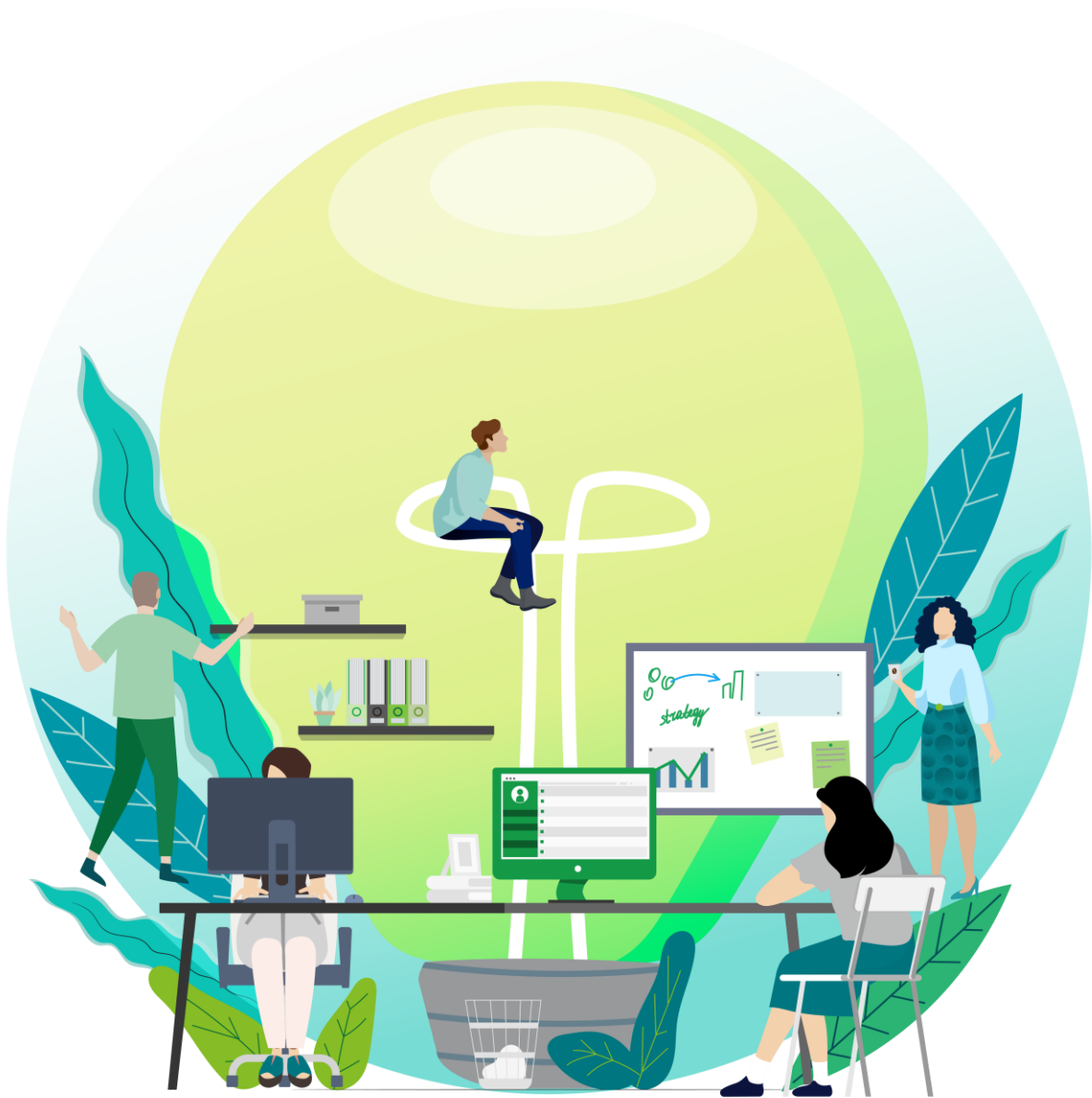


Business Solutions and Technologies

Assessment of climate risks and opportunities

April 2023



Assessment of climate risks and opportunities





BST’s experience in providing climate services



One of the largest oil and gas companies

One of the largest Russian oil and gas companies requested a qualitative and quantitative assessment of climate risks and the development of a climate change adaptation plan.

Scope of works completed by BST:





-  In the process of analyzing and assessing climate risks, a total of **36 climate risks were identified**, as well as their consequences. **Key risk indicators (KRI)** have been developed for all climate risks, with appropriate **risk management measures (RMM)** identified to address the most significant risks.
-  **Climate data** was obtained from a third-party provider in order to achieve more accurate results.
-  An analysis of current company processes and national laws for adaptation to climate change were conducted as part of the formulation of the climate change adaptation plan.
-  **Climate targets have been set** taking into account the results of the risk assessment, international guidelines, as well as national laws and goals.



One of the largest coal companies

One of the largest Russian coal companies requested the BST team to create a financial assessment tool for previously identified and qualitatively assessed climate risks and opportunities.

Scope of works completed by BST:

-  The team has **developed a tool** that assesses the degree of the Company’s financial exposure and vulnerability to the realization of material climate risks in the context of three climate scenarios.
-  This tool was implemented in **the Client's financial model**, resulting in a dashboard with financial results and various visualizations of the risk impacts.
-  The tool allows the user to assess a particular risk and its consequences on **any given asset for a selected year from 2023 to 2050** in the context of the selected climate scenario.
-  As a result, the team financially assessed the most significant transitional and physical climate risks for the Company.

Benefits of conducting climate risk assessments

-  Aid strategic management decisions
-  Assess the degree of the Company’s exposure to risks
-  Disclose climate-related data
-  Visualize climate risks and opportunities

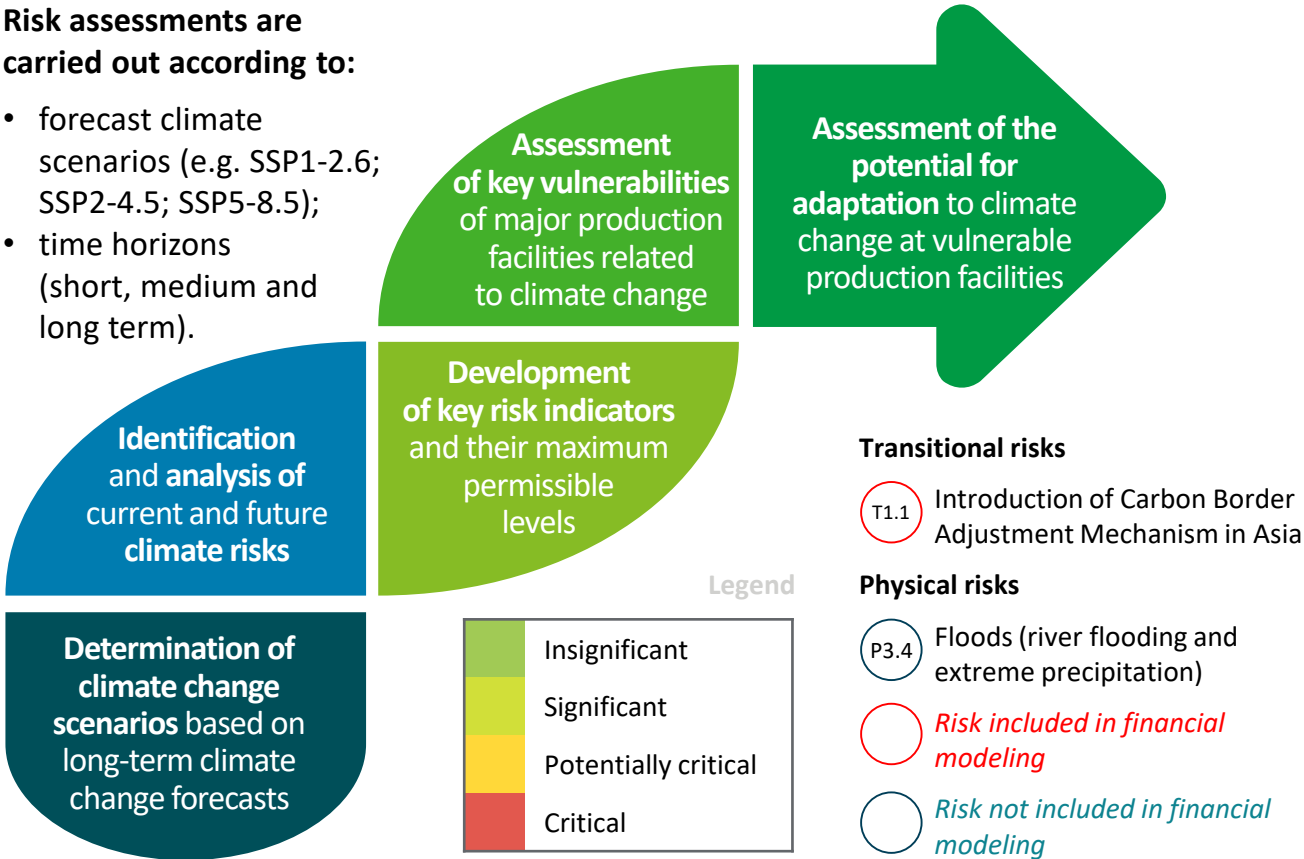
Assessment of climate risks and opportunities

Qualitative assessment of climate risks

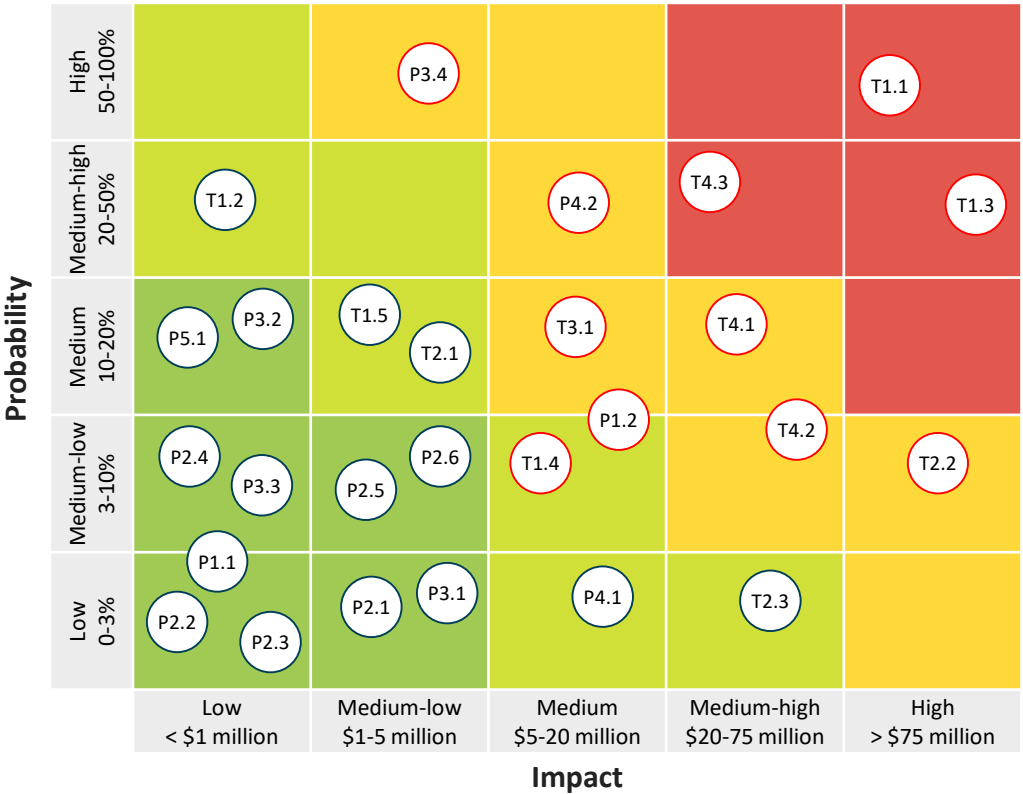
Assessments of the significance of **transitional and physical climate risks** are derived from **impact assessment** and **probability assessment**, each of which is determined by experts on a point scale, in accordance with the risk assessment scales provided by the Company. Climate data and the regions of the Company's presence are taken into account in order to develop key risk indicators.

Risk assessments are carried out according to:

- forecast climate scenarios (e.g. SSP1-2.6; SSP2-4.5; SSP5-8.5);
- time horizons (short, medium and long term).




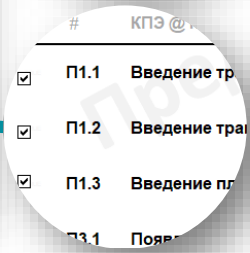
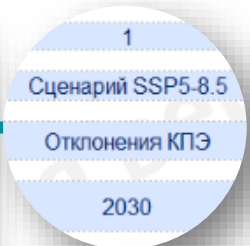
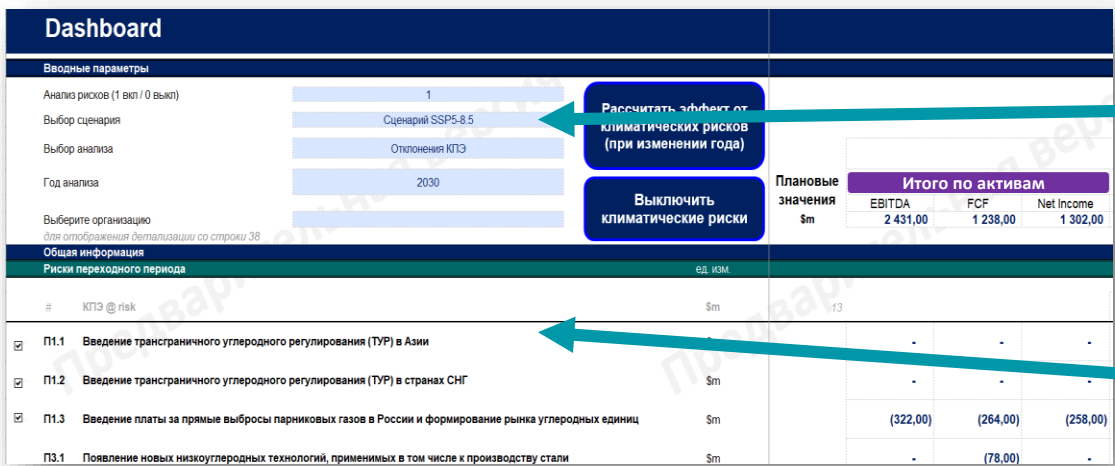
Results may be presented as a climate heat map:



Assessment of climate risks and opportunities

Quantitative assessment of climate risks

 The tool for financially assessing climate risks is implemented into the client's financial model, demonstrating a direct impact on the company's key financial indicators.



The tool is **customizable** and allows the user to financially analyze climate risks individually within any chosen asset, scenario and timeframe.

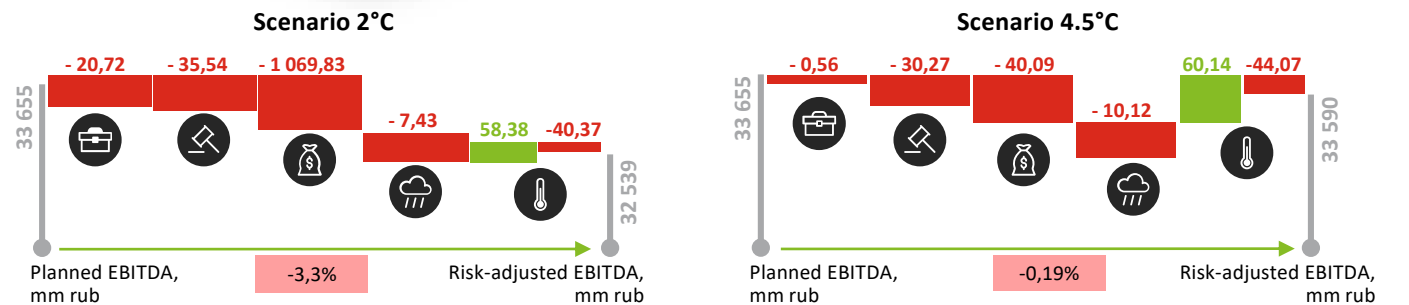
The results can be viewed for the **Company as a whole** or **separately for a chosen subsidiary**.

Additionally, the tool may display the results as a **heat map** within the chosen parameters.

Based on this assessment, the Company can obtain **numerical deviations of financial KPIs** (EBITDA, Free Cash Flow, Net Income) from the planned values.

If the company's financial model is not designed until 2050, **the climate risk tool will still allow the user to add the missing data** and predict the potential impacts of climate risks upon data availability.

Visualization of the results can be presented as follows:



*The values are illustrative.



ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ

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