Understanding how purpose, measurement and scalability become essential areas of disclosure

BASF’s Value-to-Society approach

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4th International Conference of the Reporting 3.0 Platform 2017
May 30, 2017, KPMG Amsterdam
Impact valuation – An answer to keep the business license to operate?

Changing environment

- Socio-political goals
  
- Political environment
  
- Digitalization

Driver of change

- Societal expectations
  
- Business role in society
  
- Political uncertainties
  
- Redirection of financial market
  
- Consumer behavior

Paradigm shift

- Redefinition of biz value
  
  People, planet, profit

- Macro perspective
  
  From outcome to impact

- Interdependencies
  
  Multi-dimensional steering

- Value chain thinking
  
  Extended responsibilities

The new performance perspective: The ‘real’ value contribution to a sustainable society.
Perspective change: From accounting to macro-societal evaluation of business performance

Traditional reporting
Quantified output (€, CO₂e, LTI…)

Impact valuation / Value-to-Society
Valued financial & pre-financial impacts (€)

Valuation of externalities: Assessing how business affect the health and well-being of people.
Embedment into daily business: From first attempts towards standardization

Companies

Standardization & convergence

Disclosure requirements

More than 250 corporations are testing, only a few are communicating.
The challenge: Develop a pragmatic approach to assess our contribution to a sustainable future.

- Our chemistry is used in almost all customer industries
- Sales 2016: €57,550 million
- EBIT 2016: €6,275 million
- Employees (as of December 31, 2016): 113,830
- 6 Verbund sites and 352 other production sites

Approach designed based on materiality, feasibility, data robustness and maturity of methods.
Our contribution: We deliver a net positive value contribution along the value chain

Value-to-Society approach provides results, which are directionally correct.
Our learnings: Benefits and limitations for the usability of Value-to-Society

Positioning
- Communication
- Reporting
- Advocacy

Progress monitoring
- Over time
- Industry benchmark
- Relevance of impacts

Decision making
- Risk exposures
- Business opportunities

Goal setting
- Corporate targets along the value chain

Data accuracy and granularity

Maturity level of quantification and valuation methods

- Additional benefits at project and product level (e.g. R&D, marketing)

Enable long-term business robustness by multi-capital assessments.
BASF’s Value-to-Society in a nutshell

- We assess our ‘real’ contribution to a sustainable future.

- We improve our understanding of relevance and interdependency of financial and pre-financial impacts.

- Our approach is aligned with existing protocols and standards.

- Our calculation model is pragmatic, scalable, transferable and auditable.

- We expect impact valuation to be embedded into daily business.
BASF
We create chemistry