



# ESG Digest #37

## July 2025



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Regional news



# Kazakhstan, Uzbekistan and Azerbaijan Launch Green Corridor Union to Accelerate Decarbonization



Kazakhstan's KEGOC, alongside Azerenerji and Uzbekistan's National Electric Grids, has co-founded the Green Corridor Alliance, headquartered in Baku. The joint venture will develop and transmit renewable energy across Central Asia and the South Caucasus, supporting decarbonization and regional energy security. This strategic move follows the COP-29 agreement for the development and transmission of green energy.

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# Kazakhstan Launches Wind Energy Project in West Region

New wind project in West Kazakhstan was launched to assess the feasibility of a 50 MW wind power plant worth KZT 22bn, expected to be completed in three years. Additional projects include a 30 MW solar plant in Poima and a 5 MW hybrid station. Authorities are also upgrading power grids in five districts to support the green energy transition.

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# OECD Highlights Kazakhstan's Progress in Responsible Business for Sustainable Infrastructure

OECD published a new report recognizing Kazakhstan's progress in promoting responsible business conduct (RBC) and sustainable infrastructure.

Key reforms include improvements in labor safety, environmental modernization, and green energy, supported by tax incentives and clean technology initiatives. The report highlights “Samruk-Kazyna” as a key driver of RBC and ESG standards through local supplier engagement and social investments. OECD experts recommend scaling these practices nationwide, as Kazakhstan strengthens its role as a regional leader in sustainable development.

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# Uzbekistan Launches Carbon Trading System to Cut Emissions by 35% and Boost Investment

Uzbekistan's President has signed a decree to implement a system for trading greenhouse gas emission reductions under the Paris Agreement, aiming to reduce the economy's carbon intensity by 35% by 2030 and attract investment. The decree allows 80% of carbon units to be sold internationally, with a National Carbon Unit Registry established by 2026 to oversee transactions.

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# Uzbekistan Establishes Legal Framework for Emission Monitoring and Verification

The document sets the legal basis for tracking, monitoring, and verifying emissions and promotes "green" projects involving businesses and citizens. Key measures introduced include state accounting of greenhouse gas emissions, setting emission reduction targets, supporting projects that reduce emissions and increase capture, creating a registry of carbon units from "green" initiatives, and implementing a mechanism for verifying these units. Notably, carbon units from climate projects conducted in Uzbekistan that reduce emissions are transferred to the state.

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# World Bank Approves USD 173.5mln Loan to Support Renewable Energy Expansion in Azerbaijan

The World Bank approved a USD 173.5mln loan for Azerbaijan's Renewable Energy Expansion Project. Over a four-year period, the funding will support the integration of new solar and wind capacity into the national grid. The project includes the construction of 341 km of high-voltage transmission lines, modernization of the Navahi substation, and procurement of critical equipment. The loan has a 15-year maturity, including a five-year grace period. The government will contribute an additional USD 31.2mln to cover VAT and customs duties.

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Global news



# European Commission Slashes Red Tape on EU Taxonomy Reporting

The European Commission adopted new rules to simplify ESG disclosures under the EU Taxonomy. Part of the Omnibus I package, the reforms introduce a 10% materiality threshold, allowing companies to exclude minor activities from detailed reporting. Non-financial firms will only flag non-material items, while financial institutions get certain exemptions and a two-year opt-out for detailed KPIs. Reporting templates have been streamlined, cutting data points by 64% for non-financial and 89% for financial firms. The changes take effect from 1 January 2026 (for FY 2025), with optional early adoption.

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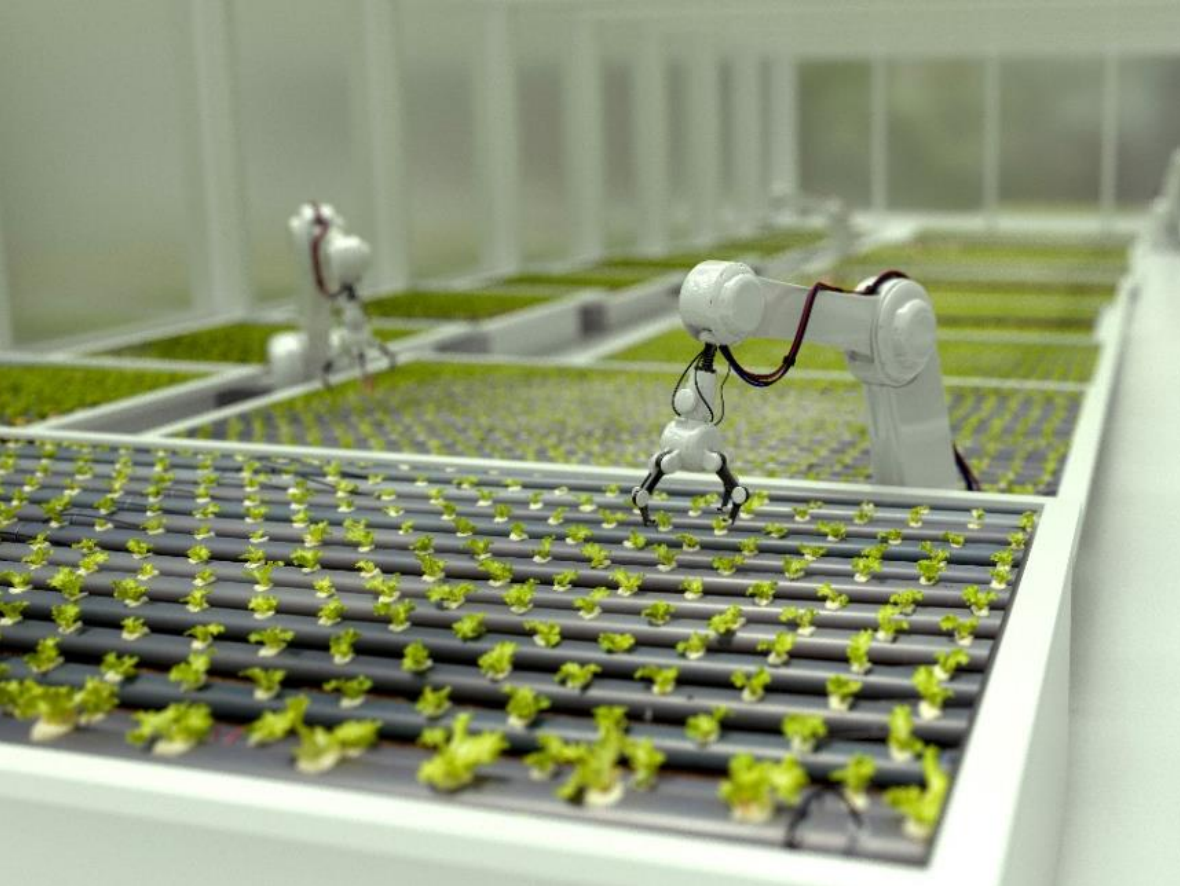
# World's Largest Climate Fund Unleashes Record USD 1.2 bn for Green Projects

The Green Climate Fund (GCF) announced a record USD 1.2bn for 17 climate projects across climate-vulnerable nations, including Least Developed Countries (LDCs) and SIDS (Small Island Developing States). This includes USD 227mln to develop green bond markets in 10 countries, USD 200mln for renewable energy in India, and USD 150mln to improve food resilience in East Africa, benefiting 18 million people. GCF's global portfolio now totals USD 18bn across 133 countries. The Fund is also speeding up partner accreditation, cutting wait times from 30 to under 9 months. This funding surge comes as climate needs grow and global aid declines.

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# ISSB Unveils Exposure Drafts to Align SASB Standards with IFRS S2 Guidance



The ISSB released two exposure drafts: one proposing updates to nine key SASB Standards, and another revising IFRS S2 industry guidance to align with climate disclosure rules. The changes affect sectors like extractives, oil & gas, metals, and processed foods, with targeted updates across 41 other standards on emissions, energy, and water use. Public feedback is open until 30 November 2025, with final updates expected in 2026. These revisions aim to improve alignment with IFRS S1/S2, enhance comparability, and simplify reporting.

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# EU Delays New Sustainability Reporting Rules for Large Companies by Two Years

The European Commission officially postponed key sustainability disclosure requirements for large companies under the Corporate Sustainability Reporting Directive (CSRD). Firms already reporting since January 2024 will now have until the 2026 financial year to begin disclosing additional data, including biodiversity impacts, value chain workers, and financial effects of ESG risks. The delay, part of a “quick fix” amendment to ESRS, aims to ease regulatory pressure and give companies more time to prepare.

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# UK Abandons Green Taxonomy Plan to Focus on Other Climate Priorities



The UK Treasury announced it would no longer pursue the development of a national Green Taxonomy - a classification system for sustainable investments. After years of work, the government concluded the taxonomy would not significantly reduce greenwashing or effectively redirect capital to impactful projects. Instead, the UK will focus on strengthening corporate sustainability disclosures and transition planning requirements. The decision reflects a strategic shift toward more practical and business-focused climate tools.

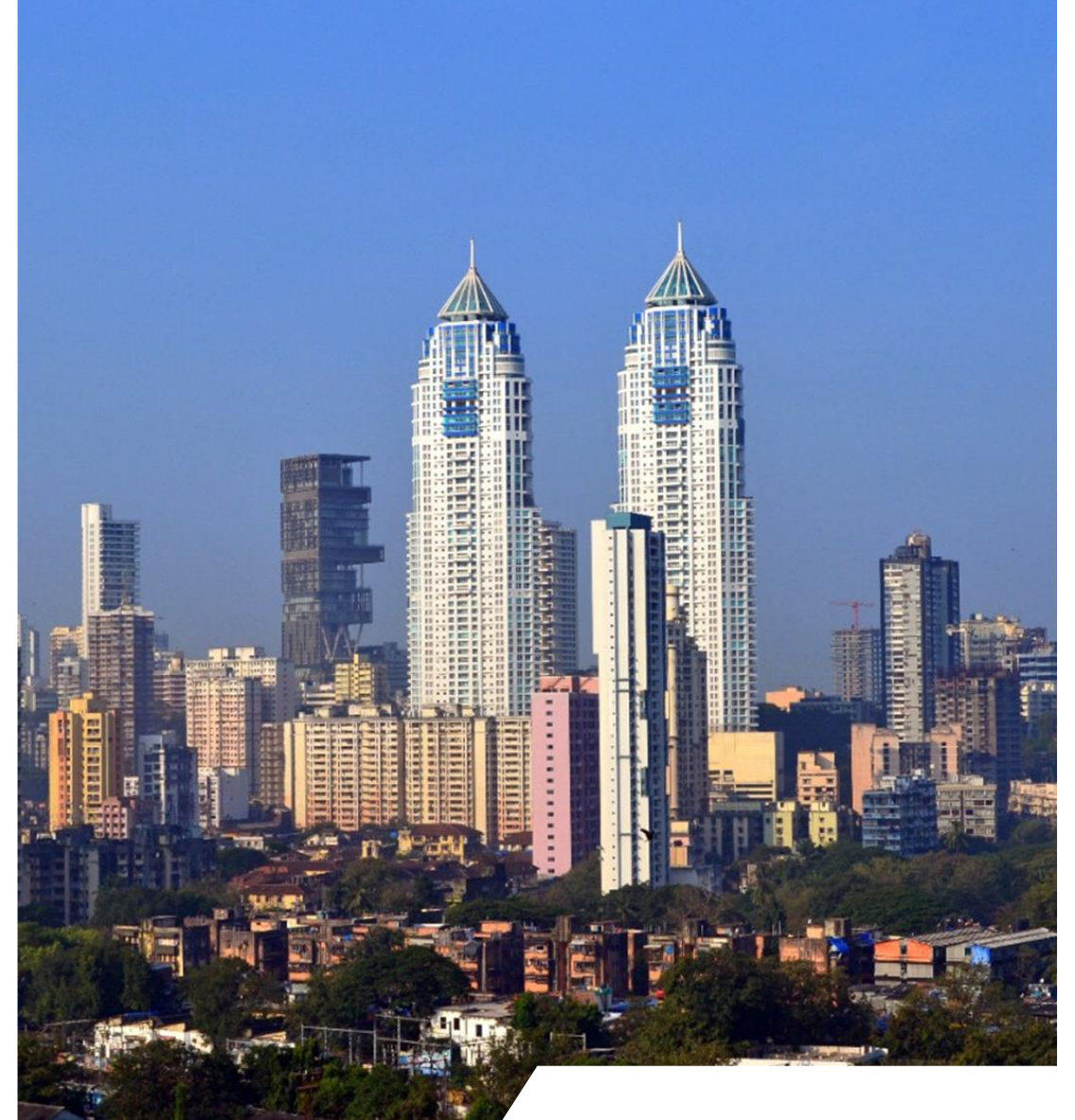
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# India to Finalise Climate Risk Disclosure Rules for Banks in Coming Months

India's central bank (RBI) moved closer to finalizing rules requiring banks to disclose climate-related risks in their loan portfolios, along with mitigation plans and targets. The framework will be voluntary from fiscal 2027 and mandatory from 2028. Institutions will also conduct stress tests to assess the impact of climate events like floods, heatwaves, and cyclones on borrowers and the economy.

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# SBTi Launches First Net-Zero Standard for Banks and Investors

The Science Based Targets initiative (SBTi) launched the first Net-Zero standard for financial institutions. The framework is aimed at banks, insurers, and asset managers that voluntarily commit to aligning with net-zero goals. It provides practical guidance on setting targets, measuring financed emissions, and integrating climate considerations into financial decision-making.

Key requirements include phasing out fossil fuel financing by 2030, managing deforestation risks, and supporting low-carbon buildings. Institutions must publicly commit, track portfolio emissions, and update targets every five years. The goal is to position the financial sector as a key driver of global decarbonization.

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# FSB Updates Climate Risk Roadmap to Strengthen Global Financial Resilience



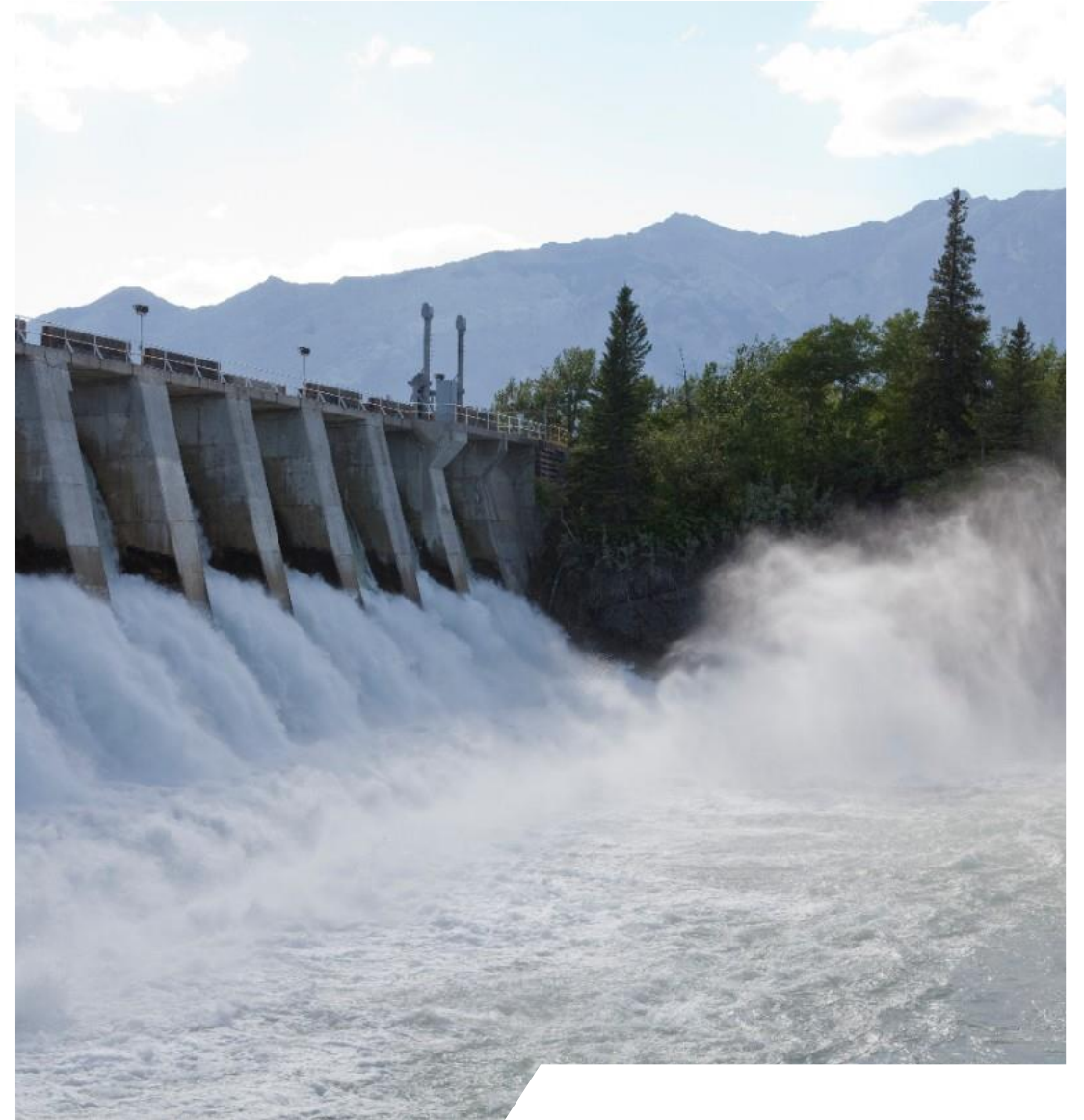
The Financial Stability Board (FSB) has released its 2025 update to the Roadmap for Addressing Financial Risks from Climate Change, emphasizing enhanced data availability, consistent disclosures, and supervisory practices. The update aligns with evolving international ESG frameworks and supports jurisdictions in integrating climate risks into financial stability monitoring. It reinforces the global push for climate-resilient financial systems.

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# China Begins Construction of World's Largest Hydropower Dam

China began building a USD 170bn hydropower cascade on the Yarlung Zangbo River in Tibet. The five-dam complex will generate 300 billion kWh annually and has sparked investor interest in construction and materials. While China stresses minimal downstream impact, India and Bangladesh have voiced concerns over risks to the Brahmaputra River and regional ecosystems.

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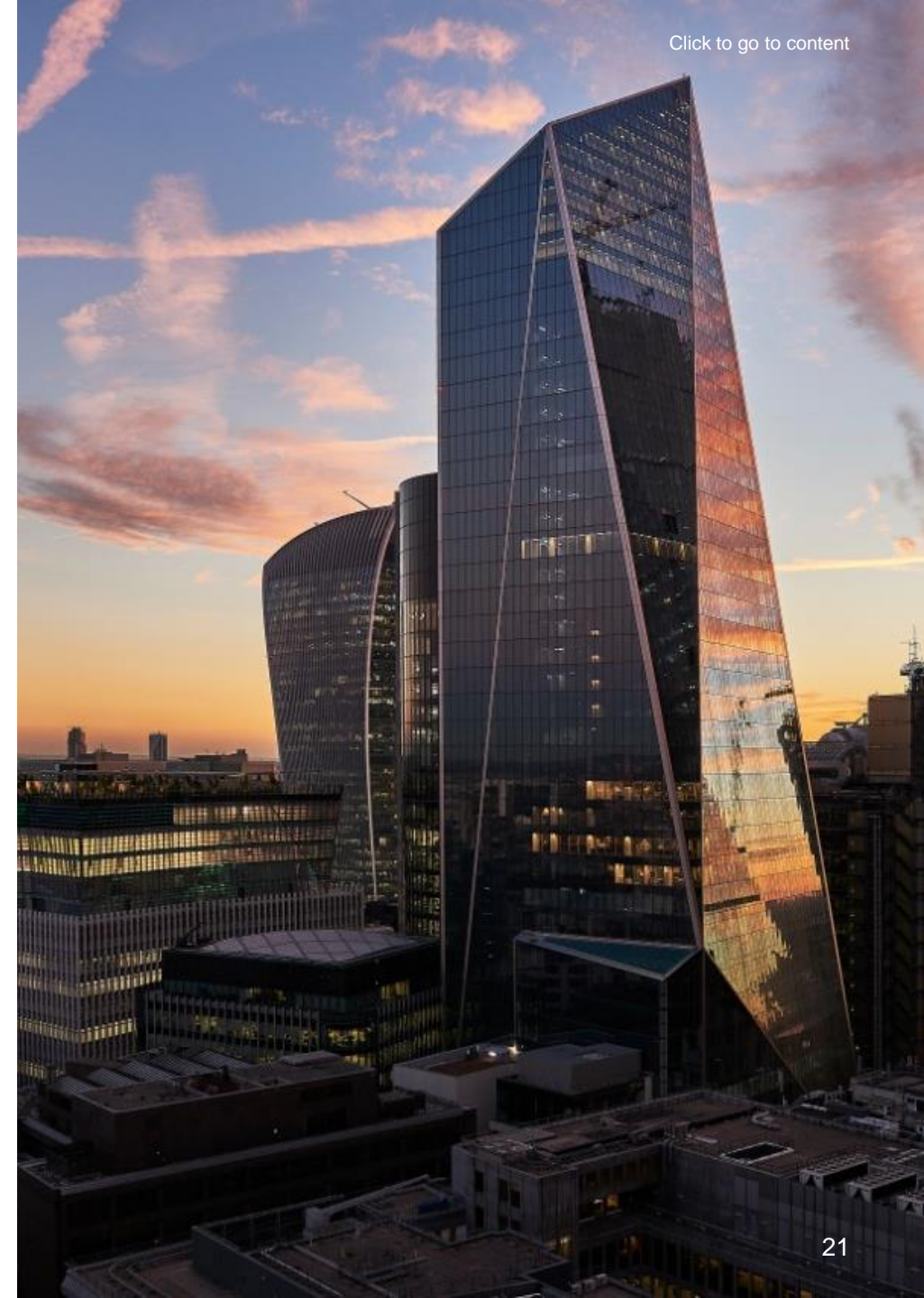




# UK to Include Carbon Removals in Emissions Trading Scheme

The UK announced plans to include engineered carbon removals like BECCS (Bioenergy with Carbon Capture and Storage) and DAC (Direct Air Capture) into its Emissions Trading Scheme (UK ETS) by 2029. Only verified UK-based projects storing carbon for at least 200 years will qualify. Removals will replace existing allowances one-for-one, keeping the emissions cap unchanged. Legislation is expected by 2028, with auctions planned to support market access. The goal is to integrate carbon removal and emissions reduction into a single system.

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# UK Injects GBP 63mln to Kickstart Green Aviation Fuel Industry



The UK awarded GBP 63mln from its Advanced Fuels Fund to 17 companies developing sustainable aviation fuel (SAF), supporting around 1,400 jobs. This builds on GBP 198mln in previous funding and supports the UK's goal to lead in SAF production. SAF could add up to GBP 5bn to the economy by 2050. The initiative is part of a broader plan to decarbonise air travel and expand cleaner fuel infrastructure.

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