Policy Deep Dive

Navigating Regulation and Building Resilience: Key Trends in Corporate Supply Chain Responsibility for APAC in 2025

Published May 2025

Table of Contents

Executive Summary

As climate-related regulations accelerate across the Asia-Pacific (APAC) region, companies in the consumer goods industry are facing a new era of data-driven supply chain responsibility. Governments are moving from voluntary frameworks to enforceable requirements on emissions, transparency, and due diligence. At the same time, the APAC region's vulnerability to climate change—and its central role in global manufacturing—makes the need for resilient, transparent supply chains more urgent than ever.

This policy deep dive—developed by Cascale and Worldly—explores key national and regional policy developments shaping APAC's sustainability landscape in 2025 and offers actionable guidance to help companies prepare.

Key takeaways and recommendations:

- **Monitor policy trends and engage with local networks:** Stay informed through Cascale's and Wordly's policy updates and deep dives, participate in technical and regulatory dialogues, and engage with regional associations like VITAS, BGMEA, and CNTAC.
- **Strengthen data systems and prepare for facility-level disclosures:** A shift is underway from traditional, aggregated brand-level disclosures toward verifiable, site-specific environmental and social performance metrics. Companies that invest now in integrated, site-level data systems may be better equipped to align with both regulations and buyer expectations.
- **Invest in technology and decarbonization infrastructure:** Upfront investments in renewable energy, traceability systems, and energy- and water-efficient processes are becoming essential. Programs such as Cascale's Decarbonization Program and its collaborations with GIZ, PET, and Aii provide pathways for implementation and financing.
- **Set and support science-based emissions targets:** As Scope 1 and 2 emissions reporting becomes more common in APAC, brands and manufacturers should adopt credible climate targets. Programs such as FASHION LEAP for CLIMATE and Cascale's Manufacturer Climate Action Program (MCAP) can offer technical guidance and peer collaboration.
- **Support fair purchasing practices and supplier voice:** As due diligence expectations grow, partnerships must evolve. Cascale's Better Buying tools offer insights to improve buyer-supplier relationships and drive better outcomes.

The report underscores a core message: the APAC region is not just adapting to global expectations—it is helping define them. Companies that lead with transparency, invest in collaboration, and act on credible data will be best positioned for both compliance and long-term competitiveness.

Introduction & Background

Companies in the Asia-Pacific (APAC) region are increasingly investing in sustainability-related business practices, technology, and services. Progress varies significantly across countries and sectors, as many companies are at different stages in developing their sustainability strategies and capabilities.

In particular, companies in the textile, apparel, footwear, and wider consumer goods sectors face mounting national and global pressures to disclose how they operate more transparently. These companies are accelerating their efforts to decarbonize and invest in more advanced technologies and infrastructure to improve social and environmental impact.

This shift is being driven by several factors. First, companies are responding to a growing body of government policies and stricter regulations, both within the APAC region and internationally, that promote climate adaptation, emissions reduction, and clean energy use. These include local APAC initiatives—such as China's National Climate Change Adaptation Strategy 2035 and the Energy Law of the People's Republic of China and Singapore's mandatory climate risk disclosures for listed companies—as well as international frameworks, like the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CS3D), which continue to shape compliance expectations for APAC-based suppliers. Although the EU has recently proposed a simplification and delayed implementation of some of these policies through the Omnibus package[1], it's clear that global supply chains are under increasing pressure to provide detailed sustainability information and demonstrate regulatory compliance.

Second, consumer preferences across the region—especially in China—are evolving. According to a 2024 PwC survey[2], half of consumers in the Asia-Pacific region say they are changing their buying behavior to mitigate climate change. Given the scale of China's domestic market, its evolving consumer expectations are helping to set sustainability norms for products and services sold throughout the region.

---

[1] European Commission. Commission proposes to cut red tape and simplify business environment. February 26, 2025.

[2] PwC. Respond, Rethink, Reimagine: Strengthening Consumer Trust in Asia Pacific. June 13, 2024.

The urgency of these shifts is heightened by the APAC region's extreme vulnerability to climate change. The region is home to the overwhelming majority of the world's 100 most environmentally at-risk cities[3], making the need to address physical climate-related risks particularly urgent.

In China, for example, the government is acting through its National Climate Change Adaptation Strategy 2035 and related sustainability regulations focused on emissions accounting and energy transition. These policies demonstrate a commitment to mitigating the risks of more frequent and severe extreme weather events, particularly flooding and drought. Beijing's actions reflect a broader trend across the region: governments are no longer encouraging voluntary climate action—they are beginning to implement frameworks for measurement, disclosure, and accountability.

To support businesses in navigating this shifting landscape, Cascale, the global non-profit alliance, and Worldly, the consumer goods supply chain intelligence platform, have developed this deep dive as part of a broader series analyzing key ESG, due diligence, and reporting regulations.

In this report, we examine key regulatory and market trends shaping corporate supply chain responsibility in the APAC region, with a focus on disclosure, due diligence, and emissions reductions in the textile, apparel, footwear, and consumer goods sectors.

These publications reflect Cascale and Worldly's commitment to equipping the consumer goods industry with timely insights and practical guidance to support data-driven, responsible business practices across the global value chain.

[3] Verisk Maplecroft. *Environmental Risk Outlook 2021*. May 12, 2021.

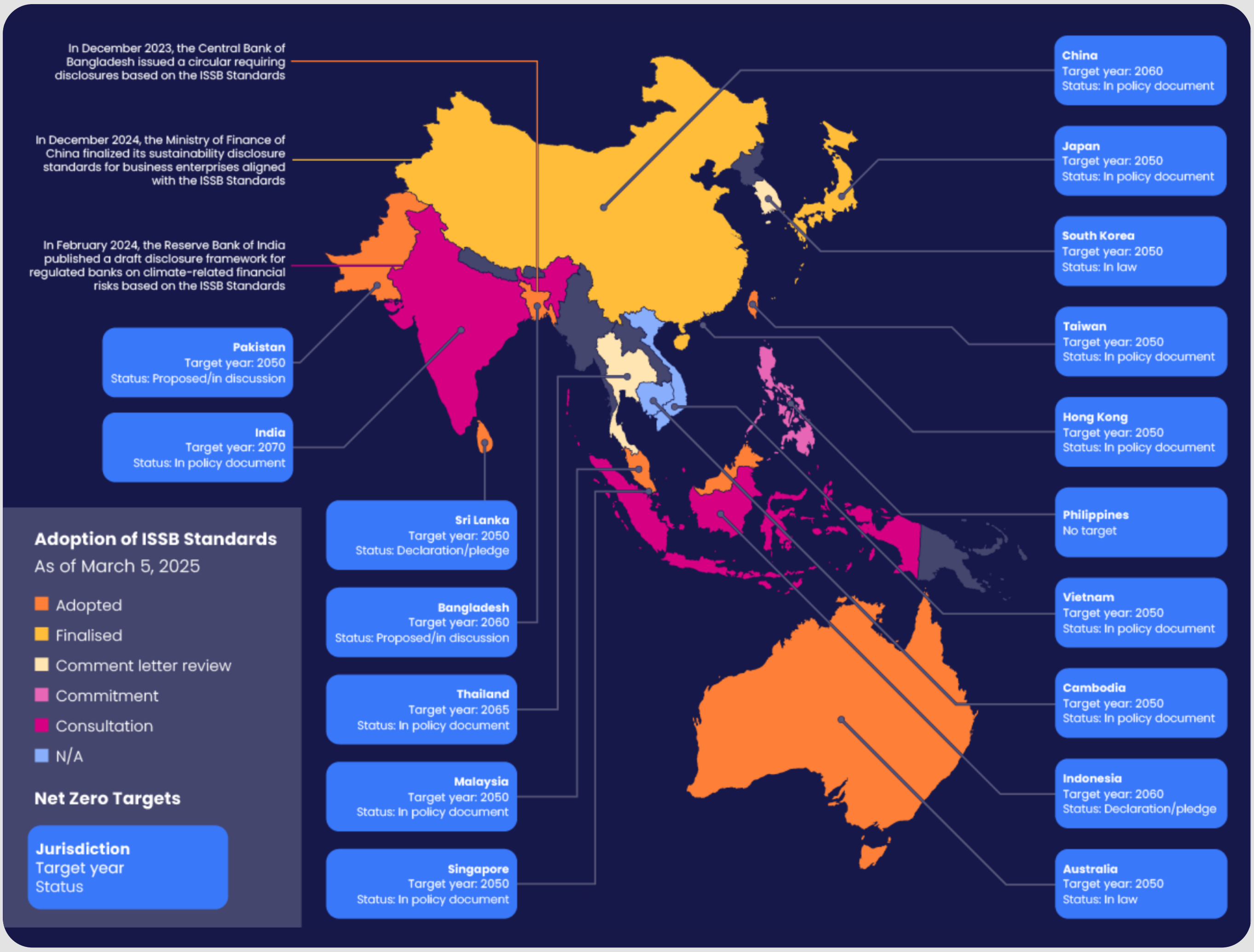
Business Resilience and Opportunities

The APAC region is positioning itself as a future global leader in sustainability through its proactive development of comprehensive policies and regulations. As companies assess how to best respond to these policy shifts, the focus is turning to practical strategies that create long-term value, not just regulatory compliance.

Leading manufacturers are investing in resilient infrastructure and diversified supply chains, while developing climate-resilient products and services—responding not only to risk, but also to new opportunities.

These emerging policies from the APAC region mark a shift from traditional supply chain sustainability programs, which have historically focused on aggregated, brand-level disclosures to meet global regulations. Increasingly, companies must collect localized, verifiable data at the facility level, particularly in jurisdictions where national regulations apply directly to suppliers.

APAC Sustainability Trends



Sources: IFRS Foundation, public announcement, Deloitte, Net Zero Tracker (accessed on March 11, public announcements)

Beyond meeting regulatory compliance, supply chain transparency and transitions to clean energy are emerging as drivers of business resilience and profitability. More transparent supply chains help companies identify inefficiencies, reduce costs, support local communities, attract investment, and build trust with stakeholders.

Similarly, energy transition efforts—though often requiring upfront investment—help mitigate risks associated with fossil fuel market volatility and lower long-term operational costs.

APAC Integration of Sustainability Disclosure Standards

Across the APAC region, policymakers and regulators are moving beyond voluntary sustainability frameworks and beginning to embed disclosure requirements into national policy and regulatory infrastructure.

While the International Sustainability Standards Board (ISSB) Standards—developed by the International Financial Reporting Standards (IFRS) Foundation—are emerging as the global baseline for sustainability reporting[4], APAC jurisdictions are taking proactive steps to adapt and integrate these standards into their local regulatory and market contexts. These efforts aim to enhance transparency around climate adaptation, energy transition, and other sustainability-related risks and to provide companies with a clear, consistent framework for disclosing relevant information to investors and other stakeholders.

Bangladesh, a key textile and garment manufacturing hub, is among the first to begin implementing the ISSB Standards. Others—such as China, Japan, India, and South Korea—are aligning their local disclosure frameworks with the ISSB Standards, demonstrating a growing commitment to standardized corporate reporting.

Stock exchanges are also playing an active role in driving alignment. The Hong Kong Stock Exchange, for example, has incorporated the ISSB Standards into its ESG Reporting Code, allowing investors to make informed decisions based on companies' sustainability performance.

A recent survey by the IFRS Foundation[5] found that corporate adoption of the ISSB Standards is currently most widespread in the APAC region. This momentum is further supported by ambitious carbon neutrality plans backed by stimulus packages to promote green and sustainable industries.

For companies in the apparel, footwear, and consumer goods sectors, this regulatory shift signals a move toward more detailed, standardized, and location-specific sustainability disclosures. As governments in the region translate ISSB guidance into formal policy, companies will need to enhance their reporting capabilities—particularly at the facility level—to meet growing compliance obligations and rising expectations from global buyers and investors.

A Growing Focal Point: Supply Chain Transparency

Supply chain transparency is becoming a critical focus area for the APAC region, as companies face increasing pressures to identify, assess, and disclose potential adverse human rights and environmental impacts in their value chains, including sourcing practices and labor conditions, to ensure ethical and sustainable operations. These expectations come from both international buyers and domestic authorities, and they increasingly extend beyond brand owners to include manufacturers, suppliers, and even Tier 2 and 3 facilities—which include material production, dyeing, finishing, and other upstream processes that often sit deeper in the supply chain.

Regulatory requirements are being driven by multiple stakeholders:

- **U.S. and European brands** sourcing from APAC are demanding greater transparency from their suppliers to comply with evolving due diligence regulations.
- **Local APAC authorities** are also introducing stricter rules on environmental and labor disclosures, placing greater scrutiny on sustainability practices throughout domestic and export supply chains.
- **Investors and brand customers** are calling for more credible and detailed data to evaluate a company's risk exposure, ethical performance, and climate impact.

[4] Cascale & Worldly. *Building a Global Baseline: The Role of IFRS Sustainability Disclosure Standards*. February 2025

[5] IFRS Foundation. *Progress on Corporate Climate-related Disclosures—2024 Report*. November 2024.

For example, in the EU, the Corporate Sustainability Due Diligence Directive (CS3D)—now expected to come into force in 2028 following the Commission's proposed delayed implementation—will require in-scope companies to conduct and publicly report on human rights and environmental due diligence throughout their value chains.

While the legislation focuses on companies operating in or selling into the EU market, it will also affect APAC-based manufacturers and suppliers, especially Tier 1 facilities, that provide goods to European brands.

In the United States, the Uyghur Forced Labor Prevention Act prohibits the import of all products, such as cotton, made in China's Xinjiang region unless importers can prove the goods were not produced with forced labor. Given the region's role in global cotton and textile supply chains, many APAC manufacturers are at risk of trade disruption unless they can trace and verify the origins of their inputs.

Greenwashing—making unsubstantiated or misleading environmental claims—is another challenge companies in the APAC region (and beyond) grapple with. The issue is increasingly scrutinized by regional regulators.

For example, South Korea's Environmental Technology and Industry Support Act includes guidelines that require substantiated and transparent data for environmental claims. These guidelines supplement South Korea's Fair Labeling and Advertising Act, mandating that environmental claims in advertisements be truthful, clear, substantiated, and comprehensive.

Meanwhile, Singapore has advised companies to remove advertisements that may be considered greenwashing as scrutiny grows in the region of misleading environmental statements in advertisements.

For companies operating in or sourcing from APAC, supply chain transparency is no longer a voluntary best practice—it is rapidly becoming a regulatory expectation. In response, companies should prepare for public disclosures by developing robust, verifiable data collection systems. Companies must ensure their environmental claims are backed by accurate and transparent data that can withstand regulatory scrutiny.

Failing to meet these expectations not only risks non-compliance but can jeopardize trust with stakeholders—making supply chain transparency an essential area of focus for sustainable business practices in 2025 and beyond.

China

China has been at the forefront of implementing sustainability regulations in the APAC region. As the world's largest emitter of greenhouse gases (GHG), China has recognized the urgent need to address climate change and has committed to ambitious targets—including peaking carbon emissions by 2030 and achieving carbon neutrality by 2060.

Clean Energy Policy and Corporate Adoption in China

To support these goals, China has introduced several key initiatives in clean energy. Most notably, the Energy Law of the People's Republic of China[6], which came into effect in January 2025, marks a significant milestone in China's sustainability efforts.

The law standardizes energy pricing and trading mechanisms while promoting innovation in renewable energy technologies. It also encourages "all types of business entities" to invest in energy development and utilization, principally renewable energy.

The government is already investing heavily in renewable energy projects, including offshore wind farms and large-scale solar energy projects, to reduce reliance on coal and drive the transition toward cleaner energy sources.

For businesses—including those in the apparel and textile sectors—this creates both opportunities and challenges. While compliance may require substantial upfront investments, companies can respond by conducting energy audits, adopting energy-efficient technologies, and collaborating with local authorities for effective navigation of regulatory requirements. These actions can help fashion brands and retailers and their supply chain partners reduce their carbon footprints and meet increasingly stringent buyer expectations.

[6] National Energy Administration. *Energy Law of the People's Republic of China*. November 24, 2024.

Evolving Emissions Disclosure Requirements and Sustainability Reporting

China's regulatory efforts are also focused on improving the quality and consistency of sustainability reporting. A cornerstone of this effort is the Work Plan for Improving the Carbon Emission Statistics and Accounting System released in October 2024[7], which aims to establish a comprehensive carbon accounting framework by 2030.

Interim reporting systems and a national GHG emission factor database are already in place and expected to enter use in 2025. The Work Plan emphasizes the importance of accurate data collection and reporting to track progress toward carbon reduction goals.

In addition, China's Ministry of Finance released the Basic Standards for its Corporate Sustainability Disclosure Standards (CSDS) in December 2024. These standards will mandate disclosure for large listed companies—and, eventually, non-listed companies and small- and medium-sized enterprises—with full implementation expected by 2030.

The CSDS mandate detailed disclosures on sustainability practices, including carbon emissions, labor conditions, and supply chain impacts—particularly relevant for global brands and garment manufacturers operating in China. While tailored for the Chinese market, the CSDS are designed to align with global standards, such as the ISSB Standards. This alignment will ensure that Chinese companies' sustainability disclosures are comparable with international benchmarks, enhancing their competitiveness in the global market.

[7] *Work Plan for Improving the Carbon Emission Statistics and Accounting System.* October 1, 2024.

Innovating Supply Chains with Tools and Primary Data

As sustainability reporting becomes more rigorous, China-based manufacturers are increasingly turning to measurement tools like Cascale's Higg Index—exclusively available on Worldly—to meet both buyer and regulatory expectations. The Higg Facility Environmental Module (Higg FEM) enables site-level tracking of environmental impacts across key areas such as energy use, water consumption, and wastewater management.

Given China's central role in global apparel and textile manufacturing, the country represents a significant and growing user base of Higg FEM, helping companies align with both domestic sustainability goals and international reporting frameworks.

Some manufacturers are also leveraging government support and data-driven innovation to advance sustainability goals. Legend Swimwear Factory, a long-time user of the Higg Index tools, received a government grant to implement a reverse osmosis system that significantly reduces water consumption during production. This investment was enabled by the facility's consistent use of performance data and its commitment to transparency.

"At Legend Swimwear, our commitment to sustainability isn't just a business decision; it's the foundation upon which we've built our entire operation," says Cecilia Chan, Chief Commercial Officer of Legend Swimwear Factory. "The unique environmental challenges of operating in Chencun, China, have transformed potential limitations into opportunities for innovation and responsible manufacturing.

Our factory in Chencun has navigated these challenges and embraced sustainability, not as an add-on or afterthought, but as a core value since our founding. Maintaining these values will be essential for the next generation of leaders to successfully take on future sustainability challenges."

This example highlights how Chinese manufacturers are not only responding to regulatory pressure but also taking proactive steps to align operational improvements with broader environmental and business objectives. Read more about Legend Swimwear Factory's sustainability journey.

"Our factory in Chencun, [China] has navigated these challenges and embraced sustainability, not as an add-on or afterthought, but as a core value since our founding. Maintaining these values will be essential for the next generation of leaders to successfully take on future sustainability challenges."

— Cecilia Chan, chief commercial officer, Legend Swimear Factory

Vietnam

Vietnam, a leading global hub for consumer goods manufacturing, is highly vulnerable to climate-related risks due to its extensive low-lying coastline, making environmental sustainability a national priority. In response, Vietnam has committed to reducing GHG emissions and promoting sustainable development. The country's updated 2022 Nationally Determined Contribution (NDC) outlines its targets and planned actions under the Paris Agreement, aiming to reduce total GHG emissions by 15.8% by 2030, with the potential to increase this reduction to 43.5% with international support.

Clean Energy Policies and Opportunities for Manufacturers

Vietnam has launched several initiatives and programs to drive corporate sustainability, decarbonization, and renewable energy adoption. Vietnam's Power Development Plan VIII (PDP8) sets ambitious renewable energy targets for 2030, aiming to increase the share of renewable energy in the national energy mix and reduce reliance on coal. To support implementation, Vietnam adopted an updated Electricity Law in late 2024[8], which introduces a robust framework for renewable energy and nuclear power development.

Vietnam's Direct Power Purchase Agreement (DPPA) is a significant step toward decarbonizing supply chains, particularly for the apparel, footwear, and wider consumer goods manufacturing industries. The DPPA allows businesses to purchase renewable energy directly from producers, bypassing the national utility.

This is especially relevant for global fashion brands that rely heavily on Vietnam's garment factories and are under pressure to meet ambitious sustainability goals. By leveraging the DPPA, these companies can align with renewable energy targets, reduce operational costs, and enhance their sustainability credentials.

[8] Law on Electricity (Law No. 61/2024/QH15). November 30, 2024

Preparing for Facility-Level Sustainability Reporting in Vietnam

As part of its broader sustainability agenda, Vietnam's government has reinforced its commitments by enacting critical environmental laws aimed at reducing GHG emissions and protecting the ozone layer. These laws establish clear regulatory frameworks for various industries, including garment manufacturing, to ensure compliance and accountability in sustainability practices. The main laws include:

- Decree 06: This mandates GHG inventories for facilities emitting 3,000+ tons of CO_2 equivalent annually and establishes a national system for monitoring, reporting, and verification.
- Decision 13: Effective October 1, 2024, this law outlines six areas (including areas relevant to garment and consumer goods manufacturing, such as chemical production, crop cultivation, and waste incineration) that must carry out GHG inventories.
- Circular 96: This sets out Vietnam's main corporate sustainability reporting requirements. It mandates listed companies to disclose key sustainability information, including GHG emissions.

These policies create a clear compliance roadmap—and a strong incentive—for manufacturers to invest in robust environmental data systems. To prepare, businesses should conduct comprehensive GHG inventories, adopt energy-efficient technologies, and develop reliable facility-level reporting processes. Collaborating with industry associations such as Vietnam Textile and Apparel Association (VITAS) and engaging with local authorities can also help companies navigate compliance, such as exploring the feasibility to use Higg FEM verification for GHG accounting.

The State Securities Commission of Vietnam has welcomed the publication of the ISSB Standards. It currently follows its own standards, the Vietnam Accounting Standards, and has indicated plans to adopt the internationally recognized IFRS Accounting Standards this year. This signals an openness to incorporating global sustainability standards into Vietnam's regulatory architecture—especially as neighboring APAC countries like China align more closely with the ISSB framework.

As global brands and buyers demand higher-quality, verifiable data from their suppliers, Vietnamese manufacturers that align early with international reporting expectations—even in advance of domestic mandates—may gain a competitive edge in both regional and global markets.

Data-Driven Compliance: The Role of Tools Like the Higg Index

As disclosure requirements deepen in national and global markets, manufacturers in Vietnam—especially in the apparel and textile sectors—face growing expectations to track and report environmental data at the facility level. Tools such as the Higg FEM are already helping many suppliers in Vietnam measure, manage, and disclose environmental performance in alignment with both buyer demands and national regulatory standards.

In 2023, Vietnam submitted over 1,200 verified Higg FEMs—ranking second globally behind China[9]—demonstrating the industry's growing use of standardized tools for environmental reporting and regulatory alignment.

Cascale member [GG International Manufacturing Co. Ltd], a global garment manufacturer with factories in Vietnam and Indonesia, uses the Higg FEM across its operations to monitor key environmental metrics—including energy use, GHG emissions, and wastewater management. As GG looks to expand its supply chain into new markets like Bangladesh and advance toward science-based targets with support from RESET Carbon through an Apparel Impact Institute (Aii) project, tools like the Higg FEM are central to its ability to set baselines, track progress, and ensure new facilities align with evolving sustainability regulations.

By grounding decision-making in verifiable data, GG International demonstrates how manufacturers can utilize trusted tools to enhance both regulatory readiness and operational resilience.

"The Higg FEM gives us consistent, credible data across multiple factories. It helps us manage environmental performance today and prepare for what's coming tomorrow. We're also exploring specific collaboration opportunities with Cascale through the Higg Index, Worldly's FDM, MCAP, and others, building on the partnership established through previous efforts."

— Shein Han, compliance/sustainability director, GG International Manufacturing Co. Ltd

[9] Higg FEM Data, Cascale and Worldly, 2023. Referenced in *Vietnam Country Report: Macroeconomic, Socioeconomic, and Industry Analysis, Cascale*, April 2025.

Impact of Sustainability Policies on the Apparel, Footwear, and Consumer Goods Industries

The sustainability policies and initiatives in the APAC region—shaped by domestic regulations, international due diligence laws, and increasing demand for verified supply chain data—have significant direct and indirect impacts on the apparel, footwear, and wider consumer goods manufacturing industries. These industries, which are deeply interconnected with global brands and export markets, are both drivers and subjects of supply chain transformation.

Direct impacts include increased costs for compliance with environmental regulations and the need for investment in sustainable practices. Indirect impacts involve changes in consumer preferences toward sustainable products, which can influence market demand and brand reputation.

Brands and Retailers

For brands and retailers sourcing from APAC, stricter sustainability regulations are creating heightened expectations for supply chain transparency, emissions reduction, and due diligence. Increasingly, they are expected to disclose detailed sustainability practices and performance data, not only for their own operations but also for their supply networks. This includes site-specific information on emissions, labor conditions, and environmental impacts.

These disclosure demands are being driven by international regulations, local APAC authorities, investors, and global consumers, who are holding companies accountable for their supply chain practices.

Failure to meet these expectations carries growing legal, financial, and reputational risks. However, companies that invest in credible, facility-level data collection systems—and actively support their suppliers in doing the same—can build more resilient and responsive value chains and gain trust with regulators, investors, and customers.

Manufacturers

For manufacturers across the region—particularly in production-intensive countries such as Bangladesh, Vietnam, and Indonesia—compliance with new regulations often requires significant technical upgrades and financial investment. These may include switching to renewable energy sources, installing wastewater treatment systems, or adopting third-party verified measurement tools such as the Higg Index.

For example, HSBC provided a sustainability-linked loan to Viyellatex Group, a garment manufacturer and exporter in Bangladesh, to support certified raw material sourcing and increased adoption of the Higg Index for environmental performance tracking[10]. Many face barriers to accessing technologies and capital needed to make these transitions—especially smaller or Tier 2 and 3 facilities. In countries where access to renewable energy infrastructure is limited, such as Bangladesh and Indonesia, the gap between regulatory expectations and implementation readiness can be substantial.

To address this imbalance, there is a growing recognition of the need for fair, collaborative partnerships between brands and manufacturers. Shared investment models—such as co-financing of energy upgrades, long-term procurement commitments, or capacity-building support— can help ensure that the cost and responsibility of compliance are equitably distributed. Without such collaboration, manufacturers may be unable to meet emerging disclosure and performance expectations, putting broader value chain compliance at risk.

The root challenge is not only the pace of regulation but also the question of who bears the cost of building more sustainable supply chains. Increasingly, the answer involves shared accountability—with many brands supporting their suppliers not only through audits and reporting requirements but also through investment, incentives, and trust-based partnerships.

Manufacturers also need to prepare for requests and compliance checks from global buyers, particularly those subject to EU and U.S. sustainability reporting and due diligence regulations. These expectations increasingly require suppliers to provide verifiable sustainability information, often at the facility level, as part of global brands' broader due diligence obligations.

---

[10] Dhaka Tribune. *HSBC facilitates sustainable finance arrangements for Viyellatex Group*. February 20, 2023.

Miran Ali, vice president, BGMEA; managing director, Bitopi Group; director; RSC, presenting closing keynote at 2024 Cascale Annual Meeting in Munich, Germany. September 10, 2024.

Role of Industry Associations

Industry associations in the region—such as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Vietnam Textile and Apparel Association (VITAS), the China National Textile and Apparel Council (CNTAC), and the STAR Network, the first inter-Asian network of producer associations initiated by GIZ's FABRIC Asia project—play a crucial role in supporting their members navigating the evolving sustainability landscape in APAC.

Cascale collaborates closely with these associations, including a Memorandum of Understanding signed with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in September 2024, and the participation of affiliate member VITAS as an association partner of the Cascale Forum: Ho Chi Minh City in May 2025.

Cascale will continue to seek their guidance and expertise, and collaborate on advocacy to help manufacturers and brands in complying with sustainability standards while also identifying growth opportunities. This engagement also supports Cascale's efforts in launching the APAC Policy Member Expert Team (MET), an advisory group aimed at establishing high-level policy priorities for the second half of 2025.

How to Prepare for Compliance and Reporting

The accelerating pace of regulatory change across APAC—and globally—is reshaping what companies must disclose, how they measure sustainability, and how they work with supply chain partners. To stay ahead of compliance requirements and demonstrate long-term value to buyers, regulators, and investors, companies must act now to strengthen their data systems, reporting practices, and decarbonization strategies.

Monitor Trends and Engage with Industry Networks

Monitoring APAC sustainability trends is essential for staying ahead of regulatory changes and avoiding costly compliance gaps. Companies can stay informed by engaging with regional industry associations such as VITAS, BGMEA, and CNTAC, which provide updates on legislation, technical resources, and opportunities to participate in policy consultations. Cascale and Worldly not only provide insights through policy deep dives, webinars, and tailored guidance but also actively collaborate with APAC stakeholders to advance shared priorities through strategy advocacy. In 2025, Cascale plans to deepen this engagement through the launch of an APAC Policy Member Expert Team, which will advise on regulatory priorities and help shape the organization's advocacy efforts across the region.

Strengthen Sustainability Reporting Systems

With frameworks like ISSB Standards gaining traction in APAC, companies must prepare to report more detailed, facility-level data on environmental and social performance. Aligning with these international standards boosts both regulatory compliance and credibility with investors and buyers.

To prepare effectively, companies should:

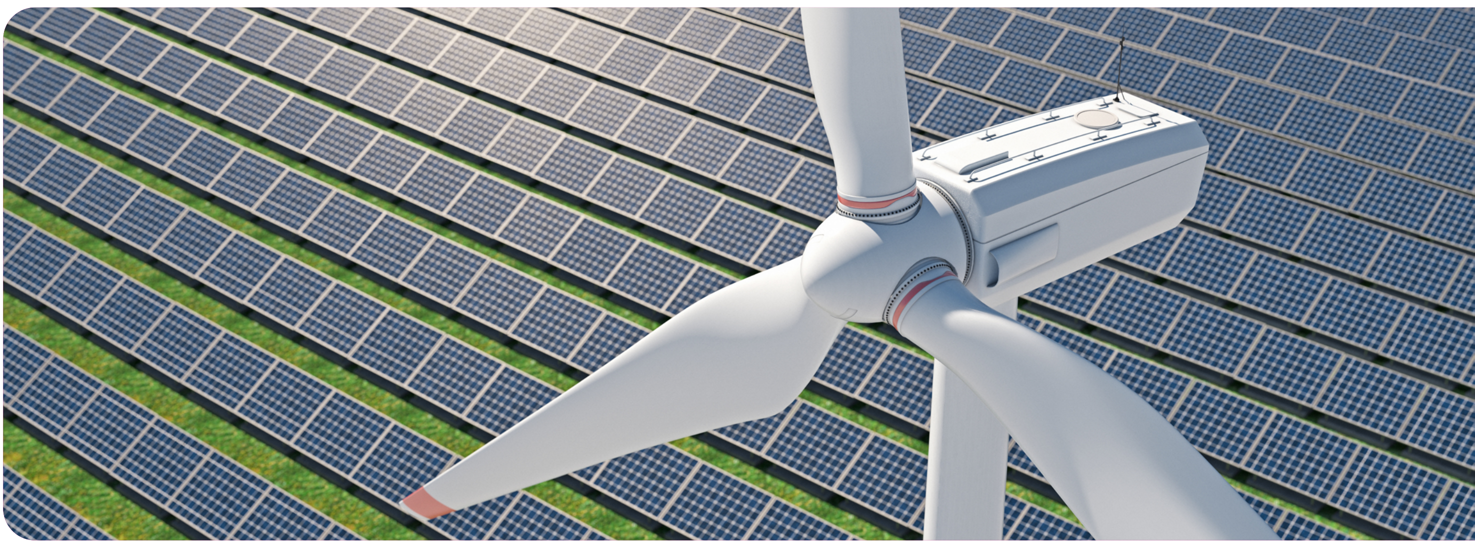
- **Assess material topics** and identify relevant sustainability metrics
- **Plan for future expectations**, including anticipated requirements related to biodiversity, human rights due diligence, and facility-level emissions disclosures.

A key resource in this process is the Higg Index. Used by tens of thousands of facilities globally, the Higg Index enables companies and their suppliers to collect and validate facility-level environmental and social data.

- **The Higg Facility Environmental Module (Higg FEM)** enables facilities to report on environmental management systems, air emissions, energy use and GHG emissions, water and wastewater, and waste and chemical management.
- **The Higg Facility Social & Labor Module (Higg FSLM)** offers insights into working conditions, health and safety, and labor rights.
- These tools generate **verifiable data** that can be used to demonstrate compliance with national regulations and meet expectations.

The widespread use of the Higg Index across APAC—particularly in key sourcing countries like China, Vietnam, and Bangladesh—has made it an important tool for aligning business operations with both domestic policies and international standards. By adopting the Higg Index, companies can:

- Benchmark and improve facility performance
- Meet buyer requirements for site-level reporting
- Reduce audit fatigue through standardized processes
- Build reporting processes that are recognized and understood by international buyers and investors



Invest in Technology and Infrastructure

Companies can build resilience and reduce environmental impact by investing in:

- Technologies that enable traceability and supply chain transparency
- Renewable energy solutions, such as rooftop solar projects
- Energy- and water-efficient manufacturing processes

Through Cascale's Decarbonization Program and strategic collaborations, companies and facilities can engage in a range of improvement pathways such as the GIZ PDP Solar Rooftop Initiative, the Pakistan Environment Trust (PET) program, and energy and water efficiency programs with the Apparel Impact Institute (Aii). These initiatives provide targeted, on-the-ground support to help facilities plan, finance, and implement these technologies.

Set and Support Science-Based Emissions Reduction Targets

As countries across the APAC region introduce more robust climate policies, companies will be expected to demonstrate credible and measurable emissions reduction strategies, particularly for Scope 1 and 2 emissions at the facility level. Setting science-based or science-aligned targets is a key way for brands and manufacturers to prepare.

Cascale supports this through initiatives like the Manufacturer Climate Action Program (MCAP) and recent collaborations such as that with FASHION LEAP for CLIMATE, which provide companies with practical guidance, peer support, and tools to set and implement targets.

The Industry Decarbonization Roadmap (IDR) further aligns stakeholders across the value chain around shared climate goals, helping companies focus efforts where emissions are highest. Collective action initiatives like these help companies prepare for new regulatory expectations, respond to buyer demands, and build more resilient operations in the face of accelerating climate risk.

Center Supplier Voices and Fair Commercial Practices

True supply chain resilience depends not only on data and targets but on the strength of relationships across the value chain. Cascale's recent acquisition of Better Buying Institute's tools and methodologies—including the Better Buying Purchasing Practices Index (BBPPI) and the Better Buying Partnership Index (BBPI)—enables both brands and manufacturers to assess and improve purchasing practices, reducing friction, enhancing predictability, and supporting better labor outcomes.

As companies prepare for the future, building more collaborative, transparent, and equitable partnerships across tiers will be essential—especially as regulatory frameworks begin to focus more directly on the commercial behaviors that shape sustainability outcomes.

By combining policy awareness, technical investment, collective action, and standardized tools, companies in APAC can better navigate the regulatory shifts ahead and contribute meaningfully to a more sustainable, resilient global value chain.

Conclusion and Outlook

The Asia-Pacific region is not just responding to the global sustainability and responsible business agenda—it is actively shaping it. Countries across APAC are advancing ambitious environmental policies, implementing new reporting frameworks, and embedding due diligence expectations into national legislation. From China's carbon accounting initiatives to Vietnam's renewable energy and emission disclosure programs, the region is laying a foundation for a new phase of data-driven, resilient, and transparent supply chains.

These efforts have clear implications for the apparel, footwear, and consumer goods sectors, which are deeply embedded in APAC's manufacturing economies. Companies—whether brands, retailers, or suppliers—must adapt to this new landscape by investing in sustainability measurement, strengthening supplier relationships, and aligning with national and international expectations for environmental and social performance.

APAC has the potential to lead—not just in production volume but in setting the standards for how global supply chains can operate responsibly and competitively. Several countries in the region are likely to increase their focus on sustainability as a way to improve their competitiveness in the regional and international markets and contribute to global environmental goals.

Cascale and Worldly remain committed to supporting this transformation. Through tools like the Higg Index, as well as efforts such as Cascale's Manufacturer Climate Action Program (MCAP) and Better Buying, Cascale and Worldly aim to empower companies across the value chain to measure what matters, act on data, and collaborate for impact. Our policy deep dives—like this one—are designed to equip industry stakeholders with the insights they need to navigate regulatory change and, more importantly, strengthen our strategic policy engagement in APAC to drive meaningful, measurable progress.

Looking ahead, APAC's role as a center for sustainability innovation and implementation can only grow. The

Questions? Contact us at policy@cascale.org

Cascale is the global nonprofit alliance empowering collaboration to drive equitable and restorative business practices in the consumer goods industry. Formerly known as the Sustainable Apparel Coalition, Cascale owns and develops the Higg Index, which is exclusively available on Worldly, the most comprehensive sustainability data and insights platform. Cascale unites over 300 retailers, brands, manufacturers, governments, academics, and NGO/nonprofit affiliates around the globe through one singular vision: To catalyze impact at scale and give back more than we take to the planet and its people.

Follow Cascale

Worldly is the leading sustainability data and analytics platform for the consumer goods industry, empowering brands, retailers, and suppliers to turn primary data into strategic business action. Trusted by over 40,000 global customers across apparel, footwear, home furnishings, outdoor sporting goods, and more, Worldly provides deep visibility into environmental and social impact—from carbon and water to chemicals and labor—at the product, facility, and value chain level. Built on industry-leading standards including Cascale's Higg Index tools, exclusively available on Worldly, and connected with partners like ZDHC, and Bluesign, Worldly transforms raw data into actionable intelligence that helps companies reduce risk, boost operational efficiency, meet evolving compliance and regulatory requirements, and accelerate measurable impact. With the largest global network of engaged manufacturers and the most comprehensive library of materials and product impact data, Worldly enables businesses to lead with transparency, resilience, and accountability.

Follow Worldly