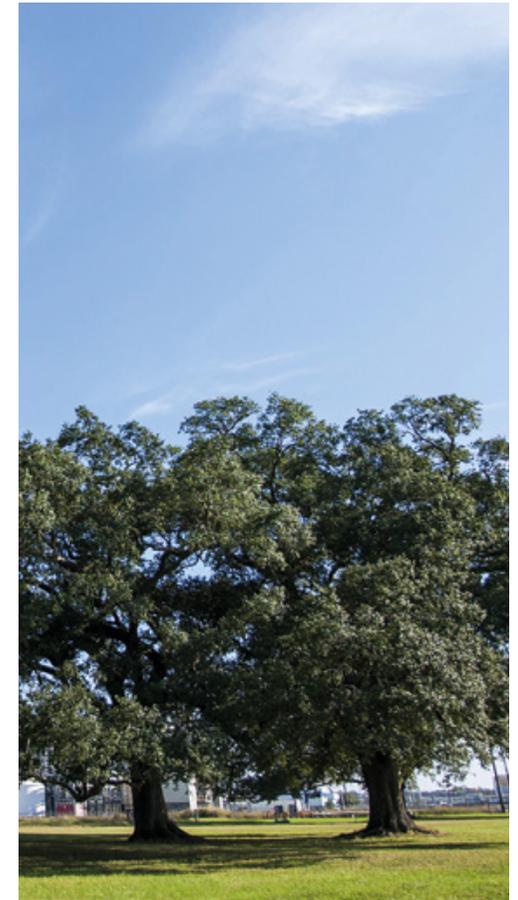




We create chemistry



Sustainable Solution Steering

Our approach to support our customers



Acknowledgement

The Sustainable Solution Steering methodology could not have been realized without the commitment and input of the dozens of experts and colleagues who supported its development and were involved in the workshops. We would like to show our appreciation for their contribution.



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2011
first pilot workshop

> 50,000 solutions under analysis 

regions covered



Europe, Africa and Middle East
Asia Pacific
North America
South America

solutions accounting for

€56 Billion in sales assessed

> 1,000 action plans in place 

 Accelerator solutions

22% percentage of Accelerator solutions that have a substantial contribution to sustainability needs in the value chains

> 1,500 experts consulted



e.g. R&D
Product Safety
Sales
Marketing
Sustainability

In brief

What do BASF customers need now and what will they need in the future? Those are the questions we continually look to answer as we drive a successful and sustainable business.

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

This ambition to create sustainable products and services is being driven by a number of compelling business factors. New laws and standards regarding carbon emissions and other sustainability topics are being implemented, or look set to be enacted, all over the world. At the same time, there is growing market uncertainty about the cost of raw materials and the availability of natural resources. Finally, the end consumers are evolving their expectations about the goods and services they purchase. Increasingly, they are holding brand owners and companies to a higher account in terms of materials that go into consumer products and the way those products are made. In short, for BASF and for our customers, creating more sustainable products and solutions makes good sense to achieve long-term business success.

Through our “We create chemistry” strategy, we have set ourselves ambitious goals to strengthen our position as the world’s leading chemical company. Central to those goals is our corporate purpose “We create chemistry for a sustainable future” with one of its core elements “We drive sustainable solutions”. Yet, as many companies have discovered, committing to a path of sustainable development is easier said than done.

That is why we have developed Sustainable Solution Steering, a comprehensive sustainability evaluation and decision-making process for the entire BASF business. Using this process we can identify the BASF solutions that make a significant contribution in terms of sustainability within their industry sector, as well as those solutions in our large portfolio that, at present, do not fully meet the standards of sustainable development that we would like to achieve.

This Sustainable Solution Steering will be the bedrock of how BASF develops market-leading sustainable products. It will give us the insight and understanding to work with our partners along the value chain to create sustainable solutions through continuous improvements, innovation and responsible action.

The objective of Sustainable Solution Steering is to provide us with a fully transparent and consistent evaluation of the sustainability performance of BASF’s solutions. In this booklet we will explain in detail what Sustainable Solution Steering is about, why it matters to BASF and how it can help our customers meet the needs of their customers, government and society to sustainably grow their business.

Sustainable Solution Steering has been more than two years in development. We have identified numerous business opportunities but also challenges in our business. We believe Sustainable Solution Steering will provide us, and our customers, with the roadmap we need to become more sustainable and to be successful in the future.

Why sustainability?



» It is more and more important to combine economic success with environmental demands and social responsibility. This approach is an important part of our corporate purpose: “We create chemistry for a sustainable future”. We see this as a great business opportunity and an area of cooperation with our customers.

Margret Suckale
Member of the Board of Executive Directors
of BASF SE

How do we prepare for a sustainable future? In today’s world that question seems more pressing than ever. Global business leaders must consider a host of factors and megatrends that will influence and affect their companies over the short, medium and long terms. They include climate change, resource scarcity, a growing global middle class that is increasingly city-based, a society that is more digitally connected than ever before and a technology revolution that is disrupting traditional business models and methods of production at a rate not seen before.

Issues like water scarcity are affecting consumer product development in several regions, especially in Asia and sub-Saharan Africa, while consumer action groups in the US and Europe are putting pressure on entire industries to include more sustainable ingredients in their products. Indeed, these trends are having a profound shift in the demands of society and consumers. Today, topics like climate change, resource and cost efficiency as well as social topics like labor standards are very much in the minds of consumers. When an issue interests or agitates them, they are quick to offer and share their opinions—often in online and social media forums that can spread their thoughts virally.

Our role as a leading supplier of chemistry solutions for consumer product manufacturers puts BASF at the heart of many sustainability topics and creates sustainability opportunities but also sometimes concerns. Take the global trend toward even thinner premium diapers for babies: A thinner and yet more eco-efficient diaper requires a tailor-made superabsorbent polymer (SAP) that allows the reduction of cellulose fluff. This results in less waste, lower transportation costs and leads to overall energy reduction. Traditionally the superabsorbent polymers are produced using petrochemicals. Additionally, BASF is now offering SAP derived from renewable raw materials by certified Mass Balance allocation and is working on a dedicated biobased SAP technology.

Consumers also are making more and more sustainable buying decisions. One recent Nielsen study found that 55 % of online consumers across 60 countries said they were willing to pay more for products and services provided by companies that are committed to positive social and environmental impact. That is a big shift from the long-held belief that just 18 % of shoppers bought “green”. Notably the percentage of “sustainable shoppers” is higher among the emerging economies of Asia, the Middle East and Latin America, and among the so-called Millennials aged 21–34, according to the Nielsen study (Nielsen Global Corporate Social Responsibility Survey 2014).

It is not just consumers that our customers are accommodating as they seek to create more sustainable products. New legal requirements all over the world are guiding whole industries towards sustainable change, whether it be CO₂ emissions in the United States or new European Union regulations regarding energy efficiency in new-build homes. Meanwhile, our customers are increasingly collaborating along the value chain to change entire industry set-ups, whether it be the retail and consumer goods Sustainability Consortium, the Sustainable Apparel Coalition or the clothing, footwear and retail known as ZDHC (Zero Discharge of Hazardous Chemicals).

55%

of online consumers across 60 countries said they were **willing to pay more** for products and services provided by companies that are committed to **positive social and environmental impact**.

(Nielsen Global Corporate Social Responsibility Survey 2014)

Our sustainability journey

BASF has a long tradition in sustainability and responsibility. Back in 1866, the company employed the world's first occupational physician. For decades, the entire Verbund production has been geared to minimizing waste, reducing transportation costs and maximizing efficiency and productivity.

In meeting the new sustainability challenges that BASF faces, we can draw on decades of experience improving environmental standards in our various operations. For example, in the 1980s and 1990s the chemical industry focused mainly on production processes and the reduction of emissions and waste (e.g., emissions of nitrogen to water have been reduced by nearly 90 % and about 17 million MWh energy saved per year through the Verbund production process). We have also achieved a high level of operational excellence in terms of safety, optimized operations and effective processes. BASF has been listed in the Dow Jones Sustainability Index for more than 10 years in succession. We have put in place continuous improvement programs to maintain this leading position because high sustainability standards are essential for BASF's license to operate and as a basis for resource and cost-efficient production.

BASF's sustainability management also helps minimize risks and establish strong relationships with internal and external stakeholders. We have long been committed to respect and promote global standards regarding compliance, environmental protection, health and safety, and responsible work. Adherence to these standards is important to avoid reputational as well as operational or strategic risks.

Understanding the benefits of building a sustainable operation does not stop at the front gates of BASF. We also expect our suppliers to be committed to, and actively support, the implementation of the principles of sustainable development within their sphere of influence. We also understand the need to demonstrate our commitment to sustainable business activities to our society's greater community.

In order to promote society's acceptance of business activities, BASF engages in an ongoing dialogue with a large group of stakeholders including customers, employees, shareholders, neighbors, workers' representatives, politicians, NGOs, media, civil society and business partners. This open exchange not only helps identify sustainability issues at an early stage and take appropriate measures to limit business losses, it also lays the ground for identifying market needs and turning them into product solutions.

"By understanding what our customers need to drive sustainability in their industry we can develop and design solutions, technologies and services that will target those needs," says Dirk Voeste, BASF's Vice President of Sustainability Strategy.

Indeed, while we understand that creating a more sustainable BASF poses challenges, it also offers great opportunities for growth and leadership in the chemical industry. With a portfolio of high-value products and intelligent solutions, BASF is in a position to address global megatrends and make a contribution to sustainable development, particularly in the following areas: resources, environment and climate, food and nutrition, and quality of life.



»» We systematically steer our entire portfolio towards more sustainable solutions supporting our customers to meet their needs.

Dirk Voeste
Vice President Sustainability Strategy

How BASF approaches sustainability

We have a long history in sustainability

1960s – 1970s

BASF starts to make significant improvements in plant and personal safety

1970s – 1980s

Implements requirements to reduce water and air emissions

1990s – 2000s

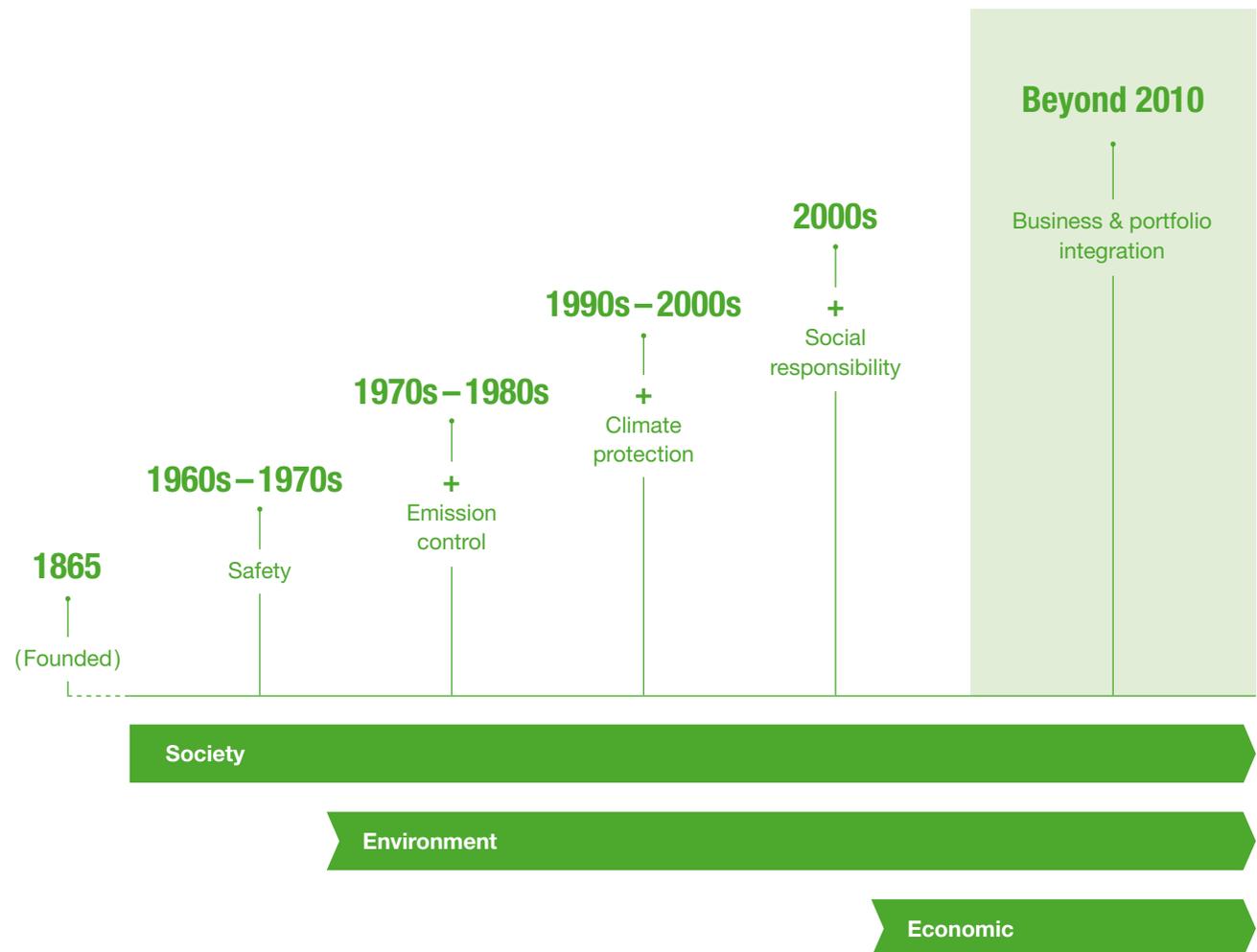
Adapts to new regulations on climate change and develops solutions for our customers to do so

2000s

Embraces social responsibility throughout the value chain and implements stricter chemical sector regulations. Supports our customers on their sustainability journeys

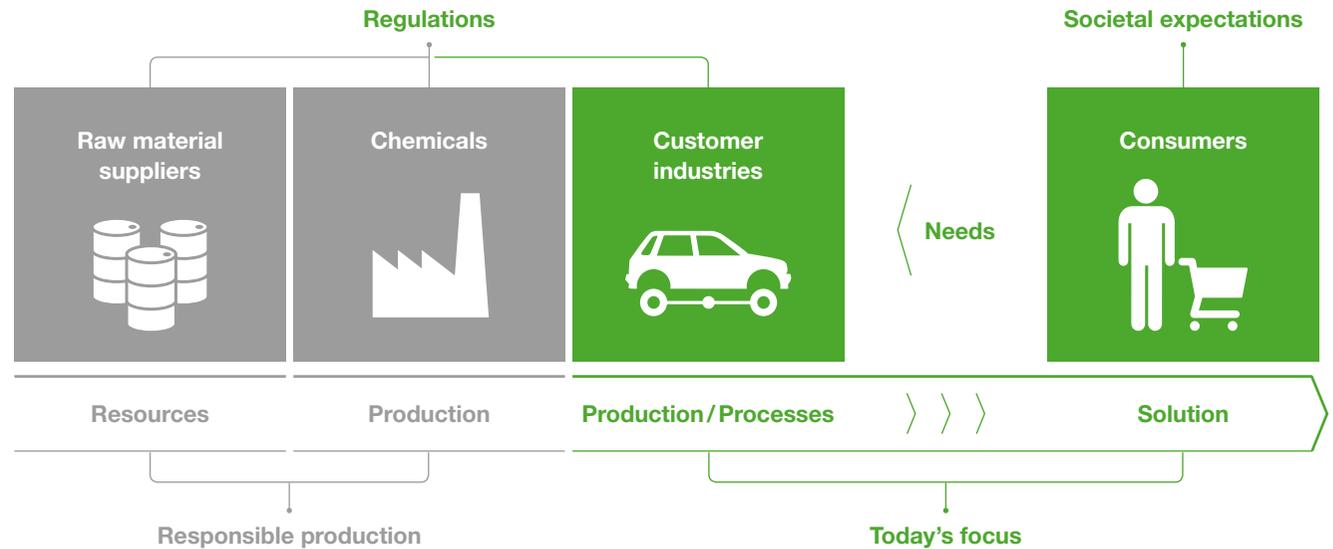
2010 and beyond

Systematically seeks new opportunities to integrate sustainability and generate value



We actively address changing regulations and societal expectations.

Chemistry as an enabler contributes significantly to sustainability needs.



Through the “We create chemistry” strategy, BASF is placing an even stronger emphasis on the contribution of its solutions to current and future sustainability needs. For BASF, chemistry is an enabler offering business opportunities that significantly contribute to our long-term success. With innovative solutions we can differentiate in the marketplace and simultaneously contribute to tackling the world’s environmental and social challenges. Our contributions differ from business to business and from region to region. Developing our company in accordance with our corporate purpose requires us to explore business value while at the same time managing risks.

For BASF, minimizing risks and pursuing market opportunities are two sides of the same coin. While the market potential is changing for some of our solutions due to emerging regulatory and market demands, we are introducing other solutions that will gain market share because of their improved sustainability performance. This continuous improvement process supports our long-term business success.

In terms of risk, our compliance program ensures that our solutions are legally compliant in their respective applications and regions. Moreover, the program describes how Responsible Care requirements have to be met to ensure safe handling of all our products along the value chain, reducing exposure to sustainability concerns in the market.

On the opportunity side, BASF has always created and made use of new solutions and technologies that contribute to the sustainability needs of our customers (e.g., insulation materials for buildings, lightweight plastics for cars). In the future, we can further enhance BASF’s business contribution by systematically identifying key drivers for sustainability in our industry —and in our customers’ industries—by developing innovative solutions that contribute to the priority issues of our customers.

So how do we measure sustainable development at BASF? And how can we ensure that our broad portfolio of products and solutions can contribute to sustainability to meet the needs of the market and society today and in the future? The crucial element for finding the best available solutions—and thus ensuring a more sustainable future—is the balancing of economic, environmental and social needs. A single solution or product cannot meet all three dimensions to an equal extent. So it is crucial that we are able to weigh the options and pursue the best solutions available.

We are convinced that our customers will demand more and more solutions with a pronounced contribution to sustainability. We are therefore continuously analyzing our complete portfolio from the viewpoint of the sustainability needs of our customers, incorporating the results into the strategies of the operating divisions and integrating sustainability criteria into our research and development innovation processes.

To implement our sustainability strategy and manage the evaluation processes effectively we have developed BASF's Sustainable Solution Steering—a business evaluation process that allows us to gain enhanced internal transparency and consistency on the sustainable development performance of more than 50,000 of BASF's solutions in all areas of the business globally. Using Sustainable Solution Steering we will be able to value and measure our solutions based on their sustainability performance in their relevant industry sectors.

The process also acts as an early warning system that enables BASF to identify where our solutions are facing sustainability obstacles. It also supports us to identify where they have sustainability benefits for BASF, our customers, society and the environment.

In addition, Sustainable Solution Steering provides our business units with the information they need to communicate our sustainability offering. We use this insight to differentiate in the specific markets, enter into dialog with our customers about their sustainability needs and hence generate new business opportunities.

» To develop a sustainable solution that only covers green aspects is not enough. It also needs to be affordable and has to meet societal demands.

Andreas Kicherer
Director Sustainability Strategy



Sustainable Solution Steering — the methodology

BASF manages an outstanding broad portfolio paired with a global presence. The company is structured into five segments, comprised of 14 divisions that are responsible for the strategic management of approximately 86 strategic business units grouped into four regions—Europe, Africa and the Middle East, Asia Pacific, North America and South America.

Due to the diversity of our businesses and the markets we operate in, we realize that there is no one-size-fits-all approach to sustainability. So, in order to gain a comprehensive understanding of our sustainability topics and opportunities we have created a robust but adaptable evaluation process that accounts for our upstream, intermediate and down-stream businesses as well as regional market differences. Our assessment considers industry and region-specific customer viewpoints, and all solutions are evaluated in a cradle-to-grave value chain approach including raw material supply, production, the use phase and recycling/disposal. Performance is assessed in terms of the value chain requirements and competing solutions on the market and is based on a combination of scientific evidences, expert judgments and market perception.

It consists of a three-stage process.



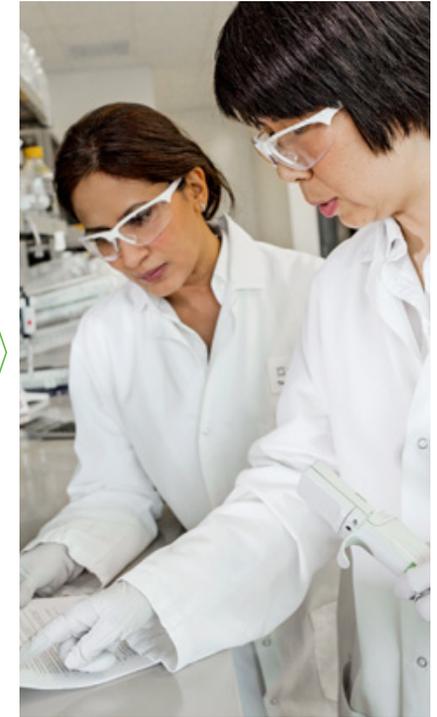
Stage One

Analysis of **sustainability needs** and trends in the value chains



Stage Two

Evaluation and categorization of product sustainability performance in the market application



Stage Three

Development of action plans for strategies, R&D, and market approach

Stage One is a thorough evaluation of the industry and region-specific sustainability needs. We assess current external market demands as well as future trends according to their relevance to our portfolio of solutions. We take into account the basic industry requirements as well as sustainability value that may exist for our customers and may offer us new market opportunities.

A central question we pose in this first phase is: “What are the current and upcoming sustainability needs of our customers?” For example, in the European automotive industry the reduction of greenhouse gas emissions in the use phase of a car is of utmost relevance, as the industry is facing strong regulatory pressure. The packaging industry, meanwhile, is striving to further reduce waste, as this topic is of high relevance for end consumers. The construction industry requires solutions with a low environmental footprint, affordable housing and durability.

In Stage Two, we check all our solutions in a given business unit portfolio according to the market’s sustainability needs. This is a two-part process. First we conduct a qualifier check where we evaluate each solution based on our own as well as the value-chain-specific economic, environmental and social criteria. The question we ask is: “Does our solution meet the current and future basic performance and sustainability requirements of the industry?” Then we assess the potential sustainability benefits of a solution by asking: “Does the solution provide a significant contribution to the sustainability needs of our customers?” Depending on the answers to these questions, our solutions are ranked according to their sustainability performance in the respective application and clustered into one of the following four categories.

-  **Accelerator:** A solution with a substantial sustainability contribution in the value chain
-  **Performer:** A solution that meets the basic sustainability standards in the marketplace
-  **Transitioner:** A solution for which a specific sustainability issue is actively addressed
-  **Challenged:** A solution with a significant sustainability concern identified and for which an action plan is under development

This analysis gives us a clear picture of the sustainability strengths and gaps of the specific portfolio in terms of market needs. Each Accelerator contributes at least to one of the following areas:

-  } Cost savings downstream
-  } Climate change
-  } Energy
-  } Resource efficiency
-  } Health and safety
-  } Biodiversity
-  } Renewables
-  } Emission reduction
-  } Water
-  } UN Millennium Development Goals

» To capture market opportunities it is essential to transfer the needs of our customers into the sustainability performance of our solutions.

Andreas Kicherer
Director Sustainability Strategy



Qualifier check

An explanation

Chemical products are essential for making sustainable development happen. Their use contributes to the improvement of quality of life and savings in resources, resulting in economic, ecological and social benefits. As an environmentally conscious and health and safety-oriented global company we are convinced that chemical substances must not pose risks to human health or the environment and so we act accordingly with highest environment, health and safety (EHS) standards, and our solution portfolio complies with all applicable national, state and local legal requirements. Additionally each solution needs to contribute to our own economic goals.

However, a solution that is today legally compliant in its respective application and region and in demand from customers might in the future face stricter legal requirements, a negative consumer perception or public pressure. To proactively identify solutions that are likely to be affected by a sustainability concern immediately, or in the foreseeable future, we conduct a qualifier check. The check consists of three parts, reflecting the three dimensions of sustainability—economy, environment and society.

One example of this comes from the packaging sector. Polyfluorinated substances are excellent at repelling grease and water and are therefore commonly used as coatings for paper packaging. However, these substances do not easily degrade if they enter the environment.

In Stage Three, we develop measures and milestones to help identify new market opportunities, further innovations and reduce potential sales risks associated with the less sustainable solutions in our portfolio.

The questions we ask are: “With which measures (e.g., R&D, reformulation, product stewardship, phase-out) can we improve the sustainability performance of our solutions?” and “How can we and our customers gain maximum value from our sustainable solutions?” Within this step we discuss with our customers their needs and start to develop the best possible solution for them.



» Sustainable Solution Steering gives us ideas, feedback, perspective and common understanding of sustainability potential and challenges along the entire value chain.

Markus Piepenbrink
Head of Global New Business Development,
Renewables and Sustainability, Intermediates Division

Although the European authorities consider them to pose only a very low risk to human beings and the environment, we expect the EU will enact stronger regulation in the future. For this reason we have classed polyfluorinated substances as Challenged under the Sustainable Solution Steering method when used in paper coatings.

We have decided to no longer sell these substances and, instead, develop paper coatings that do not accumulate in the environment and are biodegradable (ecovio®) or recyclable (Epotal®). These greaseproof barriers based on ecovio® and Epotal® are now being launched in the market and are classed as Accelerators by the Sustainable Solution Steering method.

Example: Paper coating

- 1. Identification of Challenged solution**
Polyfluorinated substances (environmental concern)
- 2. Development of action plan**
Start of research project
- 3. Launch of Accelerator**
Recyclable Epotal® SP-101 D and biodegradable ecovio® paper coating

-  Resource efficiency
-  Renewables



Sustainable Solution Steering— the process

The first pilot scheme in developing Sustainable Solution Steering took place in 2011 and, since then, more than 150 workshops have been conducted with the involvement of more than 1,500 experts, and more than 50,000 solutions have been assessed in their specific application.

The assessments are conducted in a workshop format to discuss and achieve alignment on specific topics with colleagues from product safety, strategy, marketing, sales, communication, regulatory units and sustainability. To ensure a common understanding and an alignment across all businesses, the workshops are led by sustainability experts from corporate and business units.

In order to make the Sustainable Solution Steering methodology as robust as possible, it has been validated by PricewaterhouseCoopers AG Germany (PwC) in a limited assurance process.

R&D

How can our solution **meet** the sustainability requirements?



Sales

How can my customer **benefit** from our offering?



Product safety

What are the product **safety requirements** along the value chain from raw materials to end consumer?



Production

Are our processes more **efficient** than the market standard?



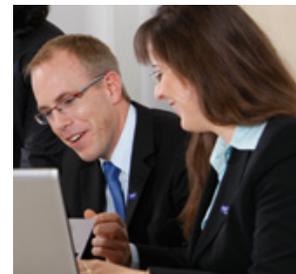
Marketing

Is our solution meeting the customer's expectations and does it **differentiate** in the market?



Sustainability

What are the sustainability **expectations** in the customer industry?



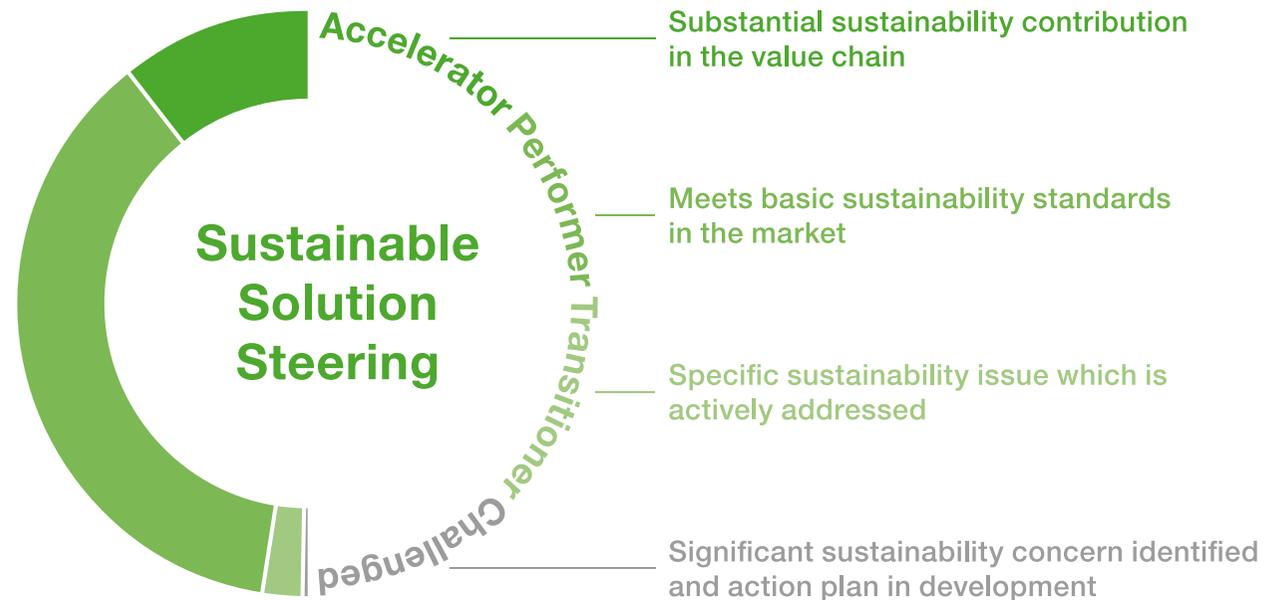
Regulatory

Which are the specific actual and foreseeable **regulations** in the respective country?

Overall results*

About 22 % of global sales are generated from solutions that were rated as Accelerator, demonstrating the significant contribution of innovative solutions to address customers' sustainability needs.

Over 72 % of sales are from products rated as Performer, which help our customers meet the basic sustainability standards in their markets. Just 5 % were classified as Transitioner and less than 1 % as Challenged—meaning that, while we have plenty of work still to do, our current high level of product stewardship activities and the success of continuous improvement processes to date are paying off.



* as of August 2014
(Up to now about 80 % of 50,000 relevant product applications in the company's portfolio were assessed. In total all relevant product applications represent sales of €56 billion.)

The importance of Accelerators



» We traced several thousands of Accelerators back two years and we could see that their average growth rate outperformed their respective markets.

Florian Feigs
Senior Manager
Applied Sustainability Downstream

To qualify as an Accelerator, a BASF solution must make a substantial contribution to at least one designated and relevant area of sustainable development while not having significant negative impacts on any other area of sustainable development.

Most Accelerator solutions contribute to resource efficiency and to cost savings downstream, which are often complementary. We also identified other important sustainability topics addressed by the Accelerators including health and safety as well as climate change and energy. Some Accelerators contribute to biodiversity and renewables as well as to the UN Millennium Development Goals.

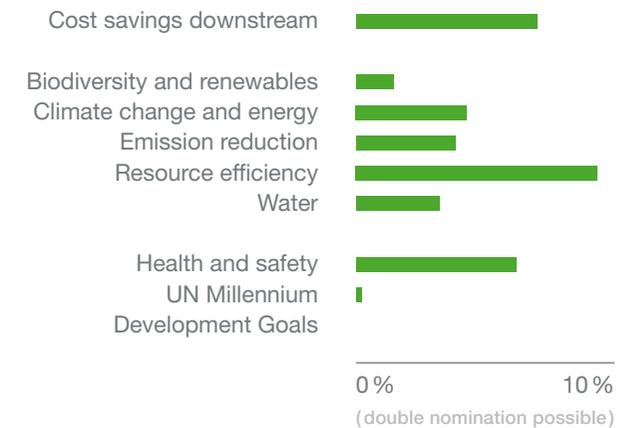
Take the renewable energy sector. To date, fossil fuels account for the majority of the global energy mix. A BASF solution that makes a substantial contribution to a renewable energy technology, be it wind, solar thermal, photovoltaic or tidal power would be assessed as an Accelerator.

The same is true in the thermal insulation of existing buildings. We know that insulation materials for the thermal remediation of houses help contribute to the reduction of greenhouse gas emissions by decreasing heating requirements. However, to date, only a small proportion of existing buildings in Europe are thermally insulated. Thermal insulation solutions used for the retrofitting of older buildings would be evaluated as Accelerators. However, because the thermal insulation of new buildings is regulated by law in European countries, solutions that are applied for thermal insulation of new buildings would be assessed as Performers.

Regional differences also play a role in our assessment. For example, we have developed a broad range of waterborne coatings solutions for the automotive refinish industry. In some global regions, the market standard for this application is still solvent-based and our water-based solutions constitute a sustainable development improvement in these regions, so we classify them as Accelerators. However, in regions where the use of solvent-based products is regulated by a low VOC (volatile organic compounds) threshold, we classify the waterborne solutions as Performers.

“The entire Sustainable Solution Steering instrument gives us a fresh perspective on our internal discussions and growth. We want Accelerators to be economic drivers of BASF and, already, we have seen there is a correlation between Accelerators and economic success,” notes Markus Piepenbrink, Head of Global New Business Development, Renewables and Sustainability, Intermediates Division.

About 22 % of our solutions are Accelerators



We are highly aware of the sustainability needs of the **automotive industry**



Industry needs

- Growing mobility demand
- Minimizing environmental impact
- Cost reduction

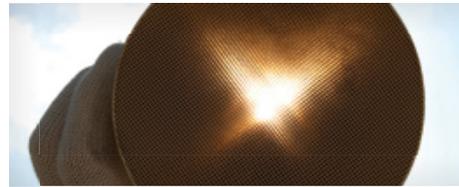
... and meet them with **our Accelerators**



 Lightweight plastics



 Fuel additives



 Catalysts



 Integrated coating processes

Accelerators in action

Here are more examples of BASF Accelerator solutions and the sustainability topic they address:

Automotive

Climate change, resource efficiency, air purity and health and safety are important sustainability topics for the automotive industry. BASF offers a great number of solutions to address these challenges. Lightweight plastic materials reduce the weight of the cars and thus improve fuel efficiency. Catalysts dramatically reduce harmful exhaust emissions and therefore improve air quality. Integrated processes shorten the coating process by eliminating the primer and a baking step, thus showing clear advantages in energy consumption, greenhouse gases and VOC emissions. These solutions in the automotive application are classified as Accelerators as they improve our customers' sustainability performance.

BASF offers several different fuel additive packages under the Kerapur® brand. Fuel additives keep the valves in Otto and Diesel engines clean and thus increase combustion efficiency. In addition, they reduce the friction between piston and cylinder. Together, these effects reduce fuel consumption and exhaust emissions. Most of BASF's innovative fuel additives have therefore been classified as Accelerators.

We are highly aware of the sustainability needs of the **packaging industry**



Industry needs

- Reduction of weight and environmental impact
- Recyclability
- Renewable raw materials
- Health and safety aspects

> ... and meet them with **our Accelerators**



 Epotal® SP-101 D for paper coating



 Biodegradable ecovio® paper coating



 Polyamide films



 Water-based resins Joncryl FLX®

Packaging

In the packaging industry, enhanced resource efficiency through waste reduction as well as health and safety aspects are of utmost importance. Packaging makes an essential contribution to reducing food losses, as protected goods have a significantly longer shelf life. BASF is working continuously to improve the properties of its packaging solutions to reduce the amount of material needed. Polyamide films for flexible cheese packaging are one example, as they are more material-efficient than rigid packaging. The polyamide used in this application is therefore classified as an Accelerator.

Another example of an Accelerator is the Joncryl FLX® product line, water-based resins for flexible packaging printing, that offers an alternative to solvent-based printing technologies. It reduces volatile organic compounds emissions from the printing process and overall packaging life cycle.

Collaboration with our customers



Reassuring our customers in an uncertain world

“The North American consumer care products industry is undergoing significant change. It is increasingly more difficult for our customers to navigate the regulatory landscape while also having to respond to fluctuating retail requirements; they need a partner to help navigate this new environment. The major market demands center around the topics of transparency, quality and comprehensiveness of sustainability in a complex environment. My customers need to know they have a partner they can trust.”

Denise Petersen

Sustainability Manager
Care Chemicals North America



Listening and learning from our customers

“We are not going to tell the world what sustainability is. We have to be willing to learn. We can bring the chemistry but we have to be educated as well. Customers can show us consumer trends and how we need to adapt and move forward.”

Teresa Szelest

Senior Vice President
Global Business Unit Hygiene



Making the business case for sustainability

“Sustainable Solution Steering helps bring together a different perspective and insight into a portfolio discussion that is broader than just volume, sales price and technology. We want Accelerators to be economic drivers of BASF and we have seen there is a correlation between Accelerators and economic success. Sustainable Solution Steering will get the big picture of our product portfolio and gives results that I can use for R&D as well as product safety. For me it is so valuable because it is what it says—it can steer the business in the way BASF needs to go.”

Annegret Scannell-Lansky

Head of Product Safety and Sustainability
in the Performance Chemicals Division



Making the case for sustainability to customers

“Local customers in Asia want to know what a major multinational like BASF thinks about sustainability. They are impressed that, often, we are taking into account more factors than they are. Normally it’s difficult for a chemical company to talk about sustainability so we must have something good to say. Sustainable Solution Steering gives us the credibility to be seen as the business driver of sustainability. It also helps our customers and their shareholders see how we can help bring profits.”

Lida Dai
Senior Manager
Strategic Marketing Dispersions and Pigments Asia Pacific



Providing sustainability leadership for system change

“We need to get people interested in why sustainability matters. Sustainable Solution Steering is the right way to do this and make the public aware not just of our scientific work but also create awareness about how our actions will improve their personal lives or their companies.

BASF is turning around from a product-oriented focus to an industry and solution-oriented focus. We’ll be able to bring BASF expertise to bear on an industry around one product and help drive real sustainability system change.”

Friedhelm Lehrich
Vice President Business Management Construction



Better understanding what our customers need

“We have run our whole portfolio at Nutrition and Health twice already through the steering process and I think one thing that became evident is that it’s crucial for us to understand the market needs even better. We need to be sure we are linking to what matters to the customer. In a way the steering process has changed the philosophy of what sustainability meant for BASF. We have been able to take our conversations in sustainability to the next level. The process has helped us speak the same language and start from the same viewpoint when we talk sustainability.”

Kristina Graeper
Director of Applied Sustainability Nutrition and Health

Path for the future

Moving forward, the Sustainable Solution Steering method will be incorporated into all our business unit strategies, enabling us to minimize the risks while maximizing the market opportunities associated with sustainable development.

It will offer BASF a comprehensive and transparent understanding of its entire portfolio of solutions and will help us foster greater collaboration with our customers and community—both in terms of improving our existing solutions and developing new ones, and in applying our knowledge to industry and sector-wide system change. In this way we intend to provide a blueprint for how all our customers can embed sustainability into their own operations and business practices.

Our goal is to increase the share of Accelerators while simultaneously reducing the impact of the solutions considered Transitioners or Challenged to minimize business risk. All our business units will develop an action plan for solutions classified as Challenged. Based on a thorough evaluation of the sustainability issues, the market impacts and the regional specifics, the units then develop different options for tackling the Challenged solutions. These options include starting a research project, reformulating, additional product stewardship measures or phasing out the solution in the respective application. Our goal is to reduce exposure to the Challenged solutions and to derive new business opportunities by solving the sustainability concern.

In the case of Transitioners, the implementation of the action plans is already ongoing and we monitor the progress on an annual basis. When it comes to the Performers we both check these solutions to identify the fit-to-future needs and what steps can be taken to meet them, and we work to develop application areas in which they can show enhanced sustainability performance to graduate into the Accelerator category.

By embedding the Sustainable Solution Steering process in our R&D processes we can help introduce innovations to address sustainability megatrends that will shape our planet, e.g.:

- develop smart construction solutions to help meet the housing needs of a rapidly urbanizing world
- provide water solutions to help solve emerging water stress issues
- promote sustainable agriculture solutions to help feed a global population that will reach more than nine billion by 2050
- develop battery solutions to help us achieve cleaner mobility

Ultimately, Sustainable Solution Steering will benefit our customers by delivering new business opportunities through innovative solutions as well as providing support on their own sustainability needs. It will benefit society by reducing environmental impacts throughout industry and by improving many people's quality of life. And, of course, it will benefit our shareholders by leveraging business opportunities while at the same time reducing risks.



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