Planet Tracker

ENGAGEMENT SHEET

LyondellBasell (LYB) - Climate Transition Analysis

Recommended Questions

Q.1 ***How do LYB's circularity initiatives align with its 2030 and 2050 climate targets?***

Background: Circularity is presented as a core pillar of LYB's transition strategy. However, the company has not yet disclosed the expected emissions reduction impact of these initiatives, making it difficult for investors to assess whether circularity is helping LYB to meet its ambitious 30% Scope 3 reduction target by 2030.

Best Practice: Provide project-level abatement estimates and formalise a methodology linking circularity initiatives to absolute GHG reduction pathways.

Q.2 ***Will LYB integrate long-term climate transition metrics into executive remuneration to reinforce delivery of its 2030 and 2050 goals?***

Background: Governance is relatively strong through Board-level oversight and short-term sustainability incentives. However, the absence of long-term climate-linked remuneration weakens alignment with LYB's 42% Scope 1 and 2 and 30% Scope 3 targets, especially given rising emissions and the need for consistent delivery through 2030.

Best Practice: Introduce long-term incentive mechanisms tied to progress against Paris-aligned emissions pathways, covering both operational and value-chain reductions.

Q.3 ***Will LYB quantify broader climate-related risks (especially physical risks) to provide investors with a more complete view of financial exposure?***

Background: While LYB discloses an estimated EU ETS exposure of up to USD 162 million by 2030 and applies internal carbon pricing, broader climate risks, such as hurricane impacts along the U.S. Gulf Coast and Rhine low-water disruptions, remain unquantified. This limits visibility into how physical risks could affect operations, and cash flows.

Best Practice: Publish quantification of major physical-risk scenarios, including site-level vulnerability assessments and associated financial ranges.

Report Key Takeaways

- LYB aims for a 42% cut in Scope 1 and 2 and 30% in Scope 3 by 2030; yet, total emissions increased 7.6% between 2020 and 2024, (driven mainly by Scope 3 growth) highlighting the need for accelerated mitigation to stay on track.
- USD 1 billion has been deployed since 2023 across renewables (1.8 GW PPAs), industrial decarbonisation (Wesseling), and circularity (MoReTec-1, APK, Cyclyx), but the emissions reduced by these projects and circular initiatives links to mitigation are not quantified.
- Board-level ESG oversight and internal carbon pricing support decision-making, and EU ETS exposure is quantified to USD 162 million by 2030. However, physical climate risks and long-term incentive alignment with transition goals are still missing.
- LYB could reach a below -2°C trajectory if it delivers its 2030 targets, but rising emissions, partial Scope 3 coverage, and gaps in engagement and long term remuneration continue to weaken the confidence in its transition alignment.

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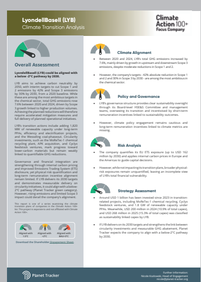

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