

VEB|RF

GREEN FINANCE IN RUSSIA

May 2023



TO ACHIEVE NET ZERO BY 2060 RUSSIA NEEDS VAST GREEN INVESTMENT



Green transportation

- Green urban transit
- EV charging infrastructure

\$25^{BN}



Green infrastructure and green cities

- Energy efficiency boost in heating networks, electrification last mile
- Insulation and energy efficiency for communal & government facilities
- Waste management

\$87^{BN}



Green industry

- Significant growth in production by implementation of new technological solutions
- Carbon intensity reduction for export products (for global markets)

\$64^{BN}



Green energy

- Current energy generation revamp (more efficient newer bigger CCGTs)
- Coal-to-gas transition
- Wind & solar x2.5 by 2030

\$88^{BN}



New industries and tech

- Blue and green hydrogen
- CCUS

\$36^{BN}

\$300^{BN}
by 2030

LAUNCHING GREEN FINANCE IN RUSSIA



Russian Green Finance System (including detailed taxonomies) approved by Government Decree in September 2021 (largely driven by Ministry of Economic Development, Bank of Russia and State Development Corporation VEB.RF). Taxonomies were updated March 2023 to better reflect Russian GHG benchmarks



Bank of Russia introduced **Placement standards for sustainable securities** introduced in 2019



Moscow Stock Exchange launched **sustainable development sector**



State Development Corporation VEB.RF launched **all necessary processes**, providing market infrastructure for sustainable finance (instruments and climate impact register, verifiers accreditation)



TWO SECTIONS OF THE RUSSIAN TAXONOMY

GREEN TAXONOMY

 Formally in line with all common definitions previously of green that existed prior to its development:



Green Bond Endorsed Project Catalogue



Green Bond Principles



Taxonomy Technical Report



Climate Bonds Taxonomy


 Assumes net zero technologies with no transition pathways


 Sample sections



\$32 PER CO₂ TONNE ABATED
all green financial instruments

TRANSITION TAXONOMY

 May not be considered green as per common definition; in line with transition guidelines

 Specifically designed to help companies from hard-to-abate industries to embark on their green transition journey

 Examples:



\$1 PER CO₂ TONNE ABATED
all transition financial instruments

RECOGNITION OF RUSSIAN NATIONAL TAXONOMY

Climate Bonds Initiative
welcomes Russian taxonomy as
in line with international best
practice

Sean Kidney
CEO
Climate Bonds Initiative



Organisation for
Economic
Co-operation and
Development

OECD research of 12 key global
transitional finance systems and
taxonomies includes Russian
National taxonomy



GREEN FINANCE – STATE OF THE UNION

GREEN
TAXONOMY



TRANSITION
TAXONOMY



GUIDELINES



KEY RESULTS

12 INDEPENDENT
VERIFIERS
Approved by VEB.RF

13 GREEN
FINANCIAL
INSTRUMENTS

\$6.4 BN
ESG financial
instruments total
volume

INVESTMENT OPPORTUNITIES

ISSUERS WITH
SOVEREIGN CREDIT
RATING



7 ESG FINANCIAL
INSTRUMENTS

\$4.3 BN

VALUE OF SUSTAINABLE INSTRUMENTS FOR DECARBONISATION

10.5 MLN TONNES
CO₂e PA
*emissions reduction
or abatement*

1% RUSSIA'S
ANNUAL
EMISSIONS