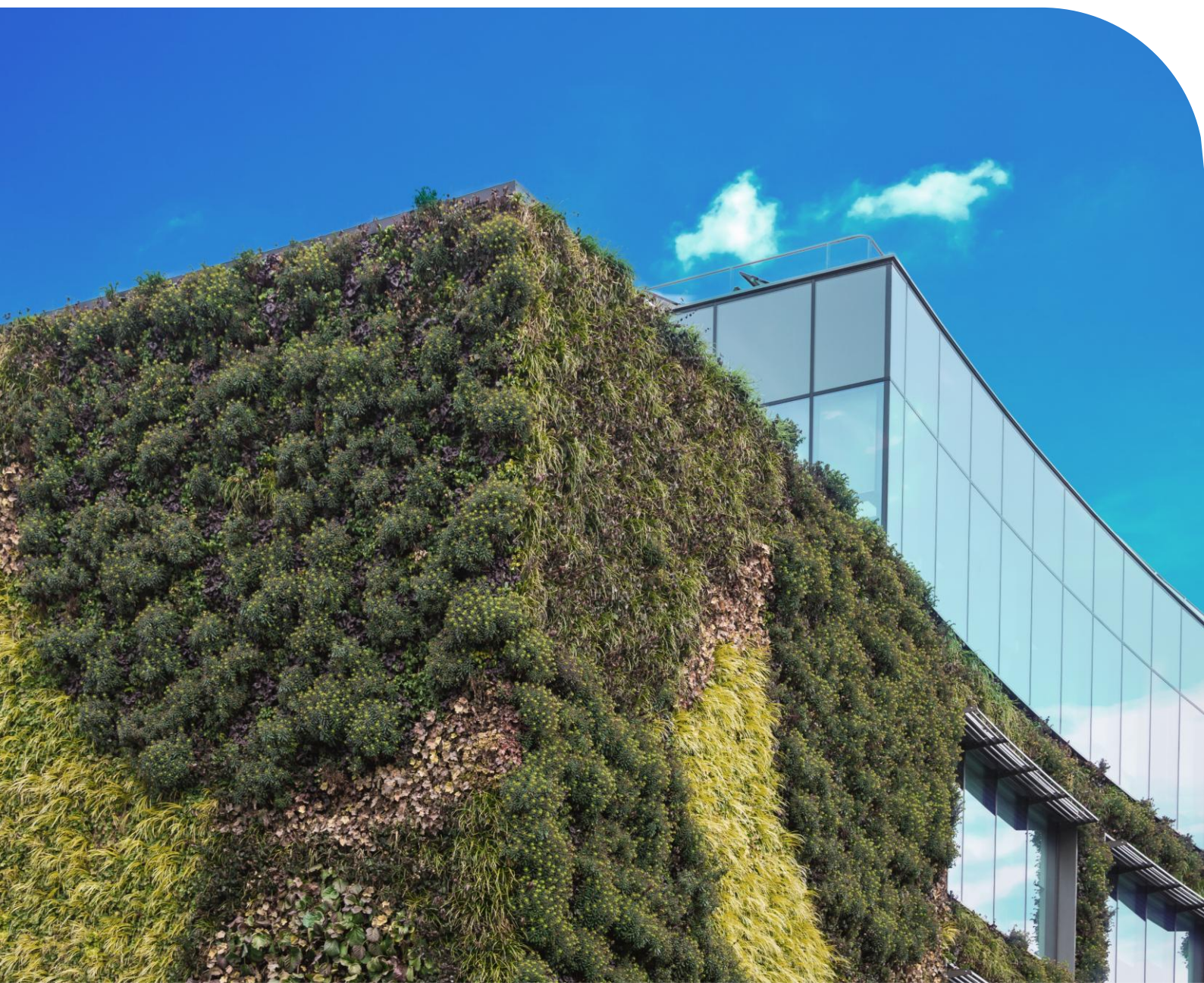


ESG and Sustainable Finance: South Caucasus and Central Asia

Georgia

October 2026



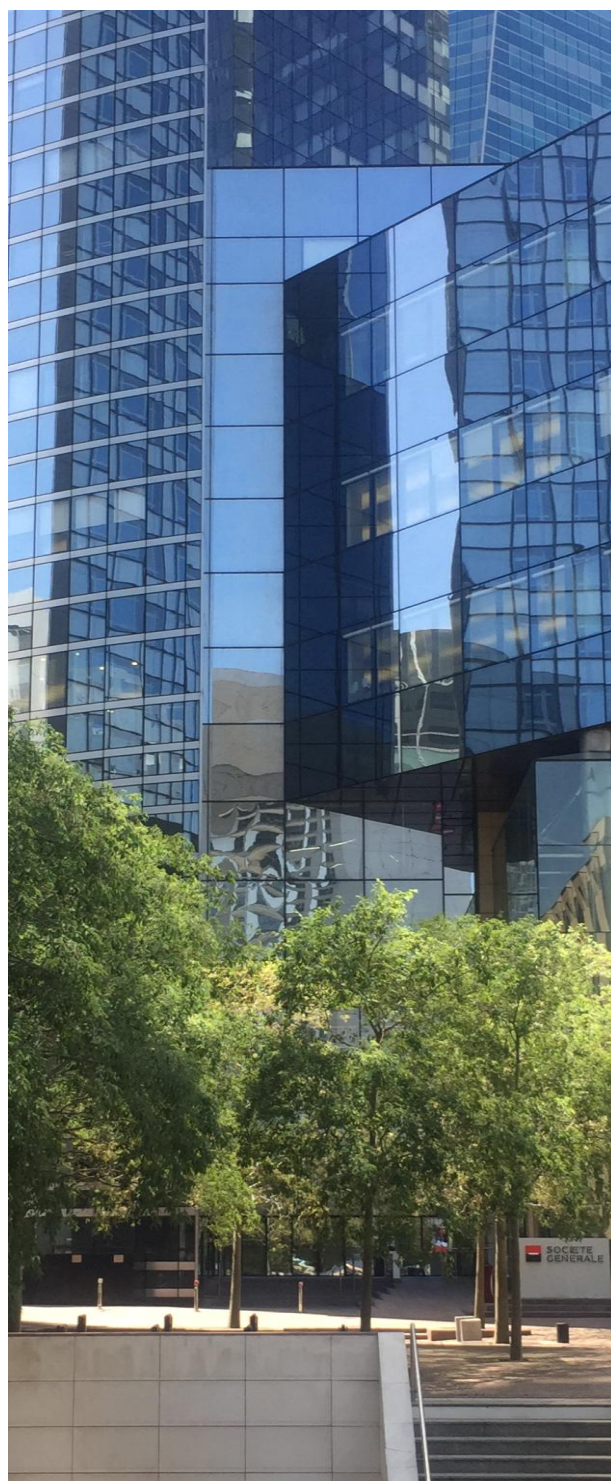
Executive Summary

Georgia has developed a comparatively advanced ESG and sustainable finance regulatory framework in the region. It is the only country in this series where ESG disclosure for commercial banks is a legal requirement backed by central bank supervisory authority, where a Green Taxonomy carries the force of a Regulation, and Order No. 197/04 establishes formal rules for green, social, sustainability and sustainability-linked bond status.

That last step — No. 197/04 of the Acting President of the National Bank of Georgia, dated 21 August 2025 and effective from 1 January 2026 — forms part of Georgia's broader sustainable finance framework, alongside separate NBG collateral provisions for qualifying GSS+ bonds.

The framework is genuinely advanced. Yet mandatory does not mean uniform. The NBG's own published data shows that nine of seventeen commercial banks provided taxonomy-aligned green loan data in the most recent reporting cycle, and the Status Report is explicit that some banks have not yet implemented any ESG policy.

The distance between the framework's ambition and the sector's actual compliance is Georgia's defining structural tension — and the most instructive lesson it offers the rest of the region.



Introduction

This publication is part of a seven-country series examining ESG and sustainable finance regulation across Central Asia and the South Caucasus. The series covers Armenia, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan — seven countries building regulatory infrastructure for sustainable finance at markedly different speeds and from different starting points.

Each publication draws on primary regulatory documents, IFI technical reports, and company-level disclosures. The series is benchmarked against “Sustainability in Financial Regulation Across the CIS Region: A Comparative Overview,” published by Grant Thornton Armenia on August 18, 2025.

Georgia developed this framework over eight years through domestically led, incrementally deepening policy work, with sustained support from international partners. The National Bank of Georgia began developing its approach in 2017, long before most of its peers had considered the question.

What followed was a deliberate sequence: voluntary principles, then mandatory disclosure, then a taxonomy with legal force, then formal GSS+ bond-status rules. The question for Georgia now is not whether the framework is sophisticated, but whether the banking sector it governs is keeping pace with it.

This publication series covers:



Georgia



Armenia



Kazakhstan



Kyrgyz
Republic



Mongolia



Tajikistan



Uzbekistan

1. The Regulatory Framework

Georgia's framework is not just more developed than its peers - it is structurally different. It has moved beyond disclosure requirements to include mechanisms affecting sustainable finance market practices.



Corporate Governance Code (2021)

Updated 2021 to embed ESG reporting at board level via mandatory Pillar 3 Annual Reporting — Georgia's first binding bank ESG disclosure, co-developed with the OECD's 2020 ESG Reporting Principles.



Sustainable Finance Taxonomy (2022-23)

Published August 2022, operative through a Taxonomy Regulation from January 2023. Banks report taxonomy-aligned green loan data under Pillar 3; from 2025, only aligned data counts.



Phase II Roadmap (2025-2028)

Launched March 2025, FSC-approved. Adds a sixth pillar — “Greening the NBG itself” — and an updated Disclosure Form spanning IFRS S1/S2, TNFD, ESRS and GRI with double materiality.



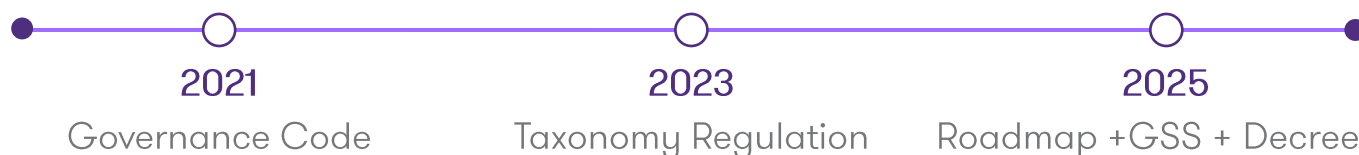
NBG Order 197/04 (Aug 2025)

Order No. 197/04, adopted on 21 August 2025 and effective from 1 January 2026, establishes the rules for granting, maintaining, and revoking GSS+ bond status. The Order does not apply to bonds whose preliminary prospectus was submitted to the National Bank of Georgia before its entry into force. Any preferential collateral treatment is governed separately under the applicable NBG collateral regulation and haircut schedule.



Green Loan Dashboard (Jan 2026)

In January 2026, the NBG began publicly publishing monthly Taxonomy-aligned green-loan data submitted by banks.



2. Oversight and Sectoral Reach

One Regulator, Elevated Role

The National Bank of Georgia is the central regulator for banking, microfinance and capital-market entities within Georgia's sustainable finance framework, with supervisory authority spanning commercial banks, microbanks, non-bank depository institutions, microfinance institutions and brokerage companies.

Sustainable finance sits within the NBG's Financial Stability Department and is approved by the Financial Stability Committee - ESG is embedded in the systemic risk mandate, not treated as peripheral. The NBG plays an active international role: it co-chairs the SBFN Data and Disclosure Working Group and represents SBFN in the GRI Banking Sector Standard Technical Committee - shaping the standards other countries then receive.



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Commercial banks are required to submit Pillar 3 ESG disclosure forms annually.

Banks Covered, Insurance Excluded

All seventeen commercial banks are subject to binding mandatory Pillar 3 ESG disclosure. Microfinance institutions are encouraged to use the same principles voluntarily, and bond issuers seeking green or sustainable status under the GSS+ Framework must meet taxonomy and expert-review requirements.

One explicit gap: insurance companies fall outside the NBG's supervisory mandate under the Organic Law - a structural boundary, not a transitional one. Issuers of public securities are subject to a separate Corporate Governance Code with reporting requirements, while issuers seeking GSS+ bond status face additional sustainability-specific requirements.



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Insurance companies subject to the NBG's ESG mandate — a structural exclusion.

3. Disclosure in Practice & Standards in Use

The Mandatory Floor vs. the Voluntary Ceiling

All seventeen commercial banks submit annual ESG forms. In the 2025 ESG disclosure cycle, nine of seventeen reported Taxonomy-aligned green-loan data. Separately, banks submit mandatory monthly Taxonomy-aligned reports, which the NBG publishes through its Green Loan Dashboard from January 2026, covering data from 2023 onward.

At the voluntary ceiling, TBC Bank Group continues comprehensive multi-framework reporting. TBC Bank's sustainable portfolio reached GEL 2.29 billion at end-2025, up 32% YoY. Bank of Georgia also publishes sustainability disclosures aligned with international frameworks and maintains a published environmental policy.

Three Levels, No Single Standard

Georgia's disclosure framework references a broad set of international sustainability standards. At the regulatory level, mandatory disclosure references IFRS S1/S2, Basel, TCFD, TNFD, ESRS, and GRI simultaneously — drawing on several frameworks also relevant to EU sustainability reporting, applied in a market a fraction of its size.

At the transaction level, the GSS+ Framework aligns with ICMA Green Bond Principles and the EU Green Bond Standard. Seventeen banks are submitting a form, while leading institutions also report against broader international sustainability frameworks, illustrating uneven depth of implementation across the sector.



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Regulatory Framework

IFRS S1/S2 + Basel + TCFD + TNFD + ESRS + GRI

2

Transaction (GSS+)

ICMA Green Bond Principles + EU Green Bond Standard

3

Voluntary Company

GRI, ECB, EBA, TCFD, NBG, TNFD — via TBC Bank Group

4. IFI Engagement

Georgia has a well-established IFI ecosystem, with international partners supporting NBG-led sustainable finance initiatives. IFIs increasingly combine support for NBG-led initiatives with independent policy dialogue and reform advocacy.



SBFN / IFC

SBFN member since 2017 and co-chair of the Data and Disclosure Working Group. SBFN also contributed to the development of Georgia's Phase II Sustainable Finance Roadmap through stakeholder consultations.



EBRD

Operates the GEFF Georgia facility, channelling green credit through Georgian banks. Facilitated Georgia's first corporate green bond (USD 80M, 2022). Its 2026-2030 Transition Strategy reinforces its role as a major green-finance partner in Georgia.



OECD

Co-developed the ESG Reporting and Disclosure Principles — the methodological foundation for Georgia's mandatory bank disclosure framework. Co-authorship of a core regulatory instrument, not just technical assistance.



World Bank

Named as a development partner in drafting the GSS+ Bonds Framework during its public consultation phase.



NGFS

NBG member since 2020, incorporating NGFS scenario analysis into its climate risk and financial disclosure frameworks.



DSIK (Sparkassenstiftung)

Explicitly named as a key partner in developing the Phase II Roadmap.

Why it matters: the OECD co-designed a disclosure methodology the NBG then made mandatory; the World Bank contributed to a bond framework the NBG itself initiated. The pattern is one of NBG-led policy development combined with substantial IFI participation in co-design and technical support.

Conclusions & What's Next

Georgia's regulatory achievement is real and should not be underqualified.

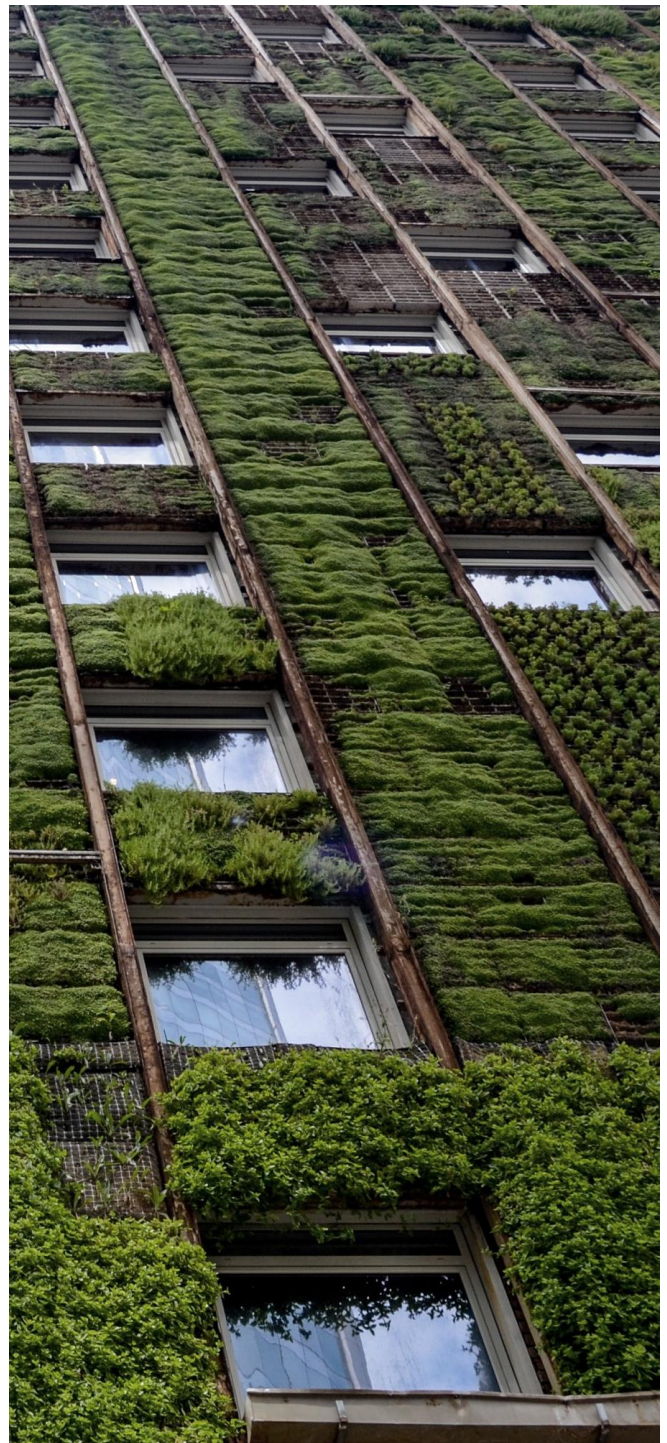
It includes mandatory ESG disclosure across the banking sector, a legally operative taxonomy, and, since 1 January 2026, a formal GSS+ bond-status framework and separate collateral provisions applicable to qualifying instruments.

The framework was developed incrementally over eight years through NBG-led policy work supported by international partners.

The primary challenge going forward is not adding new instruments but converting the mandatory framework into uniform practice.

Nine of seventeen banks providing taxonomy-aligned data is progress; it is also evidence that the other eight had not reported Taxonomy-aligned green-loan data through that annual ESG disclosure cycle.

How the NBG uses its supervisory authority to close that gap will determine whether the Phase II Roadmap's enforcement ambitions are substantive or aspirational.



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You have questions? We have the answers.



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