

# Overview of the ESG practices on the CIS financial markets

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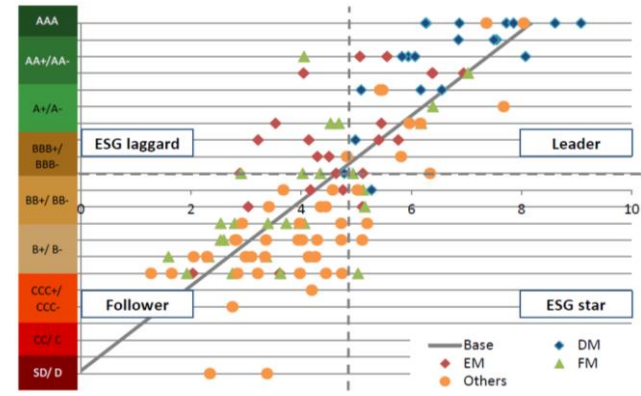
# Sustainable finance products

- ESG ratings
- ESG ranking
- Green/Social Bond Second Opinion



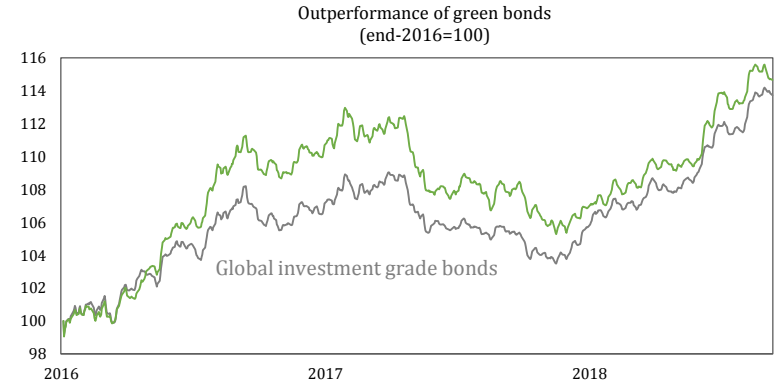
# Why an ESG rating?

## ESG and Credit ratings not correlated



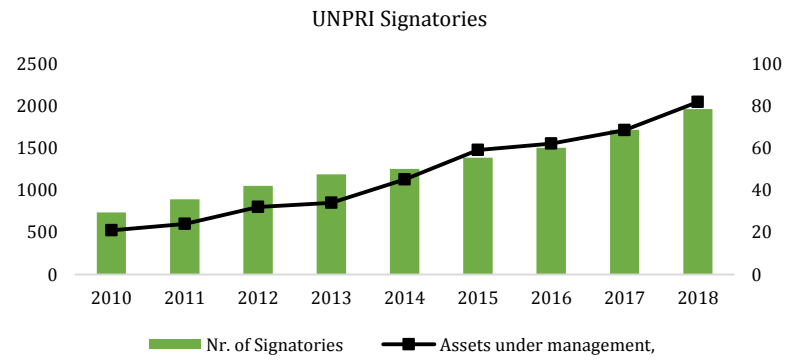
Source : Allianz Global Investors

## Positive ESG = Positive overall performance



Source : Deutsche Bank, Morgan Stanley Institute for Responsible Investing, University of Oxford, Bloomberg, IIF

## UNPRI Signatories



Source : RAEX-Europe based on data from the UN

## Demand

**90%** of millennials are more interested in responsible investing.

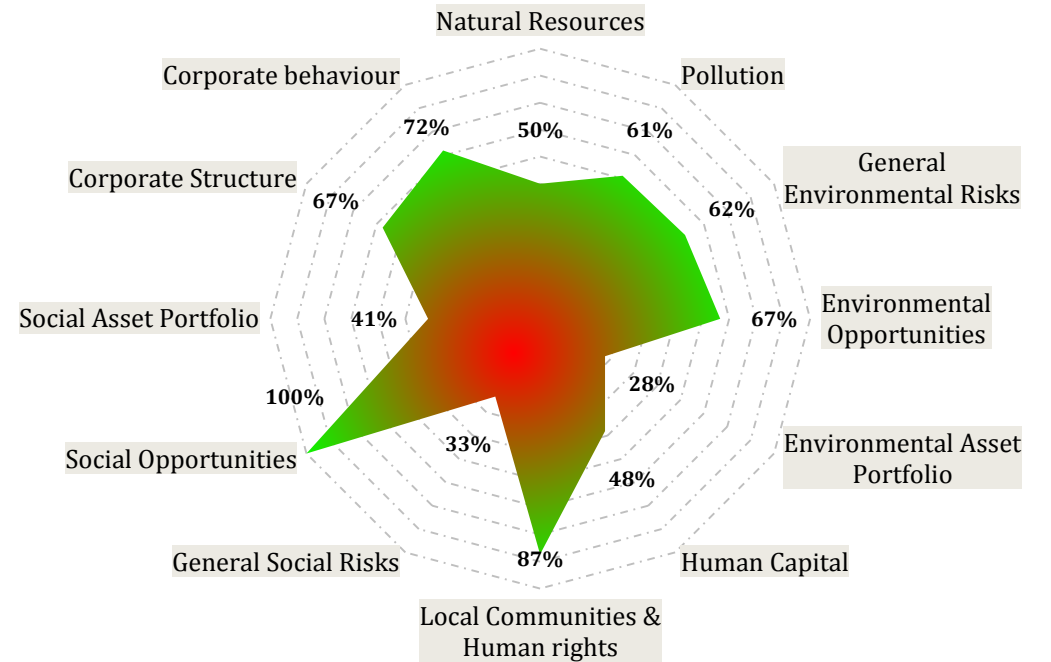
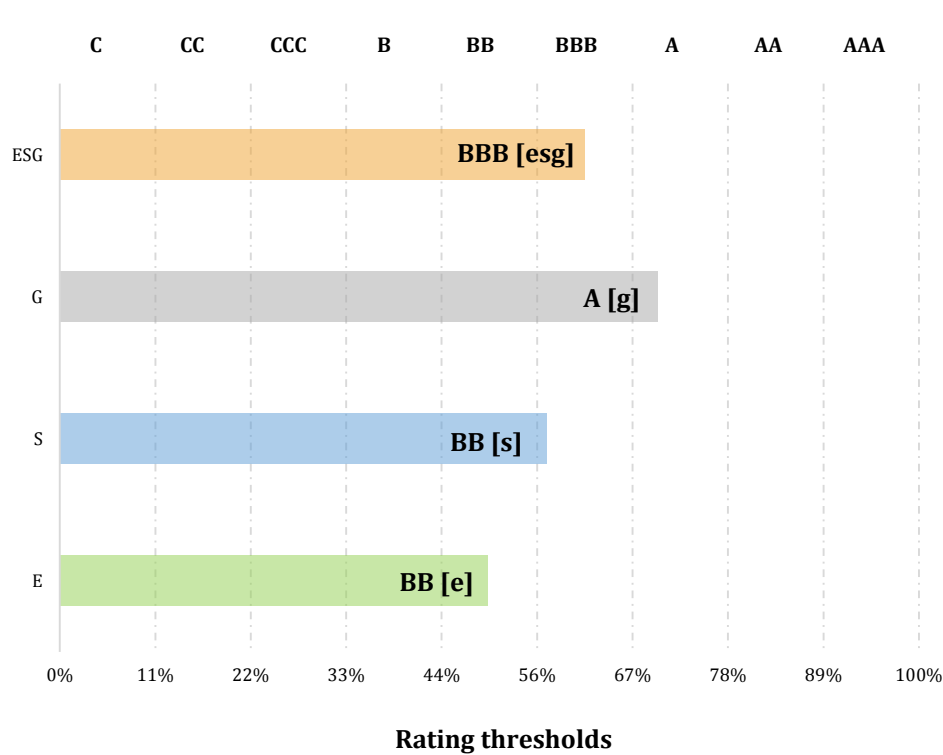
**60%** of assets under management could be influenced by some sort of ESG motivated policy or regulation.

Source : TIIA, Investment Company Institute

# First ESG rating of CIS Bank



**CREDIT BANK OF MOSCOW**



# Russian corporate ESG Ranking 2019

Among the leaders of the Russian Corporate ESG Ranking, the most widely represented are companies **listed on the international stock exchanges.**

| Company/ Position | E  | S | G  | ESG |
|-------------------|----|---|----|-----|
| Lukoil            | 6  | 5 | 2  | 1   |
| Tatneft           | 7  | 2 | 14 | 2   |
| Gazprom           | 14 | 3 | 8  | 3   |
| Norilsk Nickel    | 18 | 4 | 4  | 4   |
| Rosseti           | 2  | 9 | 10 | 5   |



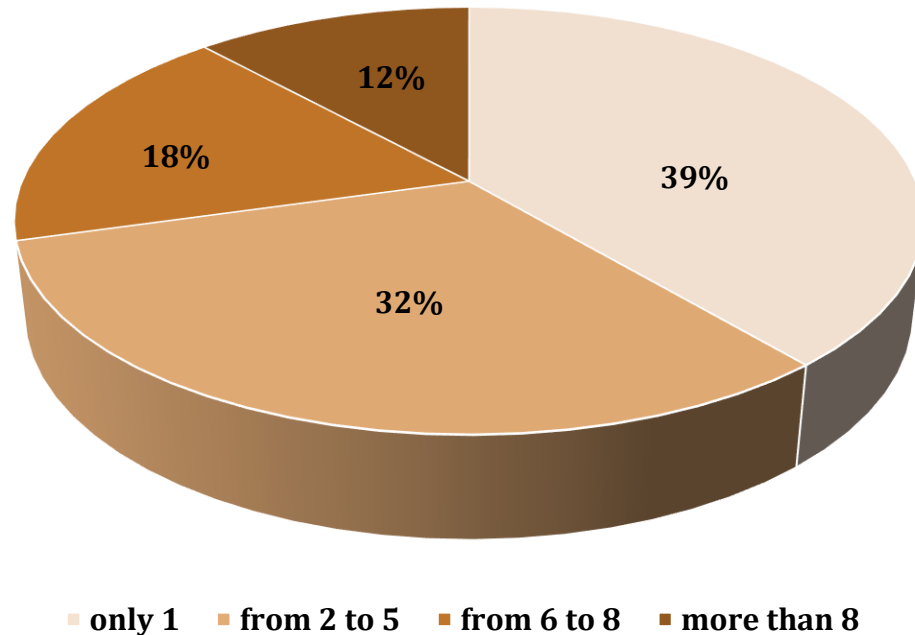
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РОССТЕИ

# Russian ESG universe

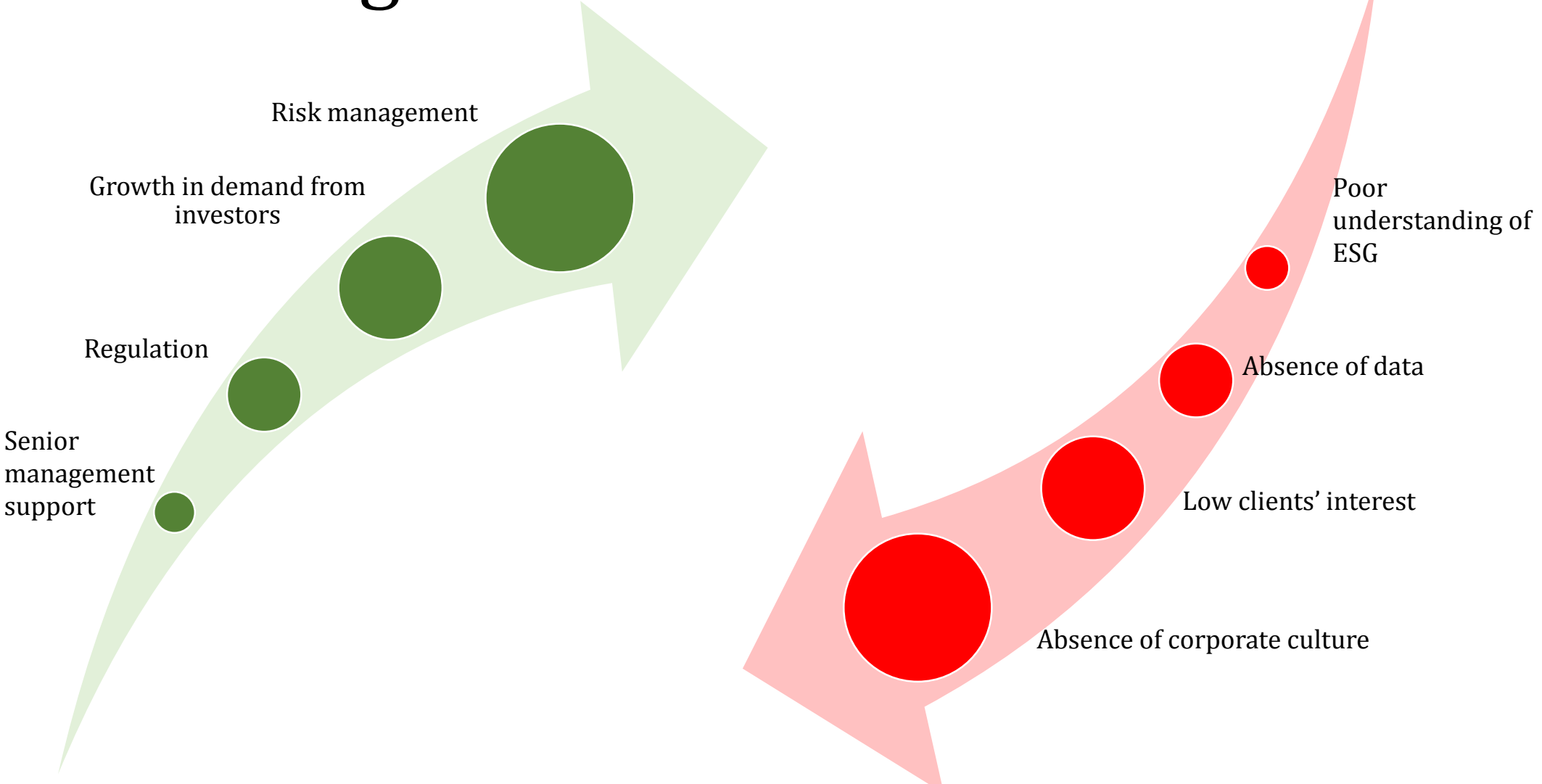
Russian ESG universe consists of **less than 100 public companies**



- ✓ **Almost 700 Russian public companies** are potentially in the spotlight of investors
- ✓ **Only circa 85 TOP companies** are covered by the international ESG data providers

*\* data as of October 2019. The universe includes the following ESG providers: Sustainalytics, MSCI, Refinitiv, RepRisk, FTSE, Bloomberg, Datamaran, Truevalue, RobeccoSAM, ISS-Oekom, ECPI*

# Key factors influencing the ESG-integration in the CIS market



\*based on the results of a joint study by the CFA Institute and the Principles for Responsible Investment (PRI) in 2017-2018

# Consideration of ESG-factors by portfolio managers and analysts in CIS

Frequency of inclusion of significant ESG aspects in the analysis of equities and bonds



\*based on the results of a joint study by the CFA Institute and the Principles for Responsible Investment (PRI) in 2017-2018



# Advantages of Green Bonds

In addition to the benefits provided by regular bonds, green bonds also provide its Issuer with the following benefits:

- **Expose the Issuer to new classes of investors** who only consider investments having increased environmental, social or governance implications;
- **Foster a greater level of transparency and institutional accountability** than regular bonds. The clarity and demonstration of the use of proceeds in green projects as well as its monitoring makes it attractive to investors and may even reduce the risks associated with investments;
- **Enhancement of the reputation** of institutions that offer green bonds. These institutions are afforded the opportunity to brand themselves as forward thinking, innovative, and sustainable;
- **Attraction of investors outside the domestic financial markets.**



# First Green Bonds in Russia

- On 19 December 2018 **RSB HMAO Ltd.** successfully issued green bonds at the Moscow Stock Exchange with a total par value of RUB 1.1 billion.
- The company received a Second Opinion from **RAEX-Europe**.
- **RSB HMAO Ltd.** became the first issuer of green bonds in Russia which complies with the Green Bond Principles form ICMA.
- The bond issue was included in the international registers of green bonds - **the Environmental Finance Bond Database** and **ICMA** database.
- The bond issue of **RSB HMAO Ltd** made it possible for the first time to include Russia in the lists of green bond issuers in the reports of international organizations.



# First Green bond in the official MOEX Sustainability Sector

- On 12 November 2019, Moscow Stock Exchange’s Sustainability Sector welcomed its first instrument – a green bond issued by **Center-Invest Bank**.
- The bank received a Second Opinion from **RAEX-Europe**.
- The bond issue was included in the international registers of green bonds - **the Environmental Finance Bond Database** and **ICMA** database.
- The funds raised will be used to finance and refinance outstanding loans given to promote energy-saving initiatives, renewable energy sources and green transport.





# Thank you for attention!

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