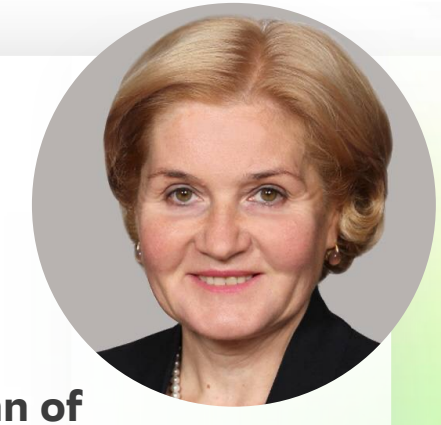
Climate Agenda Priorities: Sberbank's Contribution

Olga Golodets
Deputy Chairman of the Executive Board

InnoClimat Forum
Montreux, 4-5 November 2021



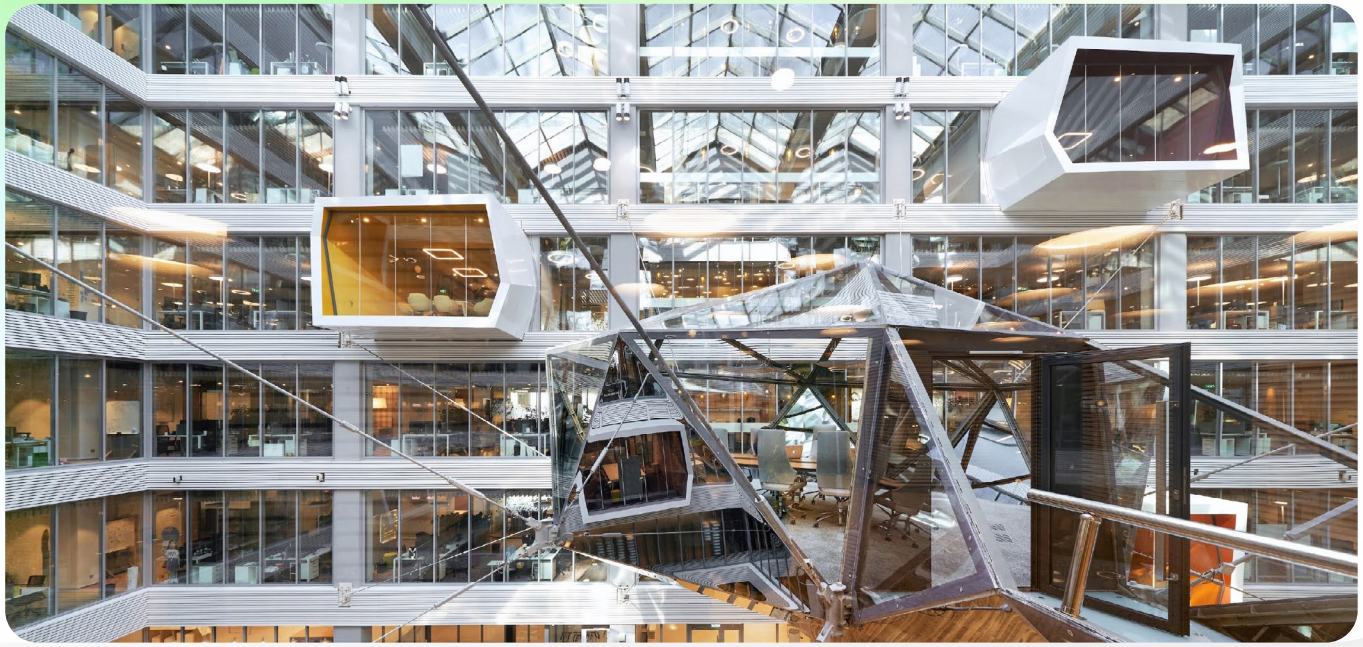
Olga Golodets

Deputy Chairman of Sberbank's Executive Board

Over eight years as a Deputy Prime Minister of the Russian Federation

Previously worked at the Russian metals and mining company Norilsk Nickel

Sberbank is the largest bank in Russia, Central and Eastern Europe, and one of the leading financial institutions worldwide; a Russian economy tech transformation leader in the global top 20 by market capitalization



UN Global Climate Goals, Key Documents

1992 | United Nations Framework Convention on Climate Change

“stabilization of the greenhouse gas concentrations at a level that would prevent dangerous anthropogenic (human induced) interference with the climate system”

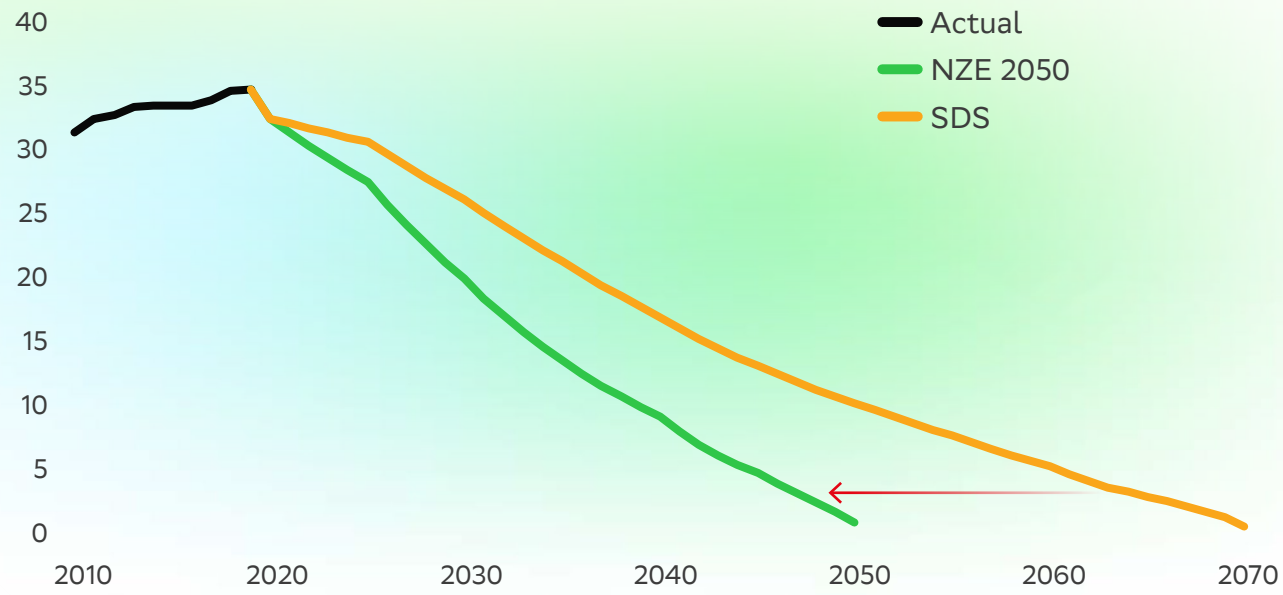
In 2020, Russia for the first time submitted its first voluntary national review of the achievement of sustainable development goals to the UN, including the economic, environmental, and social spheres

A call to achieve carbon neutrality as early as possible in the second half of the 21st century

2015 | The Paris Agreement

“limitation of global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels”

In 2019, Russia joined the Paris Climate Agreement



The UN, businesses, and science all call for an early achievement of global carbon neutrality. An ESG dialog is necessary

The time has passed for diplomatic niceties. If governments — especially G20 governments — do not stand up and lead this effort, we are headed for terrible human suffering. But all countries need to realize that the old, carbon-burning model of development is a death sentence for their economies and for our planet. **The plans submitted by the 120 countries run to 2030 and aim for a global temperature threshold of 1.5 degrees Celsius**

António Guterres,
Secretary-General
of the United Nations

Climate and environmental protection cannot be achieved if we continue to look away from the consequences of our actions. The best way to fight for environmental protection is to use humanity's most powerful tools: creativity and innovation.

Bertrand Piccard

Laurent Wehrli

The world's largest economies have stated their goals for carbon neutrality by the mid-21st century

US	2050
EU	2050
UK	2050
S Korea	2050
Switzerland	2050
Russia	before 2060
China	2060
Argentina	2060
Mexico	2060

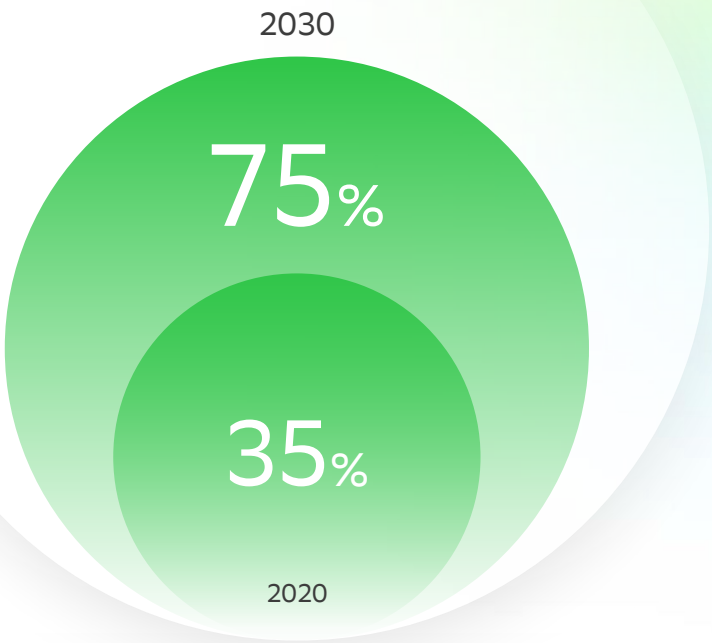
1. The "Net-Zero" targets will be achieved based on the following priority activities:

- **Energy and industry modernization**
- **Innovations creating a "new economy"**
- **Carbon capture, utilization, and removal**

2. International cooperation should be built on recognized models for balancing greenhouse gas emissions and removals driven by digital technologies

ENERGY AND INDUSTRY MODERNIZATION:
transition to “zero-carbon” energy sources

Based on recommendations of the International Energy Agency (IEA), the current share of the so-called “low-carbon power” should be increased from 35% to 75% by 2030



The share of the so-called “zero-carbon power” in Russia’s power balance is still 35%

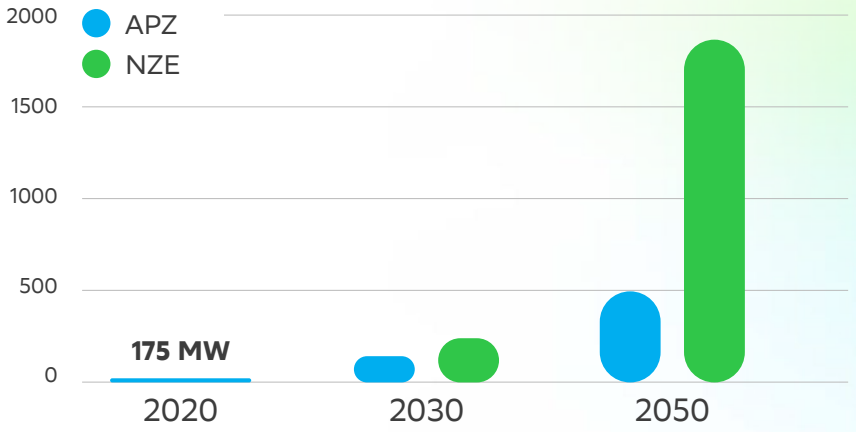
“Zero-carbon power” includes nuclear, hydro, wind, and solar. Natural gas is used for about 50% of our power production

The share of coal is only 15%

INNOVATIONS: low-carbon hydrogen can provide drastic reductions in emissions

The use of hydrogen in the production of basic chemicals – ammonia and methanol – will ensure their “carbon neutrality”

The International Energy Agency (IEA) predicts an increase in the use of hydrogen for energy purposes to 2 terawatts by 2050



Russia’s potential: to provide up to 50% of global hydrogen demand depending on the rate of global decarbonization

A concept for the development of hydrogen energy has been approved in Russia

Goals: 1,000 hydrogen refueling stations by 2030; up to 12 million tons of hydrogen exports by 2035

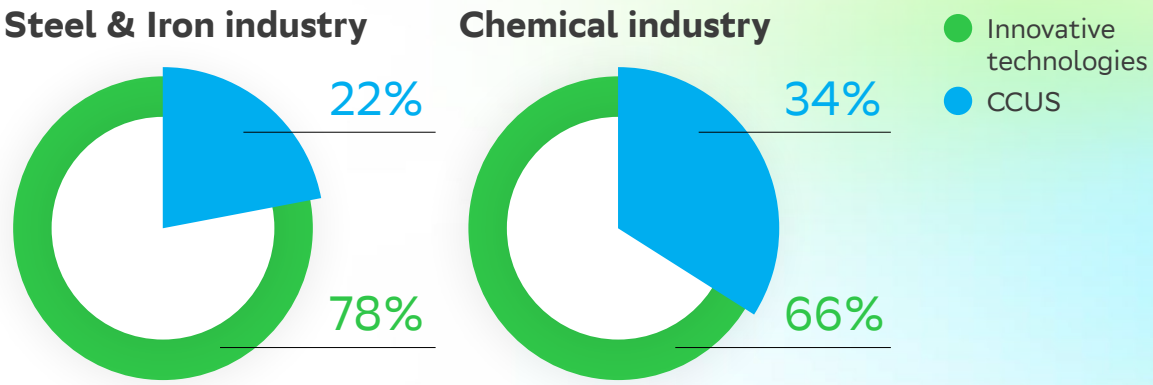
Hydrogen production projects are being prepared by Rosatom and oil & gas companies

Suiso Frontier
by Kawasaki Heavy Industries

CARBON CAPTURE, UTILIZATION, AND REMOVAL:
the way to actual “carbon neutrality”

Innovations in industrial sectors will help reduce GHG emissions to 60-80%.

The rest (20-40%) could be archived through “Carbon Capture Utilization and Storage” technologies (CCUS)



The CCUS technologies are an area of innovation and international cooperation

Pilot projects of oil associated gas injection into geological strata have been realized in Western Siberia

CARBON CAPTURE, UTILIZATION, REMOVAL:
management of the natural ecosystems

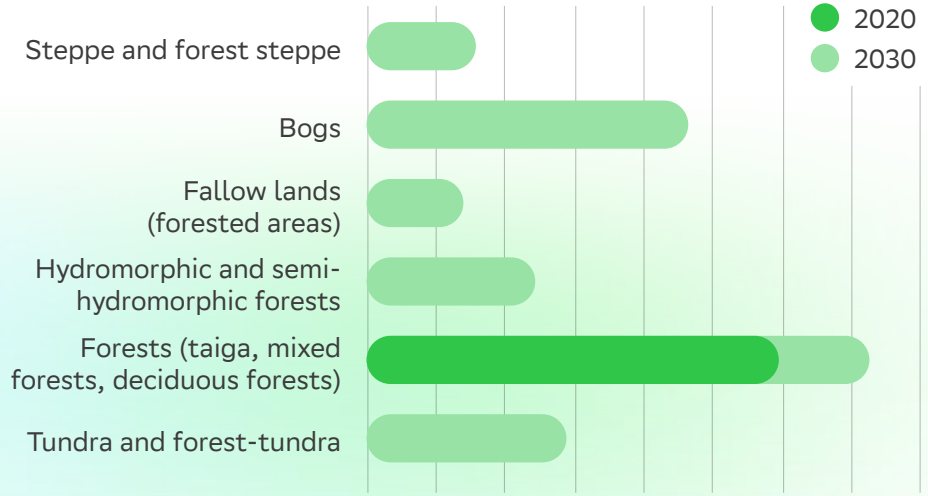
Articles 5 and 7 of the Paris Agreement state the need **to increase the carbon absorption level**

The Nature-Based Solutions initiative is actively developing

Leading international scientific research institutions estimate Russia's annual carbon removal potential at above 2 bn tons of CO_2

Today Russia is managing forests with an absorption value of 600 mn tons of CO_2

A program of carbon removals in wetlands and croplands is under development



Russia is open to international cooperation and joint projects

Emission-absorption balance accounting and simulation. Digital technologies are needed

A new quality of Climate Data is needed:

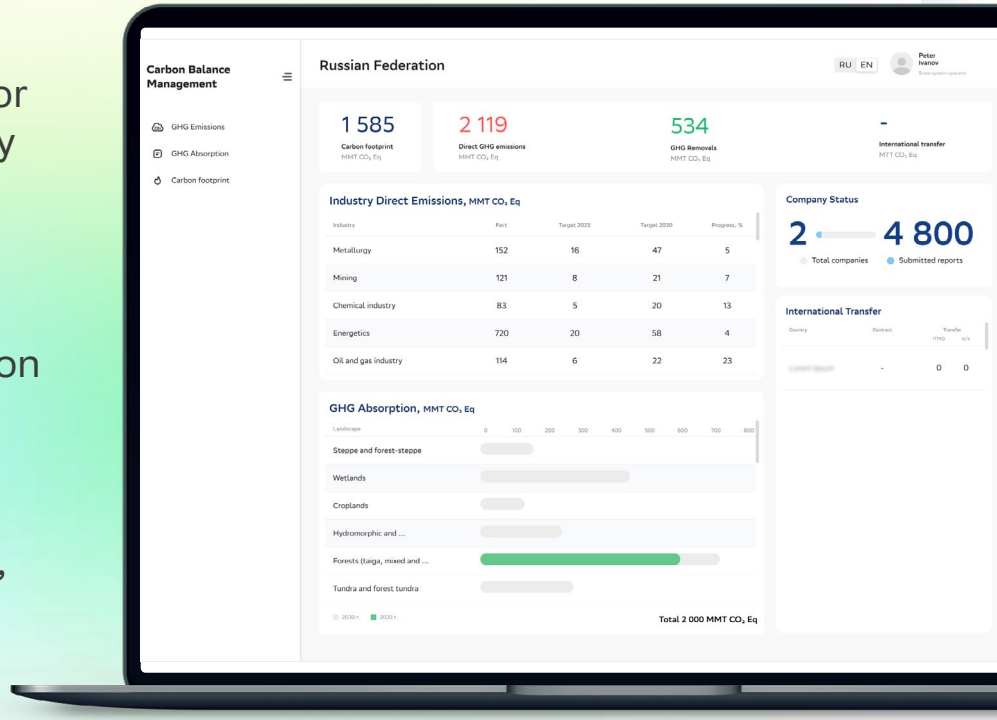
1. The Paris Agreement establishes the Enhanced Transparency Framework (ETF)
2. International and National Trade and Procurements Rules include “carbon footprint indicators”
3. Global Finances are focused on Climate Indicators

Sber is developing a prototype of the national system of carbon accounting:

Company level:
calculating and accounting for “carbon footprints” (company and product)

Regional level:
sector accounting and management, including carbon absorption measures

National level:
algorithms and ratios to calculate “carbon footprints”



Sber, Russia's largest financial institution and ecosystem of user services

We are a leader in finance

- Number 1 in Russia
- A global top 20 by market capitalization
- The largest bank in Central and Eastern Europe

We've joined

United Nations Global Compact

SUSTAINABLE DEVELOPMENT GOALS

UN environment programme

We've adopted an ambitious ESG strategy

Our goals:

- To minimize impact on the environment
- To minimize "carbon footprint"
- To expand client opportunities
- To support our employees
- To offer effective ESG products and services
- To invest in the future

Our ESG achievements:

- No. 1 in the Russia's ESG ranking
- Largest ESG financial exposure in Russia

The ESG dimension of our core financial business

The Credit and Investment Committee of Sberbank has adopted general provisions for ESG financing

1. **ESG risk profiles**
   clients and portfolio
2. **Green Taxonomy**
   close to the EU Green Taxonomy
3. **Targeted financial products**
   “green” loans, “sustainability (ESG) linked” loans, “green bonds”
4. **Monitoring of our clients’ ESG indicators**

Our ESG product exposure

RUB billion

130 → 700

Sber's Climate Goal : Operational* Carbon Neutrality by 2030

SBER

Paper-based workflow

↓30%

reduction by 2023

Recycling

↑40%

increase by 2023

Green energy consumption

↑30%

increase

Water consumption

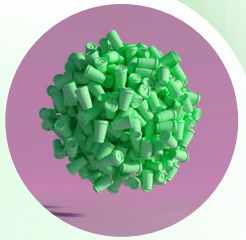
↓30%

reduction

Greening

1 mln trees

Use of plastic



↓30%

reduction

* Scope 1+Scope 2

Our messages

1

The global challenge of “climate change” has to be solved by joint efforts

2

An ESG conversation between NGOs, businesses, scientists, and innovators is needed

3

We are ready to host a meeting of “climate innovators” in Russia

I wish you fruitful discussions and networking!
Sincerely,
Olga Golodets