SUSTAINABLE FINANCIAL INSTRUMENTS AND INFRASTRUCTURE

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FINANCIAL INFRASTRUCTURE FOR SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT PROJECTS TAXONOMY

GREEN PROJECTS
Green projects should contribute to goals related to positive environmental impacts

TRANSITION PROJECTS
Transition projects should be aimed at the decarbonization of carbon-intensive industries and improving the environment-related aspects of their activities supporting climate transition

SOCIAL PROJECTS
Social projects should contribute to goals related to positive social impacts

SECOND-PARTY OPINION (VERIFICATION SYSTEMS)

BONDS/LOANS
- green
- social
- sustainability
- transition

BONDS
- sustainability-linked
- climate transition

VERIFIERS
13 APPROVED ORGANIZATIONS
credit rating agencies and audit companies

SYSTEM FOR ASSIGNING ESG RATINGS

PROBLEMS OF ESG RATINGS
- Inconsistency and incomparability of data and methodologies
- Non-transparent process of obtaining ESG data
- Insufficient reliability of information sources
- Different demands of investors and issuers

OUTCOMES OF RECOMMENDATIONS
- harmonized definition of the term “ESG rating”
- minimum set of metrics for each ESG pillar
- a uniform rating scale for all ESG rating providers

• Resolution of the Government of the Russian Federation No. 1587 of 21 September 2021
• Resolution of the Government of the Russian Federation No. 1587 of 21 September 2021
• Regulation of the Bank of Russia No. 706-P of 19 December 2019
• Bank of Russia Information Letter No. IN-02-05/46 of 30 June 2023 “On Recommendations for Developing an ESG Ratings (Sustainability Ratings) Methodology and Assigning Such Ratings”
FINANCIAL INSTRUMENTS FOR SUSTAINABLE DEVELOPMENT

BONDS AND LOANS AS PART OF SUSTAINABLE FINANCE

TARGETED BONDS AND LOANS

GREEN BONDS
financing green projects

SOCIAL BONDS
financing social projects

SUSTAINABILITY BONDS
financing projects with green and social impacts

TRANSITION BONDS
financing transition projects

GENERAL PURPOSE BONDS

SUSTAINABILITY-LINKED BONDS
financing for general corporate purposes with a commitment to achieve certain KPIs

CLIMATE TRANSITION BONDS
developing a science-based strategy

VERIFICATION PROCESS (13 APPROVED VERIFIERS)

STAGES

PRE-ISSUANCE

POST-ISSUANCE

WHEN?
Before issuance
No more than 24 months after issuance

HOW OFTEN?
1
1

IS IT MANDATORY?
yes
yes

GREEN MORTGAGE

National green standard GOST R “Green Residential Multi-Apartment Buildings”

NEXT STEP
GREEN MORTGAGE standard
SUSTAINABILITY SECTORS AT MOSCOW EXCHANGE AND SPB EXCHANGE

Sustainability Sector at Moscow Exchange
Volume: RUB 435 billion (USD ~5 billion)*

Segment for sustainability bonds (green, social and sustainability bonds)
31 issuances
RUB 340 billion
USD ~3.8 billion*

Segment for sustainability-linked bonds (sustainability-linked bonds and climate transition bonds)

Segment for national and transition projects
7 issuances
RUB 95 billion
USD ~1.1 billion*

Segment for Sustainable Finance Instruments at SPB Exchange
Secondary listing (USD ~0.35 billion*)

*As of 31 January 2024
POSSIBLE AREAS OF COOPERATION FOR BRICS

PROJECTS

PROJECT 1. Establishment of mechanisms for ongoing strategic dialog with partner countries: identification of common challenges, risks and opportunities

PROJECT 2. Development of BRICS standards for green finance (taxonomy, verification and instruments)

PROJECT 3. Development of BRICS standards for climate transition and adaptation finance instruments

PROJECT 4. Harmonization of approaches to assigning ESG ratings