

Industry Associations Review

 **· BASF**

We create chemistry

Content

- Introduction**3
- 1. Ensuring association alignment on advocacy related to climate and energy policy**4
- 2. BASF’s view on climate and energy policy**5
- 3. Collaboration on the journey to a climate-neutral world**9
- 4. Assessment methodology**11
 - 4.1 Selection of associations.....11
 - 4.2 Methodological approach for key association analysis.....12
- 5. Results**13
 - 5.1 Global13
 - 5.2 Europe13
 - 5.3 North America/United States.....14
 - 5.4 South America/Brazil.....15
 - 5.5 Asia/Malaysia and China.....15
- 6. Annex: Assessment**16
 - 6.1 Global16
 - 6.1.1 ICCA (International Council of Chemical Associations)16
 - 6.1.2 WBCSD (World Business Council for Sustainable Development)19
 - 6.1.3 WEF (World Economic Forum)21
 - 6.2 Europe.....23
 - 6.2.1 VCI (Verband der Chemischen Industrie e.V.)23
 - 6.2.2 BDI (Bundesverband der Deutschen Industrie)25
 - 6.2.3 essencia27
 - 6.2.4 Cefic (The European Chemical Industry Council)29
 - 6.2.5 ERT (European Round Table for Industry)31
 - 6.2.6 BusinessEurope33
 - 6.3 North America/United States.....35
 - 6.3.1 NAM (National Association of Manufacturers).....35
 - 6.3.2 ACC (American Chemistry Council)37
 - 6.3.3 CCD (CEO Climate Dialogue).....39
 - 6.4 South America/Brazil.....41
 - 6.4.1 ABIQUIM (Associação Brasileira da Indústria Química)41
 - 6.5 Asia.....43
 - 6.5.1 FMM (Federation of Malaysian Manufacturers).....43
 - 6.5.2 European Union Chamber of Commerce in China44

Introduction

Climate change is the greatest challenge of the 21st century. At BASF, we have put climate protection at the top of the agenda. We have set ourselves ambitious goals and are striving to achieve net zero CO₂ emissions by 2050. Our climate goals underscore our determination and BASF's commitment to the Paris Climate Agreement. We are serious about our responsibility to contribute our share and to provide the innovations needed. Thanks to our expertise as well as our innovative and entrepreneurial spirit, our innovations have decisively contributed to changing the world we live in for the better. We want to grow further profitably and sustainably, driven by our purpose: We create chemistry for a sustainable future. We are convinced that we will only be successful in the long term if we create economic, environmental and social value.

The 2020s are the key decade to translate the well acknowledged targets of the Paris Agreement into bold execution. This requires a new level of cooperation between companies, policymakers and society. We have created climate change collectively, and we need to address it collectively. New technologies that will massively reduce emissions in the chemical sector are within reach. However, to make the transition happen, an enabling legislative framework is needed. In line with our purpose, BASF pursues a constructive dialog with politicians and other stakeholders in society to ensure our license to operate and as part of our commitment to develop sustainable solutions together. We do this directly as well as via industry associations.

We conduct this political dialog in compliance with our corporate values and principles. BASF is in favor of fostering transparency in advocacy and participates in transparency or advocacy ("lobby") registers where available, for example, with the European Parliament, the European Commission and in the United States.

In this report, BASF has reviewed its memberships and involvement in key associations to assess whether their positions are in line with our own positions with regard to climate protection.

Findings

BASF analyzed the positions of associations and their alignment with BASF's view in terms of the five key elements of sustainable climate and energy policies: the Paris Agreement, climate neutrality, carbon pricing, renewable energy, and energy efficiency.

The associations' positions are in line with our own and we see no fundamental differences. There are nevertheless some regional differences due to the character of the respective public climate discussions.

We will therefore remain a member of all the associations evaluated. BASF will engage further – both directly and via key associations – to promote global alignment of climate policies and to provide a level playing field for industrial activities.

We will update our assessment bi-annually.

1. Ensuring association alignment on advocacy related to climate and energy policy

In this report, we focus on our memberships in those industry and trade associations

- which are actively engaging in the discussion on climate protection
- where we are strongly engaged and can thus make a significant contribution

These associations provide a valuable forum for debate and help us outline views and interests on climate policies to political and other stakeholders. They provide knowledge on relevant issues and highlight the effects of policy proposals on industry and society to enable better informed regulation. By organizing public dialog platforms, they also play an important role in fostering public dialog on policy issues.

BASF's engagement in associations varies depending on their nature (e.g., product-specific or sector associations). Due to our wide portfolio of chemicals, chemistry and related solutions for many applications, we have established memberships in numerous associations. Many of them are not engaged in the discussion around climate change. These associations provide valuable platforms for information exchange and for sharing best practices in specific fields: chemicals safety, health and other environmental topics, industry standards for product applications, taxes and trade issues, and reporting requirements, etc. They are not part of this review, nor are associations which only mirror parts of our portfolio, e.g., oil & gas producers or producers of specific solutions for climate protection or adaptation (e.g., associations representing insulation materials, renewable energy solutions or low emission mobility).

BASF's position on climate and energy policies reflects our values and principles as well as our purpose. Our positions serve as a yardstick against which we and others measure our own and our industry group's activities. We regularly review the positions and activities on climate and energy policies of the major associations listed in this report.

We assure global alignment of our advocacy work and our activities in associations via established governance processes and internal networks that include all regions. Taking into account developments in climate protection technologies and policies, we jointly agree on BASF's positions and publish our common view on the company website.

In our advocacy work, we act in compliance with our Global Code of Conduct. Its core values and the rules and principles are set out in our Policy on Government Relations and Advocacy: <https://www.basf.com/global/en/who-we-are/sustainability/management-goals-and-dialog/stakeholder-dialog/political-communication-and-advocacy.html>.

BASF's level of engagement in associations ranges from board membership and participation in working groups to observer status only. In cases where we act to shape policy directions, it is in the mutual interest of our company and the respective association to strive to align on major views and positions. If an association's position on an issue that is core to BASF's membership fundamentally deviates from BASF's position or our principles and values, BASF increases its engagement in that association to improve alignment or to demand that the association stop advocating against our interests or our values and principles. If advocating against our interests cannot be stopped, an overarching assessment of the association's performance, positions, views and membership value regarding all issues relevant for BASF is performed. Based on this, a decision is taken on the future of our membership in this association. In case of change, the association is informed accordingly.

2. BASF's view on climate and energy policy

We want to live up to our responsibility for climate protection. We are committed to the Paris Agreement and to our corporate purpose: We create chemistry for a sustainable future. Population growth and rising prosperity go along with a need for more food, housing, comfort, mobility – and of course energy. In all these areas, chemical products play an essential role. They are key for enabling low-emission mobility, energy-efficient housing and CO₂-free power production. To meet current and future challenges, the world needs innovative chemical products and solutions. Chemistry will provide the technologies that will enable us to make better products for everyone, consume less resources and be more efficient.

On our journey toward climate neutrality, we have set ourselves ambitious goals: to achieve net zero CO₂ emissions by 2050, and to reduce our greenhouse gas emissions worldwide by 25 percent by 2030 compared with 2018 – despite targeted growth and the construction of a large Verbund site in South China. Excluding the effects of the planned growth, this means cutting CO₂ emissions by half in our current business by the end of this decade.

To do so, we will increase our use of renewable energies. BASF has initiated various projects in this area and signed specific agreements in recent months. Based on the availability of competitively priced RES electricity, we will accelerate the development and deployment of new CO₂-free processes for the production of chemicals within our Carbon Management Research & Development Program. The program focuses on base chemicals: These are responsible for 70 percent of the greenhouse gas emissions in the chemical industry – but are an indispensable starting point for all value chains and innovations. BASF is bundling and accelerating cross-company activities in a new unit called “Net Zero Accelerator.”

With transparency and offerings to systematically and incrementally reduce the carbon footprint of BASF products throughout the entire value chain, we help our customers in all industries to reduce the carbon footprint of their own products.

The ability to develop climate protection technologies and remain competitive is closely linked to the respective political and regulatory framework. BASF is committed to economically efficient and ecologically and socially effective global climate protection and supports the U.N. Sustainable Development Goal “Climate Action.” To provide the necessary business solutions, companies need a predictable and stable climate and energy policy framework that is market-oriented, cost-effective and strengthens competition among technologies. Efforts to mitigate and adapt to climate change will thus create opportunities for the private sector.

Paris Agreement

BASF fully supports the Paris Agreement. Climate change is a global issue and can only be solved globally. But even if all current commitments are implemented, the temperature will still increase by up to 1.8 – 2.4 degree Celsius. Therefore, governments should develop long-term strategies, including business participation, to quickly avoid greenhouse gas emissions. Corporate engagement and innovation increase the scope for political action. Innovative products and technologies allow countries to submit higher Nationally Determined Contributions (NDCs), as foreseen in the Paris Agreement.

Carbon neutrality

BASF has set itself the ambitious goal of achieving climate neutrality by 2050 because the company is convinced of the long-term strategic necessity as well as the technical feasibility.

However, most of the new technologies required to achieve significant emission reductions are not yet competitive under today's framework conditions. Nevertheless, we are calling on all players involved to work together to make this once-in-a-century transformation economically successful. To achieve this, we need new cooperation between industry and policymakers that leads to positive, outcome-oriented regulations which preserve international competitiveness. It also requires an even closer cooperation of governments, especially in the area of carbon pricing.

Carbon pricing

BASF believes that the most efficient and effective way to achieve global climate protection is through an international treaty and global carbon pricing. A global pricing mechanism for greenhouse gas emissions – with a carbon pricing platform at least at a G7 or G20 level – would be an important step to level the playing field for industry. This would allow for quicker and better use of existing technologies and spur research to mitigate climate change. BASF has been actively engaging in this direction and will continue to do so. We advocate for climate policy cooperation to be high on the agenda of the G7 Presidency of Germany in 2022.

In the absence of a global approach, unilateral burdens on industry resulting from different levels of ambition may result in relocation of operations or investments to regions with less climate costs or to macro-economic inefficiencies. This can lead to carbon leakage and a failure to develop the innovations that are needed to mitigate climate change. For the transition phase, until new technologies are competitive or global carbon pricing is in place, steps need to be taken to avoid distorting competition. Carefully crafted policy packages that combine carbon pricing with other types of regulation can provide the most certain and cost-effective path to carbon neutrality.

Energy efficiency

BASF is an energy-intensive chemical company. In the face of limited resources, the efficient use of energy is part of our corporate philosophy. One of BASF's core competencies is the increase of resource and energy efficiency along the whole value chain – starting with the supply of raw materials and intermediates, through to production and finally to the use of products by our customers.

BASF believes that measures to increase energy efficiency play a significant role in achieving the goals of the Paris Climate Agreement. Through the introduction and ongoing maintenance of certified energy management systems, we want to identify and implement further potential for improvement in energy efficiency. By end of 2020, we achieved our goal of introducing certified energy management systems according to DIN EN ISO 50001 at all relevant production sites.

The Verbund system is an important component of our energy efficiency strategy: Waste heat from one plant's production process is used as energy in other plants. BASF mainly uses co-generating heat and power plants to reduce specific energy consumption, but we will increase the use of renewable energies and are investing in own renewable energy resources.

Together with switching to renewable energy, fully exploiting energy saving potentials helps to make more renewable energy available in areas where energy consumption cannot be reduced further. In the chemical industry, other factors may conflict with improving energy efficiency when solely defined as the relation between product output and energy input: High environmental standards, flexibility of production to better allow for integration of intermittent renewable energy

or even new technologies to reduce carbon emissions may limit efficiency or increase energy consumption. As a result, both energy efficiency and the switch to renewable energy are needed.

Energy efficiency policies must allow for industrial growth and enable innovation leading to lower greenhouse gas emissions (GHGs) across value chains, while avoiding double regulation and additional bureaucracy and cost burdens. BASF supports energy efficiency legislation that respects the goal of achieving climate targets, while recognizing that energy consumption sometimes increases due to the pursuit of climate protection or other environmental objectives.

Renewable energy

Renewable energy capacities are growing worldwide and enable electricity supplies on the path to become CO₂-free. We want to support this development. New low-carbon technologies require huge amounts of cost-competitive renewable electricity and, in some cases, even increased overall energy inputs.

Renewable energy from sources like offshore wind parks will be a key lever to achieve our targets. Demand for renewable energy is increasing sharply due to the electrification of all major industrial sectors, and the chemical industry in particular. Therefore, we are strongly advocating building additional renewable energy capacities at an accelerated pace. Additional renewable energy capacities at competitive prices are a precondition for a successful energy transformation.

National political regulations must not hamper the cost-competitiveness of renewable electricity. They must support an efficient and safe power and heat supply to avoid competitive disadvantages compared to production sites in other regions.

For BASF, climate protection is a key task and an essential part of our strategy.

Our website transparently explains our activities as well as our positioning.

<https://www.basf.com/global/en/who-we-are/sustainability/we-produce-safely-and-efficiently/energy-and-climate-protection.html>

BASF calculates CO₂ footprint for all sales products



New digital application to calculate Product Carbon Footprint (PCF) for 45,000 sales products in the course of 2021, creating transparency for customers. [Product Carbon Footprint \(basf.com\)](https://www.basf.com)

Our climate protection solutions



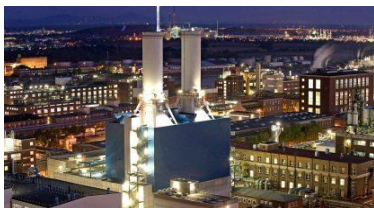
Our products are involved in a large number of climate protection technologies in a wide range of sectors. [Our climate protection solutions \(basf.com\)](https://www.basf.com)

Our climate protection goals



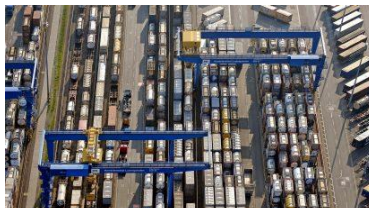
We have defined ambitious targets for climate protection and increasing energy efficiency. [Our climate protection goal \(basf.com\)](https://www.basf.com)

Our Carbon Management



In order to enable further substantial CO₂ savings, completely new technologies are needed. [Our Carbon Management \(basf.com\)](https://www.basf.com)

Reducing emissions along the value chain



We are working in our own production and with our partners along the value chain to reduce greenhouse gas emissions. [Reducing emissions along the value chain \(basf.com\)](https://www.basf.com)

Our corporate carbon footprint



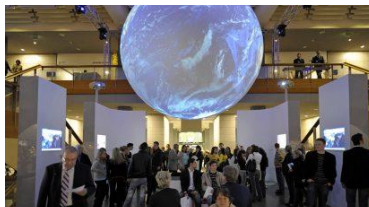
Each year we are reporting emissions along the BASF value chain and the contribution of products in our portfolio to avoid emissions. [Our corporate carbon footprint \(basf.com\)](https://www.basf.com)

BASF in CDP as well as in further indices and rankings



Since 2004 we are reporting to the CDP Climate Change program. [Sustainability Ratings and Rankings \(basf.com\)](https://www.basf.com)

Our global commitment



BASF supports the Paris Agreement on climate change and advocates for ambitious global climate protection. [Global Climate Policies \(basf.com\)](https://www.basf.com)

Energy and climate policies



BASF participates in the political debate and strives for sustainable solutions. [Energy and Climate Protection \(basf.com\)](https://www.basf.com)

3. Collaboration on the journey to a climate-neutral world

Science, politics, and industry must collaborate to fight the climate crisis. Apart from raising ambitions, there must be dedicated short-term steps and measures: We need to accelerate this transformation now. We must concentrate on the initial steps of this journey, while having long-term concepts in mind. Short-term climate targets must strike a balance between scientific necessity – climate neutrality as soon as possible – and practical feasibility. The Paris Agreement considers this fact by allowing each country to deliver nationally determined, voluntary contributions that they consider to be feasible. Tightening these target every five years is part of the Paris mechanism.

Technical innovations increase the scope to deliver on higher climate targets, and developing innovations is the key task of innovative research-based companies. In line with our great progress in developing new technologies, BASF strengthened its 2008 greenhouse gas reduction target in 2018 and 2021. We are committed to becoming climate neutral by 2050. This requires enabling conditions, especially regarding infrastructure and the regulatory framework: It is the task of politics to set a legal framework that allows climate innovations to come into practice.

To deliver on our climate targets, we have an inherent interest in ensuring that the political framework supports climate-neutral technologies and the application of our climate protection products. This is one reason why BASF engages with policymakers and strives for alignment with other stakeholders. Engaging in associations is an important part of this work. Associations have a key function when addressing political needs for a sector's transformation, as they represent balanced positions beyond a single company's view. As policy making is based on consensus, associations play an important role in structuring the societal and political dialog. To do so, they rely on appropriate backing from their member companies. In case of diverging opinions, a common approach to find consensus in an association is to seek for further intelligence, for example, by inviting experts from think tanks or authorities or by commissioning studies¹. BASF's technical experts share their expertise to support such studies.

For more than ten years, associations we are member of have provided data for political impact assessments and decision making on climate policies. These include technological options, infrastructural needs and financial impacts of political suggestions alike. If no consensus can be found, an association will remain silent on that specific issue. For BASF, this means that other alliances may be sought to drive climate action. Reaching climate neutrality requires even broader ways of collaboration within society than via associations. BASF is constantly in contact with a number of think tanks to achieve common understanding and consensus solutions. Examples are Agora Energiewende in Germany, ERCST in Brussels or the Center for Climate

¹ Examples:

ICCA:

- Innovations for Greenhouse Gas Reductions," (2009)
- Technology Roadmap: Energy and GHG Reduction in the Chemical Industry via Catalytic Processes (2013)
https://dechema.de/dechema_media/Downloads/Positionspapiere/IndustrialCatalysis/Chemical_Roadmap_2013_Final_WEB.pdf;
- ENABLING THE FUTURE: Chemistry innovations for a low-carbon society (icca-chem.org) (2019)
- ICCA_Avoiding-GHG-Emissions_Life-Cycle-Assessment-of-Circular-Systems_Guide-and-Case-Studies.pdf (icca-chem.org)(2021)

BDI:

- Klimapfade für Deutschland: https://www.prognos.com/sites/default/files/2021-01/20180118_bdi_studie_klimapfade_fuer_deutschland_01.pdf;
- Climate Paths 2.0 – A Program for Climate and German's Future Development (bdi.eu)

VCI:

- Roadmap Chemie 2050: <https://www.vci.de/vci/downloads-vci/publikation/2019-10-09-studie-roadmap-chemie-2050-treibhausgasneutralitaet.pdf>

Cefic:

- European chemistry for growth https://cefic.org/app/uploads/2019/01/Energy-Roadmap-The-Report-European-chemistry-for-growth_BROCHURE-Energy.pdf
- Low carbon energy and feedstock for the European chemical industry
https://dechema.de/dechema_media/Downloads/Positionspapiere/Technology_study_Low_carbon_energy_and_feedstock_for_the_European_chemical_industry-p-20002750.pdf

and Energy Solutions in the United States. In a German model project, funded by the Federal Ministry for Environment, Nature Conservation and Nuclear Safety, the VCI (German Chemical Industry Association) and VDI (Association of German Engineers) engaged 70 partners from industry, NGOs, think tanks and politics to work together to find common ground on how the transition could become reality: The Chemistry4Climate platform aims to develop concrete steps and solutions that would allow Germany to become climate neutral without shifting emissions to other regions. BASF supports this project, including the preparatory phase.

4. Assessment methodology

4.1 Selection of associations

In this report, we focus on key associations where we can provide substantial contributions, which cover our business as a whole, have advocacy positions on climate and energy policies, and which actively engage in advocacy in their respective countries or regions.

Because of BASF's regional and operational footprint and due to current political circumstances, the regional focus of driving progressive climate policies is in Europe. This is why we put most of our efforts into aligning with trade associations at European and German level.

Our selection of associations also reflects the following:

- Germany is the most important country for BASF, as it is the location of our headquarters and our largest site is based in Ludwigshafen.
- BASF has further major Verbund sites in Belgium, the United States, China and Malaysia.
- About 40 percent of BASF's global sales are generated by companies located in Europe and more than 60 percent of our approximately 110,000 employees work in Europe.
- Brazil plays an important role in global climate policy.
- Associations which are not fully independent (e.g., with strong links to government institutions) are not covered.

Given the importance of these countries/regions, BASF places a focus on observing, understanding and anticipating regulatory expectations and developments there in order to ensure and improve its societal license to operate as well as effectively advocate for and communicate its views. The following industry associations were therefore selected for the detailed analysis in this report:

Global

- ICCA (International Council of Chemical Associations)
- WBCSD (World Business Council for Sustainable Development)
- WEF (World Economic Forum)

Europe

- VCI (Verband der Chemischen Industrie e.V.) - German Chemical Industry Association
- BDI (Bundesverband der Deutschen Industrie) - Federation of German Industries
- essenscia - Belgian Federation for Chemistry and Life Sciences
- Cefic (The European Chemical Industry Council)
- ERT (European Round Table of Industry)
- Business Europe

North America

- NAM (National Association of Manufacturers)
- ACC (American Chemistry Council)
- CCD (CEO Climate Dialogue)

South America

- ABIQUIM (Associação Brasileira da Indústria Química) - Brazilian Chemical Industry Association

Asia

- FMM (Federation of Malaysian Manufacturers)
- European Chamber of Commerce in China

4.2 Methodological approach for key association analysis

The publicly stated positions of the associations were examined. For this purpose, the respective BASF association representatives gave their input. Additionally, the associations' websites were thoroughly assessed on a case-by-case basis, to point out any similarities and differences to the BASF energy and climate positions. In addition, publicly available stakeholder contributions and position papers were analyzed.

The positions of the associations reflect the respective – usually national – context: Detailed positions and input of associations on climate legislation proposals need to reflect the political, economic and social environment of the specific jurisdiction and setup. This may result in the associations having specific advocacy strategies. Our assessment focuses on the overall strategic direction and objective. Additionally, it is in our interest to ensure a healthy cooperation with all associations across the world. The alignment was assessed based on the association's positions on the following climate-related topic areas:

- Paris Agreement
- Carbon neutrality
- Carbon pricing
- Renewable energy
- Energy efficiency

5. Results

5.1 Global

In light of the different national circumstances, the Paris Agreement establishes the principle of equity and common but differentiated responsibilities and respective capabilities.

Rather than addressing specific national or regional policy suggestions, global institutions work to bring business together, to share knowledge on existing technologies and provide overarching principles to foster climate change policies. In doing so, technological developments can be promoted, and global climate policies are supported. It is also the basis to further develop climate policies in the regional and national context.

	Commitment to Paris Agreement and global climate protection, but need for climate policies safeguarding competitiveness	Carbon neutrality until 2050	Support for carbon pricing	Support of energy efficiency	Support for renewable energy
ICCA	✓	✓	✓	✓	✓
WBCSD	✓	✓	✓	✓	✓
WEF	✓	✓	✓	✓	✓

5.2 Europe

The European Union has set a domestic target of at least 55 percent greenhouse gas emission reduction until 2030 compared to 1990 and a climate neutrality target for 2050. As part of the Green Deal, the European Commission adopted a series of legislative proposals setting out how it intends to achieve these targets in July 2021. The package proposes to revise several pieces of EU climate legislation.

All our key European associations support the Paris Agreement and the Green Deal and see opportunities for industry to significantly reduce emissions. Several associations have conducted studies to show how this could become reality. A fundamental request is to scale up renewable energy, as availability of huge amounts at competitive prices are key for the industrial transformation. They also outline the very high costs related to the investments to upgrade and partly re-build the industrial infrastructure and the higher production costs. They call for a political framework which better incentivizes technological development, stresses the necessity of carbon leakage protection to avoid shifting production, and thus emissions, to other world regions.

	Commitment to Paris Agreement and global climate protection but need for policies that safeguard the competitiveness of EU industry.	Carbon neutrality until 2050	Support for ETS as most cost-efficient option to reduce GHG emissions but need to avoid carbon leakage. Advocacy for global carbon pricing and level playing field.	Need for competitive EU energy prices/availability of renewable energy to remain competitive on global market.	Energy efficiency first but no limitation of availability of energy for industry (low-carbon technologies are usually energy intensive)
VCI	✓	✓	✓	✓	✓
BDI	✓	✓	✓	✓	✓
essencia	✓	✓	✓	✓	✓
Cefic	✓	✓	✓	✓	✓
ERT	✓	✓	✓	✓	✓
Business Europe	✓	✓	✓	✓	✓

5.3 North America/United States

The United States has re-entered the Paris Agreement and aims to become climate neutral by 2050.

The key U.S. associations in which we are members acknowledge that climate change is a global problem that should be addressed globally. They encourage policies allowing for higher shares of renewable energies at competitive costs and reducing existing barriers for more energy efficiency in all sectors of the economy. The associations state that unless there is a fair, transparent, reliable and enforceable global level playing field, any climate policy at the U.S. level would need to ensure that the global competitiveness of U.S. businesses is not put at risk. BASF continues its engagement on a stronger support for business-friendly climate policies by aligning with other businesses and NGOs, e.g., in the CEO Climate Dialogue. More details on the evaluation can be found in chapter 6.3.

	Commitment to Paris Agreement and global climate protection, but need for climate policies safeguarding competitiveness	Carbon neutrality until 2050	Support for carbon pricing	Support for renewable energy	Support of energy efficiency
ACC	✓	✓	✓	✓	✓
NAM	✓	n.a.	n.a.	✓	✓
CEO Climate Dialogue	✓	✓	✓	n.a.	n.a.

5.4 South America/Brazil

Brazil was the first developing country with an absolute climate target. It has committed to becoming carbon neutral by 2050 and enacted incentive plans for the uptake of renewables.

The chemical industry is a partner of the Brazilian government in the fulfilment of the Brazilian goals set out in the Paris Agreement and in the transition to a low-carbon economy. This includes suggestions on policy measures, such as a carbon pricing strategy and support of the ambitious renewable targets.

	Commitment to Paris Agreement and global climate protection, but need for climate policies safeguarding competitiveness	Carbon neutrality until 2050	Support for carbon pricing	Support of energy efficiency	Support for renewable energy
ABIQUIM	✓	✓	✓	✓	✓

5.5 Asia/Malaysia and China

By 2030, Malaysia intends to reduce its greenhouse gas emissions intensity by 45 percent in relation to the emissions intensity of GDP in 2005.

FMM covers climate topics in various energy and environmental-related seminars and conferences and gives feedback supporting action on climate change to the government.

China has pledged that its CO₂ emissions will peak by 2030 and will attempt to reach this peak earlier. It has also pledged to become climate neutral by 2060. China announced a national emissions trading system in December 2017, which was delayed several times but started operation for the power sector in 2020. There are plans to expand it to other sectors.

EUCCC's advocacy is fully aligned with BASF's view. They ask for a political framework which fosters climate protection and global alignment. The EUCCC was included in this assessment as it is a key association for BASF in China to address its advocacy on climate and energy policies.

	Commitment to Paris Agreement and global climate protection, but need for climate policies safeguarding competitiveness	Carbon neutrality	Support for carbon pricing	Support of energy efficiency	Support for renewable energy
FMM (Association of Malaysian Manufacturers)	n.a.	n.a.	n.a.	✓	✓
European Chamber of Commerce in China (EUCCC)	✓	✓	✓	✓	✓

6. Annex: Assessment

6.1 Global

6.1.1 ICCA (International Council of Chemical Associations)

ICCA represents chemical manufacturers and producers around the world. Its members account for more than 90 percent of global chemical sales.

ICCA is a virtual organization, coordinating the work of individuals from member associations and their member companies. ICCA is governed by a Board of Directors representing member associations and a Steering Committee responsible for oversight of several working level groups.

Topic area	Position	Alignment with BASF
Paris Agreement	The Paris Agreement is designed to curb greenhouse gas emissions and mobilize global political will to address the climate change challenge. Successful implementation of the Paris Agreement hinges in large part on contributions from the private sector. For global chemical manufacturers, that means continuing to do what they do best: innovate. Innovation requires a consistent, supportive policy and regulatory environment to reach its full potential and to allow industry to develop and implement solutions to address global sustainability challenges. ²	✓
Carbon Neutrality	ICCA fully supports the Paris Agreement and the ambition to achieve a climate-neutral world by mid-century. ICCA welcomes the pledges from several chemical companies and local or regional associations to work toward climate neutrality, showing the industry is already on the path to address the climate predictions of the August 2021 report from the Intergovernmental Panel on Climate Change (IPCC). ICCA requests a strong collaboration between the whole value chain, industry, governments, stakeholders, consumers, and communities at local, regional, and global level, which is necessary to identify and overcome technological, economic and infrastructural challenges to the net-zero future which we all aspire. ICCA sees sharing knowledge and providing training on sustainable operations, processes and equipment, as indispensable in the pursuit of our common ambition. ³	✓
Carbon Pricing / Emissions	Consistent, predictable policy and regulatory environments that foster innovation, investment and economic growth are essential to reducing greenhouse gas emissions while maintaining	✓

² <https://www.icca-chem.org/icca-statement-on-climate-policy/>

³ [ICCA Statement on Climate Neutrality October 2021 \(icca-chem.org\)](#)

Trading Systems

sustainability progress and minimizing costs to society. ICCA supports effective climate policies that

- Achieve net global greenhouse gas reductions and avoid shifting emissions between regions or countries – known as carbon leakage.
- Include transparent monitoring, reporting and verification systems (MRV)
- Encourage the use of energy-efficient products and technologies
- Maintain energy affordability and do not distort markets
- Provide adequate flexibility to fit local, national or regional circumstances
- Establish transparent, predictable, technology-neutral economic signals that will facilitate lower greenhouse gas emissions, such as price signals on greenhouse gas externalities like carbon emissions or incentives to support new technologies toward commercialization
- Acknowledge the role of carbon and bio-based feedstocks in creating essential products
- Encourage the integration of regional or national climate and energy policies
- Minimize complexity and administrative costs

The chemical industry believes that through ongoing global and regional dialogs to share experiences and best practices, constructive climate diplomacy and collaboration between industries, governments, stakeholders and communities, it is possible to achieve meaningful progress toward tackling the shared challenge of climate change.⁴

Renewable Energy/ Energy Efficiency

As a significant manufacturing sector, ICCA members are continuously improving the GHG footprint of their operations to develop transformational technologies that reduce emissions, enable circularity, improve energy efficiency along the value chain, and contribute to GHG abatement in other sectors. They are increasingly using alternative and renewable feedstock sources like biomass, CO₂, residues, and waste as raw material. To implement these solutions, the global chemical industry will require low carbon energy at competitive costs and massive investments into breakthrough innovations. ✓

ICCA believes that a combination of technology, market-based and policy solutions are necessary to achieve climate neutrality. Internationally harmonized rules and public support will be needed to create a level-playing field for companies to sustain the additional cost of R&D investments and capital and operational expenditures. Enhanced transparency to demonstrate achieved emission reductions along the value chain will be a key contributor to a climate neutral economy.

⁴ <https://www.icca-chem.org/icca-statement-on-climate-policy/>

Chemistry forms the backbone of energy-efficient products and technologies that help enable a more sustainable future. While greenhouse gas is emitted during the manufacture of chemical products, the use of the products downstream and in other sectors can help save more energy and emissions than are required to produce them. To this end, ICCA has developed multiple energy technology roadmaps, life cycle assessment tools and case studies to help businesses up and down the value chain realize new gains in energy efficiency while also reducing the environmental footprint of their operations.⁵

ICCA works to spread knowledge on possible contributions of the chemical industry to curb climate change. It promotes a level playing field for industry to enable the best use of the available technologies and further innovation. BASF fully supports ICCA and its activities, e.g., BASF contributes to all ICCA roadmaps and represents ICCA in conferences.

⁵ <https://icca-chem.org/resources/technology-roadmap/>

6.1.2 WBCSD (World Business Council for Sustainable Development)

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. Its member companies come from all business sectors and all major economies, representing 19 million employees and a combined revenue of more than \$8.5 trillion.

Topic area	Position	Alignment with BASF
Paris Agreement	<p>A core component of the climate policy activities is to foster strong policy signals and economic incentives promoting a race-to-the-top where sustainable solutions can succeed. WBCSD actively calls for policies that are consistent with ambitious action on climate and enable business-led solutions to scale and speed implementation of the Paris Agreement.⁶</p> <p>WBCSD is harnessing the power of collaboration to implement solutions at scale. Businesses can go further and faster when working together.⁷</p>	✓
Carbon Neutrality	<p>In its SOS 1.5 project, WBCSD has developed a business roadmap to help companies design and implement their journeys to achieve net-zero emissions before 2050.⁸</p>	✓
Carbon Pricing / Emissions Trading Systems	<p>WBCSD strongly pushes for global carbon pricing. They advocate for effective carbon pricing policies that maintain competitiveness, create jobs, encourage innovation, deliver meaningful emission reductions, enable investment, create value, ensure environmental integrity and minimize social costs.⁹</p> <p>WBCSD launched a policy paper which reflects the thinking from business on carbon pricing as a key enabler to support the urgent efforts required to drive the transition towards a low-carbon future and achieving the 1.5 degree Celsius climate goal. The policy paper presents reasons why business supports carbon pricing as a critical enabler to raise climate ambition. The paper highlights some major considerations that need to be managed in the design and development of carbon pricing mechanisms, making important references to the recently launched report on Carbon Pricing and Competitiveness by the High-Level Commission on Carbon Pricing and Competitiveness (Carbon Pricing Leadership Coalition).</p> <p>WBCSD and its members strongly believe that effective carbon pricing policies that ensure environmental integrity provide a low-cost approach to reducing greenhouse gases that can deliver deep emission reductions and at the same time maintain</p>	✓

⁶ [Climate Action and Policy \(wbcsd.org\)](https://docs.wbcsd.org/2018/12/COP_Policy_Ask.pdf)

⁷ https://docs.wbcsd.org/2018/12/COP_Policy_Ask.pdf

⁸ [SOS 1.5: The road to a resilient, zero-carbon future - World Business Council for Sustainable Development \(WBCSD\)](https://docs.wbcsd.org/2019/09/Carbon-Pricing-WBCSD-Policy-Paper-2019.pdf)

⁹ <https://docs.wbcsd.org/2019/09/Carbon-Pricing-WBCSD-Policy-Paper-2019.pdf>

	competitiveness, create jobs, encourage innovation, enable investment, create value to solutions and minimize social costs. ¹⁰	
Renewable Energy/ Energy Efficiency	<p>WBCSD requests to urgently reduce energy-related CO₂ emissions in the short-term, which means businesses need to use the low-carbon energy sources available today.</p> <p>Decarbonizing energy consumption – from the way we heat and light buildings, to the way we transport goods, people and services – is at the center of addressing the climate challenge. Projects in this program area focus on implementation of low-carbon energy solutions through cross-sectoral collaboration in renewables and in electrification of heating, cooling and transport.¹¹</p>	✓

Rather than addressing specific national or regional policy suggestions, WBCSD works to spread overarching knowledge and principles. BASF supports WBCSD.

¹⁰ <https://www.wbcd.org/Programs/Climate-and-Energy/Climate/Climate-Action-and-Policy/News/Business-supports-carbon-pricing-to-raise-climate-ambition>

¹¹ [https://www.wbcd.org/Programs/Climate-and-Energy/Energy: New Energy Solutions \(wbcd.org\)](https://www.wbcd.org/Programs/Climate-and-Energy/Energy: New Energy Solutions (wbcd.org))

6.1.3 WEF (World Economic Forum)

The World Economic Forum (WEF) is the International Organization for Public-Private Cooperation. The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas. It was established in 1971 as a not-for-profit foundation and is headquartered in Geneva, Switzerland. It is independent, impartial and not tied to any special interests. The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest.¹²

Topic area	Position	Alignment with BASF
Paris Agreement	<p>WEF is committed to climate action. It stands ready to fast-track solutions to help the international community deliver on an enhanced and more ambitious action plan to tackle climate change and meet the goals set out at the 2015 Paris Climate Agreement.¹³</p> <p>To create change on a level large enough to halt climate change, businesses – and whole sectors and value chains – will need to consolidate efforts. The World Economic Forum’s Climate Initiative will use its global platform and convening power to help raise ambition and spur greater and faster climate action.¹⁴</p>	✓
Carbon Neutrality	A letter sent to company leaders ahead of the World Economic Forum’s Annual Meeting 2020 invited participants to set a target to achieve net-zero greenhouse gas emissions by 2050 or sooner. ¹⁵	✓
Carbon Pricing / Emissions Trading Systems	WEF explains how achieving a decline in greenhouse-gas emissions at the lowest possible cost requires a revolution in energy use and production. Gradual, predictable, and reliable increases in energy prices would provide strong incentives for consumers to reduce their energy bills. They emphasize how the right carbon price would enable a smooth transition away from fossil fuels by encouraging investments in technological innovation. ¹⁶	✓
Renewable Energy	<p>WEF states that renewable energy is not only cheaper than fossil fuels, but it’s undercutting them without subsidy – and is now the default choice for new electricity generation.¹⁷</p> <p>They state that the broad shape of the energy transition is to reduce demand where possible through “energy efficiency and behavioral change, decarbonize electricity, electrify everything you can and use some variety of renewable-based hydrogen for the rest.”¹⁸</p>	✓

¹² <https://www.weforum.org/about/world-economic-forum>

¹³ <https://www.weforum.org/agenda/2018/11/alliance-ceos-open-letter-climate-change-action/>

¹⁴ <https://www.weforum.org/agenda/2021/03/climate-governance-initiative-global-summit/>

¹⁵ <https://www.weforum.org/projects/the-net-zero-challenge>

¹⁶ <https://www.weforum.org/agenda/2015/12/what-is-a-fair-carbon-price>

¹⁷ [Renewable energy is leading the race to net-zero emissions | World Economic Forum \(weforum.org\)](https://www.weforum.org/agenda/2015/12/what-is-a-fair-carbon-price)

¹⁸ http://www3.weforum.org/docs/WEF_Energy_transition_known_and_unknown_2020.pdf

**Energy
Efficiency**

WEF believes that decarbonization requires renewable energy, electrification and energy efficiency. Energy efficiency is harder to visualize, measure, aggregate, incentivize or legislate – but the impact would be immense. We already have technologies available to help us use less energy – now, we need a framework.¹⁹



Within the WEF, the “Alliance of CEO Climate Leaders” forms a global network of chief executive officers who see the business benefits of bold and proactive action to ensure a smooth transition to a low-carbon and climate-resilient economy. The group represents business leaders from diverse industry sectors and regions that use their position and influence to drive change.

Also within the WEF, the initiative “Collaborative Innovation for Low-Carbon Emitting Technologies in the Chemical Industry” has been started to set the chemical industry on the pathway towards net-zero emissions (BASF hosted the kick-off workshop in 2019). Key policy priorities to enable the development and upscaling of low-carbon technologies in the chemical sector and related value chains have been described in a white paper²⁰.

¹⁹ [Energy efficiency is the unsung hero of the climate fight | World Economic Forum \(weforum.org\)](https://www.weforum.org/articles/energy-efficiency-is-the-unsung-hero-of-the-climate-fight/)

²⁰ [Towards Net-Zero Emissions Policy priorities for deployment of low-carbon emitting technologies in the chemical industry | World Economic Forum \(weforum.org\)](https://www.weforum.org/articles/towards-net-zero-emissions-policy-priorities-for-deployment-of-low-carbon-emitting-technologies-in-the-chemical-industry/)

6.2 Europe

6.2.1 VCI (Verband der Chemischen Industrie e.V.)

VCI represents the politico-economic interests of around 1,700 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. The VCI represents more than 90 percent of the chemical industry in Germany.

Topic area	Position	Alignment with BASF
Paris Agreement	<p>VCI supports the Paris Agreement.²¹ In a recent study, it shows that climate-neutral chemistry is possible and which conditions are needed for the German chemical industry to become carbon-neutral by 2050.²²</p> <p>The association's members are convinced that chemistry helps to enable the realization of climate objectives in general and the goals of the Paris Agreement in particular.</p>	✓
Carbon Neutrality	<p>In the publication 'Roadmap 2050', VCI describes that a greenhouse gas neutral chemical industry in Germany until 2050 is technologically feasible. The publication identifies challenges as well as methods and technologies from electricity-based processes to downstream processes, to combat carbon emissions.</p> <p>Additionally, VCI explains that a new, comprehensive impact assessment from the standpoint of greenhouse gas neutrality by 2050 is necessary. It must be clearly stated which challenges the industry and chemistry overall is facing and which measures must be taken to secure competitiveness.²³</p>	✓
Carbon Pricing / Emissions Trading Systems	<p>From the VCI's point of view, a global emission trading system would be the most effective way to reach the goals set in the Paris Agreement, as it would enable comparable competitive conditions at the global level, thereby preventing carbon leakage effects (for example, relocation of investments and production and thus of emissions to regions with lower costs).²⁴</p> <p>The EU ETS is seen – compared to CO₂ tax or CO₂ minimum price – as an accurate and cost-effective approach. Nevertheless, VCI emphasizes the importance of effective measures to prevent “carbon leakage” and the risk of national CO₂ pricing systems distorting the ETS's effectiveness. Consequently, the association</p>	✓

²¹ <https://www.vci.de/vci-online/presse/pressemitteilungen/greenhouse-gas-neutral-chemistry-technically-feasible-vci-study-analyses-potential-and-prerequisites-for-major-co2-reduction-of-industry.jsp>

²² <https://www.vci.de/langfassungen/langfassungen-pdf/vci-study-greenhouse-gas-neutrality-in-the-german-chemical-industry.pdf>

²³ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12265-2030-Climate-Target-Plan/public_consultation_en

²⁴ Einführung eines einheitlichen CO₂-Preises | VCI

	<p>urges a stronger cooperation among the G20 countries to work towards global emission trading.²⁵</p> <p>In an EU consultation about Carbon Border Adjustment Mechanism (CBAM), VCI does not see CBAM as effective in addressing the risk of carbon leakage.²⁶</p> <p>Regarding national CO₂ pricing for buildings, automotive and non-ETS industries, VCI supports the direction but would prefer a European approach.²⁷</p>	
Renewable Energy	<p>VCI supports the political goal of the energy transition (Energiewende) and the promotion of renewable energies to make energy supplies climate-friendly, reliable and affordable.</p> <p>As a result of a stakeholder dialog initiated by VCI, 19 companies and stakeholders signed a paper requesting a much faster expansion of renewable energy.²⁸</p> <p>At the same time, it urges politicians to take measures to guarantee security of supply and keep electricity prices competitive.</p> <p>Since the need for renewable energy will multiply (e.g., for electromobility or the electrification of industrial processes in general and the “decarbonization” of the chemical industry in particular), VCI published a call to the new German government elected in 2021 for an extension of renewable energy as well as for burden-easing from the EEG charge for energy-intensive companies.²⁶</p>	✓
Energy Efficiency	<p>VCI advocates for more energy efficiency in Europe. Instead of absolute savings, relative energy savings should be the goal, i.e., to produce the same amount of product with less energy. Since technologies with lower CO₂ emissions will require a high amount of electricity in the future, VCI calls for energy efficiency requirements to leave room for innovation and low-carbon technologies.²⁹</p>	✓

The VCI's positions are fully aligned with BASF's views. The association asks for a political framework fostering innovation and a maximum of climate protection, while safeguarding the competitiveness of industry.

²⁵ <https://www.vci.de/vci/downloads-vci/top-thema/arguments-positions-international-and-national-climate-policy.pdf>

²⁶ <https://www.vci.de/ergaenzende-downloads/fragebogen-konsultation-grenzausgleichsmassnahmen-mit-vci-antworten-englisch.pdf>

²⁷ <https://www.vci.de/vci/downloads-vci/services/vci-positionen-btw2021/positionen-btw2021-gesamt-11112020.pdf> (German)

²⁸ <https://www.vci.de/vci-stakeholder-dialog-dekarbonisierung-erklarung-erneuerbare-energien.pdf>

²⁹ <https://www.vci.de/langfassungen/langfassungen-pdf/vci-study-greenhouse-gas-neutrality-in-the-german-chemical-industry.pdf>

6.2.2 BDI (Bundesverband der Deutschen Industrie)

The Bundesverband der Deutschen Industrie (BDI) is the leading organization of German industry and industry-related service providers. As an umbrella organization, it represents 35 industry associations and more than 100,000 companies with around 8 million employees. BDI members discuss positions, formulate concerns, and convey them to the policymakers and to the general public.

Topic area	Position	Alignment with BASF
Paris Agreement	<p>BDI has been actively engaged in the negotiations for the Paris Agreement and supports its goals.³⁰ It points out that closer cooperation at the international level and a more level playing field for globally active companies will make the pursuit of climate protection more effective. It has demonstrated this through own studies.³¹</p> <p>BDI argues that if European companies are both committed to the Paris Agreement and successfully competing on international markets, Europe must ensure the cost effectiveness and economic efficiency of its climate policy.</p>	✓
Carbon Neutrality	<p>BDI published a study entitled “Climate Paths for Germany 2.0.”³² The study presents a proposal for a program that would enable all sectors to achieve their climate protection targets in 2030 and set the key course toward greenhouse gas neutrality in 2045.</p>	✓
Carbon Pricing / Emissions Trading Systems	<p>BDI supports the recognition of the EU ETS as an important tool under the Energy Union framework. In this context, it stresses the importance of effectively protecting companies against relocation (carbon leakage).³³</p> <p>BDI strives to develop a global carbon pricing roadmap and common carbon price for 2030 at least at G20 level. For a market driven, cost-effective transition and a fair global level playing field it is essential that the global community converges its carbon prices and in a first step agrees on a common price for 2030.</p> <p>Should carbon pricing be introduced in other sectors, notably transport or buildings, only separate emissions trading schemes could be envisaged at the beginning, with a view of eventually merging the systems in the long run. BDI proclaims “The more globally and broadly a CO₂ price is designed, the more efficiently the climate can be protected.”</p>	✓

³⁰ <https://english.bdi.eu/article/news/effective-climate-protection-requires-international-cooperation/>

³¹ http://image-src.bcq.com/Images/Climate-paths-for-Germany-english_tcm9-183770.pdf

³² [Climate Paths 2.0 – A Program for Climate and Germany's Future Development \(bdi.eu\)](https://www.bdi.eu/en/press-releases/2020/04/14/climate-paths-2-0-a-program-for-climate-and-germanys-future-development)

³³ [Deutsche Industrie erwartet klares Bekenntnis zum Industrie- und Innovationsstandort EU \(bdi.eu\)](https://www.bdi.eu/en/press-releases/2020/04/14/deutsche-industrie-erwartet-klares-bekenntnis-zum-industrie-und-innovationsstandort-eu)

Renewable Energy

BDI supports the energy transition (“Energiewende”) and intends to contribute to a successful transformation to a low carbon economy. BDI emphasizes the importance of shielding energy-intensive industry from the extra burdens imposed by policies that lack an international counterpart. BDI calls for a similarly ambitious implementation of the energy transition, at least at the EU level (ideally G20). Also, BDI demands that the European internal energy market must be further developed, including, e.g., the development of transnational electricity grids.³⁴

An integrated energy system with a resilient EU-wide infrastructure, functioning markets and abundant renewable energy at competitive prices is a pre-condition for reaching climate-neutrality while maintaining industrial value creation networks in the EU. In addition to electrification, new energy carriers as well as alternative and renewable fuels will be indispensable solutions besides offering new global lead market opportunities for European industries. Hydrogen can turn into a true game changer. However, more speed, more harmonization and more international cooperation is needed. REDIII should introduce a harmonized EU classification and certification of renewable hydrogen and low carbon gases, to turn today’s niche product into a commodity.³⁵



Energy Efficiency

Policymakers should invest more in research into more efficient and digital technologies instead of rigidly limiting energy consumption by means of upper limits. ETS revenues should continue to be used for the modernization of the sectors concerned and be reinvested in climate protection and energy-saving projects.³⁶

BDI runs an own initiative to promote energy efficiency in buildings, which are responsible for 40 percent of energy consumption and 30 percent of CO₂ emissions in Germany³⁷



The BDI’s positions are aligned with BASF’s views. The association asks for a political framework fostering innovation and climate protection, while safeguarding the competitiveness of industry.

³⁴ <https://bdi.eu/themenfelder/energie-und-klima/sichere-politik-fuer-sichere-energie/> (German)

³⁵ [A joint call for European energy and climate innovation leadership \(bdi.eu\)](#)

³⁶ [Climate package "Fit for 55": Innovation as Europe's Climate Action Springboard \(bdi.eu\)](#)

³⁷ [BDI-Initiative "Energieeffiziente Gebäude" – Zum Thema \(initiative-energieeffiziente-gebäude.de\)](#)

6.2.3 essenscia

Founded in 1919, essenscia is a Belgian cross-sectoral federation representing and promoting the interests of nearly 800 companies in the chemical and life sciences industries.

Topic area	Position	Alignment with BASF
Paris Agreement	essenscia highlights the importance of real global action to combat climate change and sees the Paris Agreement as the framework. Whether global action occurs will be determined by the level of ambition and the way in which all major economic blocs implement climate policies. In case of a possible tightening of the EU NDC (nationally determined contributions) under the Paris Agreement, it is essential that global efforts are taken into account. ³⁸	✓
Carbon Neutrality	<p>essenscia supports a climate neutrality ambition³⁹ and Belgium's National Plan for Recovery and Resilience, PHV⁴⁰ (Het Belgische Nationaal Plan voor Herstel en Veerkracht).</p> <p>A need for framework conditions and related actions on EU level were highlighted by essenscia with the following fields:</p> <ul style="list-style-type: none"> – Development and implementation of innovations – Availability of affordable and sustainable energy – A shift in mindset of all actors – An international view on competitiveness and investments 	✓
Carbon Pricing / Emissions Trading Systems	<p>essenscia generally supports carbon pricing, but any form of carbon pricing must fulfill the criteria of adequate carbon leakage protection as well as effectiveness and efficiency.</p> <p>essenscia calls for a deep reflection on carbon pricing policies in general with a WTO compliance check (avoidance of retaliation and comprehensive impact and risk assessment of any proposed instrument with respect to imports and exports). essenscia warns that the development of national climate plans for 2050 by individual EU member states could lead to disaggregated approaches and an erosion of the level playing field within the EU. Moreover, it sees a spread between climate ambitions in the EU and the rest of the world, which might lead to higher CO₂, energy and eventually investment costs in the EU. Therefore, essenscia asks for a coherent EU approach boosting innovation and allowing investments in a global economy as well as an impact assessment on EU climate ambitions in a global perspective to feed a pro-active industrial policy fit to maintain manufacturing capacity in Europe.³⁸</p>	✓

³⁸ <https://www.essenscia.be/chemie-en-farmasector-ziet-vier-cruciale-uitdagingen-op-duurzaamheidsvlak-klimaat-kunststoffen-circulaire-economie-en-talent/>

³⁹ <https://www.essenscia.be/open-brief-we-zijn-eeen-industrie-in-transitie/>

⁴⁰ <https://www.essenscia.be/belgisch-relanceplan-juiste-themas-en-accnten-weinig-ruimte-voor-private-investeringen/>

Renewable Energy

Energy policies should focus on all dimensions: sustainability, adequacy and affordability.

Affordability depends on system costs (including the hidden costs, need for backup, grid development, subsidy costs, etc.)

- Future energy needs will exceed the potential of renewable energies due to intermittency of sun and wind or due to resource availability for biomass.
- Technology-neutral approach: Other climate-neutral energy sources and carriers will play a major role.



Energy Efficiency

Many products from the chemical sector are designed to reduce CO₂ emissions and generate greater energy efficiency in homes, transport, agriculture and other industries.

Implementing energy efficiency measures remains important to save energy and reduce GHG emissions, however energy efficiency has (thermodynamic) limitations and energy will always be needed for production, transport and heating purposes.⁴¹

essencia favors energy efficiency as a relative benchmark and believes absolute energy use targets can act as a cap on economic growth.³⁸



essencia positions are fully aligned with BASF's views. The association asks for a political framework fostering innovation and a maximum of climate protection, while safeguarding the competitiveness of industry.

⁴¹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12265-2030-Climate-Target-Plan/public-consultation_de

6.2.4 Cefic (The European Chemical Industry Council)

Cefic, the European Chemical Industry Council, was founded in 1972. It is the voice of 29,000 large, medium and small chemical companies in Europe, which provide 1.2 million jobs and account for almost 15 percent of world chemicals production.

Cefic is an active member of the International Council of Chemical Associations (ICCA).

Topic area	Position	Alignment with BASF
<p>Paris Agreement</p>	<p>Cefic is committed to the Paris Agreement.⁴²</p> <p>It is convinced that, as one of the largest and most diversified industries in Europe, the chemical industry plays an important role in helping to achieve long-term greenhouse gas emission reductions. Therefore, it is continuously looking at ways to improve production processes, lower the industry's carbon footprint and enable further emission reductions down the value chains. Its most recent mid-century strategy "Molecule Managers" sets out a plausible path towards a prosperous, more sustainable Europe in 2050.⁴³</p>	<p>✓</p>
<p>Carbon neutrality</p>	<p>Cefic supports the EU Green Deal and Europe's ambition to become climate neutral by 2050. It emphasises the requirement of detailed definitions, the united work of all sectors and an enabling framework to reach the ambitious targets.^{44, 45}</p> <p>Cefic underlines that increasing the 2030 EU target on greenhouse gas emissions should provide a balanced reduction pathway towards 2050 and redistribute in time the transition effort towards climate neutrality.⁴⁶</p>	<p>✓</p>
<p>Carbon Pricing / Emissions Trading Systems</p>	<p>Cefic supports the EU ETS as a key instrument aiming to achieve agreed emission reductions at the lowest cost. It considers carbon pricing, along with other European climate policies and measures, as essential to provide economic agents, such as buyers and investors, with a clear long-term signal that guides them towards low-carbon solutions.</p> <p>As carbon prices come at a cost for energy-intensive industries, Cefic advocates for a fair and efficiently reformed ETS that enables the most efficient companies to manufacture and grow in Europe. Specifically, it supports dynamic free allocation principles, improved carbon leakage prevention and effective indirect carbon cost compensation mechanisms.⁴²</p>	<p>✓</p>

⁴² <https://cefic.org/policy-matters/climate-change-and-energy/eu-carbon-market-and-ets-link-tbc/>

⁴³ https://cefic.org/app/uploads/2019/06/Cefic_Mid-Century-Vision-Molecule-Managers-Brochure.pdf

⁴⁴ <https://cefic.org/policy-matters/climate-change-and-energy/european-strategy-for-long-term-greenhouse-gas-emission-reductions-to-do/>

⁴⁵ <https://cefic.org/app/uploads/2021/04/Cefic-views-Cefic-Supports-Green-Deal-and-Climate-Neutrality.pdf>

⁴⁶ <https://cefic.org/app/uploads/2020/11/Cefic-position-on-2030-target-plans-FINAL.pdf>

Renewable Energy

Cefic is convinced that renewable energy will facilitate the transition towards a low-carbon energy system and that innovative solutions developed by the chemical industry support a more rapid and cost-efficient penetration of these renewables on the European market. While transitioning, Cefic calls on policymakers to ensure industry's stable access to competitive and secure electricity.

Support for renewable energies must be cost-efficient, innovation-focused and contribute to greenhouse gas emission reduction globally (no carbon leakage). Any support schemes to renewable energies must diminish over time to enable a fully liberalized energy market.



Cefic stresses: The chemical industry will need access to significant amounts of affordable low-carbon electricity, access to modern infrastructure and financial mechanisms to support the required innovation.⁴⁷

Energy Efficiency

Cefic highlights the chemical industry's continuous efforts to increase energy efficiency in its own production. It stresses the industry's role as a solution provider, leading to energy efficiency further along the value chain, for example, in the construction, automotive, aerospace, homecare products and textiles industries.

A cap on energy consumption is not appropriate for industry: Energy savings should come from energy efficiency improvements rather than reduced industrial production.



Also, it argues that energy use in industries which are also regulated by the ETS should be excluded from any energy savings obligation to ensure the EU energy and climate framework is consistent and does not increase costs via overlapping regulation.⁴⁸

Cefic's positions are fully aligned with BASF's views. The association asks for a political framework fostering innovation and a maximum of climate protection, while safeguarding the competitiveness of industry.

⁴⁷ https://cefic.org/app/uploads/2019/02/Clean_energy_Summary_Positionpaper2017.pdf

⁴⁸ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12265-2030-Climate-Target-Plan/public-consultation_de

6.2.5 ERT (European Round Table for Industry)

The European Round Table for Industry (ERT) is a forum that brings together around 60 chief executives and chairpersons of major multinational companies of European parentage. These companies cover a wide range of industrial and technological sectors, sustaining around five million jobs globally. ERT advocates policies mainly at European level.

Topic area	Position	Alignment with BASF
<p>Paris Agreement</p>	<p>ERT welcomes the Paris Agreement. It urges globally coordinated action to enhance the prospect of successfully and cost-effectively delivering on its objectives.</p> <p>As leading European companies, ERT members are adapting their business strategies to incorporate climate action and contribute to the implementation of the Paris Agreement. ERT stresses that industry is both a key enabler and a solution provider for reaching the goals set out in Paris.⁴⁹</p>	<p>✓</p>
<p>Carbon Neutrality</p>	<p>ERT declares its support for a climate-neutral Europe by 2050 and a net greenhouse gas emissions reduction target of 55 percent by 2030. It calls for investments in transition processes, carbon emission prices, affordable clean energy as well as digital solutions and a driven demand for low-carbon products.⁵⁰</p>	<p>✓</p>
<p>Carbon Pricing / Emissions Trading Systems</p>	<p>Putting a price on carbon emissions has been shown to deliver emission reductions cost-effectively, generate revenue for countries and foster innovation when global competitiveness is safeguarded. Equitable carbon charges and the redistribution of revenues are important success factors for an effective carbon pricing mechanism.</p> <p>Until a globally effective carbon pricing mechanism is in place, competitiveness should be ensured to avoid market distortion for European companies due to the different treatment of greenhouse gas emissions. In this way, the EU can continue its ambitious climate leadership journey while safeguarding European companies' global competitiveness.</p> <p>However, carbon pricing alone is unlikely to trigger the required levels of low-carbon investments. Climate policy should evolve towards a holistic approach that encompasses demand-side initiatives to ensure the systematic mobilization of all actors across value chains. Therefore, ERT urges the EU to take a leadership role in global climate diplomacy with a view to safeguarding a global level playing field across sectors and across geographies.⁵¹</p>	<p>✓</p>

⁴⁹ Energy Transition & Climate Change - ERT

⁵⁰ <https://ert.eu/documents/climate-leadership/>

⁵¹ <https://ert.eu/documents/international-cooperation-to-deliver-on-the-paris-goals/>

Renewable Energy

Low-carbon investment and innovation can only thrive with a globally competitive European industry that is able to deliver the solutions for a successful low-carbon transition.

European industry exposed to global competition should therefore be exempted from any EU-specific regulatory cost affecting energy prices to safeguard its international competitive position.

Energy networks need to be better connected and optimized throughout the EU. A single European energy market would ensure a cost-effective use of all energy sources and increase Europe's energy security. New technologies such as smart grids and smart meters contribute to this end. ✓

According to ERT, the EU must maintain or regain its leading position as innovation provider for the world in energy, climate and environmental technologies, products and services. This requires a strong industrial backbone not only as a provider, but also as a convincing showcase.⁵²

Energy Efficiency

In 2017, ERT made clear that it supports the European Commission's goal to put energy efficiency first. It argues that energy efficiency measures should focus more on sectors outside the EU ETS which are not sufficiently incentivized by the market, such as buildings and transport. It advocates for a harmonized framework that fosters further energy conservation and efficiency improvements by implementing available or new technologies, products and services for those sectors with the largest potential, and by supporting behavioral changes.⁵³ ✓

The ERT's positions are aligned with BASF's views. The association asks for a political framework fostering innovation and climate protection, while safeguarding the competitiveness of industry.

⁵² <https://ert.eu/documents/international-cooperation-to-deliver-on-the-paris-goals/>

⁵³ <https://ert.eu/documents/naturally-active-for-the-climate/>

6.2.6 BusinessEurope

BusinessEurope is a lobby group representing various companies in the EU and six non-EU European countries. Members of the confederation are 40 national industry and employers' associations. BusinessEurope advocates for growth and competitiveness at the European level.

Topic area	Position	Alignment with BASF
Paris Agreement	<p>BusinessEurope stands behind the EU ambition of climate neutrality to reach the objectives of the Paris Agreement. It considers the Paris Agreement as the single most important tool in providing clarity on the direction that society must take to tackle climate change.</p> <p>BusinessEurope advocates that it is equally important to provide a global level playing field, as reaching the Paris Agreement requires all countries to make significant efforts to reduce emissions.⁵⁴</p>	✓
Carbon Neutrality	<p>BusinessEurope supports the European Green Deal and the EU's ambition to become the first climate neutral continent by 2050 and reduce all greenhouse gas emissions by 55 percent until 2030.</p> <p>Their vision to achieve said targets consists of a climate policy, carbon pricing, regulation of carbon and investment leakage as well as required contributions from all sectors.</p> <p>Furthermore, to stay on track for the 2030 goal, BusinessEurope points out possible impacts on global domestic growth, exports and costs that have to be taken into consideration.⁵⁵</p>	✓
Carbon Pricing / Emissions Trading Systems	<p>BusinessEurope calls for strengthening the EU ETS as the main policy tool to cost-effectively reduce greenhouse gas emissions through a meaningful carbon price. Simultaneously, it highlights the importance of safeguarding the global competitiveness of EU industries, e.g., through free allowances for industries exposed to investment leakage.^{56, 57}</p>	✓
Renewable Energy	<p>BusinessEurope fully supports Europe's intention to move to an economy that is driven by low-carbon processes and technologies. Following the increased ambition deriving from the Green Deal in greenhouse gas (GHG) emissions, Europe will need an inevitable increase in renewable energy development and consumption for 2030 and beyond.⁵⁸</p>	✓

⁵⁴ <https://www.businessseurope.eu/publications/european-business-views-competitive-energy-climate-strategy>

⁵⁵ https://www.businessseurope.eu/sites/buseur/files/media/position_papers/iaco/2020-11-18_pp_2030_impact_assessment.pdf

⁵⁶ <https://www.businessseurope.eu/publications/eu-ets-reform-deal-strong-ambition-less-so-protection>

⁵⁷ The 'Fit for 55 package' - a BusinessEurope position paper | BusinessEurope

⁵⁸ COMMENTS DRAFT - EN (businessseurope.eu)

**Energy
Efficiency**

BusinessEurope states that energy efficiency will continue to play a key role in the future. Industry has been delivering in this front, as energy efficiency is a key measurement for constant improvement in industrial processes and thus industrial competitiveness. energy efficiency should be a guiding principle.

BusinessEurope argues that the energy efficiency target will need to take into account future needs and consider the potential trade-offs between decarbonization and energy intensity. The ultimate objective is to reduce GHG emissions. Deep reductions of greenhouse gas emissions can result in occasion to an increase need of energy. A cap on the energy consumption would therefor hamper industry to implement new low carbon technologies.⁵⁹



BusinessEurope's positions are aligned with BASF's views. The association asks for a political framework fostering innovation and climate protection, while safeguarding the competitiveness of industry.

⁵⁹ [COMMENTS DRAFT - EN \(business-europe.eu\)](https://www.business-europe.eu)

6.3 North America/United States

6.3.1 NAM (National Association of Manufacturers)

NAM is the largest manufacturing association in the United States, representing 14,000 small, medium and large manufacturers in every industrial sector and in all 50 states.

Topic area	Position ^{60,61,62}	Alignment with BASF
Paris Agreement	<p>The NAM supports the objectives of the Paris Climate Agreement to significantly reduce the risks and impacts of global climate change. Moreover, the NAM asks for negotiations and improvements to better level the playing field. In addition, the NAM asks for immediate climate action which should not be delayed.⁶³</p> <p>The NAM also pointing out the limits due to the lack of a level playing field. The goal of such an agreement must be to address the climate threat in a manner that prevents carbon leakage by ensuring that no country gains a competitive advantage from failing to take meaningful, equitable action to reduce carbon emissions. An agreement must be fair, effective, transparent and protect intellectual property rights. It should eliminate all possible tariff and nontariff barriers to the purchase of environmental goods and technologies.⁶⁴</p>	✓
Carbon Neutrality	No specific statement available	Not applicable
Carbon Pricing / Emissions Trading Systems	<p>NAM asks the Federal Government to enact a single, unified climate policy that meets specific targets, ensures a level playing field, avoids carbon leakage and preserves consumer choice and manufacturing competitiveness. NAM prefers an economy-wide solution applied to all sources of emissions as a holistic replacement for the current patchwork of federal, state and local laws and regulations that address climate change. The solution must work in lockstep with the global framework to avoid carbon leakage – in other words, it should not simply offshore carbon emissions from one country to another, which will not help address climate change but <i>can</i> hurt the economy. It should be fuel-neutral and should not require any particularly manufactured product to be phased out of the economy.</p> <p>It should provide compliance flexibility for regulated entities and give credit for early action. Finally, it should seek to balance any</p>	Not applicable

⁶⁰ <https://docs.house.gov/meetings/IF/IF18/20190918/109943/HHRG-116-IF18-Wstate-EisenbergR-20190918.pdf>

⁶¹ <https://www.epw.senate.gov/public/cache/files/a/0/a05eaf14-4215-4f68-9e92-85b56c2b3e52/CC7D64D18497D9A47A0D24DCE6810CEE.eisenberg-testimony-11.15.17.pdf>

⁶² <https://www.nam.org/Issues/Energy-and-Environment/>

⁶³ <https://www.nam.org/wp-content/uploads/2020/04/Energy-and-Environment-Policies.pdf>

⁶⁴ <https://www.nam.org/wp-content/uploads/2021/01/The-Promise-Ahead.pdf>

	new costs on manufacturers with relief in other areas, with the goal of keeping manufacturers whole.	
Renewable Energy	NAM highlights the importance of a technology- and fuel-neutral approach to ensure America's energy security. According to NAM, the country's energy strategy should include fossil fuels, renewables and investments in energy efficiency to allow manufacturers the flexibility to continue unlocking solutions for a sustainable economy and environment.	✓
Energy Efficiency	NAM considers energy efficiency as the quickest, cheapest and cleanest way to reduce costs and greenhouse gas emissions. Hence, NAM supports the Federal Government's aim to make energy efficiency a priority, and its members remain committed to reducing their energy intensity while producing more energy efficient products. NAM supports policies aiming to reduce existing barriers and provide certainty for further energy efficiency improvements.	✓

The National Association of Manufacturers (NAM) supports global engagement to create a framework supporting low-carbon and carbon-free technology deployment while allowing for a global level-playing field for energy-intensive and trade-exposed industries.

The NAM supports market-based mechanisms to achieve GHG reductions, research, development and deployment of new technologies.

The NAM policy has evolved significantly over the past decade, in no small part due to BASF input. Evaluating all aspects of our membership, we will continue to support the further development of NAM's climate position.

6.3.2 ACC (American Chemistry Council)

ACC represents chemical manufacturers in the United States. Its mission is to deliver value to members through advocacy, member engagement, communications and scientific research.

Topic area	Position ⁶⁵	Alignment with BASF
Paris Agreement	<p>ACC Climate Policy Principles 2019:</p> <p>ACC considers climate change as a global challenge that requires long-term commitment and action by every segment of society. A combination of technology, market-based and policy solutions will be necessary to reduce greenhouse gas emissions and achieve climate goals, such as those of the Paris Agreement.</p> <p>ACC supports the policy statements of the International Council of Chemical Associations (ICCA) on the Paris Agreement, which recognize the role of the chemical industry in achieving the goal of the Paris Agreement.</p>	✓
Carbon Neutrality	ACC is a member of ICCA and supports the ICCA Carbon Neutrality statement	✓
Carbon Pricing / Emissions Trading Systems	<p>ACC believes any climate policy should be based on market signals and administrative provisions that send clear messages: Transparent, predictable, technology-neutral price signals will facilitate lower greenhouse gas emissions, and any such price signals should be made revenue-neutral. The complexity and administrative costs of U.S. climate policy must be minimized to the fullest extent possible.</p> <p>ACC considers the protection of the competitiveness of U.S. manufacturing as key. The U.S. chemical industry is in the midst of a historic wave of investment in new capacity. Any climate policy must protect the ability of energy-intensive, trade-exposed industries to compete in the global economy.</p>	✓
Renewable Energy	ACC supports an energy strategy that takes advantage of America's own energy resources – conventional and shale natural gas, oil, wind, nuclear, solar, etc. – to diversify energy supply. It stresses that a comprehensive energy policy must	✓

⁶⁵ [Climate Change \(americanchemistry.com\)](https://www.americanchemistry.com)
[ACC Policy Recommendations for a Lower Emissions Future \(americanchemistry.com\)](https://www.americanchemistry.com/ACC-Climate-Policy-Principles.pdf)
<https://www.americanchemistry.com/Energy-Efficiency/>
<https://www.americanchemistry.com/Innovation/Energy/>
<https://www.americanchemistry.com/Policy/Environment/Environmental-Regulations/>
<https://www.americanchemistry.com/Sustainability/Healthy-Climate.html>

promote energy efficiency and renewable sources such as energy recovery.

U.S. climate policy must support capital investment in state-of-the-art manufacturing capacity to achieve emission reductions and reward investments in combined heat and power, energy efficiency, demand response and renewable energy.

Energy Efficiency

ACC supports policies to improve energy efficiency in the residential, commercial and industrial sectors. It highlights the potential of adopting updated energy efficiency building codes and supporting more combined heat and power at industrial facilities.

It urges policymakers to maximize energy efficiency's contribution to the nation's energy portfolio. Given federal and state budget realities, however, public policies must look beyond traditional government subsidies and identify new ways to encourage energy efficiency (e.g., building codes).



ACC's position on climate policies is aligned with BASF's views. ACC acknowledges that carbon pricing may be one element of climate policy. ACC supports a political framework fostering innovation and climate protection, while safeguarding competitiveness of industry.

6.3.3 CCD (CEO Climate Dialogue)

The CEO Climate Dialogue (CCD) is a group of 23 companies and four leading environmental nonprofit organizations that are committed to advancing climate action and durable federal climate policy in the U.S. Congress.

Topic area	Position	Alignment with BASF
<p>Paris Agreement</p>	<p>CCD sees the United States rejoining the Paris Climate Agreement as encouraging, but also necessary as there is urgency when it comes to combatting climate change at home and globally.</p> <p>CCD looks forward to working with President Joe Biden, the new administration, and members from both sides of the aisle to enact climate policies that will increase regulatory and business certainty, reduce risk, and spur the investment and innovation needed to meet the emission targets outlined by the Paris Agreement.⁶⁶</p>	<p>✓</p>
<p>Carbon Neutrality</p>	<p>CCD sees ambitious climate action to reduce U.S. greenhouse gas emissions in line with achieving net-zero emissions across the economy by 2050 as critical to the long-term health of the U.S. economy. The emissions targets put forth by the Biden Administration will help to put the U.S. on a path to achieve net-zero greenhouse gas emissions by 2050 and well-designed policy, consistent with this target, will catalyze multiple sectors of the U.S. economy to accelerate their clean energy transitions to meet those targets.⁶⁷</p>	<p>✓</p>
<p>Carbon Pricing / Emissions Trading Systems</p>	<p>Carbon pricing is one of the guiding principles of CCD: An economy-wide price on carbon is the best way to use the power of the market to achieve carbon reduction goals, in a simple, coherent and efficient manner. CCD desires to do this at the least cost to the economy and households. Markets will also spur innovation and create and preserve quality jobs in a growing low-carbon economy.⁶⁸</p>	<p>✓</p>
<p>Renewable Energy/ Energy Efficiency</p>	<p>No specification of measures: A key test of any climate policy is whether it will deliver timely emissions reductions across the economy and includes mechanisms that provide certainty that emission goals are met. Policies must focus on emissions reductions outcomes, not specific resources or technologies.⁶⁹</p>	<p>Not applicable</p>

⁶⁶ Copy of Statement on Paris Climate Ag... | CEO Climate Dialogue

⁶⁷ NDC Statement | CEO Climate Dialogue

⁶⁸ CCD Carbon Price Letter | CEO Climate Dialogue

⁶⁹ Guiding Principles | CEO Climate Dialogue

BASF was a founding member of CCD with the goal of intensifying positive climate lobbying. CCD's focus is on carbon pricing policies without further detailing technology options. CCD is aligned with BASF's views.

6.4 South America/Brazil

6.4.1 ABIQUIM (Associação Brasileira da Indústria Química)

The Brazilian Chemical Industry Association (ABIQUIM) was founded in 1964. It is active on behalf of chemical companies as well as service providers that work for the chemical industry.

The association performs statistical monitoring of the industry, promotes specific studies on products and activities of the chemical industry, monitors changes in the and regulations, and advises member companies regarding economic, technical and foreign trade matters.

Topic area	Position ⁷⁰	Alignment with BASF
Paris Agreement	<p>ABIQUIM supports the Paris Agreement, e.g., with an event offered on the subject of “The Paris Agreement: The contribution of the chemical industry to the Brazilian agenda.”</p> <p>The chemical industry is a partner of Brazil in the fulfilment of the Brazilian goals set out in the Paris Agreement and in the transition to a low-carbon economy, so that current production and consumption does not compromise the preservation of the environment and the maintenance of the quality of life for future generations.</p>	✓
Carbon Neutrality	Abiquim is a member of ICCA and supports the ICCA Carbon Neutrality statement	✓
Carbon Pricing / Emissions Trading Systems	<p>ABIQUIM is positioning the chemical sector in the context of potential future economic instruments for regulating GHG emissions in Brazil and implications for the national chemical sector. ABIQUIM advocates against the proposed modality of a carbon tax but favors emission trading.</p> <p>The Multidisciplinary Group on Climate Change is evaluating different scenarios for potential future carbon market to be installed in Brazil, including simulations of a cap-and-trade system and its impact on the Brazilian economy. Free allocations and offsets will be part of a specific study under preparation by an external consultant.</p>	✓

⁷⁰ <https://abiquim.org.br/comunicacao/noticia/9291>
<https://www.abiquim.org.br/comunicacao/noticia/2615>
http://www.tecnologiademateriais.com.br/portal/noticias/plasticos_engenharia/2016/abril/Abiquim-realiza-o-evento-O-Acordo-de-Paris.html
<http://www.abiquim.org.br/uploads/informa/Abiquim%20Informa%20-%20Edi%C3%A7%C3%A3o%20595%20-%2005-05-2017.pdf>
https://www.abiquim.org.br/includes/comunicacao/apresentacao/precificacao_do_Carbono_fim.pdf
<http://payerabiquim.azurewebsites.net/uploads/apresentacoes/5443bdf580ff3e689282b3ac18db0dfd.pdf>
<http://www.abiquim.org.br/comunicacao/noticia/8279>
[Deloitte-Abiquim-Chemical-Sector.pdf](#)

Renewable Energy	<p>ABIQUIM encourages the use of alternative energy sources in the chemical industry, prioritizing those from renewable sources and cogeneration. It agrees that the inclusion of renewable energy in the global energy matrix is a necessary way for the world to continue to produce the products that society needs. Brazil and the world need to work towards accelerating the inclusion of renewable energy into the energy matrix.</p>	✓
Energy Efficiency	<p>ABIQUIM supports the initiative to minimize the large tariff impact and create a “premium” for industrial consumers who introduce alternative energy sources into their production processes, making it efficient to use.</p> <p>ABIQUIM also recommends integrated renewable energy production projects to serve industrial complexes, condominiums, shopping malls, etc. This allows for the planned and rational expansion of alternative sources and can stimulate energy efficiency gains by self-generation and cogeneration of energy, for example when industrial processes allow the use of steam to optimize and complement the activities of the production unit.</p> <p>These alternative paths would be a way of accelerating the inclusion of renewable sources in the energy matrix in a fair and correct way for the whole of society.</p>	✓

ABIQUIM’s positions are aligned with BASF’s views. The association asks for a political framework fostering innovation and a maximum of climate protection, while safeguarding the competitiveness of industry.

6.5 Asia

6.5.1 FMM (Federation of Malaysian Manufacturers)

The Federation of Malaysian Manufacturers (FMM) is Malaysia’s premier economic organization. Since its establishment in 1968, the FMM has consistently led Malaysian manufacturers in spearheading the nation’s growth and modernization. Today, as the largest private sector economic organization in Malaysia, representing over 3,000 manufacturing and industrial service companies of varying sizes, FMM is the officially recognized and acknowledged voice of the industry.

Topic area	Position	Alignment with BASF
Paris Agreement	Not announced	Not applicable
Carbon Neutrality	Not announced	Not applicable
Carbon Pricing / Emissions Trading Systems	Not announced	Not applicable
Renewable Energy/ Energy Efficiency	<p>FMM welcomes the government’s program supporting the development of a green economy, encouraging industries to step up investments in energy efficiency, renewable energy and waste minimization and contributing to a sustainable future for Malaysia.</p> <p>FMM is a Partner of the National Sustainable Development Goals Solutions Platform, developed by the UN Country Team Malaysia, supported by the Ministry of Economic Affairs; focused on leaving no one behind, human rights & governance and environmental sustainability.</p> <p>FMM has established a Sustainable Development Committee that outlines four focus areas: reforestation, circular economy, renewable energy and supply chain.^{71,72}</p>	✓

Although FMM may not address issues specifically using climate change terminology much of its feedback to government and topics covered in various energy and environment-related seminars and conferences are related to impact on climate change. This feedback is in line with BASF’s views. Our intention is to further support with our industry-specific knowledge.

⁷¹ https://www.fmm.org.my/images/articles/publication/FMM_BIA_Apr-June2021.pdf;

⁷² https://www.fmm.org.my/Press_Releases-@-Press_Release_-_Budget_2020_Addresses_Challenges_Across_All_Economic_Sectors_.aspx
<https://www.fmm.org.my/Events-@-eventlist.aspx>

6.5.2 European Union Chamber of Commerce in China

The European Union Chamber of Commerce in China (European Chamber) was founded in 2000 by 51 member companies that shared a goal of establishing a common voice for the various business sectors of the EU and European businesses operating in China. It is a member-driven, non-profit, fee-based organization with a core structure of 33 working groups and fora representing European business in China.

The European Chamber is recognized by the European Commission and the Chinese authorities as the official voice of European business in China.

Topic area	Position ^{73,74,75,76}	Alignment with BASF
Paris Agreement	The European Chamber supports China to achieve the energy transition and meet the objectives set out in the 2015 Paris Climate Conference of the Parties (COP21). China must focus on energy intensity reduction and shift towards low-emission energy generation.	✓
Carbon Neutrality	Europe has a great deal of experience in green development with regard to legislation, technology and capitalization. European companies in China have an opportunity to leverage their advanced technologies and management systems to provide green solutions that can help China achieve its 2030 and 2060 goals while ensuring energy security. ⁷⁷	✓
Carbon Pricing / Emissions Trading Systems	The Carbon Market Sub-Working Group's overall aim is to contribute towards the creation of a fair and predictable business environment, so that international and local companies can compete on a level playing field. It also wishes to share with its Chinese partners its experience with emissions trading systems (ETS) in other markets, and to promote the development and integration of clean energies, while supporting China in its energy transition. Recommendations include: Increase the accuracy, transparency and coherence of greenhouse gas emissions data in China's National Emissions Trading System (ETS); explore synergies and co-benefits between the national ETS and other related policy instruments; and incentivize the Chinese government to work alongside European governments, civil society and businesses to strengthen its actions in line with the objectives of the Paris Agreement.	✓
Renewable Energy	The European Chamber advocates for an ambitious, climate-friendly energy policy. It asks the government to facilitate broader application of renewable energy in power generation and industrial	✓

⁷³ https://www.eurochamber.com.cn/en/publications-archive/731/Energy_Working_Group_Position_Paper_2019_2020

⁷⁴ <https://www.eurobiz.com.cn/climate-leadership-and-the-2017-eu-china-summit/>

⁷⁵ <https://www.eurochamber.com.cn/en/publications-position-paper>

⁷⁶ [European Chamber Stance on China's Energy Management Measures](#)

⁷⁷ [Position Paper \(eurochamber.com.cn\)](#)

operations nationwide, to move towards a low-carbon energy system, secure an affordable energy supply by prioritizing energy efficiency, and develop a power sector largely based on renewable sources. This includes requests to:

- Speed up the development of renewable energy farms, of coal-to-gas transition and of any form of energy storage.
 - Promote market-oriented reforms of electricity prices, providing market-based solutions to address the problems of power generation and consumption.
-

**Energy
Efficiency**

The European Chamber's recommendations include:

- Define a clear, regularly updated common methodology to assess energy/emissions intensity.
 - Develop an energy efficiency passport mechanism to track incentives and obligations for reducing energy demand and energy/emissions intensity.
 - Promote and incentivize substitution of low-energy-efficient electrical engines at the industrial level.
 - Define standards at the industrial level, providing cap limits for energy used per production output unit, by industrial sector, while setting up "white certificate" mechanisms. ✓
 - Release as soon as possible timelines and plans detailing how energy-saving measures will be implemented ... to allow companies to take mitigating actions.
 - Accelerate investment in and the application of innovative technologies in the power system, as well as the upgrading of smart power installations, and encourage digital transformation from both the distribution and demand side.
-

The positions of the European Union Chamber of Commerce in China (European Chamber) are fully aligned with BASF's views. The association calls for a political framework that fosters climate protection and global alignment.

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