war in Iran began in February, Asia **received** approximately 80% of the oil and 90% of the LNG transported through the Strait of Hormuz, making the region particularly vulnerable to the supply shocks the conflict induced. Its reliance on this chokepoint has underscored the importance of elevating energy security alongside decarbonization efforts across the continent.
- *China navigates energy security risks amid Middle East tensions:* China **raised** retail gasoline and diesel price caps in August in response to renewed conflict in the Middle East, highlighting the impact the war is having on regional energy markets. Despite these risks, China has **remained** relatively resilient to supply pressures due to its diversified energy import sources, robust clean energy capacity, and deep strategic reserves. This resilience has also enabled China to **increase** its regional influence as other countries in APAC turn to it to help manage the energy supply pressures wrought by the conflict.

- *Energy security concerns prompt renewed coal interest in APAC:* The APAC region was the world’s **largest** consumer of coal in 2025, accounting for 82% of consumption. While regional clean energy progress is notable, the Iran war has turned countries in the region back towards the fossil fuel. Vietnam, for example, is **considering** coal-fired power capacity additions as the conflict complicates its plans to transition towards gas-fired power generation, which relies on LNG imports. Thailand has similarly **ordered** the restart of coal-fired power units amid LNG price insecurity.
- *Australia EV adoption jumps in response to high energy prices:* In Australia, EVs and hybrids **accounted** for 49% of new vehicle sales across April–June 2026, with EV purchases doubling over the three months to June. This surge coincided with soaring fuel prices following the war in Iran and the closure of the Strait of Hormuz, as consumers turned to transport options more insulated from geopolitical disruptions and fuel price volatility.

APAC companies alter energy strategies in response to geopolitical disruption

- *Vietnamese developer explores renewable energy alternative to LNG:* Vingroup, a Vietnamese property developer, is **considering** replacing its planned LNG power project with renewable energy as surging gas prices challenge the economics of imported LNG, accentuating regional concerns around fuel costs and energy security.
- *Sinopec prioritizes supply security:* Sinopec, a state-owned Chinese oil and gas firm, is **reallocating** over \$1 billion from its planned Tianjin LNG Phase III and Zhongke Refining projects toward domestic natural gas development and refinery upgrades. The shift is part of a large trend among regional companies to strengthen domestic energy security and reducing reliance on imported fossil fuels.

WHAT COMPANIES NEED TO KNOW

- **Energy security is critical to APAC transition planning:** APAC companies will need to increasingly account for the region’s high dependence on imported fossil fuels and vulnerability to supply disruptions in their transition planning. By integrating energy security into procurement, decarbonization, and business continuity strategies, organizations can reduce their exposure to market volatility while boosting the business case for renewable energy.
- **Diversified energy portfolios are especially important in APAC:** The APAC region’s exposure to energy security shocks makes it imperative that regional companies reduce their exposure to single fuel sources, suppliers, or trade routes and instead diversify their energy portfolios through a mix of renewables, fossil fuels, and domestic energy sourcing where possible.
- **Renewable energy as a resilience strategy:** The business case for renewable energy is building in APAC and across the world amidst energy market disruptions. Companies that secure reliable low-carbon power are likely to increase their resilience to geopolitical disruptions and fuel price shocks while simultaneously advancing their climate goals.



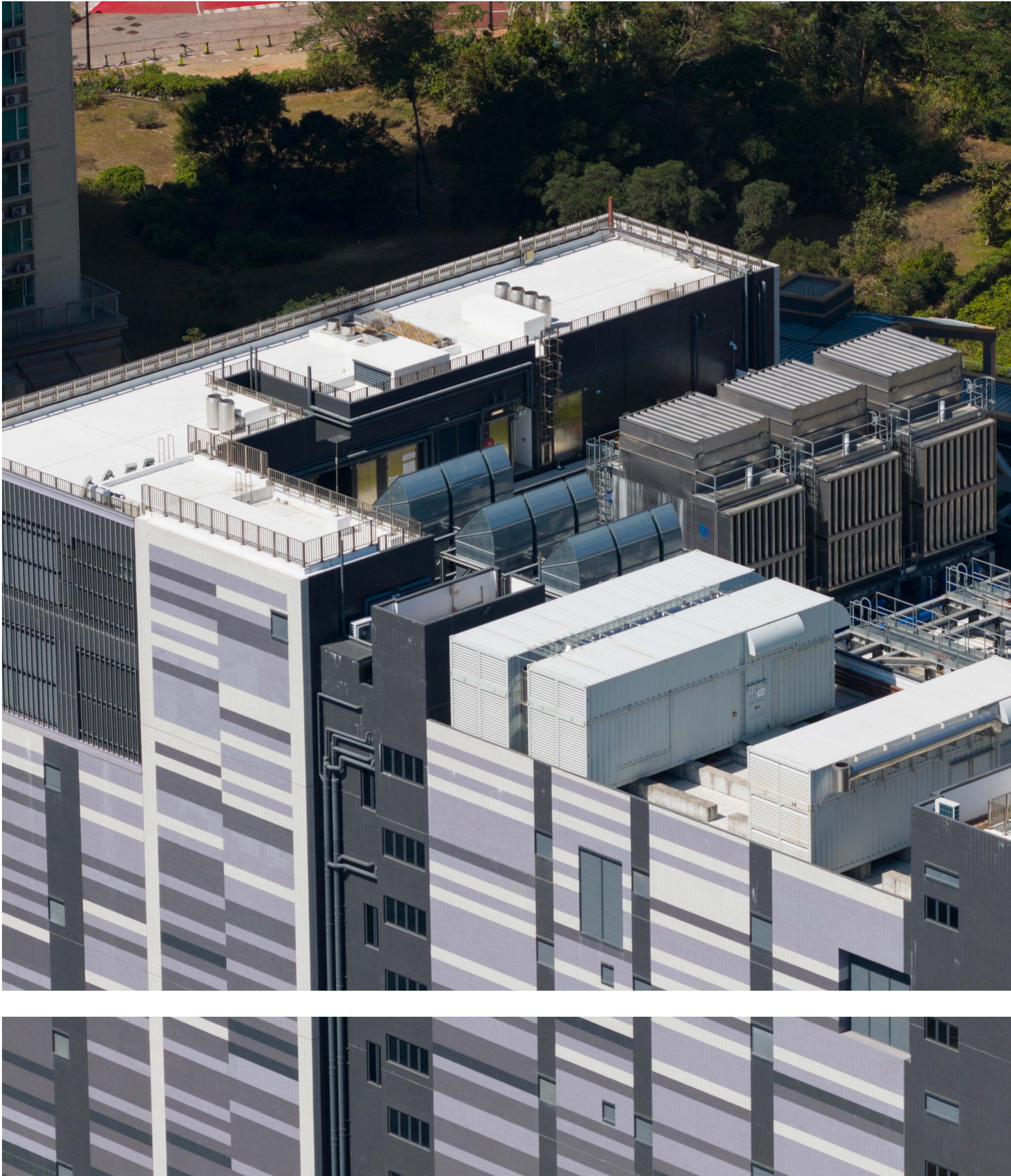
Rapid AI expansion cements APAC's digital influence

With AI uptake growing across APAC, the region's own models are capturing a larger share of global traffic. This momentum is fueling record levels of workplace adoption and data center investment and attracting non-regional players, positioning APAC as a force in the global AI landscape.

APAC emerges as a global center of AI adoption and growth

- *Chinese AI models capture global traffic:* Chinese AI models’ **share** of global AI traffic on the OpenRouter API platform climbed to 48% in the last week of June 2026, up from 20% a year earlier, while U.S. models fell to 32% of traffic from 74% over the same period. The shift underlines China’s growing leadership of the AI models powering business and consumer applications worldwide.
- *APAC workers lead in AI adoption:* The APAC region is also leading when it comes to AI adoption in the workplace. Seventy-eight percent of APAC employees **use** generative AI at least weekly, compared to 72% globally. India, Indonesia, and China lead regional adoption, with more than 87% of respondents in each market using AI several times a week or daily.

- *APAC data center investment scales capacity growth:* APAC data center investment is surging to fuel AI uptake, **reaching** a record \$11.6 billion in 2025. The Malaysian state of Johor **led** the region with a 53% year-on-year rise in live capacity, followed by Melbourne, Australia, at 30%, with established hubs such as Tokyo, Japan, and Sydney, Australia, continuing to anchor the region’s largest data center markets by live capacity. The region is also a clear leader in the chips that power data center growth, **accounting** for approximately 75% of global semiconductor manufacturing capacity.

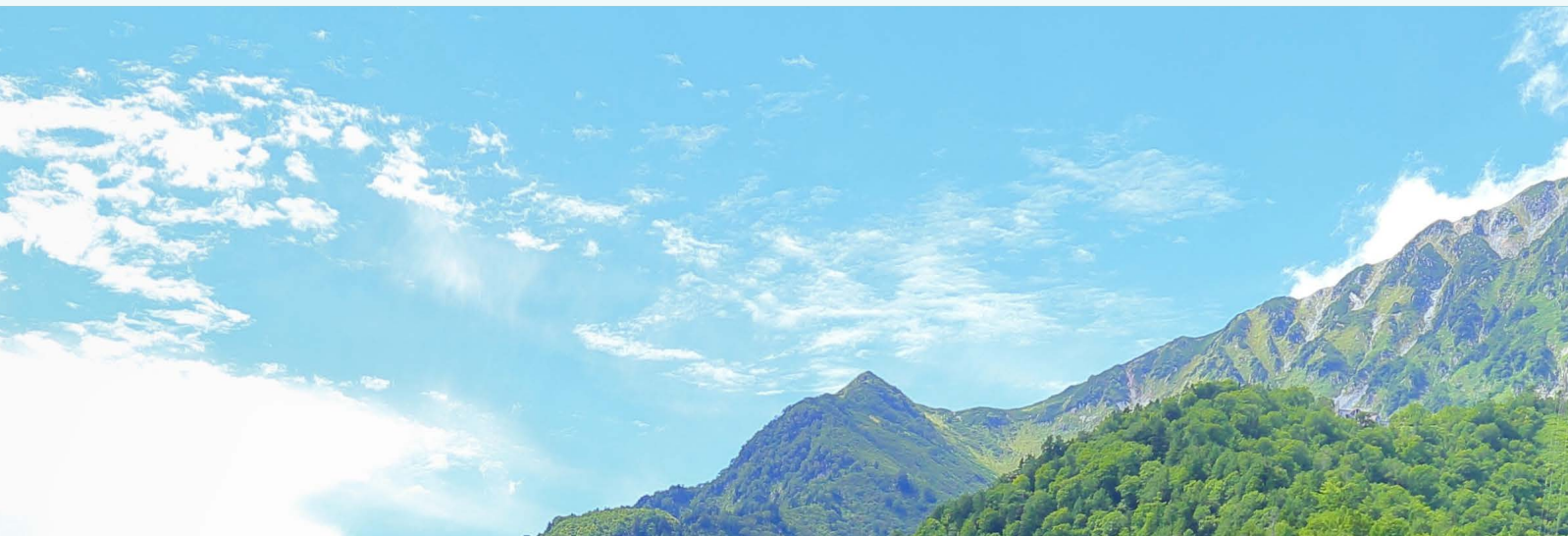


Non-regional AI players eye APAC market

- *APAC attracts largest share of foreign direct investment in technology:* APAC leads the world in attracting foreign direct investment (FDI) for technology, **accounting** for 37% of global investment inflows between 2005 and 2024, compared to 23% in Western Europe, the next highest region.
- *Nvidia deepens investment in South Korea:* Global FDI inflows can be clearly seen in the investments non-regional AI players are making in the region. Nvidia, for example, is **investing** approximately \$1 billion in South Korea’s internet company Naver, which will help the firm expand its Gak Sejong AI data center from 55 MW to 200 MW by 2028. Nvidia also **announced** a \$500 billion-plus partnership with SK Group subsidiaries that includes a 2-gigawatt AI factory built by SK Telecom and a long-term AI memory supply deal with SK Hynix.
- *Equinix builds on data center investment in Malaysia:* Equinix is **investing** more than \$190 million in a new data center in Kuala Lumpur, its fourth in Malaysia, to support the country’s AI and cloud workloads. The project will **add** to Equinix’s Malaysia footprint, which totals about 46,000 square feet (4,300 square meters) of colocation space.
- *Microsoft commits to \$5.5 billion to Singapore’s AI future:* Microsoft is on **track** to invest \$5.5 billion in cloud and AI infrastructure and operations in Singapore from 2025 through 2029 to support the country’s position as a global digital leader and AI adoption across the economy. The investment will also fund Microsoft Elevate programs that provide free AI tools and training to tertiary students, teachers, and nonprofit leaders.

WHAT COMPANIES NEED TO KNOW

- **Track shifting AI power centers:** Monitoring APAC’s influence in AI development, adoption, and infrastructure investment can help companies anticipate how regional platforms, standards, and market dynamics may shape global business technology adoption strategies. At the same time, organizations will need to be cognizant of becoming over-reliant on AI models from any one particular region in case of geopolitical disputes that could reduce access and/or compromise security.
- **Pair adoption with robust governance:** APAC’s world-leading AI adoption creates opportunities for companies to improve productivity and scale sustainable impact, however, it also increases exposure to risks such as data privacy and cybersecurity. As AI becomes more deeply integrated into regional workflows, companies will need to strengthen oversight and governance processes to ensure they can capture value, minimize risk, and maintain stakeholder trust.
- **Assess AI infrastructure dependencies:** Rising APAC data center investment means companies globally need to understand where their AI and cloud workloads are hosted and may be exposed to concentration risks. Those with more concentrated dependencies should evaluate where physical constraints, such as those covered in ERM’s June 2026 **report** on AI infrastructure bottlenecks, could disrupt their operations.



Physical and social limits challenge APAC’s AI ambitions

APAC is not immune from the growing opposition to AI that ERM has covered in pieces such as our May 2026 [blog](#) on why community permission is a critical factor in data center delivery. As elsewhere, local opposition and resource constraints threaten the pace of AI infrastructure expansion while governments and companies respond with new rules, restrictions, and sustainability commitments for AI systems and data centers.

Pushback and constraints threaten further AI growth in the region

- *Malaysia and Japan face rising local opposition:* Malaysia is [experiencing](#) heightened data center pushback, partly as a legacy of Singapore’s since-lifted 2019 moratorium on new data centers, which pushed developers across the border into the state of Johor. Japan is facing similar issues, as residents near Tokyo and in other municipalities [oppose](#) new data center projects over fire, noise, and heat concerns.
- *Thai lawmaker raises data center concerns:* An opposition member of Thailand’s parliament [called](#) for a new committee to scrutinize the environmental impact of data centers in July 2026, citing concerns over the sector’s heavy water and electricity use.
- *Power and water constraints intensify across the region:* The future of data center expansion in APAC will in part depend on overcoming physical constraints such as power and water availability that ERM discussed in depth in our AI infrastructure bottlenecks [report](#) mentioned above. For example, an [estimated](#) pipeline of 10 GW of data center projects in the Tokyo region is more than double the region’s expected power supply expansion. In Southeast Asia, an [estimated](#) 40% of assessed data centers in a 2025 study will face medium-high to extremely high water stress by 2030, before rising to 100% by 2050.

Regional companies and governments move to curb AI’s environmental footprint

- *Australia sets new power and water rules for data centers:* In July 2026, Australia **announced** plans to require AI data center developers to underwrite new electricity generation, pay for grid connection costs, improve energy and water efficiency, and fund additional water infrastructure under proposed artificial intelligence standards expected early next year. Companies would also need to add as much power to the grid as they consume under the new rules.
- *Malaysia restricts non-AI related data center growth:* Malaysia announced **restrictions** on new data center approvals unrelated to AI for two years in February 2026 to reduce pressure on the country’s electricity grid and water supply amid rapid data center expansion to fuel AI demands.

- *Amazon expands clean energy and water stewardship in APAC:* Amazon **signed** nine renewable energy deals in Australia in April 2026, bringing its in-country clean energy portfolio to nearly 1 GW. In India, the company **announced** in June 2026 that its operations there had become water positive (i.e., they return more water to communities than they consume across operations) a year ahead of schedule. Both moves highlight a focus among data center operators to reduce the footprint of their operations in light of opposition and resource constraints.

WHAT COMPANIES NEED TO KNOW

- **Recognize AI infrastructure as a sustainability and stakeholder risk:** As data center growth accelerates across APAC, power availability, water stress, and other sustainability risks are becoming material constraints to future expansion. As ERM highlighted in our Trellis Impact 26 **takeaways** piece, integrated planning that addresses sustainability and stakeholder risks alongside business objectives will be essential to delivering responsible data center growth in APAC and beyond.
- **Prepare for more active scrutiny of data center siting and resource use:** Growing community concerns over data center siting and resource use in APAC mean developers must pay closer attention to whether they can secure sufficient physical resources like power and water without adding pressure to local systems. By evaluating local grid and watershed capacity and engaging with affected stakeholders early in development cycles, organizations will be better positioned to reduce resistance further down the line.

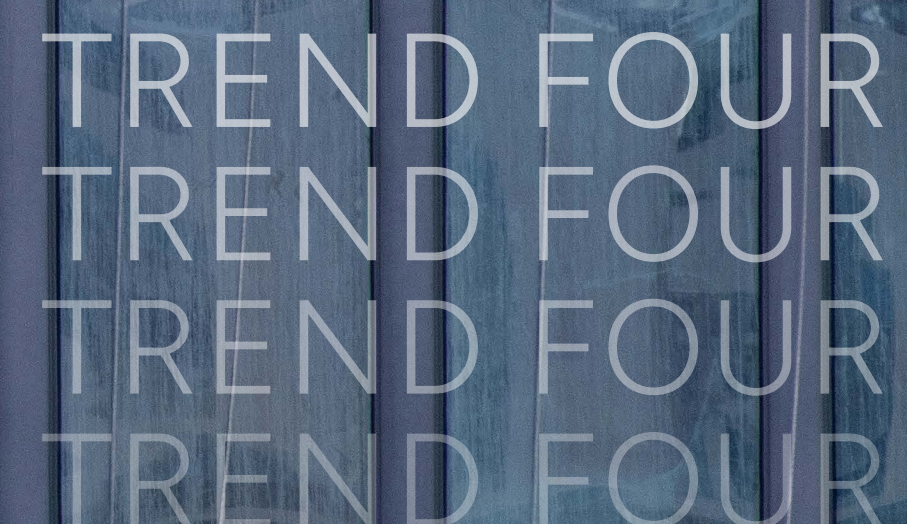
- **Prioritize partners that help enable low-impact growth:** APAC data center developers should seek out delivery partners (e.g., construction firms, utilities, etc.) with proven track records of delivering infrastructure projects with communities and sustainability top of mind as this experience will be critical to building stakeholder trust and maintaining local acceptance from project planning to operations.

EHS Transformation:

From compliance requirement to strategic capability

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23



APAC regulators move beyond traditional EHS rulemaking

As we've covered extensively in ERM's [Regulations Radar](#) series, workplace health and safety regulations are evolving rapidly across APAC. So too is EHS work, as it shifts towards more proactive, data-driven risk management. This shift coincides with a larger [change](#) within EHS functions covered in a July 2026 ERM Leadership Perspectives blog that emphasized that companies are elevating strategic capabilities that enable safer, more resilient, and efficient operations alongside traditional compliance responsibilities.

Broadening EHS regulation puts workers in the spotlight

- *South Korea expands workplace safety transparency:* South Korea **amended** its Occupational Safety and Health Act in February 2026 to require companies to disclose safety management systems, accident records, and safety investments, with individual fines of up to \$7,000 for non-compliance. Requirements for worker participation in risk assessments and the communication of workplace hazards were also expanded by requiring greater worker involvement in identifying and assessing workplace risks, developing and implementing preventive measures, and participating in workplace safety oversight and inspections.
- *Psychosocial risk gains regulatory traction across APAC:* In Australia, psychosocial hazards (e.g., workplace bullying, harassment, high stress, etc.) are now subject to **enforceable** requirements nationwide, with every Australian jurisdiction now enforcing requirements for companies to identify, assess, and control these risks as of December 2025. Similarly, in Taiwan, companies are **required** to establish workplace bullying processes as of July 2026. These new rules mandate that employers with ten or more employees establish a workplace bullying complaint channel and adopt prevention measures.

- *Indonesia, South Korea, and Thailand advance human rights due diligence laws:* Indonesia, South Korea, and Thailand are **advancing** human rights and environmental due diligence requirements in response to growing sustainability expectations from international customers. A 2025 survey, for example, found that 80% of APAC businesses **consider** sustainability concerns when trading with Europe. Both the South Korean and Thai proposals include obligations for companies to prioritize human rights and environmental protection in their operations and supply chains, while the Indonesian proposal will **codify** a voluntary six-step process to address human rights risks into law.



APAC companies turn to technology to improve EHS outcomes

- **Samsung deploys smartwatches to manage heat stress:** With heat stress being an ever-present threat in many parts of APAC, companies are turning to technology to reduce risks to workers. Samsung, for example, announced in July 2026 that it had **deployed** a Galaxy Watch-based safety solution at a semiconductor construction site in Pyeongtaek, South Korea. The solution uses real-time biometric, temperature, and humidity data to predict heat stress risks and trigger worker alerts. The system incorporates heatwave thresholds of 33 °C, 35 °C, and 38 °C and is designed to support proactive heat illness prevention in high-risk work environments.
- **BHP uses AI-enabled detection to improve mine safety outcomes:** BHP announced in May 2026 that it uses AI-powered object detection to **identify** oversized rocks and foreign objects before they reach crushers and port systems. By detecting problematic material early, the company can remove it before manual interventions are required and personnel hazards and operational disruptions become more likely.

- **Rectitude Holdings uses AI to strengthen construction safety:** Rectitude Holdings, a Singaporean safety equipment company, announced in April that it **installed** an AI-powered safety system at a construction site in China to monitor PPE compliance, detect unsafe behaviors, and identify workplace hazards in real time. The system uses existing camera infrastructure to monitor sites and AI to analyze footage and deliver safety alerts.
- **The three stages of EHS AI adoption:** Both the BHP and Rectitude Holdings examples fall within the second of the three common stages of EHS AI adoption **outlined** in an August 2026 ERM blog. This *Scaling beyond pilots* stage emphasizes how scaling AI adoption depends on strong alignment between digital, EHS, and operational teams to deliver improved EHS outcomes.

WHAT COMPANIES NEED TO KNOW

- **EHS expectations expand beyond safety compliance:** EHS regulations in APAC are expanding beyond traditional safety compliance to include psychosocial risk and human rights protections, requiring companies to assess whether their existing EHS management processes are fit for these new demands and revise them where they identify gaps.
- **Global customer expectations are increasingly shaping APAC EHS performance:** Emerging due diligence requirements in APAC countries reflect growing pressure from global customer bases for strong human rights and environmental protections. Companies supplying markets beyond the region will need to strengthen visibility into labor and environmental risks in their operations and supply chains to ensure they maintain access to overseas customers.

- **Technology is becoming a differentiator in managing EHS risks in APAC:** Companies in APAC are using digital tools and AI to address EHS challenges like extreme heat and complex operating environments. Those that do so in line with ERM’s three stages of EHS AI adoption (Establishing the foundation; Scaling beyond pilots; and Redesigning the operating model) will be more likely to improve safety outcomes while enhancing productivity and operational resilience.

Environmental expectations poised to reshape business operations in APAC

Throughout APAC, governments are bolstering environmental protection regulations through higher standards, stronger enforcement, and expanded assessment and reporting requirements, increasing expectations for corporate accountability and risk management.





Country-level reforms aim to deliver stronger environmental outcomes

- *Australia reinforces environmental protection requirements:* Australia began **implementing** major reforms to its Environment Protection and Biodiversity Conservation (EPBC) Act late last year. Notably, the reforms enable the Minister for the Environment and Water to enact National Environmental Standards (NESs) aligned with EPBC Act objectives and include a new National Environmental Protection Agency to enforce the EPBC Act and implement its guidance and future NESs.
- *China strengthens hazardous chemicals regulation:* Effective from May 2026, China’s new Hazardous Chemicals Safety Law **elevates** chemical management to national law from regulation, raising enforcement and legal consequences. The law requires companies to adopt automatic safety control systems, retain records for toxic chemicals for no less than three years, and conduct safety evaluations of production and storage sites every three years and file them with local emergency management departments.

- *Vietnam introduces a new law on chemical management:* Vietnam’s new Law on Chemicals **entered** into force in January 2026, replacing a 2007 law. It introduces a new three-tier risk regime for chemicals, implements new controls across the chemical lifecycle, and establishes mandatory assessment and registration for new chemicals, with companies required to report information annually for five years after registration.
- *India implements new solid waste management rules:* New solid waste management rules **entered** into force in April 2026 in India based on the “Polluter Pays” principle, whereby companies must pay to clean up the pollution they cause. Under the rules, organizations must segregate solid waste into four streams at the source. They also expand obligations for bulk waste generators, which must ensure the environmentally sound collection, transport, processing, and disposal of the waste they generate.

WHAT COMPANIES NEED TO KNOW

- **More active environmental oversight and enforcement comes to APAC:** Regulators across the region are expanding environmental protection requirements and enforcement. In this more active regulatory environment, companies will need to evaluate whether their existing compliance programs are equipped to meet new demands and revise them where needed.
- **New chemical management laws to affect regional and non-regional actors:** Recent chemical management laws in China and Vietnam signal a growing push to better assess, report, and manage associated risks by governments in APAC. Companies involved in chemical value chains in the region will need to strengthen their management in response, as will those that increasingly **outsource** chemical production to China and other local countries.
- **Environmental requirements will shape project timelines and investments:** As environmental expectations evolve across APAC, companies should evaluate environmental compliance issues from the start of project development to reduce the risk of permitting delays, avoid costly redesigns, and improve project certainty.

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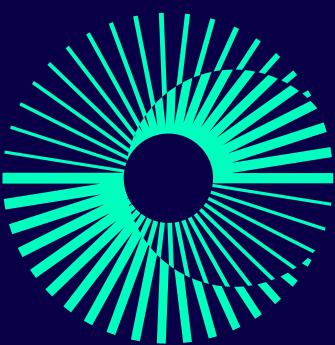
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