

## CGI Russia News



## Insurance companies and regulators discussed the challenges of the industry during the period of ESG transformation at the conference “ESG in insurance: international practice, Russian perspective”, hosted by the CGI Russia and Marsh, international insurance broker

Russian insurers are not yet ready to refuse insurance to companies without an ESG strategy, but they are willing to provide a discount for social and environmental responsibility.

On February 11, 2022 CGI Russia, general partner - Sber, and Marsh, Insurance Broker, hosted a conference for insurers and regulators to discuss the challenges of ESG transformation in the insurance industry. The conference was attended by 50 board members, independent directors and CEOs of major banks, manufacturing and trading companies. Presentations were made by insurance market regulators (Igor Yurgens, President of the All-Russian Union of Insurers), international experts (Amy Barnes, Head of Climate and Sustainable Development Strategy, Marsh Insurance Broker; Eugenie Molyneaux, Chief Risk Officer, Zurich Insurance Group) and independent observers (Philip Gudgeon, Member of the Supervisory Board of PJSC Bank FC Otkritie). The conference was moderated by Olga Pascualt and Elena Haykin Sapozhnikova, co-founders of CGI Russia, and Andrey Denisov, CEO for Russia and the CIS, Marsh.

As part of the global ESG transformation, the entire market infrastructure, including insurance, is being restructured. Investors and banks are adopting an increasingly tough policy towards "dirty" industries - for example, Danske Bank has announced it would refuse to give credits to coal and oil companies from 2025, as Philip Gudgeon, a member of the Supervisory Board of Otkritie Bank, related.

International reinsurers are also increasing pressure on Russian insurance companies, forcing the latter to encourage their clients to implement an ESG strategy as an important part of corporate governance structure. This fact, in particular, was pointed out to by the President of the All-Russian Union of Insurers, Igor Yurgens.

Amy Barnes, Head of Climate and Sustainability Strategy, Marsh Insurance Broker, highlighted the increased importance of climate risks.

According to The Global Risk Report 2022 by the World Economic Forum, in the list of critical risks on the horizon of 0-2 years, weather anomalies occupy the first place today (31.1%), and on the horizon of 2-5 years, climate risks take already the first two lines, which includes climate inaction (35.7%) and weather anomalies (34.6%).

In this regard, it becomes necessary to calculate ESG risks today, because according to Sberbank Insurance, in 30 years, with a probability of 70%, Russia may face the disappearance of permafrost. “Without understanding these risks, we simply will not be able to determine the tariffs and take them for insurance”, - explained Mikhail Volkov, CEO of SberInsurance.

“ESG transformation is actively gaining momentum in insurance in Russia and abroad. For many years, Marsh has been moving towards reducing its carbon footprint, improving and increasing the transparency of corporate governance. Today, Marsh in Russia has become one of the leaders of the insurance ESG agenda: we are transferring positive foreign experience, working closely with key market players and regulators, and will

continue to unite participants around us for a responsible dialogue on changing approaches to risk assessment and on the transformation of Russian insurance within the framework of sustainable development,” - commented Andrey Denisov, CEO of Marsh for Russia and the CIS.

Olga Pascault, founder of CGI Russia, commented on the event: “The interest demonstrated by participants to ESG issues in such a narrow specialisation industry as insurance suggests that the ESG transformation taking place before our eyes affects absolutely all aspects of business, and companies where corporate governance does not adequately comply with international ESG standards, risk in the near future to feel a reduction in opportunities for insurance and especially reinsurance of their business”.



Left to right: Marina Sotova, Zurich Russia; Mikhail Sepp, RNPК; Elena Haykin Sapozhnikova, CGI Russia; Andrey Denisov, Marsh Russia & CIS; Olga Pascault, CGI Russia



Left to right: Vladimir Kryuchkov, Marsh; Alexey Volodin, RGS; Mikhail Volkov, SberInsurance; Vladimir Skvortsov, AlfaStrakhovanie; Irina Kolikova, Ingosstrakh

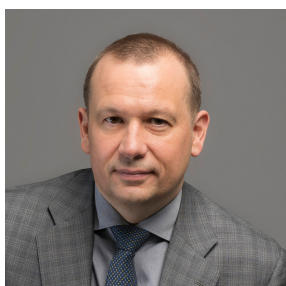
## CGI Russia is delighted to welcome Chapter Zero Mexico as the newest Chapter of the Climate Governance Initiative.

We are proud to be a part of this growing global network of directors making climate action a boardroom priority.

Chapter Zero Mexico - <https://chapterzero.mx>



### Leaders in Support of Climate Transformation initiative



**Mikhail Volkov, CEO,  
SberInsurance:**

Today the world is on the brink of global changes: the current focus on the principles of sustainable development and the

ESG agenda is forcing markets to transform their approach to project implementation. If this context is ignored, any company runs the risk of losing its current position and having to resort to its back-up and even its third plan. Despite the fact that insurance is a fairly conservative business, there are no exceptions - even for this sector. We are talking not only about reforming our own development priorities, but about basic competencies - the ability to assess risks.

The necessary competencies are changing due to long-term trends, social and climatic, which affects actuarial models and, accordingly, insurance rates. At the moment, the situation does not encourage the isolation of, or raising tariffs to, companies that have not yet integrated ESG into their work, but the possibility of more favorable tariffs for green enterprises can already be seen".



**Regina Kuzmina,  
President of Unilever in  
Russia, Ukraine and  
Belarus:**

"For more than a decade, Unilever has proved by example that sustainability, social

impact campaigns and corporate responsibility are at the heart of today's successful business. Sustainable practices and commitments are integrated into all of our business processes. Thanks to this, we have already achieved significant results in Russia. We have reduced our CO2 emissions by 66% compared to 2015, we have increased the share of recyclable plastic packaging to 89%, and we are releasing 106 of our products in recycled plastic bottles. In 2021, we launched our updated Compass Sustainability Strategy, which aims to achieve carbon neutrality by 2030. We see that more and more companies are moving towards sustainable development and are ready to take responsibility for the future of society and the planet. We are open to joint partnerships and collaborations for the benefit of future generations. Let's move to new heights together".

## European Commission lays down rules for companies regarding human rights and environment in global value chains

The European Commission has adopted a proposal for a directive on corporate sustainability due diligence that aims to foster sustainable and responsible corporate behaviour throughout global value chains.

Companies will be required to identify and, where necessary, prevent, end, or mitigate the adverse impacts of their activities on human rights and the environment. For businesses, these new rules will bring legal certainty and level the playing field. Meanwhile, consumers and investors will get more transparency. The new EU rules will advance the green transition and protect human rights in Europe and beyond.

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## HSBC aims to cut oil and gas clients' emissions by a third by 2030

HSBC (HSBA.L) aims to cut emissions associated with loans made to its oil and gas clients by 34% this decade. HSBC said its oil and gas target was based on “absolute” reductions rather than “carbon intensity”, which measures emissions per unit of energy or barrel of oil and gas produced. This means actual emissions could rise.

Around 100 large upstream and integrated companies are responsible for 90% of HSBC's emissions financed by the oil and gas sector, and the bank has given them an end-2022 deadline to come up with de-carbonisation plans.

## European Commission declares nuclear and gas to be green

The European Commission has labeled nuclear and gas as sustainable. Critics are calling the step "greenwashing" and say it could threaten the bloc's bid to become climate-neutral by 2050.

European Commission chief Ursula von der Leyen cannot repeat often enough how close stepping up climate action is to her heart. She described the European Green Deal as "Europe's man on the moon moment." She has called climate neutrality "our European destiny."

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## House committee hearing explores cryptocurrency energy use, bringing to mind ESG issues and opportunities

The U.S. House Committee on Energy and Commerce held a hearing on the energy consumption associated with cryptocurrency activity. In announcing the hearing Committee Chairman Frank Pallone and Oversight and Investigations Chair Diana DeGette stated: "In just a few short years, cryptocurrency has seen a meteoric rise in popularity. It's time to understand and address the steep energy and environmental impacts it is having on our communities and our planet."

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## The Ministry of Economic Development attracted the regions of Russia to the development of social taxonomy

After completing the development of the green taxonomy, the agency is working on the classification of social projects. It is expected to include investment projects in healthcare, education, entrepreneurship, sports and culture.

"...the regions were involved in this work. It is the experience of the regions that is very important in the development of this document," said Evgenia Zinchenko, head of the financial markets development department of the Russian Ministry of Economic Development.

## A third of companies in the world declared their unpreparedness for the energy transition

At the end of 2021, experts from Deloitte and Reuters Events polled 2,800 respondents around the world to find out their attitude towards the energy transition and the readiness of companies to reduce CO2 emissions.

The authors of the study are sure that in 2022 more and more companies adhere to the policy of decarbonisation allocating financial resources for this.

