



 **BASF**

We create chemistry

BASF Canada Personal Care

Our Purpose

We create chemistry for a sustainable future.

We want to 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 targets: Measuring success



Financial targets

- Grow sales volumes faster than global chemical production
- Increase EBITDA before special items by 3% to 5% per year
- Achieve a ROCE* well above the cost of capital percentage every year
- Increase the dividend per share every year based on a strong free cash flow

* Return on capital employed (ROCE) is a measure of the profitability of our operations. We calculate this indicator as the EBIT generated by the operating divisions as a percentage of the average cost of capital basis.

** Accelerator products are intended to contribute to sustainable development.

Non-financial targets

- CO₂-neutral growth until 2030
- €22 billion of sales with Accelerator products** by 2025
- With sustainability evaluations we cover 90% of our relevant spend by 2025 and 80% of suppliers improve their sustainability performance upon re-evaluation
- More than 80% of our employees feel that at BASF they can thrive and perform at their best

Global key measures

- Decouple our CO₂ emissions from organic growth through a Carbon Management program.
- Invest in cutting-edge technologies to speed up the transition to a circular economy, such as our ChemCycling project.
- Further increase our sales from Accelerator products, which are designed to contribute towards the potential for sustainability in the value chain.

BASF Corporate Commitments

Our Corporate Commitments cover every part of our value chain and operations to deliver long-term business success

Suppliers

BASF operations

Customers

And along the value chain...

We source responsibly

We connect across our supply chain, we collaborate closely with suppliers, we source responsibly.

We produce safely for people and the environment

We take care of our employees, we operate responsibly, we produce safely – for people and the environment.

We produce efficiently

We use resources in a circular, efficient way – an approach that's at the heart of our Verbund principle – we continuously improve our operations, we produce efficiently.

We drive sustainable solutions

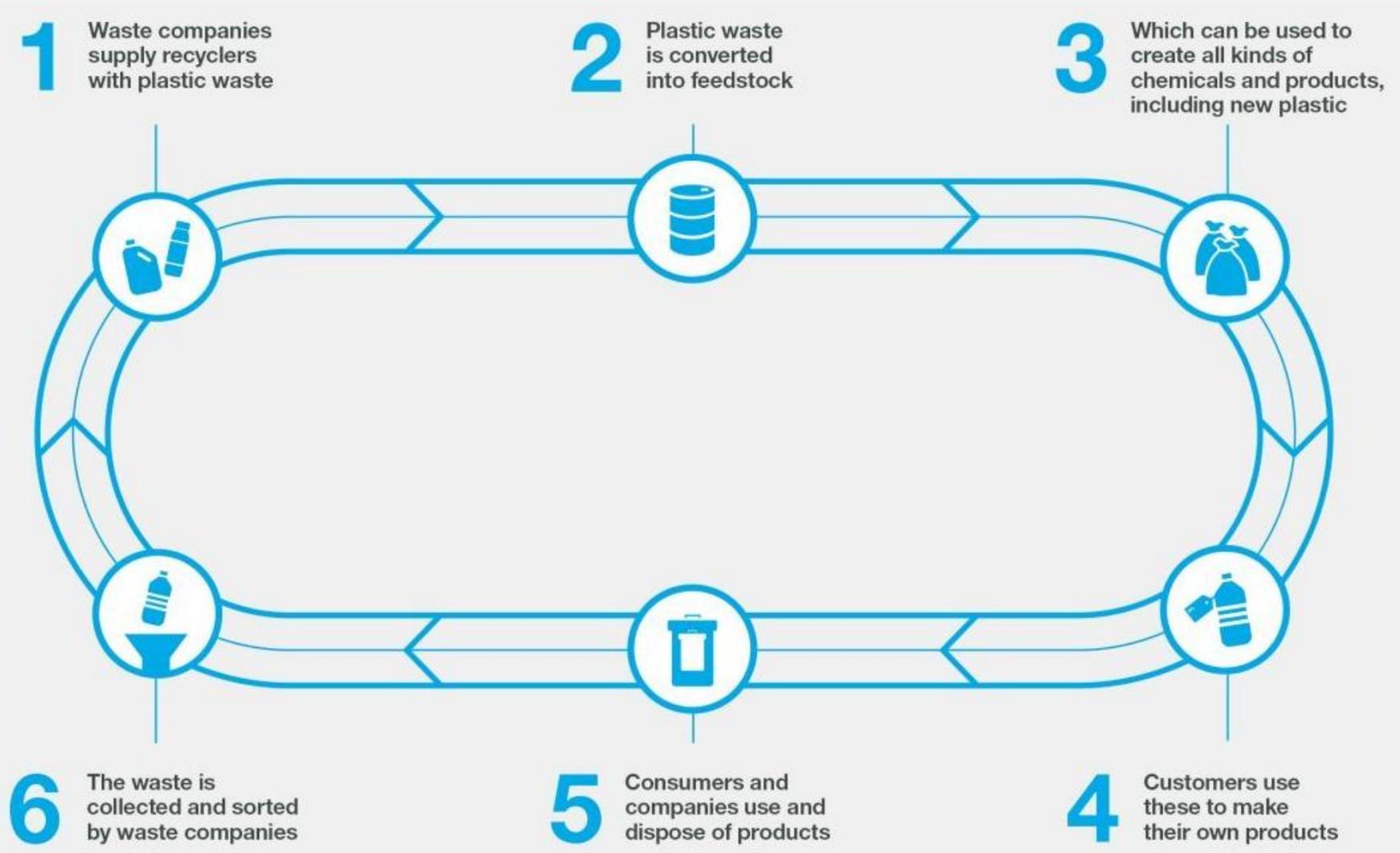
We bring innovative minds together to solve great challenges, we assess our solutions, which are designed to drive sustainability, then we shape our portfolio accordingly.

We value people and treat them with respect

We motivate and engage, we champion appreciation and fairness, we value people and treat them with respect.



Contributing to a circular economy through ChemCycling



We drive Sustainable Solutions

Leverage our innovation power to achieve €22 billion in Accelerator sales in 2025

Sustainability Indicators

Economy



Cost Savings

Ecology



Biodiversity



Renewables



Climate change



Energy



Emissions



Biodegradability



Resource efficiency



Waste reduction



Durability



Water

Society



Health and Safety



Hunger and Poverty



- We aim to increase the sale of products classified as Accelerators.
- Accelerators are products within our portfolio that contribute most to sustainability based on economic, ecological and societal indicators.
- Sustainable Solutions Steering, a BASF trademarked methodology externally verified by PwC GmbH, uses these indicators to classify our products

Partnerships

Through our partnership and memberships, we strive to be a lead contributor towards corporate sustainability in Canada.

Sustainability and Business Partnerships



Multi-stakeholder Initiatives



WE SUPPORT



Sustainability Leadership



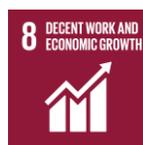
Industry Associations



This is a sample of industry associations that BASF Canada belongs to.



Through our business we contribute to the UN SDGs



Personal Care

BASF provides the resources of a global industry leader along with the consumer insights and innovative drive our customers expect. In all personal care segments, they profit from our winning combination of worldwide reach, technological power and formulation know-how.

- A wide product range that includes, surfactants and emulsifiers, polymers, emollients, actives, pigments and UV filters.
- As diverse as our concepts are, they share one common trait: by drawing inspiration from life, each one addresses a real and identifiable consumer need – and opens up significant potential for your success.

Contributions to Canada from Personal Care Industry



85% rise in google web searches by consumers for the term 'clean beauty' since 2017 in North America



More than 60% of women read beauty product labels prior to purchase



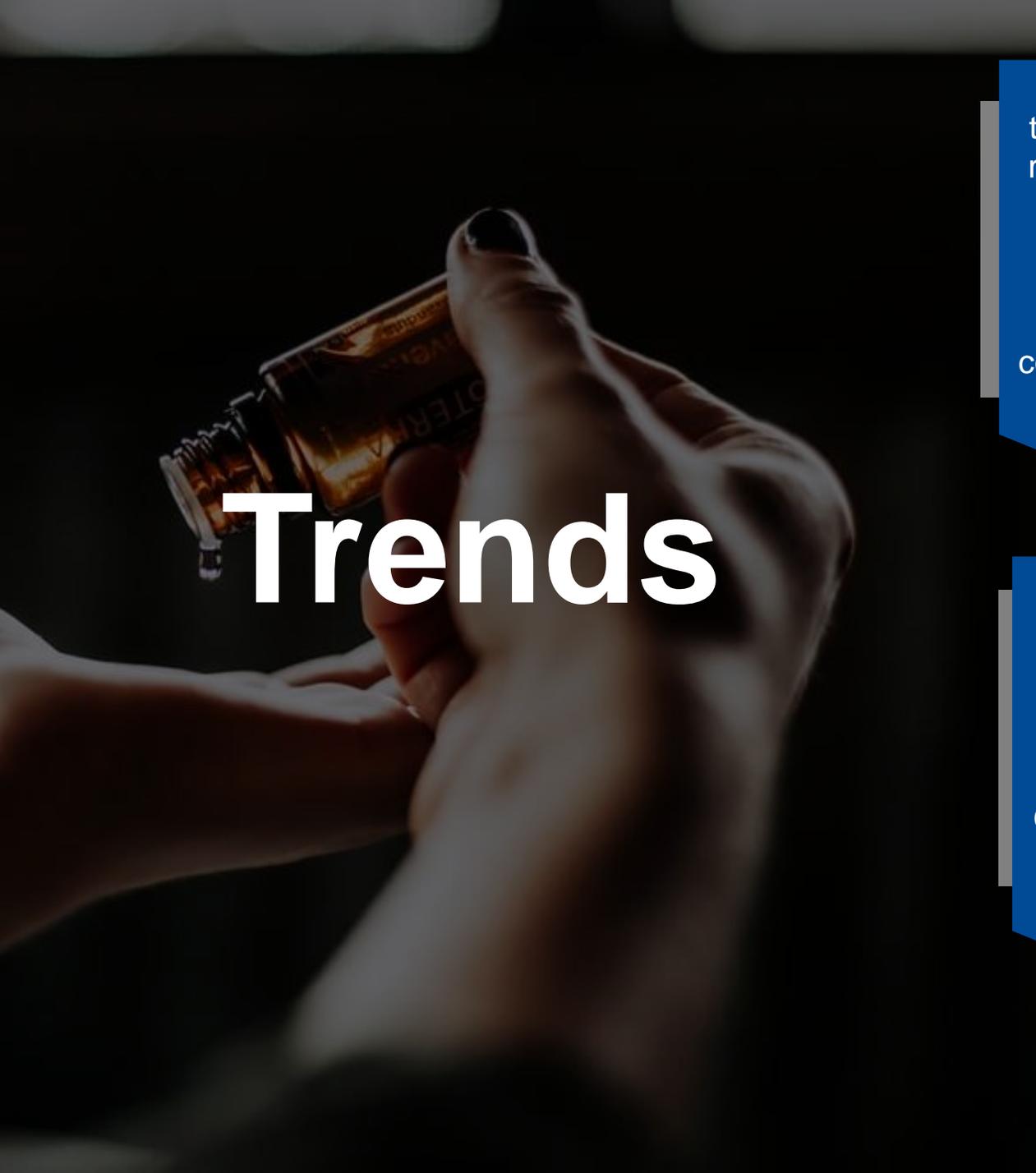
In 2017 hair care grows by 2% in current value terms to reach sales of \$1.7 billion



53% of consumers said that the absence of undesirable ingredients in products is more important than the inclusion of beneficial ones.



In 2017 premium beauty and personal care to reach sales of \$3.3 billion



Trends

As part of the transition towards a circular economy reuse and recycling are key trends for the industry. This includes the reduction of packaging plastics, collecting and reuse systems as well as circular product design.



Fair & social impact supply chain with emphasis on responsible sourcing.

Substituting non-sustainable materials and ingredients with non-toxic, natural components in personal care products.



Integrating more bio-based and organic Materials into personal care products.

Sustainable Palm Oils

BASF purchases palm oil, palm kernel oil and fractions, as well as primary palm oil and palm kernel oil oleochemical derivatives and edible oil esters. These used to produce ingredients for home and personal care products, food ingredients and other industrial applications.

- We actively support the Roundtable on Sustainable Palm Oil (RSPO) and have been working to foster the physical transformation of the industry.
- We will work with key stakeholders and stakeholder forums to define **traceability** in a way that supports reduction of uncertified palm oil and stopping deforestation.

Oil palm based cosmetic ingredients

- In 2018 a major part of the cosmetic specialties portfolio is shifted and will be exclusively offered as Roundtable on Sustainable Palm Oil (RSPO) certified sustainable ingredients to the personal care market.
- This enables customers to meet market demands for finished products based on certified sustainable palm kernel oil.



Cetiol® Ultimate

Ultrafast-spreading emollient for face, body, sun-care and color cosmetics

- Cetiol® Ultimate, a very light and volatile emollient - provides a superb solution to meet the rising market demand for new formulation textures and appealing skin sensations in cosmetics industry.
- Applications include: After Sun
Baby Care and Cleansing Body Care
Color Care Face Care
Face Cleansing Personal Care
Wipes Self Tanning Sun Protection

- 100% renewable based and volatile emollient
- Easier to use and replacement of volatile silicones possible
- Gives more flexibility in the development of natural cosmetic concepts for improved skin feel





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