

The 2025 Disclosure Dividend in Japan



Assessing business resilience in a rapidly changing world



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Environmental risk is financial risk – a reality Japan knows intimately as a disaster-prone nation. Climate change is intensifying extreme weather events that threaten the economic resilience of all industries. **Flood damage alone has cost approximately US\$52 billion over the past decade** (MLIT, Floods Damage Statistics in Japan). As global warming accelerates, risks from heavy rain, landslides and mudslides, along with their economic impacts, will only increase.

Yet, as CDP data shows, within these challenges lies opportunity. According to CDP's 2025 disclosure analysis, **Japanese companies investing in physical climate risk mitigation could gain a return of US\$12 for every US\$1 invested in resilience**. This translates into substantial value. In 2024 alone, leading Japanese companies reported **a combined financial gain of US\$123 billion from climate-related business opportunities**.

Disclosure is the engine behind this transformation. In Japan, environmental risks are firmly recognised as material financial risks, with **82% of companies reporting significant financial impacts**—well above the global average of 67%.

Policy-related risks are the most prevalent at 27%, with momentum driven by the upcoming mandatory implementation of the Sustainability Standards Board of Japan (SSBJ). Japan is also highly exposed to acute physical risks such as floods and heat stress, which account for **nearly a quarter of reported risks**.

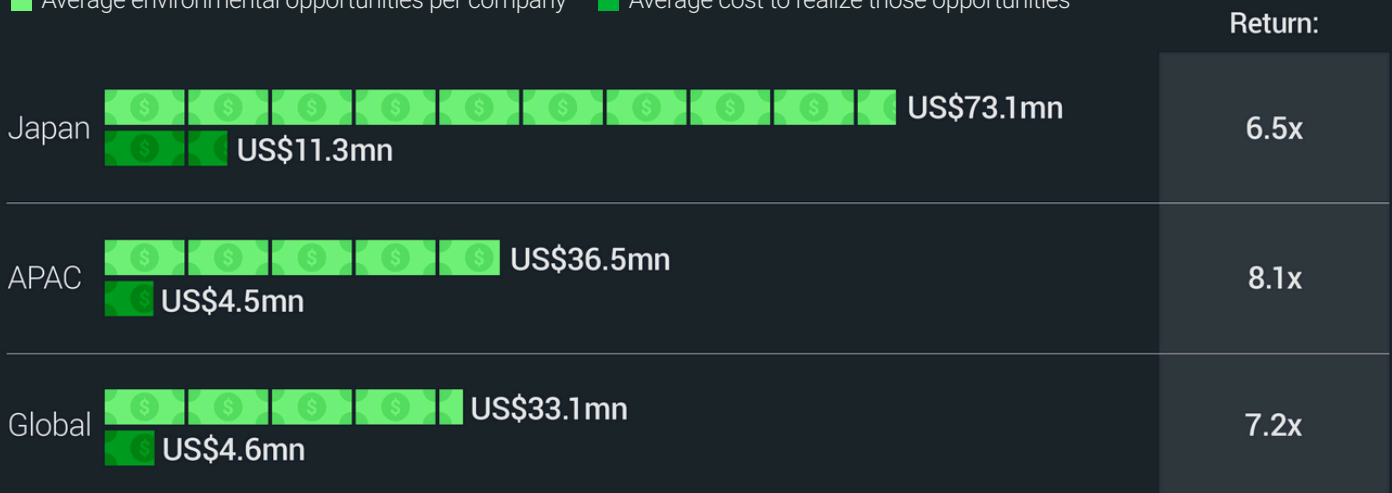
Yet a critical action gap persists. While **75% of companies identified climate-related opportunities last year, only 6% implemented measures** and reported measurable gains. However, those who acted realized substantial value, **collectively unlocking that US\$123 billion**.

The financial case is compelling: companies are **earning an average of US\$73.1 million from climate initiatives at a cost of US\$11.3 million — delivering a strong 6.5x return**. The dividend lies not just in recognising opportunities, but in translating disclosure and transition plans into measurable impact.

For Japanese companies, the path forward is clear: environmental action represents both economic necessity and strategic opportunity. The imperative now is turning intent into decisive, Earth-positive action.

Environmental opportunities far outweigh the costs to realize them

■ Average environmental opportunities per company ■ Average cost to realize those opportunities



Environmental action is smart business – but not enough companies are taking advantage



Japan

75% identified opportunities

6% have realized opportunities so far

US\$123bn opportunities realized this reporting year

APAC

71% identified opportunities

9% have realized opportunities so far

US\$598bn opportunities realized this reporting year



Global

64% identified opportunities

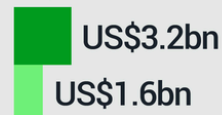
12% have realized opportunities so far

US\$4400bn opportunities realized this reporting year

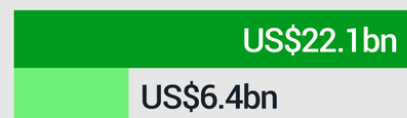
The data is clear; by cutting emissions you cut costs

- Annual savings linked to emissions reduction initiatives
- Emissions savings from most popular initiative

Japan



APAC



Global



Top emissions saving initiative:

Japan
Energy efficiency in production processes

APAC
Energy efficiency in production processes

Global
Energy efficiency in production processes

Note on methodology

This analysis uses data derived from a subset of over 24,800 organisations that submitted environmental issue response data via CDP during the 2024 disclosure cycle. The median benefit-cost ratio is based on companies' self-reported estimates of the potential financial impact of physical climate risks over medium and long-term horizons (whichever is higher), and the associated response costs. Figures vary widely across companies within the same industry, likely due to differences in geography, size, risk exposure, and methodologies.



For more information, and to read the full report, scan or click the QR code.