



Sustainable Solution Steering

Accelerating business towards
a sustainable future



96.3%



of relevant portfolio assessed

~14,000

Accelerator solutions with about

15,000,000,000€ sales in 2019

> 50%



of R&D budget spent
on Accelerator projects
in 2019

> 2,500

experts involved worldwide
e.g. R&D, Product Safety,
Sales, Marketing



100%

of Challenged solutions
covered with an action plan

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.



**Based on our corporate strategy we have set ourselves a global target:
We aim to make sustainability an even greater part of our innovation power
and achieve €22 billion in Accelerator Sales by 2025 (2019: €15 billion).**

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., stakeholder perception of solutions, enhancing safety in production, use and end of life.

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

What – steering the portfolio

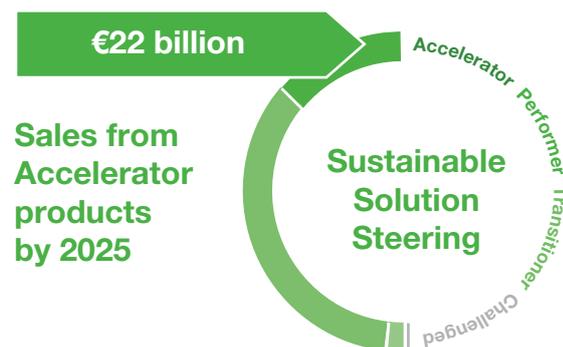
The detailed analysis and transparent classification allow us to both improve individual solutions and steer the entire portfolio. They also enable further integration of sustainability into our strategic, R&D and customer support processes. The goals are:

- 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.

Accelerators:

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



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



Personal Care and Nutrition

BASF has a long history in developing products for personal care and nutrition combined with the continuous strive for innovative and differentiating solutions for a sustainable future, e.g.:

- Ultrafast-spreading emollients for face, body, sun-care and color cosmetics
- Microproteins for deep penetration, protection, repair in hair care products
- Omega-3 oils with high concentration and exceeding quality concerning regulatory standards of the food and pharma industry
- Vitamin A food fortification to tackle malnutrition and improving public health and quality of life in developing countries

Important sustainability drivers in the nutrition industry:

-  } Resource efficiency
-  } Waste reduction
-  } Health and safety
-  } Biodegradability
-  } Renewable based



We create chemistry

Sustainability is an integral element of our corporate strategy. Our sustainability targets have equal billing to our financial goals. We aim to achieve annual sales of €22 billion by 2025 with products that make substantial contributions to sustainability.

Christoph Jaekel,
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