
Sustainable development of PJSC «Gazprom»: practical application of ESG-model in production and export of liquefied gas

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Abstract

Subject/Topic. The paper is devoted to analysis of ESG-model application in production and export of liquefied gas with due account of current opportunities and threats of the EU and USA green transition policy and implementation of transboundary carbon charge. **Methodology.** General scientific cognitive methods (analysis, synthesis, deduction, comparison, scientific abstraction, logical reasoning and fact-finding) were applied to prepare the theoretical and methodological part of the scientific publication. Specific scientific cognitive methods (static analysis, expert estimates, graphical method) were used to prepare the analytical and expert sections of the publication, to form scenarios for the development of the ESG model of Gazprom's gas business, taking into account the current challenges and threats of the EU and US green policy, the «4 Worlds» Foresight method was used. **Results.** The scientific study of the ESG model application by «Gazprom's» gas business showed a deep understanding of the green transition processes within the LNG production and sales business processes, which is confirmed by both substantial investments in environmental protection measures and regular business expenses on compensation of gas production and transportation impact on the environment. A comparative analysis of ESG models applied by the gas business of the key oil and gas holdings has revealed the undisputed leadership of PJSC «Gazprom» and its commitment to creating the infrastructure and market landscape for the formation of an «environmentally friendly oil and gas business». According to external stakeholders (political elite of EU and USA, foreign financial and consulting institutions) among the weaknesses of the ESG model of gas business is its use of the «environmental credit» factor (PJSC «Gasprom» buys unused quotas on carbon emissions from the state in order to improve its own rating of environmentally friendly business); presence of undisguised manipulation with environmental value of pipeline gas deliveries to the EU (creating threat of market monopolization); presence of PJSC «Gazprom» holding's own bank (being the source of potential credit risks in the part of financing «toxic projects»); use of state corporation status by the holding to lobby its commercial interests in the EU and the US. **Conclusions/Significance.** At the end of the research the four main scenarios of ESG-model development were plotted and the expert judgement on their influence on the further lifecycle of the green policy is given: under the extreme scenario (red world) the company is likely to exit the EU and US markets in favour of the Asian states; under the more positive scenarios a gradual decarbonization of business processes of production, manufacturing and sales of LNG, taking into account international environmental standards, will correspond to the national goals and interests of Russia, and not «blindly»

following the interests of Western environmental policy. **Application.** Results of the scientific research can be used to develop academic competence of students on strategic management and sustainable development in the gas business, and for practitioners to generate and improve ESG-models taking into account the latest requirements of the green policy of EU and USA, and the use of green finance tools for implementation of projects on business processes decarbonization.

Keywords: *ESG-model, green transition, decarbonization, carbon footprint, sanctions, energy security, infrastructure, alternative energy, environmental investments, sustainable development.*

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