

ESG Digest #34

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Global



The EBA Introduces New ESG Tool to Assess Climate Risks in the EU Banking Sector



The European Banking Authority (EBA) has published key indicators on climate risks in the EU/EEA banking sector. The new ESG tool provides centralized access to comparable climate risk indicators, enhancing the monitoring and assessment of transition and physical climate risks.

According to the data, over 70% of corporate exposures of EU/EEA banks are linked to sectors significantly contributing to climate change, posing substantial risks if regulatory requirements or consumer preferences shift. Less than 30% of banking exposures are in areas with elevated physical climate risks. The Green Asset Ratio (GAR) remains low, averaging below 3%, reflecting the slow alignment of the economy with EU taxonomy requirements.

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MuniFin, a Finnish Financial Institution, has Issued a green Bond Valued at USD 180 mln to Finance Sustainable Public Projects

Municipality Finance Plc (MuniFin) has issued a NOK 2 bn green bond, maturing on August 19, 2030, with a fixed annual interest rate of 4%, under its EUR 50 bn Medium Term Note programme. Proceeds from the bond will finance sustainable projects involving public transport, energy-efficient buildings, and social services facilities.

As one of Finland's largest credit institutions, MuniFin is owned by municipalities, the State, and the public-sector pension fund Keva, managing over EUR 53 bn. Its green bond framework aligns with Finland's ESG priorities, targeting domestic public-sector and nonprofit clients.

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USD 2.4 bn Invested by the New York State Pension Fund in Climate and Sustainable Funds

The New York State Pension Fund has invested approximately USD 2.4 bn more in sustainable and climate-focused assets as part of its Sustainable Investments and Climate Solutions (SICS) program. These investments include USD 2 bn in the FTSE Russell TPI 1000 Climate Transition Index Fund, as well as USD 250mln and USD 150mln in two specialized funds focused on energy infrastructure modernization and sustainable development in the transportation and agricultural sectors.

To date, the fund's total investments in the SICS program have exceeded USD 26.5bn of the planned USD 40bn by 2035.

Investments range from publicly traded stocks and bonds to private equity, real estate and real assets. These funds aim to mitigate risks and capitalize on opportunities related to climate change.

The fund is also continuing its efforts to decarbonize its portfolio, currently restricting its investments to 39 carbon-intensive companies in the oil, gas and coal sectors.

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EU Sustainability Reporting and Due Diligence Obligations Delayed

The European Parliament has voted to delay the introduction of new EU sustainability reporting and due diligence requirements. The decision was part of a wider initiative to simplify regulation and improve the competitiveness of the European Union. Under the amendments, the new rules will enter into force later to give companies additional time to prepare.

Companies with more than 5,000 employees and a revenue of more than EUR 1.5 bn, as well as foreign companies of similar size, will only start applying the rules from 2028. The same period will be granted to second-tier companies of 3,000 employees or more with a revenue of EUR 900 mln.

EU member states have also been given an additional year to incorporate the directive into national law - until July 2027.

The postponement will also affect sustainability reporting obligations. Large companies with 250 or more employees will report on environmental and social performance for the first time in 2028. SMEs whose shares are listed on stock exchanges will start disclosing such information from 2029. The EU Council is expected to finalize the law in the near future.

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IFRS Sustainability Reporting Standards will now Take into Account TNFD's Recommendations on Nature-related Disclosures



The IFRS Foundation and the Task Force on Nature-related Disclosures (TNFD) have signed a memorandum of understanding that strengthens collaboration on sustainability reporting. This agreement will help integrate TNFD's recommendations into the work of the International Sustainability Standards Board (ISSB) to provide investors with quality information on nature-related risks and opportunities. It is expected to create a unified global approach to disclosure of business impacts on nature.

TNFD is now actively involved in the ISSB's Biodiversity and Ecosystem Services (BEES) research project, to address investor interests and increase transparency on nature and the environment.

The signed memorandum foresees exchange of data, research and technical expertise, as well as the development of joint market engagement and skill development initiatives. The measure will help harmonize reporting standards to enhance sustainable investment and achieve the goals of the Global Biodiversity Framework.

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The GHG Protocol Incorporates CDP, EFRAG, GRI, ISSB, and SBTi to Enhance the Consistency of Climate Reporting

The Greenhouse Gas (GHG) Protocol has expanded its Independent Standards Board by including CDP, EFRAG, GRI, ISSB, and SBTi as non-voting observers to improve alignment across sustainability frameworks. This collaboration aims to streamline GHG accounting and reporting, helping corporations meet growing regulatory and investor demands for transparent climate data.

The move facilitates enhanced coordination in standards development, offering material benefits for companies seeking to set and achieve climate targets efficiently. Leaders from each organization emphasized the importance of robust accounting standards and consistent reporting in driving economic change. This initiative is set to reinforce the credibility of climate target-setting and aid companies in aligning their strategies with evolving global expectations.

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The Reporting Requirements under ISSB will be Simplified for Financial Institutions

The International Sustainability Standards Board (ISSB) has proposed amendments to its climate disclosure standard (IFRS S2), allowing financial institutions to exclude certain Scope 3 emissions related to derivatives, facilitated transactions, and insurance activities. These changes aim to reduce compliance costs and ease reporting burdens while maintaining transparency and usefulness for investors.

The proposals are based on market feedback and include optional reliefs, maintaining alignment with global sustainability frameworks. Public comments are invited until June 2025, with final amendments expected by year-end, ensuring flexibility and global consistency.

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MDBs at C40 Cities Roundtable: USD 4.5 tn Gap in Urban Climate Finance

At a roundtable organized by the C40 Cities initiative and the Global Coalition of Mayors for Climate and Energy, multilateral development banks (MDBs) discussed ways to increase financing for climate initiatives in cities. The global investment gap in sustainable urban development is estimated to be around USD 4.5 tn per year through 2030. Participants emphasized that without large-scale investments in adaptation, resilient infrastructure and technical support, cities will not be able to effectively address climate challenges.

Mayors from more than 40 cities have called on MDBs to directly integrate urban climate projects into their strategies and increase the share of subnational financing. In response, banks have expressed their willingness to step up support through concessional financing, financial guarantees and collaboration with the private sector. Such steps are particularly relevant for emerging economies, where vulnerability to climate risks is high and access to investment is limited.

The MDBs reaffirmed their commitment to accelerating urban climate transformation, with the World Bank and EIB emphasizing that investing in cities is not just about infrastructure, but about sustainability, inclusion and a just future for mlns of citizens.

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EUR 185 mln will be Provided by the European Investment Bank and BBVA to Finance Green Housing in Spain

The European Investment Bank (EIB) and BBVA have provided EUR 185 mln to finance sustainable housing projects promoted by small and medium-sized enterprises in Spain. This initiative is backed by the InvestEU programme, which aims to mobilize over EUR 372 bn in investments by 2027.

The funding will be used to construct residential buildings with near-zero emissions, improving energy efficiency and reducing CO2 emissions. A significant portion of the projects will be implemented in regions with income below the EU average. This collaboration strengthens the strategic priorities of the EIB, such as climate action and access to sustainable housing.

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The International Finance Corporation will Provide a Green Loan of USD 100 mln to Finance Sustainable Construction in Chile

The International Finance Corporation (IFC), part of the World Bank Group, has issued its first green loan in Chile, amounting to USD 100 mln, to Santander Chile to accelerate green building projects. This initiative is also IFC's first green financing for Santander Group globally.

The loan includes sustainability-linked incentives based on Santander's progress in meeting criteria under the EDGE certification. Jean-Marc Arbogast of the World Bank Group highlighted the partnership's significance in reducing carbon emissions and building resilience. IFC's Advisory Services played a vital role, offering technical support and innovative solutions to promote green opportunities in Chile.

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98% of Goldman Sachs Shareholders Oppose the Rollback of Diversity, Equality and Inclusion Initiatives

Goldman Sachs shareholders overwhelmingly (98%) voted against two proposals to roll back corporate diversity, equity and inclusion (DEI) policies at its annual meeting. The company's board of directors strongly recommended rejecting these initiatives, emphasizing that diversity of perspectives, experiences and approaches drives commercial success and strengthens long-term shareholder value.

The proposals came from the National Center for Public Policy Research (NCPPr), which has also promoted similar initiatives at other large companies. The authors suggested eliminating mechanisms to reward executives for promoting DEI and independently auditing corporate programs for alleged discrimination. Nevertheless, as with Apple, Disney, Costco and others, most shareholders expressed confidence in the existing policy.

Goldman Sachs management noted that the company remains committed to an inclusive approach to governance despite the changing legal environment in the US.



At the same time, some adjustments have been made in reporting to comply with new regulatory requirements. The shareholder vote reaffirmed the company's strong support for initiatives aimed at fostering a fair and diverse corporate culture.

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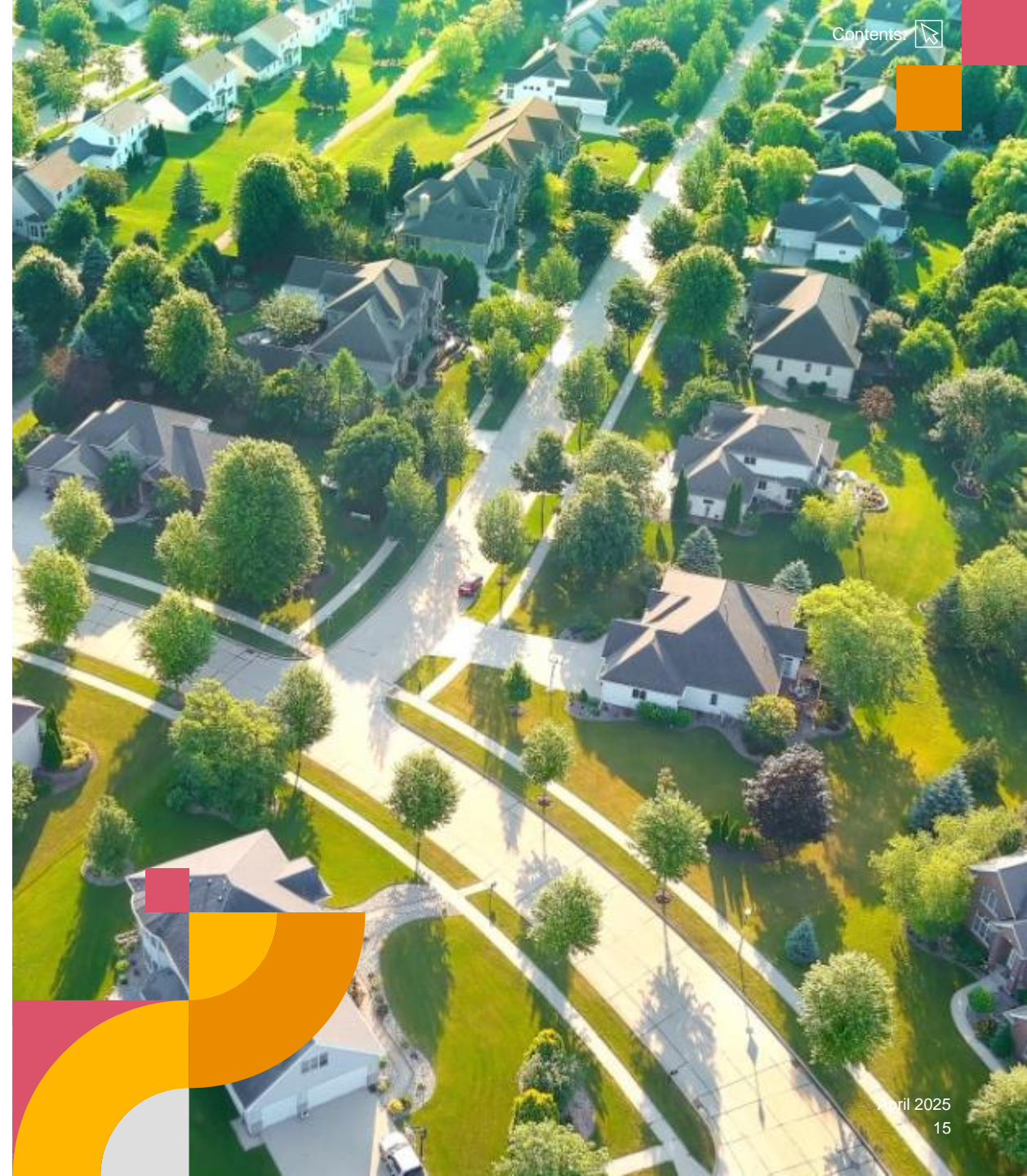
The Green Building Standard in the U.S. has been Updated: LEED Version 5

LEED Version 5 emphasizes decarbonization, with 50% of certification points focused on reducing emissions across operations, materials, and infrastructure. Prioritizing climate resilience and occupant health, this update positions buildings as community hubs for well-being and risk mitigation.

LEED-certified properties command higher market value and attract better financing options. Introduced by the U.S. Green Building Council, LEED v5 aims to deliver high-performance, low-carbon buildings, enhancing investor confidence in sustainable assets.

With strategic input from industry professionals, LEED v5 addresses real estate and investment sector demands, offering tools for future-proofing assets and supporting community and ecological health.

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New UNDP Sustainable Finance Office in Dublin with EUR 7.5 mln Investment from the Irish Government

UNDP and the Irish Department of Finance officially launched a new sustainable finance office in Dublin on the sidelines of the IMF and World Bank Spring Meetings in Washington, DC. The initiative will be UNDP's first official platform in Ireland, with the Irish government supporting the office with a EUR 7.5 mln investment from 2025 to 2027. The new office aims to become a global hub for sustainable development finance, climate initiatives and conservation, providing tools and knowledge to more than 40 countries.

The office will serve as a platform for interaction between financial institutions, government agencies and regulators, and will also coordinate the work of initiatives such as the Financial Centers for Sustainability and the Sustainable Insurance Forum. In addition, the office will develop practical solutions ranging from nature-based investment instruments to digital platforms for sustainable growth.

Ireland's Minister for Finance, Pascal Donoghue, emphasized the country's commitment to playing a key role in shaping the global sustainable finance agenda.

UNDP Chief Achim Steiner noted that financing is one of the most important levers for overcoming global challenges such as climate change, and Dublin will be an important link in building a sustainable future.

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BloombergNEF Report: Surge in Renewable Energy Generation Driven by Data Center Demand



According to a new report by BloombergNEF, power generation from renewables is set to increase by 84% over the next five years. This growth is driven by rising electricity demand from new data centers, particularly in the US, where their share of total electricity consumption is projected to grow from 3.5% in 2024 to 8.6% by 2035. Globally, data centers are expected to consume 8.7% of all electricity by 2050.

To meet this demand, an additional 362 GW of power generation capacity will be needed by 2035. Notably, these efforts could lead to a 22% reduction in greenhouse gas emissions.

This trend highlights the importance of investing in clean energy technologies and infrastructure.

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2024 is the Hottest Year on Record in Europe According to a Report by the World Meteorological Organization

Europe experienced its hottest year on record in 2024. According to a report by the World Meteorological Organization, almost half of the continent faced record high temperatures. Heat waves, a rise in the number of “tropical nights” and massive glacier loss in Scandinavia and Svalbard are all clear signs of accelerating climate change.

Climate conditions across the continent contrasted sharply, with the east suffering from droughts and heat waves and the west from torrential rains and floods. Storm Boris and other extreme weather events killed at least 335 people and affected more than 400,000. About 30% of Europe's river network overflowed its banks, resulting in the worst flooding since 2013.

Amid climate disasters, there are also positive developments in mitigation and adaptation to climate change. The share of renewable sources in electricity generation has reached a record 45%, and 51% of cities in Europe have already adopted climate adaptation plans. However, scientists emphasize that stronger and faster action is needed to cope with growing risks and prepare infrastructure for future climate challenges.

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Regional

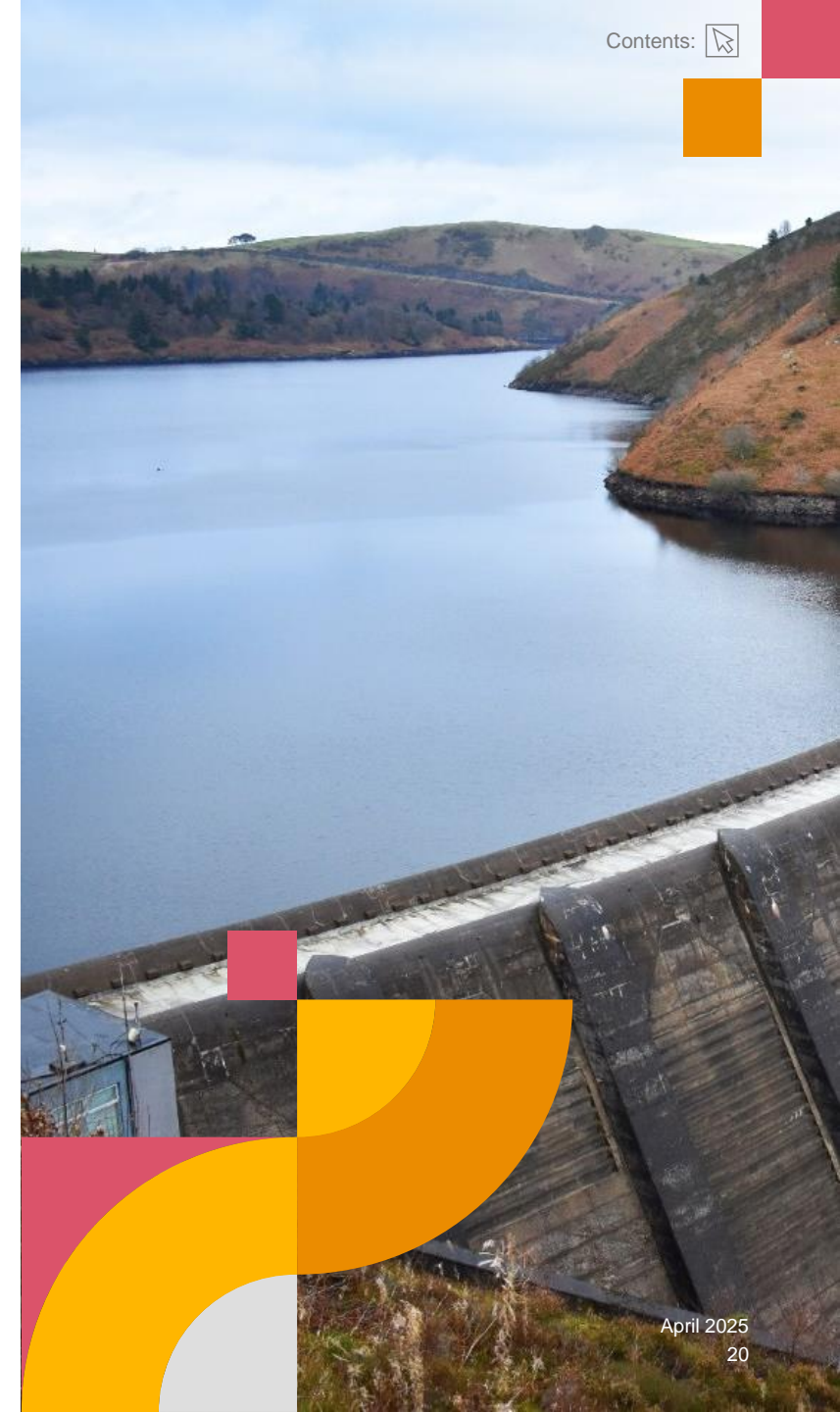


New Water Code of Kazakhstan: Strengthening Water Resource Protection

On April 9, 2025, the President of Kazakhstan Kasym-Jomart Tokayev signed the new Water Code aimed at enhancing the protection of the country's water resources. For the first time, the concept of "water security" has been introduced, covering the protection of citizens and the economy from water shortages and pollution of water bodies. The Code includes five blocks of amendments, such as the introduction of new water conservation mechanisms, revised approaches to water resource management with a focus on protection, measures to prevent and mitigate harmful water impacts, stricter state regulation and control, and ensuring the safety of hydraulic structures. Basin water inspections are now empowered with state oversight functions and the ability to take immediate action.

The Code also strengthens measures to protect small rivers, lakes, marshes and glaciers, prohibits the construction of dams and introduces the concept of "environmental sinks". The Master Plan for Integrated Water Resources Management and basin plans are introduced. Citizens will have access to information through the annual National Water Resources Report. The updated Water Code will be enforced from June 9, 2025, except for some articles, which will be enforced from January 1, 2027.

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EU Plans to Invest 12 bn EUR in Projects in Central Asian Countries

In April 2025, the first summit of leaders of the European Union and five Central Asian countries - Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan - was held in Samarkand. The event was accompanied by the Global Climate Forum, where participants discussed the challenges of climate change and pathways to sustainable development. The Summit concluded with the signing of the Joint Declaration, in which the parties expressed their intention to deepen strategic partnership and intensify cooperation in the areas of environment, trade, transportation, security and human rights.

One of the key outcomes was the announcement of the EUR 12 bn EU Global Gateway investment package. The funds will be used for the development of transport corridors (EUR 3 bn), the extraction of critical raw materials (EUR 2.5 bn), water energy and climate projects (EUR 6.4 bn), and the expansion of digital infrastructure and satellite internet (EUR 100 mln). These initiatives are aimed at strengthening ties between Europe and Central Asia, promoting green economy and inclusive growth.

Participants paid special attention to sustainable water use, environmental security and biodiversity protection. The leaders reaffirmed the importance of joint work within the framework of the Paris Agreement and international initiatives to combat climate change, as well as continued cooperation on the Aral Sea region restoration. Agreements were also reached on combating terrorism, promoting gender equality and supporting civil society, emphasizing the comprehensive nature of the new phase of the EU-Central Asia partnership.

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Uzbekistan Intends to Fulfill Emission Reduction Commitments ahead of Schedule

President of Uzbekistan Shavkat Mirziyoyev said that the country intends to meet its commitments to reduce greenhouse gas emissions by 35% within the framework of the Paris Agreement ahead of schedule. He said this at the Samarkand International Climate Forum.

Mirziyoyev emphasized the importance of transition to a resource-saving and environmentally friendly model of economic development and focused on the problems of food and energy security related to climate change. Uzbekistan plans to increase the share of renewable energy sources to 54% in the next five years and proposes to establish a secretariat for the European Union's Water-Energy-Climate Change initiative in Tashkent.

The country is actively involved in greening projects and introducing water-saving technologies and looks forward to cooperation with the EU on monitoring glaciers. The President called for regional cooperation in the fight against climate change and proposed annual tree planting campaigns in Central Asia.

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Uzbekistan Establishes a National Agency for Energy Efficiency

Uzbekistan is establishing a National Agency for Energy Efficiency, subordinate to the Cabinet of Ministers, to implement state policy in the field of energy efficiency. Its tasks include developing and streamlining incentives.

As of July 1, citizens will receive subsidies for energy audits in residential buildings and reimbursements of up to 20% of the cost of solar panels and solar collectors, and up to 40% of the cost of heat pumps. The maximum amount of payments will amount to 18.75 mln soums. An extra-budgetary Energy Efficiency Promotion and Support Fund will be established for this purpose.

By September 1, it is planned to launch a digital platform for improving energy efficiency, and by October 1 - the introduction of “green” standards for manufacturers and importers. The meeting reported on the possibility of additional energy savings and emphasized the importance of introducing energy-saving technologies and creating a culture of energy conservation. It is also planned to install solar water heaters at preschool institutions.

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MDIS Tashkent and Uzpromstroybank Organized an International Conference

On April 15, Singapore Management Development Institute in Tashkent (MDIS) jointly with Uzpromstroybank organized an International Scientific and Practical Conference on “Transition to Green Economy: Problems and Prospects”. The event was held within the framework of the State Program declaring 2025 as the Year of Environmental Protection and Green Economy. The conference was aimed at creating a platform for sharing knowledge and finding practical solutions in the field of sustainable economic development. The forum brought together experts from various countries, including the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, as well as representatives of international companies Fitch Ratings, PwC and others.

Senior Manager Ekaterina Timofeeva from the PwC team presented practical aspects of ESG implementation in the banking sector.

Opening the conference, MDIS Rector, Dr. Ilkhom Mamatkulov, highlighted the importance of a systemic approach to sustainable development and emphasized the role of educational institutions, the private sector and international partners in this process. Shukhrat Yakubov, Deputy Chairman of the Board of Uzpromstroybank, emphasized the strategic role of banks in supporting green economic growth and the importance of financial institutions' involvement in financing sustainable projects.

The conference covered topics ranging from climate and green finance to cyclical

economy, renewable energy, corporate social responsibility and ISO standards.

The conference emphasized the ability of academic institutions and international partners to join forces to achieve an environmentally sustainable future, creating conditions for open dialogue and exchange of professional practices.

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Green Incentives are being Developed to Promote Sustainable Development in the Kyrgyz Republic

A regional forum “Central Asian Dialogue on Promoting Green Practices” organized by the International Business Council was held in Bishkek. The event brought together representatives of government, business, international organizations and expert community from Kyrgyzstan, Kazakhstan and Uzbekistan. The participants discussed measures to develop a green economy, promote ESG-principles, form a carbon market and sustainable finance. Particular attention was paid to legislative initiatives, including the draft law “On Climate Action” in Kyrgyzstan, ensuring conditions for carbon trading and the establishment of an environmental committee in the parliament. Also introduced at the event was the Central Asia Green Incentives Platform (CAGIP), which promotes collaborative solutions for sustainable development. The National Bank of Kyrgyzstan announced the approval of the ESG roadmap and the introduction of a green project taxonomy, and the leading banks of the region declared implementing environmental standards in their operations. Experts emphasized the need to apply the best available technologies to reduce emissions and to coordinate efforts among the countries of the region. According to surveys, interest in “green” products in Central Asia is growing, especially among young people. The forum participants expressed confidence in further development of green initiatives and regular dialogues at the regional level.

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The release was prepared by:

Anzhelika Mukhamadiyeva, Dana Turgali, Arletta Isaeva, Diana Khussainova

PwC contacts:



Ekaterina Timofeeva

Senior Manager
ESG Advisory Leader
ekaterina.timofeeva@pwc.com



Botagoz Ibrayeva

Manager
ESG Advisory Team
botagoz.ibrayeva@pwc.com

Please send your questions and enquiries to:



Anzhelika Mukhamadiyeva

Senior Associate
ESG Advisory Team
anzhelika.mukhamadiyeva@pwc.com



PwC Offices in Eurasia

Kazakhstan

Almaty

34, Al-Farabi Avenue

Astana

15/1, Kabanbay Batyr Avenue

Atyrau

55, Aiteke Bi Street
Tel: +7 (727) 330 3200

Azerbaijan

Baku

90A, Nizami Street
Tel: +994 12 497 2515

Mongolia

Ulaanbaatar

Sukhbaatar Square 2, SBD-8
Tel: +976 7000 9089

Uzbekistan

Tashkent

88A, Mustaqillik Avenue
Tel: +998 (71) 120 6101

Georgia

Tbilisi

12, Aleksidze Street
Tel: +995 (32) 25080 50