



SUSTAINABILITY IN DFI AND IFO

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DIGEST No. 9:

1. PROMOTING SUSTAINABILITY WORLDWIDE



196 countries adopted a new agreement on climate change (that will replace the Kyoto Protocol) at the twenty-first session of the Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) on 12 December 2015 in Paris. (>>[page 8](#))

The United Nations Environment Programme Inquiry into the Design of a Sustainable Financial System (UNEP Inquiry) released a new report at the International Monetary Fund (IMF)/ World Bank Annual Meeting held on 8 October 2015 in Lima (Peru).

The report provides paths toward a sustainable financial system. (>>[page 9](#))



The UNEP Inquiry and the California Public Employees' Retirement System (CalPERS) released a report "Financial Reform, Institutional Investors and Sustainable Development: A review of current policy initiatives and proposals for further progress".

The report advocates for systemic policy reform that better aligns institutional investors with sustainable development. (>>[page 10](#))

G-20 reaffirmed its commitment to rationalise and phase out inefficient fossil fuel subsidies, as highlighted in the G20 Leaders' Communiqué signed at the Antalya Summit on 15-16 November 2015. For more information visit the Bridges [website](#).



The UK Government has decided to close coal-fired power stations by 2025. This was announced by Energy and Climate Change Secretary Amber Rudd.

According to the new energy policy, coal is to be replaced with natural gas.

The Dutch rail network will run entirely on renewable wind energy by 2018.

Fares will not be raised as specific energy consumption has dropped by 30% for the last 10 years.

In 2015, electricity generated by wind turbines provided nearly half of energy needs of the railway network with 1.2 million passengers each day and annual energy consumption reaching 100GWh.



Germany introduces unprecedented privileges for electric car drivers: exemption from motor vehicle tax, permission to use bus lanes and free parking.

Unilever has announced its goal to become carbon positive by 2030, transitioning to 100% renewable energy across its global operations.

Since 2014, 28% of total energy used by Unilever has been derived from renewable sources. The company has pledged to eliminate coal from its energy usage within five years.

Unilever reported it has saved more than 400 million euros through [green technologies](#) applied at its factories.



2. TOWARDS A GREEN ECONOMY FOR RUSSIA



Russia's efforts slowed down global warming for at least a year, Russian president Vladimir Putin said, addressing the Paris Climate Change Conference.

Russia not only prevented the growth of greenhouse gas emission, but also significantly reduced it. (>>[page 11](#))

Chairman of the Government of the Russian Federation Dmitry Medvedev announced commissioning of solar power stations in the Orenburg Region and the Republic of Khakassia on 21 December 2015. (>>[page 13](#))



The Expert Council of Vnesheconombank discussed the issue "Climate Agreement: New Conditions and Prospects for Business" at its meeting held on 26 January 2016.

An international conference "Global Climate Challenge: Dialogue between the State, Society and Business" was held on 17 November 2015 in Moscow. The participants discussed the prospects of low-carbon economy in Russia. (>>[page 12](#))



Russian scientists invented solar roofing tiles which not only transform solar energy into electricity, but also heat water for households. The innovation will be 3-4 times cheaper than foreign prototypes and will have a higher quality.

A 10 MW solar power plant, the largest one in Russia, has been launched in Bashkortostan. The project costs amounted to over RUB 1 bln.

Hevel Solar plans to construct seven more plants (with a total capacity of nearly 60 MW) in the region during the next three years. Total investments are estimated at some RUB 6 bln.



RAO Energy System of East (RusHydro Group) has commissioned a wind power plant in Ust-Kamchatsk, the biggest one in the Far East.

It consists of three windmills with a total capacity of 900 kW. The facility has an estimated annual generation of 2,000,000 kWh and is expected to partially replace the diesel power plant. This will help to save over 550 tonnes of fuel. (>>[page 13](#))

Sakhaenergo (RAO Energy System of East) launched three solar power plants with a total capacity of 1,285 kW in Yakutia.

RAO Energy System of East has already put into operation 11 solar power plants. The new facilities help significantly cut diesel fuel consumption in Aldansky and Verkhoyansky Districts of Yakutia.





The Green Environment Day of the fourteenth All-Russian Forum "Strategic Planning in the Regions and Cities of Russia: the Space for Choice and Choice of Space" (19-20 October 2015, Saint Petersburg) featured four sessions covering the following topics:

- Tools and Strategies for the Transition to **Green Economy**;
- Development of Greenways and Ecomobility Strategy;
- Innovative **Greentech** Networks and Clusters;
- Urban-Rural Partnership for Sustainable Development: Place-based Approach.

The speakers included Russian experts and specialists from Finland, Norway, Germany, France, Estonia, Latvia, Denmark, Italy and Spain.

The second National Green Environment Week was held in Moscow from 3 to 9 December 2015. The event makers organized film projections, themed activities and round tables with sustainability professionals, society, federal and regional authorities and experts.

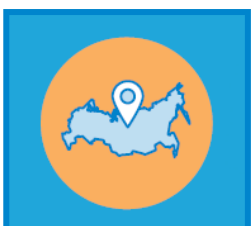


News agency ITAR-TASS officially launched an international Climate Russia portal (climaterussia.org) on 30 October 2015.

The purpose of the portal is to share the latest environmental news, innovations and Russia's steps to tackle the climate change.

The round table "Economy and Nature" was held during the Moscow Science Festival hosted by the Faculty of Economics of Moscow State University on 10 October 2015.

The discussion concluded that more efforts should be focused on sustainable development and **green economy** in implementing social and economic policy.



The National Research Institute, Higher School of Economics hosted the second meeting of the Arctic Expert Club "Green Economy: Environmental Imperatives of Economic Development of the Arctic Zone of the Russian Federation" on 23 October 2015.

The new Ulyanovsk development strategy to 2030 provides for [green technologies](#) and [smart city](#) features as well as sustainability and recycling projects.



3. RESPONSIBLE INVESTMENT



The UNEP Inquiry and the Climate Bonds Initiative presented their report "Scaling [green bond](#) markets – Guide for the Public Sector" during the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change which took place from 30 November to 12 December 2015 in Paris. (>>[page 14](#))

4. SUSTAINABILITY RATINGS AND RESEARCH

The new OECD report "Climate Change Mitigation: Policies and Progress" stresses the need for the majority of countries to accelerate their efforts and strengthen their climate change policies to meet their mitigation goals. (>>[page 16](#))



The Independent Research in Responsible Investment [Survey](#) named MSCI ESG Research the best in 13 of 17 categories, including the categories "Best Firm for ESG Research" and "Best Firm for Corporate Governance Research".

The UNEP [report](#) "Raising the Bar - Advancing Environmental Disclosure in Sustainability Reporting" urges companies to align their sustainability performance and reporting to match the new Sustainable Development Goals and requirements of the new climate agreement.

95% of 108 surveyed companies disclose greenhouse gas emissions, yet only 8 per cent of them have established GHG reduction targets.



5. SUSTAINABLE PRACTICES OF LEADING DEVELOPMENT FINANCE INSTITUTIONS



The Industrial Development Bank of India (IDBI) launched a \$350 million five-year [green bond](#) issue. (>>[page 19](#))

6. SUSTAINABILITY IN VNESHECONOMBANK

Vnesheconombank (VEB) has been named the winner of the 18th Annual Report Competition for the Best Report on Corporate Social Responsibility and Sustainable Development. (>>[page 20](#))



Vnesheconombank held a general meeting of [the Global Compact Network Russia](#) on 22 December 2015 in Moscow.

The event featured speeches dedicated to the Global Compact as the biggest UN initiative and its role in shaping responsible business practice in Russia, summed up the results of activities in 2015 and set priorities for development in the short-term perspective. (>>[page 21](#))

VEB presented the VEB Group's 2014 Sustainability [Report](#) during the public hearings.

The participants discussed the bank's role in social and economic development of the country and further integration of sustainability principles into its operations. The comments made by the stakeholders during the hearings will be taken into account by the bank when developing a new concept of the 2015 Group's report. (>>[page 22](#))



Vnesheconombank has been named the winner of the Green Office 2015 – Campaign for the Best Responsible Procurement System. The campaign was organised by the Moscow Department of Nature Use and Environmental Protection. (>>[page 22](#))

IN FOCUS:

1. PROMOTING SUSTAINABILITY WORLDWIDE

New agreement on climate change adopted

▮ During the COP 21 United Nations conference on climate change, the participants discussed a goal to provide \$100 billion a year in climate finance for developing countries.

196 countries adopted a new agreement on climate change (that will replace the Kyoto Protocol) on 12 December 2015 at the twenty-first session of the Conference of the Parties (COP 21) to the UN Framework Convention on Climate Change (UNFCCC) in Paris.

The agreement sets out a post-2020 global action plan. The main objective is to keep global warming below 1.5-2°C.

It invites all countries, including Russia, to formulate long-term low carbon strategies and adaptation plans as well as to pursue domestic mitigation measures.

The Paris agreement relies on a voluntary approach to commitments.

Before the COP 21, 156 countries submitted the so called "intended nationally determined contributions" (INDCs) covering 95% of global emissions.

The agreement differentiates between developed and developing countries in terms of assessment of their contribution.

For developed countries, a contribution is assessed in absolute reduction targets while developing countries are free to decide how to measure progress.

A contribution can be assessed in any relative emission reduction targets provided that the efforts represent a progression: reduction of total emission intensity per unit of GDP, per capita and even as compared to business as usual (BAU) levels. Another important change is that the countries are now free to determine a base year which used to be subject to strict regulation.

It should be noted however that developing countries account for the largest part of global emissions and their share is constantly growing.

Some experts believe global emissions will continue to rise, making the efforts of developed countries insufficient to curb the growth.

The UNEP Inquiry presented a report on mapping the transition to a sustainable financial system

"The Inquiry has catalyzed awareness of the need to align financial markets to sustainable development, and highlighted practical pathways to improving such an alignment."

*Murilo Portugal,
President of Brazil's banking
association, FEBRABAN, and
a member of the Inquiry's
Advisory Council*

The UNEP Inquiry released a [report](#) "The Financial System We Need" during the International Monetary Fund (IMF)/World Bank annual meeting held on 8 October 2015 in Lima.

The key finding is that a 'quiet revolution' is underway as financial policymakers and regulators take steps to integrate sustainable development considerations into financial systems to make them fit for the 21st century.

Amplifying these experiences through national and international action could channel private capital to finance the transition to an inclusive, [green economy](#) and support the realization of the Sustainable Development Goals.

The UNEP Inquiry report delivers a vision of embedding sustainable development into the core of financial and capital markets, said Yi Gang, Deputy Governor of the People's Bank of China. It should be a very useful guide and reference for many governments, financial institutions and international organizations in thinking about how to advance green finance, he added.

According to Naina Kidwai, Chairman, HSBC India, Director, HSBC Asia Pacific, and a member of the Inquiry's Advisory Council, "too often the financial system and sustainable development have been tackled in separate silos. The Inquiry has shown for the first time how to systematically connect the dots, demonstrating practical ways in which we can mobilise the scale of capital needed in emerging markets, particularly for clean energy and clean water."

For more information visit the [UNEP Portal](#).

The UNEP Inquiry and CalPERS produced a report "Financial Reform, Institutional Investors and Sustainable Development"

"A package of measures is needed to deliver the full sustainability potential of institutional investors. Disclosure is important, but without effective governance frameworks and incentives, this will not drive sufficient change."

*Nick Robins,
Co-Director, UNEP Inquiry*

The UNEP Inquiry and the California Public Employees' Retirement System (CalPERS) produced a [report](#) "Financial Reform, Institutional Investors and Sustainable Development: A review of current policy initiatives and proposals for further progress".

The report advocates for systemic and dynamic policy reform that better aligns institutional investors with policy goals for sustainable development.

Policy tools include:

- Governments giving public sector pension funds, sovereign wealth funds and other state investment institutions formal sustainability obligations. Such is the case of the Government Pension Fund Global in Norway.
- Governments incorporating sustainability into the mandate of prudential regulators, such as the Dutch regulator DNB mission statement including "safeguard[ing] financial stability and thus contribut[ing] to sustainable prosperity in the Netherlands."
- Requirements to disclose and report on policies on sustainability issues. For example, France requires investment institutions to disclose their carbon footprint.

The report charts a pathway to a sustainable investment chain, articulating that these areas will deliver four main outcomes:

- resilient and efficient portfolios;
- capital mobilization towards the low-carbon transition;
- increased economic welfare with more long-term investment;
- restored public trust in investors and the financial system.

2. TOWARDS A GREEN ECONOMY FOR RUSSIA

Transition to low-carbon economy in Russia

"Russia is taking active steps toward solving global warming. Our country has become one of the global leaders in reducing the energy intensity of domestic economy."

Vladimir Putin,
President of the Russian
Federation

"Currently, about half of all new generating capacity is hydro and nuclear power plants as well as RES-based power stations."

S.E. Donskoi,
Minister of Natural Resources
and Environment of the
Russian Federation

At the World Climate Change Conference 2015 (COP21) held from 30 November to 12 December 2015 in Paris, Russian President Vladimir Putin stated that Russia's efforts slowed down global warming for a year. Russia not only prevented the growth of greenhouse gas emission, but also significantly reduced it.

By 2030, it plans to cut polluting emissions by 70% from the 1990 base level.

The President stressed that Russia is planning to keep progressing by bringing breakthrough technologies into practice, including nanotechnology.

According to the Russia's Energy Strategy to 2035, the main objectives include transition to innovation-led growth and energy efficiency.

Russia has been actively developing renewable energy sources across the country, including solar, wind, hydro, biomass power.

The new Energy Strategy provides for a 15-fold increase in RES-based power generation (from 2 to 29 billion kWh) and a 23-fold rise in the installed capacity of the respective power plants (from 0.4 to 9 GW).

As Minister of Natural Resources and Environment of the Russian Federation S.E. Donskoi stated at the press briefing during the Paris Climate Change Conference, 1.5 GW of solar power generation will be launched in Russia in near future. Russia also has huge reserves of geothermal energy, which are ten times greater than the country's fossil fuel reserves.

Five geothermal power plants with combined capacity of 80 MW are now operating in Kamchatka.

For transition to a low-carbon economy, Russia is setting ambitious goals to reduce the energy intensity of the economy by 25 per cent by 2025 and electricity intensity by 12 per cent, as well as increase energy saving to about 200 million tonnes of oil equivalent annually by 2035. It should be noted that the energy intensity of the Russian economy has decreased by 33.4% from 2000 to 2012.

The participants discussed the prospects of low-carbon transition in Russia during the conference "Global Climate Challenge: Dialogue between the State, Society and Business"

"The energy efficiency goals, the transition to circular economy and low-carbon infrastructure must become a priority for Russian business."

*S.E. Donskoi,
Minister of Natural Resources
and Environment of the
Russian Federation*

During the international conference "Global Climate Challenge: Dialogue between the State, Society and Business" held on 17 November 2015 in Moscow, the participants discussed the proposed requirement for companies to report on greenhouse gas (GHG) emissions.

Russia accounts for 4% of global GHG emissions which makes it the fifth largest producer after China, the US, the EU and India.

Over the past five years Russia has undertaken a set of mitigation actions in response to climate change.

In particular, in 2009 the Climate Doctrine was adopted followed by the Comprehensive Action Plan for Implementation of the Climate Doctrine to 2020 approved by Resolution of the Government of the Russian Federation No. 730-r of April 25, 2011.

The doctrine introduces the principle of the best available technology (BAT) which is expected to ensure a 2.2 fold reduction of emissions from stationary sources per unit of GDP. This will help to achieve a 2.7 fold decrease in the number of cities with high levels of air pollution and will reduce the volume of waste.

On 22 April 2015, the Government of the Russian Federation issued Resolution No. 716-r approving the Concept for the establishment of a system for monitoring, reporting and verifying the volumes of GHG emissions in Russia.

The Concept is to be implemented in two stages. Companies with direct emissions exceeding 150,000 tonnes of CO₂ equivalents per annum shall submit information reports on an annual basis (the first reports are to be presented by the end of 2016).

At the second stage by the end of 2018 the responsibility for reporting on greenhouse gas emissions will apply to all companies with emissions over 50 tonnes of CO₂-equivalent per year.

Wind power plant launched in the Russian Far East

▣ RAO Energy System of East has successfully put into operation a wind diesel facility in Nikolskoe (Kamchatka Krai) as well as wind power installations in Ust-Kamchatsk (Kamchatka Krai) and Labitnangi (Yamalo-Nenets Autonomous Okrug).

▣ The company plans to build more than 170 renewable energy facilities with a total capacity of about 120 MW.

RAO Energy System of East (part of the RusHydro Group) has commissioned a wind power plant in Ust-Kamchatsk, the biggest one in the Far East.

It consists of three windmills with a total capacity of 900 kW. The facility has an estimated annual generation of 2,000,000 kWh and provides the potential to partially substitute diesel power supplies in the settlement and save over 550 tonnes of fuel.

Construction of seven more wind turbines will increase the system's capacity to 3 MW.

The equipment for the wind turbines was supplied to RAO Energy System of East by its Japanese partners free of charge. One of the aims of the partnership is to test the technology in cold climate conditions.

If the project proves commercially and technically viable, the company will consider installation of Japanese wind turbines in other isolated areas of the Far East and Far North.

During the Eastern Economic Forum, the Far Eastern generating holding and the Japanese equipment supplier signed a memorandum under which they are to explore the possibility of building a 1 MW wind power park in the settlement of Tiksi (Bulunsky District, Republic of Sakha).

Two solar power plants put into operation in the Republic of Khakassia and the Orenburg Region

"In 2013 the Government made a decision aimed at developing renewable energy projects. These may range from small installations to bigger generating facilities with an installed capacity from 5 MW."

*D.A. Medvedev
Chairman of the Government
of the Russian Federation*

Chairman of the Government of the Russian Federation Dmitry Medvedev announced commissioning of solar power stations in the Orenburg Region and the Republic of Khakassia on 21 December 2015.

The Orsk solar power plant (100,000 solar modules) located in the Orenburg Region has a total capacity of 25 MW.

The Abakan plant's capacity (Republic of Khakassia) is 5.198 MW. The level of localization of equipment and services during the construction was ensured at 55%, as required by the Ministry of Industry and Trade of the Russian Federation.

In order to comply with the localization requirements the investors constructed a high-tech silicon wafer manufacturing plant and inverter assembly facilities.

3. RESPONSIBLE INVESTMENT

Climate Bonds and UNEP Inquiry released a report "Scaling Green Bond Markets - Guide for the Public Sector"

There are increasingly examples of governments moving from interest to action. China's central bank has published a range of ambitious policy proposals for green bonds, with official green bond guidelines launching soon. India's capital markets regulator SEBI just announced green bond guidelines. In the EU, supporting green bond standards is included in Capital Markets Action Plan.

*Nick Robins,
Co-Director, UNEP Inquiry*

The United Nations Environment Programme Inquiry into the Design of Sustainable Financial System (UNEP Inquiry) and the Climate Bonds Initiative presented their report "Scaling green bond markets – Guide for the Public Sector" (Guide) during the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change which took place from 30 November to 12 December 2015 in Paris.

The Guide contains three broad categories of recommendations on green bond market development both in advanced and emerging economies:

- Fundamental actions: establishing a green project pipeline; strengthening local green bond markets; strategic public green bond issuance and developing green standards.
- Proven Support Tools: strategic public green bond investment; credit enhancement; tax incentives and developing instruments to aggregate assets and structure risks.
- Innovative Additions: adjusting risk weightings for green investment and preferencing green investments in central bank operations.

Detailed action plans and international best practice examples on how to grow green bond are included to assist in policy development.

The findings of this report will also feed into a report by the Organisation for Economic Co-operation and Development (OECD) on green bonds, to be issued in 2016.

This guide can help the public sector in translating aspects of their national INDC objectives into climate finance outcomes, said Sean Kidney, CEO of the Climate Bonds Initiative.

Adding green bonds into the climate finance mix can help the shift of capital to low carbon projects, infrastructure and climate resilient development.

Figure 1. Labelled green bond issuance by project type, as at 2 September 2015

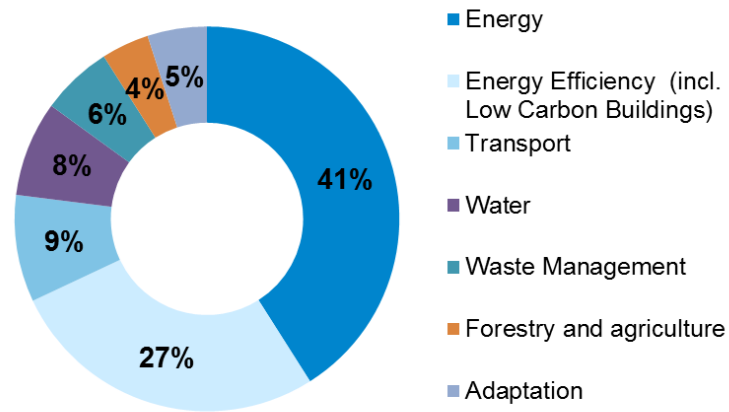
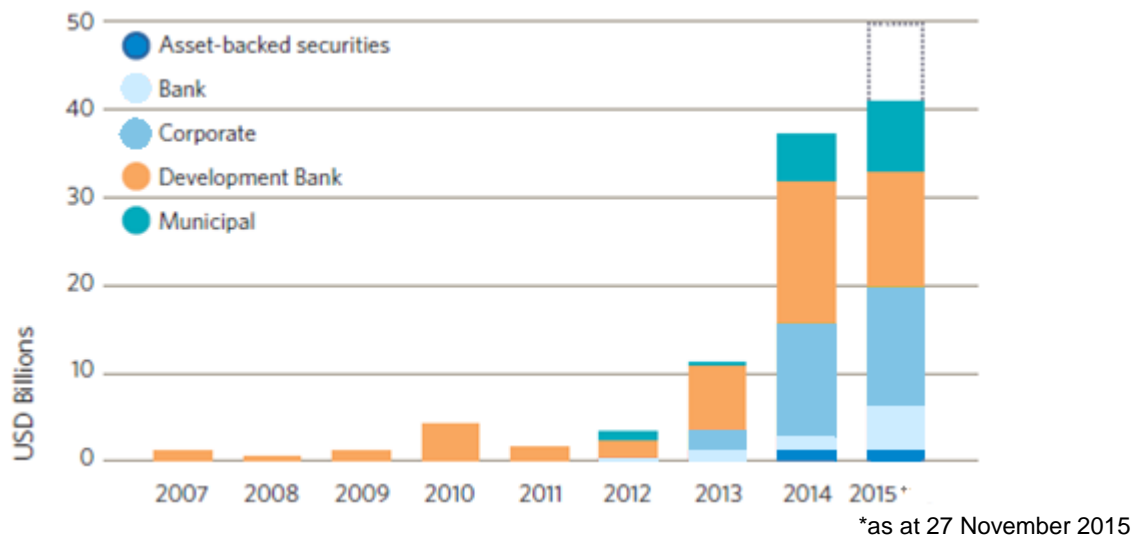


Figure 2. Global labelled green bond issuance, USD bn/year



Source: Climate Bond Initiative

4. SUSTAINABILITY RATINGS AND RESEARCH

OECD publishes a report "Climate Change Mitigation: Policies and Progress"

▣ Nearly all countries covered in the report have decreased GHG emissions per unit of GDP.

Advanced and emerging economies have made progress in addressing climate change.

Yet, as a new OECD [analysis](#) of climate change mitigation shows, most of them are likely to fall short of their mitigation goals, unless the governments significantly accelerate their efforts and strengthen their climate change policies.

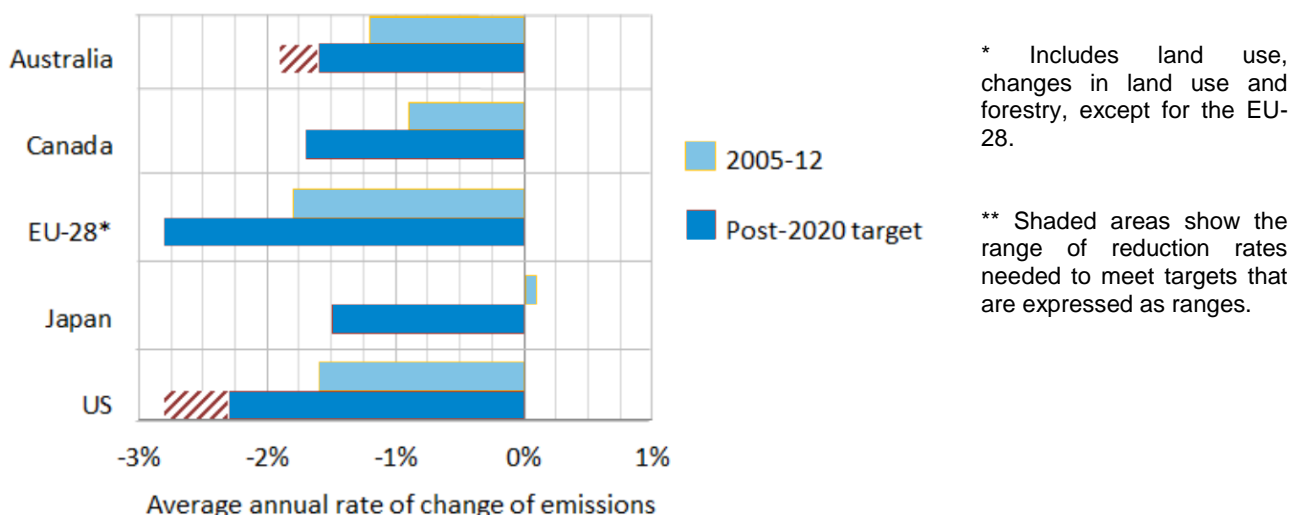
The report examines the 34 OECD and 10 partner economies members, including Brazil, China, Colombia, Costa Rica, India, Indonesia, Russia and South Africa (together accounting for more than 80% of global GHG emissions).

According to the report, an increasing number of countries:

- established carbon-pricing instruments;
- cut fossil fuel subsidies;
- invested in R&D for [green technologies](#);
- protected forests;
- reduced emissions from factories, farms and landfill sites.

The authors believe the countries should take stronger action on climate change.

Figure 3. Average annual drop of emissions in 2005-12 and implied drop for post-2020 goals



Source: OECD

▣ China and India have based their goals for 2020 and 2030 on the ratio of emissions to GDP. Their current rates of decoupling emissions from growth put them on track to meet their 2020 goals, although China's 2030 target would require an accelerated rate of decoupling.

"The momentum behind climate action is growing, with more countries taking action to price carbon and regulate emissions.

But achieving the targets countries have set for themselves will require a sharp acceleration of effort. Governments need to construct a policy pathway that will lead to zero net carbon emissions by the end of the century."

*Simon Upton,
OECD Environment Director*

The report finds the United States would have to cut its GHG emissions by 2.3-2.8% a year to meet its post-2020 targets, compared to an average annual reduction of 1.6% during 2005-12.

The European Union would need to cut its GHG emissions by 2.8% a year to meet its post-2020 INDC from 1.8% over 2005-12.

Aggregate GHG emissions from OECD countries peaked in 2007 but remained above 1990 levels in 2012.

Efforts to cut emissions through improved energy efficiency and the use of renewables have been partially offset as economic growth has recovered and global demand for transport has risen.

Several countries are also reducing their use of nuclear energy after the Fukushima disaster and some are turning to coal without carbon capture and storage.

For the emerging economies studied, aggregate emissions have significantly increased since the 1990s.

Other findings in the report include:

- During the period from 1990 to 2012, GHG emissions per unit of GDP decreased in all 44 countries. Annual emissions per capita range from 1.5 tonnes of CO₂ emitted in India to 24 tonnes in Australia.
- Energy, including power generation and transport, accounts for more than 70% of GHG emissions for most OECD countries. In the 44 countries studied, coal, the most carbon-intensive fuel, accounted for 45% of electricity generation in 2012, with China, India, Poland and South Africa using it as their No. 1 electricity source.
- National or local carbon taxes exist, or are planned, in 15 of the 44 countries studied.
- Emissions trading systems (ETs) exist in the EU, Korea, New Zealand and Switzerland, in several Canadian provinces and US states and two Japanese cities. China plans a nationwide-system by 2017 following a series of pilot projects.

Sustainable cities rankings

▣ The sustainable cities rankings list 173 largest cities of Russia with population of more than 100,000 people. It is compiled using 32 indicators exploring the three core areas of sustainable development: economic, environmental and social (including demographic).

The Analytical Centre for the Government of the Russian Federation (Moscow) hosted a round table discussion on "Pressing Challenges in the Development of Cities in the Context of Transformation of the Economy: Growth Points and Possibilities" on 16 December 2015. The event was organised by SGM Agency.

The round table was dedicated to a presentation of the 2014 Sustainable Russian Cities Rankings conducted by SGM Agency in accordance with the principles of the sustainable development of territories supported by international organisations and scientific community.

Carbon and cleantech tools

▣ Morgan Stanley Capital International (MSCI) is one of the world's major benchmark providers. Morgan Stanley's global equity benchmarks have become the most widely used international indexes by institutional investors across 23 developed and 27 emerging markets.

MSCI ESG Research has developed a suite of tools that can help investors implement a fossil fuel exclusion or lowcarbon strategy and uncover opportunities.

Such tools include:

- **MSCI ESG CARBONMETRICS**. Quantitative data on carbon emissions and carbon intensity, as well as reserves and potential emissions by fossil fuel type for over 8,500 companies.
- **MSCI ESG CLEANTECH METRICS**. Identify cleantech opportunities across five themes:
 - Alternative Energy;
 - Energy Efficiency;
 - Green Building;
 - Pollution Prevention;
 - Sustainable Water.
- **MSCI CARBON PORTFOLIO ANALYTICS**. Measure the carbon footprint and carbonrisk exposure of the investor's portfolio in comparison to informative benchmarks.
- **CARBON FOOTPRINT CALCULATOR**. Generate portfolio-level carbon footprint metrics with the click of a button, delivered real-time in Microsoft Excel.
- **MSCI GLOBAL LOW CARBON AND ENVIRONMENTAL INDEXES**. A range of innovative environmental and low carbon benchmark indexes.

5. SUSTAINABLE PRACTICES OF LEADING DFIs

IDBI issues green bonds

▣ The bank has already deployed \$300 million towards clean energy projects and expects to deploy an additional \$2 billion in the next 12-15 months.

The Industrial Development Bank of India (IDBI) launched a \$350 million five-year **green bond** issue on 23 November 2015. The issue was oversubscribed by 3.14 times. The coupon was 4.25 per cent.

The transaction attracted interest from asset managers (50 per cent), public banks (28 per cent), private banks (17 per cent), and corporate and others (5 per cent).

Around 82 per cent of the allocation was made to Asian investors and 18 per cent - to European investors.

ANZ Bank, BNP Paribas, Citibank, HSBC, JP Morgan Chase и Standard Chartered Bank acted as Joint Book Runners and Lead Managers to the transaction.

The proceeds will be used to finance clean energy projects, including the projects in the following areas:

- wind energy;
- solar energy;
- biomass;
- water recycling systems;
- energy distribution and management;
- sustainable transport.

The use of the proceeds from the green bonds would be certified by a third party.

Figure 4. Investors by category

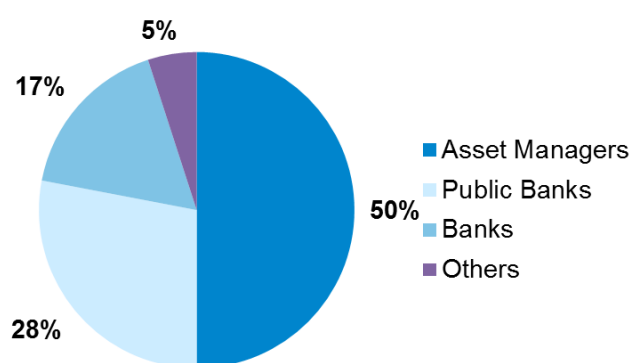
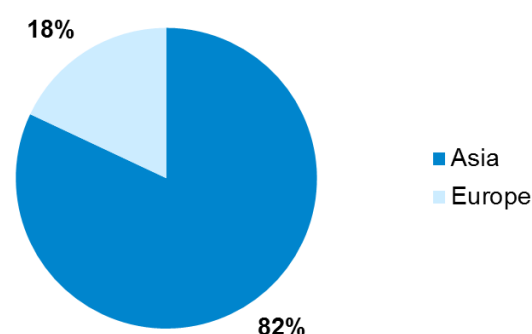


Figure 5. Investors, by geography



Source: IDBI

6. SUSTAINABILITY IN VNESHECONOMBANK

Vnesheconombank wins Sustainability Report Award

▣ The award is judged by a panel of experts including representatives from Moscow Exchange Group, statutory and professional bodies, securities market participants and independent professionals.

Vnesheconombank (VEB) has been named the winner of the 18th Annual Report Competition for the Best Report on Corporate Social Responsibility and Sustainable Development.

The award is organised by Moscow Exchange and RCB Media Group.

The VEB Group Sustainability Report 2014

was prepared in conformity with the Global Reporting

Initiative (GRI) guidelines. VEB was among the first Russian financial sector companies to adopt the new GRI-G4 version for reporting on sustainability in 2015. This helped the Bank to achieve high quality of its non-financial reporting on a par with that of the Russian and global leaders in sustainability.

The VEB Group report provides a comprehensive account of Vnesheconombank's and the Group's efforts to set the stage for long-term sustainable growth of the Russian economy and improvements in environment and living standards. The report places a particular focus on integration of responsible financing principles into the Bank's operations and mechanisms of support for energy efficiency projects.

The Moscow Exchange's Annual Report Award has been given since 1998 and is one of the most prominent annual IR-events in Russia.

Its aim is to encourage greater transparency and more efficient disclosure to investors and clients.



Vnesheconombank held a general meeting of the Global Compact Network Russia

"By our personal example we contribute to promotion of the Global Compact philosophy.

This enables

Vnesheconombank to demonstrate convincingly to the international community Russia's commitment to priorities of sustainable development and actual openness in the economy.

We invite all interested colleagues and partners to join the Global Compact. By joining our efforts, we can realize even more plans. Our ambitions are aimed at development of a modern economy and integration of the ideas and values of responsible corporate practices into the activities of the Russian business."

*V.A. Dmitriev,
Chair of Vnesheconombank
(from the keynote address to the report on the activities of the Russian National Network of Global Compact in 2013-2015)*

Vnesheconombank held a general meeting of participants of the [UN Global Compact Network Russia \(UNGC\)](#) on 22 December 2015 to review the Network's progress in 2015 (Vnesheconombank was elected as the chairing company of the [Global Compact](#) Network Russia in 2013).

The meeting was attended by representatives of the RF Ministry for Foreign Affairs, the RF Ministry for Economic Development, the RF Civic Chamber, UN agencies and other partnering organizations.

The Ministry for Foreign Affairs of the Russian Federation welcomes the activity of the Global Compact Network Russia, considers it successful and meaningful, and is prepared to provide full assistance and support in the future. We appreciate the role of Vnesheconombank as a leader of the Russian network who has managed to consolidate efforts of Russian industrialists around the initiative and to give an impetus to its development, said the Ministry in its welcoming address.

The Global Compact Network Russia and the Russian Union of Journalists signed an Interaction Agreement at the meeting.

The Chairman of the Russian Union of Journalists V.L. Bogdanov proposed to launch a national discussion platform "The UN Global Compact: the formula of confidence". A platform of this scale will not only provide an opportunity for a detailed exchange of opinions on the [UNGC](#) role in building a base for a sustainable future, but will also allow to work out specific recommendations for the Russian business on how to promote corporate social responsibility and implement the 2030 Agenda for Sustainable Development agreed by the UN member states in September 2015.

The participants listened to the speeches dedicated to the Global Compact as the biggest UN initiative and its role in shaping responsible business practice in Russia, summed up the results of activities in 2015 and set priorities for development in the short term perspective.

Vnesheconombank presented the VEB Group Sustainability Report 2014

▮ MarCom Awards – is a prestigious international competition for marketing and communication professionals.

The Awards is organised annually by the Association of Marketing and Communication Professionals established in 1995 with the headquarters in the US. More than thousand experts from all over the world participate in the judgement process.

During the public hearings VEB presented the VEB Group Sustainability Report which has already been named the Best Report on Corporate Social Responsibility and Sustainable Development in the annual reports competition run by Moscow Exchange and RCB Media Group and the gold winner of the MarCom Awards-2015 international competition. The report was revealed to an audience of 50 representatives of the Russia's business community.

During the hearings the participants discussed the bank's role in social and economic development of the country and further integration of sustainability principles into its operations. The participants also made comments regarding the disclosure of material information in the bank's non-financing reporting.

The bank will take these comments into account when developing a new concept of the 2015 Group's report which will help to raise the quality of its non-financing reporting in accordance with the expectations of a broad range of stakeholders.

Vnesheconombank named the winner of the 2015 Green Office Campaign

▮ The campaign aims to support and promote energy saving and sustainable technologies, to encourage environmental and social responsibility across the business and to disseminate sustainability guidelines and standards to large institutions and organisations.

Vnesheconombank has been named the winner of the Green Office 2015 Campaign for the Best Responsible Procurement System. The campaign was organised by the Moscow Department of Nature Use and Environmental Protection.

This recognition is a sign of the bank's commitment to the environmental responsibility and sustainability principles ensuring efficient use of paper and responsible procurement.

The Green Office Campaign is a environmental education initiative of the Moscow Government aimed at helping governmental bodies, commercial and public organisations optimize their internal policies to cut office costs, learn about green solutions and ways to reduce environmental footprint as well as about economic and environmental effects of energy saving and sustainable technologies.

ANNEXES

I. GLOSSARY

BAT: best available technologies.

CalPERS: California Public Employees' Retirement System.

ESG: environmental, social and governance.

EU: European Union

GDP: gross domestic product.

GHG: greenhouse gas.

Green (clean) technologies: technologies that make products or processes environmentally friendly or reduce their negative impact on the environment.

Green bonds: debt securities issued to fund environment protection, climate change and sustainability projects.

Green economy: economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

IDBI: the Industrial Development Bank of India.

INDC: intended nationally determined contributions.

MSCI: Morgan Stanley Capital International.

OECD: Organisation for Economic Co-operation and Development.

RES: renewable energy source.

RF: the Russian Federation.

Smart City: a concept of improving a city to create favourable conditions through the development of infrastructure, economy, human and social capitals, information technologies.

UN: United Nations.

UNGC: the United Nations Global Compact. It is the largest international initiative designed to engage business-structures in activities on sustainable development and forming global partnership between government and corporate sectors. The participants of the UN Global Compact are committed to aligning their operations and strategies to the universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Ban Ki Moon, Secretary-General of the United Nations Organisation is the leader of the UNGC. The initiative unites over 12 thousand organisations from more than 160 world countries. Its primary objective is to advance responsible business practice around the world.

US: the United States of America.

VEB: Vnesheconombank.

II. SUSTAINABLE DEVELOPMENT EVENT SCHEDULE FROM JANUARY TO APRIL 2016

Date	Event	Venue
16-23 January	Abu Dhabi Sustainability Week 2016	Abu Dhabi, United Arab Emirates
28 January	Briefing of the General Assembly on the global indicator framework for the 2030 Agenda for Sustainable Development	New York, US
8 February	Presentation of the How to integrate ESG and climate risks into Real Estate Investor Framework	London, United Kingdom
17 February	ESG & Corporate Financial Performance: the potential for enhanced investment returns	Webinar
22-25 February	ESG Summit at SuperReturn International 2016	Berlin, Germany
23-24 February	RI Asia 2016 conference	Tokyo, Japan
2-3 March	2016 Critical Infrastructure Protection & Resilience Europe	The Hague, Netherlands
8-11 March	United Nations Statistical Commission, 47th Session	New York, US
9-11 March	Thematic meeting: Financing the New Urban Agenda in advance of the UN Conference on Housing and Sustainable Urban Development (Habitat III)	Mexico DF, Mexico
10 March	DECARBONISE/RE-ENERGISE workshop	Paris, France
14 March	DECARBONISE/RE-ENERGISE workshop	The Hague, Netherlands
16 March	DECARBONISE/RE-ENERGISE workshop	Stockholm, Sweden
22 March	DECARBONISE/RE-ENERGISE workshop	London, United Kingdom
22 March	Geneva Summit on Sustainable Finance	Geneva, Switzerland
5-8 April	Technology Executive Committee 12	Bonn, Germany
11-12 April	High-level Thematic Debates on the implementation of commitments relating to sustainable development, climate change, and financing	New York, US
22 April	High-level Signing Ceremony for the Paris Agreement	New York, US

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For more information on sustainable development visit www.veb.ru/analytics/strman/#kso.

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