Our strategy
Corporate strategy

With the “We create chemistry” strategy, BASF has set itself ambitious goals in order to strengthen its position as the world’s leading chemical company. We want to contribute to a sustainable future and have embedded this into our corporate purpose: “We create chemistry for a sustainable future.”

In 2050, nearly ten billion people will live on Earth. While the world’s population and its demands will keep growing, the planet’s resources are finite. On the one hand, population growth is associated with huge global challenges; and yet we also see many opportunities, especially for the chemical industry.

Our corporate purpose

- We create chemistry for a sustainable future

We want to contribute to a world that provides a viable future with enhanced quality of life for everyone. We do so by creating chemistry for our customers and society and by making the best use of available resources.

We live our corporate purpose by:
- Sourcing and producing responsibly
- Acting as a fair and reliable partner
- Connecting creative minds to find the best solutions for market needs

For us, this is what successful business is all about.

Our leading position as an integrated global chemical company gives us the chance to make important contributions in the following three areas:
- Resources, environment and climate
- Food and nutrition
- Quality of life

We therefore act in accordance with four strategic principles.

Our strategic principles

- We add value as one company
- We innovate to make our customers more successful
- We drive sustainable solutions
- We form the best team

We add value as one company. Our Verbund concept is unique in the industry. Encompassing the Production Verbund, Technology Verbund and Know-How Verbund as well as all relevant customer industries worldwide, this sophisticated and profitable system will continue to be expanded. This is how we combine our strengths and add value as one company.

We innovate to make our customers more successful. We want to align our business even more with our customers’ needs and contribute to their success with innovative and sustainable solutions. Through close partnerships with customers and research institutes, we link expertise in chemistry,
biological, physical, materials science and engineering to jointly develop customized products, functional materials, and system solutions as well as processes and technologies.

**We drive sustainable solutions.** In the future, sustainability will more than ever serve as a starting point for new business opportunities. That is why sustainability and innovation are becoming significant drivers for our profitable growth.

**We form the best team.** Committed and qualified employees around the world are the key to making our contribution to a sustainable future. Because we want to form the best team, we offer excellent working conditions and inclusive leadership based on mutual trust, respect and dedication to top performance.

**Our values**

- Creative
- Open
- Responsible
- Entrepreneurial

Our conduct is critical for the successful implementation of our strategy: This is what our values represent. They guide how we interact with society, our partners and with each other.

**Creative:** In order to find innovative and sustainable solutions, we have the courage to pursue bold ideas. We link our areas of expertise from many different fields and build partnerships to develop creative, value-adding solutions. We constantly improve our products, services and solutions.

**Open:** We value diversity – in people, opinions and experience. That is why we foster dialog based on honesty, respect and mutual trust. We develop our talents and capabilities.

**Responsible:** We act responsibly as an integral part of society. In doing so, we strictly adhere to our compliance standards. And in everything we do, we never compromise on safety.

**Entrepreneurial:** All employees contribute to BASF’s success – as individuals and as a team. We turn market needs into customer solutions. We succeed in this because we take ownership and embrace accountability for our work.

**Our focus areas**

- We set ourselves goals along the value chain for our focus areas

We used a materiality analysis to identify and rank relevant sustainability issues for BASF. These topics include, for example, energy and climate, water, resources and ecosystems, responsible production, and employment and employability. We updated our sustainability goals to this effect in 2015 and aligned them along the entire value chain. We practice responsible procurement. We design our production to be efficient and safe for people and the environment. We treat both our employees and our partners with respect and fairness. We drive sustainable products and solutions.

For more on innovation, see page 34 onward
For more on business opportunities with sustainability, see page 31 onward
For more on the Best Team Strategy, see page 42 onward

For more on our materiality analysis, see basf.com/materiality
For more on our goals, see page 28 onward
Management’s Report

Our strategy — Corporate strategy

The BASF brand

- Above-average awareness of, and trust in, BASF brand in chemical industry

We rely on a strong brand in order to further expand our position as the world’s leading chemical company. Our brand is derived from our strategy and our corporate purpose – “We create chemistry for a sustainable future” – as well as our strategic principles and values.

“Connected” describes the essence of the BASF brand. Connectivity is one of BASF’s great strengths. Our Verbund concept – realized in production, technologies, knowledge, employees, customers and partners – enables innovative solutions for a sustainable future. The claim that “We create chemistry,” as stated in the BASF logo, helps us embed this solution-oriented strategy in the public consciousness. Our brand creates value by helping communicate its benefits for our stakeholders as well as our values.

Wherever our stakeholders encounter our brand, we want to convince them that BASF stands for connectivity, intelligent solutions, value-adding partnerships, an attractive working environment and sustainability. This contributes to our customers’ confidence in their buying decisions and to our company value.

We are constantly developing our brand image by measuring awareness of and trust in our brand, and therefore in our company. A global market research study conducted every two years showed in 2014 that, in terms of awareness and trust, BASF is above the industry average in numerous countries. The study collected data on respondents’ aided awareness of BASF and our most important competitors. Our goal is to continue increasing awareness of BASF in all of our relevant markets.

Global standards

- We act according to clearly defined values and standards of conduct that comply with or go beyond laws and regulations
- We review our performance with regular audits and a three-pronged monitoring system

Our standards fulfill or exceed existing laws and regulations and take internationally recognized principles into account. We respect and promote:
- The ten principles of the U.N. Global Compact
- The United Nations’ Universal Declaration of Human Rights and the two U.N. human rights covenants
- The ILO’s core labor standards and its Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The OECD Guidelines for Multinational Enterprises
- The Responsible Care Global Charter
- The German Corporate Governance Code

We stipulate rules for our employees with standards that apply throughout the Group. We set ourselves ambitious goals with voluntary commitments and review our environmental, health and safety performance using our Responsible Care Management System. A worldwide monitoring system ensures our compliance with labor and social standards. At its core are three main pillars:
- External compliance hotlines
- The annual survey of our Group companies
- Close dialog with our stakeholders, such as employee representatives and international organizations

Our business partners are expected to uphold prevailing laws and requirements and to align their actions with internationally recognized principles. We have established monitoring systems to ensure this.

For more on labor and social standards, see page 47
For more on Responsible Care Management, see page 98
For more on corporate governance, see page 127 onward
For more on compliance, see page 136 onward
Innovations for a sustainable future

Innovations in chemistry are necessary to meet the needs of the growing world population on a long-term basis. The development of new products and solutions is, therefore, of vital significance for BASF. In the long term, we aim to continue significantly increasing sales of these products and solutions, and earn higher margins from them than the rest of our portfolio. This means effective and efficient research is becoming increasingly important. Aside from the research and development activities in our established business, we are also working on growth fields to tap new business areas for BASF. Through these, we can make a decisive contribution to innovative solutions for global challenges and contribute to sustainable development. We regularly review the growth fields in terms of their attractiveness for BASF. We will tailor our technology fields even more closely to the BASF Group’s needs and reorganize them into key technologies. Key technologies combine skills and knowledge in order to maintain the long-term competitiveness of our business and products.

Our worldwide research expertise is pooled into three platforms each headquartered in one of the regions particularly significant for us: Europe, Asia Pacific and North America: Process Research & Chemical Engineering (Ludwigshafen, Germany), Advanced Materials & Systems Research (Shanghai, China) and Bioscience Research (Research Triangle Park, North Carolina). In the long term, we aim to conduct half of our research and development activities outside of Europe and are continuing to expand our R&D activities in both Asia and America. This means focusing on growth in regional markets. Our stronger global presence opens up new opportunities to participate in regional developments in innovation and gain access to local talent.

Business expansion in emerging markets

In the years ahead, we want to grow even more vigorously in the emerging markets and further expand our position there. Today’s emerging markets are expected to account for around 60% of global chemical production in 2020. We aim to benefit from the above-average growth in these regions and therefore plan to invest more than a quarter of our capital expenditures there between 2016 and 2020.

The weakening of the emerging markets continued in 2015. In China, growth slowed down as part of the orientation toward a more consumption-oriented growth model. This dampened growth not only in Asia, but also in the emerging markets of South America that export raw materials. While the Argentinian economy was able to stabilize at a low level, Brazil slid into a sharp recession that intensified toward the end of the year as domestic and foreign demand weakened. Russia, too, experienced a significant decline in its gross domestic product in light of low oil prices and ongoing mutual trade sanctions on the part of the E.U. and United States.

Compared with 2014, sales at our companies headquartered in the emerging markets rose by 3% to €16,230 million. This was largely the result of positive currency effects and increased volumes. Measured by customer location, sales (excluding the Oil & Gas segment) in the emerging markets grew by 2% to €19,572 million. This brought sales to customers in emerging markets to around 34% of total sales (excluding Oil & Gas) in 2015. In the years ahead, we want to continue expanding this percentage.

Sales\(^1\) in emerging markets

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>34%</td>
</tr>
<tr>
<td>2005</td>
<td>27%</td>
</tr>
</tbody>
</table>

\(^1\) Percentage of BASF Group sales (excluding Oil & Gas) by location of customer

\(^2\) Comprises EU15, Norway, Switzerland, United States, Canada, Japan, South Korea, Australia, New Zealand

For more on innovation, see page 34 onward

For more on our goals, see page 28 onward
Goals

We carry out our corporate purpose, “We create chemistry for a sustainable future,” by pursuing ambitious goals along our entire value chain. In this way, we aim to achieve profitable growth and take on social and environmental responsibility, focusing on issues through which we as a company can make a significant contribution. We updated and revamped our goals to this effect in 2015.

Goal areas along the value chain

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>BASF</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>Growth and profitability; employees; production; product stewardship; energy and climate protection; water</td>
<td>Products and solutions</td>
</tr>
</tbody>
</table>

Growth and profitability

In 2011, we set ourselves sales and earnings goals for 2015 and 2020 as part of the “We create chemistry” strategy. In October 2014, we announced that we would not reach the financial goals for 2015, primarily because gross domestic product and industrial and chemical production had grown at a considerably slower average rate from 2010 to 2015 than our strategy had anticipated.

In September 2015, we reduced our expectations for the global economic environment from 2015 to 2020 (previous forecast in parentheses):
- Growth of gross domestic product: 3.0% (3.2%)
- Growth in industrial production: 3.5% (3.7%)
- Growth in chemical production: 3.9% (4.0%)

As a consequence, we no longer adhere to the financial goals previously stated for 2020.

Our aim for the years ahead is, on average, to grow sales slightly faster and EBITDA considerably faster than global chemical production, and to earn a significant premium on our cost of capital. Moreover, we strive for a high level of free cash flow each year, either raising or at least maintaining the dividend at the prior-year level.

Procurement

Assessment of sustainability performance of relevant suppliers\(^1\) according to our risk-based approach; development of action plans where improvement is necessary

<table>
<thead>
<tr>
<th>2020 Goal</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>31%</td>
<td>Page 94</td>
</tr>
</tbody>
</table>

\(^1\) We define relevant suppliers as those showing an elevated sustainability risk potential as identified by risk matrices and with respect to corresponding country risks. Our suppliers are evaluated based on risk due to the size and scale of our supplier portfolio.

Employees

Proportion of women in leadership positions with disciplinary responsibility

<table>
<thead>
<tr>
<th>2021 Goal</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>22–24%</td>
<td>19.5%</td>
<td>Page 45</td>
</tr>
</tbody>
</table>

Long-term goals

Proportion of international senior executives\(^2\)

| Increase in proportion of non-German senior executives (baseline 2003: 30%) | 35.6% | Page 45 |

Senior executives with international experience

| Proportion of senior executives with international experience over 80% | 82.9% | Page 45 |

Employee development

| Systematic, global employee development as shared responsibility of employees and leaders based on relevant processes and tools | The project has been implemented for around 60,000 employees worldwide. | Page 44 |

\(^2\) The term “senior executives” refers to leadership levels 1 to 4, whereby level 1 denotes the Board of Executive Directors. In addition, individual employees can attain senior executive status by virtue of special expertise.
### Production

<table>
<thead>
<tr>
<th>Goal</th>
<th>2025 Goal</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of worldwide lost-time injury rate per one million working hours</td>
<td>≤0.5</td>
<td>1.4</td>
<td>Page 100</td>
</tr>
<tr>
<td>Reduction of worldwide process safety incidents per one million working hours</td>
<td>≤0.5</td>
<td>2.1</td>
<td>Page 101</td>
</tr>
<tr>
<td>Health Performance Index</td>
<td>&gt;0.9</td>
<td>0.97</td>
<td>Page 101</td>
</tr>
</tbody>
</table>

### Product stewardship

<table>
<thead>
<tr>
<th>Goal</th>
<th>2020 Goal</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk assessment of products sold by BASF worldwide in quantities of more than one metric ton per year</td>
<td>&gt;99%</td>
<td>67.8%</td>
<td>Page 103</td>
</tr>
</tbody>
</table>

### Energy and climate protection

<table>
<thead>
<tr>
<th>Goal</th>
<th>2020 Goals</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covering our primary energy demand through the introduction of certified energy management systems (ISO 50001) at all relevant sites</td>
<td>90%</td>
<td>39.5%</td>
<td>Page 106</td>
</tr>
<tr>
<td>Reduction of greenhouse gas emissions per metric ton of sales product excluding Oil &amp; Gas, baseline 2002</td>
<td>~40%</td>
<td>~34.6%</td>
<td>Page 106</td>
</tr>
</tbody>
</table>

1 The selection of relevant sites is determined by the amount of primary energy used and local energy prices.

### Water

<table>
<thead>
<tr>
<th>Goal</th>
<th>2025 Goal</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction of sustainable water management at all production sites in water stress areas and at all Verbund sites excluding Oil &amp; Gas</td>
<td>100%</td>
<td>36.2%</td>
<td>Page 110</td>
</tr>
</tbody>
</table>

### Products and solutions

<table>
<thead>
<tr>
<th>Goal</th>
<th>2020 Goal</th>
<th>Status at end of 2015</th>
<th>More on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the proportion of sales generated by products that make a particular contribution to sustainable development (&quot;Accelerators&quot;)</td>
<td>28%</td>
<td>26.6%</td>
<td>Page 32</td>
</tr>
</tbody>
</table>
Value-based management

“We add value as one company” is one of the four principles of our “We create chemistry” strategy. To create value in the long term, a company’s earnings must exceed the cost of stockholders’ equity and borrowing costs. This is why we strive to earn a high premium on our cost of capital. To ensure BASF’s long-term success, we encourage and support all employees in thinking and acting entrepreneurially in line with our value-based management concept. Our goal: to create awareness as to how each and every employee can find value-oriented solutions in the company’s day-to-day operations and implement these in an effective and efficient manner.

**EBIT after cost of capital**

- **Performance and management indicator**

Earnings before interest and taxes (EBIT) after cost of capital is a key performance and management indicator for the BASF Group and its operating divisions and business units. This figure combines the company’s economic situation as summarized in EBIT with the costs for the capital made available to us by shareholders and creditors. When we earn a premium on our cost of capital, we exceed the return expected by our shareholders.

### EBIT after cost of capital (in million €)

#### Five-year summary

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT after cost of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>194</td>
</tr>
<tr>
<td>2014</td>
<td>1,368</td>
</tr>
<tr>
<td>2013</td>
<td>1,768</td>
</tr>
<tr>
<td>2012</td>
<td>1,164</td>
</tr>
<tr>
<td>2011</td>
<td>2,551</td>
</tr>
</tbody>
</table>

1. The figure for 2011 was not restated in accordance with IFRS 10 and 11.

**Calculation of EBIT after cost of capital**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT BASF Group</th>
<th>Less EBIT for activities not assigned to the segments(^1)</th>
<th>Less cost of capital(^2)</th>
<th>EBIT after cost of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6,248</td>
<td>(985)</td>
<td>7,039</td>
<td>194</td>
</tr>
<tr>
<td>2014</td>
<td>7,626</td>
<td>(133)</td>
<td>6,391</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) The projected net expense is already provided for by an increase in the cost of capital percentage.

\(^2\) In 2014 and 2015, the cost of capital percentage was 11%.

**Value-based management throughout the company**

- **Exercising a value-oriented mindset in day-to-day business by every employee**

For us, value-based management means the daily focus placed on value by all of our employees. To this end, we have identified value drivers that show how each and every unit in the company can create value. We develop performance indicators for the individual value drivers that help us to plan and pursue changes.

An important factor in ensuring the successful implementation of value-based management is linking the goals of BASF to the individual target agreements of employees. In the operating units, the most important performance indicators are the achievement of a positive EBIT after cost of capital and a competitive level of profitability. By contrast, the functional units’ contribution to value is assessed on the basis of effectiveness and efficiency.

All this forms a consistent system of value drivers and key indicators for the individual levels and functions at BASF. In addition to EBIT after cost of capital, EBIT and EBIT before special items are the most significant performance indicators for measuring economic success as well as for steering the BASF Group and its operating units.

We primarily comment on EBIT before special items on a segment and division level in our financial reporting because this figure is adjusted for influences not associated with typical business operations. This makes it particularly suitable for describing financial development over time. In addition to EBIT before special items, we also report on sales as a further main driver for EBIT after cost of capital. BASF’s nonfinancial targets are focused more on the long term, and are not used for short-term steering.

According to our value-based management concept, all employees can make a contribution in their business area to help ensure that we earn the targeted premium on our cost of capital. We pass this value-based management concept on to our team around the world through seminars and training events, thereby promoting entrepreneurial thinking at all levels within BASF.

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**Calculation of cost of capital percentage**

The cost of capital percentage (weighted average cost of capital, WACC) is determined using the weighted cost of capital from equity and borrowing costs. The cost of equity is ascertained using the Capital Asset Pricing Model. Borrowing costs are determined based on the financing costs of the BASF Group.

EBIT after cost of capital, which we use as a steering parameter, is a pretax figure. Therefore, we use the current average tax rate to derive the pretax cost of capital percentage from the WACC. In 2015, this cost of capital percentage was 11%; in 2016, this figure will be 10% due to lower capital market interest rates. Based on this, an EBIT threshold is calculated which must then be reached by all operating units put together in order to earn the cost of capital of the BASF Group.

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Sustainability management

Sustainability is embedded into our corporate strategy. We employ the various tools of our sustainability management toward living out our company purpose: “We create chemistry for a sustainable future.” This is how we underpin the strategic principle, “We drive sustainable solutions.” By integrating sustainability aspects into our core business, we take advantage of business opportunities and minimize risks along the value chain.

Strategy

- Identifying significant topics and trends
- Taking advantage of business opportunities
- Minimizing risks

As the world’s leading chemical company, we aim to add value in the long term for our company, the environment, and society. Sustainability is simultaneously an essential part of our risk management and a driver for growth. That is why we incorporate aspects of sustainability into our decision-making processes and define clear responsibilities for this in our organization.

Through our materiality analysis, continuous dialog with stakeholders, and our many years of experience, we are always developing a better understanding of significant topics and trends as well as potential opportunities and risks along our value chain.

We used a materiality analysis in 2013 to identify and prioritize relevant sustainability topics for BASF. Material aspects derived from this include, for example, energy and climate, water, resources and ecosystems, responsible production, and employment and employability. These are the focus areas of our reporting. We have also integrated them into our steering processes and used them as the basis for working out our new global sustainability goals.

In order to properly account for changing conditions and requirements, we initiated an internal analysis in 2015 to review the results of the materiality analysis. We have already started involving numerous colleagues and in 2016, we want to exchange with external stakeholders.

We take advantage of business opportunities by offering our customers innovative products and solutions that contribute to sustainable development. We ensure that sustainability criteria are integrated into our business units’ development and implementation of their strategies, research projects, and innovation processes. For example, we identify the sustainability value drivers and risks for specific value chains. We analyze the sustainability strategies of competitors and customers in order to tap new business opportunities.

Our risk management supports our long-term business success. We aim to reduce risks by setting ourselves globally uniform requirements for environmental and health protection, safety and security, product stewardship, compliance, and labor and social standards that frequently go beyond legal requirements. Internal monitoring systems and complaint mechanisms enable us to check compliance with these standards: these include, for example, questionnaires, audits and compliance hotlines. All employees and managers are required to abide by our global Code of Conduct, which defines a mandatory framework for our business activities.

Our investment decisions for property, plant and equipment and financial assets also involve sustainability criteria. Our decision-making is supported by expert appraisals that assess economic implications as well as potential effects on the environment, human rights or local communities.

Engaging stakeholders

- Constant dialog with our stakeholders

Our stakeholders include employees, customers, suppliers and shareholders, as well as experts in science, industry, politics, society and media. Parts of our business activities, such as the use of new technologies, are frequently viewed by our stakeholders with a critical eye. In order to increase societal acceptance for our business activities, we take on critical questions, assess our business activities in terms of their sustainability, and communicate transparently. Such dialogs help us to even better evaluate which measures we should pursue to keep people informed on these topics, establish trust, and form partnerships.

To get our stakeholders even more closely involved, the Board of Executive Directors once again met with international experts from science and industry – the Stakeholder Advisory Council – in 2015 to discuss important aspects of sustainability. These included topics like the influence of externalities and the challenges of renewable raw materials, especially palm kernel oil.

We have a particular responsibility toward our production sites’ neighbors. With the established community advisory panels, we aim to promote open exchange between citizens and our site management, and strengthen trust in our activities. In 2015, for example, we tackled a concrete recommendation made by the Stakeholder Advisory Council in 2014 and developed global recommendations for the community advisory panel system.
BASF is also involved in worldwide initiatives with various stakeholder groups, such as the U.N. Global Compact. The U.N. Secretary General appointed BASF’s Chairman of the Board of Executive Directors as a member of the U.N. Global Compact Board for another three years. In the worldwide network of Global Compact LEAD, we are participating in the implementation of the “Agenda 2030” adopted by the United Nations in 2015, along with its Sustainable Development Goals. BASF is also active in local Global Compact networks.

We have been part of the Global Business Initiative on Human Rights since 2012, a group of globally operating companies from different industries whose goal is to advance respect for human rights in business. This included presenting examples of how to implement the U.N. Guiding Principles on Business and Human Rights. In 2015, we were also involved in the consultation process of the German government’s national plan of action on this topic.

Furthermore, BASF is a founding member of a cross-industry initiative of the World Business Council for Sustainable Development (WBCSD). Together, a method was developed for evaluating the societal impact of products throughout their entire life cycle.

Our lobbying and political communications are conducted in accordance with transparent guidelines and in keeping with our publicly stated positions. BASF does not in principle support political parties. The BASF Corporation Employees Political Action Committee, established by our employees in the United States, is an independent, federally registered employee association that collects donations for political purposes and independently decides how these are used.

Creating value

- Creating value along the entire value chain
- New goal for products that make a particular contribution to sustainability

We promoted sustainability topics in 2015 through various projects together with partners along the value chain. With the help of our ecoefficiency analysis, for example, we analyzed the economic and environmental implications of various coating processes in a study conducted with Dürr, a machine and plant manufacturing company, and with our customer BMW. The goal was to discover ways to improve the ecoefficiency of serial coating methods, such as by saving resources. The study showed that the “integrated process” – a coating procedure that saves a paint layer – represents a more economical and ecological alternative to other processes evaluated.

For the 2015 business year, BASF conducted sustainability assessments and ratings for 95.4% of its entire portfolio of more than 60,000 specific product applications – which account for €64.9 billion in sales – using the Sustainable Solution Steering® method. This externally validated procedure allows us to determine how our products contribute to sustainability, and we consider their application in various markets and industries.

We want to increase the proportion of “Accelerator” products in the long term: in other words, products that contribute particularly to sustainability in the value chain, and are characterized by, on average, higher growth rates and profitability. We have therefore set ourselves a concrete goal in 2015: By 2020, we aim to raise the proportion of sales from Accelerator products to 28%. At 26.6%, this figure already closely approached the 2020 target in 2015. This development is mainly based on portfolio measures undertaken in 2015, especially in the Oil & Gas segment.
Sustainable Solution Steering®: How BASF’s products contribute to sustainability

One of these Accelerator products is Elastocool® Advanced—an innovative insulation material for refrigerators and freezers. It boasts a high level of resource efficiency while also possessing improved insulation properties. Elastocool® contributes to achieving the E.U.’s top energy efficiency levels in refrigerators and freezers.

The chelating agent Trilon® M is another Accelerator, having established itself as a high-performance alternative to phosphate in dishwashing machine detergents. European Union regulations will almost entirely prohibit the use of phosphates for this application in Europe starting 2017. Chelating agents’ most important task is to intercept metal ions in dishwasher water in order to inhibit calcium buildup on dishes. Trilon® M is readily biodegradable, and also improves cleaning power while fulfilling the criteria for the E.U. Ecolabel.

For all products that are classified as “Challenged” and do not fulfill our major sustainability criteria, we want to develop prompt plans of action. These action plans can include research projects, reformulations or even replacing one product with an alternative product. Based on the results of the initial analyses, action plans had been created for 99% of all Challenged products by the end of 2015.

The products for which we have developed action plans include, for example, polyfluorinated substances that are often used in paper packaging coatings for their water and oil-resistant properties. Although European authorities regard any hazard to people or the environment as very low, stricter regulations are anticipated in the future as these substances biodegrade with difficulty. As a result, the Sustainable Solution Steering® method has classified them as Challenged in their use for paper coatings. BASF decided early on not to continue selling these substances. The new product solutions use substances whose chemical properties prevent them from accumulating in the environment. Furthermore, paper coated with these new materials is biodegradable and can either be processed into compost by composting facilities (ecovio®) or recycled (Ultramid® and Epotal®). We will market oil-proof barriers based on these products in the future; they are classified as Accelerators.

For more on Sustainable Solution Steering®, see basf.com/en/sustainable-solution-steering
For more on our sustainability instruments, see basf.com/measurement-methods and page 96