

Dow (DOW) – Climate Transition Analysis

Questions for investors and lenders to ask management

Recommended Questions	Report Key Takeaways
<p>Q.1 Question: 72% of Dow's CO₂ emissions are Scope 3. There is no Scope 3 target for 2030. What total emission reduction (Scopes 1, 2 & 3) do you forecast by 2030?</p> <p>Background: Dow's total emissions were 112,028 ktCO₂e in the 2022 CDP submission, of which 25% were Scope 1, 4% Scope 2 and 72% Scope 3. The management reveal Scope 1 & 2 targets (down 15%) by 2030, but nothing for Scope 3. The management state, 'tracking and reducing Scope 3 emissions are critical to Dow's climate strategy'.</p> <p>Target: Reveal the GhG emissions pathway to 2030 for Scope 3</p>	<ul style="list-style-type: none"> Planet Tracker's analysis shows Dow on a pathway aligned with +3°C although the company claim it is 'aligned with a 1.5°C world'. 72% of emissions come from Scope 3, and Dow has no Scope 3 target. Dow is relying on new technologies to provide the promised emission reductions, but which are 'not yet economically available'. The executive team have little direct financial incentive to tackle this problem on a short- or long-term basis. With a reliance on fossil fuels as a feedstock and energy source, the company faces considerable transition risk. Presently, investors do not have the information to understand how Dow is heading to carbon neutrality in 2050. <p>Click to view the report online</p>  <p>Disclaimer: click here</p>
<p>Q.2 Question: The management team reveal no roadmap for the reduction of Scope 3 emissions. How can an investor conclude that Dow is on track to be carbon neutral by 2050?</p> <p>Background: Dow presents little detailed roadmap for eliminating Scope 3 emissions and no discussion of possible technologies or other action required. Dow targets being carbon neutral for Scope 1, 2 & 3 by 2050 "plus product benefits", for which Planet Tracker struggled to find a definition.</p> <p>Target: Explain Dow's path to the stated target of carbon neutrality by 2050.</p>	
<p>Q.3 Question: What is/are the technology/ies on which Dow is relying?</p> <p>Background: In Dow's own words, significant future emission reduction will require "new technologies [that are] not yet economically available". These key technology improvements are likely to include scalable carbon capture and storage (CCS), electrification and renewable energy supplies.</p> <p>Target: Understand the technological solution(s) and capex related to achieving net zero.</p>	