


## BASF (BAS) – Climate Transition Analysis

Questions for investors and lenders to ask management

Recommended Questions	
Q.1	<p><b>83% of BASF's CO<sub>2</sub> emissions come from Scope 3, but the management has no Scope 3 target. Why not?</b></p> <p><b>Background:</b> Management has no Scope 3 target yet still has an ambition of being Net Zero by 2050. Is this a credible strategy?</p> <p><b>Target:</b> Set a Scope 3 target with projections.</p>
Q.2	<p><b>BASF's high dependency on Scope 3 emissions (83%) means it is highly exposed to the emissions of its suppliers. But present management strategy is to 'retain and engage' suppliers which 'deviate'. Will suppliers respond?</b></p> <p><b>Background:</b> BASF targets Net Zero by 2050 but is heavily reliant on technologies that are currently unproven such as Carbon Capture &amp; Storage (CCS) and process electrification. Suppliers to BASF appear to have little pressure applied to facilitate a climate transition. 30% of BASF's total GhG emissions, across all three scopes, comes from the purchase of feedstock; Planet Tracker could not find a target to reduce these emissions.</p> <p><b>Target:</b> Targets should be given to BASF's suppliers to encourage them to assist BASF in reaching Net Zero by 2050.</p>
Q.3	<p><b>To achieve Net Zero by 2050, BASF is highly reliant on technological solutions. How confident is BASF management that these will be developed?</b></p> <p><b>Background:</b> BASF is very dependent on key technology improvements such as scalable Carbon Capture and Storage (CCS), electrification and renewable energy supplies. These require coordinated engagement, which is lacking. Presently BASF invests 10 times more in capacity expansion compared to GhG emissions improvement.</p> <p><b>Target:</b> Management should give clear investment plans for the climate transition.</p>

Report's Key Takeaways
<ul style="list-style-type: none"> <li>Planet Tracker's analysis shows BASF on track for a 3°C scenario by 2030.</li> <li>BASF faces considerable challenges with 83% of CO<sub>2</sub> emissions being Scope 3. Presently management has no Scope 3 target and is not on track to reduce Scope 1 emissions by 25%.</li> <li>Although BASF's management targets Net Zero by 2050, it relies on largely nascent or unproven technologies to achieve this.</li> <li>Although 30% of BASF's total GhG emissions across all three scopes comes from the purchase of feedstock, Planet Tracker could not find a target to reduce these emissions.</li> <li>BASF's applies little pressure to their suppliers as the policy for those that 'deviate' is to 'retain and engage'.</li> <li>Management are poorly incentivised to achieve a Net Zero goal. Aspects of the short-term incentive plan are opaque.</li> </ul>
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