

Report on ESG: Compliance and Competitiveness

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Report on ESG: Compliance and Competitiveness: An awareness Initiatives for Advancing Sustainable Development and Trade in Nepal

Background

Environmental, Social, and Governance (ESG) compliance is becoming increasingly critical for businesses globally, emphasizing sustainability, ethical practices, and corporate responsibility. In Nepal, where the economy relies heavily on agriculture, tourism, and micro, small and medium-enterprises, integrating ESG principles can enhance competitiveness, attract foreign investment, and promote sustainable development. However, awareness and understanding of ESG compliance among Nepalese businesses remains limited.

Adopting ESG principles is crucial for enhancing a company's reputation, attracting customers, and managing its risks related to operations and finance. ESG practices not only differentiate businesses in the marketplace but also build customer trust and enable new development opportunities. Transparency in ESG disclosures is essential for gaining competitive advantage, as consumers and investors increasingly prefer companies that demonstrate strong commitments to responsible practices. Despite the benefits of ESG initiatives, compliance and reporting remain challenging for many businesses in Nepal. The complexity and perceived difficulty of ESG initiatives contribute to this gap in understanding.

Against this backdrop, Kathmandu University School of Management (KUSOM) in collaboration with National Business Initiative (NBI) organized a half-day dialogue program on ESG Compliance and Competitiveness, an awareness initiative for advancing sustainable development and trade in Nepal. The program aims to raise awareness of the importance of ESG initiatives, address challenges and prospects in compliance and reporting. In addition, this program will generate issues to be considered for developing courses and research activities particularly on sustainable consumption behaviour and corresponding marketing and business strategies.

The Marketing and Entrepreneurship Department of KUSOM organized a half-day dialogue program on the Environment, Society, and Governance (ESG) as an outreach

programme of World Chairs Program (WCP) in February 14, 2025. The program aims to raise awareness among local business enterprises about the importance of ESG initiatives to enhance their capacity to compete in export markets and penetrate in domestic market. The program was organized in collaboration with National Business Initiatives (NBI). The NBI has been running programs in improving socially responsible behaviors for a long time. The title of the program is ESG: Compliance and Competitiveness for Advancing Sustainable Development and Trade in Nepal.

Objectives

The primary objective of this initiative is to foster dialogue and understanding of ESG compliance among businesses and stakeholders in Nepal, highlighting its importance for sustainable trade practices and overall economic growth.

Participants

About 60 participants attended the program. They consist of members of Lalitpur Chambers of Commerce and Industry (LCCI), Godavari Chambers of Commerce and Industry (GCCCI), National Business Initiative (NBI), FNCSI, Hoste Haise, Sustainability solutions, Global compact and KUSOM faculty and students.

Program

1. The program started with an opening remark of Acting Vice Chancellor of Kathmandu University Prof Dr. Achyut Wagle, who is also chair of WTO/ WCP program. He highlighted on importance of adopting ESG for social and economic impact of business organizations. Mr. Kush Kumar Joshi gave opening remarks by emphasizing need of awareness of ESG and its compliance for greater business impact after 2026 when Nepal will be graduated to developing countries.
2. Second session was on ESG expert's presentation. Mr. Sandeep Shrestha. He explained about ESG initiatives for sustainable solutions through avoid, minimize, reduce and offset principles for businesses. ESG is a system that has be integrated in to business and report the document how business is complying to environmental, social and governance issues to stay competitive in the market.

3. Panel discussion was the third session in which Mr. Suman Shakya moderated the session. The panelists were Mr. Padma Jyoti – Founder President of NBI, Mr. Shankar Prasad Panday – President of Federation of Export Entrepreneurs Nepal, Ms. Shanta Banskota Koirala - Director of Kanchanjanga Tea Estate and Research Center and Mr. Krishna Shah, - Executive Director of Formation Carpet. The discussion highlighted that government supports is necessary to help exporters to comply with the ESG which will be more rigorous after Nepal being graduated from LDC status in 2026 to educate exporters to adopt ESG initiatives. However Nepali business organizations are not ready to face the situations. Therefore, collaborative efforts are necessary. ESG compliance and reporting will be expensive for many small enterprises who export their products. The ESG compliance definitely add to competitiveness in export market without which many cannot export, but it is slowly catching up in the domestic market too. KUSOM can be helpful in building capacity of business organizations to adopt ESG and its reporting for increased competitiveness in both domestic and international market.
4. Closing remarks was delivered by Prof. Bijay KC – dean of KUSOM. He highlighted that ESG is an evolving practice which needs to be well defined and researched by the university. He thanks all the stakeholders involved in this program.

Conclusion

The program is fruitful to the participants to create awareness about the challenges for business organizations to adopt ESG. The participants felt a need of participants from government sectors in the future program. KUSOM is identified as source of human resources to support business organizations in adoption of ESG for their competitiveness.



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