BASF
We create chemistry

RESPONSIBLE SOURCING REPORT

2025

FOR THE CARE CHEMICALS OPERATING DIVISION

DEAR READERS,

As I step into my role as President of the Care Chemicals division, I do so with great respect for the work already underway across our organization and our value chains. I am impressed by the commitment, expertise and integrity with which our teams and partners drive responsible sourcing every day.

At Care Chemicals, we believe that economic success must go hand in hand with environmental protection and social responsibility. We aim to be the preferred chemical company enabling our customers' green transformation, and responsible sourcing is a central element of this ambition. It allows us and our customers to reduce environmental and social risks along the supply chain and, together, create meaningful and lasting impact.

As a fair and reliable partner, we place strong emphasis on rigorous supplier due diligence. We expect suppliers to commit to the values of our SCoC, which is based on internationally recognized Environmental, Social, and Governance (ESG) standards. Through initiatives such as Together for Sustainability (TfS), we actively collaborate with partners to assess, improve and continuously strengthen sustainability performance across our supply base.

An essential part of this journey is our engagement with smallholder farmers in selected supply chains. Their knowledge and livelihoods are indispensable for building resilient, responsible sourcing models for the future.
We have made significant progress in recent years. At the same time, 2025 presented particular challenges. Economic and geopolitical uncertainties, combined with limited availability of RSPO certified palm kernel oil, meant that we were unable to fully achieve our sourcing target for these materials. We have therefore adjusted the timeline for palm based derivatives to 2030. This decision does not change our fundamental ambition: We remain firmly committed to responsible sourcing and to applying high sustainability standards as a cornerstone of responsible business conduct.

Demand for environmentally and socially responsible products continues to grow, driven by customers, governments and society at large. Despite ongoing supply chain disruptions and evolving regulatory frameworks such as the European Deforestation Regulation (EUDR) and the Corporate Sustainability Due Diligence Directive (CSDDD), we are determined to actively shape the transition toward a more sustainable economy. This report documents our progress, our challenges and our commitment to continuous improvement. I invite you to join us on this journey with transparency, collaboration and a shared ambition to create sustainable value for people and the environment.

Daniel Wussow, President Care Chemicals

FOREWORD

WE EMPOWER THE GREEN TRANSFORMATION OF OUR CUSTOMERS TO PRODUCTS AND SYSTEMS THAT DELIVER MEASURABLE, LASTING IMPACT.

CONTENTS

SUSTAINABILITY

OUR COLLABORATIONS

BASF is engaged in sustainability networks to better understand the societal trends that drive our business, to help shape measurement and performance standards, and to partner for joint contributions to sustainable development.

EXAMPLES INCLUDE:

WE SUPPORT UN GLOBAL COMPACT

ISO

GBI

WORLD ECONOMIC FORUM

ALLIANCE FOR WATER STEWARDSHIP

CSR EUROPE

World Business Council for Sustainable Development

TOGETHER FOR SUSTAINABILITY

GLOBAL BATTERY ALLIANCE

ALLIANCE TO END PLASTIC WASTE

ELLEN MACARTHUR FOUNDATION Member

RATINGS

SUSTAINALYTICS

Corporate ESG Performance Prime RATED BY ISS ESG

CDP DISCLOSURE INSIGHT ACTION

NETWORKS & RATINGS

WE SOURCE RESPONSIBLY

FOUNDING MEMBER OF THE CHEMICAL TFS INITIATIVE, DRIVING HARMONIZED SUSTAINABILITY STANDARDS ACROSS GLOBAL SUPPLY CHAINS

BASF 2030 GOAL:

For the time frame up to 2030, BASF is striving toward ensuring that **annually, 80% of suppliers** who underwent a sustainability evaluation during the reporting period, and who had inadequate results in a prior comparable evaluation, improve their sustainability performance.

Our **Supplier Code of Conduct** is rooted in internationally recognized standards such as the principles of the UN Global Compact.

BASF engages in **global initiatives** to improve sustainability performance in the supply chain, e.g. Roundtable on Sustainable Palm Oil (RSPO), Sustainable Castor Oil Association, High Carbon Stock Approach (HCSA).

INCREASE IMPACT OF EVALUATIONS AND IMPROVE SUSTAINABILITY PERFORMANCE IN THE SUPPLY CHAIN

TOGETHER FOR SUSTAINABILITY

FOREST PROTECTION POLICY

We recognize the importance of protecting the world's forests for the wellbeing of the environment and society.

We respect rights and participation: uphold indigenous and local community rights through Free, Prior and Informed Consent (FPIC).

THE GENERAL OBJECTIVE OF OUR EFFORTS IS TO MINIMIZE THE IMPACT OF OUR OPERATIONS ON PEOPLE AND THE ENVIRONMENT

BASF strives to ensure that its supply chain is not associated with further deforestation, development on peat or conversion of other natural ecosystems.

We work collaboratively with value chain partners, governments and civil society to conserve forests and to drive our ambition.

We support restoration, such as Mata Viva, an initiative established in Brazil to reforestation and preserve native forests.

First published May 2020, reviewed June 2025

BASF's Forest Protection Policy underscores our global commitment to halting deforestation and promoting sustainable land use across our supply chains, operations and product portfolio. Recognizing the critical role forests play in maintaining biodiversity, regulating the climate and supporting livelihood, we are aligning our efforts with international frameworks such as the Kunming-Montreal Global Biodiversity Framework and the EU Deforestation Regulation (EUDR), while contributing to the achievement of sustainable Development Goal 15 (Life on Land).

Our Forest Protection Policy applies to all renewable raw material supply chains, including third-party suppliers, BASF's own operations and its product offerings. It covers primary forests, High Conservation Value (HCV) and High Carbon Stock (HCS) areas, as well as peatlands. BASF supports the conservation of ecologically and culturally significant landscapes connected to the origins of our supply chains and commits to no development on HCS forests, HCV areas or peatland. It upholds the rights of indigenous and local communities through the principle of Free, Prior and Informed Consent (FPIC) and supports reforestation and restoration of degraded lands.

To operationalize these principles, BASF is enhancing traceability and monitoring across its supply chains, assessing risks and implementing corrective actions where necessary. We collaborate with suppliers to improve sustainability performance and ensure responsible sourcing in line with our Supplier Code of Conduct and Principles for the Responsible Sourcing of Renewable Raw Materials. Public grievance mechanisms and transparent reporting further reinforce accountability. Initiatives like Mata Viva in Brazil exemplify BASF's commitment to reforestation and native forest preservation. Through stakeholder engagement we aim to drive market transformation, raise awareness and deliver measurable impact on the ground.

PALM OIL

KEY FIGURES

BASF PALM FOOTPRINT 2025

in 2025

we sourced 79.2% of our palm (kernel) oil RSPO-certified

~ 302,909

metric tons represent BASF's oil palm exposure in 2025

We have increased our efforts to improve supply chain transparency and traceability. We were able to trace about 98% of our overall palm (kernel) oil exposure back to the oil mill level in 2025.

25

BASF RSPO-certified sites globally

> 800

BASF raw materials are palm-based

CORE ELEMENTS OF OUR PALM COMMITMENT

- Protection of forests and peat
- Human and labor rights
- FPIC
- Traceability
- Smallholder inclusion
- Stakeholder dialog
- Progress report

When the Roundtable of Sustainable Palm Oil (RSPO) was founded in April 2004, BASF regarded it as a milestone for the palm oil world. As a result, BASF became a member of the RSPO in November 2004, very soon after launch. Since then, the RSPO has had a remarkable journey towards the sustainable certified production of palm and palm kernel oil – especially with the renewal of the Principles and Criteria in 2018. We therefore see the RSPO as a standard implementation of a strong No Deforestation, No Peat, No Exploitation (NDPE) policy.

BASF's Palm Commitment was first published in 2011 and expanded in 2015 to include NDPE requirements, a Palm Sourcing Policy for products derived from oil palm that covers forest and peat conservation, social impact assessment requirements and human and labor rights. Since 2020 we are targeting to source all palm and palm kernel oils from RSPO certified sources, and by 2025, to extend this commitment to include main intermediates. Our self-defined objective, from 2025 onwards, to also source key derivatives of palm oil and palm kernel oil exclusively from certified sources has been adjusted due to limited market availability of Certified Sustainable Palm Kernel Oil (CSPKO). Current forecasts indicate that the CSPKO market will remain tight until 2030, when the CSPKO consumption for both consumer and industrial goods producer will reach the targets of their published Time-Bound Plan (TBP)*. This sustained demand exceeds supply capacity and requires a comprehensive reassessment of sourcing strategy. In addition, the upcoming European Deforestation Regulation (EUDR) is expected to exacerbate existing supply constraints.

The anticipated regulatory framework is likely to result in a shortage of materials suitable for supply to the European market. The introduction of the EUDR, scheduled for December 30, 2025, and again postponed at very short notice, already had a significant impact on the structure of supply chains in Q4 2025. The availability of certified volumes at commercially viable conditions, which was particularly necessary to build up stocks to ensure supply capability during the transition period to the new regulation, was not always assured.

We now aim to achieve full certification of these intermediate products by 2030. RSPO remains our preferred certification standard. Alternatives will only be considered if they meet comparable requirements with regard to environmental and forest protection as well as labour and human rights.

The achievement of our goals continues to depend on the availability of certified raw materials and their economic feasibility. Regardless of this, BASF remains committed to further increasing the share of certified raw materials and to continuously advancing sustainability standards in the supply chain together with our partners.

Since 2011, BASF has deliberately sourced more certified palm and palm kernel oil than the market demanded. This long-term commitment served the goal of actively supporting the transformation to more sustainable supply chains. In the last years, however, this practice could not be continued. The continuing tense economic and geopolitical conditions affecting the chemical industry worldwide, and in Europe in particular, as well as the limited availability of RSPO-certified palm kernel oil, meant that we were unable to fully achieve our self-imposed target of 100% certified palm (kernel) oil purchasing.
In 2025, the proportion of certified volumes was 79.2% (2024: 98.1%). At the same time, we were able to trace about 98% of our palm-based raw material volume back to the oil mill (2024: 97%) – a significant contribution to greater transparency and risk management in the supply chain.

Due to a lack of market availability, we were unable to source all of our palm and palm kernel oil demand from RSPO

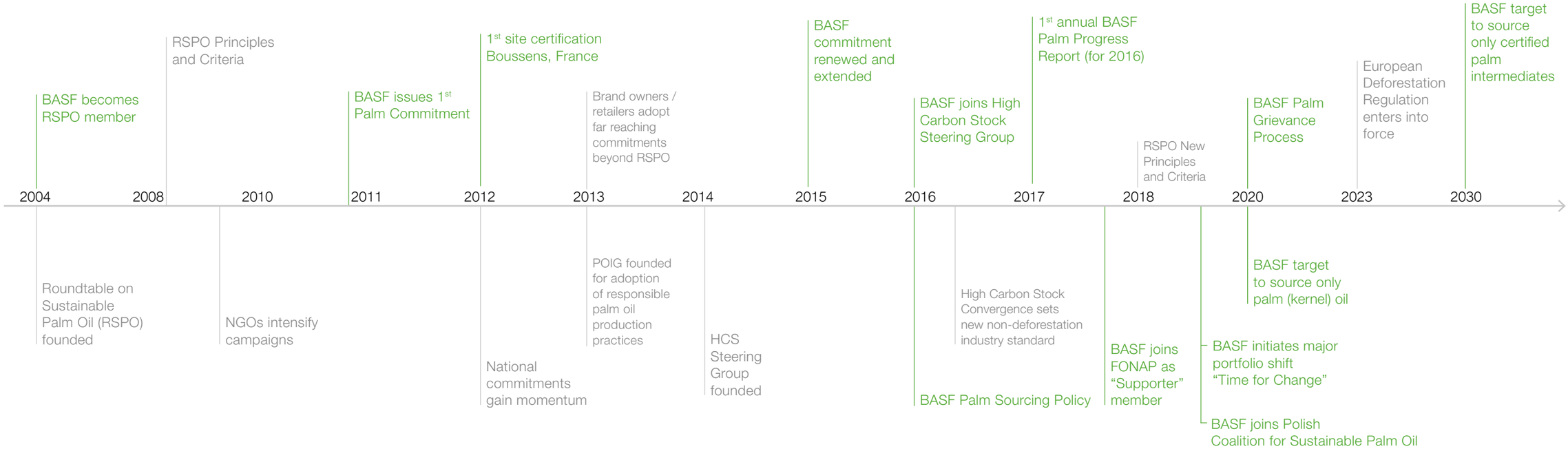
* RSPO Impact Report 2022, p. 73, available online: https://rspo.org/wp-content/uploads/RSPO-Impact-Report-2022.pdf (last accessed February 2, 2025).

OUR JOURNEY – BASF'S PALM COMMITMENT

certified sources in 2025. However, we have sourced 79.2% of our palm (kernel) oil demand from RSPO-certified sources. After careful analysis, we have integrated our palm oil commitment in our overarching BASF Group Position on Forest Protection. The scope covers oils and fats, grains, sugar and wood from our third-party supply, from our own operations as well as our products. BASF is also fully committed to the High Carbon Stock Approach (HCSA) initiative, which drives integrated land-use planning for oil palm development.

To support BASF's NDPE Commitment, we have developed an agile, responsive and insightful palm grievance procedure that covers direct and third-party suppliers. The process handles grievances related to BASF's palm oil supply chain, including suspension if necessary. We respect the RSPO grievance procedure. Actions and decisions on raised grievances made by the RSPO are taken into account.

The BASF palm grievance procedure is published on the BASF Care 360 website: www.care360.basf.com
For the first time, BASF received an "A" rating for forest protection, driven by its transparent reporting on deforestation-relevant raw materials, strong public engagement, and initiatives such as smallholder projects in the palm oil supply chain. CDP is a civil society organization that operates the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.


2004
2008
2010
2011
2012
2013
2014
2015
2016
2017
2018
2020
2023
2030
BASF becomes RSPO member
RSPO Principles and Criteria
BASF issues 1st Palm Commitment
1st site certification Boussens, France
Brand owners / retailers adopt far reaching commitments beyond RSPO
BASF commitment renewed and extended
BASF joins High Carbon Stock Steering Group
1st annual BASF Palm Progress Report (for 2016)
RSPO New Principles and Criteria
BASF Palm Grievance Process
European Deforestation Regulation enters into force
BASF target to source only certified palm intermediates
Roundtable on Sustainable Palm Oil (RSPO) founded
NGOs intensify campaigns
National commitments gain momentum
POIG founded for adoption of responsible palm oil production practices
HCS Steering Group founded
BASF Palm Sourcing Policy
High Carbon Stock Convergence sets new non-deforestation industry standard
BASF joins FONAP as "Supporter" member
BASF initiates major portfolio shift "Time for Change"
BASF joins Polish Coalition for Sustainable Palm Oil
BASF target to source only palm (kernel) oil

TIMELINE

OUR COLLABORATIONS

As a strategic supplier and a link between raw material producers and manufacturers, we want to make a difference in the palm industry. Collaboration and dialog along the value chain are key to pursuing our ambitious goals on path to responsible palm oil sourcing.

BASF joined the RSPO in 2004. Since then, we have actively participated in the organization's consultations, in particular in the Oleochemicals & Derivatives subgroup of the RSPO Trade & Traceability working group.

BASF strengthened its commitment to certified sustainable oil palm products in the German, Austrian and Swiss markets by joining the Forum for Sustainable Palm Oil (FONAP) in 2017 as a producer of oleo derivatives (category "Supporter"). In 2019, BASF, together with eleven founding members, signed the declaration of the Polish Coalition for Sustainable Palm Oil (PKZOP; Polskiej Koalicji ds. Zrównowazoneġo Oleju Palmowego). The PKZOP is an independent coalition that aims to achieve 100% sustainable palm oil in Poland by 2030.

"Collaboration and dialog along the value chain are key to pursuing our ambitious goals."

RESPONSIBLE PARTNERING

SMALLHOLDER INCLUSION

OUR COLLABORATIONS

In Indonesia and Malaysia, smallholder farmers account for 40% of total oil palm area and 33% of production. This means that no sustainability policy can be effective without considering smallholders as a crucial part of the value chain. Sustainability certification, such as the RSPO, can be costly and difficult for smallholders to achieve. However, certification is in high demand and can provide smallholders valuable premiums.

INDONESIA

In 2024 BASF continued and expanded its partnership with the Indonesian non-profit organization Kaleka, to accelerate the adoption of regenerative agricultural practices, forest conservation, smallholder farmers certification and to provide support to Jurisdictional Certification and Gaw Bapakat programs in Seruyan District in Indonesia. In December 2022, Kaleka launched Gawi Bapakat (GB) in the Seruyan District following the process of jurisdictional certification, which aims to ensure that all commodities in the district are produced sustainably, starting with palm oil. Gawi Bapakat promotes sustainability by providing incentives and technical assistance in four activities: ecosystem restoration, forest conservation, sustainable commodity certification, and fire-free agriculture practices. In 2025, 57.54 ha with 29 farmers from Terawan Village participated in mentoring regenerative agricultural practices, training in organic fertilizer processing and pest & disease controls, starting organic fertilizer production and livestock integration, and planting legume cover crops for soil improvement. 212.51 ha from 212 plots owned by 95 smallholders in 3 villages: Terawan, Permatang Limau, and Rungau Raya have been supported and assisted to obtain the RSPO certification. 1,500 ha of forests in Jahitan Village have been identified through participatory mapping with community members for forest protection under social forestry and will be proposed to the Ministry of Forestry.

MALAYSIA AND INDONESIA

BASF is working with Solidaridad to foster sustainable palm oil production and empower smallholder farmers in Indonesia and Malaysia to eventually achieve RSPO certification and meet the national sustainability standards Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Palm Oil (MSPO 2.0). The main objective of the Indonesian project is to strengthen 1,000 (30% female) palm oil smallholders to improve sustainable palm oil practices through the implementation of Best Management Practices and Good Agricultural Practices (GAP), traceability system and empower smallholder farmer organization to support East Kalimantan Green Development Commitment in East Kalimantan as well as Indonesia's Climate Nationally Determined Contribution (NDC) goals. The project takes a holistic approach, involving not only smallholders but also palm oil mills and the wider community. By fostering collaboration, building capacity and providing targeted solutions, the project aims to create a sustainable palm oil sector that benefits all stakeholders and supports East Kalimantan's green development commitments to achieve prosperity in the region.
The Malaysian part of the project will be implemented in Perak and Johor on the Malaysian peninsula. Over three years, 600 farmers will be trained, with a focus on 60-70% women smallholders. The project aims to increase farmers' productivity by 10-15%.

In addition, the initiative aims to increase smallholders' adaptive capacity to climate change through training, boost rural incomes by diversifying livelihoods, recycle food waste through composting, and promote sustainable rural

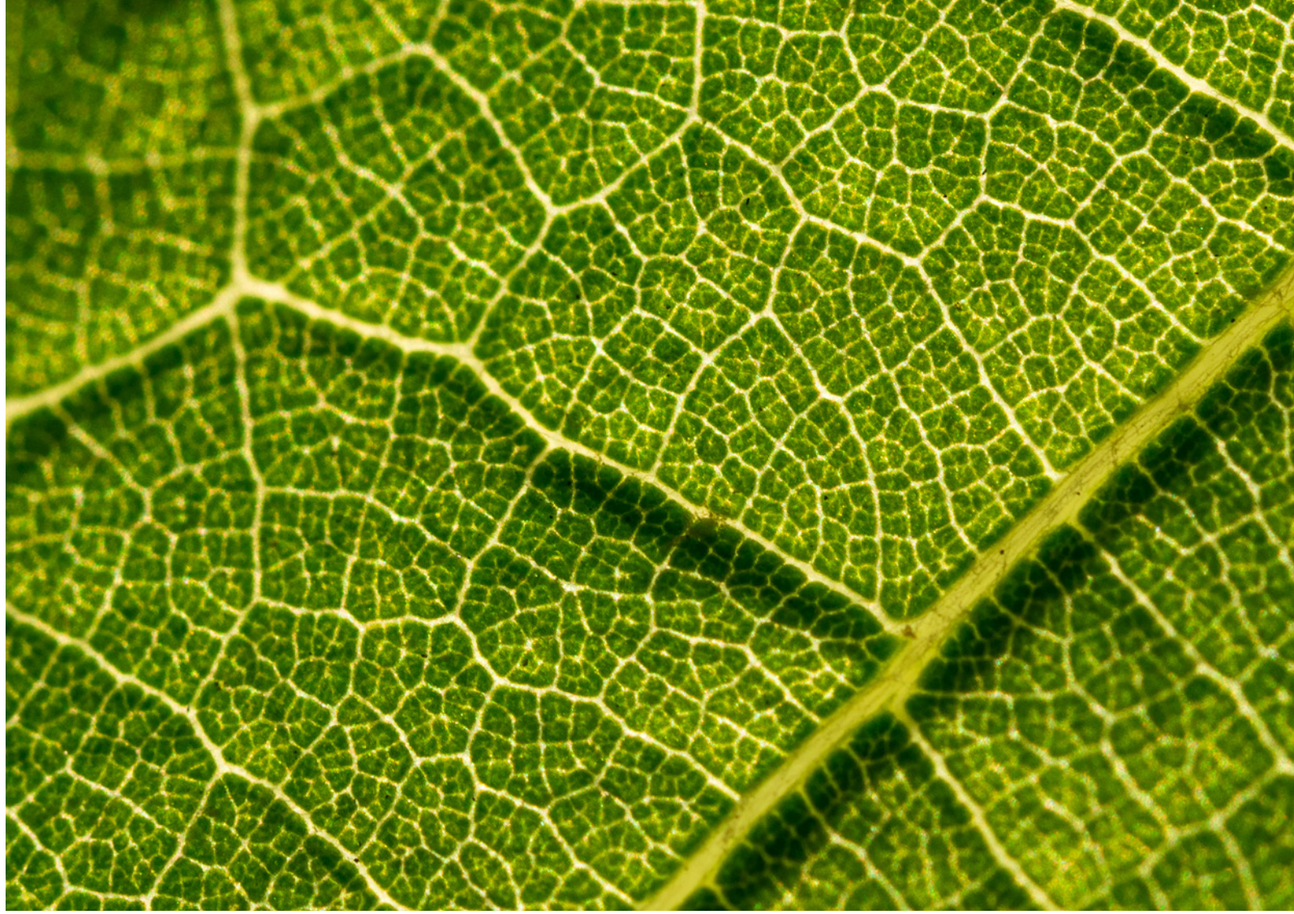
development through partnerships and capital mobilization. The project strengthened smallholder sustainability and market readiness by establishing two new cooperatives and reinforcing two existing ones to meet RSPO and ISPO standards. A total of 868 smallholders improved productivity through GAP training, while 184 farmers received specialized preparation on RSPO requirements, High Conservation Value (HCV) and hazardous waste management. Capacity building was further enhanced through a train-the-trainer program, producing 13 local champions who now promote GAP within their communities. Women's empowerment was supported through a Women Farmers Group, which developed a vegetable demonstration plot, received technical assistance and benefited from a revolving fund that supports seed access and a community savings–loan scheme, improving income opportunities.

Progress toward certification: one cooperative (191 farmers) is being prepared for RSPO certification, and two cooperatives (216 farmers) are advancing toward ISPO certification, supported by local government co-financing. In parallel, the project strengthened collaboration with local CPO mills to promote responsible sourcing. Additionally, the Bentang Sawit digital platform has been upgraded with e-learning tools and a fertilizer recommendation feature to support sustainable farm management.

COLOMBIA

In 2024, BASF entered into a strategic partnership with the non-profit organization Solidaridad and Fedepalma, the industry association representing the interests of 6,713 oil palm growers and mills in Colombia. This collaboration aims to increase the production of palm oil and palm kernel oil in Colombia through the accelerated adoption of the APSCO protocol, which emphasizes sustainable practices.

The primary objective of this collaboration is to foster sustainable palm oil production by encouraging the adoption of improved management practices by local producers. The project aims to achieve the following results by the third year of operation: A total of 1,577 producers will adopt better management practices to ensure zero deforestation in line with BASF's palm oil sourcing policy, including 305 women (~ 20%). In addition, 2,614 workers will experience improved working conditions, including 261 women (10%). The project will manage 59,500 hectares of land according to APSCO and/or RSPO environmental criteria. Among 300 smallholder palm oil producers, yields are expected to increase by 10%, resulting in higher incomes and greater resilience to climate change. High Conservation Value (HCV) areas in the impact zone will be mapped and characterized, with at least 50% of the HCV areas monitored. The project will focus its efforts in two of the four primary production zones, which represent higher intervention areas for smallholder oil palm producers; Magdalena, Cesar, Córdoba and Antioquia in the north and Narino in the southwest of Colombia. In 2025, 1,577 palm oil producers adopted sustainability practices with a performance of 49% on average. These producers represent 54,067 hectares that are managed under better practices, 8% of them considered as High Conservation Value areas. Significant advances were achieved in capacity building with 4,743 people since project start. The training covered social, environmental and economic topics, waste management, chemical handling, climate change, EUDR compliance and financial management. In addition,1,167 workers have been trained in labor formalization, occupational health and safety, risk identification and PPE (Personal Protection Equipment) use. As a result, 583 workers were hired under formal contracts for the first time.



BROAD RANGE OF SUSTAINABLE INGREDIENTS

OUR PROGRESS

BASF is one of the leading global suppliers of ingredients for personal care, home care, industrial and institutional cleaning and technical applications, as well as for food performance and health care. A significant share of our products are based on renewable raw materials, including a high proportion based on oil palm. We are a major consumer of palm kernel oil and its derivatives and, to a lesser extent, palm oil. We process these products into ingredients for the above-mentioned industries.

CARE CHEMICALS

Our products are predominantly based on palm kernel oil. The C-chain distribution for palm kernel oil includes a high percentage of C12-14-chains. This composition is ideal for ingredients used in personal and home care applications. In contrast to the food industry, where the oil is basically left intact, the oleochemical industry converts the oil through chemical processes such as fractionation into different C-chain lengths and the addition of different functional groups until the final function – usually a surfactant or an emollient – is obtained. This derivatization involves at least five to 10 discrete technological steps before the final ingredient is reached. This is one reason why the RSPO Mass Balance standard is currently the most widely used certification program for oleo derivatives used in personal and home care applications. The RSPO segregated standard would require all these steps to be kept separate, resulting in a huge amount of complexity and subsequent cost.

We offer a wide range of RSPO Mass Balance certified sustainable products covering all key personal care functions: From consistency factors (Cutina®, Lanette®), emollients (Cetiol®), emulsifiers (Eumulgin®), emulsion bases (Emulgade®), surfactants (Plantacare®, Dehyton®, Sulfopon® and Texapon®) and thickeners (Comperlan®) as well as all the main surfactants for the detergent and cleaning industry and industrial formulators (Dehydol®, Glucopon®, Lutensol®, Dehypon®, Disponil®, Agnique®).

NUTRITION & HEALTH

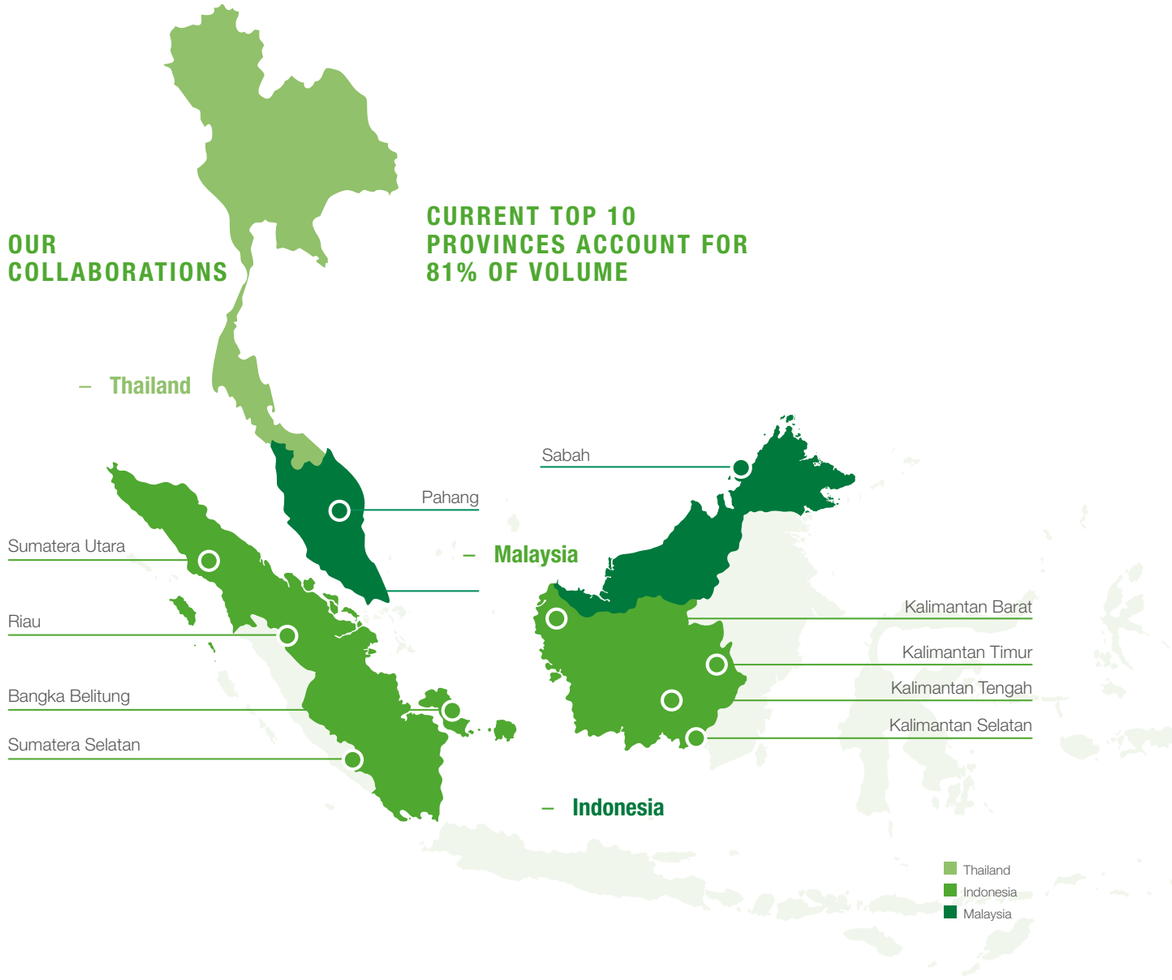
A key renewable raw material for numerous pharmaceutical excipients is palm kernel oil and its respective derivatives. As part of our overall portfolio, which offers widest range of IPEC-GMP lipid-based excipients, we have been the first major supplier to offer 100% RSPO certified lipid-based excipients for the pharmaceutical industry. Our lipid-based RSPO certified products include: a broad portfolio of emulsifiers, wetting agents, solubilizers and cream bases that are used in a variety of pharmaceutical applications (Kolliphor®); multi-functional solvents and emollients that can enhance solubilization and skin penetration while offering a benign mildness profile (Kollicream®); an extensive portfolio of structuring agents and lubricants that provide formulation stability, used in the development of numerous oral and topical dosage forms (Kolliwax®); and a product line comprised of versatile solvents functioning as solubilizers, plasticizers, lubricants, emollients and skin penetration enhancers, ideal for both oral and topical applications (Kollisolv®).

TRACEABILITY

BASF HAS TIES TO 42 PROVINCES IN INDONESIA AND MALAYSIA

The physical market transformation based on RSPO certification is an important element in our journey towards sustainable palm. In addition, traceability is the tool that helps companies along the palm oil supply chain to identify the origin of the oil they source. Knowing the potential mills and their locations makes it possible to identify and monitor whether sustainable practices are being applied at the source.

In 2025, we were able to trace about 98 percent of our global palm footprint* of 302,909 metric tons back to the oil mill level. We source 82.2 percent of our traceable raw material from 10 provinces in Indonesia and Malaysia and have relationships with a total of 42 provinces in the two countries, corresponding to 92 percent of our traceable raw material supply. Moreover, we are in the process of assessing the risk of our sourcing based on environmental and social criteria. We have again achieved full traceability for certified sustainable palm kernel oil sourced from 400 RSPO-certified oil mills.



SATELLITE MONITORING

THE CHALLENGE

Like many derivatives manufacturers, BASF sources from hundreds of palm mills (~ 1,500) scattered along the equator. These mills source from thousands of plantations, ranging from large industrial concessions to smallholder farms. Interspersed between the plantations are blocks of remaining rainforest, some of which is home to indigenous peoples and habitat for critically endangered species such as Sumatran tigers and orangutans. The general challenge for the industry, and for BASF, is to monitor upstream suppliers and ensure that these remaining forests are not cleared for new oil palm plantations – which would be a clear violation of BASF's NDPE policy.

THE APPROACH – PALMOIL.IO

Since 2021, BASF has been using the Palmoil.io web platform (https://palmoil.io) to track deforestation from plantations and link it to its suppliers. Palmoil.io brings together the critical ingredients for effective forest monitoring – forest alerts, high-resolution satellite imagery, supplier relationships and grievance information along with an estimated traceability to the plantation approach.

HOW IT WORKS

Palmoil.io organizes BASF's palm mills into a list and uses RADD forest alerts every month to monitor deforestation in proximity to the mill and within nearby concessions. The mills are ranked by a number of measures, including total hectares of alerts, historical deforestation and remaining forest. This helps BASF to analyze not only which mills to prioritize, but also which concessions they are likely to be sourcing from. Recent satellite imagery is also available to verify alerts and determine whether deforestation was likely caused by palm planting.

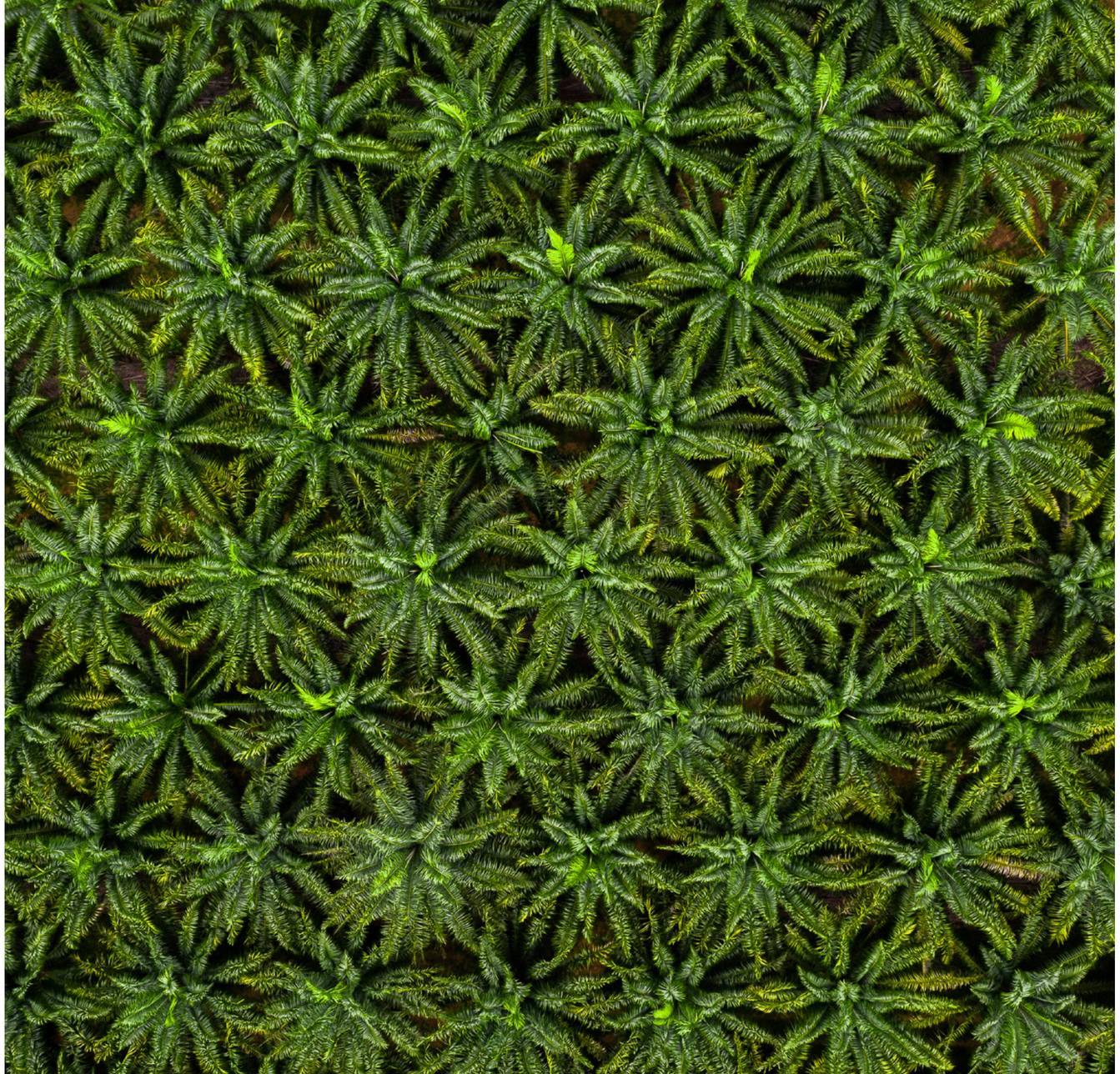
To provide further context, Palmoil.io links mills and concessions to grievances filed by watchdogs against major palm oil traders. Grievances cover not only alleged cases of deforestation, but also human rights violations, land and labor conflicts, and pollution. Palmoil.io monitors the grievance trackers of all major palm traders, documents each case and filing them with each supplier. As BASF, we monitor whether suppliers have been suspended, initiated deforestation moratoriums, or published an NDPE policy.

STRUCTURAL REPORTS

Palmoil.io also produces monthly risk insight reports. The reports use high resolution imagery to document and map new deforestation. The report shows before and after satellite images of the loss, traceability from plantation to mill and likely transportation routes. It also determines whether the deforestation was caused by smallholders or industrial logging. The findings are published in a concise report that BASF sends to suppliers for further information and possible action plans to stop deforestation and comply with BASF's NDPE policy.

CONCLUSION

Deforestation is an industry-wide challenge that requires an industry-wide effort to stop. As BASF, we believe in the obligation to contribute with our efforts towards more sustainable palm and we will continue to use tools and approaches that help us succeed in this endeavor.



COCONUT OIL

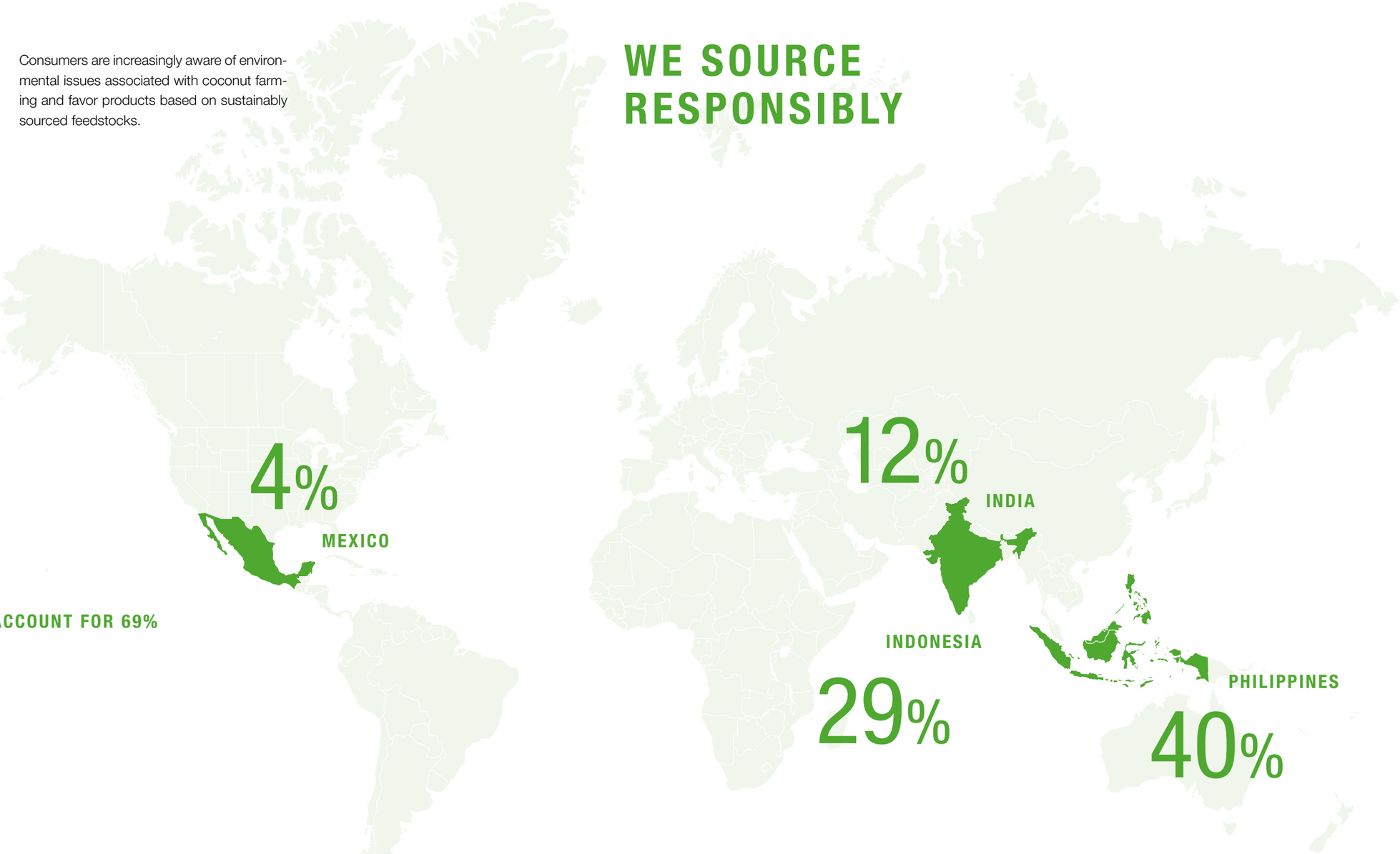
WE SOURCE RESPONSIBLY

Coconut oil is a vital feedstock for the chemical industry. BASF uses coconut oil to manufacture ingredients for products like cosmetic products, detergents and cleaning agents.

BASF is one of the first chemical companies offering ingredients for personal care applications that include coconut oil sourced from Rainforest Alliance Certified farms. After successfully certifying our production site in Cassina Rizzardi, Italy, we have now certified another site in Zona Franca, Spain. This marks an important step in increasing the use of raw materials, such as coconut oil from Rainforest Alliance Certified farms, in our renewable-based products. BASF is certified according to the Rainforest Alliance Mass Balance Coconut certification scheme.

Mass balance is a supply chain model that promotes the physical flow of certified raw materials within the supply chain. Farmers sell Rainforest Alliance Certified coconuts and copra.

Consumers are increasingly aware of environmental issues associated with coconut farming and favor products based on sustainably sourced feedstocks.



PHILIPPINES AND INDONESIA ACCOUNT FOR 69% OF COCONUT OIL PRODUCTION

Source: Oil World annual 2023, Vol. 1, ISTA Mielke GmbH

COCONUT PRODUCTION

BACKGROUND

- More than 100 million people depend on coconut for their livelihoods
- Coconut provides food and water, timber and leaves for building homes, and oil and copra for fuel and a source of income
- Coconut is mostly grown by low-income smallholders (95%)
- Due to fragmented and complex value chain structures, farmers have limited access to markets, finance and technical know-how
- Farmers' resilience and livelihoods can be positively impacted through collaborative transformation projects

Coconut oil (CNO) can be used as an alternative to palm kernel oil in the production of home and personal care products. As such, CNO is an important feedstock for BASF's chemical production processes. To support more responsible sourcing, we began sourcing Rainforest Alliance Certified coconut oil in 2018.

WHAT IS THE RAINFOREST ALLIANCE

The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests to promote more sustainable business practices. It works to leverage social and market forces to protect nature and improve the lives of farmers and forest communities. It addresses the following issues…

* https://www.rainforest-alliance.org/

SUPPORTING PEOPLE AND NATURE...

BY SOURCING RAINFOREST ALLIANCE CERTIFIED COCONUT OIL, WE ARE COMMITTED TO SUPPORT...

... farming practices that are designed to limit soil and air pollution.

...farming practices that are designed to protect water availability and quality in the production landscape and to promote sustainable water management.

...farming practices that combat forest degradation, new deforestation, land conversion and are desigend to promote biological diversity.

...farmers who implement measures to monitor and mitigate risks of child labor, forced labor, discrimination, workplace violence and harassment through Assess and Address system.

CERTIFIED SITES

These production sites were among the first at BASF to use Rainforest Alliance Mass Balance coconut oil, supporting the supply of personal care ingredients containing Rainforest Alliance Certified coconut oil.

CASTOR OIL

WHY SUSTAINABLE CASTOR?

~87%*

OF THE WORLD'S CASTOR SEEDS ARE PRODUCED IN INDIA*

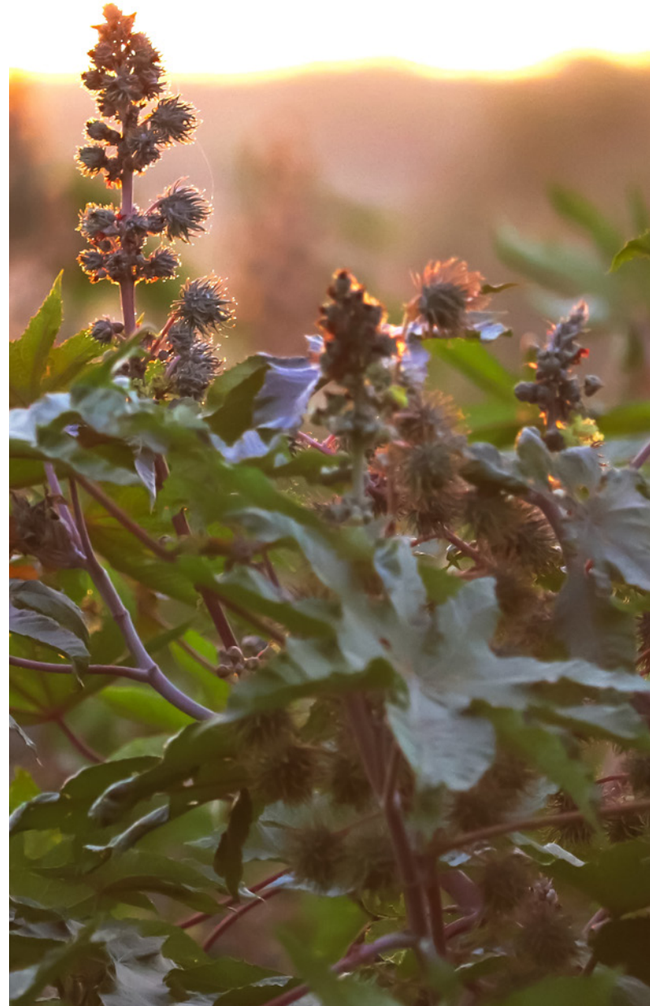
~47%

OF THE WEIGHT OF CASTOR BEANS IS CAPTURED AS CASTOR OIL; THE REST IS GENERALLY USED AS FERTILIZER

Castor oil is used in a variety of industries, including the cosmetics sector.

The castor plant has sustainable qualities: it is drought resistant and does not compete with the food chain for human or animal consumption. It is also an important and profitable crop for farmers, offering several advantages: It thrives on marginal soils, yields a substantial crop and is easy to store and sell due to its long shelf life. However, there are several social and environmental challenges and risks associated with conventional castor oil cultivation in India.

* FAOSTAT (2024).



PROJECT PRAGATI

To address the social and environmental risks of castor cultivation, BASF teamed up with Arkema, Jayant Agro-Organics Ltd. and the international civil society organization Solidaridad and launched the Pragati project back in 2016.

SOCIAL RISKS

Risk of child labor
Insufficient labor and living standards
Financial issues

ENVIRONMENTAL RISKS

Limited knowledge of best farming practices, soil protection and crop rotation
Threat to biodiversity
Weather changes can cause yield instability

HEALTH RISKS

Physical problems caused by field work
Toxicity risk of castor seeds (contains ricin)
Limited access to health care

SAFETY RISKS

Lack of personal protective equipment
Limited knowledge of safe and appropriate use of fertilizers and crop protection products

FOCUSSING ON OBJECTIVES

Objective 1

Development of sustainability principles for the sourcing of castor seeds that will enable castor producers to offer certified sustainable castor to the global market.

Objective 2

To improve the productivity and sustainability of the castor supply chain in India, particularly in Gujarat, thereby enhancing the economic self-sufficiency and livelihoods of smallholder farmers.

FOCUSSING ON

Using good agricultural practices to increase yields and farmer incomes

Using water resources efficiently and maintaining soil fertility

Promoting the adoption of good waste management practices

Enabling better health and safety practices

THIRD PHASE OF PRAGATI PROJECT

The Pragati program now in its third phase (2023–2026), with an expanded focus on supporting and increasing women's participation in castor farming. In the 2024–2025 season, the initiative trained more than 1,150 women farmers, emphasizing good agricultural practices and financial planning to bolster their roles in farm management, financial resilience, and community leadership. Through structured training exposure visits and access to information on government welfare schemes, Pragati empowers women farmers as active decision-makers within the castor value chain.

KEY OUTCOMES

> 140,000

tons of certified castor seeds have been cultivated since the beginning of the project

OVER

500

lead farmers have been trained to strengthen peer-to-peer learning.

3

BASF production sites are certified according to the SuCCESS code

MORE THAN

450

capacity-building training sessions were held with farmers during the season 2024-2025

> 10,000

farmers have been certified

> 150

medical camps have been organized

30%

reduction in on-farm water use recorded compared to conventional cultivation, through adoption of efficient irrigation practices. (year 9)

YEAR 9 YIELD IS

32%

higher than the government estimates for the entire state

> 12,000

hectares have been farmed in accordance with the SuCCESS code

> 10,000

personal protective equipment (PPE) kits have been distributed free of charge

SUCCESS CERTIFICATION

BASF and its partners, who jointly advanced sustainable castor farming in India through project Pragati, were also the founding members of the Sustainable Castor Association (SCA). The SCA is a not-for-profit organization that brings together all stakeholders in the castor value chain – including industry, civil society, and environmental and social NGOs – to develop and implement the SuCCESS Code.

SuCCESS, which stands for Sustainable Castor Caring for Environment & Social Standards, is regarded as the first independently auditable standard for sustainable castor production. It is designed to address key social, environmental and economic challenges. The Code is structured around eleven principles of sustainable castor production, covering social and environmental aspects, as well as good agricultural practices. It encompasses workers' welfare and protection, waste and pollution management; biodiversity, soil and water management, ecological balance, safe use of crop protection products and others. Accountability at farm level is ensured through a rigorous verification system. The SuCCESS Standard requires adherence to 41 mandatory and 35 non-mandatory control points, all specifically tailored to the needs and realities of castor farmers. BASF has demonstrated a strong commitment to the SuCCESS code, becoming the first chemical company to achieve certification. In 2025, three production sites were certified under the SuCCESS code.

Following certification, BASF began supplying SuCCESS-certified ingredients to the personal care industry, enabling customers to access sustainably grown raw materials. By choosing these ingredients, customers support a supply chain that promotes responsible farming practices, reduces environmental impact, respects human rights and improves safety and working conditions for farmers.

RESPONSIBLY ACTIVE

Botanicals unlock the door to many of our cosmetic active ingredient innovations. The responsible use and protection of natural resources as well as support for communities involved are thus among our most important tasks.
To live up to this responsibility while empowering people along the entire botanical value chain, we have set up the Responsibly Active program for our bioactive ingredients business in 2022. It aims to align all our actions towards more sustainable practices and includes clear targets and action plans for the coming decade. The program is based on three pillars, which include a focus on responsible sourcing of our raw materials.

INNOVATIVE PRODUCTS THAT PROTECT NATURAL RESOURCES

Nature is at the heart of what we do, and caring for natural resources is one of our core responsibilities. That is why we develop innovative products, focusing on renewable resources and organic farming practices, preserving biodiversity and forests, while aiming for transparency and traceability of our botanical sourcing.

EMPOWERING AND RESPECTING PEOPLE ALONG OUR VALUE CHAIN

Caring for the people we work with is a key value that guides us in everything we do. We are committed to respecting fundamental human rights in our botanical sourcing supply chain while promoting diversity, equity and inclusion in our collaborative projects. We do this by empowering people and local communities through the provision of safer working conditions, fair incomes as well as premiums to finance individual or collective projects.

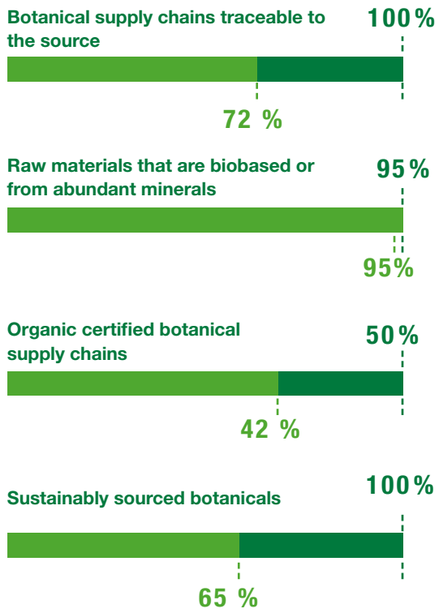
REDUCING OUR CLIMATE IMPACT AND OPERATIONAL FOOTPRINT

As a positive contribution to climate change, we aim to reduce our carbon footprint in production. We are also working rigorously on reducing our environmental footprint concerning water, waste and energy.

BIOACTIVES FOR A POSITIVE FUTURE

Because plants are at the core of our bioactives business, we seek to maximize the use of renewable resources while fostering organic farming and sustainable practices. Our dedicated initiatives respect and protect local biodiversity, while avoiding land degradation and deforestation along our supply chains. What's more, we are committed to sourcing all our botanicals sustainably and ensuring traceability to the source of every single one. We have set ourselves ambitious targets for 2030 and have made important progress in the third year of our Responsibly Active program:

OUR TARGETS BY 2030



PROTECTING PLANT RESOURCES THROUGH FAIRWILD CERTIFICATION WITH OXIMONY™

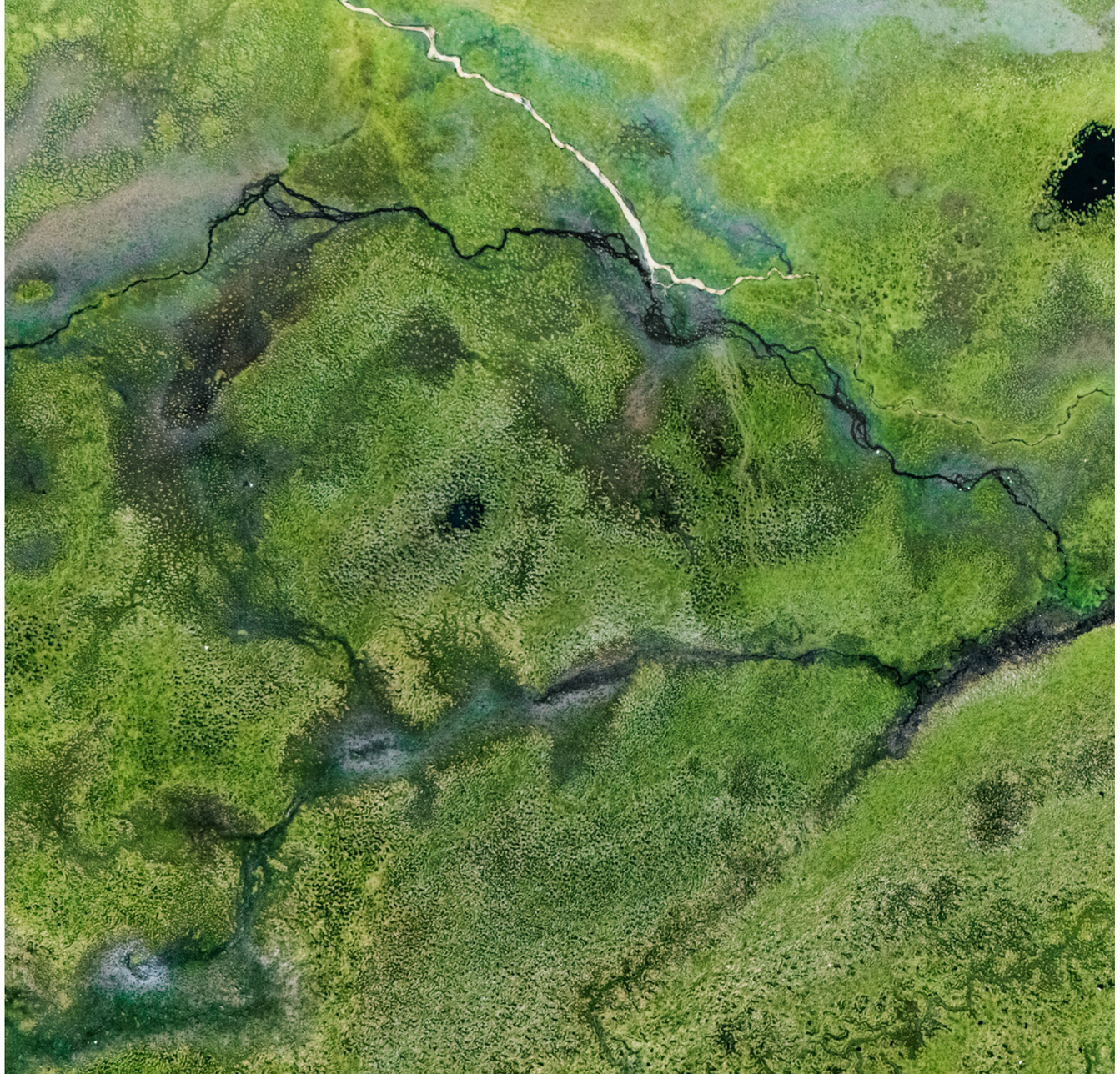
Deep in the ancient mountains of China grows a unique vine: *Lysimachia christinae,* also known as Jin Qian Cao. This plant is revered in traditional Chinese medicine for supporting the flow of qi energy. And it is the source of our new bioactive Oximony™ designed to increase skin longevity, improving skin radiance, resilience and firmness. Every step of its supply chain is fully traceable, ensuring transparency from its origins in China to the final product. FairWild certification confirms the sustainable sourcing of *Lysimachia christinae,* with annual audits attesting to the protection of the resource and its ecosystem, respect for local communities, fair trade practices and workers' rights. FairWild premiums also fund social responsibility initiatives that will positively impact the surrounding community.

INNOVATIVE PRODUCTS THAT PROTECT NATURAL RESOURCES

OUR JOURNEY CONTINUES

In 2026, we will continue to advance ingredient innovation rooted in transparency, ethics and environmental care. One example is our new product range Floragenist™ derived from certified organically cultivated Damask Rose and Bitter Orange from Morocco's Marrakech–Safi region. Hand-harvested, the raw materials offer full traceability to the source. The Fair For Life certification of the Damask Rose guarantees ethical sourcing and support for local communities. Using an extraction process with coconut water as a natural solvent, we continue to combine natural integrity with responsible innovation – and we invite partners across our value chain to join us in shaping a more sustainable future.

TOGETHER WE ARE RESPONSIBLY ACTIVE.



OUTLOOK

The home and personal care industry is increasingly shifting not only toward renewable, but also responsibly sourced raw materials. Primarily, in personal care but also in cleaning and laundry products, petrochemical feedstocks are increasingly being replaced by renewable and recycled alternatives.

This change is driven by growing demand for sustainable products, expected changes in the regulatory landscape, corporate goals such as net zero, and rapid advances in green chemistry and biotechnology. The result is steady market growth for renewable ingredients, with plant-based surfactants and biotechnologically produced materials becoming increasingly established.

At the same time, practical challenges remain: ensuring sustainable sourcing channels—for example, to avoid deforestation—scaling up new technologies on an industrial basis and managing costs and market volatility. The availability of an important raw material, RSPO-certified palm kernel oil (CSPKO), is currently limited; no short-term relief is expected, which is affecting procurement strategies and market conditions.

In 2025, the discussion surrounding the EU Deforestation Regulation (EUDR) dominated the regulatory environment. Repeated postponements of its entry into force led to short-term uncertainties in individual supply chains, but at the same time provided additional time to clarify technical and organizational issues with partners and authorities.
In our view, two issues are particularly important for the practical implementation of the EUDR: First, closing the gaps in Annex I of the EUDR to ensure a level playing field for the European oleochemical industry. Relevant derivatives based on palm oil and palm kernel oil are not comprehensively and coherently covered in Annex I. This leads to gaps, which in turn create incentives to circumvent the regulation and shift value creation and employment outside the EU, as well as resulting incompetitive disadvantages for the EU oleochemical industry. Second, coordinated, data protection-compliant procedures are needed for the exchange of geolocation data, which enable reliable traceability and the fulfillment of due diligence obligations.

Against this backdrop, a combination of diversified raw material procurement, deeper partnerships with producers, certifiers and NGOs, and targeted investments in traceability technologies and compliance capacities are essential. Constructive dialogue with political actors remains essential in order to create practical framework conditions.

In summary: The transition to responsibly sourced renewable raw materials is full of challenges but also opportunities. It cannot be handled only by one player, but with coordinated cooperation between industry, politics and civil society, as well as technical solutions and transparent supply chains, the transformation can be implemented successfully and sustainably.

BASF SE

CONTACT PERSONS:
JUTTA STUTE
YVONNE SPECHT
OLGA ZAGIROVA

67056 LUDWIGSHAFEN
GERMANY

+49-173-3478210

WWW.BASF.COM