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Welcome to the Webinar Sustainable Solution Steering

BASF and thinkstep
17.05.2018

We will start in 2 minutes!



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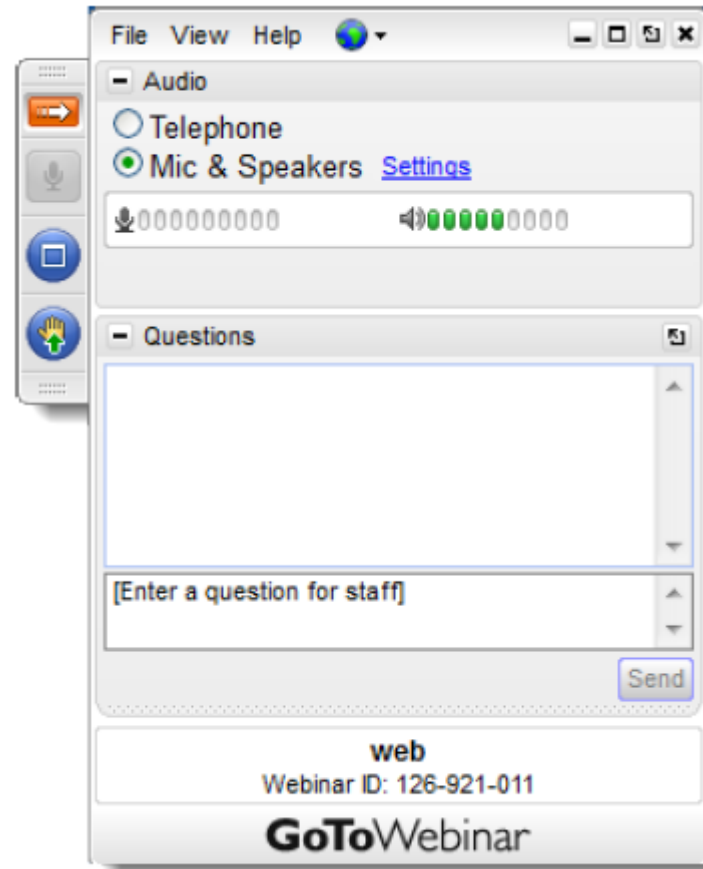
Using GoToWebinar



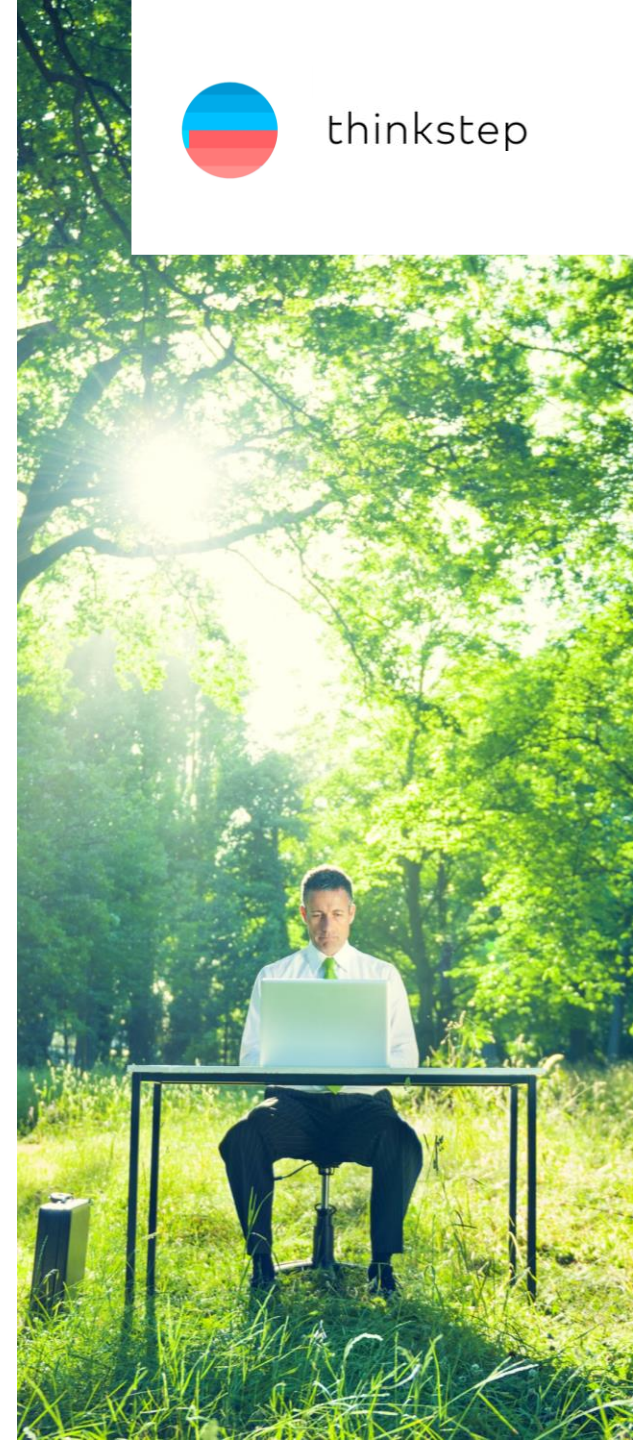
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Audio options

Questions



Send



Speakers of today



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BASF SE

Dr. Andreas Kicherer

Director
Sustainability Strategy



BASF SE

Peter Kölsch

Team Leader
Applied Sustainability



thinkstep AG

Dr. Martijn Gipmans

Team Lead
Chemicals



Sustainable Solution Steering

Thinkstep webinar May - 2018

Ludwigshafen, 17.05.2018 – Peter Kölsch & Andreas Kicherer

Sustainable Solution Steering

- 1 Sustainable Solution Steering Process @ BASF
- 2 Sustainable Solution Steering results and contribution fields
- 3 Use of Sustainable Solution Steering @ BASF and our customers

Comprehensive screening of BASF's solutions

Megatrends

- Middle class growth
- Aging
- Urbanization
- Population increase

Industry / Market Needs

- Cost savings downstream
- Climate change and energy
- Resource efficiency
- Water
- Emission reduction
- Biodiversity and renewables
- Health and safety
- Hunger and poverty

Three step process



Analysis of sustainability needs



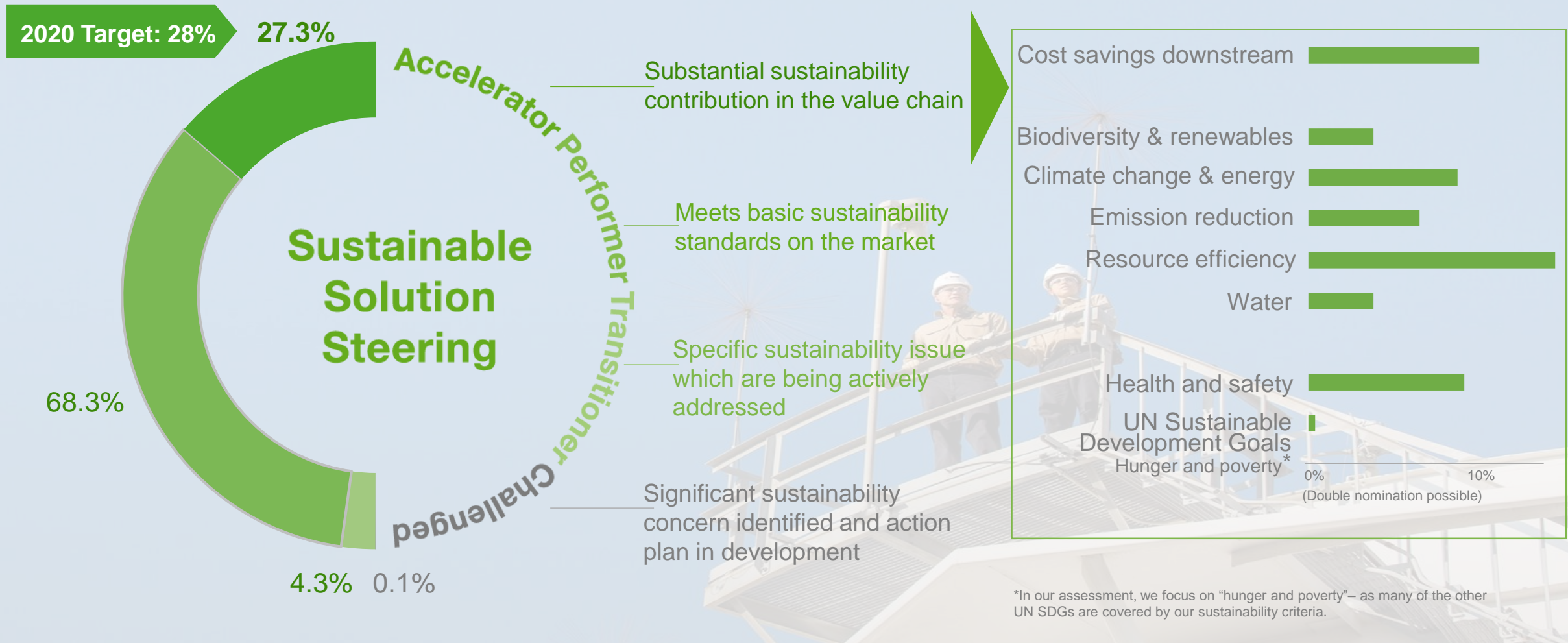
Evaluation and categorization



Development of action plans

With our approach we evaluate each product 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.

Sustainable Solution Steering @ BASF 2017



60,000

solutions in scope



~13,000

Accelerator solutions
with > €15.5 billion sales in 2017

>60%



of R&D budget spent
on Accelerator projects
in 2017

>2,300



experts involved
e.g.

R&D
Product Safety
Sales
Marketing
Sustainability

>800

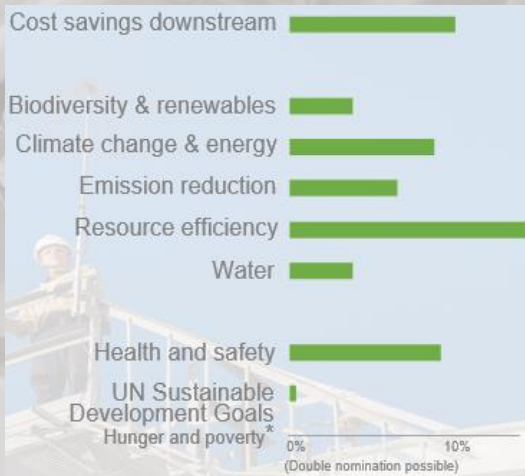


actions defined

Application and Opportunities for Sustainable Solution Steering

Area	Use
Strategy	<ul style="list-style-type: none">Steer portfolio towards more sustainable solutionsMatch portfolio with future market demands
Risk management	<ul style="list-style-type: none">Get transparency on product risks and their financial impactTrigger discussion where to allocate the resources to mitigate risk
Accelerator promotion	<ul style="list-style-type: none">Position individual products with their sustainability advantagesEnrich market story by further details (e.g. LCA study)
Customer dialogue	<ul style="list-style-type: none">Discuss sales portfolio and product lists on customer level (door opener)Support sales portfolio management (e.g. replacement of Challenged, increase of Accelerators)Compare sustainability topics addressed with customer specific demand

BASF's customers using Sustainable Solution Steering



enabling



producing



satisfying



requesting



demand on

Free off....
Less emission
Resource efficient
Safe handling
.....

asking for

- More sustainable life
- Think of next generation
- Well being
- Harmless goods



- Strategic partnership between BASF and thinkstep
 - Systematic assessment of risks and benefits from sustainability across portfolios
 - Applicable to products, solutions, raw materials, ingredients, parts
-
- In-line with the latest guidance from WBCSD

<https://www.basf.com/en/company/sustainability/management-and-instruments/sustainable-solution-steering.html>

<https://www.wbcasd.org/Programs/Energy-Circular-Economy/Factor-10/Sector-Deep-Dives/Resources/Chemical-Industry-Methodology-for-Portfolio-Sustainability-Assessments>

We customize and implement the Sustainable Solution Steering approach using a combination of strategic consulting, sector expertise as well as data and software tools.

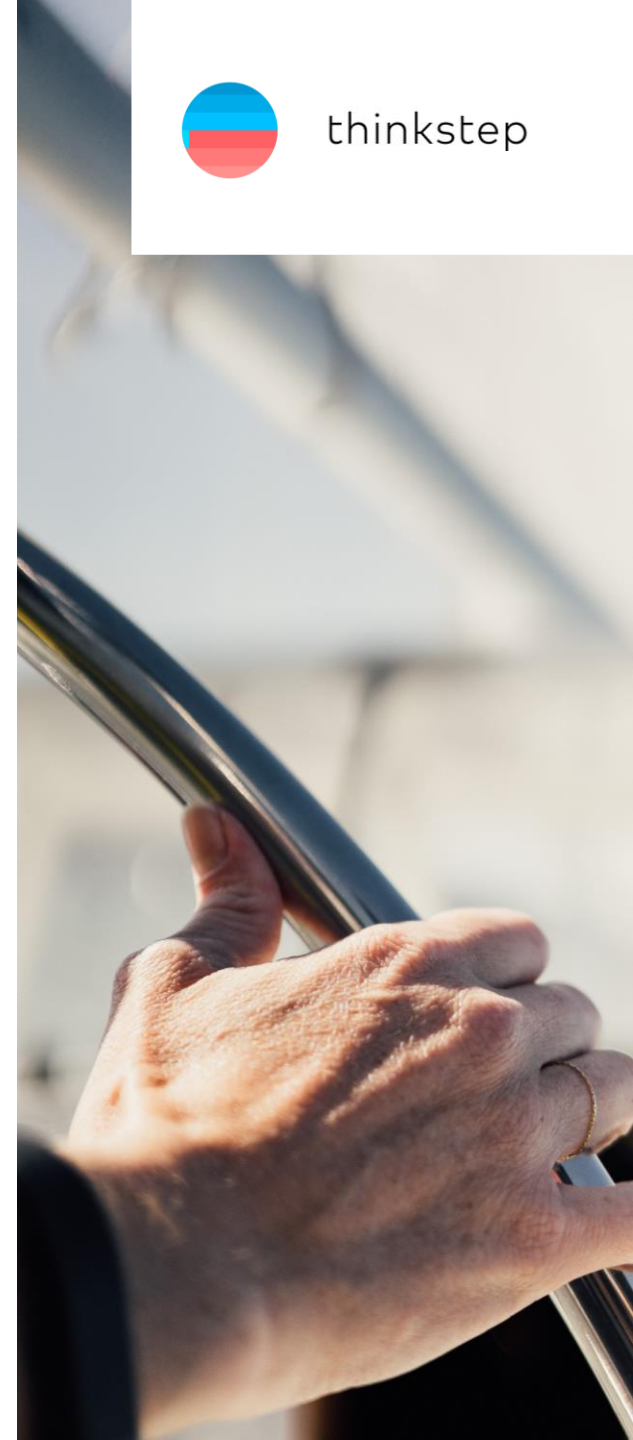
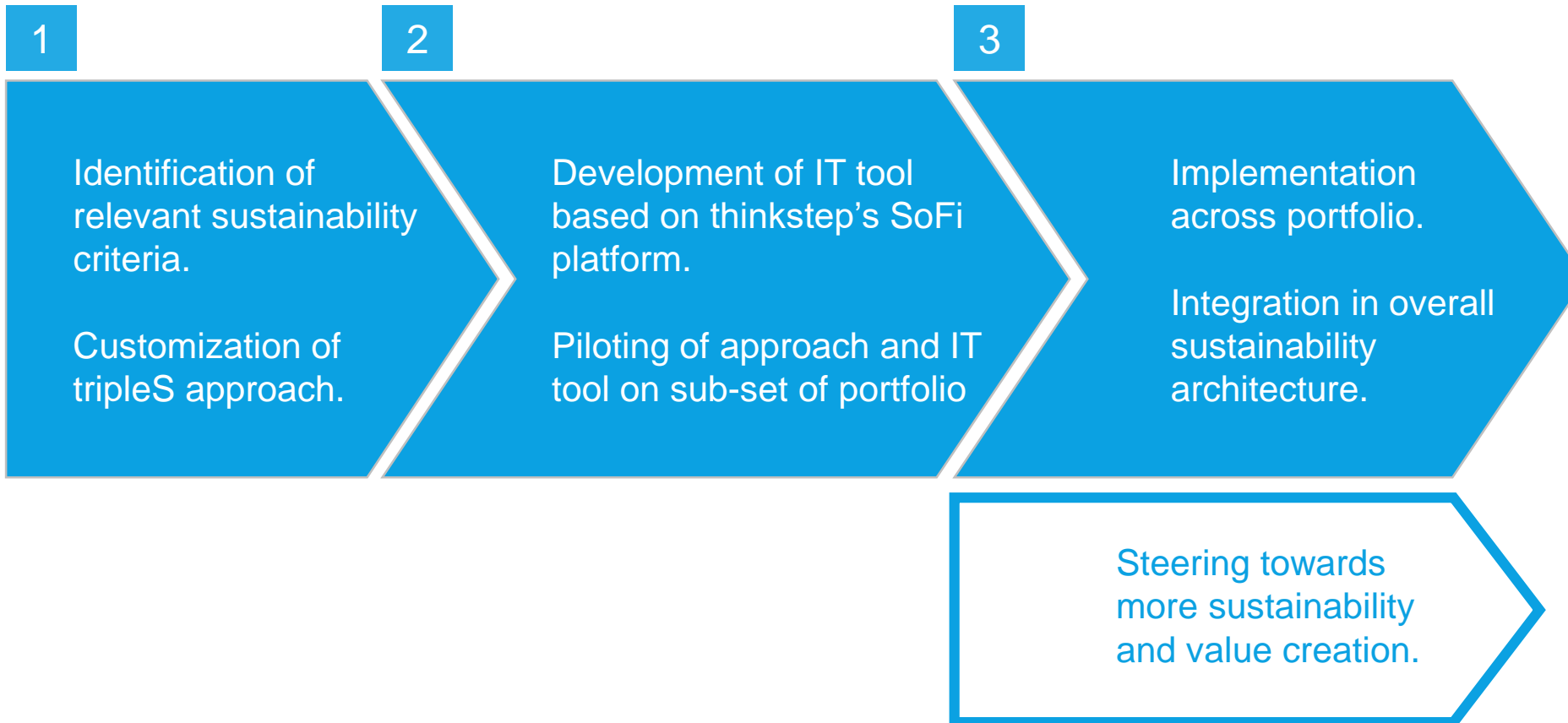


Sustainable Solution Steering

Customization approach



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Example: BioMar

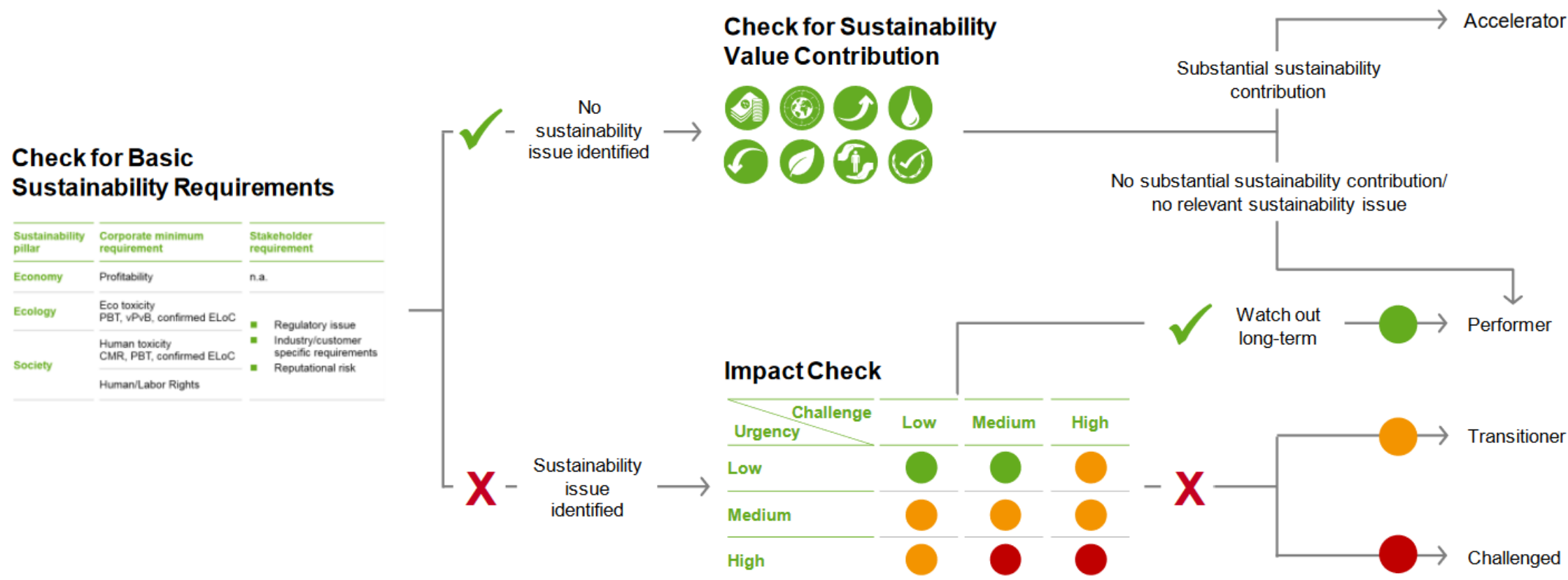


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Development of BioMar method

BASF decision tree



Development of BioMar method

BioMar decision tree

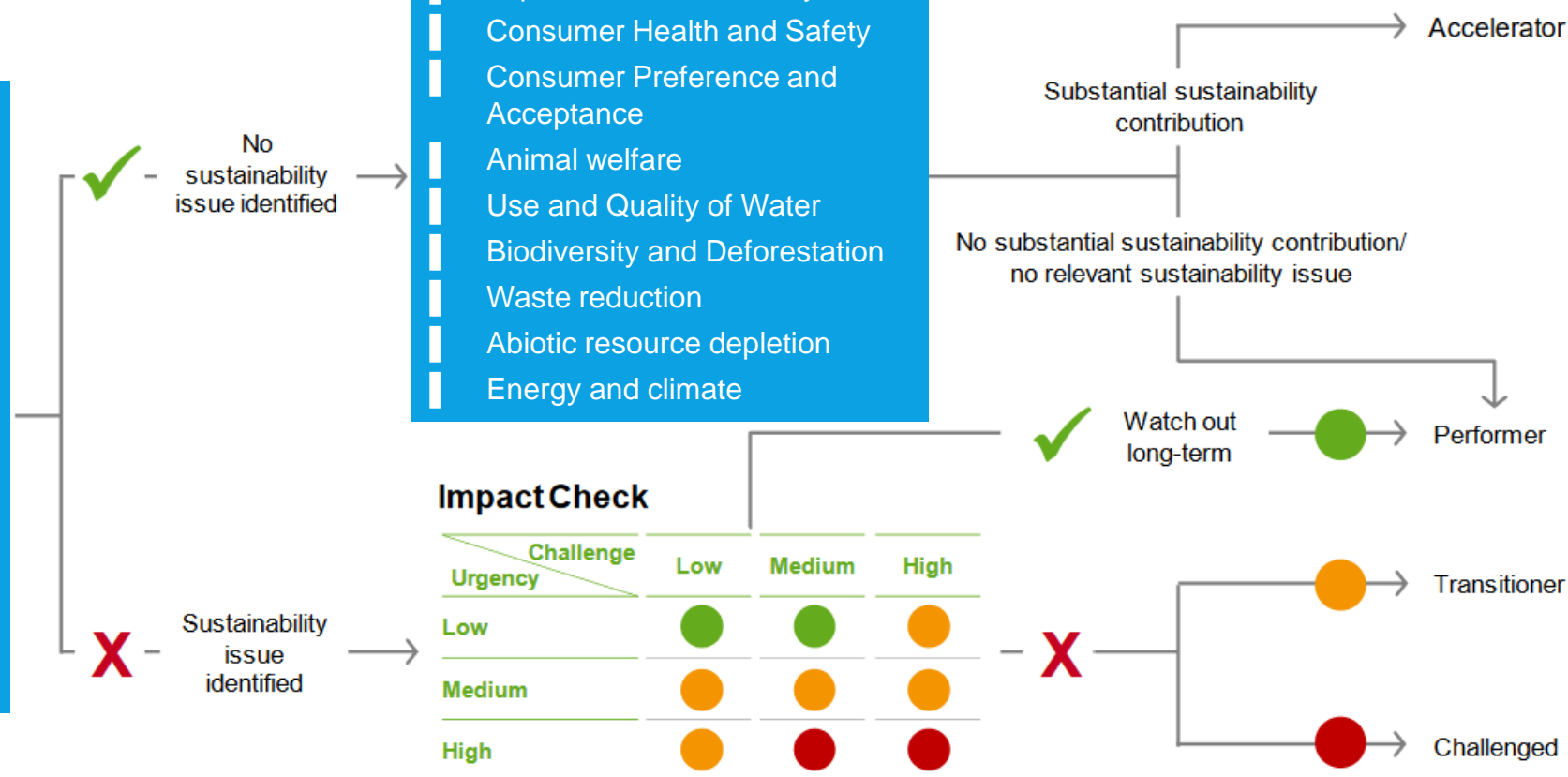


BioMar minimum and stakeholder requirements:

- BioMar code of conduct
- Contribution to profitability
- Availability of supply
- Potential for harmful residues
- Supplier risk score
- Full traceability
- Conflicts with natural resources and biodiversity
- Regionally unacceptable methodologies (e.g. GMOs)
- Reputational risk

BioMar criteria for Sustainability Value Contribution:

- Cost savings downstream
- Impact on local economy
- Consumer Health and Safety
- Consumer Preference and Acceptance
- Animal welfare
- Use and Quality of Water
- Biodiversity and Deforestation
- Waste reduction
- Abiotic resource depletion
- Energy and climate



Software tool to support implementation



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Progress on data collection;
automatic notifications upon completion

Definition of roles and sub-sets of information input
required from different functions and regions.

Data series
over time

Integration of economic
data from e.g. SAP

Questionnaire can include single
choice, multiple choice, values,
input for calculations, free text.

„Released“ function to
guarantee 4-eye principle e.g.
for auditing.

The screenshot displays the software interface for data entry and questionnaire completion. The top navigation bar includes tabs for DATA ENTRY, ANALYTICS, MANAGEMENT, SETUP, ADMINISTRATION, and HELP. The user is logged in as MARTIJN ADMINISTRATOR. The main content area is divided into two sections: 'Data entry / Data Acquisition' on the left and 'Final check' on the right. The 'Data entry' section shows a list of data series for the year 2017, including Company, Product Category A, Basic requirements, Product, Product application, Region 1, Economic data, and Sustainable Solution Ste... Each series has a progress bar indicating completion status. The 'Final check' section contains a 'Sustainability Benefit Assessment' questionnaire. It asks for a 'Substantial contribution to at least one of the following SD criteria in the life cycle (and no negative trade-off in other relevant SD criteria)?' and lists criteria such as Water, Consumer health & safety, Climate Change, Resource efficiency, Biodiversity, UN sustainable development goals, Cost savings downstream, and No. There are checkboxes for 'Released' and 'Performance' (Yes/No). A text input field for 'Text answer (click here)' is also present.

Software tool to support implementation

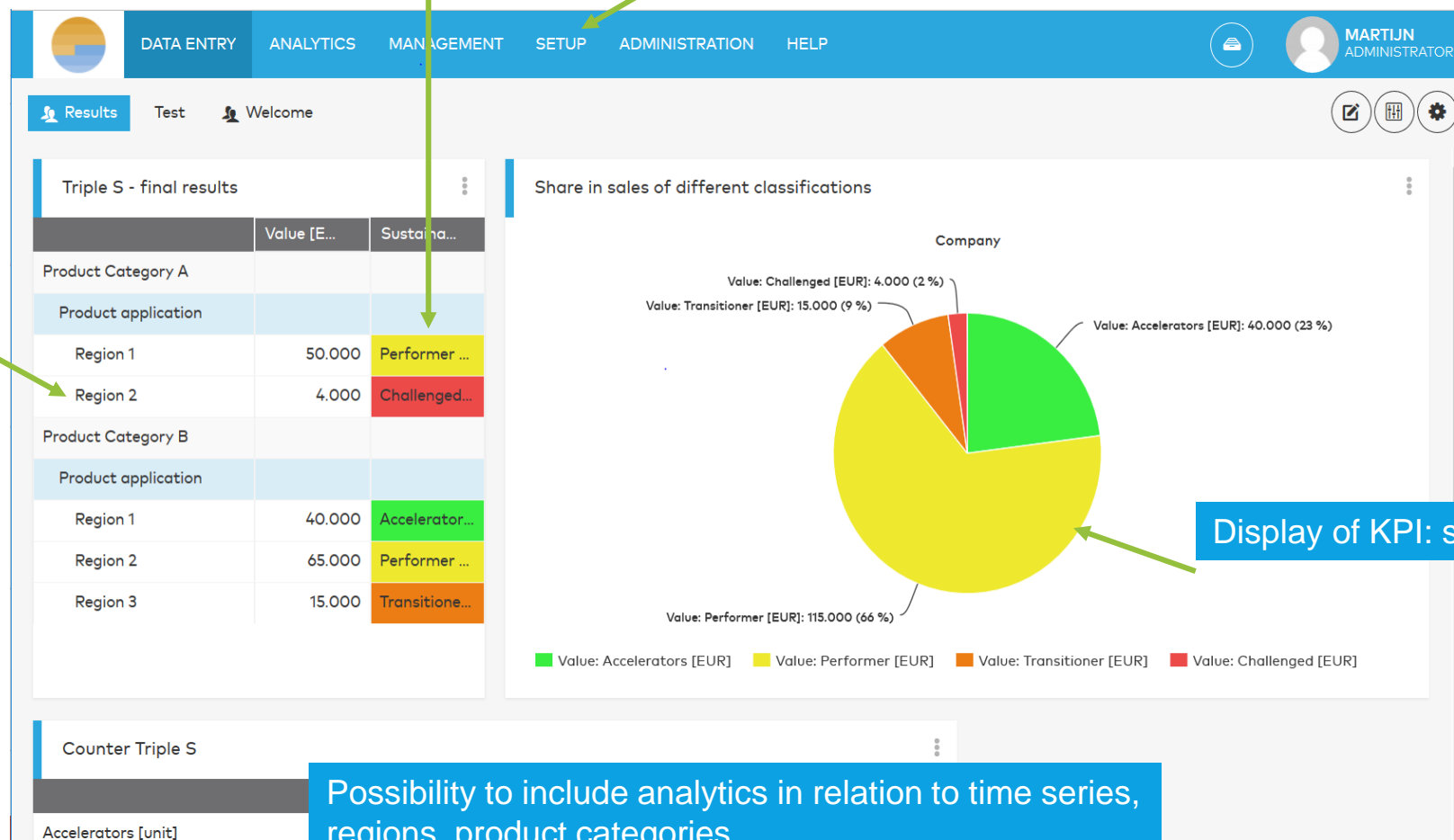


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Automatic categorization based on questionnaire input

Customizable analytic and reporting functionalities

Results of individual regional product applications



Display of KPI: sales by category

Possibility to include analytics in relation to time series, regions, product categories.

Outcomes and highlights



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2017 first pilot workshop

> 100
internal and external
experts consulted



raw materials
accounting for

€ 1.2 Billion
in purchases assessed



~ 30 accelerator
ingredients

action plans to be

implemented in **2018**



20 % share of
Accelerators of total raw
material usage in Norway

> 1,200
raw material analysis

5 application regions:



- Europe and Russia*
- Middle East, Africa and Turkey*
- North America and Australia*
- rest Americas*

Sustainable Solution Steering

Value



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Better decisions, more robust strategies, through more complete and robust insights



Faster growth of more sustainable solutions, through improved focus of efforts



Credible communication on sustainability benefits, at both the portfolio and product level



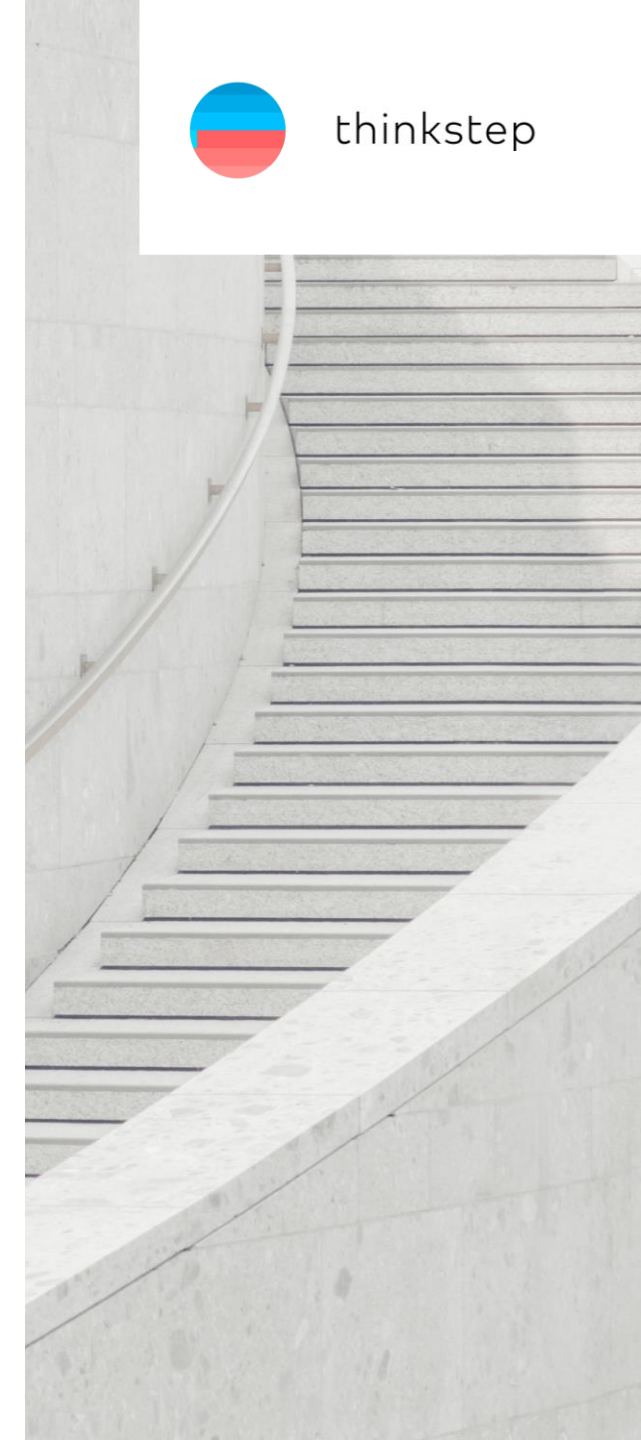
Stronger client stakeholder relationships, through intensive discussions on sustainability win-wins



Reduced risks, as risks are spotted earlier and managed transparently



Improved corporate image, supporting e.g. marketing and recruitment efforts





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Future-Proof Your Business. With thinkstep.

thinkstep AG

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