

# Industry Associations Review

Assessment of industry associations compared with BASF positions on energy and climate policy

 **BASF**

We create chemistry

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## Introduction

At BASF, we are passionate about chemistry. 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 for more than 150 years. We want to grow 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.

In line with our purpose, BASF pursues a constructive dialog with our stakeholders in society to ensure our license to operate and as part of our commitment to develop sustainable solutions together with partners. This exchange helps us to understand trends and anticipate regulatory expectations and developments as well as to communicate and advocate for our views. 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 possible, for example, with the European Parliament, the European Commission and in the United States.

Climate change is one of the most pressing challenges of society. For BASF, climate protection is a key task and an essential part of our strategy. In this report, BASF has reviewed its memberships and involvement in key associations to assess whether the positions of those associations in regard to climate protection are in line with our respective positions, including our support for the Paris Agreement.

## Resume

We assessed the positions held by our key associations in relation to the four key elements of sustainable climate and energy policies: Paris Agreement, carbon pricing, renewable energy and energy efficiency. These positions are in line with BASF’s positions. Although all associations reflect some regional differences in the character of the respective public climate discussions, we see no fundamental differences to our own positions.

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.

## 1. Ensuring association alignment on climate and energy policies advocacy

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

- are actively engaging in the discussion on climate protection; and
- where we are strongly engaged and can thus make significant contributions.

These associations provide a valuable forum for debate and help us to 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 world 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 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>. As associations act on behalf of their members, we ask them to apply the same principles.

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 no agreement can be found, 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.

## 2. BASF's view on climate and energy policies

BASF is committed to the Paris Agreement and to our company 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 CO<sub>2</sub>-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.

To produce chemical products with lower emissions in the future, we focus on our strengths to address new challenges with innovative solutions. Measures that help reduce the greenhouse gas emissions of our own energy-intensive production are bundled in our Carbon Management. We have set ourselves the target of CO<sub>2</sub>-neutral growth until 2030, which means growth without an overall increase in greenhouse gas emissions, e.g., by optimizing our energy supply and production processes and purchasing renewable electricity. Within our Carbon Management Research & Development Program, we develop technologies and processes to substantially reduce CO<sub>2</sub> emissions. 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. Additional programs focusing on circularity, including ChemCycling and Biomass Balance, will further reduce the use of fossil resources.

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

At the 2015 United Nations climate conference, 196 state parties adopted the “Paris Agreement,” a framework to limit global warming to 2°C or even 1.5°C. Those countries voluntarily committed to national targets which are reviewed and tightened over time. Due to the bottom-up approach of the Paris Agreement, countries will continue to have varying levels of ambition and proceed at different paces.

BASF fully supports the Paris Agreement. Climate change is a global issue and can only be solved globally. If all current commitments are going to be implemented, the temperature will increase by approximately 3°C. Therefore, governments should develop long-term strategies, including business participation, to further 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 pricing

A global pricing mechanism for greenhouse gas emissions – or at least at a G20 level – would be an important step to level the playing field for industry. This would allow for better use of



existing technologies and spur research to mitigate climate change. BASF has been actively engaging in this direction.

In 2017, BASF headed the B20 Task Force on Energy, Climate and Resource Efficiency and facilitated a strong common statement with science and civil society during the G20 process.

Since 2017, BASF has been a member of the Alliance of CEO Climate Leaders, a coalition of CEOs under the auspices of the World Economic Forum. This Alliance calls for more corporate engagement to meet the targets of the Paris Agreement.

In 2015, we joined the U.N. Caring for Climate initiative, the largest global connection of 400 industry representatives from 60 countries, working on solutions to combat climate change.

Regional carbon pricing systems, such as the EU Emissions Trading System (ETS), play an important role as models for a global approach. We support appropriate market-based steering tools at the industry level with the aim of reducing greenhouse gas emissions at minimal cost to the economy. We support the EU ETS and consulted with other countries, including South Korea and China, to help them install meaningful systems. BASF is a founding member of the CEO Climate Dialogue (CCD), a group of leading companies and NGOs working together to advance a market-based approach to climate change policy in the United States.

The U.N. decision to account for CO<sub>2</sub> emissions at the place of origin – i.e., the emitting plant rather than the consuming country – leads to a situation where a shift of emissions (and thereby industrial production) helps to reach local climate targets. As international agreements on carbon pricing are currently not on the horizon, differing levels of ambition may create unilateral burdens to industry, thus spurring companies to relocate operations or investments to regions with less stringent climate policies. This leads to carbon leakage. Moreover, it does not trigger the innovations needed.

Until global carbon pricing is in place, steps should be taken to avoid such distortion of competition. Regional carbon pricing instruments ought to enable local industry to grow and innovate efficiently while transitioning to a low-carbon society and pursuing other significant social and environmental targets. Thus, existing systems like the EU ETS have installed carbon leakage protection measures. Such measures are necessary as long as other regions of the world do not have comparable policies. A single region cannot mitigate climate change by itself without negative economic effects. Without initially free allocation of emission certificates in the EU ETS, competitiveness and thus EU production output would have decreased without any positive contribution to global climate protection. Short-term interventions in the carbon market should be avoided, as they undermine trust and weaken planning security. Energy and climate policies need to be farsighted and foster sustainable growth and innovation.

## Energy Efficiency

BASF is an energy-intensive 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 throughout the whole value chain – starting with the supply of raw materials and intermediates, through to production and finally to use of products by our customers.

For efficient production, the company relies on its innovative power and its Verbund structure, in which chemical processes are operated in a resource-efficient manner. BASF uses co-generating heat and power plants to reduce specific energy consumption. We aim to implement certified energy management systems according to ISO 50001 at all large production sites

globally by 2020. They represent 90 percent of BASF's primary energy demand. In doing so, we want to identify and realize further energy efficiency improvements. This will not only reduce greenhouse gas emissions and save valuable energy resources but will also increase BASF's competitiveness.

Energy efficiency relates an output of performance, service or goods to an input of energy: e.g., less energy for heating or cooling a house, less fuel per km, less electricity per ton of chlorine. Energy efficiency is an important lever to prevent energy losses. Energy efficiency cannot be increased indefinitely as it eventually reaches technical, economic and/or physical limits. Thus, energy efficiency must not be confused with energy savings.

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.

In industry, other aspects 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. An absolute energy cap leading to relocation of production sites in other regions threatens value chains without contributing to global climate protection.

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 to be nearly CO<sub>2</sub>-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.

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>

### Our climate protection solutions



Our products are involved in a large number of climate protection technologies in a wide range of sectors.

[Read more](#)

### Our climate protection goals



We have defined ambitious targets for climate protection and increasing energy efficiency.

[Read more](#)

### Our Carbon Management



In order to enable further substantial CO<sub>2</sub> savings, completely new technologies are needed, which we are already starting to look into.

[Read more](#)

### 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.

[Read more](#)

### 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.

[Read more](#)

### BASF in CDP as well as in further indices and rankings



Since 2004 we are reporting to the CDP Climate Change program.

[Read more](#)

### Our global commitment



BASF supports the Paris Agreement on climate change and advocates for ambitious global climate protection.

[Read more](#)

### Energy and climate policies



BASF participates in the political debate and strives for sustainable solutions.

[Read more](#)



### 3. Assessment methodology

#### 3.1 Selection of associations

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

Because of BASF's regional and operational footprint and current political circumstances the regional focus of driving progressive climate policies is in Europe, which is why we put most of our effort in alignment with trade associations at European, respective German level.

Our selection of assessed 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 in Ludwigshafen.
- BASF has further major Verbund sites in Belgium, the United States, China and Malaysia.
- About 45 percent of BASF's global sales are generated by companies located in Europe and more than 60 percent of our 122,000 employees work in Europe.
- Brazil plays an important role in global climate policy.
- Associations which are not fully independent (e.g., with strong linkage 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 here 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 Industries
- Cefic (The European Chemical Industry Council)
- ERT (European Roundtable of Industrialists)
- Business Europe

#### North America

- NAM (National Association of Manufacturers)
- ACC (American Chemistry Council)

#### South America

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

#### Asia

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

### 3.2 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, taking a critical look at potential differences. 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. The alignment was assessed based on the association's positions on the following climate-related topic areas:

- Paris Agreement/Intergovernmental Panel on Climate Change (IPCC)
- Carbon pricing/Emissions Trading Systems
- Renewable energy
- Energy efficiency

## 4. Results

### 4.1 Global

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

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 | Support for carbon pricing | Support of energy efficiency | Support for renewable energy |
|--------------|---|----------------------------|------------------------------|------------------------------|
| <b>ICCA</b>  | ✓   | ✓                          | ✓                            | ✓                            |
| <b>WBCSD</b> | ✓   | ✓                          | ✓                            | ✓                            |
| <b>WEF</b>   | ✓   | ✓                          | ✓                            | ✓                            |

### 4.2 Europe

The European Union set a domestic target of at least 40 percent greenhouse gas emission reduction for 2030 compared to 1990. In 2018, the European Commission drafted a vision for a climate-neutral Europe by 2050. This vision is subject to further debates and will develop into the EU’s submission to the UNFCCC for a new NDC and a long-term climate strategy.

All our key European associations support the Paris Agreement and see opportunities for industry to significantly reduce emissions. Several perform studies to show how this could become reality. However, they also outline the very high costs related to research and development, the investments to upgrade and partly re-build the industrial infrastructure and the higher production costs. They call for a political framework incentivizing technological development, stressing the necessity of carbon leakage protection. A fundamental criterion would be to avoid shifting production, and thus emissions, to other world regions, when EU climate targets result in increased production costs for globally competing industries.

|                        | Commitment to Paris Agreement and global climate protection but need for policies that safeguard the competitiveness of EU industry. | Support for ETS as most cost-efficient option to reduce GHG emissions but need for free allocation to avoid carbon leakage. Advocacy for global carbon pricing and level playing field. | Need for competitive EU energy prices/low cost of (renewable) energy to remain competitive on global market. | Energy efficiency first but advocacy against energy cap/limitation of availability of energy for industry (low-carbon technologies are usually energy intensive) |
|------------------------|--|---|--|--|
| <b>VCI</b>             | ✓  | ✓   | ✓  | ✓  |
| <b>BDI</b>             | ✓  | ✓   | ✓  | ✓  |
| <b>essenscia</b>       | ✓  | ✓   | ✓  | ✓  |
| <b>Cefic</b>           | ✓  | ✓   | ✓  | ✓  |
| <b>ERT</b>             | ✓  | ✓   | ✓  | ✓  |
| <b>Business Europe</b> | ✓  | ✓   | ✓  | ✓  |

### 4.3 North America/United States

The **United States** has formally begun the process of withdrawing from the Paris Agreement.

The U.S. key 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.

|            | Commitment to Paris Agreement and global climate protection, but need for climate policies safeguarding competitiveness | Support for carbon pricing | Support of energy efficiency | Support for renewable energy |
|------------|---|----------------------------|------------------------------|------------------------------|
| <b>ACC</b> | ✓   | ✓                          | ✓                            | ✓                            |
| <b>NAM</b> | n.a.  | n.a.                       | ✓                            | ✓                            |

### 4.4 South America/Brazil

**Brazil** is the only developing country with an absolute climate target and is a benchmark in the use of renewable energies (expected increase from 45.3 percent in 2018, to 47 percent in 2027). It has enacted incentive plans for the uptake of renewables.

The chemical industry is a partner of Brazil in the fulfillment 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 | Support for carbon pricing | Support of energy efficiency | Support for renewable energy |
|----------------|---|----------------------------|------------------------------|------------------------------|
| <b>ABIQUIM</b> | ✓   | ✓                          | ✓                            | ✓                            |

## 4.5 Asia

By 2030, **Malaysia** intends to reduce its greenhouse gas emissions intensity by 35 percent in relation to the emissions intensity of GDP in 2005, and a further 10 percent conditioned on receipt of climate finance, technology transfer and capacity building from developed countries.

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

|   | Commitment to Paris Agreement and global climate protection, but need for climate policies safeguarding competitiveness | Support for carbon pricing | Support of energy efficiency | Support for renewable energy |
|---|---|----------------------------|------------------------------|------------------------------|
| <b>FMM (Association of Malaysian Manufacturers)</b> | n.a.  | n.a.                       | ✓                            | ✓                            |

**China** has pledged that its CO<sub>2</sub> emissions will peak by 2030 and will attempt to reach this peak earlier. It has also pledged to reduce the carbon intensity of GDP by 60 to 65 percent from 2005 levels and to increase the share of non-fossil fuels. China announced a national emissions trading system in December 2017, which was delayed several times but is expected to be fully operational for the power sector by 2020. There are plans to expand it to other sectors in the future.

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 | Support for carbon pricing | Support of energy efficiency | Support for renewable energy |
|--|---|----------------------------|------------------------------|------------------------------|
| <b>European Chamber of Commerce in China (EUCCC)</b> | ✓   | ✓                          | ✓                            | ✓                            |



## 5. Annex: Assessment

### 5.2 Global

#### 5.2.1 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 |
|---|--|---------------------|
| <b>Paris Agreement / IPCC</b>                     | 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   | ✓                   |
| <b>Carbon Pricing / Emissions Trading Systems</b> | <p>Consistent, predictable policy and regulatory environments that foster innovation, investment and economic growth are essential to reducing greenhouse gas emissions while maintaining sustainability progress and minimizing costs to society.</p> <p>ICCA supports effective climate policies that</p> <ul style="list-style-type: none"> <li>– Achieve net global greenhouse gas reductions and avoid shifting emissions between regions or countries – known as carbon leakage.</li> <li>– Include transparent monitoring, reporting and verification systems (MRV)</li> <li>– Encourage the use of energy-efficient products and technologies</li> <li>– Maintain energy affordability and do not distort markets</li> <li>– Provide adequate flexibility to fit local, national or regional circumstances</li> <li>– 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</li> <li>– Acknowledge the role of carbon and bio-based feedstocks in creating essential products</li> </ul> | ✓                   |

- 
- 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.

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**Renewable  
Energy/  
Energy  
Efficiency**

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.




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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.

**Sources**

<https://www.icca-chem.org/energy-climate/>

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

5.2.2 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 / IPCC                     | <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.</p> <p>According to WBCSD, proven technologies and business models exist that will help meet the Paris Agreement, but deployment is still too slow. Therefore, the organization is calling on policymakers to accelerate the implementation of climate solutions now.</p> <p>WBCSD is harnessing the power of collaboration to implement solutions at scale. Businesses can go further and faster when working together.</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.</p> <p>WBCSD launched a policy paper which reflects the latest 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°C 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 competitiveness, create jobs, encourage innovation, enable investment, create value to solutions and minimize social costs.</p> | ✓                   |

|  |  |          |
|--|--|----------|
| <p>Renewable Energy/ Energy Efficiency</p> | <p>The speed at which the energy sector can be decarbonized will critically influence our ability to limit the rise in global temperatures to well under 2°C.</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.</p> | <p>✓</p> |
|--|--|----------|

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

### Sources

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

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

<https://www.wbcsd.org/Programs/Climate-and-Energy/Energy>

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[https://docs.wbcsd.org/2018/12/COP\\_Policy\\_Ask.pdf](https://docs.wbcsd.org/2018/12/COP_Policy_Ask.pdf)

### 5.2.3 WEF (World Economic Forum)

The World Economic Forum 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.

| Topic area                                 | Position  | Alignment with BASF |
|--|---|---------------------|
| Paris Agreement/<br>IPCC                   | <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.</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.</p> | ✓                   |
| Carbon Pricing / Emissions Trading Systems | WEF urges and supports world leaders to implement effective carbon pricing mechanisms that drive a meaningful price on carbon across the globe.   | ✓                   |
| Renewable Energy                           | WEF is continuing to reduce emissions using strategies that make the most sense for our businesses. These include initiatives such as setting a (science-based) target, putting an internal price on carbon, reducing energy use and switching to renewable forms of power.   | ✓                   |
| Energy Efficiency                          | See above   | ✓                   |

Within the WEF, the “Alliance of CEO Climate Leaders” form 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, with BASF hosting the kick-off workshop in July 2019, to set the chemical industry on the pathway towards net-zero emissions.

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## 5.1 Europe

### 5.1.1 VCI (Verband der Chemischen Industrie e.V.)

The 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 stands for over 90 percent of the chemical industry in Germany.

| Topic area                                       | Position   | Alignment with BASF |
|--|--|---------------------|
| Paris Agreement/<br>IPCC                         | <p>The VCI <b>supports the Paris Agreement</b>. 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.</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 Pricing /<br>Emissions Trading<br>Systems | <p>From the VCI's point of view, a <b>global emission trading system</b> 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 so-called carbon leakage effects (i.e., relocation of production and thus of emissions to regions with lower costs).</p> <p>The VCI supports the direction of national CO<sub>2</sub> pricing, but points out conflicts with EU regulations. At the European level, the EU ETS is seen – compared to CO<sub>2</sub> tax or CO<sub>2</sub> minimum price – as an accurate and cost-effective approach. Nevertheless, VCI emphasizes the <b>importance of effective measures to prevent “carbon leakage”</b> and the risk of national CO<sub>2</sub> pricing systems distorting the ETS's effectiveness.</p> <p>Consequently, the association urges a stronger cooperation among the G-20 countries to <b>work towards global emission trading</b>.</p> | ✓                   |
| Renewable Energy                                 | <p>The VCI supports the political goal of the <b>energy transition (Energiewende) and the promotion of renewable energies to make energy supplies climate-friendly, reliable and affordable</b>.</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 electricity is becoming ever more important (e.g., for digitalization, electromobility, the electrification of industrial processes in general and the “decarbonization” of the chemical industry in particular) and technologies with lower CO<sub>2</sub> emissions can become established only if competitive prices for the required</p>   | ✓                   |

|                          |   |   |
|--------------------------|---|---|
|                          | electricity are guaranteed in the long term, the VCI calls for <b>burden-easing from the EEG charge for energy-intensive companies and reducing the costs of the Energiewende to a minimum.</b>   |   |
| <b>Energy Efficiency</b> | The VCI advocates for <b>more energy efficiency</b> in Europe. But instead of absolute savings, <b>relative energy savings</b> should be the goal, i.e., to produce the same amount of product with less energy. Since technologies with lower CO <sub>2</sub> emissions will require a high amount of electricity in the future, the VCI calls for energy efficiency requirements to <b>leave room for innovation.</b> | ✓ |

The VCI advocacy is fully aligned with BASF's view. The association asks for a political framework fostering innovation and a maximum of climate protection, as long as the competitiveness of industry is safeguarded.

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5.1.2 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 policy makers and to the general public.

| Topic area                                 | Position   | Alignment with BASF |
|--|--|---------------------|
| Paris Agreement / IPCC                     | <p>The BDI has been actively engaged in the negotiations for the Paris Agreement and supports its goals. 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 shown this by its own studies.</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> <p>In January 2018, BDI published a study entitled “Climate Paths for Germany.” The study concludes that the German target to lower greenhouse gas emissions by 80 percent by 2050 (Klimaschutzplan 2050) is technically and economically feasible. A 95 percent greenhouse gas reduction target, however, would push the boundaries of foreseeable technical feasibility and current social acceptance and would therefore fail to effectively and sustainably contribute to global climate protection.</p> | <p>✓</p>            |
| Carbon Pricing / Emissions Trading Systems | <p>The BDI supports the recognition of the EU ETS as an important tool under the Energy Union framework. However, to ensure that the EU climate goals are met, the BDI sees need for improvement. In this context, it stresses the importance of effectively protecting companies against relocation (carbon leakage).</p> <p>BDI does not support additional carbon pricing for German industry without addressing carbon leakage protection to avoid a shift of emissions between European countries.</p> <p>In 2016, BDI, Germanwatch and the Mercator Research Institute on Global Commons and Climate Change (MCC) urged the G20 countries to introduce a carbon floor price as a means to achieve the goals of the Paris Agreement by preventing distortion of competition among the major players. By leveling the field, it could accelerate the structural transformation towards a low-carbon economy.</p>   | <p>✓</p>            |
| Renewable Energy                           | <p>With its “Energiewende,” Germany has launched an extremely ambitious project. BDI supports this and intends to contribute to a</p>  | <p>✓</p>            |

successful transformation to a low carbon economy. However, BDI emphasizes the importance of shielding energy-intensive industry from the extra burdens imposed by policies that lack an international counterpart, e.g., in the context of the German withdrawal from coal power.

A consistent German energy concept must align with European regulations and targets. Energy policy must not be overloaded with double targets and regulations.

For the global climate, comprehensive climate protection efforts in Germany will be successful only if they motivate other countries to follow suit. Therefore, the BDI calls for a similarly ambitious implementation of the “Energiewende” at least at the EU level (ideally G20). Also, the European internal energy market must be further developed, including, e.g., the development of transnational electricity grids.

#### Energy Efficiency

According to BDI’s calculations, the full integration of the EU internal energy market could bring energy efficiency gains of €12 billion to €40 billion per year. A stronger Europeanization of renewable energies would save a further €16 billion to €30 billion per year.



According to BDI, policymakers should invest more in research into more efficient and digital technologies instead of rigidly limiting energy consumption by means of upper limits.

The advocacy of BDI is aligned with BASF’s view. The association asks for a political framework fostering innovation and climate protection, as long as the competitiveness of industry is safeguarded.

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5.1.3 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 |
|---|--|---------------------|
| <p>Paris Agreement/ IPCC</p>                      | <p>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, however, 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.</p> <p>essenscia supports a climate neutrality ambition but has no statement on a fixed deadline (such as 2050) because of the many uncertainties to date. It sees a need for framework conditions and related actions on EU level:</p> <ul style="list-style-type: none"> <li>- Development and implementation of innovations</li> <li>- Availability of affordable and sustainable energy</li> <li>- A shift in mindset for all actors</li> <li>- An international view on competitiveness and investments</li> </ul>  | <p>✓</p>            |
| <p>Carbon Pricing / Emissions Trading Systems</p> | <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.</p> <p>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.</p> | <p>✓</p>            |
| <p>Renewable Energy</p>                           | <p>Energy policies should focus on all dimensions: sustainability, adequacy and affordability</p> <p>Affordability depends on system costs (including the hidden costs, need for backup, grid development, subsidy costs, etc.)</p>  | <p>✓</p>            |

|  |   |          |
|--|---|----------|
|  | <p>Future energy needs will exceed the potential of renewable energies due to intermittency of sun and wind or due to resource availability for biomass. Other climate-neutral energy sources and carriers will play a major role.</p>  |          |
| <p><b>Energy Efficiency</b></p>  | <p>Many products from the chemical sector are designed to safe CO<sub>2</sub> emissions and generate greater energy efficiency in homes, transport, agriculture and other industries.</p> <p>Energy efficiency improvements are part of the core business for energy-intensive industries, but breakthrough technologies will be necessary.</p> <p>essenscia favors energy efficiency as a relative benchmark and believes absolute energy use targets can act as a cap on economic growth.</p> | <p>✓</p> |
| <p>The advocacy of essenscia is fully aligned with BASF's view. The association asks for a political framework fostering innovation and a maximum of climate protection, as long as the competitiveness of industry is safeguarded.</p>  |   |          |
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### 5.1.4 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 14.77 percent of world chemicals production.

Cefic is an active member of the International Council of Chemical Associations (ICCA), which represents chemical manufacturers and producers all over the world and seeks to strengthen existing cooperation with global organizations such as UNEP and the OECD to improve chemicals management worldwide.

| Topic area                                 | Position   | Alignment with BASF |
|--|--|---------------------|
| Paris Agreement / IPCC                     | <p>Cefic is committed to the Paris Agreement.</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, to 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.</p>  | ✓                   |
| Carbon Pricing / Emissions Trading Systems | <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>However, as carbon prices come at a cost for the 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.</p> | ✓                   |
| Renewable Energy                           | <p>Cefic is convinced that renewables 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.</p> <p>While transitioning, Cefic calls on policy makers to ensure industry's stable access to competitive and secure electricity.</p> <p>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</p>  | ✓                   |

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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**.

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### Energy Efficiency

**Energy efficiency comes first.** 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 industry, automotive, aerospace, homecare products and textiles.

According to Cefic, 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**. Member states should have flexibility on how to implement the target: All energy efficiency measures should be eligible to fulfill it. ✓

Cefic further argues that sectors of the European economy with large and untapped energy efficiency potential should be better targeted (e.g., building sector).

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The advocacy of Cefic is fully aligned with BASF's view. The association asks for a political framework fostering innovation and a maximum of climate protection, as long as the competitiveness of industry is safeguarded.

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5.1.5 ERT (European Round Table of Industrialists)

The European Round Table of Industrialists (ERT) is a forum that brings together around 55 Chief Executives and Chairpersons of major multinational companies of European parentage. These companies cover a wide range of industrial and technological sectors, sustaining around 6.8 million jobs across Europe. ERT advocates policies mainly at European level.

| Topic area                                 | Position   | Alignment with BASF |
|--|--|---------------------|
| Paris Agreement / IPCC                     | <p>The ERT welcomes the Paris Agreement. It urges <b>globally coordinated action</b> 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. The ERT stresses that <b>industry is both a key enabler and a solution provider</b> for reaching the goals set out in Paris.</p> <p>Condition: <b>availability of a sustainable and affordable low-carbon fuel mix.</b></p>  | ✓                   |
| Carbon Pricing / Emissions Trading Systems | <p>Putting a price on carbon emissions has shown to deliver emissions reductions cost-effectively, generate revenue for countries and foster innovation <b>when global competitiveness is safeguarded. Equitable carbon charges and the redistribution of revenues</b> 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 <b>avoid market distortion</b> for European companies due to the different treatment of greenhouse gas emissions. This way, the EU can <b>continue its ambitious climate leadership journey while safeguarding European companies' global competitiveness.</b></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 <b>EU to take a leadership role in global climate diplomacy with a view to safeguarding a global level playing field</b> across sectors and across geographies.</p> | ✓                   |
| Renewable Energy                           | <p>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.</p> <p>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.</p>  | ✓                   |



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.

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.

### Energy Efficiency

In 2017, the 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



The advocacy of ERT is aligned with BASF's view. The association asks for a political framework fostering innovation and climate protection, as long as the competitiveness of industry is safeguarded.

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### 5.1.6 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 / IPCC                     | <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 <b>single most important tool in providing clarity on the direction that society must take to tackle climate change</b></p> <p>BusinessEurope advocates that it is equally important to provide a <b>global level playing field</b>, as reaching the Paris Agreement requires all countries to make significant efforts to reduce emissions.</p>   | ✓                   |
| Carbon Pricing / Emissions Trading Systems | <p>BusinessEurope calls for strengthening the EU ETS as the main policy tool to <b>cost-effectively reduce greenhouse gas emissions through a meaningful carbon price</b>. Simultaneously, it highlights the importance of <b>safeguarding the global competitiveness</b> of EU industries, e.g., through free allowances for industries exposed to investment leakage.</p>  | ✓                   |
| Renewable Energy                           | <p>BusinessEurope fully supports Europe's intention to move to an economy that is driven by low-carbon processes and technologies. This support is given from a <b>technology and fuel-neutral point of view</b>. All technologies must be able to compete. Massive investment will be made in the coming years in new processes, technologies, fuels and efficiencies, and it is important that a significant share of it is made in Europe.</p>  | ✓                   |
| Energy Efficiency                          | <p>BusinessEurope agrees that <b>energy efficiency should be a guiding principle</b>. However, it argues that the <b>challenge of high energy prices</b> should receive the necessary attention through implementing a coherent and targeted approach to remove policy-driven costs. <b>Strengthened energy policy coordination among EU member states</b>, both on the market and transmission side, is necessary to reap the benefits of the <b>internal energy market</b>. Existing EU legislation must be fully implemented and much needed cross-border connectivity projects must be rolled out.</p> | ✓                   |

The advocacy of BusinessEurope is aligned with BASF's view. The association asks for a political framework fostering innovation and climate protection, as long as the competitiveness of industry is safeguarded.

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## 5.2 North America/United States

### 5.2.3 NAM (National Association of Manufacturers)

By its own account, NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states.

| Topic area                                 | Position  | Alignment with BASF |
|--|---|---------------------|
| Paris Agreement / IPCC                     | <p>NAM believes the federal government has a clear role in setting climate policy. This begins by reengaging on the international stage to achieve a binding, fair global climate treaty. 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 by failing to take action to reduce carbon emissions. It must be fair, on target, enforceable, transparent, innovative and pro-trade. It must also protect intellectual property rights and eliminate all possible tariff and non-tariff barriers to the purchase of environmental goods and technologies.</p> <p>(Source: Testimony before Congress September 18, 2019)</p>   | n.a.                |
| 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 <i>will not</i> 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 new costs on manufacturers with relief in other areas, with the goal of keeping manufacturers whole.</p> | n.a.                |
| Renewable Energy                           | <p>NAM highlights the importance of a <b>technology- and fuel-neutral approach</b> 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.</p>  | ✓                   |
| Energy Efficiency                          | <p>NAM considers energy efficiency as the quickest, cheapest and cleanest way to reduce costs and greenhouse gas emissions.</p>   | ✓                   |

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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.

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NAM's position on climate policies is aligned with BASF's view. Like BASF, NAM supports global engagement to address a global challenge, policies allowing energy-intensive and trade-exposed industries to compete globally and a framework supporting low-carbon and carbon-free technology deployment.

We evaluated different aspects of our membership, including NAM's climate positioning and believe that our membership provides a positive value for the sustainable development of our business.

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

### 5.2.4 ACC (American Chemistry Council)

The 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  | Alignment with BASF |
|--|---|---------------------|
| Paris Agreement / IPCC                     | <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 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                           | <p>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 promote energy efficiency and renewable sources such as energy recovery.</p> <p>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.</p>   | ✓                   |
| Energy Efficiency                          | <p>ACC supports policies to improve energy efficiency in the residential, commercial and industrial sectors. It highlights the potential of adopting updated energy efficiency building</p>   | ✓                   |

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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).

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

**Sources**

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## 5.3 South America/Brazil

### 5.3.1 ABIQUIM (Associação Brasileira da Indústria Química)

The Brazilian Chemical Industry Association (ABIQUIM), a non-profit organization founded in 1964, brings together large, medium and small chemical companies, as well as service providers in logistics, transportation, waste management and emergency response.

Structured to carry out the statistical monitoring of the sector, it promotes specific studies on the activities and products of the chemical industry, monitors changes in legislation and advises member companies on economic, technical and foreign trade matters.

To meet the demands of the sector, ABIQUIM also counts on the work of the sectoral and thematic committees, formed by representatives of the associated companies and professionals of the entity that support and execute the activities.

| Topic area                                 | Position  | Alignment with BASF |
|--|---|---------------------|
| Paris Agreement / IPCC                     | <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 fulfillment of the Brazilian goals set out in the Paris Agreement and in the transition to a low-carbon economy, so that the current rhythm of production and consumption does not compromise the preservation of the environment and the maintenance of the quality of life for future generations.</p>  | ✓                   |
| Carbon Pricing / Emissions Trading Systems | <p>The association presented a position on the implementation of a carbon pricing system in Brazil, as a mechanism to help the country meet its goals set in the Paris Agreement.</p> <p>In its position on carbon pricing, the association shows its understanding that it is necessary to develop a strategy and implementation schedule so that the business sector can gradually and interactively adapt to a low-carbon economy, allowing better planning of investments.</p> <p>ABIQUIM emphasizes that a good carbon pricing strategy will contribute not only to reducing emissions, but also to improve the competitiveness of the Brazilian industry in view of the advantages that Brazil has regarding the adoption of a low-carbon economy.</p> <p>ABIQUIM considers that the government should develop a strategy and schedule for carbon pricing in Brazil, the adoption of a carbon pricing market appropriate to the reality and jurisdiction of the Brazilian economy, the harmonization between climate policies and Brazilian energy policies, encouraging investment in low-carbon products and processes.</p> | ✓                   |

|                          |   |   |
|--------------------------|---|---|
| <b>Renewable Energy</b>  | 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.   | ✓ |
| <b>Energy Efficiency</b> | <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 society.</p> | ✓ |

The advocacy of ABIQUIM is aligned with BASF’s view. The association asks for a political framework fostering innovation and a maximum of climate protection, as long as the competitiveness of industry is safeguarded.

### Sources

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## 5.4 Asia

### 5.4.1 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/ IPCC                      | N.A.   |                     |
| Carbon Pricing / Emissions Trading Systems | N.A.   |                     |
| Renewable Energy/ Energy Efficiency        | <p>FMM welcomes the government's program supporting 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 has established a Sustainable Development Committee and 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 &amp; governance and environmental sustainability.</p> | ✓                   |

While FMM may not address issues specifically using climate change terminology, many of their feedback to government and topics covered in various energy and environmental related seminars and conferences are related to impact on climate change. This is in line with BASF's view. Our intention is to further support with our industry-specific knowledge.

[https://www.fmm.org.my/Press\\_Releases-@-Press\\_Release\\_-\\_Budget\\_2020\\_Addresses\\_Challenges\\_Across\\_All\\_Economic\\_Sectors\\_.aspx](https://www.fmm.org.my/Press_Releases-@-Press_Release_-_Budget_2020_Addresses_Challenges_Across_All_Economic_Sectors_.aspx)  
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### 5.4.2 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  | Alignment with BASF |
|--|---|---------------------|
| Paris Agreement/<br>IPCC                         | 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) and reiterated in COP24 (Katowice). China must focus on energy intensity reduction and shift towards low-emission energy generation.   | ✓                   |
| Carbon Pricing /<br>Emissions Trading<br>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 coherency 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. This includes adjusting the energy system to incentivize decentralized Renewable Energy (RE) development by establishing a clear nationwide RE implementation policy with a long-term tariff plan under which external environmental costs are reflected in pricing, encouraging a functioning market for green certificates, and by setting renewable portfolio obligations that enable industrial and commercial power consumers to differentiate power sources and manage emissions.  | ✓                   |
| Energy Efficiency                                | The European Chamber's recommendations include: <ul style="list-style-type: none"> <li>– define a clear, regularly updated common methodology to assess energy/emissions intensity;</li> </ul>  | ✓                   |

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- 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.
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The advocacy of the European Union Chamber of Commerce in China (European Chamber) is fully aligned with BASF’s view. The association calls for a political framework that fosters climate protection and global alignment.

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