



# ESG Digest #39

## September 2025



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Regional

# Climate Stress-Testing Completed for Major Banks in Kazakhstan

The Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan has completed a climate stress test covering 11 of the largest banks, which account for 85% of the sector's assets. The methodology included an individual approach to assess the impact of climate factors on industries and borrowers, as well as a portfolio-based approach for an aggregated evaluation of macroeconomic influences. The results showed that banks maintain an adequate level of capital, although there is a noted increase in credit risks in certain sectors, particularly in construction and manufacturing. The report emphasizes the importance of further developing climate risk analysis methods and improving adaptation strategies to enhance the resilience of the financial system.

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# PwC Releases Energy Transition Report for Kazakhstan and Uzbekistan



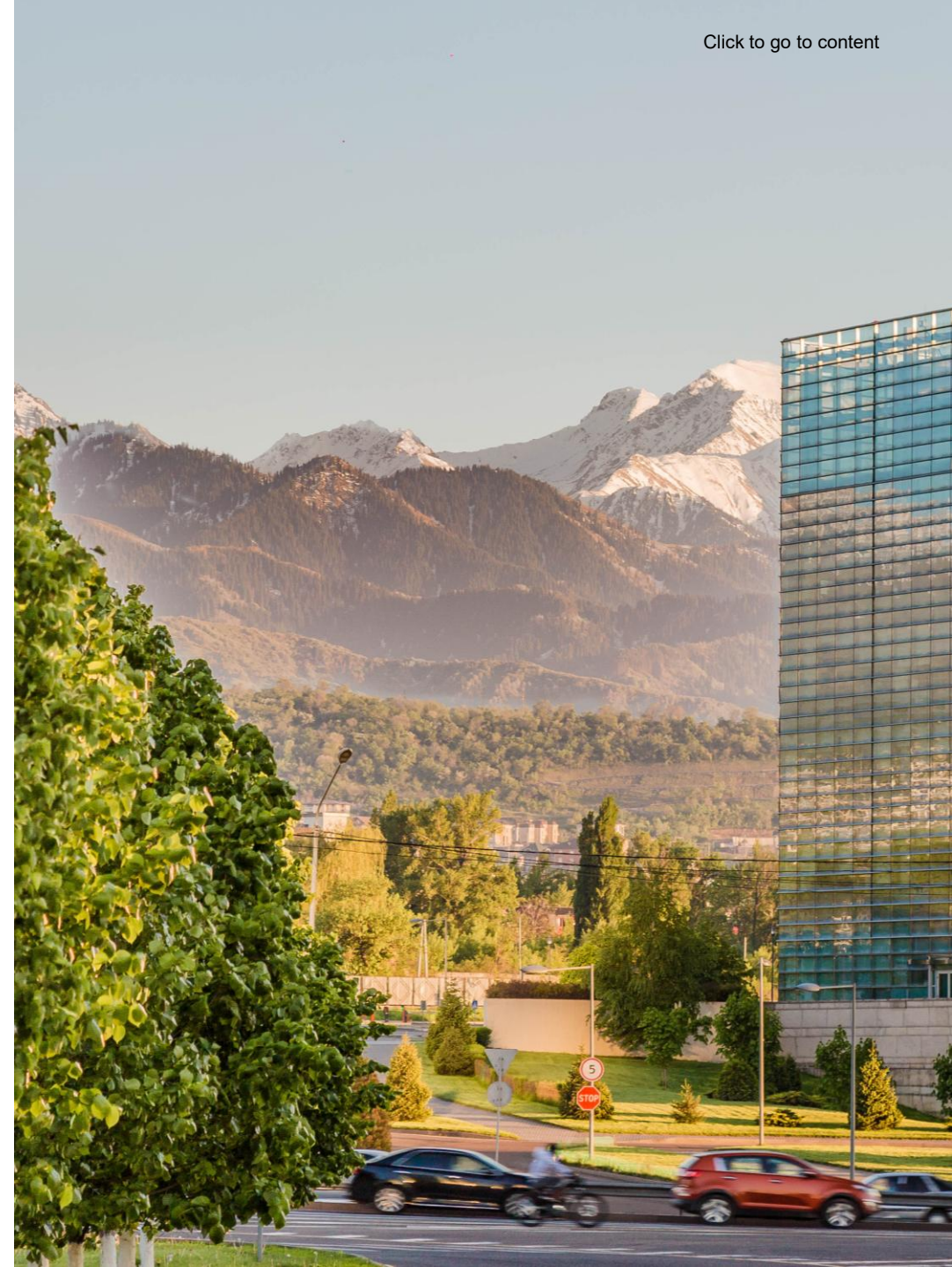
PwC has published a study titled “Reshaping Energy in Eurasia: Insights from Kazakhstan and Uzbekistan” in September 2025. The report examines global energy transition trends, compares progress in Kazakhstan and Uzbekistan, and presents case studies of companies driving the transition. It also explores opportunities for green financing and includes expert insights from key sectors such as energy, oil and gas, and mining. The study provides recommendations to accelerate energy transition in the region.

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# New Environmental Standards Adopted to Improve Air in Almaty

Almaty has developed new rules to protect atmospheric air, addressing the city's geography and high pollution risks. The regulations set mandatory environmental requirements for individuals, businesses, and government bodies. A digital platform, "Clean City," will monitor air quality and enforce compliance, while schools must adopt measures like air purifiers and online learning during severe smog. Additional steps include restrictions on fuel use, bans on open burning, and the creation of low-emission zones with paid access.

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## KASE Hosts “Ring the Bell for SMEs” to Promote Sustainable Finance

The Kazakhstan Stock Exchange held the “Ring the Bell for SMEs: Unlocking Capital Markets Potential” ceremony as part of the UN Sustainable Stock Exchanges initiative. The event focused on global sustainability in the SME sector, impact investing, and strategies to support sustainable business development. During the event, KASE, in collaboration with PwC Kazakhstan, presented recommendations for developing an ESG bond framework aimed at facilitating the issuance of sustainable bonds by SMEs.

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# Hydrogen Becomes Key Topic at Central Asian Decarbonization Forum

The second Central Asian and European Decarbonization Diplomacy Forum took place in Astana, focusing on hydrogen energy and regional cooperation. The Ministry of Energy of the Republic of Kazakhstan announced plans to update its Hydrogen Energy Development Concept to attract investment and strengthen international partnerships. Officials emphasized the country's potential for green hydrogen production, supported by renewable resources and strategic location. The event included a cooperation agreement between the Ministry of Energy of the Republic of Kazakhstan and the Hydrogen Diplomacy Office, underscoring Kazakhstan's role in the global hydrogen economy.

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# New Green Energy and Hydrogen Initiatives Announced by Kazakhstan and France

Kazakhstan and France have agreed to strengthen cooperation in renewable energy and hydrogen technologies. The Ministry of Energy of the Republic of Kazakhstan and French partners discussed key projects, including the construction of a large wind power plant in Zhambyl region with an energy storage system. The project involves major energy and investment companies, with construction set to begin in early 2026. Another initiative focuses on building a hydrogen production unit at a petrochemical plant using innovative technology to replace up to 200,000 tonnes of imported winter diesel annually.

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# Kazakhstan, Kyrgyzstan, and Uzbekistan Agree on Water-Energy Balance

Kazakhstan, Kyrgyzstan, and Uzbekistan have signed protocols to regulate the water-energy balance in Central Asia until 2026. The agreement ensures water releases from the Toktogul Reservoir in exchange for electricity supplies from Kazakhstan and Uzbekistan to Kyrgyzstan. It also includes conditions for Russian electricity transit through Kazakhstan to Kyrgyzstan. These measures aim to maintain water levels for irrigation in southern Kazakhstan and stabilize regional energy systems.

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# Azerbaijan Builds Large-Scale Battery Storage Systems

Azerbaijan's state company Azerenerji has begun building battery energy storage systems with a total capacity of 250 MW. The facilities will be installed at two major substations, Absheron near Baku and Agdash in central Azerbaijan, providing 500 MWh of storage. These systems aim to stabilize grid frequency, reduce renewable energy interruptions, and manage peak loads, especially in the evenings. The project is part of a broader plan to integrate 2 GW of solar and wind power by 2027.

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Global



# China Commits to 7-10% Emissions Cut by 2035 Under Paris Goals

China has announced its first detailed emissions reduction target, pledging to cut greenhouse gas emissions by 7-10% by 2035 compared to current levels. President Xi Jinping unveiled the plan at the UN Climate Summit, signaling a shift from the previous pledge to peak emissions around 2030. The strategy includes raising the share of non-fossil energy to over 30% and expanding wind and solar capacity to six times the 2020 level, reaching 3.6 billion kilowatts. China also aims to make electric vehicles the mainstream in new car sales, reinforcing its role as a global clean energy leader.

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# ISO and GHG Protocol to Merge Greenhouse Gas Accounting Standards

ISO and the Greenhouse Gas Protocol have announced plans to merge their standards into a single global framework for GHG accounting. The move aims to simplify corporate emissions reporting and ensure consistency across industries and regions. The unified standard will cover Scope 1, 2, and 3 emissions and align with international climate targets. A draft version is expected in 2026, with full implementation planned by 2027.

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# SBTi Releases Draft Net-Zero Standard for Power Sector



The Science Based Targets initiative (SBTi) has published a draft Net-Zero Standard for the power sector to guide companies toward 2050 climate goals. The framework applies to power generation, transmission, distribution, and electricity storage, trade, and retail. It requires firms to phase out and stop investing in unabated fossil fuel capacity while setting near- and long-term targets. The draft comes as the power sector, responsible for nearly 40% of global energy-related emissions, faces urgent decarbonization challenges.

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# Brazil to Become First Investor in Global Forest Protection Fund

Brazil will be the first country to invest in a new global fund aimed at protecting forests and reducing deforestation. The initiative seeks to attract contributions from governments and private investors to finance sustainable land use and conservation projects. Sources indicate that the fund will prioritize regions with high biodiversity and significant carbon storage potential. This move reinforces Brazil's role in global climate action and its commitment to preserving the Amazon rainforest.

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# Australia Sets 2035 Goal to Cut Emissions by Up to 70%



Australia has announced a new climate target to cut greenhouse gas emissions by 62–70% by 2035 compared to 2005 levels. The plan includes over USD 8bn in investments for industrial decarbonization, clean energy, low-carbon fuels, and EV infrastructure. This target will form Australia’s updated Nationally Determined Contribution under the Paris Agreement. A Net Zero Plan and six sectoral strategies will guide the transition, focusing on renewable energy, electrification, and carbon removal.

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# Major Investment Announced to Decarbonize UK Maritime Sector

The UK Government has pledged GBP 448mln to accelerate the transition to low-carbon shipping and reduce emissions from the maritime sector. The funding will support the development of green shipping corridors, zero-emission vessels, and port infrastructure upgrades. This initiative is part of the country's broader strategy to achieve net-zero emissions and strengthen its position in sustainable transport. Officials emphasized that the investment will create jobs and drive innovation in clean maritime technologies.

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# New EU Funding to Support Green Transition for Small Businesses

The European Union will provide EUR 17.5bn to finance energy efficiency and decarbonization projects for small and medium-sized enterprises. The funding will be distributed through national programs and financial institutions to accelerate the green transition in the SME sector. This initiative aims to reduce energy consumption, cut emissions, and enhance competitiveness across member states. The program is part of the EU's broader strategy to achieve climate neutrality by 2050.

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# EU Adopts Rules Making Fashion Brands Pay for Clothing Collection and Recycling

The European Parliament has adopted new rules requiring fashion brands and textile producers to cover the costs of collecting, sorting, and recycling their products. The measures are part of the revised EU Waste Framework Directive, aimed at reducing textile and food waste across member states. Producers will pay fees based on the sustainability and durability of their products, under extended producer responsibility schemes. Member states must implement these systems within 30 months of the directive's entry into force.

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# Denmark Issued First Sovereign Green Bond Under EU Gold Standard

Denmark has issued its first sovereign green bonds totaling DKK 7 bn, fully aligned with the EU Green Bond Standard. The bonds, maturing in 2035, were issued with a greenium and will finance projects in clean energy, sustainable transport, and land restoration. This move reinforces the country's leadership in sustainable finance and sets a new benchmark for sovereign issuers.

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# Spain Introduces Strict Emissions Disclosure Rules Starting 2026



Spain has launched a climate emergency plan requiring companies to report Scope 1 and 2 emissions starting in 2026, based on 2025 data. Large firms must include Scope 3 reporting from 2028 and submit five-year greenhouse gas reduction plans. The strategy also creates a State Agency for Civil Protection and Emergencies and imposes stricter land-use rules to boost climate resilience. Spain plans to accelerate renewable energy and green hydrogen projects as part of its EUR 32bn climate agenda.

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# Verra Launches Digital Soil Mapping Tool for Carbon Projects

Verra has introduced a digital soil mapping tool to improve carbon accounting in agricultural land management projects. The tool, outlined in guidance VT0014, uses remote sensing and advanced modeling to estimate soil organic carbon stocks with clear uncertainty metrics. It offers a scalable, cost-effective alternative to traditional soil sampling, enabling broader adoption of carbon credit projects. If widely implemented, such projects could deliver up to 9.6 gigatonnes of annual emission reductions and removals by 2050.

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