R&D Pipeline Steering Through Emerging Regulations using Sustainable Solution Steering® method

Dr. Tero Mustonen - EuroNanoForum 2017, 22.6.2017 Valletta, Malta
Changing regulations and societal expectations are actively addressed.

Identifying risks and capturing business opportunities with customers.
Our sustainability understanding reflects the three dimensions of sustainability:

- **Economic growth**
- **Environmental protection**
- **Social responsibilities**

Cost savings downstream

Climate change and energy

Pollution (air, soil, noise)

Water scarcity and pollution

Resource efficiency

Biodiversity and renewables

Health and safety

Hunger and poverty*

* “hunger and poverty” in UN Sustainable Development Goals – as many of the other UN SDGs are covered by our other sustainability criteria
Solutions are clustered into four categories

Check for basic sustainability requirements

- Completely fulfilled
- Gaps identified

Sustainability value contribution

- Substantial contribution
- Basic market standard met

Check of improvement status

- Improvement actively addressed
- Significant effort of improvement required

Accelerator  Performer  Transitioner  Challenged
Sustainable Solution Steering®
“We drive Sustainable Solutions”

60,000+ solutions assessed

~900 actions defined

>60% of R&D budget spent on projects contributing to sustainability

>13,500 products contributing substantial to sustainability

2,000+ sustainability experts in extended networks

>14 bn € sales in 2016
Currently 27.2% of our solutions are Accelerators

- 27.2% Accelerator
- 68.3% Sustainable Solution Steering®
- 4.2% Performer Transition
- 0.3% Challenged

Substantial sustainability contribution in the value chain

Meets basic sustainability standards on the market

Specific sustainability issue which are being actively addressed

Significant sustainability concern identified and action plan in development

We will increase the Accelerators and develop action plans for Challenged solutions
Our Accelerators contribute to specific sustainability needs of our customers

By 2020, we will increase the sales share of Accelerators to 28%
Sustainable R&D strategy drives the portfolio against changes over time

Today
- Regulatory and market environment influence
- Accelerator → Performer → Transitioner

Future (illustrative)
- Active change by organic growth, investments, M&A, R&D
- Increase share of Accelerators

Sustainable Solution Steering® in R&D ensures long-term business success
BASF
We create chemistry