

Investor Release



BASF sets the course for a future palm sustainability in Personal Care portfolios

- **Sustainable Solution Steering®: method helps to optimize the sustainability performance of Personal Care portfolios**
- **Expanded goals and commitments for sustainable, certified palm oil products**
- **Worldwide RSPO certification of BASF sites for personal care ingredients including four sites in Asia Pacific**

BASF has set out a number of measures to improve the sustainability of its Personal Care portfolio, especially with regard to ingredients from palm oil and palm kernel oil. "The sustainability of a product is a decisive factor for making a purchase decision for a growing number of consumers. Many of our customers in the personal care industry wish to further promote their sustainable development and we can help them," said Sergey Andreev, Senior Vice President, Care Chemicals Asia Pacific, BASF.

New process helps customers achieve their sustainability goals

In order to help its customers even better to increase the sustainability performance of their portfolio, BASF has developed a new process for steering its portfolio based on sustainability criteria. With the help of the Sustainable Solution Steering® method, the key drivers and issues for sustainability in the cosmetics industry were identified, and for each of the more than 2,000 products belonging to the Personal Care Portfolio of BASF, the contribution to sustainability was assessed according to their specific application. Overarching sustainability aspects were included in this respect, as well as regional differences.

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Each of the products analysed has been assigned to one of four categories: *Accelerator* demonstrate a substantial contribution to sustainability in the value chain, whereas *Performer* meet the standard market requirements. Specific sustainability issues have been identified for *Transitioner* and are actively addressed. *Challenged* do not meet the relevant sustainability criteria sufficiently. BASF has developed action plans for these products. These recommendations are in the process of being implemented.

“With the Sustainable Solution Steering method, we can assess more precisely how our products contribute to the sustainability goals of our customers and develop corresponding action plans together with them”, said Srikanth Vaduvur, Vice President, Regional Marketing Management, Care Chemicals Asia Pacific, BASF. Customers thus receive more transparency about the sustainability profile of the ingredients, which they use in their formulations, and are consistently able to make them more sustainable.

New goals and commitments for sustainable, certified palm oil products

Renewable raw materials are a driver of sustainability in the cosmetics industry. The most important renewable raw material for the Personal Care business of BASF is palm kernel oil. The global demand for palm oil and palm kernel oil has been continually increasing for many years. “We want to ensure that the renewable raw materials, which we mainly use to produce home and personal care ingredients, originate from sustainable, certified sources,” explained Vaduvur. For this reason, the company has revised and extended its commitments for the sustainable procurement of palm oil products. They include a sourcing policy for palm oil, palm kernel oil and their primary derivatives. The policy incorporates forest and peatland conservation as well as requirements for the inclusion of the local population in decision processes.

New goals for procuring palm oil products

“It is our goal to only obtain palm oil and palm kernel oil which has been certified by the Roundtable on Sustainable Palm Oil (RSPO),” said Tobias Zobel, Global Category Buyer Fatty Alcohols & Methyl Esters. Certified, sustainable palm kernel oil was, however, only available to a limited extent in 2015. “It was therefore not possible to cover our total requirement for palm kernel oil completely from sustainable, certified sources.” Each year BASF uses more than 400,000 tons of palm-based raw materials to produce ingredients for personal care products as well as laundry detergents and cleaning agents. This year, the company intends to go a step further in order to procure all oils by 2020 and also significant intermediates based on palm oil and palm kernel oil – these include fractions as well as primary oleochemical derivatives plus vegetable oil esters – by 2025 only from sustainable sources which have been certified by the RSPO. Moreover, processes will be established that allow an upstream traceability for the palm oil and palm kernel oil purchased by BASF back to the oil mill.

Twelve locations in Europe, Asia and North America satisfy RSPO criteria

BASF is also making progress with regard to the RSPO certification of its global sites for cosmetic ingredients: In Asia, a multi-site certification for the mass-balance process has been obtained for four sites: Jinshan (China), Kitatone (Japan), Bangpakong (Thailand) and Cimanggis (Indonesia). In North America, Mauldin, Cincinnati, Kankakee (USA) and Ecatepec (Mexico) already satisfy the respective criteria. In addition, four sites in Europe – Düsseldorf (Germany), Bousens (France), Fino Mornasco (Italy) and Zona Franca (Spain) – also hold a multi-site certification. “We want to make a worldwide contribution to our customers being able to achieve their goals of purchasing raw materials based on certified, sustainable palm oil and palm kernel oil,” stressed Andreev.

About BASF's Care Chemicals division

The BASF division Care Chemicals offers a broad range of ingredients for personal care, hygiene, home care, industrial & institutional cleaning, and technical applications. We are the global leading supplier for the cosmetics industry as well as the detergents and cleaners industry and support our customers with innovative and sustainable products, solutions and concepts. The division's high-performance product portfolio includes surfactants, emulsifiers, polymers, emollients, chelating agents, cosmetic active ingredients and UV filters. Superabsorbent polymers developed for the full spectrum of hygiene applications complete the range. We have production and development sites in all regions and are expanding our presence in emerging markets. Further information is available on the Internet at www.care-chemicals.basf.com.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 112,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of more than €70 billion in 2015. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information at www.basf.com.

Forward-looking statements

This release contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. BASF does not assume any obligation to update the forward-looking statements contained in this release.