

BASF Palm Sourcing Policy



This **BASF Palm Sourcing Policy** further specifies key elements of our palm related sourcing and is based on our [Supplier Code of Conduct](#)*. We live our corporate purpose “We create chemistry for a sustainable future” by sourcing and producing responsibly, acting as a fair and reliable partner and connecting creative minds to find the best solutions for market needs. Palm oil, palm kernel oil, and their derivatives are some of our most important renewable raw materials. We want to ensure that the raw materials we use stem from sustainable, certified sources and actively support the Roundtable on Sustainable Palm Oil (RSPO). In 2015, BASF revised and expanded the voluntary commitment to the sustainable procurement of oil palm products.

The development of oil palm plantations can contribute significantly to deforestation, loss of biodiversity and forcing climate change from the loss of peat land. BASF shares the widespread concern about these issues and BASF is committed to reducing the impact on the environment.

We strive to collaborate with our suppliers to address the disconnects in the system to enable significant improvement in the sustainable supply of certified sustainable palm and palm kernel oil and its derivatives and co-create a shared solution to the palm dilemma.

We want you as our supplier to work with us toward those improvements in the palm and palm kernel based supply chain. We expect you as a supplier to BASF to increasingly address the key elements below in your supply chain.

Forest Conservation

- You support the process toward convergence to reach an enhanced industry standard to conserve and restore High Conservation Value (HCV) and High Carbon Stock (HCS) Areas.
- You develop new plantings in accordance with the HCS Approach Toolkit until convergence is found. Upon completion of the convergence process you will support the new toolkit.
- You promote the dialogue toward a landscaping approach.

Peat Conservation

- You abstain from development of peat land and you maintain palm plantations on peatland in accordance with the RSPO Manual of Best Management Practices for Existing Oil Palm Cultivation on Peat.

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Free-Prior-Informed Consent, Social Impact Assessment, Human and Labor Rights

- You support the rigorous implementation of a free-prior-informed consent process and social impact assessments with regard to the development of plantings.
- You engage in a continuous enhancement process toward free and fair labor specific to oil palm.

Physical Transformation to Certified Products

- You promote certification toward credible standards.
- You develop certification in your area of responsibility and promote physical transformation.

Transparency and Upstream Traceability

- You support upstream traceability to oil mill level and ultimately to plantation level for certified products to break the link between oil palm and deforestation.

Smallholder Inclusion

- You promote smallholder inclusion into certified supply chains.
- You ensure fair smallholder treatment.

Conflict resolution

- You engage in a consultative and transparent process for conflict resolution.

Our relationship with you is based on mutual trust and respect. You may demonstrate your commitment to these goals through compliance with your own palm policy that embraces these goals. You will work with us in a regular strategic dialogue to address progress on the key elements above.

However, BASF may ask you to verify your compliance through third party assessments in on-site audits.

*<https://www.basf.com/en/company/about-us/suppliers-and-partners/sustainability-in-procurement/supplier-code-of-conduct.html>