

BASF (BAS) – Climate Transition Analysis

Recommended Questions

Q.1 *What are BASF's plans to establish and disclose a comprehensive decarbonisation roadmap beyond 2030?*

Background: BASF has achieved significant emissions reductions since 2019, with a 14% decrease in GHG emissions by 2023 and projections of a 22% reduction by 2030. However, the absence of a post-2030 strategy raises uncertainty about its alignment with Net Zero targets, particularly given the chemical sector's reliance on fossil fuels.

Best Practice: Develop and publicly share a long-term decarbonisation plan aligned with Net Zero by 2050, including milestones for transitioning feedstocks and scaling innovative technologies like electrified steam crackers.

Q.2 *How does BASF plan to enhance the transparency of emissions reductions achieved through supplier and customer engagements?*

Background: While BASF engages suppliers and customers through initiatives such as the Supplier CO₂ Management Program and PCF provision, it does not disclose specific emissions reductions achieved through these efforts. This gap limits the ability to assess the tangible impact of these engagements on Scope 3 emissions.

Best Practice: Establish measurable emissions reduction targets for supply chain and customer initiatives, accompanied by annual disclosures on progress achieved, to improve accountability and align with Paris Agreement targets.

Q.3 *How will BASF address the misalignment between its investments and EU Taxonomy criteria to strengthen its capital alignment with climate objectives?*

Background: Despite investing in sustainability-related projects, only a small fraction of BASF's expenditures are taxonomy-aligned due to gaps in criteria compliance, particularly regarding emissions thresholds, and timeframes. This misalignment creates challenges in assessing the climate impact of its capital allocation.

Best Practice: Collaborate with regulatory bodies to address taxonomy criteria limitations and provide detailed disclosures on expected emissions reductions per project to demonstrate alignment with science-based targets.

Report Key Takeaways

- BASF has reduced its GHG emissions by 14% since 2019, with projections suggesting a potential total decline of up to 22% by 2030. However, the lack of a clear decarbonisation roadmap beyond 2030 raises concerns about the company's ability to meet its longer-term climate objectives.
- While BASF engages with its value chain and integrates sustainability into governance, compensation, and risk management, it provides only limited information on the emissions reductions achieved through these efforts. Moreover, it has not fully disclosed potential financial impacts outside Germany or offered specific data on emissions abatement from efficiency measures and renewable inputs.
- Although BASF invests in advanced technologies and low-emission projects, the partial misalignment with recognised taxonomies and the limited clarity on how its capital expenditure supports sustainability goals suggest that it may be closer to aligning with a 2°C scenario than a more ambitious 1.5°C target.

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