



Session 4: What is ESG?

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Background

Global trends in investment landscape indicate that trillions of dollars could be allocated to ESG-oriented investments in the nearest future (Bank of America research)



Growing customer base and investment volumes potential

- ✓ an increasing number of investors (mainly European) introduce in their compliance procedures and risk assessments requirements to the level of the counterparts immersion in the principles of CSR and its ESG rating (**these factors makes the investment decisions easier**)
- ✓ today, about **\$ 30 trillion (of which 46% from EU)** are managed according to ESG principles, for example, the green bond market is **\$ 390 billion**
- ✓ according to experts, in the near future, non-compliance with the minimum ESG criteria may lead to the imposition of sanctions against the relevant companies, or the so-called financial embargo.



Government support

- ✓ **Ministry of Economic Development of the Russian Federation** together with **Russian Foreign Trade Academy** preparing a national plan to implement responsible business standards
- ✓ **The Russian government** issued an order to ensure the early launch of green bond mechanism, which will increase the competitiveness of Russian companies and reduce the cost of borrowing



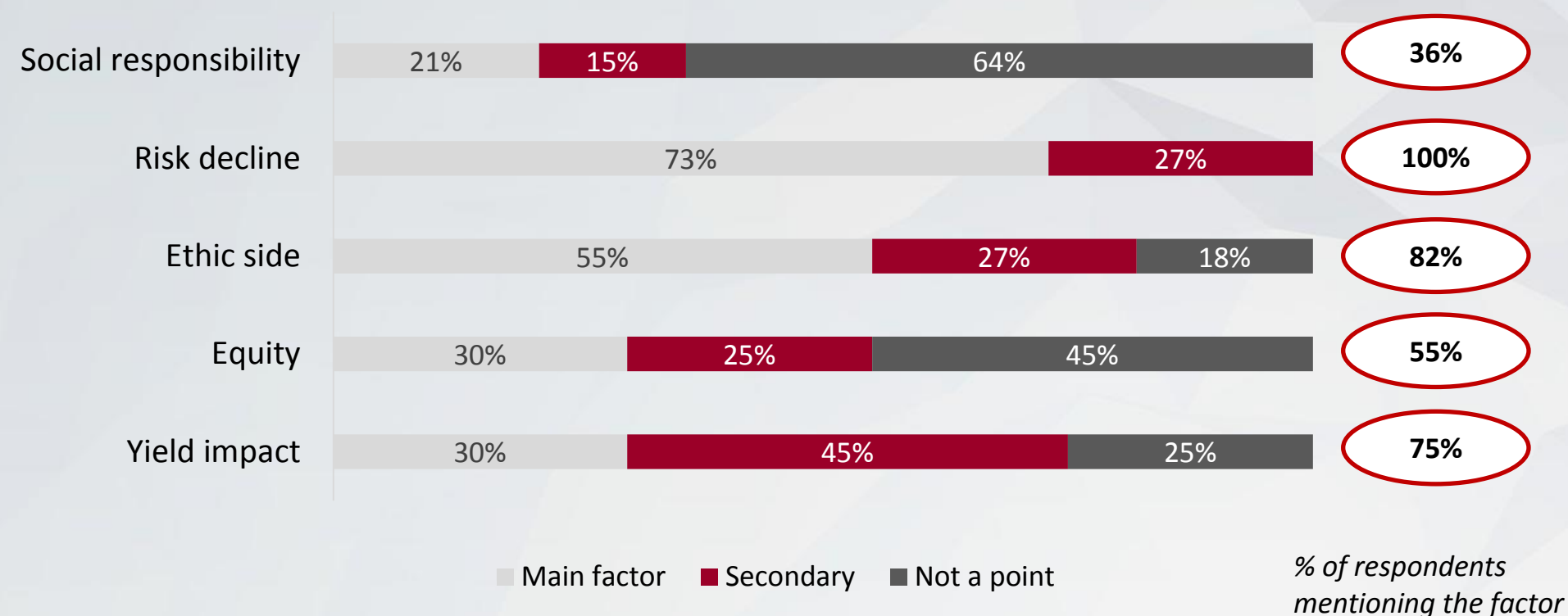
Compliance with the ESG principles for any organization is a sign of «good taste»

- ✓ involvement in **ESG principles** reflects the organization's level of responsibility to society and indicates on the importance, solvency and status of the company
- ✓ on the part of **society and customers**, an organization that sets itself not only the goals of profitability, but also helping the community is highly regarded.

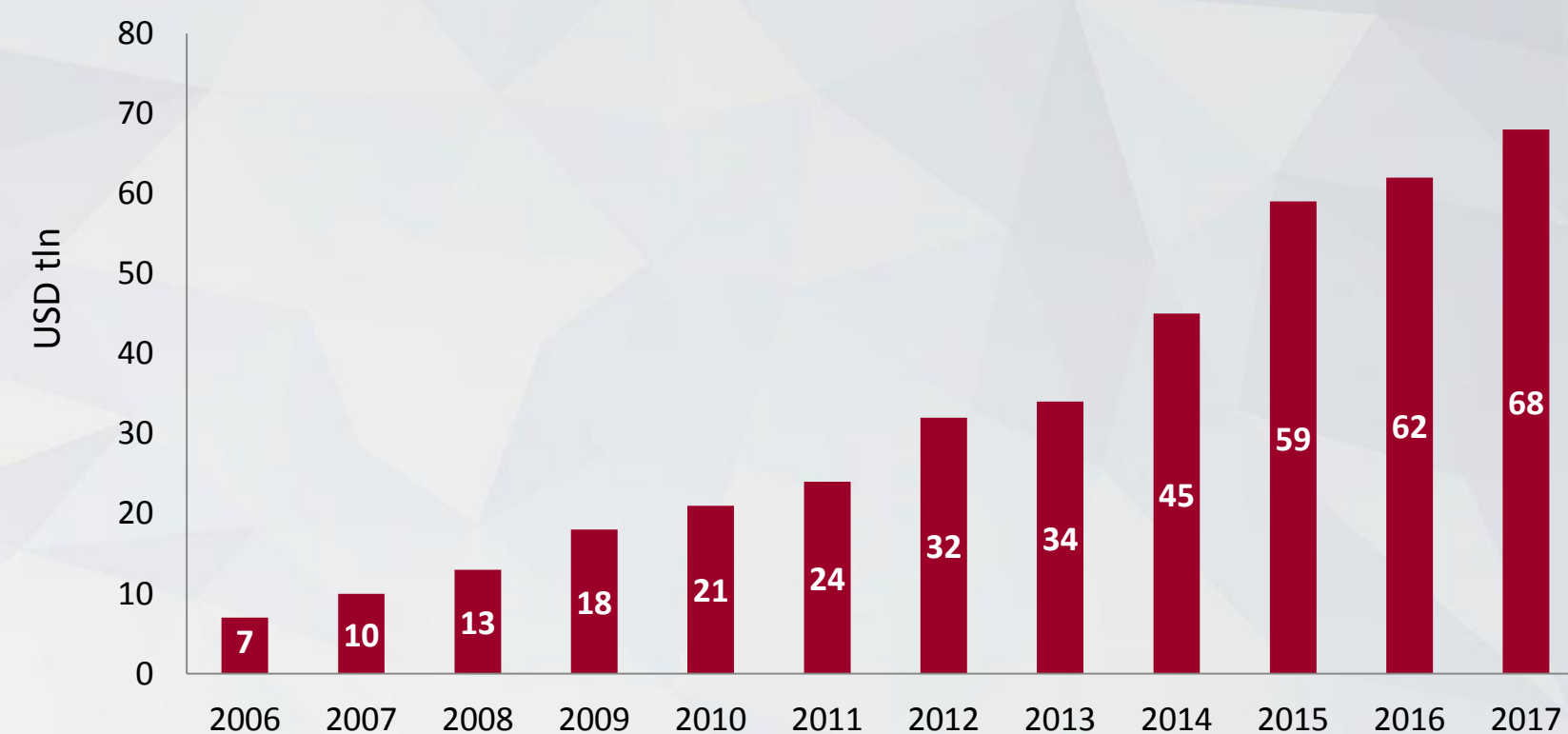
Responsible investment as a world trend

There is a worldwide increase in the number of international investors taking into account ESG principles

Factors for investments in ESG projects



UN ESG investors assets under management



ESG investors (incl. CBM investors)

BLACKROCK



T.Rowe Price

J.P.Morgan Asset Management



ROBECO

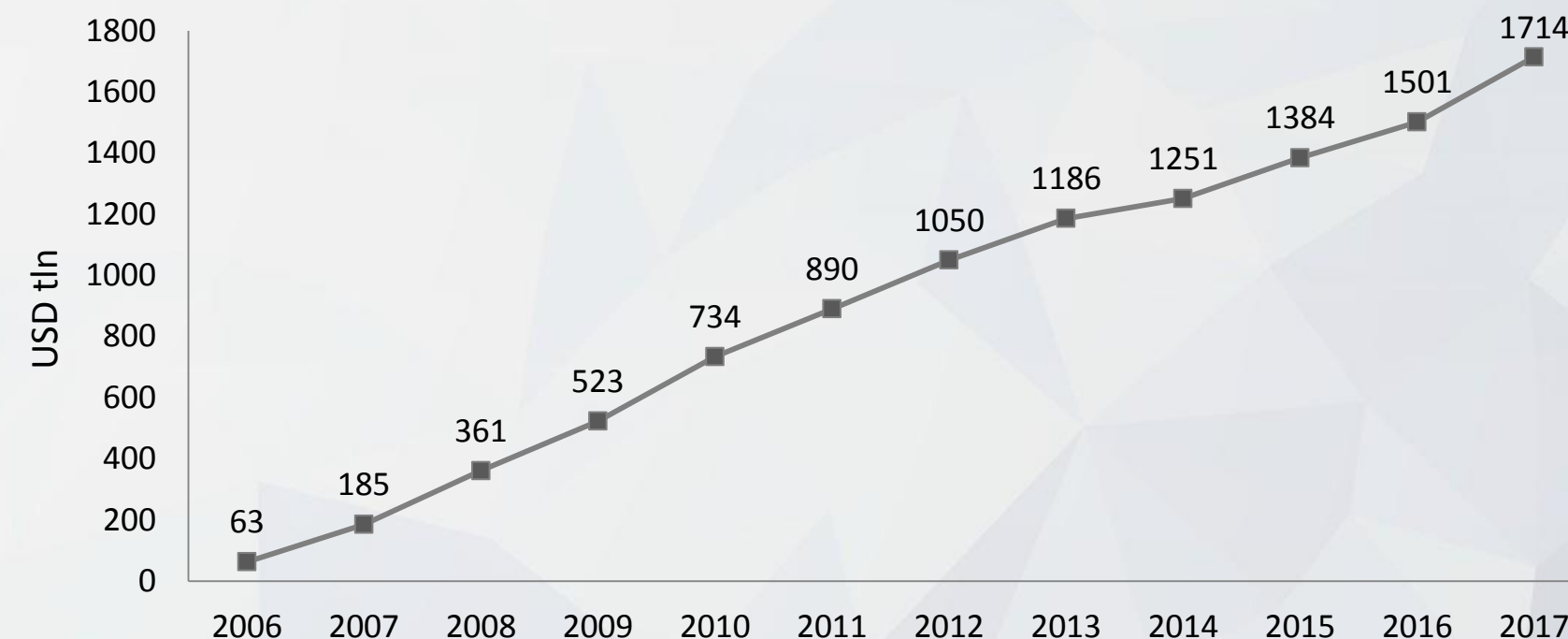
Schroders



OppenheimerFunds™

Morgan Stanley

Number of UN ESG investors



Source: UN PRI Research, Bank of Montreal, SRI Connect and Extel research

ESG in Banking sector

ESG ORIENTED PRINCIPLES IN BANKING SECTOR



Environmental

- ✓ Environmental-oriented projects



Social

- ✓ Social-oriented projects
- ✓ Focusing on corporate social responsibility



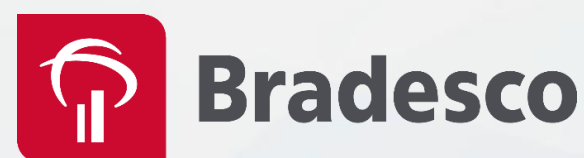
Governance

- ✓ Information transparency
- ✓ Team, corporate culture and human capital, responsible business standards (incl. human rights)

ESG in Banking sector



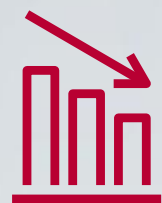
BANKS DEVELOPING THE PRINCIPLES OF RESPONSIBLE BANKING



PIRAEUS BANK



Benefits of involvement in ESG principles



Mitigates risks



Heightens the organization's level of responsibility to society and importance, solvency and status of the company



Raises public profile



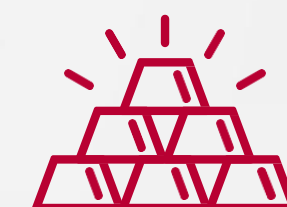
On the part of society and customers, an organization that sets itself not only the goals of profitability, but also helping the community is highly regarded



Lowers the cost of borrowing



Increases the capitalization of the company in future periods



Responsible organization is wealthy organization



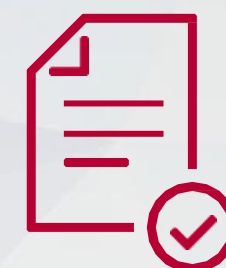
Evaluates investment attractiveness

Credit Bank of Moscow **ESG implementation**

ESG INITIATIVES



Publication of **Sustainability Report** Based on **GRI Standards**



ESG Rating Assignment (In Progress)



Emphasis on **Green Projects** of Corporate Clients



Socially oriented Retail products



Collaboration with **WWF Fund**



Corporate Volunteer programs



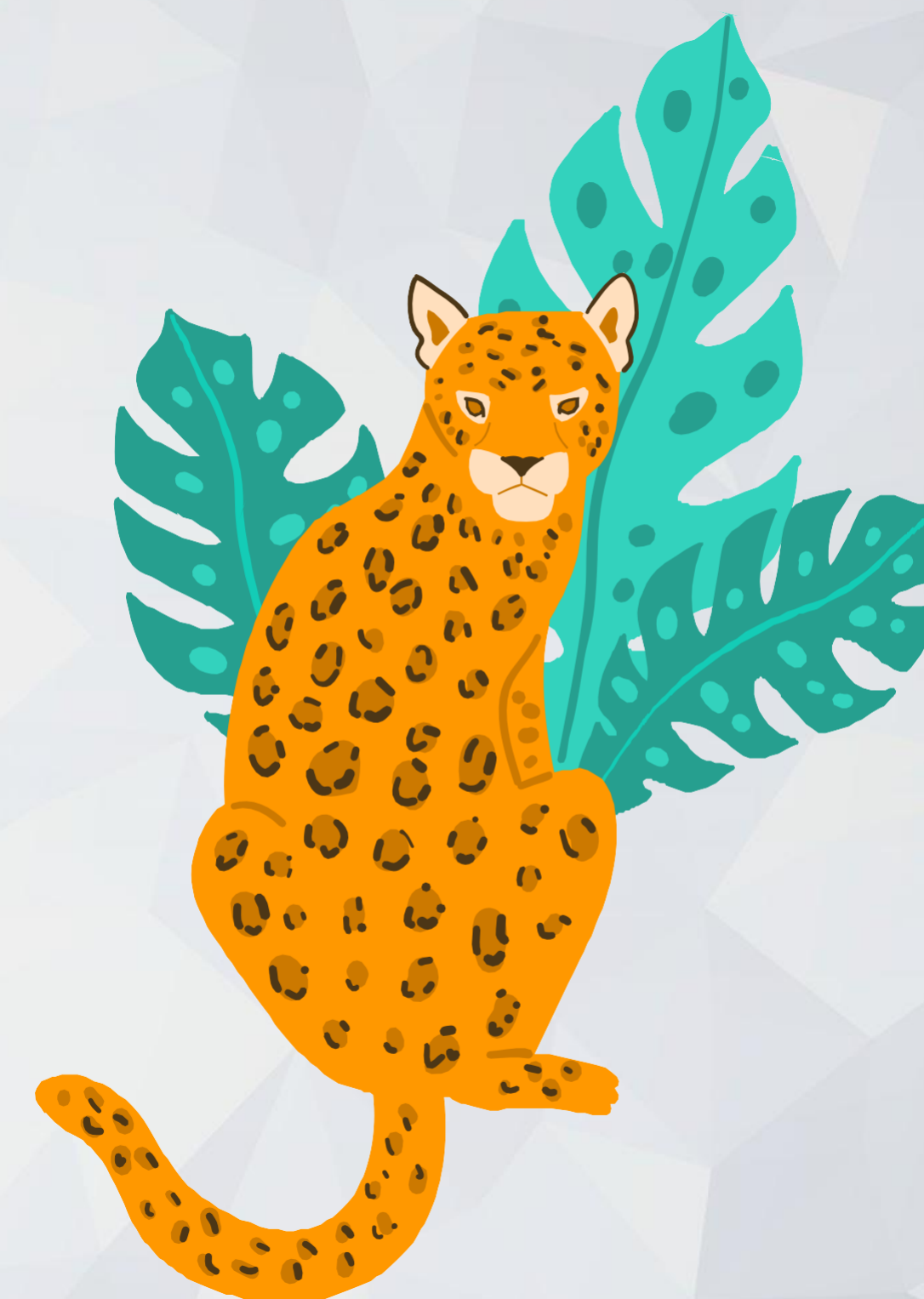
Charity Events



Focus on getting higher ESG ratings and creating real **Green Bank**

Credit Bank of Moscow ESG implementation

RESULTS AND ACHIEVEMENTS



Credit Bank of Moscow ESG implementation



ENVIRONMENTAL

Minimization of
Environmental Impact

- ✓ Reduction of energy consumption
- ✓ Waste management
- ✓ Reduction in paper consumption and recycling
- ✓ Containers for recycling batteries



SOCIAL

Socially
oriented business

- ✓ Availability of CBM's products
- ✓ Creation of green corporate culture
- ✓ Implementation of ESG principles in CBM's business process
- ✓ Development of motivational programs
- ✓ Updating anti-corruption policy
- ✓ Arifmetika Dobra charity
- ✓ Organized running team



GOVERNANCE

Most CBM's processes comply
with ESG standards

- ✓ Creation of new committees that determine decisions in the sphere of ESG (CSR)
- ✓ Performance of ESG principles, aspects and benefits for CBM's employees and management
- ✓ Creation of an appropriate management unit responsible for preparation of a strategy taking into account the principles of corporate social responsibility