



Organized by:

Central Asia Regional Economic Cooperation Institute

Asian Development Bank

CAREC Chai IX

Simplify ESG Compliance: Insights, Tools, and Regional Perspectives

Webinar

23 May 2024

16:00 – 18:00 (Beijing time, UTC+8)

Policymakers face the challenge of designing effective plans to achieve a better balance between economic growth and environmental protection or energy efficiency. Addressing climate risk is urgent, but it is also imperative in Asia to enhance social factors such as human rights, education, gender equality, and welfare.¹

In recent years, there has been a growing dialogue among investors and policymakers regarding climate change mitigation strategies, net-zero commitments, and a wide array of Environmental, Social, and Governance (ESG) topics. This dialogue reflects a global recognition of the urgent need to address sustainability challenges and emphasizes the importance of integrating ESG considerations into investment and business decisions. ESG investment has the potential to bolster resilience in financial markets, with investors increasingly prioritizing the enhancement of corporate values over the long term. As of 2020, the global sustainable investment market surged to an impressive USD 35.3 trillion across key regions such as Europe, the United States, Canada, Australasia, and Japan². Moreover, ESG assets under management, employing an ESG integration approach, reached an unprecedented US\$25.2 trillion during the same period.

In the past few years, the scale of ESG investments in the mainland Chinese market has grown rapidly. As of September 2023, the market size for major types of responsible investments in China was approximately CNY 31.59 trillion (USD 4.51 trillion). However, the majority of this comprises green loans from commercial banks, with ESG investments from mutual funds constituting only a small portion. Nevertheless, the growth of mutual funds is significant. In 2008, there were fewer than a hundred ESG mutual funds, with a total size of just over CNY 40 billion (USD 5.71 billion). As of September 2023, 98 mutual fund companies have launched 747 ESG mutual fund products, with a total size exceeding CNY 500 billion (USD 71.43 billion).³ Overall, the asset quality of green credit is good, with a non-performing loan rate consistently below 0.7% over the past five years, significantly lower than the overall non-performing levels of various loans during the same period.

ESG development can help accelerate the transition of CAREC member economies to green, sustainable economies, given the region's relatively fragile natural and geographical conditions. However, ESG development in most CAREC members is still in its infancy and faces issues such as weak ESG awareness,

¹ [strengthening-environmental-social-and-governance-investment-under-covid-19.pdf \(adb.org\)](#)

² Global Sustainable Investment Review, 2022. <https://www.gsi-alliance.org/wp-content/uploads/2023/12/GSIA-Report-2022.pdf>

³ Global Sustainable Investment Review, 2022. <https://www.gsi-alliance.org/wp-content/uploads/2023/12/GSIA-Report-2022.pdf>

difficult access to data, underdeveloped policy and regulatory frameworks, and a lack of relevant evaluation agencies, pointing to the necessity for member economies in the region to draw on international experience, strengthen regional exchange and cooperation, and promote regional ESG infrastructure development and sustainable finance.⁴

To overcome these challenges and unlock the full potential of ESG in the region, it is imperative for CAREC member economies to leverage international best practices, foster regional exchange and collaboration, and prioritize the development of sustainable finance infrastructure. By doing so, CAREC countries can harness the transformative power of ESG to build more resilient and sustainable economies, ensuring a prosperous future for generations to come.

The Central Asia Regional Economic Cooperation (CAREC) Institute, in collaboration with the CAREC Secretariat/ADB, is organizing the 9th CAREC Chai event on 23 May 2024, at 16:00 Beijing time. The objective of the dialogue is to convene stakeholders from across the CAREC region to deepen understanding, exchange insights, and explore actionable strategies for advancing Environmental, Social, and Governance (ESG) integration and sustainable finance in the region. By fostering collaboration between policymakers, investors, and other stakeholders, the dialogue aims to identify priority areas for intervention, share best practices, and catalyze collective action towards building resilient and sustainable economies within the CAREC region. Through interactive discussions and knowledge sharing, the dialogue seeks to contribute to the acceleration of ESG development, enhance capacity building, and promote cross-sectoral cooperation to address pressing sustainability challenges and unlock opportunities for inclusive and green growth. Additionally, the company "Climcycle Software" will introduce software designed for conducting physical climate risk assessments, CO2 emissions calculations (PCAF), ESG risk scoring, and ESG stress testing tailored for global stakeholders⁵.

Please register here:

https://carecinstitute-org.zoom.us/webinar/register/WN_qvbJ4baDSj-0SAL-BJXOsw

Panelists will receive individualized Zoom links for their participation in the event.

Background Reading:

Diversified ESG Evaluation by Rating Agencies and Net Carbon Tax to Regain Optimal Portfolio Allocation* | Asian Economic Papers | MIT Press <https://direct.mit.edu/asep/article-abstract/22/3/81/117841/Diversified-ESG-Evaluation-by-Rating-Agencies-and?redirectedFrom=fulltext>

Economic Brief on Environmental, Social, and Governance in the CAREC Region at [Economic Brief on Environmental, Social, and Governance in the CAREC Region – CAREC Institute](#)

ESG in China: A review of practice and research, and future research avenues at <https://www.sciencedirect.com/science/article/pii/S1755309123000357?via%3Dihub>

Unpacking the ESG Ratings: Does One Size Fit All? at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4742445

SaaS Tool for the Identification, Quantification and Disclosure of ESG at <https://www.climcycle.com/en>

[Diversified ESG Evaluation by Rating Agencies and Net Carbon Tax to Regain Optimal Portfolio Allocation* | Asian Economic Papers | MIT Press](#)

⁴ CAREC Institute, 2022. <https://www.carecinstitute.org/publications/economic-brief-on-environmental-social-and-governance-in-the-carec-region/>

⁵ <https://www.climcycle.com/en/%C3%BCber-uns>

Agenda

23 May 2024 (Beijing time, GMT+8)⁶

15:50-16:00: Virtual Connection to the Dialogue and Webinar Rules
Group Photo
Ms. Dildar Zakir, Capacity Building Specialist, CAREC Institute

Opening Remarks

16:00-16:05 **Mr. Kabir K. Jurazoda**, Director, CAREC Institute
Dialogue MC: **Ms. Dildar Zakir**, Capacity Building Specialist, CAREC Institute

Session I: Keynote Presentations

16:05-16:30 Climcycle-the ESG Software Suite
Mr. Alexander von Gleich, Senior Advisor, Climcycle Software Company
Mr. Fabius Lenhart, Chief Operating Officer, Climcycle Software Company

16:30-16:45 Key Findings from "ESG in China: A review of practice and research, and future research avenues"
Ms. Hongtao Shen, School of Management, Jinan University, Guangzhou, PRC

16:45-17:00 Economic Brief on Environmental, Social, and Governance in the CAREC Region
Ms. Lihong Chen, Ministry of Finance, PRC

Moderator: Mr. Hans Holzacker, Chief economist, CAREC Institute (TBC)

Session II: Panel Discussion with Implementing Partners

This is a structured brainstorming session with representatives of regional institutions and projects in the CAREC region. Each organization's expert will be given 10 minutes to address their comments on the identified topics.

Distinguished Discussants:

17:00-17:15 **Presentation on ESG Investment, Green bond and SME Geen Policy**
Mr. Naoyuki Yoshino, Professor Emeritus of Economics, Keio University, Japan/Specially Appointed Professor, Tokyo Metropolitan University (Economics)/Advisor, Financial Research Center, Financial Services Agency (FSA), Government of Japan

⁶ Simultaneous Interpretation will be available. Please select from the bottom panel your language of preference, English or Russian.

17:15-17:25 **Mr. Fu Xin**, Associate Professor/PhD. Supervisor, Business School of Hohai University, Nanjing, China

17:25-17:50 **Q&A session**

Moderator: Mr. Kuat Akizhanov, Deputy Director II, CAREC Institute

Takeaways and Way Forward

17:50-18:00 **Mr. Kuat Akizhanov**, Deputy Director II, CAREC Institute