Planet Tracker

ENGAGEMENT SHEET

Saudi Basic Industries Corporation (SABIC)
Climate Transition Analysis

Questions for investors and lenders to ask management

Recommended Questions

Q.1

Question: *How will SABIC address the lack of a specific Scope 3 emissions target, given that Scope 3 accounts for 70% of its total GHG emissions?*

Background: SABIC's current strategy focuses on reducing Scope 1 and 2 emissions, with significant investments in energy efficiency and carbon capture. However, the absence of a detailed plan for Scope 3 emissions, which make up the majority of its carbon footprint, raises concerns about the company's overall alignment with the Paris Agreement goals.

Best Practice: Develop and disclose a specific Scope 3 emissions reduction target aligned with the Paris Agreement goals.

Q.2

Question: *What steps will SABIC take to ensure consistent progress in emissions reduction, especially in light of the potential for increased Scope 3 emissions by 2030?*

Background: SABIC's historical data shows a slight increase in total GHG emissions between 2020 and 2022, primarily driven by an increase in upstream Scope 3 emissions. This trend, if not reversed, would impact the company's ability to meet its climate targets.

Best Practice: Implement a robust monitoring and adjustment mechanism to ensure continuous and sustainable GHG reduction across all emission scopes.

Q.3

Question: *How does SABIC plan to improve transparency in the financial implications of its risk management, including the cost of upgrades and changes?*

Background: While SABIC acknowledges significant financial exposure to climate-related risks, the company provides limited detailed financial disclosures on how these risks are being managed and the costs involved. This lack of transparency can affect investor confidence in the company's climate transition plan.

Best Practice: Enhance transparency by providing detailed, monetary disclosures on the financial impacts of climate risks and the specific investments being made to mitigate these risks.

Report Key Takeaways

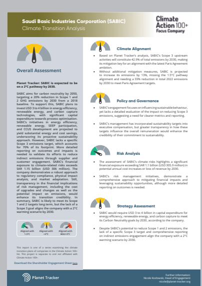
- SABIC aims for carbon neutrality by 2050 with a 20% reduction in Scope 1 and 2 GHG emissions by 2030 from a 2018 baseline. However, the absence of a specific target for Scope 3 emissions, which constitute 70% of its total footprint, limits its alignment with a 1.5°C target.

- The company plans to invest USD 3 to 4 billion by 2030 in energy efficiency, renewable energy, and carbon capture technologies. This investment underscores its commitment but requires more transparency in the expected outcomes of these investments.

- SABIC faces significant financial exposure to climate-related risks, estimated at USD 306 million. The company demonstrates a robust approach to risk management but would benefit from enhanced transparency regarding the financial implications and outcomes of its climate risk mitigation efforts.

- Despite its efforts, without additional mitigation measures for Scope 3 emissions, SABIC is on track to increase its total emissions by 13% by 2030, aligning it with a 2°C warming scenario rather than the more ambitious 1.5°C target.

Click to view the report online



Disclaimer: click here

Further information:
Nicole Kozlowski, Head of Engagement
nicole@planet-tracker.org