

# Global Product Strategy (GPS) Implementation at BASF

Striving beyond Compliance

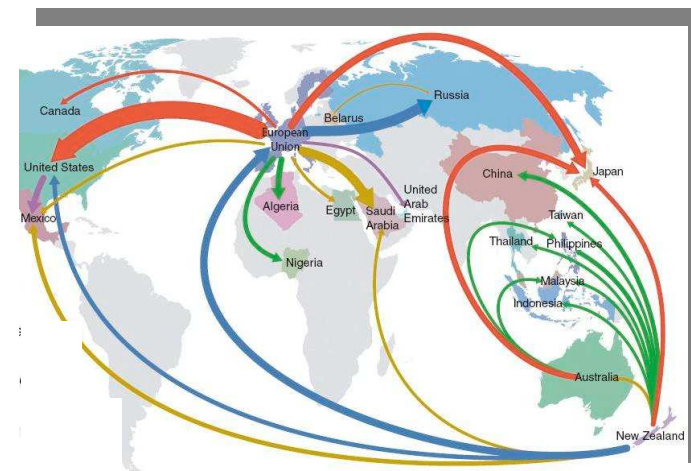
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# Challenges and how to address them

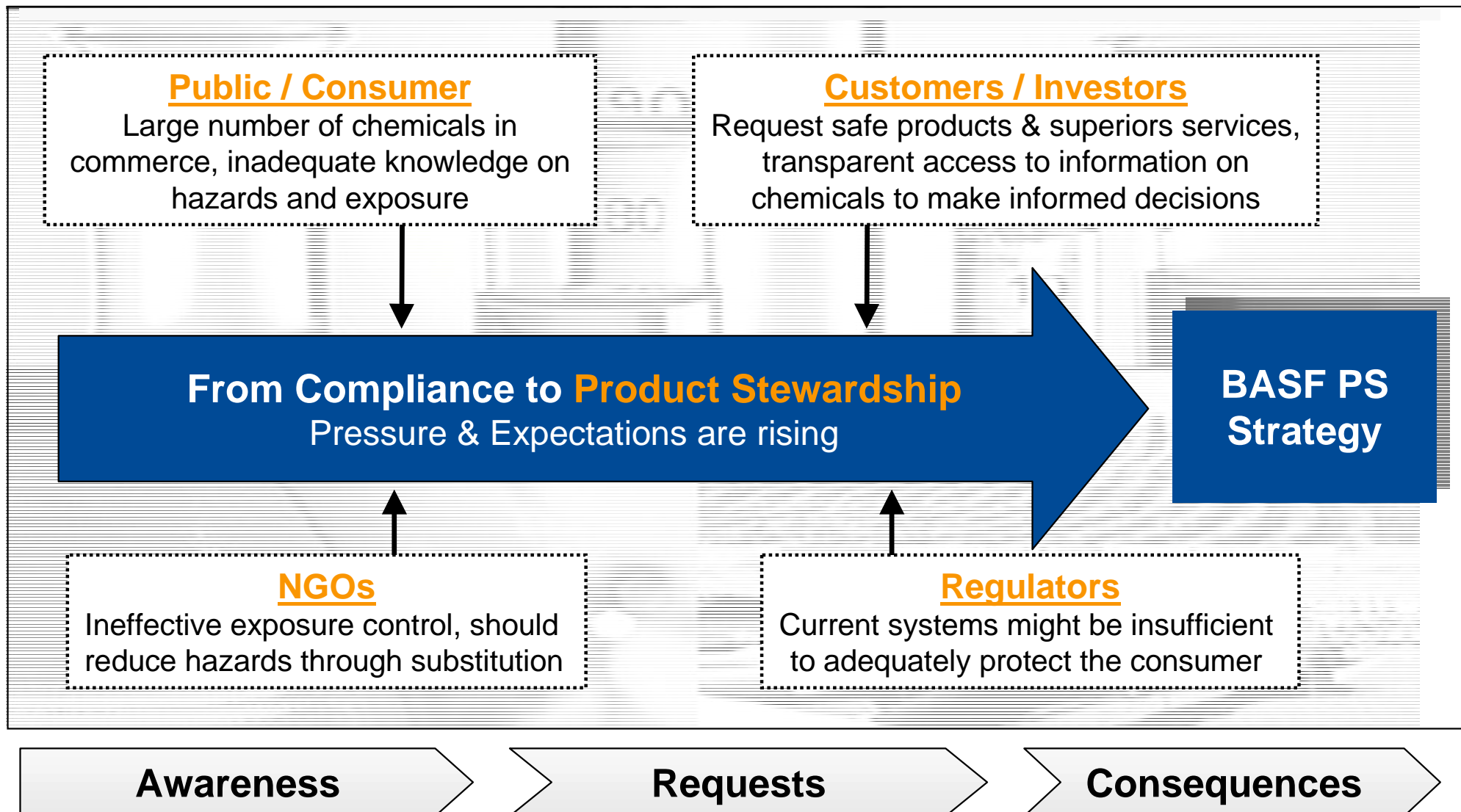
## ■ Globalized product flows

- Our world is drawing closer together, on political and environmental issues.
- Problems related to product safety are no longer restricted to country of origin.



- As a response the chemical industry has expanded its voluntary product stewardship programs
- A balanced combination of regulations and voluntary initiatives is the best way to achieve safe management of chemicals.

# Product Stewardship – Global Drivers



# Why do we need Product Stewardship?

- Chemical products contribute to enhance and improve life all over the world (solution provider / enabling technology)



- Potential of adverse effects to people or the environment, if not used and controlled properly



# Challenges of Product Stewardship

## ■ In science

- uncertainties

## ■ In governmental policy

- non-harmonized global regulations

## ■ In the market place

- down stream requests, steadily changing framework

## ■ In public opinion

- individual cases of poor Product Stewardship)

## ■ Pre-market costs rise

# Economic Evaluation – Product Stewardship is Creating Value

- Create and maintain a partnership relation to your customers, authorities and the public
- Increase productivity
- Improved cost-efficiency of internal management
- Stay ahead of regulations
- Reduce liability issues
- Secure a competitive advantage for your company



**Product Stewardship is „license to operate“**

# Global Product Stewardship – Benefits Beyond the Company Level

- Improve global product stewardship performance and, in turn, improve public confidence in chemicals.
- Globalization of markets requires improved harmonization of chemical management systems (even level playing field )
- Differences in national regulatory requirements lead to increase in costs / time and to distortions in international competition
  - Global harmonization of chemicals management systems will help to reduce trade barriers and trade restrictions.
- Influence upcoming regulations positively, by achieving a balance between regulation and voluntary industry initiatives

# BASF Priority Issue – Product Stewardship

## Product Stewardship

### **Regulatory Compliance** “License to Operate”

Product Safety Directive  
REACH  
Globally Harmonized  
Systems (GHS)  
Country-specific  
legislation (e.g TSCA)

**Reducing Risk**

### **BASF Voluntary Action** “Striving Beyond Compliance”

Product Stewardship Directive  
Responsible Care  
Global Product Strategy (GPS)  
Goal 2020 (Risk Assessment)  
Goal 2008 (Data Gathering)

**Creating Value**



# Expectations for Product Stewardship

- Know possible risks of using your products
- Characterize the risks
- Design appropriate Risk Management Measures (RMMs)
- Communicate risks and RMMs in the value chain
- Communicate to the public, taking into account public concerns
- Monitor and re-evaluate your activities
- Improve performance

**„Plan – Do – Check – Act“ Circle**



# Key Principles for Product Stewardship

- **Management Process Approach (vs. project approach)**
  - View PS as a process (similar) to quality management
  - Integration into existing business processes, no add-on
- **Allocate ownership throughout the business functions**
  - Management, R&D, Procurement, Sales / Marketing, etc.
  - Develop organization together with other business functions
- **Overall improvements of product portfolio in the focus**
  - (More) sustainable products are a strategic market focus
  - Innovation, growth opportunities

# PS Management System

## Management Leadership and Support

Communication and resource allocation to achieve Product Stewardship objectives, making it a line management responsibility

### Gather Product Information

Identification of products and their applications

### Conduct Risk Characterization

Evaluation of Information about Hazard, Exposure and Public Concern

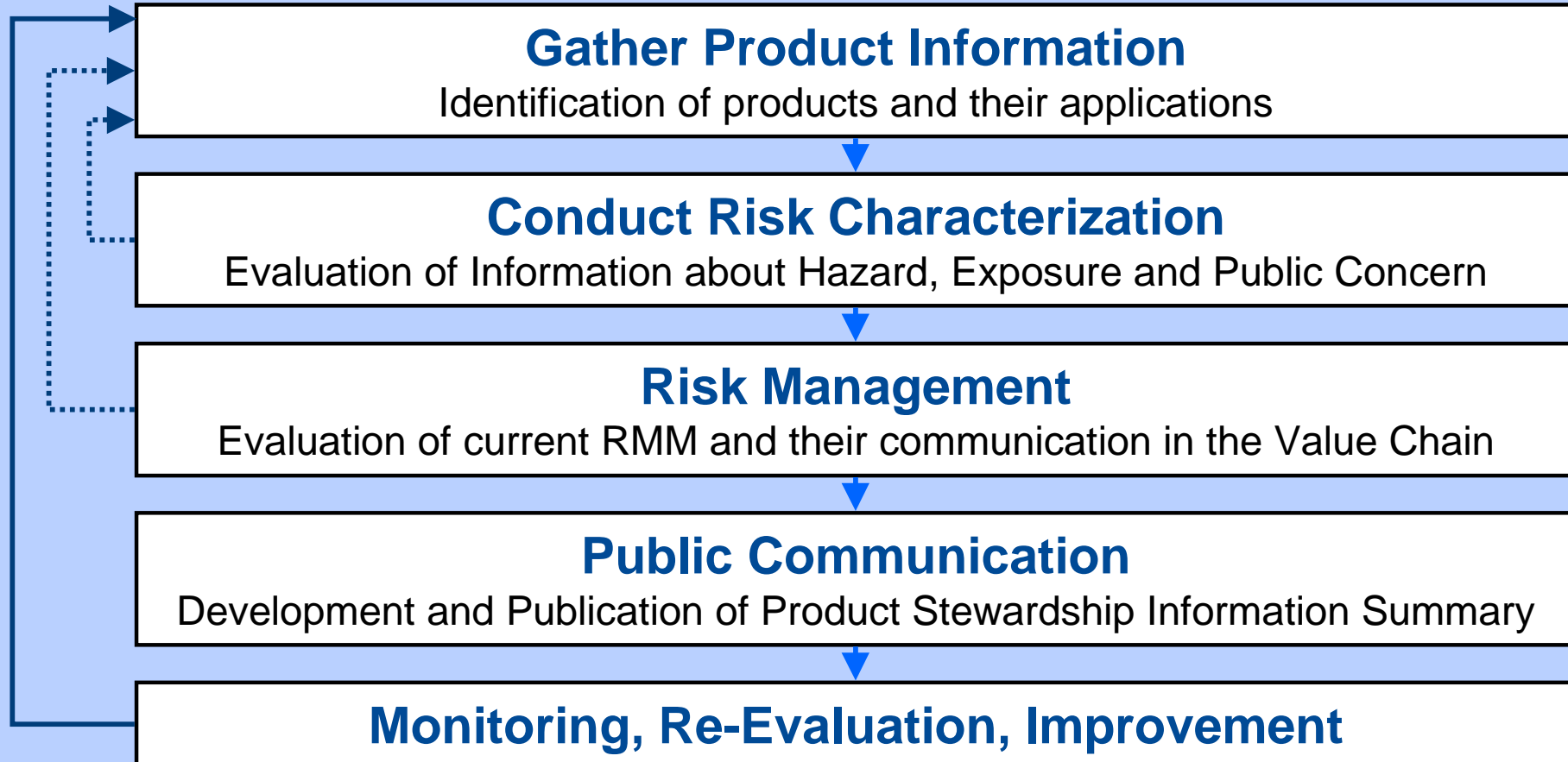
### Risk Management

Evaluation of current RMM and their communication in the Value Chain

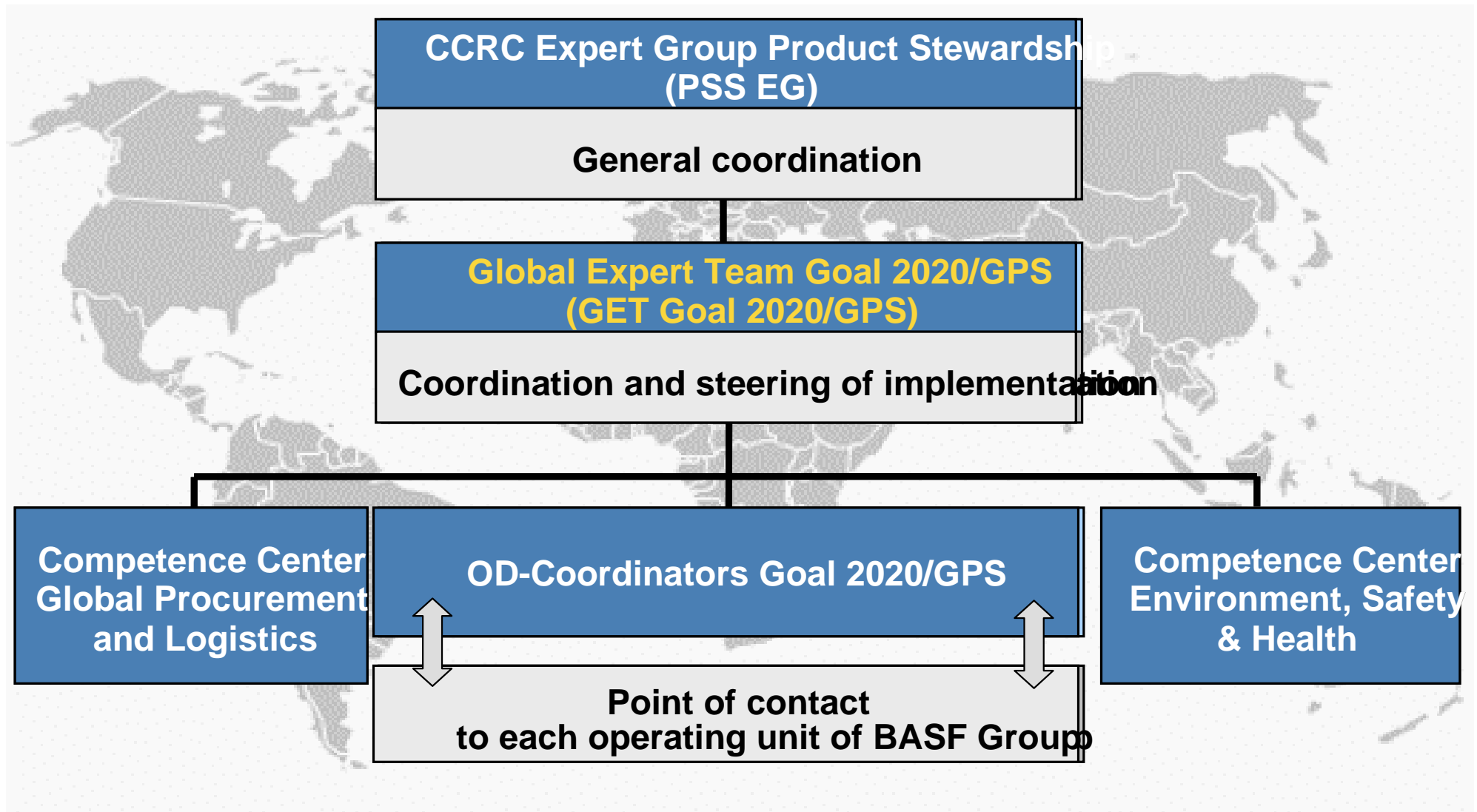
### Public Communication

Development and Publication of Product Stewardship Information Summary

### Monitoring, Re-Evaluation, Improvement



# GET Goal 2020/GPS – Organization and Responsibilities



# BASF Global Product Stewardship Goals

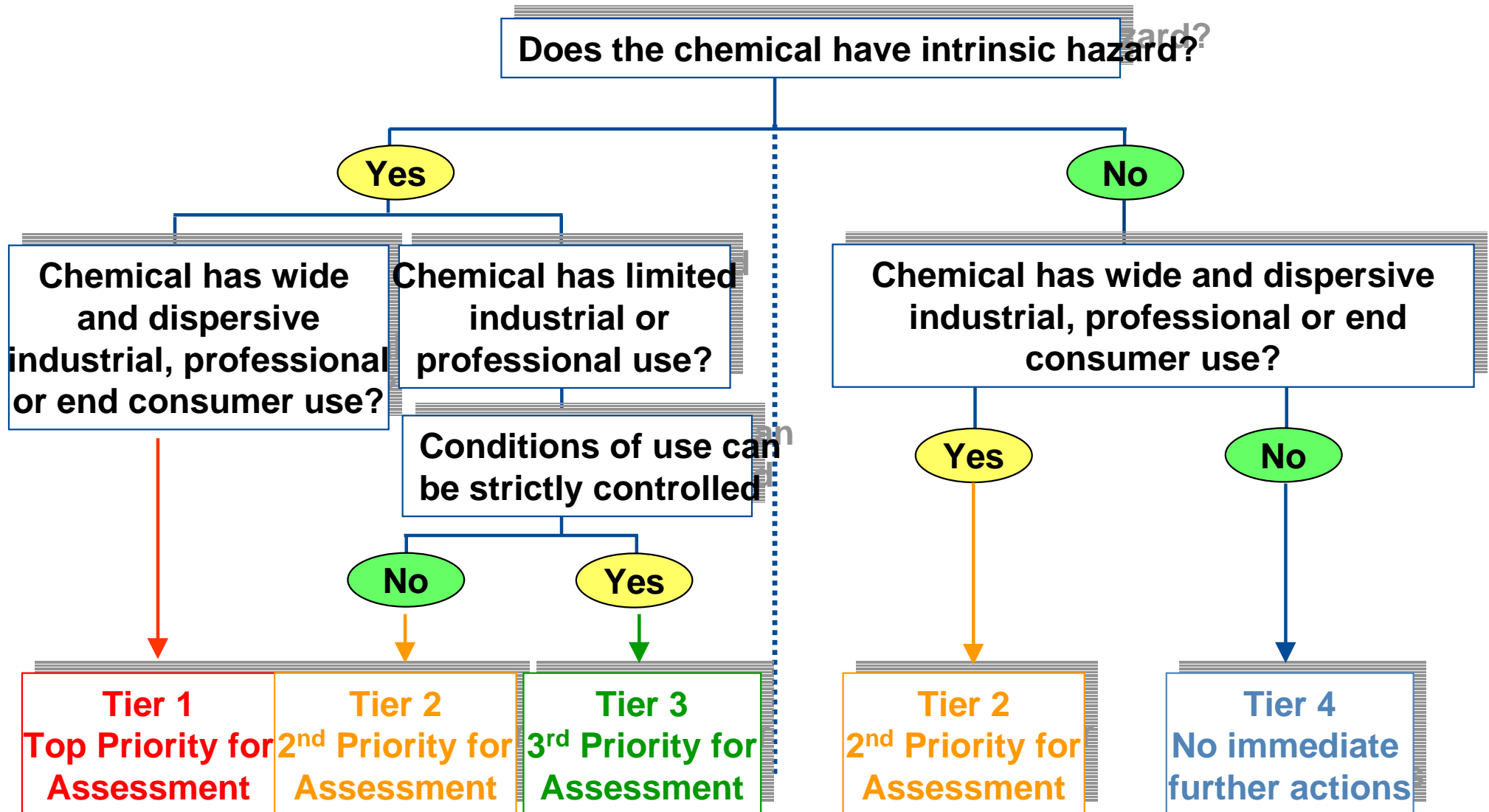
- BASF has complete the “Base Set of Information” for all substances produced or sold worldwide in quantities of more than 1 metric ton (**Goal 2008**) which was extended to products (**Goal 2008 Plus**)
- BASF has launched two additional global Product Stewardship goals

- Risk characterization for all substances produced or sold worldwide in quantities of more than 1 metric ton until 2018 (**GPS**) and
- Risk characterization for all products produced or sold worldwide in quantities of more than 1 metric ton until 2020 (**Goal 2020**).

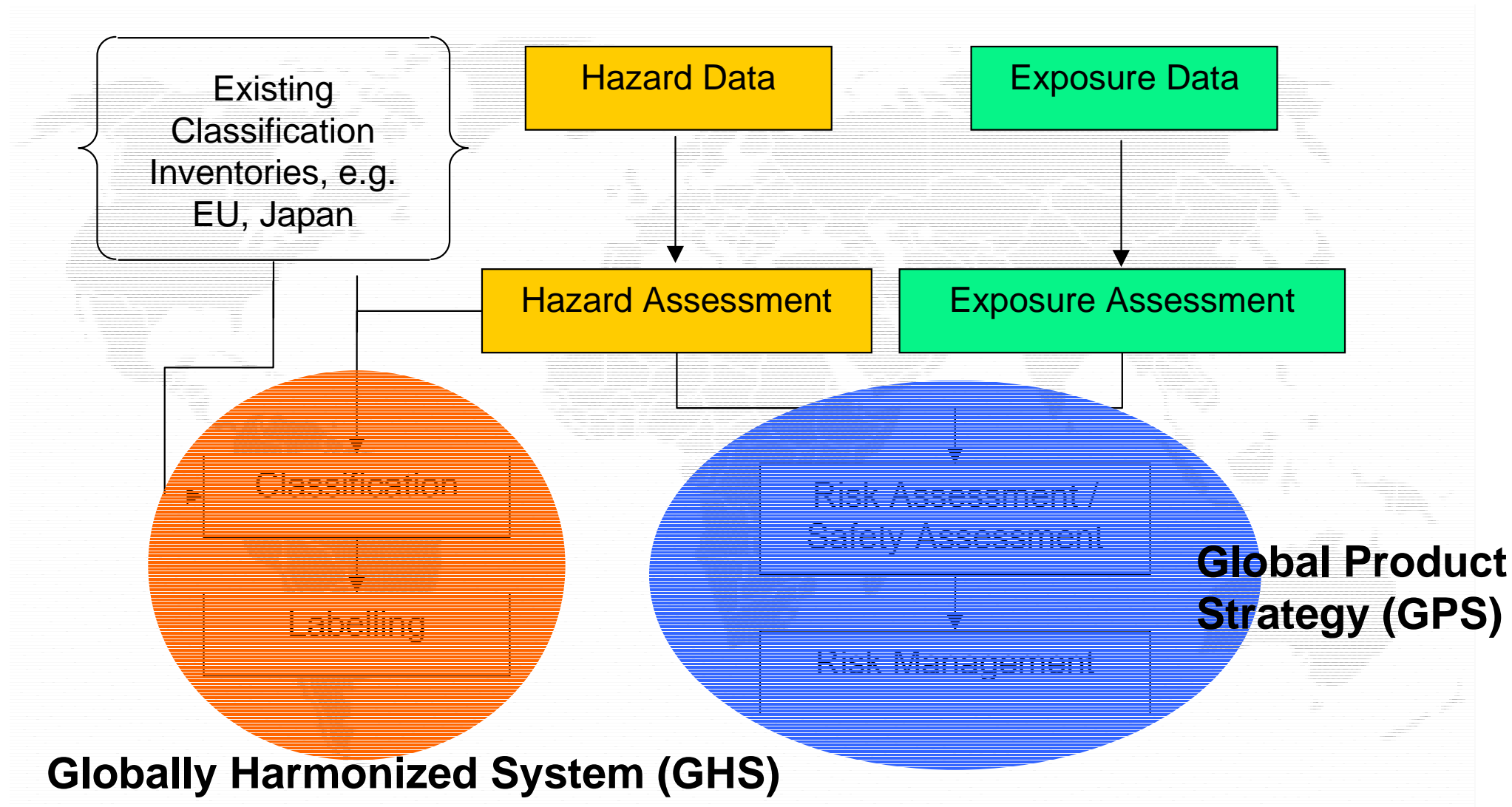
# How does BASF implement Goal 2020 and GPS ?

- Due to the extensive overlap in scope and timing GPS and the internal BASF Product Stewardship goals 2020 will be implemented as joint, integrated project Goal 2020 / GPS (substances and products).
- For the EU portfolio REACH timelines will not be affected, the CSR dossier will serve as basis for the GPS Safety Summaries.
- Until the end of 2018 the risk assessment for substances is foreseen to be finished and the GPS Safety Summaries will be published on the BASF internet site.
- Until end of 2020 the assessment of products is expected to be finalized.

# How GPS prioritizes non-EU Substances for assessment



# Synergies & Differences of GHS / GPS





# Status of the project – May 2011

Ongoing / Finalized

- Develop **Goal 2020 / GPS Implementation Concept**
- Analyze **BASF Portfolio** to be included in Goal 2020 / GPS
- Estimate **Resources** required
- Develop **Prioritization Tool** for further risk characterization
- Define **Risk Characterization Process** for Goal 2020 / GPS
  - EU substance portfolio covered by REACH (no changes)
  - Remaining portfolio to undergo a targeted risk assessment (based on hazard / exposure prioritization)
- Publish **GPS Safety Summaries** (hazardous and non-hazardous)



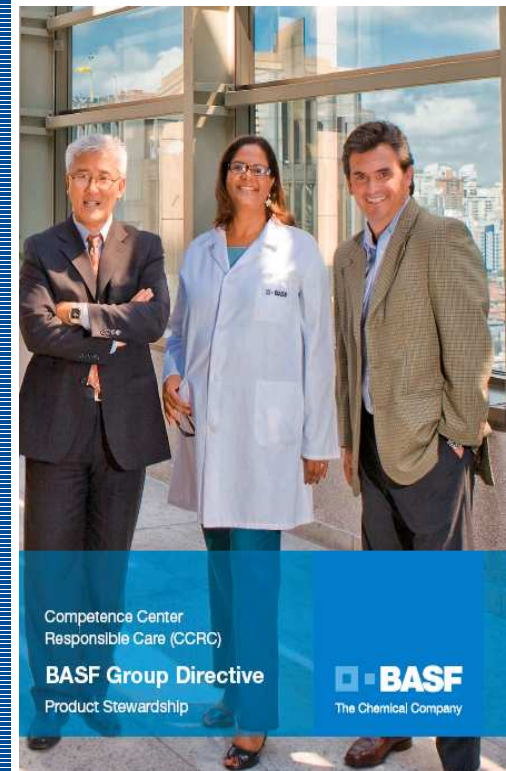
# Summary 1

## Product stewardship at BASF

... is part of the responsible care<sup>®</sup> management system

... includes

- Product information management
- Hazard assessment/ risk characterization
- Review and improvement
- appropriate risk management
- Communication of risk characterization and Risk management throughout the value chain
- Public communication



# Summary 2

## Product Stewardship is added value

### What does Product Stewardship do?

- Provides strategies in parallel to the product portfolio strategies in order to identify potential opportunities and threats in a highly regulated environment

### Means of Product Stewardship

- Evaluation of toxicological threats and regulatory boundaries for a product or product portfolio: Assisting product development, product testing strategy, risk assessment, product defense, communication to public, authorities etc.

### Value for the Business and R&D

- Identifying up-coming threats and alternatives before competitors do (opportunities). Marketing and sales advantage by having alternatives or a response available when needed.

# Summary 3

## Global Product Safety (GPS)

- Toxic effects of a product and risk at product use is independent from country borders
- Globalization of markets requires improved harmonization of chemical management systems (even level playing field; reduce trade barriers)
- GPS improves global product stewardship performance and, in turn, improve public confidence in chemicals and may influence upcoming regulations positively.
- GPS is added value to a companies business
- BASF has recognized this and has launched several global Product Stewardship projects including **GPS!**





The Chemical Company





The Chemical Company