## Agenda

**Sustainability along the value chain**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategy</td>
<td>slides</td>
</tr>
<tr>
<td>2</td>
<td>Suppliers</td>
<td>slides</td>
</tr>
<tr>
<td>3</td>
<td>BASF</td>
<td>slides</td>
</tr>
<tr>
<td>4</td>
<td>Customers</td>
<td>slides</td>
</tr>
<tr>
<td>5</td>
<td>Society</td>
<td>slides</td>
</tr>
</tbody>
</table>
We create chemistry for a sustainable future

This means that we 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 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
Sustainability along the value chain

- **Material aspects** include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.

**Suppliers**
- We source responsibly

**BASF**
- We produce safely for people and the environment
- We produce efficiently
- We respect people and treat them fairly

**Customers**
- We drive sustainable solutions

*Material aspects* include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.
Partnerships drive sustainability

Initiative “Together for Sustainability”

- Joint initiative of leading chemical companies since 2011
- Standardized and shared supplier evaluations and audits
- Implementation of follow-up processes where needed

Enhancing sustainability along the supply chain
We source responsibly

Our supply chain sustainability goals and KPIs 2016

551 sustainability assessments initiated through an external service provider

104 raw material supplier sites audited on EHS

Goal:

70% of relevant suppliers evaluated with regard to their sustainability performance by 2020

Clear targets for supplier evaluation defined, development of action plans
Sustainability along the value chain

Material aspects include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.

Suppliers
- We source responsibly

BASF
- We produce safely for people and the environment
- We produce efficiently
- We respect people and treat them fairly

Customers
- We drive sustainable solutions

* Material aspects include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.
We integrate sustainability in our management systems

Sustainability integrated in our business strategies

Sustainability anchored in our organization

Strategy Process

Sustainability Analysis
SD measures & milestones defined

Board of Executive Directors of BASF SE
Chair: Kurt Bock

Corporate Sustainability Board
Chair: Margret Suckale

Sustainability Core Team
Chair: Dirk Voeste

Stakeholder Advisory Council
Chair: Kurt Bock

Sustainability Communities

Operating divisions
Regions
Functional units
Central functions
Verbund advantages reduce the environmental impact

Efficiency drivers: heat integration, process control and process integration

BASF “Verbund” avoided 3.8 million t of CO₂ emissions in 2016
Energy and climate protection

**Greenhouse gas emissions**
per metric ton of sales product by 2020 (baseline 2002)*

-40%  
Status 2016: -37.2%

---

**Energy efficiency**
Coverage of our primary energy demand through certified energy management systems (ISO 50001) at all relevant sites

90%  
Status 2016: 42.3%

* Excluding oil and gas production
## Occupational safety and process safety

<table>
<thead>
<tr>
<th>Category</th>
<th>Target (≤0.5)</th>
<th>Status 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost-time injury rate</td>
<td></td>
<td>1.4</td>
</tr>
<tr>
<td>Process safety incidents</td>
<td></td>
<td>2.0</td>
</tr>
</tbody>
</table>
Sustainability along the value chain

Material aspects include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.

Suppliers
- We source responsibly

BASF
- We produce safely for people and the environment
- We produce efficiently

Customers
- We drive sustainable solutions
- We respect people and treat them fairly

* Material aspects include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.
Sustainable Solution Steering® – How our products contribute to sustainability

- 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

Goal: Increase the share of Accelerators to 28% by 2020.
Solutions for a sustainable future

Examples of Accelerator solutions

**Elastocool®**
Polyurethane system solution for fridges & freezers

**Trilon M®**
high-performance phosphate alternative

**Acronal® MB**
from biomass to dispersions

**ecovio®**
biodegradable polymer solution

**SLENTITE®**
high-performance insulation material

**FWC™**
Four-Way Conversion Catalyst removes particulates
# Sustainability goals

## Procurement

<table>
<thead>
<tr>
<th>Sustainability performance assessment of relevant suppliers</th>
<th>Goal 2020</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>70%</td>
<td>32%</td>
</tr>
</tbody>
</table>

## Employees

<table>
<thead>
<tr>
<th>Women in leadership positions</th>
<th>Goal 2021</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22-24%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

### Long-term goal 2016

<table>
<thead>
<tr>
<th>Non-German senior executives</th>
<th>36.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior executives with international experience</td>
<td>&gt;80%</td>
</tr>
</tbody>
</table>

| Senior executives with international experience | 84.6% |

## Production

<table>
<thead>
<tr>
<th>Process safety incidents$^1\rangle$</th>
<th>≤0.5</th>
<th>2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost-time injury rate$^1\rangle$</td>
<td>≤0.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>

### Annual goal 2016

| Health Performance Index | >0.9  | 0.96 |

## Product stewardship

<table>
<thead>
<tr>
<th>Risk assessment of products$^2\rangle$</th>
<th>Goal 2020</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt;99%</td>
<td>75.4%</td>
</tr>
</tbody>
</table>

## Energy & climate protection

### Goals 2020

<table>
<thead>
<tr>
<th>Greenhouse gas emissions$^3\rangle$</th>
<th>–40%</th>
<th>–37.5%</th>
</tr>
</thead>
</table>

### Energy management system$^4\rangle$

| Introduction of ISO 50001 energy management system | 90% | 42.3%|

## Water

<table>
<thead>
<tr>
<th>Sustainable water management at Verbund sites and water stress areas</th>
<th>Goal 2025</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
<td>42.6%</td>
</tr>
</tbody>
</table>

## Products & Solutions

<table>
<thead>
<tr>
<th>Proportion of “Accelerators”$^5\rangle$ in product portfolio</th>
<th>Goal 2020</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28%</td>
<td>27.2%</td>
</tr>
</tbody>
</table>

---

1) per one million working hours  
2) for products >1 metric ton per year  
3) per metric ton of sales products; excl. Oil & Gas, baseline 2002  
4) at all relevant sites (primary energy demand, local energy prices)  
5) products with substantial contribution to sustainability
Sustainability along the value chain

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>BASF</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material aspects*</td>
<td>We source responsibly</td>
<td>We drive sustainable solutions</td>
</tr>
<tr>
<td></td>
<td>We produce safely for people and the environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>We produce efficiently</td>
<td></td>
</tr>
<tr>
<td></td>
<td>We respect people and treat them fairly</td>
<td></td>
</tr>
</tbody>
</table>

* Material aspects include, for example, energy and climate, water, resources and ecosystems, responsible production and employment & employability.
“Value-to-Society” approach measures our contribution to a sustainable future

Our economic, social and environmental value contribution

Positive contribution

- Wages
- Taxes
- ...

Impact on people and environment

Negative effects

- Emissions
- Resources
- ...

Business activities

Value-to-Society in monetary terms (€)
We deliver a significant net positive value contribution along the value chain
Through our business we contribute to the UN SDGs

BASF

- contributes to the UN SDGs through products and solutions along the value chain
- addresses the SDGs with its materiality topics
- uses the SDGs as orientation for BASF’s own goal setting
- will continue to monitor the SDGs by using established indicator systems (e.g., GRI)
- is in continuous dialogue with external stakeholders to establish trustful partnerships on the way to reaching the SDGs

In particular, we contribute to:

6. **Clean Water and Sanitation**
7. **Affordable and Clean Energy**
8. **Decent Work and Economic Growth**
9. **Industry, Innovation and Infrastructure**
12. **Responsible Consumption and Production**
13. **Climate Action**
Our social engagement

Two approaches

Corporate Citizenship
- Donations
- Community engagement
- Corporate volunteering
- Sponsoring

Starting Ventures
- Business-oriented projects

One goal

Improve quality of life...
... for the communities around our sites and worldwide
... for low-income consumers and value chain partners
Sustainability networks
Examples of BASF’s memberships

Sustainability requires dialogue and partnership with stakeholders

Multi-stakeholder initiatives

Business associations & networks at corporate level

Bilateral stakeholder consultations
Sustainability Ratings, Rankings and Awards

DJSI World & RobecoSAM Sustainability Award
BASF share included in DJSI World for 16th consecutive year and additionally awarded with RobecoSAM’s Sustainability Award.

CDP Disclosure Leadership
BASF is one of the world’s leading companies in reporting on climate protection and in sustainable water. BASF has been included in the “CDP Water A” list for the first time.

FTSE ESG Rating & FTSE4Good Global Index
BASF received the highest score in the chemical industry in ESG rating and has been included again in the FTSE4 Good Global Index.

Oekom ESG Rating
BASF received the highest score in the chemical industry.

GlobeScan SustainAbility Survey – Sustainability Leaders
BASF is among the top 10 companies in terms of corporate sustainability leadership.
We create chemistry