

ESG-Digest

by Mikhailov & Partners
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#ESG_global_agenda

COVID-19 and social protection among key debates as June session of virtual International Labour Conference ends

During plenary discussions, delegates addressed the Director-General's report to the Conference on Work in the time of COVID , which applied the human-centred approach of the ILO's 2019 Centenary Declaration to achieving a sustainable and inclusive global pandemic response.

Delegates unanimously adopted a Global Call to Action outlining measures to create a human-centred recovery from the pandemic to avoid long-term scarring of economies and societies.

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Big Oil's Green-Spending Boost Isn't Enough, IEA Says

The oil and gas industry is set to boost investments in clean energy this year, but that still won't be enough to put the world on a path to limit a dangerous rise in global temperatures.

That's the view of the International Energy Agency, which expects traditional fossil-fuel companies to increase climate-friendly investments to at least 4% of their capital spending, up from just 1% last year, according to a report Wednesday.

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KEY EVENTS

G7 agree on ‘historic steps’ to make climate reporting mandatory

G7 finance ministers made a commitment at the meeting to make it mandatory for corporates to report climate impacts and investment decisions, alongside new measures to strengthen central company beneficial ownership registries to crackdown on environmental crime.

The agreement to mandate climate disclosure does not yet have a timeframe attached, but the wider G20 group of nations are also set to discuss the topic, potentially meaning that an international agreement could be achieved prior to the COP26 climate negotiations in Glasgow this November.

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#green_funding

Green and social bonds to be issued based on national principles of sustainable development

The green bond issue regulation will factor in the first national taxonomy of green projects and the national verification of sustainable financial instruments, currently being approved by the Russian Government. The corresponding draft Bank of Russia’s regulation has been released to assess regulatory impact.

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Banking and sustainable development

Corporations, banks, Russian regions are working on issuing green bonds and other instruments, said D. Shulakov, First Vice President of Gazprombank.

In 2020, the green bond market amounted to ₺126 billion, and by the end of this it may reached ₺250 billion. Russia still lags far behind the West in terms of both volume and market complexity. “However, the process has started, and this year will be a confirmation that the spiral of responsible financing is unfolding,” says D. Shulakov.

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KEY EVENTS

ICMA Releases Updates to the 2021 Environmental and Social Bonds Guidelines

The new edition of Green Bond Principles 2021 includes a set of guidelines for bond structure and external reviews, increasing transparency and providing information on the extent to which projects are compliant with official or market taxonomy, and promoting transparency in issuer processes to identify and manage social and / or environmental risks.

A number of practical guides have also been released, illustrative examples of the selection of key KPIs for bond issuers related to sustainable development, underwriters and investors.

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#ESG_research

Global regulators to introduce first oversight of ESG raters

A global securities watchdog plans to publish its first regulatory guidance for raters of corporate environmental, social and governance (ESG) performance in July to stem growing concern among asset managers about overstated green credentials.

The concern over so-called greenwashing has grown as more investments are channelled into climate-friendly funds, giving rise to a burgeoning market for ratings on how different companies deal with ESG challenges.

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Corporate polluters lag on setting climate goals

Scientists say the world needs to cut greenhouse gas emissions by at least 45% by 2030 to have any hope of meeting Paris Agreement targets for the middle of the century and averting catastrophic warming.

Yet 41 of the world's 250 biggest corporate emitters - or 16% - are only just starting to assess their emissions, with no reduction targets set for any year, an analysis of data from research firm Signal Climate Analytics found.

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#ESG_regulatory_practice

Rosprirodnadzor starts publishing environmental anti-ratings of companies

Rosprirodnadzor will start publishing environmental anti-ratings of Russian companies from August 1, said Svetlana Radionova, the head of the service. “We will publish environmental anti-ratings. Let's see how he will be working. I hope that we will publish the first rating from August 1,” she said.

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The State Duma adopted a bill to limit greenhouse gas emissions

The bill, adopted by the State Duma in the second reading, makes it possible to take into account the volume of greenhouse gas emissions and lay the legislative basis for the implementation of this system in Russia.

According to V. Burmatov, the Chairman of the Committee on Ecology and Environmental Protection, the adoption of the document will not only create conditions for fulfilling international obligations under the Paris Agreement, but will also protect national producers.

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EU's carbon border tariff to target steel, cement, power, Bloomberg News says

The European Commission is due to propose its carbon border tariff policy on July 14, a move designed to put EU firms on an equal footing with competitors in countries with weaker carbon policies than those of the bloc.

Citing a draft of the proposal, Bloomberg reported that the border levy would be applied in full from 2026, after a phase-in from 2023. Importers would be required to buy digital certificates, with each one representing a tonne of carbon dioxide emissions embedded in their imported goods.

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#ESG_COVID-19

Severstal in the Sustainable Development Report provides information on anti-epidemic measures

In 2020, Severstal developed and launched a mobile application "SNAMI" (literally "WITH US"), which helped to provide remote work.

Taking into account the additional costs incurred by employees from the very beginning of the pandemic period, all Severstal employees, with the exception of key managers, received additional payments, the total amount of which amounted to ₹500 million.

Measures were taken to separate the flows of people, sanitary and hygienic measures were strengthened, thanks to which it was possible to avoid massive outbreaks of the disease at enterprises.

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CSR programs during a pandemic

During an open online conversation, representatives of IBM, Philip Morris, Rosatom, BIOCAD, Deloitte, Luis +, Servier, Beeline discussed the corporate social responsibility policy in the context of the COVID-19 pandemic.

The speakers shared their experience in ensuring the continuity of their business and adapting their activities to current needs.

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KEY EVENTS

ESG on the SPIEF 2021 Agenda

The agenda of the International Economic Forum held in St. Petersburg demonstrated the importance of the ESG abbreviation both for the government and for large Russian companies.

The main topic of discussion for both the state and business was the ongoing recovery of the economy from the pandemic into the world of new corporate international ESG rules, in which companies must be demonstratively environmentally friendly, socially responsible and ethically managed.

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Commitment to ESG principles will grow in importance

After recovering from the first shock of the pandemic, the world is facing a series of major changes and structural transformations.

The economic and social changes brought about by digitalization are most visible in the retail, finance and service sectors. However, the same tectonic shifts occur in all other industries, including heavy industry. The pandemic has only accelerated the penetration of technology at all stages - from production to business planning and workflow.

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Conference "Expert RA": how the pandemic changed the insurance market and insurers

Representatives of the Bank of Russia, the Ministry of Finance, and major insurance companies discussed how the pandemic has changed the insurance market, as well as growth drivers for the near future.

Alexey Yanin presented the results of the market research: “More than 90% of the insurance market companies have successfully coped with the challenge of the pandemic period. At the same time, they had to quickly change processes in connection with the pandemic: transfer staff to a remote location, abandon part of office space, introduce a part-time work week, etc. For 46% of the market, business profitability has not changed.”

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KEY EVENTS

Sakhalin Energy became a leader in CSR during the pandemic

The company is widely recognized as a leader in CSR, largely due to the effective implementation of a set of measures related to countering the spread of COVID-19.

In 2020, the company developed a logistics scheme for the delivery of shift personnel to the island, organized temporary stay points, supported regional medical institutions with equipment and consumables, and implemented a number of projects to support vulnerable social groups.

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Companies with good ESG practices more resilient during Covid-19 pandemic, says Bursa CEO

Companies with good environmental, social and corporate governance (ESG) practices have been more resilient since the start of the Covid-19 pandemic as investors' growing concerns over damage to the environment have led them to put more value on the effective management of ESG risks. Investors are showing greater concern with respect to sustainability and changing expectations of businesses' role in improving society and protecting the environment.

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The pandemic as a catalyst for sustainable development through the incorporation of ESG principles

The COVID-19 pandemic has posed unprecedented challenges to the entire planet, and has required governments and business to come together to comprehensively respond. The pandemic has also raised people's awareness of the importance of environmental management and the need for better social and corporate governance in business.

Today, more than USD 30 trillion in investment is being managed by funds guided by ESG principles, and global investors have come to realize that ESG principles offer a reliable indicator as to whether a company will be able to achieve sustainable growth while offering attractive returns.

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#ESG_Russia

Who became the "greenest" company in Russia - June RAEX rating

The independent agency RAEX-Europe has included nine new companies that have been assigned an ESG rating in the updated integral ranking.

The group of leaders did not change, but the list was rearranged: Polymetal retained 1st place, while Lukoil moved from 2nd to 3rd place due to an oil spill on the Kolva River in Komi, and Sibur took its place.

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The UN recognized the social program of MTS as one of the best practices for sustainable development

The UN has analyzed the leading projects of states, cities and companies under the seventeen Sustainable Development Goals, and the MTS charitable project Generation M is recognized as a best practice for achieving five SDGs at once.

The Generation M project also won the Stanislavsky Prize and many international awards for its contribution to positive social changes.

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Zarubezhneft is considering investing in a renewable energy project in Vietnam

The state-owned Zarubezhneft, together with the Belgian DEME Group, is going to build an offshore wind power plant in Vietnam with a capacity of 1 GW.

Zarubezhneft has significant experience in oil production on the shelf of Vietnam, which has been its main region of presence since Soviet times, but the company plans developing other areas of activity as well.

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KEY EVENTS

The air in Russia is not getting cleaner

According to the Federal Service for Supervision in the Sphere of Nature Management (Rosprirodnadzor), air emissions in most cities have not decreased over the past five years. The worst situation is in Siberia and the Urals, where industrial enterprises with the most hazardous emissions are located.

Over the past year, only in the three most environmentally disadvantaged municipalities, emissions have decreased by any noticeable amount (more than 10%).

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Sberbank and Eurasian Resources Group jointly develop ESG standards in the mining and metals industry

Sberbank and Eurasian Resources Group (ERG) signed a memorandum of intent to implement ESG principles, which also includes the development of instruments for green financing.

The parties plan to jointly develop ESG standards for the mining and metals industry, including goals and metrics, conduct mutual consultations in this regard, as well as jointly apply ESG financing instruments for mining and metallurgy.

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Otkritie Bank and partner banks have opened financing for the Vykolant project

Otkritie Bank, VEB.RF and Sberbank have opened financing for the large-scale green metallurgy project Ecolant in Vyksa. It uses technologies that are advanced not only for Russia, but also for Europe.

Ecolant meets current and future international environmental requirements and the carbon footprint reduction agenda.

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KEY EVENTS

VEB adopts a strategy to support for projects with a budget of ₺17 trillion

VEB.RF presented a new strategy for 2024 at the St. Petersburg International Economic Forum (SPIEF). The state corporation is to comply with the green and social agenda, develop the urban environment and financially support projects worth more than ₺17 trillion in three years and contribute only to the projects where state support is required.

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Contacts:

Alexander Briskin

Director of Corporate

Communications and ESG Projects

+7 (495) 956-39-72

briskin@m-p.ru →

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