



ESG INTEGRATION PRACTICES INTO CORPORATE CULTURE SYSTEM IN THE JOINT-STOCK SECTOR OF UZBEKISTAN: A CASE STUDY OF “DORI-DARMON” JSC

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Abstract

Amid globalization and the transformation of national economies, the issues of sustainable development and responsible business practices are becoming highly relevant. The ESG (Environmental, Social, Governance) concept, which unites the environmental, social, and managerial aspects of corporate activity, is emerging as a key tool for enhancing the investment attractiveness and long-term sustainability of joint-stock companies. In the Republic of Uzbekistan, the implementation of ESG principles is viewed as an essential element of corporate sector reform, particularly within state-owned enterprises. This paper examines ESG integration practices in the joint-stock sector of Uzbekistan, using the case of the pharmaceutical company "Dori-Darmon" Joint-Stock Company. Based on an analysis of theoretical approaches, the regulatory framework, and publicly available corporate disclosures, the study assesses the level of implementation of ESG components within the company's operations. Particular attention is paid to corporate governance, social responsibility, and environmental compliance. As a result of the research, the main directions for developing ESG practices are identified, and recommendations are formulated for their further implementation to enhance the sustainability and transparency of joint-stock companies.

Keywords: ESG, sustainable development, joint-stock company, corporate governance, social responsibility, corporate culture, pharmaceutical sector.

Introduction

The contemporary development of the global economy is characterized by a growing focus on business sustainability, social responsibility, and corporate governance transparency. Under these conditions, traditional financial indicators are no longer the sole criteria for evaluating a company's performance. Non-financial factors, encapsulated in the ESG concept—which encompasses Environmental, Social, and Governance aspects—are playing an increasingly vital role. For joint-stock companies, ESG integration holds particular significance, as these enterprises attract investments, interact with a wide range of stakeholders, and bear an elevated responsibility toward the state and society. The implementation of ESG principles helps mitigate corporate risks, increase transparency, strengthen investor confidence, and shape long-term sustainable development strategies.

In Uzbekistan, reforming the joint-stock sector is one of the priority areas of economic policy. Escalating requirements for corporate governance, information disclosure, and corporate social responsibility create the necessary foundation for the gradual integration of ESG approaches. This process is particularly relevant for pharmaceutical companies, whose operations are directly linked to public health preservation and social stability.

The Joint-Stock Company “Dori-Darmon” holds a prominent position in the pharmaceutical sector of Uzbekistan, making it a highly illustrative example for analyzing ESG integration practices. Researching ESG approaches within this company's operations allows for an assessment of the current state of sustainable development in the country's joint-stock sector and helps identify potential pathways for further improvement.



Literature review

The integration of Environmental, Social, and Governance (ESG) principles into corporate systems has transitioned from a niche investment preference to a core framework for evaluating long-term business resilience and risk management. Al-qadhi [1] examines the theoretical evolutionary trajectory of ESG, its specific operational relevance within the pharmaceutical sector, and the emerging regulatory landscape governing ESG implementation in the transitional economy of Uzbekistan.

The conceptual origins of ESG are deeply rooted in stakeholder theory, which posits that a firm's long-term value maximization depends on managing relationships with a broad group of constituents—including employees, regulators, customers, and society—rather than strictly prioritizing shareholder wealth. Historically, companies treated environmental and social actions as isolated, external public relations exercises. However, contemporary scholarship emphasizes that for ESG initiatives to generate tangible organizational value and foster green innovation, they must be internalized and embedded into the firm's foundational corporate culture of researches of Wu [5]

When corporate culture aligns with ethical norms and stakeholder expectations, it serves as an informal governance mechanism that influences employee behavior, labor investment efficiency, and operational risk mitigation. Scholars argue that without a fundamental shift in corporate culture and strategic management frameworks (such as adapting tools like the Balanced Scorecard), corporate ESG metrics remain superficial compliance exercises rather than drivers of genuine operational sustainability of researches of Michalski [4].

The pharmaceutical industry occupies a distinct position in the ESG discourse, as its primary operations are inherently bound to critical social mandates, such as preserving public health, ensuring patient centrality, and securing access to affordable medicines according to findings of Furtner [2]. Consequently, literature on the pharmaceutical sector frequently highlights the Social (S) component as a core strategic driver that deeply influences public trust and regulatory relationships.

Simultaneously, the industry faces severe scrutiny under the Environmental (E) and Governance (G) pillars. Academics have underscored that pharmaceutical companies manage high-risk supply chains characterized by complex chemical waste management, stringent sanitary requirements, and volatile environmental exposures during production and logistics. Research into biopharmaceutical listed enterprises demonstrates that solid ESG compliance significantly eases external financing constraints and catalyzes technical innovation according to researches of Li [3]. However, the literature also reveals a persistent gap: while large international pharmaceutical entities increasingly report structured ESG indicators, mid-sized and domestic players in developing markets often maintain a fragmented, compliance-centric approach, omitting clear quantitative disclosures on metrics like energy efficiency or comprehensive waste tracking.

In transitional economies like the Republic of Uzbekistan, the trajectory of corporate development is heavily shaped by macroeconomic state strategies and evolving financial institutional frameworks. Over the last several years, Uzbekistan has initiated substantial legislative reforms aimed at modernizing its joint-stock sector, building capital market transparency, and accelerating the transition toward a green economy. Government initiatives, such as the *“Strategy for the Transition of the Republic of Uzbekistan to a Green Economy”*, have set baseline regulatory frameworks that compel corporate entities—especially state-owned enterprises (SOEs) and prominent joint-stock companies—to adopt enhanced corporate governance and social safety compliance models of Umarov [7]

Recent academic assessments of Uzbek joint-stock companies indicate that the Governance (G) component is generally the most mature pillar, driven primarily by statutory mandates concerning



shareholder rights, information disclosure, and structured internal controls. However, the adaptation of holistic ESG ratings and integrated risk-assessment models remains in its early formative stages across the national economy of researches of Jafarova [6]. While joint-stock entities exhibit high compliance with standard national corporate governance codes, there remains an acute lack of empirical research examining how these state-mandated governance mechanisms translate into systemic environmental and social policies.

Research methodology

The methodological foundation of this study is a comprehensive approach to analyzing the integration of ESG principles within the operations of joint-stock companies. The study utilizes both general scientific and specialized research methods to provide an all-encompassing examination of how environmental, social, and governance factors are implemented in the corporate practices of Uzbekistan's joint-stock sector, using "Dori-Darmon" Joint-Stock Company as a case study.

First and foremost, the method of analysis and synthesis was employed to synthesize theoretical approaches to the ESG concept as presented in the works of international and domestic researchers, as well as materials from international organizations. This method ensured the formation of a holistic understanding of the essence of ESG integration and its role within the corporate governance system of joint-stock companies. The study also applied the method of legal and regulatory analysis to examine the legislation of the Republic of Uzbekistan and bylaws governing corporate governance, sustainable development, and information disclosure. This allowed for the determination of the institutional conditions and regulatory requirements shaping the operations of "Dori-Darmon" JSC, while also assessing the compliance of the company's corporate practices with current regulations.

Significant attention was dedicated to analyzing publicly available corporate disclosures, including official reports, mandatory information disclosures, and data published on the official website of "Dori-Darmon" JSC. The application of this method made it possible to evaluate the actual level of ESG component implementation, determine the degree of the company's transparency, and identify existing elements of environmental, social, and managerial responsibility.

To structure and evaluate ESG practices, a systems approach was utilized, wherein the company's operations were viewed as a collection of interconnected elements forming a unified sustainable development system. This approach allowed for an analysis of each ESG component individually while also identifying their mutual relationships and impact on the overall efficiency of corporate governance.

Additionally, a comparative method was applied to contrast the ESG integration practices of "Dori-Darmon" JSC with broader ESG development trends in the joint-stock sector of Uzbekistan. This approach facilitated the identification of both the strengths of the company's corporate practices and the existing constraints and directions for the further development of ESG initiatives. The combined use of these methods ensured the comprehensive and well-founded nature of the study, resulting in conclusions and recommendations aimed at improving ESG integration within the joint-stock companies of the Republic of Uzbekistan.

Results

The findings of this study allow for an assessment of the current state and specific characteristics of ESG integration within the operations of "Dori-Darmon" Joint-Stock Company, while also highlighting broader development trends of ESG practices within the joint-stock sector of the Republic of Uzbekistan. The analysis reveals that the implementation of ESG approaches in the studied company remains predominantly fragmented, occurring within the bounds of existing regulatory and institutional requirements without the formation of a unified, comprehensive ESG strategy.



An analysis of the Environmental (E) component indicates that "Dori-Darmon" JSC operates in compliance with the current environmental legislation of the Republic of Uzbekistan. The company adheres to mandatory sanitary and environmental standards, representing a baseline level of environmental responsibility. However, a review of corporate reporting and disclosed information revealed a lack of systematized data on environmental metrics, such as waste management, energy efficiency, and environmental risks. This points to a limited level of integration regarding the environmental aspect of ESG and highlights significant potential for future development.

Within the framework of the Social (S) component analysis, it was established that "Dori-Darmon" JSC performs a vital social function by ensuring public access to medicines and pharmaceutical products. The company contributes to job creation and employment stability, aligning with the fundamental principles of social sustainability. At the same time, the research shows that the company's social initiatives are primarily carried out as part of its core business operations and are not accompanied by distinct corporate social responsibility (CSR) programs or the disclosure of social performance indicators. This underscores the need for a more systemic approach to managing the social aspects of ESG.

Analysis

The Governance (G) component emerged as the most developed element of ESG within "Dori-Darmon" JSC. The research confirms the presence of functioning governance bodies, compliance with information disclosure procedures, regular holding of general shareholder meetings, and adherence to corporate governance recommendations. These elements ensure a certain level of transparency and accountability, meeting modern requirements for joint-stock companies in Uzbekistan. Nonetheless, the analysis revealed that ESG principles have not yet been integrated into the company's strategic documents or its managerial decision-making processes.

Summarizing these findings, it can be concluded that ESG integration at "Dori-Darmon" JSC is in its initial formative stage, primarily manifesting through isolated elements of corporate governance and the company's social functions. The environmental and social components of ESG require further institutional and methodological development. The results align with the broader trend observed across Uzbekistan's joint-stock sector, where ESG approaches are not yet comprehensive but hold substantial potential for adoption amid ongoing corporate reforms.

The environmental component of ESG involves the responsible use of natural resources, compliance with environmental standards, and the minimization of negative impacts on the environment. For pharmaceutical companies, issues regarding waste management, adherence to sanitary norms, and ensuring the environmental safety of production and logistics processes are of paramount importance.

In the operations of "Dori-Darmon" JSC, the environmental aspect is implemented strictly within the framework of the current legislation of the Republic of Uzbekistan. However, the absence of specialized environmental or ESG reporting indicates that systemic ESG integration is still in its initial stage. The development potential in this area depends on the introduction of environmental key performance indicators (KPIs) and increasing the transparency of environmental data. The social component of ESG covers occupational health and safety, human capital development, corporate social responsibility, and community engagement. By its very nature, the pharmaceutical sector is oriented toward fulfilling a social function: providing the population with high-quality and affordable medicines. "Dori-Darmon" JSC plays a vital role in the country's drug supply system, which allows its core activities to be classified as significant social practices. At the same time, the social aspects of ESG could be further strengthened through the development of structured corporate

social responsibility (CSR) programs, employee training initiatives, and enhanced disclosure of social performance metrics.

Discussion

The corporate governance component is the most developed element of ESG within the joint-stock sector of Uzbekistan. “Dori-Darmon” JSC possesses fully functioning governance bodies, actively practices information disclosure, conducts regular general shareholder meetings, and complies with the baseline principles of corporate transparency. This component strictly aligns with state requirements and corporate governance guidelines, allowing it to serve as a solid foundation for the future comprehensive implementation of ESG approaches.

The presented chart, reflecting the level of ESG component development at JSC “Dori-Darmon” provides a clear assessment of the degree to which environmental, social, and governance factors are integrated into the company’s operations. The use of a scoring scale makes it possible to compare the development level of each component and identify key imbalances within the company’s sustainable development system.

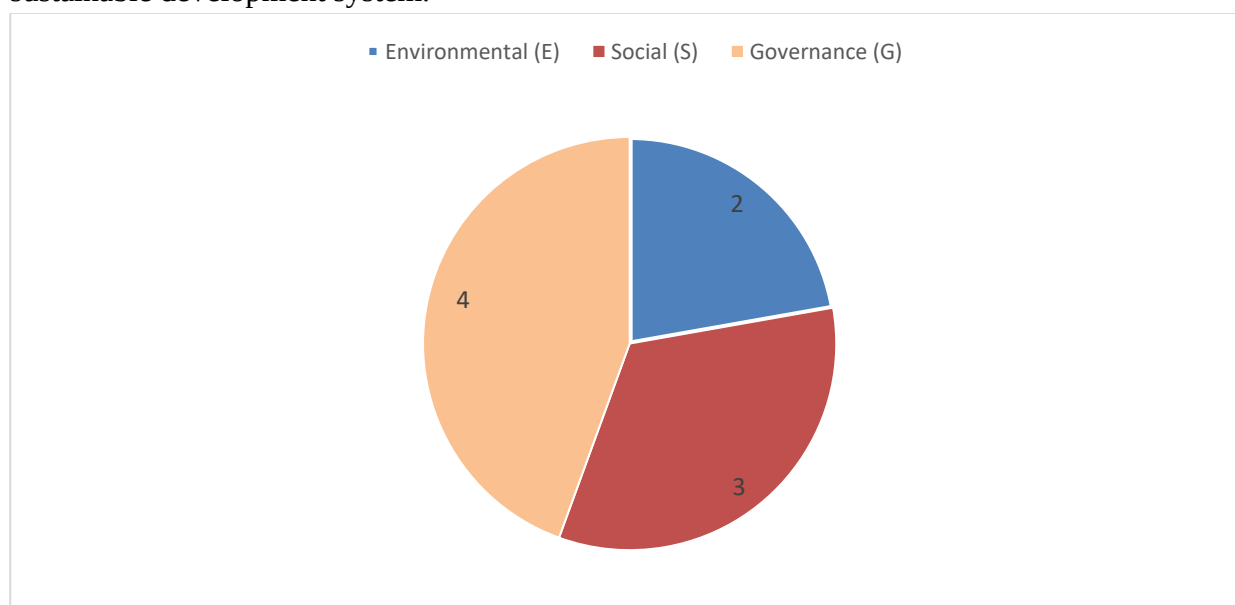


Figure 1. Assessment of ESG Component Maturity in "Dori-Darmon" JSC

According to the chart data, the corporate governance (Governance) component demonstrates the highest level of development, scoring 4 points, which corresponds to a medium-high level. This indicates that JSC "Dori-Darmon" has established basic corporate governance institutions, including the functioning of management bodies, compliance with disclosure procedures, and the holding of general shareholder meetings. This result reflects a general trend in Uzbekistan’s corporate sector, where the governance aspect of ESG is developing most actively driven by state reforms in corporate governance.

The social component (Social), which received a score of 3 points, is characterized by a medium level of development. This points to the presence of certain social practices within the company’s activities, primarily related to fulfilling its core social function—providing the population with pharmaceuticals—as well as complying with labor laws and maintaining employment. At the same time, the medium development level of the social component indicates a lack of systemic corporate social responsibility (CSR) programs and limited disclosure of social information, which reduces the potential of this direction within the framework of ESG integration.

The lowest indicator on the chart is shown by the environmental component (Environmental), scored at 2 points, which corresponds to a low-to-medium level of development. This indicates that

the environmental aspects of JSC "Dori-Darmon's" activities are largely limited to compliance with mandatory environmental legislation, without the implementation of additional environmental management mechanisms or the disclosure of relevant indicators. This result confirms the conclusion that the environmental dimension of ESG in the analyzed company is at an initial stage of development.

Table 1. Comprehensive Assessment of ESG Subcomponents in “Dori-Darmon” JSC

Component	Mark
Environmental standards	3
Waste management	2
Energy efficiency	2
Occupational health and safety (OHS)	3
Social function / Social role	4
Personnel development	2
Corporate structure	4
Information disclosure	4
Governance transparency	3

Overall, the analysis of the graphic data allows for the conclusion that ESG integration at JSC “Dori-Darmon” is unbalanced, with the governance component significantly outpacing environmental and social aspects. This structure of the ESG profile is typical for joint-stock companies in Uzbekistan that are currently in the process of adapting to international sustainable development standards. The results obtained highlight the need to formulate a comprehensive ESG strategy aimed at strengthening the environmental and social components while maintaining the achieved level of corporate governance.

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8. OECD — Principles of Corporate Governance (2023)
OECD выпускает международно признанные принципы корпоративного управления,



включающие рекомендации по прозрачности, раскрытию информации, правам акционеров, обязанностям совета директоров и устойчивости в корпоративных структурах. Эти принципы служат фундаментом для оценки и формирования стандартов ESG в корпоративном секторе.
https://www.oecd.org/en/publications/g20-oecd-principles-of-corporate-governance-2023_ed750b30-en.html

9. United Nations — Sustainable Development Goals (SDGs)

Официальная страница Организации Объединённых Наций с описанием 17 Целей устойчивого развития (SDGs), которые представляют собой глобальную рамку для действий государств и компаний в области экологии, социальной справедливости и устойчивого управления. Эти цели часто используются как международный ориентир для ESG-стратегий.
<https://sdgs.un.org/goals>

10. PwC — ESG Strategy and Value Creation

PwC описывает практические подходы к созданию ESG-стратегии и интеграции принципов устойчивого развития в деятельность компании, включая разработку показателей, управление данными ESG и создание дорожной карты. Это источник практических методов внедрения ESG в корпоративную стратегию.
<https://www.pwc.com/uz/en/ru/esg.html>

11. Scholarly Express — Implementation of ESG Principles in Uzbekistan Joint-Stock Companies

Научная статья, анализирующая процесс внедрения ESG-принципов в узбекские акционерные общества, их влияние на эмиссионную деятельность, снижение затрат на капитал, улучшение коммуникации с инвесторами и повышение инвестиционной привлекательности. Особенно полезна для обоснования теоретической части и примеров практического воздействия ESG-интеграции.
<https://scholarexpress.net/index.php/wbml/article/view/5690>

12. Официальный сайт АО «Dori-Darmon» — Раздел раскрытия информации

На этом официальном портале компании публикуются корпоративные документы, решения наблюдательного совета, раскрытие информации и отчёты, которые используются для анализа текущих практик корпоративного управления, уровня прозрачности и социальных/управленческих аспектов ESG-деятельности.
https://ferdoridarmon.uz/ru/raskrytie-informaczii/?utm_source=chatgpt.com