



*Environmental, Social and Governance in the
CAREC region*

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- About ESG: Environmental, Social and Governance
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About ESG: Environmental, Social and Governance

1960s-1970s:

Socially responsible investing (SRI) introduced as a result of opposition to the Vietnam War and the civil rights movement in US, investors and capital market attached more importance on social issues.

1990s:

Investors began to synthetically consider ESG factors and performance in their decisions.

UNEP established the Finance Initiative (UNEP FI) in 1992. UNEP and CERES jointly launched the Global Reporting Initiative (GRI) to cover the three ESG parts of sustainability reporting in 1997.

Some progress:

In 2014, EU enacted the Non-financial Reporting Directive.

In 2015, "Paris Accord".

In 2019, the EU promulgated the Sustainability-related Disclosures in the Financial Services Sector,

In 2021, the U.S. House of Representatives passed the ESG Disclosure Simplification Act.

1980s,

ESG concept evolved, with actions like "Comprehensive Anti-Apartheid Act", which outlawed any additional investment in South Africa.

2000s,

In 2004, the term ESG was coined first in "Who Cares Wins" published by the United Nations Global Compact initiative.

In 2006, the United Nations Principles for Responsible Investment (UNPRI) issued the Principles for Responsible Investment (PRI) to promote the systematic inclusion of ESG factors

About ESG: Environmental, Social and Governance

Climate change, ·
carbon management, ·
resource depletion
waste and pollution, ·
loss of biodiversity, ·
energy consumption

- **Environmental**

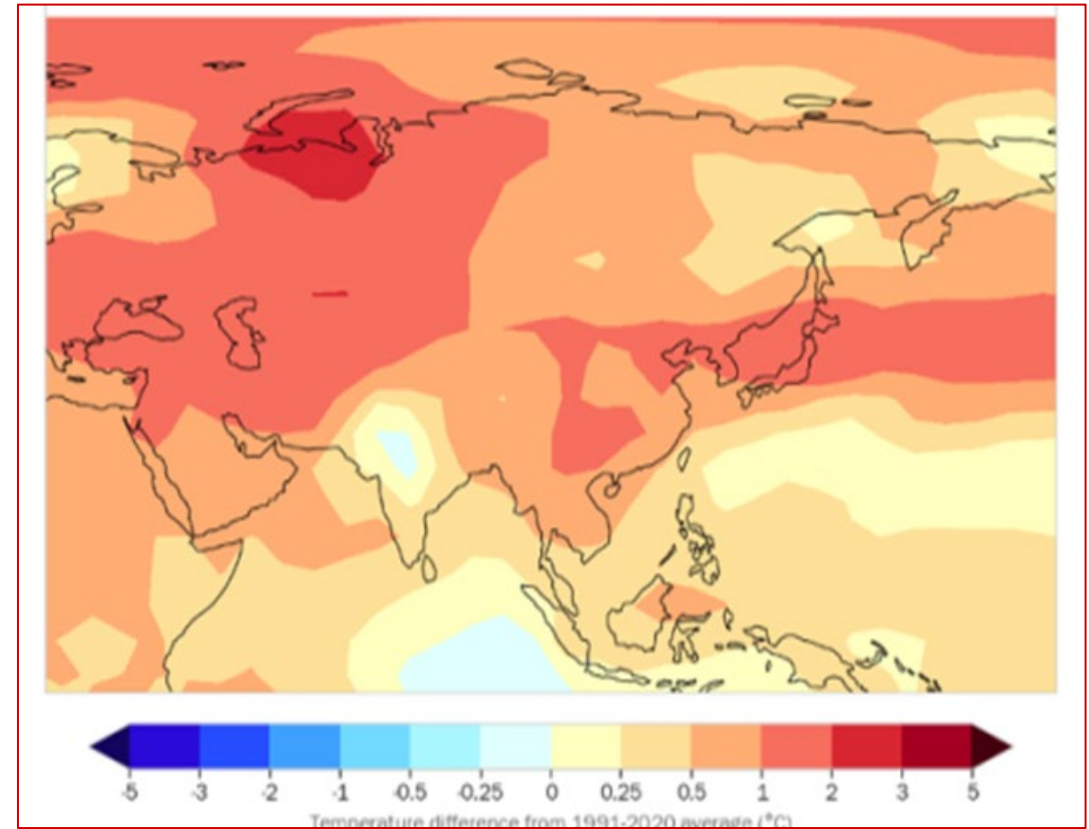
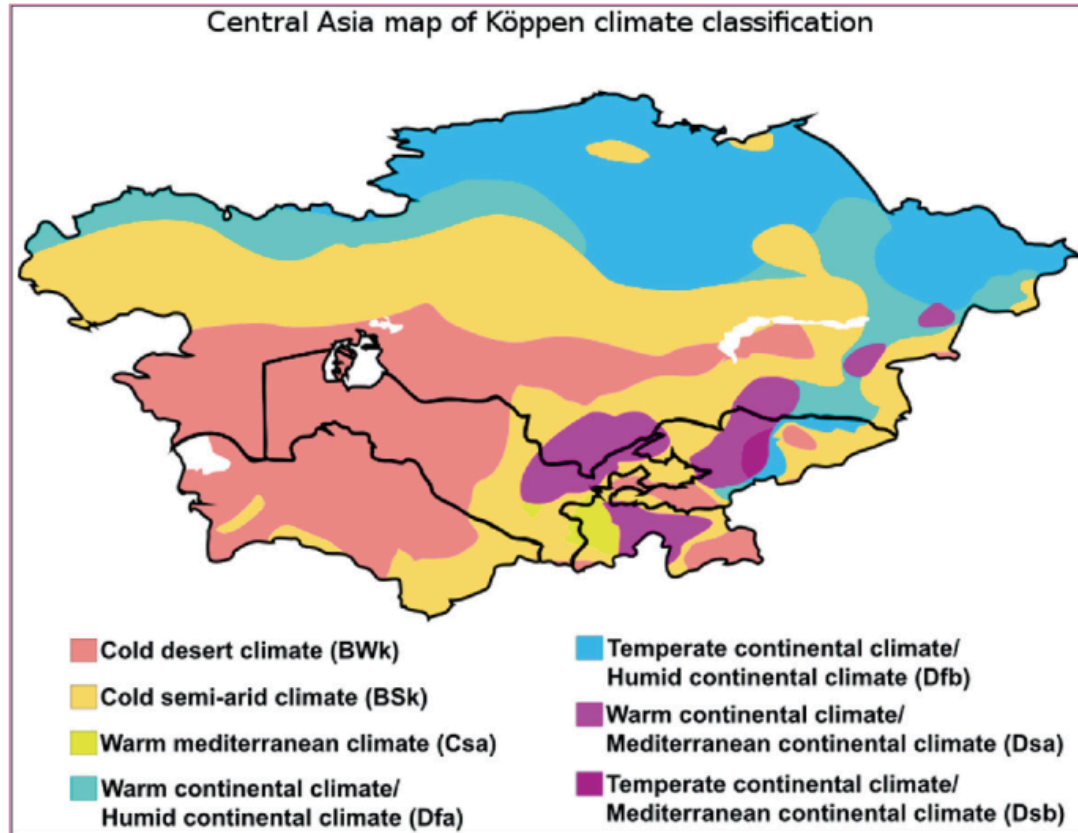
job creation and working conditionalism,
equal opportunity,
employee conditions and diversity,
impacts on local communities
social impact of products
gender-based violence and harassment

- **Social**

values and culture, ·
board diversity and structure
ethics and compliance
shareholder rights,
·disclosure and transparency

- **Governance**

ESG in CAREC Region and Economies



ESG in CAREC Region and Economies



ESG in CAREC Region and Economies: China

- 2012, *Green Credit Guidelines*, China Banking and Insurance Regulatory Commission (CBIRC) ;
- 2015, *Integrated Reform Plan for Promoting Ecological Progress*, State Council;
- 2016, *Guidelines for Establishing the Green Financial System*, seven ministries and commissions(PBOC, MOF, etc.);
- 2017, *Guidelines for Supporting Green Bond*, China Securities Regulatory Commission;
- 2018, *Amended Code of Corporate Governance for Listed Companies*, China Securities Regulatory Commission (CSRC);
- 2018, “*Green Investing Guidelines*” and “*Research Report on China’s Listed Companies ESG Assessment System*”, Asset Management Association Of China (AMAC).
- 2021, *Code of Corporate Governance for Banks and Insurance Institution*, CBIRC.
- 2022, *Green Finance Guidelines for the Banking and Insurance Industries*, CBIRC
- April 2024, *Guidelines on Self-Regulation of Listed Companies – Sustainability Report (Trial) of the People's Republic of China*, Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), Beijing Stock Exchange (BSE).

ESG in CAREC Region and Economies: Mongolia

- 2011, *National Action Programme on Climate Change (2011-2021)* , Mongolian Parliament;
- 2014, *Mongolian Sustainable Finance Principles and the Sector Guidelines*, Mongolian Banker's Association and Mongolian Central Bank;
- 2016, *Mongolia Sustainable Development Vision (2016-2030)*;
- 2017, *National Financial Market Development Program 2025*, Ministry of Finance, BOM, Financial Regulatory Commission
- 2018, *National Sustainable Finance Roadmap of Mongolia*, MSFA(Mongolian Sustainable Finance Association);
- 2019, *National green Taxonomy*, FSCM (Financial Stability Commission of Mongolia) ;
- 2023, *Mongolia SDGs Taxonomy Technical Report*, FSCM

ESG in CAREC Region and Economies: Pakistan

- 2013, *Corporate Social Responsibility Voluntary Guidelines*, SECP (Securities and Exchange Commission of Pakistan);
- 2016, SDG support institutions in state and provincial planning agencies to guide implementation and monitor progress;
- 2017, *Green Banking Guidelines (GBG)* , State Bank of Pakistan;
- 2019, *Code of Corporate Governance for Listed Companies (updated)*; SECP
- 2021, *Guidelines for Green Bonds Issuance*, SECP
- 2022, *ESG Regulatory Roadmap*, SECP

ESG in CAREC Region and Economies: Georgia

- 2018, *Corporate Governance Code for Commercial Banks*, NGB(National Bank of Georgia);
- 2019, *Roadmap for Sustainable Finance in Georgia* , NGB;
- 2020, *Environmental, Social and Governance (ESG) Reporting and Disclosure Principles (ESG Principles)*, NGB and OECD;
- 2021, *Sustainable Finance Status Report*, NGB.

ESG in CAREC Region and Economies: other countries

Kazakhstan:

ARDFM (Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market) : prioritize the development of a “green finance market” and “the introduction of ESG principles in financial organizations and institutions.” In March 2022, ARDFM and EBRD signed a memorandum of understanding for cooperation to facilitate the implementation of ESG standards and Corporate Climate Governance (CCG) practices by financial institutions in Kazakhstan.

The Kazakhstan Stock Exchange (KASE): joined the UN Sustainable Stock Exchanges (SSE) Initiative in 2015; published its first edition of ESG principles in 2016, issued new rules requiring additional ESG disclosures by listed companies in their annual reports in 2020 and planed to shift from voluntary to mandatory ESG reporting.

Uzbekistan:

In 2021: “Progress in Uzbekistan: Environment, Social and Governance Report 2020” , the first-ever sovereign ESG report.

Azerbaijan:

In 2021, the government issued “Azerbaijan 2030: National Priorities for Socio-Economic Development” , which highlights the development of renewable energy and green technologies”

In 2023, the Central Bank of the Republic of Azerbaijan (CBAR) approved the “Sustainable Finance Roadmap for 2023-2026” To transform the financial sector into sustainable finance, and action plan including integrating climate-related and ESG factors into risk management and incorporating metrics and data for ESG risks disclosure purposes into the regulatory framework.

Kyrgyz Republic:

The government formulated *the National Strategy for Sustainable Development 2040* and the *Development Program of the Kyrgyz Republic for the Period 2018-2022* in 2018, with the aim of promoting green and inclusive economic development.

Boosting ESG Performance in CAREC region: barriers and suggestions

