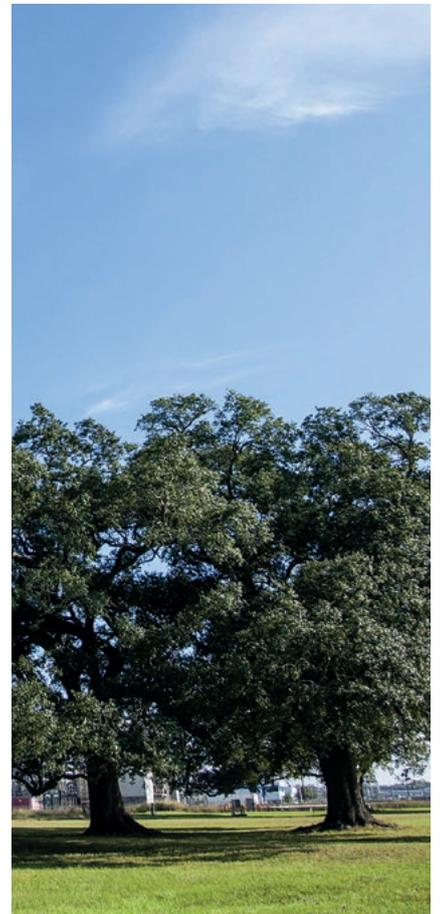


Sustainable Solution Steering®

We create chemistry
that makes sustainability love business



> 60,000 solutions assessed 

~ 13,500 

Accelerator solutions

with about 14,000,000,000 € sales in 2016

> 60%  of R&D budget spent on Accelerator projects in 2016

> 2,000  experts involved e.g.
R & D
Product Safety
Sales
Marketing
Sustainability

~ 900  actions defined

Sustainable Solution Steering®

- Enhancing the sustainability performance of our portfolio
- Emphasis on contributing to specific value chain needs

Society and our customers have been taking a greater interest in the business contribution to sustainability over the past decades. As BASF we are committed to understand these evolving expectations, so we might seize opportunities as well as minimize risks.

Why – objective

Our customers can expect from BASF the consistent and innovative solutions they have always received. At the same time, they are looking to contribute to a more sustainable future where being environmentally and socially responsible goes hand in hand with running a profitable business.

Therefore, BASF has embedded sustainability in its corporate purpose: “We create chemistry for a sustainable future.”

This ambition is directly linked to a number of business factors:

- Growing customer needs to differentiate with sustainability
- New laws and standards in all value chains related to sustainability
- Changing societal and business environments prompting demand for sustainable products

We therefore cooperate with our customers in creating and driving more sustainable solutions, which makes good business sense for both.

1. Analyze sustainability needs and trends of value chains
2. Check product sustainability performance in the market segments
3. Develop action plans for strategies, R&D and market approach, define concrete goals



Substantial sustainability contribution in the value chain

Meets basic sustainability standards on the market

Specific sustainability issues which are being actively addressed

Significant sustainability concern identified and action plan in development

To underpin the importance of sustainability for our portfolio, we have set ourselves a concrete target: By 2020, we will increase the sales share of Accelerators to 28 %.

How – evaluation of each solution

By identifying key drivers and issues in our customers' industries, we are able to assess the sustainability contribution of each of our products in its specific application.

With our approach we evaluate the value chain from cradle to grave considering industry and region specific views in our markets. We strive to achieve a balance between the three dimensions of sustainability:

- Economy, e.g., potential cost savings for customers through the use of our products
- Environment, e.g., ensuring standards are met, developing environmentally sound solutions
- Society, e.g., enhancing safety in production, use or end of life, stakeholder perception of solutions

Finally each solution is assigned to one of four categories (Accelerator, Performer, Transitioner, Challenged) according to its contribution to sustainability.

Steering the portfolio

This detailed analysis and transparent classification allow us to both improve individual solutions and steer the entire portfolio. It also enables further integration of sustainability into our strategic, R&D and customer support processes. The goals are:

- Increase our portfolio of innovative and sustainable solutions making our customers more successful
- Reduced environmental impact along the value chain, contributing to improved quality of life
- Better mitigation of risks associated with sustainability

All of this helps us to ensure long-term business success – an integral part of our “We create chemistry” strategy.

The whole approach has been assured by PricewaterhouseCoopers AG Germany (PwC).

Accelerators:

- ... outgrow their markets
- ... meet the sustainability needs of our customers
- ... are driven by our power to innovate

28%

Targeted share of Accelerator sales in 2020



Examples

Automotive



BASF offers a broad range of Accelerators for the automotive industry, e.g.,:

- Lightweight plastic materials to minimize the weight of cars, which results in higher fuel efficiency
- Catalysts to decrease harmful exhaust emissions, thereby improving air quality
- Integrated processes to shorten the coating process by eliminating the primer and a baking step, thus showing clear advantages in energy consumption, greenhouse gases and VOC emissions
- Innovative fuel additive packages to keep engine valves clean, thus reducing fuel consumption and exhaust emissions

Important sustainability drivers in the automotive industry:

-  > Climate change
-  > Resource efficiency
-  > Emission reduction
-  > Health and safety

Packaging



Packaging helps to minimize food losses and lengthen shelf life. BASF is working constantly to improve the capacity of its solutions to protect goods and to enhance the environmental footprint of packaging, e.g.,:

- Polyamide films for flexible packaging enable less material use compared to rigid packaging
- Water-based resins for flexible printing reduce air emissions compared to solvent-based technologies
- Bio-based or compostable materials allow for improved environmental performance in paper and plastic packaging

Important sustainability drivers in the packaging industry:

-  > Resource efficiency
-  > Waste reduction
-  > Health and safety

“We systematically steer
our entire portfolio
towards more
sustainable solutions
supporting our
customers’ needs.”

Dirk Voeste,
Vice President Sustainability Strategy

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