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Sustainability Trends

QUARTERLY OUTLOOK: SPOTLIGHT ON ASIA-PACIFIC

July 2025

Introduction

Welcome to our July Quarterly Trends Outlook. As in past editions, this report explores four corporate sustainability trends and what they mean for companies. However, unlike prior outlooks, this iteration is tailored to the corporate sustainability landscape in Asia-Pacific, where progress continues relatively unabated compared to places such as the U.S. and Europe. That is not to say that we do not highlight developments in other regions of the world; we do, and they reflect that, although there have been some sustainability pullbacks, progress continues.

We plan to highlight other regions of the world and the corporate sustainability developments occurring there in future quarterly outlooks. Thank you for reading our report. We hope you enjoy. As always, we welcome any thoughts and feedback you may have.

TREND 1

Sustainable investment, focus on clean energy drives sustainability progress in Asia-Pacific

Key takeaways:

- **Sustainable investment grows in Asia-Pacific defying global slowdown**
  As sustainable finance markets in other parts of the world experience pullbacks, Asia-Pacific continues to attract sustainability-minded investors via strong regulatory signals, rising sustainable investment demand, and innovative tools like blended finance.
- **Sustainable finance taxonomy convergence creates new opportunities**
  Growing alignment across national and regional sustainable finance taxonomies is making it easier for corporates to access green and transition-linked capital across Asia-Pacific's diverse capital markets.
- **Asia-Pacific increasingly dominates the world's clean energy shift**
  Asia-Pacific, led by China, is driving global renewable energy expansion, supported by policy incentives, competitive prices, and ambitious government targets that are creating new investment and supply chain opportunities for corporates.

Sustainable finance sees new growth in Asia

As markets in North America and Europe see record outflows and political backlash against sustainability investments, Asian financial institutions, regulators, and investors are reiterating their commitments to sustainable finance. A recent report by Morningstar **revealed** that in Q1 2025, sustainable funds experienced record outflows of $8.6 billion globally. Europe, a historical sustainable finance leader, saw its first net outflows since 2018, with $1.2 billion withdrawn. Meanwhile, U.S funds experienced their tenth consecutive quarter of outflows, with $6.1 billion withdrawn. A confluence of factors is behind these retreats, including heightened political pushback to sustainability, increased regulatory uncertainty, and the underperformance of some ESG funds compared to more traditional investments.

Sustainable fund performance in Asia-Pacific was stronger than Europe and the U.S. While funds in China and Japan saw outflows in Q1 2025, the rest of the region saw a collective $1.2 billion in net inflows, led by South Korea, Taiwan, and Thailand. Australia and New Zealand (which Morningstar separates from the rest of Asia) also saw net inflows of $300 million.

There are several sub-trends driving sustainable finance in Asia-Pacific. Southeast Asian banks, for example, are **committed** to climate transition-related deals thanks to strong regulatory signals like sustainable finance taxonomies and sustainability disclosure standards and rising investor demand. Singapore's DBS is one of these banks. In March 2025, it **published** an updated Transition Finance Framework that expands the scope of

its transition financing activities to mid-cap companies and small-to-medium enterprises. Blended finance is gaining traction too, with many regional actors viewing the approach as a tool to close Asia-Pacific's $2.5 trillion annual sustainable investment gap by leveraging public, private, and philanthropic capital to de-risk sustainability-related projects and connect private investment. Moreover, the issuance of social bonds in Asia-Pacific has almost doubled in the last three years, while declining across the rest of the world. As some investors de-prioritize sustainability, multilateral and bilateral financial institutions are increasingly looking to Asia-Pacific for climate investment opportunities, attracted by the region's clear regulations, climate innovation leadership, and market growth potential.

Regional alignment emerging between Asia-Pacific's sustainable finance taxonomies

Emerging sustainable finance taxonomies in Asia-Pacific are one of the main drivers behind the sustainable finance evolutions in the region. These taxonomies, which are systems for defining and organizing finance activities based on sustainability criteria, reflect diverse national priorities and enable the regional harmonization needed to support Asia-Pacific's growing sustainable capital markets. At the regional level, clear frameworks such as the ASEAN (Association of Southeast Asian Nations) Taxonomy act as a pan-Asian benchmark and serve as models for member states to follow. The ASEAN Taxonomy has been a success in ensuring consistency across the continent. A March 2025 study of taxonomies from five ASEAN member states found increasing alignment across the states' taxonomies, particularly regarding climate change mitigation and adaptation.

Still, there are many different approaches at the induvial country level. For example, the Singapore-Asia Taxonomy is notable as the world's first multi-sector transition taxonomy. It uses a "traffic light" system recommended by the ASEAN Taxonomy to classify if activities are on a 1.5°C pathway (green), on a credible journey towards a 1.5°C pathway (yellow), or that are incompatible with a 1.5°C pathway. Thailand's taxonomy uses a technical screening criteria (TSC) also recommended by the ASEAN Taxonomy to establish clear standards that activities must meet before being classified as sustainable. Vietnam, which released its Green Taxonomy in July 2025, also uses a TSC approach. On the other hand, Malaysia and the Philippines primarily use principle-based assessments, wherein activities are evaluated against broad sustainability objectives, rather than prescriptive requirements. Indonesia's taxonomy combines both TSC and principles-based approaches.

Asia-Pacific accelerates its clean energy leadership

Asia-Pacific by and far leads the world in renewable energy capacity growth. In 2024 alone, the region added 450,000 MW of new renewables capacity, compared to 109,000 MW in Europe and 93,000 MW in North America. Asia-Pacific also leads in established capacity, with approximately 2.5 million MW of installed renewables, compared to 1 million MW in Europe and 700,000 MW in North America. Furthermore, the region is on track to source over half of its projected energy demand from renewables by 2050, a significant change from coal's dominance today.

The region's renewables surge is largely driven by China, which **accounts** for roughly two thirds of Asia-Pacific's renewable energy capacity. China's renewable energy dominance is only set to increase, with the International Energy Agency (IEA) **forecasting** that China will account for 60 percent of global renewable energy capacity growth by 2030. China and the broader region's renewables lead is largely driven by strong policy incentives, competitive prices, and ambitious government targets. Even amidst current economic uncertainty and global trade disputes, solar firms, particularly those in China, continue to expand into emerging overseas markets such as the Middle East and Africa and diversify their global supply chains to avoid future trade complications.

Beyond renewables, Asia-Pacific countries are pushing ahead with updated Nationally Determined Contributions (NDCs) and carbon pricing schemes. Countries including **Singapore**, **Japan**, the **Maldives**, and **Nepal** have all submitted updated NDCs as part of the 2025 update cycle for the Paris Agreement. More updated NDCs are expected later this year in advance of COP30. New carbon pricing schemes have also emerged across Asia-Pacific. Thailand, for instance, **approved** a carbon tax on petroleum-based products in January 2025, a move soon followed by Vietnam, which **approved** a emissions trading system (ETS) the same month and began a pilot of the ETS in June 2025. Lastly, the regions biggest carbon market in China **expanded** beyond the power sector in April 2025 to the cement, steel, and aluminum sectors. The expanded market now covers approximately 5 percent of global emissions.

What this means for companies:

- **Asia-Pacific is a strategic capital market for sustainability**
  With sustainable finance facing political and financial headwinds in North America and Europe, corporates operating in or looking to enter Asia-Pacific markets can tap into a more supportive and rapidly maturing sustainable finance ecosystem.
- **Staying ahead of Asia-Pacific's evolving sustainable finance landscape**
  As countries in Asia-Pacific harmonize sustainable finance taxonomies, corporates will need to stay ahead of the evolving requirements to ensure they can take advantage of sustainable finance opportunities.
- **Tapping into Asia-Pacific's clean energy transition**
  Companies operating in Asia-Pacific can capitalize on the region's growing lead in clean energy by aligning their decarbonization strategies with the region's emerging policies and tapping into its renewable energy infrastructure ecosystem.

TREND 2

The climate transition continues at speed amidst uncertainty

Key takeaways:

- **Scaling climate action and securing mineral supplies**
  Companies across Asia-Pacific and beyond are ramping up decarbonization and clean energy investments, even amid global uncertainty. However, as demand for clean infrastructure grows, ethically and sustainably securing the critical mineral supply chains essential to decarbonization remains a major challenge.
- **Geothermal energy gains traction**
  As rising energy demands converge with the need to decarbonize, corporate deals and national targets for geothermal energy highlight the growing role of this energy source in the world's energy transition.
- **Rising climate risk demands stronger adaptation strategies**
  Climate risks are intensifying, exposing trillions in corporate value and threatening critical infrastructure across the globe. While mitigation efforts are advancing, adaptation efforts remain critically insufficient despite the clear benefits they bring.

Corporate climate action is accelerating, but critical mineral risks loom

Despite global uncertainty, companies across Asia-Pacific and beyond are accelerating their climate commitments. In 2024, the Asia-Pacific region invested more than $1 trillion in the energy transition, equal to half of global investment that year. Major firms like Nippon Steel, Hitachi, and Singapore Airlines are part of this investment trend, backing projects to decarbonize steelmaking, achieve net zero value chain emissions, and reduce air travel emissions, respectively. At the same time, tech giants beyond Asia-Pacific such as Google, Amazon, and Equinix are securing renewable energy deals to power artificial intelligence (AI) and data center growth. These moves highlight a broader trend of the climate transition driving large-scale infrastructure investment, even amid policy shifts and economic headwinds.

As corporate climate action accelerates, securing access to critical minerals is increasingly important, however, supply chains face mounting risks. The 2025 International Energy Agency (IEA) Global Critical Minerals Outlook finds that markets for key minerals have become more concentrated, with Indonesia dominating supply and refining for nickel and China for all other critical minerals. ASEAN's new strategy urges regional cooperation to integrate value chains and harmonize policy to strengthen resilience and attract investment. However, the critical mineral boom has sparked social unrest in producer countries, as affected communities raise concerns about projects' environmental and social impacts. February amendments to Indonesia's Mineral and Coal Mining Law, for example,

saw pushback from stakeholders who felt they were not consulted in the process and who were concerned that the amendments would enable further environmental degradation. As demand for critical minerals intensifies, companies will face increasing pressure to ensure ethical, low-carbon sourcing while navigating geopolitical and social risks. Proactively investing in transparent, resilient supply chains will be essential to securing long-term access to minerals and maintaining stakeholder trust in the energy transition.

Geothermal energy gains ground in Asia-Pacific's transition mix

Geothermal energy is emerging as a pivotal force in the energy transition, driven both by corporate innovation and national policy shifts. Recent deals such as Google's first Asia-Pacific geothermal power purchase agreement in Taiwan are setting new standards for renewable procurement. The agreement will add 10 megawatts (MW) of geothermal power to Taiwan's grid, nearly doubling the island's geothermal capacity and supporting Google's data center operations there. Similarly, Meta partnered with XGS Energy to develop a 150 MW next-generation geothermal project in New Mexico that will power data centers with reliable electricity without using any water.

Governments in Southeast Asia are also accelerating geothermal ambitions as part of their decarbonization goals. Indonesia aims to increase geothermal power generation by at least 8 percent by 2030, which would make it the country's second largest renewable source after hydropower. The Philippines plans to double its geothermal capacity by adding 1.5 GW. However, struggles with financing high upfront exploration costs and regulatory hurdles are slowing progress. With only 9 percent of regional climate funds directed to geothermal, the ASEAN Energy Outlook highlights the importance of blended finance models and green energy auctions as key tools to unlock investment and accelerate deployment of related technologies. As energy demands continue to rise from industrial growth and data centres, geothermal energy's ability to provide stable, low-carbon baseload power will be increasingly vital to Asia-Pacific's energy transition.

Rising climate risk underscores need for action and adaptation

The accelerating pace of climate change is amplifying risks for economies, businesses, and communities. An April 2025 analysis projects that corporate climate risk will **triple** by 2050, with over $1 trillion in market value **exposed** across 48 countries (primarily in the Global South) that face extreme climate vulnerabilities. The **State of the Climate in Asia 2024** report underscores this urgency, documenting record-breaking heat, intensified flooding, and glacier loss that threaten infrastructure, supply chains, and livelihoods across the region. While Asia-Pacific has made notable progress on climate mitigation, adaptation is **lagging**, with few organizations conducting appropriate physical climate risk assessments and implementing corresponding risk management plans. Investment in adaptation is not only vital for business resilience purposes, but also to create business value. A June 2025 study **found** that for every $1 invested in climate adaptation yields over $10 in benefits, ranging from safeguarding lives and infrastructure to boosting productivity and health outcomes.

What this means for companies:

- **Build resilient, responsible supply chains for the energy transition**
  Supply chain resilience and innovation initiatives will be critical to realizing the energy transition given the criticality of critical minerals to decarbonization. Companies must assess their exposure to critical mineral dependencies and take proactive steps to build ethical, low-carbon supply chains via partnerships and responsible sourcing strategies.
- **Support innovation in low-carbon and resilience-focused technologies**
  Companies that invest in emerging solutions such as geothermal energy, carbon removal, AI-powered energy optimization, and resilience technologies can stay ahead of the decarbonization and physical climate risk curve and make progress towards their climate targets.
- **Integrate climate risk and scale up adaptation investments**
  With physical climate risks projected to rise, companies need to embed climate change risk assessments (CCRA) into their financial planning, supply chain management, and operational resilience strategies. Allocating capital toward climate adaptation, especially in vulnerable markets, is also essential to protecting corporate assets and ensuring long-term sustainable growth.

TREND 3

Evolution sweeps the disclosure space as organizations adapt to new realities

Key takeaways:

- **Global disclosure alignment is accelerating, but complexity remains**
  While standard-setters like the GHG Protocol, IFRS, CDP, and GRI work to harmonize disclosure frameworks and provide implementation support, companies still face a complicated landscape marked by overlapping requirements and uneven global adoption.
- **Companies reframe and adjust their sustainability narratives**
  Amid political scrutiny and economic pressures, companies are adapting the language they use to speak about sustainability, delaying sustainability reports, and in some cases, walking back commitments without formal notices of reversals.
- **Proposed changes to the EU Omnibus inspire discourse and adaptation**
  The EU's attempts to ease sustainability reporting burdens via its Omnibus has triggered resistance from regulators and companies alike, while creating ripple effects that are impacting non-EU countries.

Disclosure standards evolve and mature

Sustainability reporting frameworks are rapidly evolving, with standard-setters working to improve alignment between them and reduce complexity. A growing number of initiatives reflect a move towards framework consolidation. For example, in April 2025, the Greenhouse Gas (GHG) Protocol **expanded** its Independent Standards Board, welcoming five major sustainability standard-setters as non-voting observers – CDP, European Financial Reporting Advisory Group (EFRAG), Global Reporting Initiative (GRI), International Sustainability Standards Board (ISSB), and Science Based Targets initiative (SBTi). These organizations already influenced and/or aligned with GHG Protocol methodologies and will now play a strategic role in shaping future standards. Meanwhile, the adoption of the IFRS ISSB standards continues to expand, with 36 jurisdictions globally now having **adopted** or actively working to introduce these standards into their regulatory frameworks. This movement represents an 80 percent increase from May 2024, when only 20 jurisdictions had adopted the standards. Lastly, in early July 2025, the ISSB **proposed** a comprehensive review of select Sustainability Accounting Standards Board (SASB) sector standards to better align their language with the ISSB's standards.

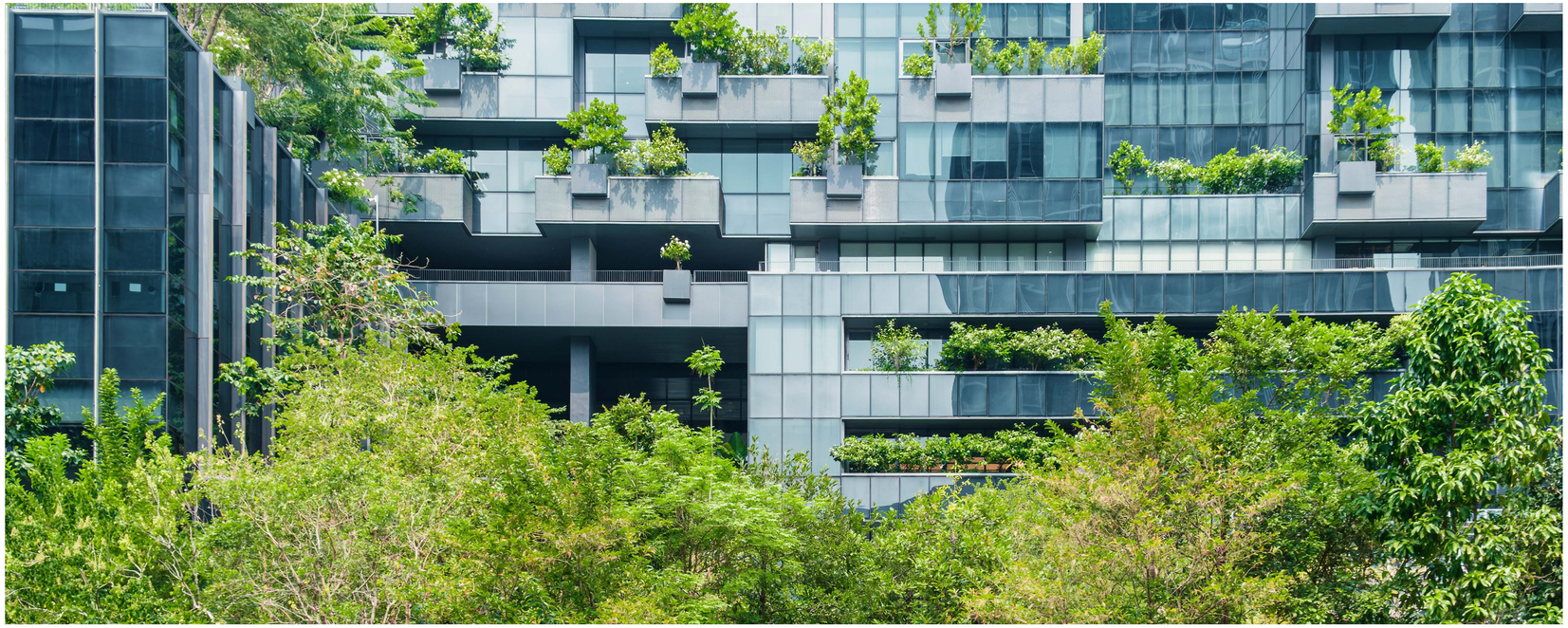
To support disclosure standard implementation, several standard-setters are investing in education and simplification, offering new tools, trainings, and streamlined frameworks. For example, CDP announced a **restructure** in May 2024 aimed at reducing duplication in disclosure requests and improving the provisioning and interoperability of reporting data. Similarly, GRI **updated** its climate change standards in June 2025 to

better align them with ISSB requirements, while the IFRS Foundation **released** detailed educational materials in May 2025 to help companies disclose their GHG emissions in accordance with IFRS S2 Climate-related Disclosures.

Still, some disclosure evolutions have sparked debate, with policy reversals and internal tensions revealing the challenges of keeping pace in a fast-moving landscape. SBTi, for example, **decided** to reverse proposed changes to its carbon offset policy in April 2025 after staff raised concerns that allowing offsets for Scope 3 emissions could undermine the integrity of science-based targets. At the country level, business groups in Singapore **requested** more time for listed companies to comply with new climate-related disclosure rules in June 2025, citing challenges with capacity and readiness.

Corporate disclosure shifts reflect new realities

Sustainability disclosures are not just evolving; companies are also redefining their approaches to reporting. There has been a noticeable shift in positioning, with fewer firms using the term ESG in report titles and some even delaying the release of sustainability disclosures in response to political pressure or implementation challenges. As of April 2025, the share of S&P 100 companies using "ESG" in their sustainability report titles **dropped** from 40 percent in 2023 to 25 percent in 2024. Similarly, major U.S. companies like Nike and JPMorgan have **postponed publishing** sustainability reports, citing heightened political scrutiny of sustainability and DEI-related efforts.



Alongside these moves, some companies are scaling back commitments, with firms quietly **watering** down climate-related language in proxy reports by removing references to net zero. Other companies are walking back net zero commitments, **citing** a variety of reasons as they do, including a lack of supportive governmental policy, poor economic conditions, and a need to focus on boosting shareholder returns.

Meanwhile, disclosure-related regulatory momentum continues. The UK recently **released** proposed sustainability and climate disclosure standards aimed at creating a consistent and transparent reporting framework. Across Asia-Pacific, countries are increasingly moving toward ISSB-aligned reporting, with several jurisdictions, including **Hong Kong**, **Japan**, **Malaysia**, and **Singapore** already mandating disclosure. Others, including Australia and South Korea, are working to mandate ISSB-aligned reporting or are signaling their intent to do so in the future. Despite increasing disclosure mandates in Asia-Pacific, there are complaints from companies in the region that these mandates set the bar too high and do not provide sufficient guidance for them to fully comply with them.

EU Omnibus uncertainty sparks debate and action

Labeled everything from a "relief package" to a "step backwards", the EU's Omnibus proposal has sparked strong opinions. Many companies have expressed dissatisfaction with the disclosure simplification proposed in the Omnibus. An April 2025 survey **found** that more than half of European companies oppose the proposed reductions to CSRD disclosure requirements and that over 60 percent were satisfied with the CSRD prior to the Omnibus.

Concerns center on the risk of fragmented reporting, diminished transparency, and a loss of comparability across organizations; factors which are seen as critical for maintaining trust with investors and aligning with long-term EU climate and sustainability goals.

In parallel, institutional concerns are mounting. In May 2025, the EU Ombudsman **launched** an inquiry into the European Commission's Omnibus decision-making process, questioning the transparency and stakeholder engagement behind the proposed reporting rollbacks. The European Central Bank also **issued** a warning in May, cautioning that the Omnibus could remove as much as 80 percent of companies from mandatory sustainability reporting, undermining efforts to ensure consistent, reliable climate-related data across the financial system.

Despite concerns, work continues on the Omnibus. In June, EFRAG **released** its Progress Report on European Sustainability Reporting Standards (ESRS) simplification, outlining the six key levers it is using to realize a 50 plus percent reduction in mandatory data points.

Beyond the EU, Omnibus uncertainty is affecting countries like Switzerland who **paused** the rollout of its own climate disclosure requirements, citing the need to reassess their approach in light of the evolving Omnibus proposal. Chinese companies, especially those with significant exports to Europe, are closely **monitoring** how the Omnibus and eased Carbon Border Adjustment Mechanism (CBAM) requirements might impact their reporting and compliance obligations. These same companies are expressing concerns about potential inconsistencies in standards, which could affect market access and increase administrative burdens.

What this means for companies:

- → **Expect more disclosure scrutiny, even as reporting frameworks shift**
  Companies must stay agile as disclosure standards consolidate and change. Regulators, investors, and politicians are paying closer attention not just to what is disclosed, but how credible, consistent, and decision-useful those disclosures are.
- → **Simplification does not mean less responsibility**
  While some proposals aim to ease reporting burdens (like the EU Omnibus), companies should not view this as a license to scale back action. Stakeholders increasingly expect transparency and climate performance, regardless of regulatory thresholds. Companies need to invest in data and software solutions and foster cooperation between corporate functions.
- → **Positioning and messaging matter more than ever**
  As sustainability becomes politically sensitive across more geographies, companies must balance legal compliance with reputational risk. Moving early and framing sustainability efforts as enterprise value opportunities will be key to building stakeholder trust and long-term brand sustainability.

TREND 4

AI adoption rises with emphasis on sustainability and responsibility

Key takeaways:

- **AI boosts corporate sustainability efforts**
  AI is becoming a critical enabler of corporate sustainability goals, with companies leveraging the technology to tackle challenges like emissions reductions, biodiversity conservation, and plastic waste minimization.
- **AI reshapes work, spurring hope and concern**
  The future of work is being reshaped by AI, prompting both optimism and concern as governments and workers navigate job displacement risks alongside opportunities for upskilling and productivity gains.
- **Responsible AI use and governance an increasing priority**
  Companies and governments are prioritizing responsible AI, as national strategies form and investors demand transparency, oversight, and ethical use of the technology.

Companies increasingly look to realize AI's sustainability benefits

Artificial intelligence (AI) is emerging as both a powerful tool and a complex variable in sustainability efforts. On one hand, high energy and water demands for model training and usage raise sustainability concerns. On the other hand, AI is increasingly used to accelerate environmental progress, from reducing emissions and improving energy efficiency to addressing biodiversity and plastic waste challenges.

Companies are increasingly at the forefront of these efforts. Salesforce, for example, launched a nature-focused AI tool in April 2025 designed to help environmental nonprofits better monitor ecosystems, assess biodiversity risks, and accelerate conservation efforts. Meanwhile, Dow and Google are using AI and machine learning to identify and sort hard-to-recycle plastics, aiming to divert waste from landfills and enable a circular plastics economy.

As organizations begin to explore AI sustainability opportunities, strategic integration will be critical. Embedding AI into sustainability planning will require thoughtful alignment with long-term sustainability goals, responsible data practices, and a clear understanding of where AI can add the most value. For instance, Microsoft is embedding sustainability directly into its AI development by integrating environmental data into models, developing AI-powered tools to help customers measure and reduce their carbon footprints, and using AI to improve energy efficiency across its operations.

AI and the future of work

As AI continues its rapid advance, it is reshaping work and sparking both optimism and concern. A June 2025 report highlights that AI is expected to automate between 30-50 percent of tasks across various industries by 2030, potentially displacing some roles while simultaneously creating new job categories that will require reskilling and adaptation. Analyses like this highlight that while AI is poised to automate a substantial portion of tasks, the impact on employment will vary widely, with some jobs evolving and others potentially becoming obsolete.

Governments and workers, particularly in Southeast Asia, are also grappling with how automation may impact job security and social equity. In Malaysia and Singapore, national strategies and public sentiment reflect a mix of anxiety over potential job displacement and hope for reskilling and AI-driven opportunity.

Malysia's GenAI report, for instance, outlines a national strategy focused on developing talent and promoting responsible AI use to ensure its workforce has the future-ready skills it needs to succeed. Meanwhile, a recent regional survey found that 65 percent of Southeast Asian workers fear losing their jobs to automation, reflecting growing anxiety about job displacement. Sentiment in Singapore is generally more optimistic. Most employees in the city-state view AI as a tool that enhances productivity and creates new opportunities, rather than as a threat to their roles.

Attention turns to responsible AI use and governance

Across Southeast Asia, governments and companies are accelerating efforts to integrate AI into national and regional development strategies. As they do, attention is turning to responsible AI use. In Malaysia, Microsoft pledged $517 billion to support the country's Budget 2025 goals. The support will include building cloud and AI infrastructure, upskilling 200,000 individuals for AI readiness, and launching a national AI Center of Excellence. The initiative also includes collaborations to promote ethical and secure AI use across sectors like education and cybersecurity.

In Singapore, ASTAR and Siemens signed a memorandum of understanding to advance smart manufacturing in the ASEAN bloc by scaling AI, automation, and digital twin technologies across industries such as semiconductors, electronics, and precision engineering. The partnership aims to help companies improve resilience, efficiency, and environmental sustainability by increasing access to industrial AI, automation, and digital tools.

Meanwhile, global investors are increasingly calling for stronger AI governance, transparency, and accountability at a time of waning investor support for sustainability initiatives. A May 2025 study found that shareholder support for 15 AI-focused resolutions at major tech companies averaged 30 percent during the 2025 proxy season, nearly double the support that environmental and social proposals received during in the 2024 proxy season. The 2025 AI resolutions centered on board oversight of AI, societal risk transparency such as on disinformation and human rights abuses, and the ethical management of AI systems.

What this means for companies:

- → **AI is a sustainability tool, but not without tradeoffs**
  While companies explore AI to accelerate climate and circularity goals, they must also account for its environmental footprint. Strategic AI integration means aligning applications with sustainability targets and embedding responsible practices from the start.
- → **AI's potential for workforce disruption cannot be ignored**
  As AI reshapes work roles and tasks, companies need clear plans for reskilling and communication. Employee trust and public sentiment, especially in sensitive markets, will hinge on how organizations navigate AI integration.
- → **Responsible AI expectations are rising fast**
  As stakeholders sharpen their focus on AI oversight, companies should be prepared to demonstrate board-level accountability, transparent risk management, and ethical safeguards in how AI is developed and deployed.

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