

RAEX



SUSTAINABILITY WEBINAR

Webinar, 23 September 2020

Sustainable finance in Georgia

- ✓ RAEX-Europe's review of Responsible and Green Financing Practices in the CIS and the Black Sea Region
- ✓ Sustainable Finance Development in Georgia: key steps and regulation
- ✓ TBC Bank's Environmental Management System
- ✓ Crystal's green journey
- ✓ Environmental management – integral part of sustainable business model of ProCredit Bank Georgia
- ✓ Announcement of new webinars



National Bank of Georgia



პროკრედიტ ბანკი
ProCredit Bank

Georgia



List of speakers:



Svetlana Grishankova
Managing Director,
RAEX-Europe



Vladimir Gorchakov
Associate Director, Rating
Service of RAEX-Europe



Salome Tvalodze
Head of Macrofinancial
Modeling and Analysis
Division, Financial Stability
Department,
National Bank of Georgia



Ioseb Rostomashvili,
Head of Environmental
and Social Risk
Management Group,
TBC Bank



Ana Getsadze
Head of Green Products
and Programs,
Financial Inclusion
Organization Crystal



Ketevan Kekelashvili
Head of environmental
management
ProCredit Bank Georgia

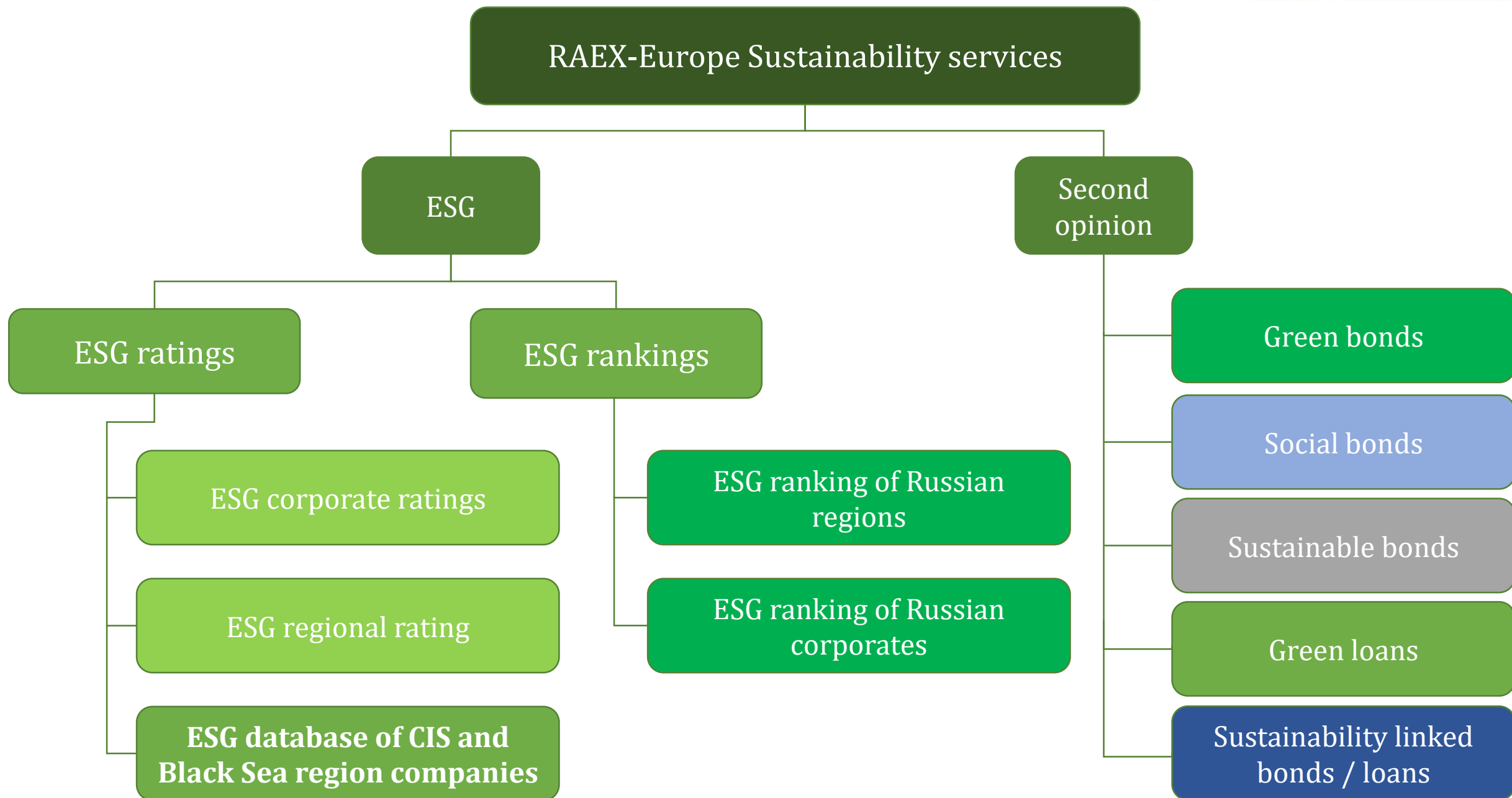
RAEX-Europe (Rating-Agentur Expert RA GmbH) – is an independent credit rating agency registered by ESMA with ECAI status. The Agency's office is located in Frankfurt am Main (Germany). The Agency specializes in the sustainability analysis and products.

Key achievements:

- Second opinion for **the first issue of green bonds in the CIS region** - RSB KhMAO
- Second opinion for **the first issue of green bonds in the sustainability sector of MOEX the first issue of green bonds by a Russian financial institution** - Bank Center-Invest
- **The first public ESG rating of a Russian bank** - Credit Bank of Moscow
- **The first regional ESG ratings** - Lipetsk region, Tambov region and the Chuvash Republic
- The Agency **verified 92% of bond issues traded** in the sustainability sector of MOEX

The Agency is a **signatory of UNPRI ESG in Credit Ratings**, as well as a member of the Luxembourg Responsible Finance Association (**LuxFLAG**).

In December 2018 together with the leading Chinese rating agency CCXI, the Pakistani VIS Group and the Islamic rating agency IIRA, RAEX-Europe signed a memorandum dedicated to the preparation and publication of **analytical products for the Belt & Road countries**.



Why does it matter?

- ESG includes quite a **broad set of issues**, from the carbon dioxide footprint to labor practices and corruption
- **65% of respondents consider ESG issues in their investment risk** management is process, 45% because clients / investors require it
- Positive link between **ESG performance and financial performance or value creation**
- **73% of portfolio managers and investment analysts consider ESG issues** in investment analysis and decision making

- Access to **ESG-oriented investors**

What are the benefits for clients?

- Better ESG score translates to about a 10 percent **lower cost of capital**, as the risks that affect business are reduced
- ESG ratings are used by the rated entities and the general public to assess the **entity's ESG risks and opportunities**
- **ESG and credit ratings** are not correlated, therefore companies from risky countries can use ESG ratings while attracting investors
- ESG ratings can be used as **informational criteria on green exchanges**

What can we offer?

ESG rating PRO – comprehensive ESG assessment with an **extended ESG rating report** and the **right to publicly use** the rating and the score

Why does it matter?

- **Overall market** of sustainable debt products reached in 2019: USD 260 bn in green bonds, USD 16 bn in social bonds, USD 42 bn in sustainability bonds
- In 1H 2020 the **issuance of social and sustainability bonds** increased 2x and 3x times as compared to 1H 2019
- All types of sustainable debt instruments showed **better resilience** to COVID-19 shock
- **Verification or any other confirmation** of bonds status by the independent third party is strongly recommended procedure

What are the benefits for issuers and investors?

For issuers:

- Increased investment **demand**
- **Diversification** of types of investors
- Additional PR and reputational **benefits**

For investors:

- Verified investments to **green projects** and **socially significant activities**
- Comparable return on investments with environmental **benefits and additional PR bonuses**
- Compliance with obligations as **PRI signatory** or as a **Responsible Investor**

What can we offer?

Verification of green / social / sustainable bonds and loans, as well as sustainability linked bonds

Why does it matter?

- **Only few largest** companies from CIS and Black Sea region are covered by global ESG data providers
- Small- and medium-sized companies from emerging markets are **out of the scope of ESG-oriented investors**
- ESG assessments from different ESG providers are **not comparable**
- Collection and verification ESG information is very **time consuming process**
- **Existing ESG databases** mostly contain fragmented, general and non-consistent information

What are the benefits for investors and companies?

For investors:

- **Standardized data** on ESG risks and opportunities of companies from emerging markets
- **Detailed scores** for each of the individual sub-factors, checklist system and links to corporate documents
- **Raw KPIs** per section that can be used for specific analysis

What can we offer?

ESG Rating Reports – ESG database of CIS and Black Sea region companies

For companies participated in the database:

- Increasing **company awareness** among ESG investors
- The rated entity has the opportunity to provide **feedback** and notify the Agency about any changes made in public reporting
- The rated entity can go through **ESG scoring assessment**

Country	Sovereign government rating		Dynamics		Outlook		Date
	National currency	Foreign currency	National currency	Foreign currency	National currency	Foreign currency	
Armenia	BB-	BB-	Confirmed	Confirmed	Stable	Stable	10.07.2020
Azerbaijan	BB+	BB+	Confirmed	Confirmed	Negative	Negative	08.05.2020
Belarus	B	B	Confirmed	Confirmed	Stable	Stable	10.07.2020
Georgia	BB	BB	Confirmed	Confirmed	Stable	Stable	03.04.2020
Kazakhstan	BBB-	BBB-	Confirmed	Confirmed	Stable	Stable	12.06.2020
Kyrgyzstan	B	B	Confirmed	Confirmed	Negative	Negative	26.06.2020
Russia	BBB-	BBB-	Confirmed	Confirmed	Stable	Stable	12.06.2020
Tajikistan	B	B-	Confirmed	Confirmed	Negative	Negative	07.08.2020
Uzbekistan	BB-	BB-	Confirmed	Confirmed	Stable	Stable	04.09.2020

Source: RAEX-Europe (as of 23.09.2020)

Stock exchange:

- Participation in **Sustainable Stock Exchanges Initiative (SSEI)**
- Sustainability-related index (SRI)
- Sustainability bond listing segment (SBLIS)



Central Bank:

- Participation in **Network of Central Banks and Supervisors for Greening the Financial System (NGFS)**
- Working groups, committees, units for sustainable finance/ development of green finance
- Programs/ strategies/ road maps



Green bonds:

- Issuers included in the green bonds databases of **ICMA** and/ or **CBI** (including foreign SPV)



Commercial Banks:

- Banks-signatories of **Principles for responsible banking (PRB)**
- Banks-issuers of green bonds
- Issuance of green/ SL loans or participation in “green initiatives” of development banks



Country	Stock exchange			Green bonds	Central bank			Commercial banks			
	SSEI	SRI	SBLS	ICMA / CBI	NGFS	Committees	Programs	PRB	Bond issuers	Green / SL loans	Green initiatives of development banks
Armenia	●	●	●	●	●	●	●	●	●	●	●
Azerbaijan	●	●	●	●	●	●	●	●	●	●	●
Belarus	●	●	●	●	●	●	●	●	●	●	●
Georgia	●	●	●	●	●	●	●	●	●	●	●
Kazakhstan	●	●	●	●	●	●	●	●	●	●	●
Kyrgyzstan	●	●	●	●	●	●	●	●	●	●	●
Russia	●	●	●	●	●	●	●	●	●	●	●
Tajikistan	●	●	●	●	●	●	●	●	●	●	●
Uzbekistan	●	●	●	●	●	●	●	●	●	●	●
Ukraine	●	●	●	●	●	●	●	●	●	●	●

Stock exchange:



- **Georgian Stock Exchange** has not yet joined the initiatives

Central Bank:



- **The National Bank of Georgia** joined the National Bank of Georgia NGFS in April 2020, and has been a member of the Sustainable Banking Network (SBN) since 2017
- **Bank of Georgia Sustainable Finance Roadmap (SFR) (2019) and ESG Reporting and Disclosure Principles for Banks (2020)**, as well as working group
- **Green taxonomy** is under development

Green bonds:



- In July 2020, **Capital PLC** (a financial company associated with **JSC Georgia Global Utilities**, the country's largest water and renewable energy company) issued USD 250 million green bonds on the Irish Exchange. Anchor investor - Asian Development Bank
- This inaugural green note will contribute to a **low-carbon and resilient economy in the country**, which still heavily relies on fossil fuels in its energy supply and is sensitive to extreme climate events

Commercial banks:



- No signatories of PRB
- Active participation of Georgian banks in programs of IFIs and Development Banks: **TBC Bank Group, Bank of Georgia, etc.**

Stock exchange:



- MOEX since February 2019: **SSEI partner**
- Since 2019: **MOEX has a sustainability sector**
- Since 2019: **two MOEX-RSPP Indices: „Sustainability Vector Index“ and „Responsibility and Transparency index“**
- **First Sustainability Report for 2019**

Central Bank:



- May 2018: **Working Group on Responsible Financing**, Expert Council on the Long-Term Investment Market
- Joined **NGFS** in December 2019
- **Reports and policy briefs:**
 - ✓ "The concept of organizing a methodological system in Russia for the development of Green Financial Instruments and Responsible Investment Projects" (2019)
 - ✓ Report "Impact of Climate Risks and Sustainable Development of the Russian Financial Sector" (2020)
 - ✓ Guidelines for Implementing RI Principles (2020)

Green bonds:



- In December 2018, the first green bonds were issued in the CIS. Issuer - RSB KhMAO (RUB 1,1 bln)
- As of September 2020, there are **4 green bond issuers** in the MOEX Sustainability sector (**7 issues with overall volume of RUB 11,4 bln**)
- One of the issuers on the international market: **Russian Railways** (EUR 500 mln and CHF 250 mln)

Commercial Banks:



- Two signatories of PRB: **Sovcombank*** and **Center-Invest**



- Green bonds from banks – Center-Invest (November 2019 – RUB 250 mln)

* Founding signatory

Stock exchange:

- **Belarusian Currency and Stock Exchange** is partner of SSEI since March 2016
- There is no ESG reporting required; however on 1 November 2017 the BCSE updated its listing rules, to include the introduction of a questionnaire for issuers of securities on the **social and environmental aspects of the organization's activities and corporate governance issues**



Central Bank:

- **National Bank of the Republic of Belarus** has not yet joined the initiatives of NGFS or IFC
- Prospects for the development of green and responsible financial products market are actively discussed by NBRB
- NBRB representatives are included to the **Council for Sustainable Development of the Republic of Belarus**



Green bonds:

- **Belinvestbank** approved the Strategy with the plans of transformation to an “*ecobank*” with the expectation of issuing green bonds (*under discussion*)



Commercial Banks:

- No signatories of PRB
- “**Green**” loans products from local banks: Belarusky Narodny Bank, Alfa Bank, и т.д.
- Active participation of the banks from the Republic of Belarus in the programs of international development banks, including **energy efficiency programs**



Stock exchange:



- Ukrainian Exchange is not a partner of the SSEI
- However **National Securities and Stock Market Commission of Ukraine** (NSSMC) joined Sustainable Banking Network (**SBN**) in July 2020
- In August 2020 NSSMC signed a cooperation agreement with IFC, to help boost climate finance in the country. This initiative is part of IFC's broader strategy to mobilize more **sustainable finance to Ukraine**

Central Bank:



Національний
банк України

- **National Bank of Ukraine** has not yet joined the initiatives of NGFS or IFC
- There is a potential for creating a **Roadmap for the development of green finance** in Ukraine under the Association Agreement with the EU

Green bonds:



- **DTEK Renewables** – debut placement of green Eurobonds in November 2019 on the Irish Stock Exchange (EUR 325 million). CBI Award: 2020 Green Bond Pioneer Award

Commercial Banks :



- Signatory of PRB: **UkrGasbank**
- **“Green” loan products:** UkrGasbank, Oschadbank, Procreditbank, etc.
- Active participation of the banks from Ukraine in the programs of international development banks, including **energy efficiency programs**

Stock exchange:

- **Kazakhstan stock exchange (KAZE)** is partner of SSEI since September 2015



- There are no mandatory requirements for ESG reporting; however, in December 2016 a **Methodology of ESG preparation** was developed for exchange issuers
- ! The main competence in the development of green capital markets has been transferred to the **Green Finance Center of the International Financial Center “Astana”: Project “Green” Financial System of the Republic of Kazakhstan**.

Green bonds:



- First green bond issue platform in Kazakhstan - International Financial Center Astana
- August 2020: **Damu Entrepreneurship Development Fund JSC** has listed the first green bonds with support of AIFC. Bonds proceeds will be used to finance various projects in different areas, such as renewable energy, energy efficiency, pollution prevention and control, etc.
- There is potential to issue green bonds by the local corporate sector and government agencies (akimats and municipalities)

Central Bank:



NATIONAL BANK OF KAZAKHSTAN

- The **National Bank of Kazakhstan** has not joined the NGFS. There are no committees and programs at the level of the National Bank

Commercial banks:



Банк развития
Казахстана

- No signatories of PRB
- Partial participation of banks of Kazakhstan in the projects on financing energy efficiency of economy and “clean energy” under the programs of IFIs and Development Banks: **Sberbank of Kazakhstan, Development Bank of Kazakhstan**

Stock exchange:



- **Republican Stock Exchange “Toshkent”** has not yet joined the initiatives

Central Bank:



- **Central Bank of Uzbekistan** has not yet joined the initiatives
- **Strategy on transition of the Republic of Uzbekistan to the “green” economy for the period 2019-2030:** strengthening the private sector in financing projects on transition to the “green” economy, as well as stimulating the banking system to “green” investments

Green bonds:



- Potential of green bonds issue by the Republic of Uzbekistan was discussed in June 2020 by the management of the **Agency for Capital Market Development**, including within the framework of possible issue of bonds “sukuk”.

Commercial banks:



- No signatories of PRB
- Financing of green projects: **Ipak Yuli Bank** within **GEFF**
- Active cooperation of local banks in the programs of IFIs and Development Banks on **energy efficiency, renewable energy and water resources**

Stock exchange :



ЦЕНТРАЛЬНО - АЗИАТСКАЯ
ФОНДОВАЯ БИРЖА

- Neither **Stock Exchange of Kyrgyzstan** nor the **Central Asia stock exchange (Tajikistan)** joined SSEI initiative

Green bonds:

- No issuers or plans for issue

Central Bank:



Кыргызстан Банктарынын Союзу
Союз Банков Кыргызстана
Union of Banks of Kyrgyzstan

- There are no members of NGFS
- However the **Union of Banks of Kyrgyzstan** became a member of Sustainable Banking Network (SBN) in 2018
- Projects of **Roadmap** for the implementation of the principles of sustainable financing in the financial sector of the Kyrgyz Republic and the **Program** for the Development of a Green Economy in the Kyrgyz Republic for 2019-2023 were developed

Commercial Banks:



БАНК
БАЙ ТУШУМ



- No signatories of PRB
- Tajikistan Green Finance Fund, Tajikistan Adaptation Fund (TajCREFF), Access to Green Finance program from ADB
- Banks-partners of the “green” programs of IFIs and Development Banks: **Bai Tushum Bank, Damir Bank, Kompanion Bank** (Kyrgyzstan), **Eskhata Bank** (Tajikistan)

Stock exchange :



- Stock exchanges of **Armenia** and **Azerbaijan** are partners of SSEI: since December 2019 and April 2020 respectively
- There are no Sustainability indexes and sectors

Central Bank:



- **Central Bank of Armenia** joined NGFS in February 2020
- **Central Bank of Azerbaijan** has not yet joined the initiatives

Green bonds:



- **Ameriabank CJSC** can be considered as potential issuer of green bonds in Armenia

Commercial Banks:



- No signatories of PRB
- Active participation of banks of Armenia and Azerbaijan in IFI and Development Bank programs: **Ameriabank, ArmSwissBank** (Armenia), **Demirbank, Muganbank, FINCA, Unibank** (Azerbaijan)

International Forum **Responsible investments in the CIS region**

Frankfurt am Main, 17-18 December 2019

- ✓ **More than 100 participants** and **20 speakers**
- ✓ Regions, banks and companies from CIS
- ✓ EU financial institutions
- ✓ ICMA, CBI, LuxFlag, BaFin, UN PRI, AHK, MOEX, UmweltClusterBayern, AIFC



2nd International Forum

Responsible investments in the CIS and Black Sea region

Online conference

9 December 2020

With support of AHK Russland:



✓ More than 300 participants and 30 speakers

Session 1

Regulatory developments globally and in the CIS and Black Sea region

Session 2

Practitioners and pioneers of sustainable finance

Session 3

Interactive workshops

ESG and sustainability champions from CIS and Black Sea region, both corporates and investors

Small groups in breakout sessions, **active questions and discussions**



Bank of Russia
Central Bank of the Russian Federation



National Bank of Georgia



RAEX-Sustainability webinars

Series of educational webinars and practical workshops in Russian language, covering responsible investment and sustainable development topics

Nº	Date	Webinar	Guest speaker	Recording
1	Green bond market	25 March 2020		https://ru.raex-sustainability.com/green-bond-webinars
2	Verification of green bonds	1 April 2020		https://ru.raex-sustainability.com/green-bond-webinars
3	Green bond issue on MOEX	8 April 2020	Gleb Shevelenkov, MOEX	https://ru.raex-sustainability.com/green-bond-webinars
4	Green bond issuance on European exchanges	15 April 2020		https://ru.raex-sustainability.com/green-bond-webinars
5	ESG as basis for sustainable development	22 April 2020		https://ru.raex-sustainability.com/esg-webinars
6	ESG rankings, rankings and indices	29 April 2020		https://ru.raex-sustainability.com/esg-webinars
7	ESG banking	6 May 2020	Mikhail Babenko, WWF Russia	https://www.youtube.com/watch?v=6AbHNTQHwhE&t=99s
8	ESG banking - practice in Russia 1	13 May 2020	Lidia Simonova, Bank Center-invest	https://www.youtube.com/watch?v=fVWnz5gB9iA
9	ESG banking - practice in Russia 2	20 May 2020	Elena Finashina and Natalya Talysheva, Credit Bank of Moscow	https://www.youtube.com/watch?v=4NbMtK1HQnk&t=2s
10	ESG in Public Private Partnership	3 June 2020	Natalia Korchakova-Heeb, SDG.17 Consulting GmbH Arthur Scheglov, Hyperion Strategy Group	https://www.youtube.com/watch?v=GyhY4s9-oSE
11	ESG reporting in Russia	17 June 2020	Elena Feoktistova, Russian Union of Industrialists and Entrepreneurs	https://ru.raex-sustainability.com/esg-webinars
12	ESG reporting - practices in Russia 1	24 June 2020	Peter Greiding, United Metallurgical Company	https://ru.raex-sustainability.com/esg-webinars
13	OECD approaches to the international regulation of green finance market and international practices for Russia	1 July 2020	Sergey Sementsov, Institute for Research and Expertise of Vnesheconombank Antonina Levashenko, Russia-OECD Center, RANEPА	https://www.youtube.com/watch?v=SaobVQI5nS4&t=2s
14	ESG reporting - practices in Russia 2	8 July 2020	Elena Korotkova, Severstal Management	https://www.youtube.com/watch?v=MYmA1V8ByR8&t=1s
15	Updates and additions to ICMA guidelines	15 July 2020		https://ru.raex-sustainability.com/green-bond-webinars

RAEX-Sustainability webinars

Series of educational webinars and practical workshops in Russian language, covering responsible investment and sustainable development topics

Nº	Date	Webinar	Guest speaker	Recording
16	Perspectives for Responsible Financing in Kazakhstan	29 June 2020	Asel Nurakhmetova, AIFC Green Finance Centre	https://ru.raex-sustainability.com/green-bond-webinars
17	Principles for responsible banking	5 August 2020	Maxim Titov, Head of the ENERPO Research Center, European University at St. Petersburg	https://ru.raex-sustainability.com/esg-webinars
18	ESG in oil and gas sector	12 August 2020	Florian Willershausen, Creon Capital	https://ru.raex-sustainability.com/esg-webinars
19	ESG assessment of Russian companies: RSPP “Responsibility and Transparency Index” and “Sustainability Vector Index”	26 August 2020	Elena Feoktistova, Russian Union of Industrialists and Entrepreneurs Yuliya Sofronova, UN PRI	https://ru.raex-sustainability.com/esg-webinars
20	Track "Green Economy" in the framework of the ASI Federal Forum "Strong Ideas for a New Time"	2 September 2020	Participants of Track "Green Economy"	https://www.youtube.com/watch?v=VG-qNrhpX_g&t=1118s
21	ESG-banking - Made in Russia	9 September 2020	Dr. Vasily Vysokov, Center-invest Bank	https://www.youtube.com/watch?v=sf90sNafiTU
22	ESG in oil and gas sector	16 September 2020	Andrey Samatov, Sakhalin Energy	https://www.youtube.com/watch?v=9sVpFscBPr0&t=111s

Next webinar 2020
Green bonds in Russia - Regulation and market potential

with participation of: MOEX, Central Bank of Russia, VEB.RF, Ministry of Economic Development of Russia
30 September 2020



Upcoming webinars «RAEX Sustainability»:

Green Real Estate *(in Russian)*

7 October 2020

LuxFLAG Sustainable Investment Week (together with HSBC Bank) *(in English)*

13 October 2020

Telegram channel RAEX Sustainability: https://t.me/raex_sustainability

Event Calendar RAEX-Europe: <https://www.raexpert.eu/calendar/?year=2020>



LuxFLAG Sustainable Investment Week 2020

Putting sustainability at the forefront of finance

12 Oct. 2020 - 16 Oct. 2020



LSIW20 PARTICIPATING HOST



is pleased to host a session in **#LSIW20**

Tuesday, October 13, 2020

14:00 - 15:00

The impact of ESG in Fixed Income portfolios' performance

Organised by :



#LSIW20



lsiw20.luxflagevents.lu

Telegram channel RAEX Sustainability



**News and events on ESG, SDGs
and financial instruments for
sustainable development**

[@raex_sustainability](https://t.me/raex_sustainability)

Walter-Kolb-Straße 9-11, 60594 Frankfurt am Main

General inquiries

Tel. +49 69 3085 4500

E-mail: info@raexpert.eu

Sales

Tel. +49 69 3085 4500 ext. 1210

E-mail: sales@raexpert.eu

Compliance

Tel. +49 69 3085 4500 ext. 1214

E-mail: compliance@raexpert.eu