



ESG Digest #25

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PwC Eurasia Survey: A significant majority of companies in Kazakhstan, Azerbaijan, Uzbekistan, and Mongolia acknowledge the importance of ESG agenda

A recent PwC Eurasia ESG Awareness survey, encompassing Kazakhstan, Azerbaijan, Mongolia, and Uzbekistan, highlights the growing relevance of the ESG agenda in these countries.

The survey, which included data from the 120 largest companies in these four territories, reveals that most companies acknowledge the importance of ESG factors, with awareness levels ranging from 67% to 97%. However, according to the results, the implementation of ESG strategies varies significantly, with only 21% to 62% of companies having developed comprehensive ESG strategies.

Companies in the region show similar priorities in ESG topics. However, 24-42% of companies have not yet taken any action to mitigate climate risks, and diversity and inclusion issues were noted by only 23% of companies. Corporate governance issues, such as compliance, business ethics, and ESG risk management, remain as key factors for companies, but only 8% of companies focus on board diversity and shareholder rights. Kazakhstani companies demonstrate a high level of awareness and integration of ESG practices. The detailed findings are presented in a series of reports, specifically prepared for each of the four countries.

[PwC Kazakhstan edition](#)

[PwC Azerbaijan edition](#)

[PwC Uzbekistan edition](#)

[PwC Mongolia edition](#)



Kazakhstan has released new hydrogen standards based on international ISO standards

Three new hydrogen standards in Kazakhstan were approved on 1 July 2024 - ST RK ISO 14687-2023 “Hydrogen fuel quality – Product specification”, ST RK ISO/TR 15916-2023 “Basic considerations for the safety of hydrogen systems” and ST RK IEC 62282-3-100-2023 “ Fuel cell technologies Part 3-100. Stationary fuel cell power systems – Safety.”*

The transition to hydrogen use is prominently featured in the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060 as one of the priority areas of development. According to the Strategy, the Concept for the development of hydrogen energy in the Republic of Kazakhstan until 2040 is currently underway. The development of hydrogen standards align with Kazakhstan’s overarching goal of achieving carbon neutrality.

[ST RK ISO 14687-2023 “Hydrogen fuel quality Product specification”](#)

[ST RK ISO/TR 15916-2023 “Basic considerations for the safety of hydrogen systems”](#)

[ST RK IEC 62282-3-100-2023 “ Fuel cell technologies Part 3-100. Stationary fuel cell power systems. Safety”](#)

*National standards of the Republic of Kazakhstan

Moody's and MSCI announced a strategic partnership to enhance ESG transparency

Credit rating agency Moody's and financial analytics provider MSCI have formed a mutually beneficial agreement to enhance transparency in ESG and sustainability markets.

This partnership grants Moody's access to MSCI's industry-leading ESG ratings and content, which will be integrated into the solutions Moody's offers to customers in the banking, insurance, and corporate sectors. In return, MSCI will gain access to Moody's Orbis database, which covers 500 million firms globally. This access will enable MSCI to expand its coverage of private company ESG data.

Additionally, the companies state that they plan to explore solutions leveraging Moody's private company data and credit scoring models to provide greater insight into the private credit market.

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World Benchmarking Alliance: 90% of companies do not meet social expectations in the areas of human rights, labour and ethics

The World Benchmarking Alliance (WBA), an alliance of non-profit organizations and financial institutions launched in 2018 to promote the global achievement of the United Nations Sustainable Development Goals (UN SDGs). The Alliance regularly develops a series of public benchmarks to measure the contribution of the world's 2,000 most influential companies (SDG2000) to achieving the UN SDGs.

Collectively, these companies employ more than 95 million people and generate annual revenues of USD 45tn, equivalent to 45% of global GDP.

The WBA's first-ever Social Benchmark reveals that 90% of these companies are not even halfway to meeting fundamental societal expectations regarding human rights, decent work, and ethical conduct.

Another key finding indicates that 80% of companies fail in human rights due diligence, and only 3% meet the International Labour Organization's minimum standards on working hours. These results highlight significant shortcomings in the social aspects of corporate performance.

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ESMA unveils measures to support Corporate Sustainability Reporting

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, recently published a Final Report on the Guidelines for the Enforcement of Sustainability Information (GLES I) and a Public Statement regarding the first application of the European Sustainability Reporting Standards (ESRS).

The Public Statement provides guidance for companies in preparing for the first sustainability reports in accordance with the ESRS. It is recommended to focus on three main areas that are double materiality assessment, transparency about the use of transitional relief and clearly structured sustainability statements.

The GLES I provides a framework harmonizing supervisory practices for sustainability reporting to all competent authorities undertaking supervision of sustainability information prepared by issuers listed on an EU regulated market. The GLES I comprise of 22 guidelines grouped into six main areas.

Furthermore, ESMA emphasizes the significance of continuous training for issuers on ESRS.

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The European Commission has imposed temporary tariffs on Chinese battery electric vehicle (BEV) imports due to unfair subsidization. This decision resulted from an investigation initiated by the Commission in 2023, prompted by the surge in low-priced electric vehicle exports from China to the EU. These tariffs will be effective from 5 July 2024 for a maximum of four months, pending a final decision following a vote by EU Member States.

Currently, the European Commission is engaged in discussions with China to find a WTO-compatible solution.

These measures are crucial for the growth of the electric vehicle market in the EU, which, according to EU regulations, must achieve a 100% reduction in CO2 emissions from new cars and vans by 2035.

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EU Imposes Provisional Duties on Chinese Electric Vehicle Imports Amid Subsidization Concerns

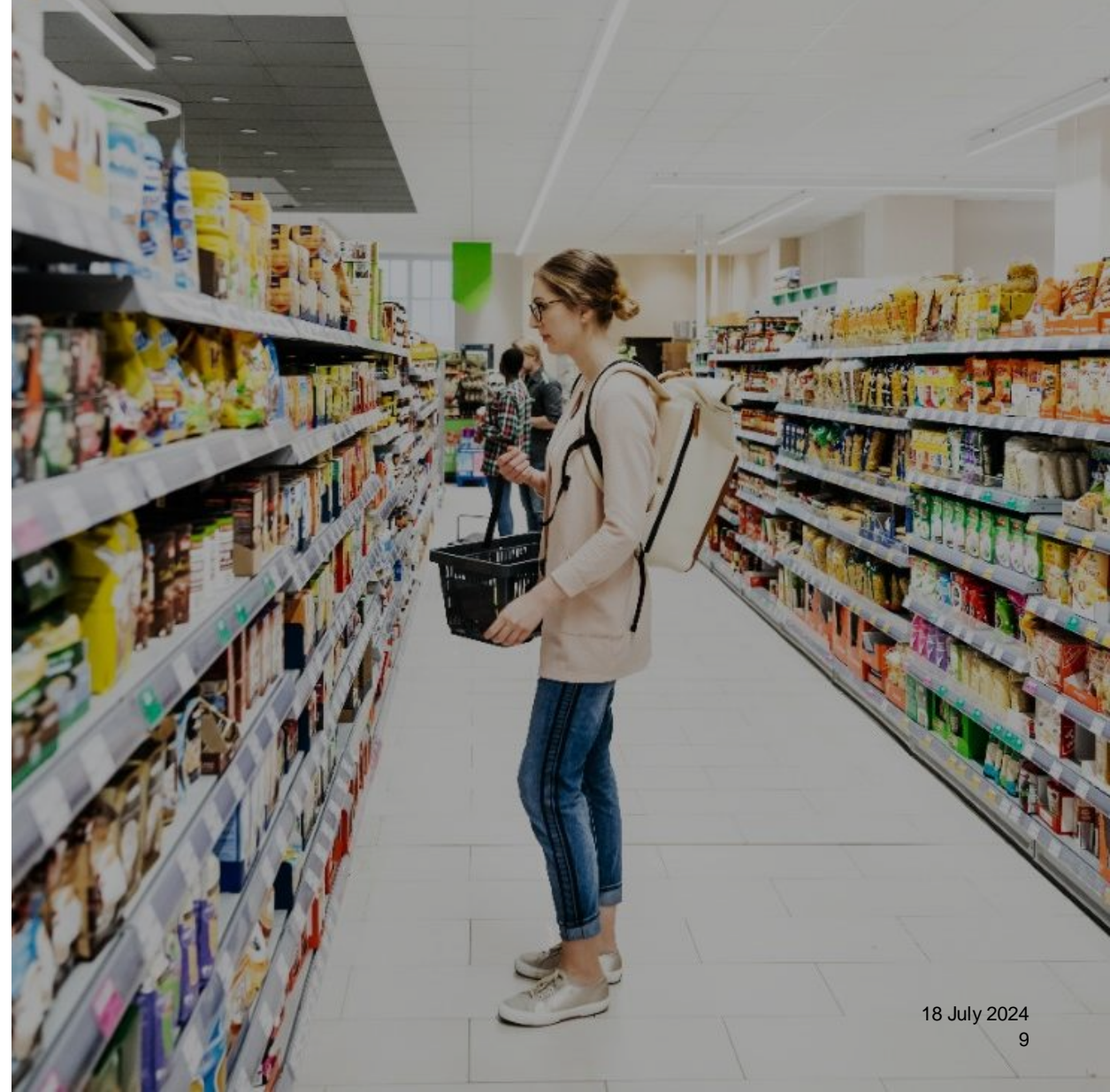
EU Expands Ecodesign Rules to Nearly All Goods, Enhancing Sustainability and Transparency

The European Union has enacted the Ecodesign for Sustainable Products Regulation (ESPR), with the objective of augmenting the sustainability of products in the EU market. This regulation, which superseded the Ecodesign Directive 2009/125/EC, encompasses almost all physical goods and is designed to enhance energy efficiency, circularity, and environmental sustainability.

The ESPR establishes a framework for setting eco-design prerequisites for specific product categories and introduces several additional measures. Notably, it bans the destruction of unsold textiles and footwear. Furthermore, it mandates that companies disclose annual data on discarded products.

In 2021, the EU's eco-design measures led to savings of EUR 120bn in energy costs for EU consumers and a 10% reduction in the annual energy consumption of the products covered by these measures.

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U.S. Announces USD 4.3bn Funding for Projects to Cut Climate Pollution Across Key Sectors

The U.S. Environmental Protection Agency (EPA) announced 25 selected applicants for over USD 4.3bn in grants for projects in 30 states aimed at reducing climate pollution across six key sectors: the transportation, electric power, commercial and residential buildings, industry, agriculture, and waste and materials management sectors.

The grants will be funded through the Climate Pollution Reduction Grants program, which was created under the Inflation Reduction Act as part of President Biden's Investing in America agenda.

According to the EPA, the selected projects would reduce greenhouse gas emissions by 971 million metric tons by 2050.

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The Hong Kong Government has launched an **HKD 25bn green bond offering**

The Government of the Hong Kong Special Administrative Region of the People's Republic of China (the HKSAR Government) issued HKD 25bn (USD 3.2bn) worth of green bonds denominated in Renminbi (RMB), US dollars (USD), and euro (EUR) under the Government Sustainable Bond Programme. These green bonds are listed on both the Hong Kong Stock Exchange and the London Stock Exchange.

Notably, the HKSAR Government introduced 20-year and 30-year RMB Green Bonds for the first time.

The proceeds from the green bonds will fund projects aimed at facilitating Hong Kong's low-carbon transformation, aligning with the Green Bond Framework.

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The EU Corporate Sustainability Due Diligence Directive (CSDDD) came into force on 25 July 2024, requiring companies to carry out due diligence on human rights, environmental impacts of companies' operations and their global value chains, as well as develop plans for climate change mitigation in line with Paris Agreement and the European Climate Law intermediate targets.

Member States will have two years to transpose the directive into national law. Companies are expected to bear the costs of establishing and operating the due diligence process. The directive applies to EU companies with more than 1,000 employees and EUR 450m net turnover worldwide, and non-EU companies with a net turnover of more than EUR 450m generated in the EU.

[Read more](#)



The EU Corporate Sustainability Due Diligence Directive entered into force

Global Energy Monitor report: China is home to two-thirds of world's utility-scale solar and wind power in construction

Global Energy Monitor recently published a report that solidifies China's position as a global leader in the renewables sector. Remarkably, 64% of global utility-scale solar and wind power under construction is in China, while the global average accounts for only 7%.

According to the report, China's installed solar capacity between March 2023 and March 2024 exceeded the combined installed capacity of the rest of the world for 2023.

China's "Whole County PV" programme in rural areas significantly contributed to the expansion of solar energy use. China's rapid surge in the renewable sector is driven by low investment costs, easy installation processes, and robust policy support.

China is on track to achieve its 2030 target for 1,200 GW installed wind and solar capacity by the end of 2024.

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The Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market has approved the Methodological Guide on Environmental and Social Risk Management

The Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market has approved the Methodological Guide on Environmental and Social Risk Management (ESRM) for banks and other financial organizations.

The ESRM promotes understanding of best practices for managing environmental and social risks. International standards for the disclosure of financial and non-financial information, such as GRI, SASB and CDP, and requirements for assessing social and environmental risks, including WBG ESF, IFC Performance Standards, The Equator Principles, UNEP-FI, UN PRI, BIAC, TUAC and EBRD were taken into account for this guide.

The recommendations of the guide can be used in various types of financing, including trade finance, microfinance, SME financing, corporate and project financing.

The guide is not a regulatory legal act and is recommended for implementation. Non-compliance with the provisions of the guide does not entail liability for financial organizations from the Agency.

[Read more](#)

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