



## **ESG reporting practices in Hungary**

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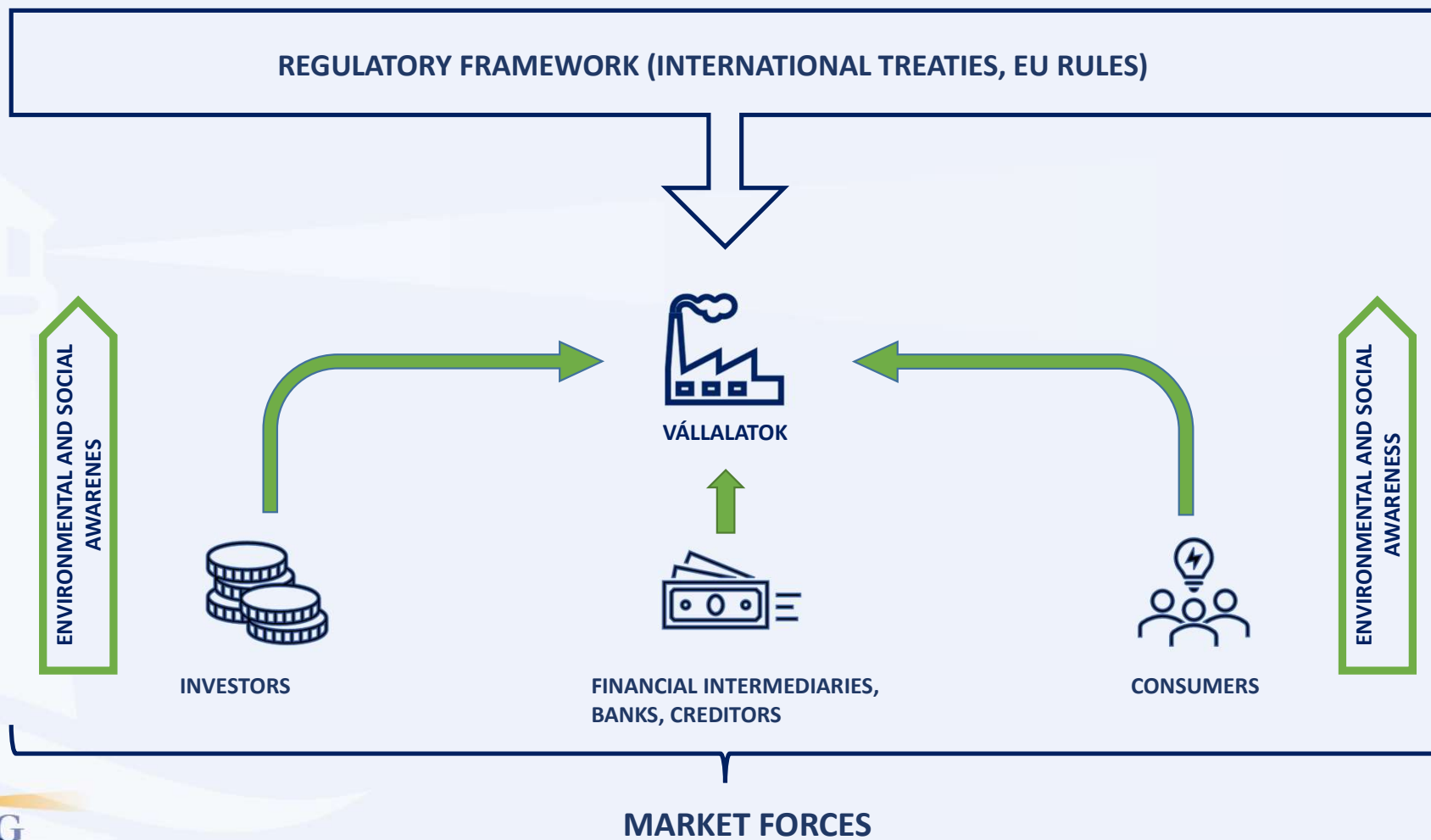
ESG Capital Solutions Ltd.

December 13, 2022

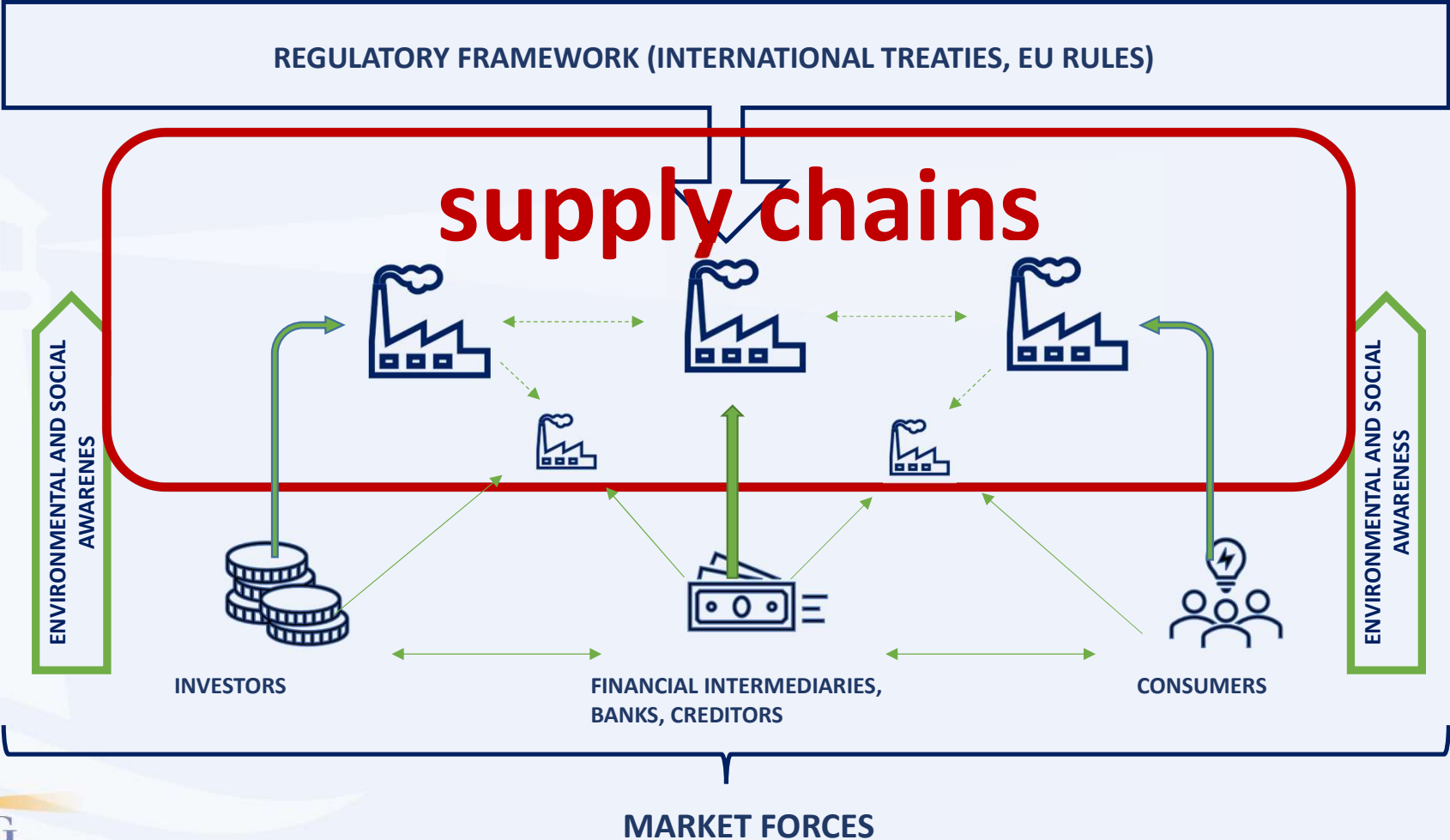
### Snapshot of the Hungarian market

- Sustainable investment products
  - Low volumes/proportions
  - Limited range of ESG product offerings
    - ✓ Equities
    - ✓ Green bonds
    - ✓ ETFs
    - ✓ Investment funds
- Investors
  - dominantly institutional
- ESG transparency levels
  - Reporting is developing
  - Ratings

## ESG DRIVERS

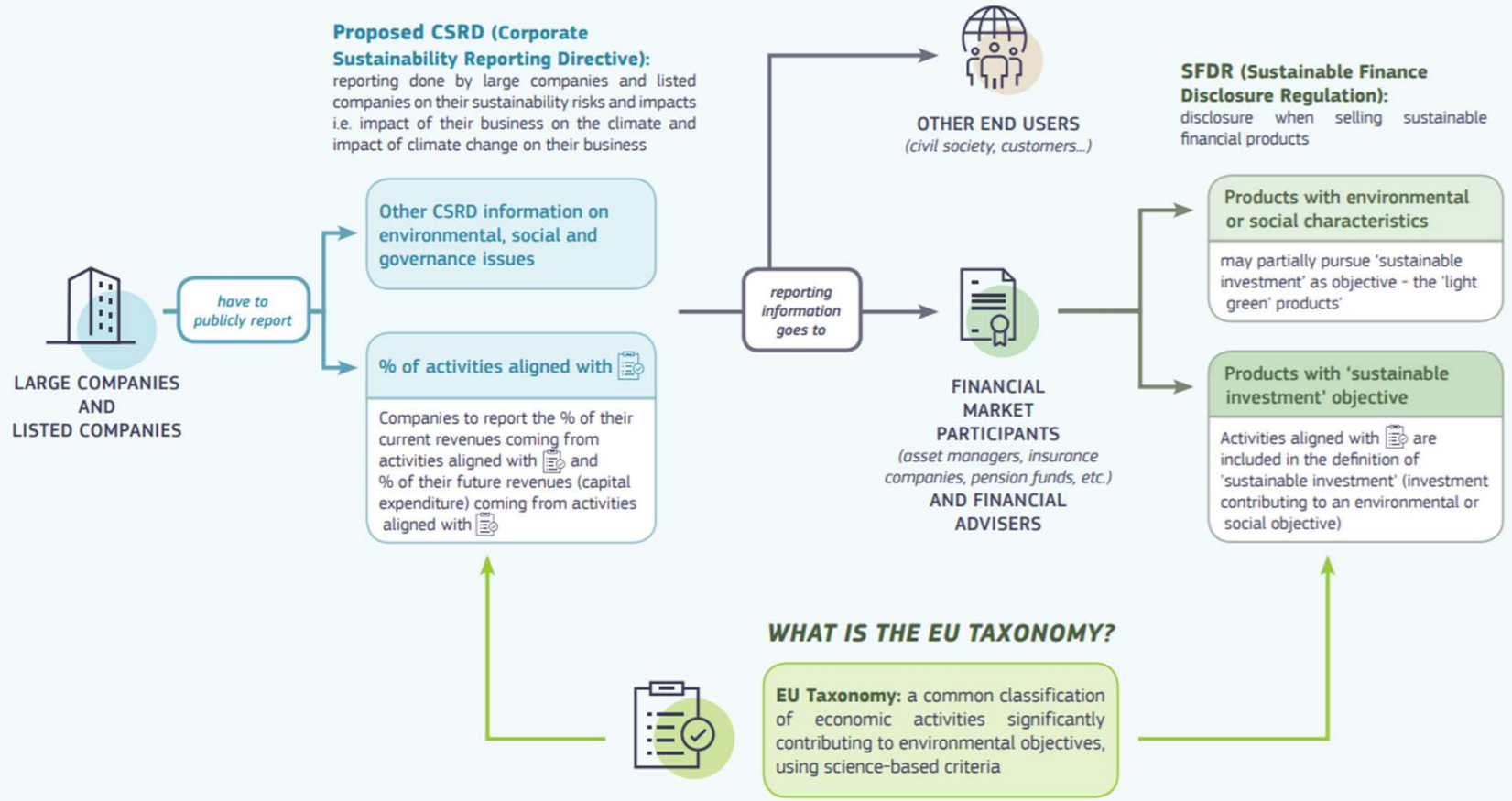


ESG DRIVERS



# REGULATORY LANDSCAPE

Two examples when the taxonomy will be used:  
in disclosures of financial products and reporting by large companies and listed companies



## SUPPORTING ACTIVITIES OF THE HCB AND THE BSE

### HUNGARIAN CENTRAL BANK

- Green Program, Recommendations
- Supported green loans – preferential capital requirements

### BUDAPEST STOCK EXCHANGE

- Corporate Governance Code
- Market consultation in 2020 → ESG Reporting Guide
- BSE Center of Excellence
  - Subsidized ESG learning programs for SMEs
  - Subsidized advisory programs for SMEs
- Issuer transparency rating
  - Methodology
  - Web portal

## CORPORATE GOVERNANCE RECOMMENDATIONS

Prepared by the Corporate Governance Committee,  
Budapest Stock Exchange Ltd.


Approved by the Governing Board, Budapest Stock Exchange Ltd.

ESG categorisation	Entry level	Intermediate level	Advanced level
Disclosure	Standalone ESG disclosure	Standalone ESG disclosure	Integrated reporting
Frequency of disclosure	Annual report	Annual report	Annual report and quarterly ESG update
Reporting format	Basic report	Standardised report	Integrated (standardised) report
Report assurance	Not required	Not required	External assurance required <sup>1)</sup>
Target setting	Not required	ESG target	Target set and monitored according to target setting scheme
Improvement	Should advance to intermediate level in 2 years	Should perform all aspects in 2 years and advance to advanced level in 3 years	Should perform all aspects in 3 years



## ESG Reporting Guide

for Issuers of the Budapest Stock Exchange



### The Central Bank of Hungary's Green Program

The Central Bank of Hungary ("MNB") has launched its Green Program early 2019 to mitigate the risks associated climate change and other environmental problems, to expand green financial services in Hungary, to widen the knowledge base in Hungary and abroad, and to reduce financial market participants' and its own ecological to Program consists of three pillars: the various initiatives include elements about (i) the financial sector, (ii) the development of the MNB's social and international relations and (iii) the further greening of its own day-to-day operations.



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GRI | COMMUNITY MEMBER | 2022