Russian Business on Track to the Paris Agreement Goals

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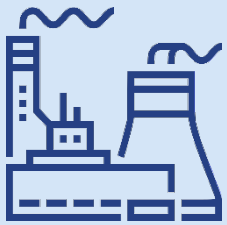
Committee on Climate Policy and Carbon Regulation: focus on key issues

Carbon Regulation Development

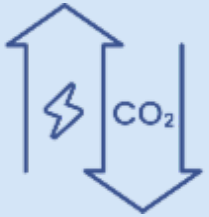
Climate Projects Support



Estimating GHG Emissions and Carbon Footprint

Natural Carbon Sinks, CCUS

International Climate Agenda



Forecasting GHG emission and absorption

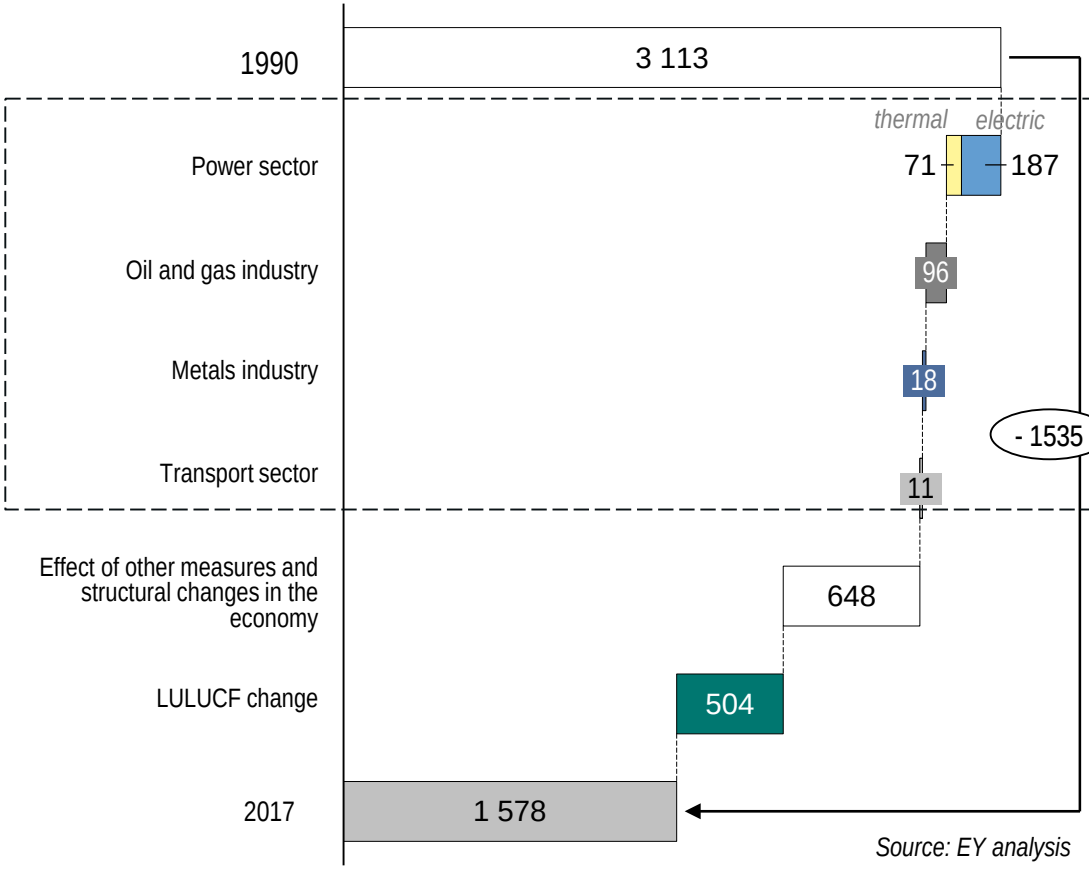
Economy Adaptation to Climate Change

Corporate Climate Communication Strategies

Climate Scientific and Analytical Work

Russian companies have implemented many activities since 1990 to reduce greenhouse gas emissions

Average annual reduction of GHG emissions in Russia due to the implementation of sectoral measures (including LULUCF), 1990-2017, Mt CO2eq.



Source: EY analysis

Case studies

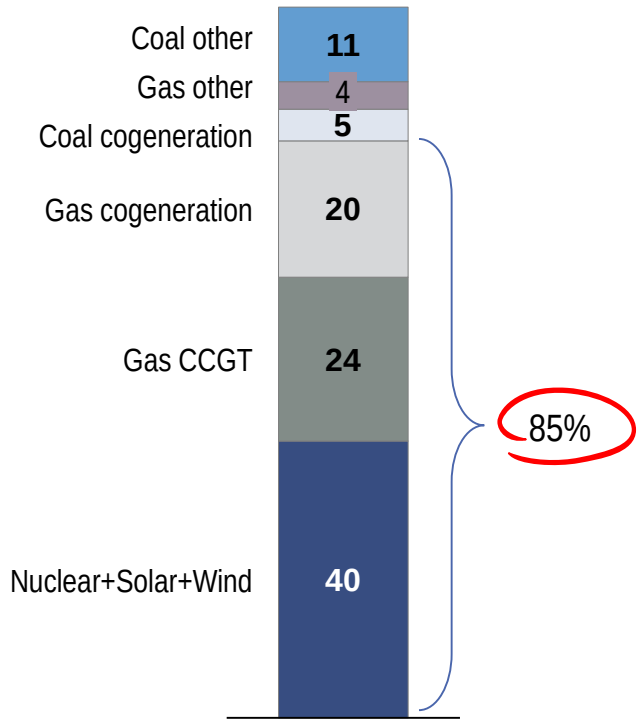
- Energy efficiency improvement (including cogeneration)
- Reducing the share of oil products and coal in fuel mix
- Construction of hydro and nuclear power plants
- Power generation modernization (capacity supply agreements)
- Increase in the share of processed APG
- Reducing methane emissions
- Decommissioning of open-hearth furnaces
- Increasing the efficiency of coke usage
- Implementing DRI technology
- Increasing fuel efficiency of passenger cars
- Implementation of measures to combat traffic jams in cities

- $380 bn were invested in GHG emissions reduction measures in Russia from 1990 to 2017, of these:
  - $ 102 bn – increasing energy efficiency of equipment and production, expansion of cogeneration
  - $ 40 bn – decommissioning of open-hearth furnaces
  - $ 36 bn – construction of hydro and nuclear power plants
  - $12 bn – increase in the share of processed APG

These measures contributed to the achievement of Russia's absolute world leadership in reducing greenhouse gas emissions (49% reduction by 2019)

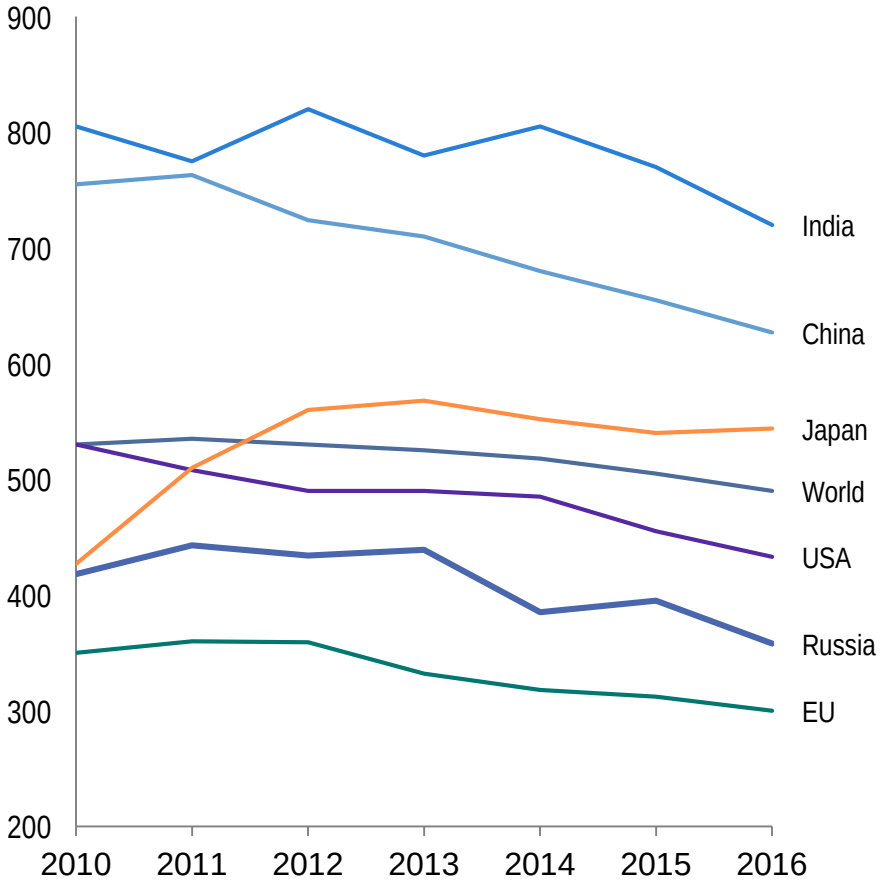
Carbon intensity of the Russian power sector is one of the lowest in the world – key element of competitiveness support

Russian power sector emissions structure, 2025 forecast, %



Carbon intensity of the Russian power sector is one of the lowest in the world – 85%

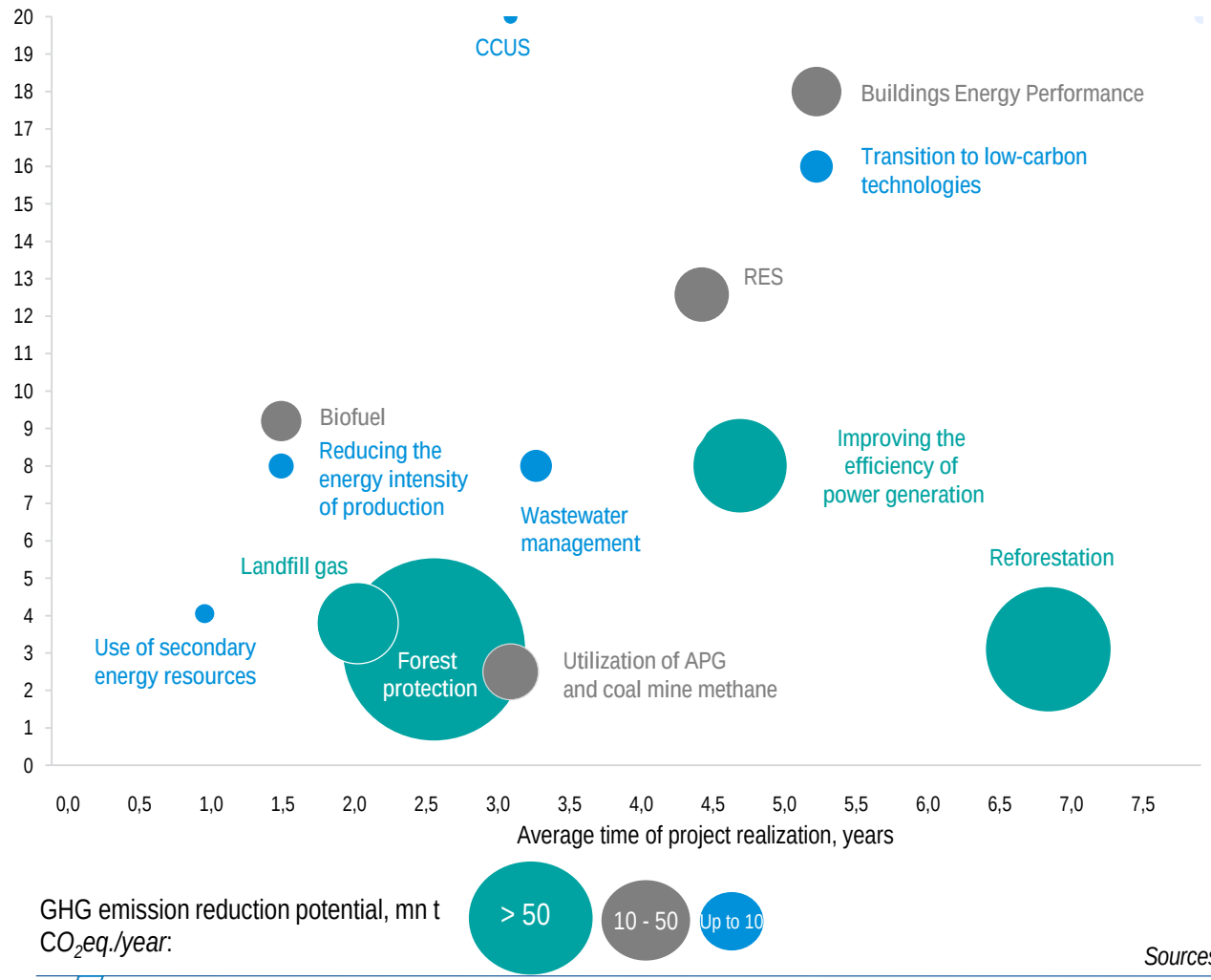
Electricity carbon intensity trends by country, 2010-2016, g CO_2/kWh



Source: Analytical Center for the Government of the Russian Federation based on IEA data

Potential for the implementation of climate projects in Russia can reach up to 900 million tons of CO2eq. per year

Cost of Russian climate projects ensuring payback, EUR/tCO_2-equivalent



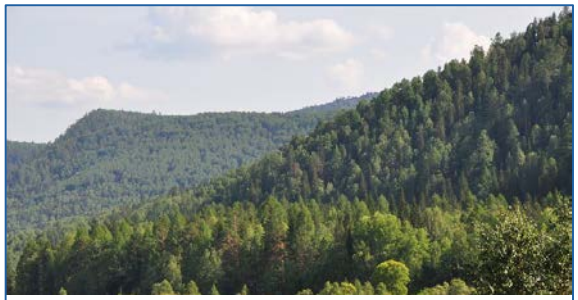
- Projects should be implemented on a **voluntary basis** and in unconditional compliance with all **international standards and methodologies**.
- The potential depends on access to funding and the absence of artificial restrictions (the principle of "**technological neutrality**" - emission reductions, not the promotion of technologies, are important).
- Projects with emission reduction costs of **less than €10 per ton of CO2-eq have the main potential** in the Russian Federation.
- The most promising types of projects (**forestry, methane utilization**) can be implemented with costs **less than €5** per ton of CO2-eq.

Sources: KPMG analysis, PDD and annexes to PDD projects of CDM

Climate projects implementation and state policy development should adhere to the “technological neutrality” principle – the aim is to reduce emissions, rather than to promote certain technologies

- Countries should have an opportunity to choose technological solutions for GHG reduction based on their national conditions.
- GHG reduction of the power sector could be achieved using different types of fuel, both fossil and non-fossil.
- The reduction can also be achieved by using carbon capture and storage technologies, via transition to using renewable sources, by using nuclear power, etc.

RSPP member companies are already implementing or planning to implement various climate projects



RUSAL

Aviation forest fire protection

Severstal

CO_2 recovery from industrial gas streams

EuroChem

Reducing CO_2 emissions from urea production

EuroChem

Reducing GHG emissions using innovative fertilizers

NLMK

CO_2 capture, transportation and utilization

GAZPROM

Scheduled repairs of gas transmission system

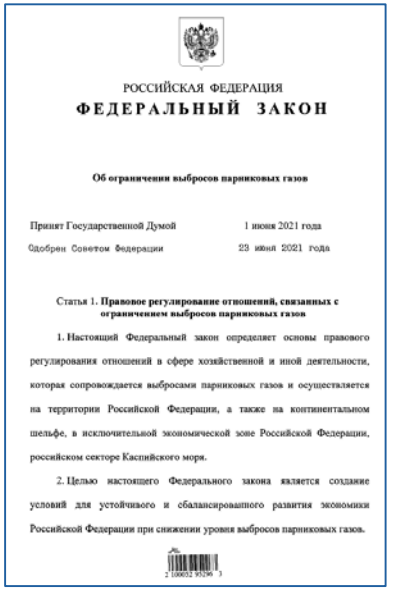
The images are provided for illustrative purposes only

Russian regulation prioritizes socio-economic development and is aimed at realizing the maximum potential of GHG reduction and absorption

In June 2021 Russia adopted its climate law on limiting greenhouse gas emissions.

Main features of the bill:

- set state policy priorities;
- introduced common approaches to state regulation at the federal level;
- obliged companies to provide reporting and adjust emission estimates in accordance with international standards starting 2023;
- introduced the climate project system, with companies able to receive “carbon units” in exchange for investments in reforestation, recycling, carbon capture or other initiatives aimed at fighting climate change.



РОССИЙСКАЯ ФЕДЕРАЦИЯ

ФЕДЕРАЛЬНЫЙ ЗАКОН

Об ограничении выбросов парниковых газов

Принят Государственной Думой 1 июня 2021 года

Одобрен Советом Федерации 23 июня 2021 года

Статья 1. Правовое регулирование отношений, связанных с ограничением выбросов парниковых газов

1. Настоящий Федеральный закон определяет основы правового регулирования отношений в сфере хозяйственной и иной деятельности, которая сопровождается выбросами парниковых газов и осуществляется на территории Российской Федерации, а также на континентальном шельфе, в исключительной экономической зоне Российской Федерации, российском секторе Каспийского моря.

2. Целью настоящего Федерального закона является создание условий для устойчивого и сбалансированного развития экономики Российской Федерации при снижении уровня выбросов парниковых газов.

The images are provided for illustrative purposes only

Key priorities of climate policy according to the largest Russian companies

Ensuring social and economic stability, preventing excessive growth in prices and tariffs

Reliability and availability of power supply

Infrastructure for the implementation of climate projects and ensuring the possibility of using their results (including at the international level)

Application of methodological approaches that ensure a fair estimate of emissions from production and take into account national competitive advantages

Fulfillment of obligations under the Paris Agreement, full participation in the implementation of Article 6 of the Paris Agreement

Thank you for your attention!