

News Release

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BASF publishes 3rd Palm Progress Report

- **Sourcing 70 percent certified sustainable palm and palm kernel oil advances the company's palm commitment**
- **Smallholder support integral part of sustainable palm production**
- **Savings of more than 200,000 metric tons CO2 in 2018 by sourcing certified sustainable palm kernel oil**

Ludwigshafen, Germany – September 5, 2019 – BASF today launched the third edition of its palm progress report (PPR) featuring figures for 2018. One of BASF's key renewable raw materials is palm kernel oil and its primary derivatives which are mainly used for the production of ingredients for the cosmetics, detergent and cleaner industries, as well as in human nutrition. During the past year, the company purchased 127,000 metric tons of certified sustainable palm kernel oil. This represents around 70 percent of the company's total volume.

This is an important step towards the company's commitment to source only RSPO-certified sustainable palm and palm kernel oil by end of 2020. For the first time, the report mentions BASF's product carbon footprint (PCF) for sourcing certified sustainable palm kernel oil. Compared to conventionally sourcing, the company saves more than 200,000 metric tons CO2. RSPO-certified production of palm kernel oil shows around 36 percent lower global warming impact than non-certified production. The PCF is calculated according to the requirements and guidelines for quantification as stated in ISO "14067:2018-08 - Greenhouse gases – Carbon footprint of products".

Palm oil cultivation has been criticized for its environmental impact. BASF shares the concerns of the environmental impact, loss of biodiversity and local communities when cultivating palm oil. Therefore, the company is a member of the Roundtable on Sustainable Palm Oil (RSPO) and supports the certified sustainable farming of oil palms by the RSPO.

Smallholder engagement as integral part of sustainable palm production

More than three million smallholders and small-scale farmers make a living from palm oil globally. While their farmlands are small compared to industrial plantations, smallholders account for about 40 percent of total global palm oil production making them significant contributors towards a sustainable oil palm industry. But smallholders continue to suffer from lower yields as they often have to cope with inadequate information and knowledge in growing palms and selling oil. Partnerships in terms of smallholder projects enable BASF to support these farmers and at the same time increase the availability of sustainably produced palm oil, e.g. by offering continuous education and technical support on implementing and maintaining sustainable palm oil practices and to foster a sustainable palm oil production supply chain that is free from deforestation and competitive in the global market, while increasing the social and economic benefits for farmers.

“No palm sustainability progress can be effective without considering smallholders as a crucial part of the palm value chain accounting for 40 percent of the total area of planted oil palm in Indonesia and Malaysia”, said Ralph Schweens, President Care Chemicals, BASF SE. “Our partnerships with Estée Lauder, Solidaridad and RSPO but also Henkel enable us to support these farmers and at the same time increase the availability of sustainably produced palm oil.”

BASF and Henkel have cooperated with the development organization Solidaridad since 2016 to better involve smallholder farmers in Indonesia and improve their living conditions. Smallholders complete farming and environmental training as part of the Farmer Field School initiative, with a focus on efficient and sustainable growing practices and health and safety standards. Since 2016, almost 2,000 smallholders have completed a training program as part of the Farmer Field School initiative.

In addition, BASF, The Estée Lauder Companies and the Roundtable on Sustainable Palm Oil (RSPO) are partnering with Solidaridad to promote sustainable

palm oil and palm derivatives production in the district of Waykanan, Lampung, Indonesia. The project supports independent Indonesian smallholder farmers to improve their livelihoods and their sustainable production of palm oil and palm kernel oil. The project's target is that a minimum of one-third of the supported smallholder farmers become certified according to the Smallholder Standard of RSPO at the end of three years.

Driving market transformation: sustainable palm to be part of the solution

To drive market transformation, BASF has taken the decision to drive sustainable palm with a major portfolio shift in 2018. The company offers palm-based ingredients for the personal care market that are RSPO-certified as sustainable. This is an important milestone for the cosmetics industry. In addition, BASF has increased its certified production sites to 23 globally in 2018.

As one of the leading global processors, BASF committed to regularly publish its roadmap for sustainable palm, its collaboration along the value chain and the progress it is making in driving physical transformation in oleo derivatives. The PPR states the dilemma in oil palm plantation development and features the company's palm commitment as well as palm sourcing policy and its approach to include smallholder farmers, which was first published in 2016. BASF became a member of the Roundtable on Sustainable Palm Oil in 2004 and belongs to the High Carbon Stock Steering Group, in order to drive additional forest conservation requirements forward.

The full version of the Palm Progress Report can be accessed at BASF's Palm Dialog website:

<https://www.basf.com/global/en/who-we-are/sustainability/we-source-responsibly/palm-dialog.html>

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The BASF division Care Chemicals offers a broad range of ingredients for personal care, home care, industrial & institutional cleaning, and technical applications. We are a leading global supplier for the cosmetics industry as well as the detergent and cleaner 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. We have production and development sites in all regions and are

expanding our presence in emerging markets. Further information is available online 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 122,000 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 six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of around €63 billion in 2018. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information at www.basf.com.