

# Welcome to your CDP Forests Questionnaire 2022

## F0. Introduction

### F0.1

#### **(F0.1) Give a general description of and introduction to your organization.**

At BASF, we create chemistry for a sustainable future. As the world's leading chemical company, we combine economic success with environmental protection and social responsibility. Around 111,000 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.

As of 2021, BASF's activities have been grouped into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. In 2021, BASF posted sales of €78 billion, BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information on BASF is available on the internet at [www.basf.com](http://www.basf.com).

We carry out our corporate purpose, "We create chemistry for a sustainable future", by pursuing ambitious goals along our entire value chain. In this way, we aim to achieve profitable growth and take on social and environmental responsibility. Our products, solutions and technologies contribute to achieving the United Nations' Sustainable Development Goals (SDGs).

Our leading position as an integrated global chemical company gives us the chance to make important contributions in the areas of resources, environment and climate, food and nutrition, and quality of life. Dealing with climate change is one of the major challenges to ensure a sustainable future. We recognize the importance of protecting the world's forests for the well being of the environment and society and we acknowledge our responsibility as an actor in various value chains and therefore, strive to end deforestation within those.

Palm oil, palm kernel oil, and their derivatives are some of our most important renewable raw materials. We aim to ensure that these raw materials come from certified sustainable sources, and actively support the Roundtable on Sustainable Palm Oil (RSPO). In 2021, we published our fifth progress report – the BASF Palm Progress Report – for greater transparency in the value chain. We reached our goal of only sourcing RSPO-certified certified palm and palm kernel oil and purchased 242,946 metric tons in 2021. BASF's Palm Sourcing Policy addresses the requirements for protecting and preserving forests and peatland, as well as the involvement of local communities. At the same time, we are stepping up our efforts to improve transparency and traceability in the supply chain. We were able to trace 96% of our global palm footprint to oil mill level as of the end of 2021.

As BASF provides products and solutions for many industries, it is vital to additionally consider the potential impacts that the use of our products can have on forests. BASF provides many

solutions for agriculture, including crop protection, nitrogen management, digital solutions, seeds and pest control to enable the sustainable intensification of agriculture by increasing productivity on existing land and by mitigating impacts on the environment, locally and globally. We thus actively contribute to decreasing the pressure to convert forests into arable land. Livestock is fundamental to meeting the world’s growing demand for products of animal origin like meat, eggs and milk. However industrialized livestock farming substantially contributes to deforestation. BASF offers a range of feed additives (enzymes, vitamins, glycinates, organic acids) which make livestock farming more sustainable in particular by reducing the feed conversion rate and thereby improve nutrient and energy utilization from feed. By enabling sustainable intensification of livestock production, we contribute to reducing the pressure to convert forests into arable land or pastures.

We work collaboratively with value chain partners, governments and civil society to conserve forests. BASF partners with a variety of organizations, including Roundtable on Sustainable Palm Oil (RSPO), Forum Nachhaltiges Palmöl, and the High Carbon Stock Approach Steering Group to raise and increase awareness, drive the necessary market transformation and to achieve impact on the ground. Collaborative programs such as Mata Viva, an initiative established in Brazil to drive reforestation and preserve native forests demonstrate BASF’s commitment to preventing deforestation and promoting reforestation.

Forward-Looking Statements: This document may contain forward-looking statements. These statements are based on current estimates and projections and currently available information. Future statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. We do not assume any obligation to update the forward-looking statements contained in this report.

## F0.2

**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	January 1, 2021	December 31, 2021

## F0.3

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

EUR

## F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.**

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
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Timber products	Not disclosing	Manufacturing	Our company purchases a range of renewable raw materials including lignosulphonates extracted from wood for the use as feedstock for various products. By purchasing volume and equivalent area of land needed to grow the raw material, the most relevant touchpoint for BASF is palm (kernel) oil in comparison to other renewable raw materials.
Palm oil	Disclosing	Manufacturing	
Cattle products	This commodity is not produced, sourced or used by our organization		
Soy	Not disclosing	Manufacturing	Our company purchases a range of renewable raw materials including soybean oil and derivatives for the use as feedstock for various products. By purchasing volume and equivalent area of land needed to grow the raw material, the most relevant touchpoint for BASF is palm (kernel) oil in comparison to other renewable raw materials.
Other - Rubber	This commodity is not produced, sourced or used by our organization		
Other - Cocoa	This commodity is not produced, sourced or used by our organization		
Other - Coffee	This commodity is not produced, sourced or used by our organization		

## F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

No

## F0.6

**(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	BASF SE ISIN: DE000BASF111

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

#### Palm oil

##### Activity

Using as input into product manufacturing

##### Form of commodity

- Crude palm oil (CPO)
- Crude palm kernel oil (CPKO)
- Refined palm oil
- Palm oil derivatives
- Palm kernel oil derivatives
- Other, please specify
  - Refined Palm Kernel Oil (RBD PKO)

##### Source

- Trader/broker/commodity market
- Contracted suppliers (processors)
- Contracted suppliers (manufacturers)

##### Country/Area of origin

- Brazil
- Cambodia
- Colombia
- Costa Rica
- Côte d'Ivoire
- Ecuador
- Gabon
- Ghana
- Guatemala
- Honduras

- Indonesia
- Liberia
- Malaysia
- Nicaragua
- Panama
- Papua New Guinea
- Solomon Islands
- Thailand
- Unknown origin

**% of procurement spend**

1-5%

**Comment**

Traceability to origin (oil mill level) in volume terms is 96%, thus, 4% remain as unknown origin – but we do know the direct suppliers for which we not yet have the traceability information.

## F1.2

**(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	<b>% of revenue dependent on commodity</b>	<b>Comment</b>
Palm oil	1-5%	The estimation is based on the revenues we are generating with palm-based products in the Nutrition & Care unit which represent approximately 8% of BASF's total revenue. The Nutrition & Care unit processes most of the palm and palm kernel oil that we purchase.

## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	<b>Data availability/Disclosure</b>
Palm oil	Consumption data available, disclosing

## F1.5a

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

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**Forest risk commodity**

Palm oil

**Data type**

Consumption data

**Commodity production/ consumption volume**

462,894

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Yes

**% of reported volume verified as deforestation- and/or conversion-free**

74.9

**Please explain**

Methods used to verify deforestation- and/or conversion-free status: With the Together for Sustainability program, risk matrices help us identify suppliers with a high sustainability risk potential based on country and product risks. Using this risk analysis and other evaluations, we audit raw material supplier sites on sustainability standards and initiate sustainability assessments through an external provider. The palm raw materials BASF is sourcing comply with RSPO, ISPO and MSPO standards which include regular audits to renew compliance with these standards. These standards (among others) ensure, that agricultural standards set by the government and standard specific requirements are kept and controlled. In February 2020, the revised RSPO Supply Chain Certification Standard was endorsed by the RSPO Board of Governors. The revised document is the result of an extensive review, integrating and updating the practices and procedures related to Supply Chain Certification (SCC) by the Supply Chain Certification Task Force since April 2019. BASF was member of this Task Force.

BASF also supports the RSPO Segregated certification by purchasing some RSPO Segregated volumes. We downgrade these Segregated volumes and offer Mass Balance certified sustainable products. The RSPO Mass balance certification scheme represents the greatest certified volume for our palm-based products.

RSPO has strengthened their principles and criteria in 2018 and with this being the only certification standard with verified No Deforestation and NDPE implementation. The verification is conducted on a yearly basis through structural and independent audits and assessments on the ground. BASF sources 56% of its entire palm exposure as RSPO certified and therefore 56% of BASF palm sourcing is verified deforestation / conversion free.

In addition we are sourcing another 18,9% of our palm exposure from areas / palm oil mills with a low risk profile according to Global Forest Watch (GFW) Palm Risk Approach. Given the methodology (huge impact of historic, recent deforestation) of this

GFW Palm Risk Approach we consider the risk category “low” as deforestation free. Therefore, the total of 74,9% of our palm exposure is verified deforestation free.

## F1.5b

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

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### Forest risk commodity

Palm oil

### Country/Area of origin

Malaysia

### State or equivalent jurisdiction

Specify state/equivalent jurisdiction  
Sabah

### % of total production/consumption volume

24.3

### Please explain

This location covers 24.30% of the palm oil sourced by our business out of the total consumption volume. The volume proportion is calculated by taking the standardized traceability information (Palm Oil Mill Name, Palm Oil Mill Owner, GPS Code = Industry Standard) of each palm oil raw material delivery and distributing the volume of this single delivery equally to each of the palm oil mills (GPS codes) associated with this single delivery. This approach enables the introduction of a volume-based sourcing priority classification.

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### Forest risk commodity

Palm oil

### Country/Area of origin

Indonesia

### State or equivalent jurisdiction

Specify state/equivalent jurisdiction  
Sumatera Utara

### % of total production/consumption volume

11.38

### Please explain

This location covers 11.38% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Riau

**% of total production/consumption volume**

8.5

**Please explain**

This location covers 8.50% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Johor

**% of total production/consumption volume**

5.25

**Please explain**

This location covers 5.25% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia



**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Kalimantan Tengah

**% of total production/consumption volume**

4.26

**Please explain**

This location covers 4.26% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Aceh

**% of total production/consumption volume**

4.11

**Please explain**

This location covers 4.11% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Pahang

**% of total production/consumption volume**

3.87

**Please explain**

This location covers 3.87% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Sarawak

**% of total production/consumption volume**

3.2

**Please explain**

This location covers 3.20% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Kalimantan Barat

**% of total production/consumption volume**

2.6

**Please explain**

This location covers 2.60% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Sumatera Selatan

**% of total production/consumption volume**

2.53

**Please explain**

This location covers 2.53% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Chumphon

**% of total production/consumption volume**

2.39

**Please explain**

This location covers 2.39% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Kalimantan Timur

**% of total production/consumption volume**

2.31

**Please explain**

This location covers 2.31% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Kalimantan Selatan

**% of total production/consumption volume**

2.16

**Please explain**

This location covers 2.16% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Perak

**% of total production/consumption volume**

2.11

**Please explain**

This location covers 2.11% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Selangor

**% of total production/consumption volume**

1.56

**Please explain**

This location covers 1.56% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Bangka Belitung

**% of total production/consumption volume**

1.49

**Please explain**

This location covers 1.49% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Negeri Sembilan

**% of total production/consumption volume**

1.18

**Please explain**

This location covers 1.18% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Jambi

**% of total production/consumption volume**

1.16

**Please explain**

This location covers 1.16% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Surat Thani

**% of total production/consumption volume**

1.11

**Please explain**

This location covers 1.11% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Chon Buri

**% of total production/consumption volume**

0.95

**Please explain**

This location covers 0.95% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Sulawesi Barat

**% of total production/consumption volume**

0.89

**Please explain**

This location covers 0.89% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Trengganu

**% of total production/consumption volume**

0.87

**Please explain**

This location covers 0.87% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Lampung

**% of total production/consumption volume**

0.72

**Please explain**

This location covers 0.72% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Pulau Pinang

**% of total production/consumption volume**

0.52

**Please explain**

This location covers 0.52% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Kelantan

**% of total production/consumption volume**

0.51

**Please explain**

This location covers 0.51% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.



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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Trang

**% of total production/consumption volume**

0.48

**Please explain**

This location covers 0.48% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Samut Sakhon

**% of total production/consumption volume**

0.47

**Please explain**

This location covers 0.47% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Chang Wat Surat Thani

**% of total production/consumption volume**

0.47

**Please explain**

This location covers 0.47% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Chang Wat Samut Songkhram

**% of total production/consumption volume**

0.47

**Please explain**

This location covers 0.47% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
Samut Songkhram

**% of total production/consumption volume**

0.47

**Please explain**

This location covers 0.47% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Sumatera Barat

**% of total production/consumption volume**

0.47

**Please explain**

This location covers 0.47% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Melaka

**% of total production/consumption volume**

0.35

**Please explain**

This location covers 0.35% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Bengkulu

**% of total production/consumption volume**

0.32

**Please explain**

This location covers 0.32% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Meta

**% of total production/consumption volume**

0.32

**Please explain**

This location covers 0.32% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Cesar

**% of total production/consumption volume**

0.29

**Please explain**

This location covers 0.29% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Kedah

**% of total production/consumption volume**

0.27

**Please explain**

This location covers 0.27% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

South Kalimantan

**% of total production/consumption volume**

0.25

**Please explain**

This location covers 0.25% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Magdalena

**% of total production/consumption volume**

0.25

**Please explain**

This location covers 0.25% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Casanare

**% of total production/consumption volume**

0.13

**Please explain**

This location covers 0.13% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Guatemala

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Izabal

**% of total production/consumption volume**

0.11

**Please explain**

This location covers 0.11% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Cambodia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Kaoh Kong & Krong Preah Sihanouk

**% of total production/consumption volume**

0.14

**Please explain**

These locations combined cover 0.14% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Honduras

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Colón, Atlántida & Yoro

**% of total production/consumption volume**

0.11

**Please explain**

These locations combined cover 0.11% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Colombia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Cundinamarca, Santander, Bolívar, Nariño, Norte de Santander, Vichada, Antioquia & Valle del Cauca

**% of total production/consumption volume**

0.12

**Please explain**

These locations combined cover 0.12% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers this location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Papua Barat, Sulawesi Tengah, Sulawesi Selatan, Sulawesi Tenggara & Kepulauan Riau

**% of total production/consumption volume**

0.19

**Please explain**

These locations combined cover 0.19% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Papua New Guinea

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

West New Britain, Oro, Morobe, Milne Bay & New Ireland

**% of total production/consumption volume**

0.09

**Please explain**

These locations combined cover 0.09% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand



**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Krabi & Nakhon Si Thammarat

**% of total production/consumption volume**

0.08

**Please explain**

These locations combined cover 0.08% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Gabon

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Estuaire & Ngounié

**% of total production/consumption volume**

0.08

**Please explain**

These locations combined cover 0.08% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Guatemala

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction  
 Petén, Quezaltenango, Alta Verapaz & Escuintla

**% of total production/consumption volume**

0.04

**Please explain**

These locations combined cover 0.04% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Ecuador

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Los Rios, Esmeraldas, Manabi & Santo Domingo de los Tsachilas

**% of total production/consumption volume**

0.02

**Please explain**

These locations combined cover 0.02% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Côte d'Ivoire

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Bas-Sassandra, Comoé, Lagunes & Gôh-Djiboua

**% of total production/consumption volume**

0.01

**Please explain**

These locations combined cover 0.01% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Nicaragua

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

Atlántico Sur

**% of total production/consumption volume**

0.01

**Please explain**

These locations combined cover 0.01% of the palm oil sourced by our business out of the total consumption volume. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

0.04

**Please explain**

A combined 0.04% of the palm oil sourced by our business out of the total consumption volume are sourced from Costa Rica, Solomon Islands, Brazil, Ghana Panama & Liberia. The traceability systems described in the first row covers these location.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Unknown origin

**State or equivalent jurisdiction**

**% of total production/consumption volume**

4

**Please explain**

4% remain as unknown origin – but we do know the direct suppliers for which we not yet have the traceability information.

**F1.5e**

**(F1.5e) How does your organization produce or consume biofuel derived from palm oil?**

**Does your organization produce or consume biofuel derived from palm oil?**

No

**Data type**

**Volume produced/consumed**

**Metric**

**Country/Area of origin**

**State or equivalent jurisdiction**

**% of total production/consumption volume**

**Does the source of your organization's biofuel material come from smallholders?**

**Comment**

## **F1.6**

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## **F1.7**

**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

---

**Forest risk commodity**

Palm oil

**Have you monitored or estimated your deforestation/conversion footprint?**

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

**Known or estimated deforestation/ conversion footprint (hectares)**

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

## F2. Procedures

### F2.1

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

#### Palm oil

---

**Value chain stage**

Direct operations  
Supply chain

**Coverage**

Full

**Risk assessment procedure**

Assessed as part of an established enterprise risk management framework

**Frequency of assessment**

More than once a year

**How far into the future are risks considered?**

> 6 years

**Tools and methods used**

Internal company methods  
External consultants  
Global Forest Watch Pro  
Sustainability Policy Transparency Toolkit (SPOTT)  
Other, please specify  
HCS Approach, Together for Sustainability, RepRisk, Risk Matrix

**Issues considered**

- Availability of forest risk commodities
- Quality of forests risk commodities
- Impact of activity on the status of ecosystems and habitats
- Regulation
- Climate change
- Impact on water security
- Tariffs or price increases
- Loss of markets
- Leakage markets
- Brand damage related to forests risk commodities
- Corruption
- Social impacts

**Stakeholders considered**

- Customers
- Employees
- Investors
- Local communities
- NGOs
- Other forest risk commodity users/producers at a local level
- Regulators
- Suppliers

**Please explain**

The sustainability-related topics relevant for BASF are addressed by the responsible operating divisions, functional units and the regions, which assess the risks identified as being relevant according to impact and probability of occurrence. We also systematically assess opportunities and risks with effects that cannot yet be measured in monetary terms, such as reputational risks. Our suppliers are evaluated based on risk due to the size and scale of our supplier portfolio. We define relevant suppliers as those showing an elevated sustainability risk potential as identified by our risk matrices and our purchasers' assessments. Description of each of the tools/methods: We use the Together for Sustainability (TfS) evaluation program, which is based on third-party online assessments and on-site audits and is simplified for both suppliers and TfS member companies by a globally uniform questionnaire. In addition, the service provider RepRisk provides us with ad-hoc information if any suppliers have been publicly observed in connection with negative sustainability incidents, including forest-related aspects. We also use tools and services like publicly available SPOTT data, Global Forest Watch Pro (GFW Pro) online management, external consultants and HCS Approach to create a holistic picture in order to assess forest-related risks on many different levels. One of the most significant issues considered is the violation of regulation and negative impacts on the status of ecosystems and habitats, which could lead to increased risks for other issues considered. Through our satellite monitoring approach (Palmoil.io platform by MapHubs) and our comprehensive traceability information on palm (internal company method), BASF is observing its palm supply chain for recent potential deforestation cases and bring these cases up for resolution

with our direct supplier which connects BASF accordingly to the area of potential deforestation.

## F2.2

**(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?**

	Value chain mapping
Palm oil	Yes, we have partially mapped the value chain

## F2.2a

**(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).**

### Forest risk commodity

Palm oil

### Scope of value chain mapping

Own operations

Tier 1 suppliers

Other, please specify

BASF publishes the connected palm oil mills

### % of total suppliers covered within selected tier(s)

96

### Description of mapping process and coverage

Collaboration and dialog along the value chain is key for pursuing our ambitious goals on our journey towards responsible sourcing of palm oil. In Indonesia and Malaysia, smallholder farmers account for 40 percent of the total area of planted oil palms and as much as 33 percent of the output. This means 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 to achieve for smallholders. However, it is also high in demand and can provide premiums. NDPE implementation is the key success factor for a social license to operate in the palm value chain in the future. For BASF, an NDPE policy and its implementation have become a business-critical factor. Our reviewed BASF Palm Sourcing Policy addresses the requirements for protecting and preserving forests and peatland, as well as the involvement of local communities. Traceability and certification have guided the palm industry for years. But traceability to palm oil mill does not solve the palm dilemma alone it is about engaging with the right suppliers, introducing change for the better on the ground and increase transparency on the palm value chain. Therefore, we share a list of our main suppliers and the names and locations of round about 1,300 mills.

The disclosed % of total suppliers covered within selected tier(s) is based on coverage of our commodity consumption volumes.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

## F3. Risks and opportunities

### F3.1

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Palm oil	Yes

### F3.1a

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

Deforestation and forest degradation are an element of BASF's risk management, which identifies and evaluates opportunities and risks as early as possible to take appropriate measures in order to seize opportunities and minimize risks. The aim is to avoid risks that pose a threat to BASF's continued existence and to make improved managerial decisions to create lasting value.

**Definition of substantive impact:**

We understand risk to be any event that can negatively impact the achievement of our operational or strategic goals. We define opportunities as potential successes that exceed our defined goals. A specific risk or opportunity is considered as having a substantive impact if the resulting deviation from planned earnings exceeds €10 million. We have further defined the magnitude of impact to be linked to the following net financial implications for BASF's EBIT: High = more than €100 million, Medium = €10-100 million, Low= less than €10 million. If a new risk is identified that could have an impact on earnings of more than €10 million or bears reputational risks, it must be immediately reported to the Board of Executive Directors.

**Description of the quantifiable indicators used to define substantive impact:**

(a) Potential financial implications for BASF: Depending on the nature of the risk or opportunity, different methods for quantification are considered. In case of a clear understanding about the direction of change driven by the risk/opportunity, the effects will be quantified based on expert assessments about the potential level of change and cause-effect-relationships. If the direction



of change is unclear, i.e., the effect can be positive or negative and thus represents a volatility/uncertainty, a case-specific probability distribution over the impact range is estimated.

(b) Probability of occurrence: Financial impacts will only be considered where a risk or opportunity has a probability of occurrence of at least 1% or the potential to threaten BASF's license to operate. The method for estimation of probability depends on the nature of the risk or opportunity. In case that statistical data about the occurrence of the risk/opportunity are available (e.g., area of illegal deforestation), such information will be the basis for calculation of likelihoods. If no such statistical relationship can be relied on (e.g., when assessing the probability of implementation of certain policy measures), likelihood will be subject to expert estimates. We classify probabilities as follows: low = less than 30%, medium = 30-70%, high = more than 70%.

Scope: The mentioned definitions and thresholds apply regardless to where in the value chain the risk/event is located, i.e., direct operations, supply chain, customers etc.

## F3.1b

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

---

### Forest risk commodity

Palm oil

### Type of risk

Reputational and markets

### Geographical scale

Global

### Where in your value chain does the risk driver occur?

Supply chain

### Primary risk driver

Availability of certified sustainable material

### Primary potential impact

Constraint to growth

### Company-specific description

BASF offers a broad range of ingredients based on RSPO certified sustainable palm kernel oil. We mainly use Palm oil, palm kernel oil and their derivatives. The Nutrition & Care unit, which makes up approx. 8% of BASF's total revenue processes most of the palm and palm kernel oil that we purchase. BASF has committed to source 100% RSPO certified palm and palm kernel oil by 2020 and to source 100% RSPO certified palm and palm kernel oil derivatives by 2025. As in general the years 2021, 2022, 2023 are years of commitments of that kind, also in the industry by important players - it is unclear

whether enough RSPO certified palm kernel oil will be available to serve all demands (currently the RSPO certified output is growing at a very small scale). In 2021 our overall palm exposure amounted to 462,894 metric tons, compared to 441,107 metric tons in 2020. We are expecting a growing demand for certified palm oil for our own consumption as well as for the global market demand. The risk of a limited availability of certified palm oil are twofold: physical availability as such and dramatically increased premiums to pay for securing BASF's demand on certified palm kernel oil and its derivatives. The consequence of insufficient physical availability would be that BASF is not able to serve the demands of their customers. This goes along with increased operational costs (premiums) which might endanger the competitiveness of BASF in the market and would lead to a loss of market share.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact (currency)**
**Potential financial impact figure - minimum (currency)**

0

**Potential financial impact figure - maximum (currency)**

100,000,000

**Explanation of financial**

The financial impact is taken from a scenario where the premiums for RSPO certified material increase dramatically. In addition, the lack of supporting some of our customers' demands, due to lack of appropriate raw material is also considered in our calculation. The maximum potential financial impact figure is based on a scenario where tripling the premiums for BASF's entire palm exposure would result in additional costs of nearly 100 Mio €.

**Primary response to risk**

Supplier diversification

**Description of response**

Broadening of our supplier base for supplying RSPO certified palm products and engaging with our supplier on long term business relations / contracts to secure BASF's demand is an already implemented strategy and we effectively established long-term relationships with this strategy to mitigate and prevent reoccurring risks associated with the availability of certified sustainable raw materials. Effectiveness of our long-term

relationships: This targets to increase supplier intimacy and to establish BASF as a reliable and long-term partner to better anticipate supply volatility for certified commodities and strengthen our resilience to effectively meet our market demands. In addition, we are working on alternative raw material solutions which are compliant with our palm commitment.

### **Cost of response**

20,000,000

### **Explanation of cost of response**

Supplier diversification and long-term contracting diminished the negotiation power due to smaller volume allocation per supplier – estimation of costs of approx. 2-3 million EUR / annum. In case of overcoming supply shortage of certified material by CNO (coconut oil) – these potential costs are calculated to be 10 – 17 million EUR per annum. The sum of these main cost aspects of supplier diversification result in the estimated costs of response.

### **Forest risk commodity**

Palm oil

### **Type of risk**

Reputational and markets

### **Geographical scale**

Global

### **Where in your value chain does the risk driver occur?**

Supply chain

### **Primary risk driver**

Other reputational and market driver, please specify  
 BASF not delivering on its palm commitment

### **Primary potential impact**

Brand damage

### **Company-specific description**

BASF has publicly committed to source 100% RSPO certified palm and palm kernel oil by 2020 and to source 100% RSPO certified palm and palm kernel oil derivatives (Fatty Alcohols, Fatty Acids, Methylesters) by 2025. A failure to meet the timelines of the commitment and subsequently to continue the sourcing of 100% RSPO certified Palm Kernel Oil beyond 2020 and of Palm Kernel Oil Derivatives beyond 2025 will be a public topic and will damage the BASF brand with potential decrease in shareholder value and loss of social license to operate in palm (potential NGO activism).

### **Timeframe**

>6 years

### **Magnitude of potential impact**

High

**Likelihood**

About as likely as not

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial**

A brand damage based on not delivering on our palm commitments could lead to a reputation loss and potentially have a high magnitude of impact. Due to the complexity of this risk and impact on a company-wide scale a single potential impact figure cannot be estimated.

**Primary response to risk**

Supplier diversification

**Description of response**

All efforts are taken to secure meeting BASFs palm commitment. In addition, potential additions to the BASF Palm commitment are evaluated which have the potential to compensate for inability to source all palm raw material 100% certified sustainable and to keep BASFs Social license to operate on Palm.

**Cost of response**

0

**Explanation of cost of response**

For the various responses to this risk a cost estimation of the response cannot be singled out and is not evaluated.

**Forest risk commodity**

Palm oil

**Type of risk**

Chronic physical

**Geographical scale**

Global

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Increased severity of extreme weather events

**Primary potential impact**

Supply chain disruption

**Company-specific description**

BASF operates one of the biggest fatty alcohol plants in the world. The raw material supply of several 100 kt of palm kernel oil (and Coconut oil) to Reisholz (Düsseldorf) is implemented via barging along the river Rhine. Given the volume size to be transported and the involved transportation costs this is by far the most efficient way of transport. In the recent years we experienced increased frequency of low water levels along the river Rhine – being partially extremely low. In case of low water in the river Rhine the transportation costs are rising the lower the water level gets. At the same time the loading capacity of the Rhine barges decreases the lower the water level gets (down to 10% of their loading capacity) and at a certain point of low water level the barges cannot operate at all. Already at the point where the barges are still operating but with substantially decreased capacity supply chain disruptions are present as no other logistic means is currently possible to compensate here. This can go as far as a shutdown of operations as the raw material feed cannot be replenished in time.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact (currency)****Potential financial impact figure - minimum (currency)**

0

**Potential financial impact figure - maximum (currency)**

50,000,000

**Explanation of financial**

Low water levels in the Rhine increase the transportation costs for the barging of the raw materials. In case of a supply disruption the plant operations need to be reduced and less customer orders can be fulfilled. The financial scenario now tries to evaluate the impact of a period with increased transportation costs, reduced operations with a subsequent closure of the fatty alcohol plant for four weeks together with additional external raw material costs to cover production beyond the fatty alcohol plant as much as possible.

**Primary response to risk**

Other, please specify

Diversification of transportation means for Lauric supply into Düsseldorf

**Description of response**

In the course of diversification of transportation means of Laurics into Düsseldorf, BASF has increased the possibilities for deliveries of tank trucks and is evaluating other more efficient means of securing the Lauric oil supply into Düsseldorf.

**Cost of response**

12,000,000

**Explanation of cost of response**

Estimated costs of up to 12 million EUR are based on investments in additional unloading capacities for several different transportation means and their connection to the production plant and storage facilities.

**F3.2**

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Palm oil	Yes

**F3.2a**

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Palm oil

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased demand for certified materials

**Company-specific description & strategy to realize opportunity**

With estimates of palm oil being present in up to 70% of cosmetic products and over 50% of all supermarket products, palm oil is both extremely important to the supply chain and increasingly risky due to the potential for loss of consumer acceptance. BASF offers a broad range of ingredients based on RSPO certified sustainable palm kernel oil.

We mainly use palm oil, palm kernel oil and their derivatives. The Nutrition & Care unit, which makes up approx. 8% of BASF's total revenue processes most of the palm and palm kernel oil that we purchase. Although not all consumers are currently aware of palm oil, those that are aware view it in a negative light, associating it with negative environmental impacts. As one of the leading global suppliers for personal care, home care, industrial & institutional cleaning, and technical applications as well as food performance and health ingredients, BASF is highly exposed to this risk. However, its position also provides an opportunity to benefit if it capitalizes on the opportunity to solidify its reputation as a supplier, that supports the sustainability strategy of its customers with ingredients that are ecologically sourced. In 2014, supported by the agency Futureeye, BASF started targeting for a social and economic license to operate linked to palm. Strategy/Actions: The discussion led to a more comprehensive and shared understanding of the issues across the whole supply chain, including suppliers, manufacturers, retailers & non-governmental organizations. Our priority is to help our customers deal with the complexity of oleoderivatives and gain a better understanding on how to approach physical transformation towards sustainable palm. BASF has been continuously moving towards a comprehensive global product range that will allow consumer goods manufacturers to develop value added formulations that meet increasing demand for ingredients that are certified sustainable. To speed up that process, we have initiated a major shift of our specialty portfolio in 2018 and offer palm-based specialty ingredients for the personal care market exclusively RSPO certified. With this 'Time for Change' initiative, we broaden our portfolio offerings on certified sustainable and we aim to provide our customers the ability to meet own commitments. By 2020 we have achieved our goal to only source RSPO certified palm and palm kernel oil.

**Estimated timeframe for realization**

>6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

9,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

According to Mordor Intelligence (market research provider), the European Beauty and Personal Care Products market is projected to register a CAGR (Compound Annual Growth Rate) of 2.6% during the forecast period (2022-2027) and the Home Care market is projected to register a CAGR of 4.6% during the forecast period (2022-2027). According to the NY Stern Center sustainability marketed goods delivered from 2015-2021, 31% of the consumer goods packed market growth. We estimate that palm oil being present in over 50% of all supermarket products, (Revenue BASF HC Europe \* 4.6%\*30% + revenue BASF PC Europe \* 2,6%\*30%) \* 50%.

### **Forest risk commodity**

Palm oil

### **Type of opportunity**

Efficiency

### **Where in your value chain does the opportunity occur?**

Supply chain

### **Primary forests-related opportunity**

Increased shareholder value

### **Company-specific description & strategy to realize opportunity**

With the “We create chemistry” strategy, BASF has set itself ambitious goals. We want to contribute to a world that provides a viable future with enhanced quality of life for everyone and have embedded this into our corporate purpose: “We create chemistry for a sustainable future.” We do so by creating chemistry for our customers and society and by making the best use of available resources. To ensure sustainability and, thus, the interplay between ecological, economic and social issues, an ongoing dialog and cooperation are essential. We engage intensively with our stakeholders at all levels of the supply chain to understand their needs and help them achieve their targets: suppliers, customers, civil society, associations and employees. As a founding member of the U.N. Global Compact, we support the implementation of the United Nations’ Sustainable Development Goals with our social commitment around the world. For the palm value chain, this means we work closely with the companies we buy our raw materials from and with our customers. Beyond this, we support smallholders as an important link within the value chain. With the end consumer in view, we address the consequences of using and selling products based on palm and palm kernel oil. More and more investors want to invest in stocks of companies that conduct their business in accordance with the principle of sustainable development. This means that investment decisions are based on environmental and social aspects as well as economic performance. BASF shares are particularly attractive for such investors.

### **Estimated timeframe for realization**

>6 years

### **Magnitude of potential impact**

Medium-high



**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Attractiveness of BASF shares for investors depend on a combination of performance indicators, therefore it is not possible to calculate the financial impact to a single indicator.

## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Director on board	<p>A member of the Board of Executive Directors chairs BASF’s Corporate Sustainability Board (CSB) the central steering committee for sustainable development, including forest related topics. It is composed of the heads of selected business, corporate and functional units as well as of regions. The CSB monitors the implementation of the sustainability strategy and cross-divisional initiatives, defines sustainability goals and approves corporate position papers on sustainability topics – including forest related topics.</p> <p>Example: In 2020 the board director has approved a group-wide position paper on forest protection that encompasses our renewable raw material supply chains including the 3rd party supply chain of our direct supply base, our own operations, as well as our products. It comprises primary forests and areas of High Conservation Value (HCV), as well as High Carbon Stock (HCS) forest areas and peatlands.</p>

## F4.1b

**(F4.1b) Provide further details on the board’s oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	Our Management Board regularly reviews forest-related topics, e.g., Forest-related risks and opportunities, target performance, budgets for functions and business units involved in forest related topics and progress on specific measures supporting BASF’s sustainability strategy. The board also approves what is released regarding forest-related information, in our corporate report or the CDP questionnaire. Information on who briefs the board: A Board member chairs BASF’s Corporate Sustainability Board (CSB), which is BASF’s central steering committee for sustainable development, including forest related topics. It is composed of selected heads of business, corporate and functional units as well as of regions. The CSB monitors the implementation of the sustainability strategy and cross-divisional initiatives, defines sustainability goals and approves corporate position papers on sustainability topics. The Board of Executive Directors is supported by the Corporate Centers, bundling group wide steering and defining adequate governance. The Environmental Protection, Health & Safety unit in the Corporate Center defines Group-wide management and control systems regarding forests topics (e.g., Environmental protection, EHSQ management system, EHS Data management & reporting), monitors compliance with internal requirements and legal regulations, while the sites and legal entities implement these requirements locally.

## F4.1d

**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

Row 1

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**Board member(s) have competence on forests-related issues**

Yes

**Criteria used to assess competence on forests-related issues**

The ,competence profile of Board members requires many years of management experience in scientific, technical and commercial fields.

One BASF board member has topic related knowledge of forests-related issues due to long lasting responsibility for environmental and forests- related topics during different steps of the career, e.g., responsibility for agricultural business and nutrition & health business. The board member was also responsible for the integration of an external chemical company (acquisition) with palm-related expertise.

**F4.2**

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
<p>Other C-Suite Officer, please specify</p> <p>Member of Board of Directors (BoD) is in charge of Chair Corporate Sustainability Board</p>	<p>Both assessing and managing forests-related risks and opportunities</p>	<p>More frequently than quarterly</p>	<p>Details on the forest related responsibilities of the individual/committee: Board member chairs the Corporate Sustainability Board (CSB); head of Corporate Center Environmental Protection Health &amp; Safety is reporting to Board member. The CSB monitors the implementation of the sustainability strategy and cross-divisional initiatives, defines sustainability goals and approves corporate position papers on sustainability topics, such as the new BASF Group’s Position on Forest Protection released in 2020. The Corporate Centers are responsible for the Corporate Requirement e.g., on Access and Benefit Sharing (Jan 2021) based on the Nagoya Protocol principles. (International agreement which aims at sharing the benefits arising from the utilization of genetic resources in a fair and equitable way). A member of the Board of Executive Directors is supported by the Corporate Centers, bundling group</p>

			<p>wide steering and defining adequate governance.</p> <p>Forests-related topics: The Environmental Protection, Health &amp; Safety unit in the Corporate Center defines Group-wide management and control systems regarding forests topics (e.g., Environmental protection incl. Biodiversity). EHSQ management system, EHS Data management &amp; reporting), monitors compliance with internal requirements and legal regulations while the sites and legal entities implement these requirements locally.</p>
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### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	No, not currently but we do plan to introduce them in the next two years	

### F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)

🗨️ BASF includes forest-related information in the BASF Online Report 2021: <https://report.basf.com/2021/en/>. Forest- and palm-related information are included in various chapters, e.g., Biodiversity, Sustainable Investment & Raw Materials

### F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

### F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate conversion of natural ecosystems	Forests are essential to life on Earth. Forests hold the majority of the world's terrestrial biodiversity, regulate the water cycle, prevent soil erosion, provide clean air and are a living environment for endangered animals and indigenous communities. As forests are also a

		<p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of</p>	<p>major global carbon sink, protecting and restoring forests plays a crucial role in reducing climate change. BASF therefore considers that a resilient and equitable solution halting deforestation will have to include fair compensation for the above-mentioned ecosystem services. BASF recognizes the importance of protecting the world's forests for the wellbeing of the environment and society. We acknowledge our responsibility as an actor in various value chains and therefore, strive to end deforestation within those.</p> <p>Details on mechanisms used to implement the policy: In 2020 BASF released its group wide BASF Group's Position on Forest Protection. We want to help to achieve the SDG 15 (life on land) and call on governments to end deforestation. Our global BASF Group's Position on Forest protection Policy encompasses our renewable raw material supply chains including the 3rd party supply chain of our direct supply base, our own operations, as well as our products with detailed commitments to actions, such as collaboration and partnering with suppliers, evaluating and assessing current and potential non-compliance and systematically evaluating sustainability topics (e.g., Potential impacts on forests and biodiversity criteria). BASF purchases a range of renewable raw materials including oils and fats. By purchasing volume and equivalent area of land needed to grow the raw material, the most relevant touchpoint for BASF is palm (kernel) oil in comparison to other renewable raw materials, for which the detailed Palm Commitment has been in effect since 2011 and extended in 2015 and which is put into practice through our BASF Group's Position on Forest Protection and Palm Sourcing Policy accordingly. Nevertheless, we will drive the compliance to our ambition and principles in all our renewable value chains. Details on how regularly the policy is reviewed and updated: BASF's forest-related policies are subject to constant reviews by procurement and stakeholder management employees and are updated based on new arising market and/or industry information.</p>
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		value-chain covered by the policy List of timebound milestones and targets	
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### F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Palm oil	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to no land clearance by burning or clearcutting Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Recognition of the overall importance of	Oil palm plantations can contribute significantly to deforestation, loss of biodiversity and climate change from the loss of peatland. We share the widespread concern about these challenges and are committed to reducing the impact on the environment. The publicly available BASF Palm Sourcing Policy further specifies key elements of our palm related sourcing and is based on our Supplier Code of Conduct. In 2021, we purchased around 1.3 mio metric tons of renewable raw materials. Palm oil, palm kernel oil and their derivatives are some of our most important renewable resources. We continue to see growing demand for certified palm-based products from our customers. We are continuously expanding our range of certified sustainable products in accordance with the RSPO's mass balance supply chain model. We want to ensure that the raw materials we use stem from sustainable, certified sources. 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. Details on mechanisms used to

		<p>forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>implement the policy: We expect our suppliers to increasingly address the key elements, such as supporting the process towards convergence to reach an enhanced industry standard to conserve and restore High Conservation Value (HCV) and High Carbon Stock (HCS) Areas, developing new plantings in accordance with the HCS Approach Toolkit until convergence is found (Forest Conservation), abstaining from development of peat land, support the rigorous implementation of a free-prior-informed consent process and social impact assessments with regard to the development of plantings, promote upstream traceability and transparency to oil mill level and promote smallholder inclusion into certified supply chains. To take efforts beyond regulatory compliance we expect our suppliers to engage in a continuous enhancement process toward free and fair labor specific to oil palm, ensure fair smallholder treatment and engage in a consultative and transparent process for conflict resolution. Details on how the policy is reviewed: BASF's forest-related policies are subject to constant reviews by procurement and stakeholder relations employees and are updated based on new arising market and/or industry information.</p>
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## F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

## F4.6a

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify

(Roundtable on Sustainable Palm Oil (RSPO), High Carbon Stock (HCS) Steering Group, Forum for Sustainable Palm Oil (FONAP), Polish Coalition on sustainable Palm Oil, Brazilian Coalition on Climate, NDPE Implementation Reporting Framework)

## F4.6b

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

### Forest risk commodity

Palm oil

### Criteria

No conversion of natural ecosystems  
 Zero gross deforestation/ no deforestation  
 No new development on peat regardless of depth  
 Best management practices for existing cultivation on peat  
 Restoration and compensation to address past deforestation and conversion  
 Avoidance of negative impacts on threatened and protected species and habitats  
 No land clearance by burning or clearcutting  
 No conversion of High Conservation Value areas  
 No conversion of High Carbon Stock forests  
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
 Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples  
 Promotion of gender equality and women's empowerment  
 Adoption of the UN International Labour Organization principles  
 Resolution of complaints and conflicts through an open, transparent and consultative process  
 Facilitate the inclusion of smallholders into the supply chain  
 No sourcing of illegally produced and/or traded forest risk commodities  
 Restricting the sourcing and/or trade of forest risk commodities to credible certified sources  
 Recognition of legal and customary land tenure rights

### Operational coverage

Direct operations and supply chain

### % of total production/ consumption covered by commitment

100%

### Cutoff date

2005

### Commitment target date

2020



### Please explain

When the Roundtable of Sustainable Palm Oil was set up in April 2004, BASF envisioned it as a milestone for the palm oil world. Consequently, BASF joined the RSPO in November 2004, very soon after the start. The BASF Palm Commitment was first published in 2011 and extended in 2015 to foster a market transformation towards sustainable palm oil production and usage. Key elements include a sourcing policy for oil palm-derived products that incorporates forest and peat conservation, as well as requirements for a free, prior-informed-consent, social impact assessment, human and labor rights. We have committed ourselves to foster sustainable palm by procuring all oils only from RSPO certified sources by 2020 and expanding our oil commitments to significant intermediates based on palm oil and palm kernel by 2025. BASF supports initiatives to reflect integrated land use planning for oil palm development, including the conservation of high carbon stock and peatlands. We have integrated additional forest conservation requirements regarding these land types into our BASF Palm Sourcing Policy (as defined by the High Carbon Stock Approach). Additionally, we have incorporated requirements for a Free, Prior Informed Consent (FPIC) process as well as labor and human rights into our Palm Sourcing Policy. As part of its strategy, BASF has initiated its 'Time for Change' initiative in 2018 to offer its palm-based specialties exclusively as RSPO certified sustainable. Today, our experts continue to engage with numerous stakeholders along the value chain. A No-deforestation, No-peat and No-exploitation (NDPE) policy and its implementation have become a business-critical factor for BASF. BASF recognizes the importance of protecting the world's forests for the well-being of the environment and society. In June 2020, BASF introduced its Forest Protection Policy. The company focuses on raw materials supply chains, own operations, as well as products in the combat against further deforestation. The approach encompasses primary forests and areas of High Conservation Value (HCV), as well as High Carbon Stock (HCS) forests and peatlands.

Example of actions taken in the last year to meet the commitments "No conversion of natural ecosystems" & "Zero gross deforestation / no deforestation": In 2021 we applied our satellite monitoring approach (Palmoil.io platform by MapHubs) in Kerdu at a Palm Oil Mill in Malaysia (Pahang), where our satellite monitoring indicated potential deforestation near by the palm oil mill. In the discussions with our supplier proof was delivered that the palm oil mill supply sched is not connected to the area of potential deforestation.

Example (including locations) of actions taken in the last year to meet the commitment "Secure Free, Prior and Informed Consent (FPIC)": In 2021 we continued our target to source RSPO certified palm and palm kernel oil and increased our RSPO certified consumption by more than 4%. The RSPO certification is closely linked to our FPIC commitment, as the RSPO principles and criteria state to respect community and human rights (RSPO Principle 4) and include that the use of the land for oil palm does not diminish the legal, customary or user rights of other users without their Free, Prior and Informed Consent.

Example (including locations) of actions taken in the last year to meet the commitment "Restoration and compensation to address past deforestation and/or conversion": BASF is supporting the Mata Viva initiative in Brazil to protect water quality, conserve soil, and create areas to preserve native vegetation and wildlife. Annual monitoring occurs in the areas recovered in the BASF sites, covering about 170 hectares in 2021.

## F5. Business strategy

### F5.1

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	<p>Company-specific description of the long-term business objectives: BASF recognizes the importance of protecting the world's forests for the wellbeing of the environment and society. We acknowledge our responsibility as an actor in various value chains and therefore, strive to end deforestation within those. We want to help to achieve the SDG 15 (life on land) and call on governments to end deforestation. When the Roundtable of Sustainable Palm Oil was set up in April 2004, BASF envisioned it as a milestone for the palm oil world. Consequently, BASF joined the RSPO in November 2004, very soon after the start. Since then, the RSPO has had a remarkable journey towards the sustainable certified production of palm and palm kernel oil. The BASF Palm Commitment was first published in 2011 and extended in 2015 to foster a market transformation towards sustainable palm oil production and usage. Our forest-related ambition and principles are defined in the BASF Group's Position on Forest Protection. This global BASF Group position encompasses our renewable raw material supply chains including the 3rd party supply chain of our direct supply base, our own operations, as well as our products. It comprises primary forests and areas of High Conservation Value (HCV), as well as High Carbon Stock (HCS) forest areas and peatlands. The human rights aspects beyond our ambition stated in this document are addressed in BASF's Human Rights Position and the Supplier Code of Conduct.</p> <p>An example of forests-related actions taken that align with the strategic business plan aspect: We have committed ourselves to foster sustainable palm by procuring all oils only from RSPO certified sources by 2020 and expanding our oil commitments to significant intermediates based on palm oil and palm kernel by 2025. Apart from these certification objectives, our</p>

			company purpose “We create chemistry for a sustainable future” and the commitment of protecting the world’s forests for the wellbeing of the environment and society and call to end deforestation in an ongoing commitment and goes beyond the next 10 years (consistent with the long-term time horizon).
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	<p>Company-specific description of the long-term business strategy: We see it as our responsibility to work intensively with the companies we buy our raw materials from, to engage more closely with the palm supply chain from the smallholder to the end consumer. To reach our long-term objectives and commitments BASF supports initiatives to reflect integrated land use planning for oil palm development, including the conservation of high carbon stock and peatlands. We have integrated additional forest conservation requirements regarding these land types into our BASF Palm Sourcing Policy and our Group’s Position on Forest Protection with actions for our supply chains, operations &amp; products. As part of our strategic business plan a continuous stakeholder engagement is extremely important to BASF. We will continue to work collaboratively with value chain partners, governments and civil society to conserve forests and to drive our ambition stated in our group-wide Position on Forest Protection. BASF partners with a variety of organizations, and we are looking to partner with additional relevant stakeholder groups and organizations to raise and increase awareness, drive the necessary market transformation and to achieve impact on the ground.</p> <p>An example of forests-related actions taken that align with the strategic business plan aspect: BASF has initiated its ‘Time for Change’ initiative in 2018 to offer its palm-based specialties exclusively as RSPO certified sustainable. In July 2021, we published our fifth progress report – the BASF Palm Progress Report – for greater transparency in the value chain. In order to better understand and quantify the environmental impacts of our commitments and objectives, we published our product carbon footprint (PCF) for sourcing certified sustainable palm kernel oil. Compared to conventionally sourcing, BASF saves more than 300,000 metric tons CO<sub>2</sub>. RSPO-certified production of palm kernel oil shows around 36 percent lower global warming impact than non-certified production. Our strategy is key for our long-term business objectives the commitment of protecting the world’s</p>

			forests for the wellbeing of the environment and society and call to end deforestation in an ongoing commitment and goes beyond the next 10 years (consistent with the long-term time horizon).
Financial planning	Yes, forests-related issues are integrated	11-15	<p>Company-specific description of the long-term business objectives/strategy for achieving long-term financial planning: BASF is one of the leading global suppliers for personal care, home care, industrial &amp; institutional cleaning, and technical applications as well as for food performance and health ingredients. A significant share of our products is based on renewable raw materials, of which a substantial ratio is oil palm based. We are one of the major users of palm kernel oil and its derivatives and to a lesser extent palm oil. We process those products into ingredients for the above-mentioned industries. BASF offers a very broad range of ingredients based on RSPO-certified sustainable palm kernel oil in accordance with its principles and criteria. Since launching certified ingredients in 2012, BASF has been continuously moving toward a comprehensive global product range that will allow consumer goods manufacturers to develop value added formulations that meet increasing demand for ingredients that are certified as sustainable.</p> <p>Transparently classifying our products on the basis of their contribution to sustainability by means of the Sustainable Solution Steering methodology enables us to systematically improve them.</p> <p>An example of forests-related actions taken that align with the strategic business plan aspect:</p> <p>Our Accelerator products, which also contain oil palm raw materials, or RSPO certified oil palm raw materials make a substantial sustainability contribution in the value chain. Based on our corporate strategy, we have therefore set ourselves a global target: we will considerably increase the sales of Accelerator solutions to €22 billion by 2025 (2019: €15 billion). This target reflects our strong commitment to further drive innovation beyond today's state of the art. We have built an expert team to engage with stakeholders and implement our Palm Commitment. Our experts continue to engage with numerous stakeholders along the value chain, including our stakeholders who serve as important ambassadors for sustainable palm to create transparency and collaborate solutions. In order to fulfill our company's purpose and long-term deforestation commitments as described above, we have to outline necessary actions, assets, and</p>

			resources that go beyond our short and medium-term financial plan (consistent with the long-term time horizon).
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## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

#### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

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#### Target reference number

Target 1

#### Forest risk commodity

Palm oil

#### Type of target

Third-party certification

#### Description of target

Time bound target of sourcing all palm- and palm kernel oil derivatives (e.g., Fatty Acids, Fatty Alcohols, Methylene) to 100% as RSPO certified sustainable by 2025. By this BASF will drive even further the market transformation towards certified sustainable oil palm value chains. BASF offers since 2012 a broad range of MB (Mass Balance) palm- and palm kernel oil-based ingredients for the Personal Care industry globally. BASF uses mainly palm kernel oil or palm kernel oil-based derivatives. In 2018, BASF has implemented a major portfolio shift towards sustainable palm and offers palm-based specialties for the cosmetics industry exclusively as RSPO certified. We have switched about 330 palm-based products to 'Mass Balance' standard globally. This helps our customers to meet their obligations to customers, consumers, and stakeholders. To fully complete the switch on a global level, BASF discusses with all its stakeholders to expand the demand for RSPO Mass Balance certified products.

#### Linked commitment

Zero net/gross deforestation

#### Traceability point

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2015

**Target year**

2025

**Quantitative metric****Target (number)****Target (%)**

100

**% of target achieved**

7

**Please explain**

Why the particular target in column has been chosen: When the Roundtable of Sustainable Palm Oil was set up in April 2004, BASF envisioned it as a milestone for the palm oil world. Consequently, BASF joined the RSPO in November 2004, very soon after the start. Since then, the RSPO has had a remarkable journey towards the sustainable certified production of palm and palm kernel oil and we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability. The BASF Palm Commitment was first published in 2011 and extended in 2015 to foster a market transformation towards sustainable palm oil production and usage. How the company is planning to meet this target: Key elements include a sourcing policy for oil palm-derived products that incorporates forest and peat conservation as well as requirements for a free, prior informed-consent, social impact assessment, human and labor rights. We have committed ourselves to foster sustainable palm by procuring all oils only from RSPO certified sources by 2020 and expanding our oil commitments to significant intermediates based on palm oil and palm kernel by 2025. We support progress in the palm oil sector by moving the supply chain toward certified products. In this way, we take part in global palm initiatives and in networks with various stakeholders in order to drive change for oleo-derivatives.

**Target reference number**

Target 2

**Forest risk commodity**

Palm oil

**Type of target**

Traceability

**Description of target**

By 2025 –we commit ourselves to source significant intermediates based on palm oil and palm kernel oil, that are traceable. This commitment includes fractions as well as primary oleochemical derivatives plus vegetable oil esters.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

Mill

**Third-party certification scheme****Start year**

2015

**Target year**

2025

**Quantitative metric****Target (number)****Target (%)**

100

**% of target achieved**

96

**Please explain**

Traceability and certification have guided the palm industry for years. But traceability to palm oil mill does not solve the palm dilemma alone– it is about engaging with the right suppliers, introducing change for the better on the ground and increase transparency on the palm value chain. Therefore, we share a list of our main suppliers and the names and locations of more than 1,300 mills. BASF has increased its efforts on traceability by renewing our palm traceability twice a year and by focusing on additional means to further investigate our palm supply chain like satellite monitoring and systematic reporting on the NDPE implementation of our suppliers. We are convinced that the outcome of this investigations together with our continued commitment to certified sustainable raw materials, and our engagement for and within the HCSA will drive change on the ground for the better – for our customers and stakeholders.

**Target reference number**

Target 3

**Forest risk commodity**

Palm oil

**Type of target**

Engagement with direct suppliers

**Description of target**

By 2025, we aim to have conducted sustainability evaluations for 90% of the BASF Group's relevant direct suppliers (spend-based) and will develop action plans where improvement is necessary. In addition, we aim to have 80% of suppliers improve their sustainability performance upon re-evaluation by 2025. In 2021, 85% of the relevant spend had been evaluated. Of the suppliers re-evaluated in 2021, 74% had improved. Both global targets are embedded in the target agreements of persons responsible for procurement.

**Linked commitment**

Other environmental commitments

**Traceability point****Third-party certification scheme****Start year**

2011

**Target year**

2025

**Quantitative metric****Target (number)****Target (%)**

90

**% of target achieved**

94.4

**Please explain**

In order to enhance sustainability within the supply chain, the chemical companies BASF, Bayer, Evonik Industries, Henkel, Lanxess and Solvay joined forces in 2011 for the Together for Sustainability (TfS) initiative. Meanwhile 37 companies from all over the world are joining the initiative. The initiative is based on good practices and builds on



established principles – such as the United Nations Global Compact (UNGC) and the Responsible Care Global Charter as well as standards developed by the International Labor Organization (ILO), the International Organization for Standardization (ISO), Social Accountability International (SAI) and others.

TfS develops and implements a global supplier engagement programme to assess and improve sustainability practices within the supply chain of companies from the chemical sector. This enables TfS members to measure the Environmental, Labour and Human Rights, Ethical and Sustainable Procurement performance of their suppliers. The ultimate purpose is to drive and deliver tangible and measurable improvements of both suppliers and TfS member companies. To achieve this, TfS conducts Assessments and Audits. These help to create transparency in the sustainability performance of chemical companies and their suppliers, providing a solid basis for collaboration among members. Tangible improvements are facilitated by the Corrective Action Plan (CAP), providing an overview of outstanding actions to improve performance. Data mining of TfS Assessments and TfS Audits enables TfS to focus on those areas where the biggest improvements can be made.

#### **Target reference number**

Target 4

#### **Forest risk commodity**

Palm oil

#### **Type of target**

Third-party certification

#### **Description of target**

Our initial third-party certification target with a 2015 start year and 2020 target year to source only sustainable palm and palm kernel oil (RSPO certified) was achieved and turned into a yearly re-occurring target. By 2021 – source only sustainable palm and palm kernel oil RSPO certified sustainable as far as available on the market. We are expanding our offering of certified sustainable products in accordance with the RSPO's Mass Balance supply chain model. In 2018, we have taken the decision to drive sustainable palm with a major portfolio shift. We will only offer palm-based ingredients for the personal care market that are certified as sustainable. This helps our customers to meet their obligations to customers, consumers and stakeholders. To fully complete the switch on a global level, BASF discusses with all its stakeholders to expand the demand for RSPO Mass Balance certified products. This is an important milestone for the cosmetics industry.

#### **Linked commitment**

Zero net/gross deforestation

#### **Traceability point**

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2015

**Target year**

2021

**Quantitative metric****Target (number)****Target (%)**

100

**% of target achieved**

100

**Please explain**

Our initial third-party certification target with a 2015 start year and 2020 target year to source only sustainable palm and palm kernel oil (RSPO certified) was achieved and turned into a yearly re-occurring target. When the Roundtable of Sustainable Palm Oil was set up in April 2004, BASF envisioned it as a milestone for the palm oil world. Consequently, BASF joined the RSPO in November 2004, very soon after the start. Since then, the RSPO has had a remarkable journey towards the sustainable certified production of palm and palm kernel oil and we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability.

How the company is planning to meet this target: The BASF Palm Commitment was first published in 2011 and extended in 2015 to foster a market transformation towards sustainable palm oil production and usage. Key elements include a sourcing policy for oil palm-derived products that incorporates forest and peat conservation as well as requirements for a free, prior-informed-consent, social impact assessment, human and labor rights. We have committed ourselves to foster sustainable palm by procuring all oils only from RSPO certified sources by 2021 and expanding our oil commitments to significant intermediates based on palm oil and palm kernel by 2025. We support progress in the palm oil sector by moving the supply chain toward certified products. In this way, we take part in global palm initiatives and in networks with various stakeholders in order to drive change for oleo-derivatives. By the end of 2021 we have achieved our 2021 goal to only source RSPO certified palm and palm kernel oil (excl. significant intermediates based on palm oil and palm kernel oil) and will continue this yearly target for 2022.

**Target reference number**

Target 5

**Forest risk commodity**

Palm oil

**Type of target**

Engagement with smallholders

**Description of target**

In Indonesia and Malaysia, smallholder farmers account for 40 percent of the total area of planted oil palms and as much as 33 percent of the output. This means 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 to achieve for smallholders. However, it is also high in demand and can provide premiums and thus improve the livelihood of smallholders. This is why BASF is engaging in appropriate smallholder projects on the ground.

**Linked commitment**

Social commitments

**Traceability point****Third-party certification scheme****Start year**

2018

**Target year**

2022

**Quantitative metric****Target (number)**

1,000

**Target (%)****% of target achieved**

56

**Please explain**

In 2018, BASF and The Estée Lauder Companies partnered with the civil society organization Solidaridad Network to promote sustainable oil palm production in the district of Waykanan, Lampung, Indonesia. Despite the economic benefits generated by the cultivation of oil palm, farmers still facing various constraints in producing high palm oil yields and high quality FFB's in a sustainable manner due to lack of knowledge on sustainable agricultural practices. The projects offer continuous education and technical support on implementing and maintaining sustainable palm oil practices. 1,000

independent smallholder farmers are supported to improve their livelihood and their sustainable production of palm and palm kernel oil. The project's target is at least one-third of the supported smallholder farmers become certified according to the Smallholder Standard of RSPO at the end of three years. The project partners are collaborating with the Indonesian government to foster a sustainable palm oil production supply chain in Lampung free from deforestation and competitive in the global market, while increasing the social and economic benefits for farmers.

## F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions
Palm oil	Yes	The physical market transformation based on the RSPO certification is an important element on our journey toward sustainable palm. In addition, traceability is the tool which helps companies along the palm oil supply chain to identify the origin of the oil sourced. In general, the traceability system used is set up by compiling all traceability information from all palm oil raw material supply for BASF (a list of palm oil mills for each supply) – this results in general in the overall global BASF palm oil mill list. In addition, BASF introduces a volume-based sourcing priority classification. For this, the commodity volume proportion per palm oil mill is calculated by taking the standardized traceability information (Palm Oil Mill Name, Palm Oil Mill Owner, GPS Code = Industry Standard) of each palm oil raw material delivery and distributing the volume of this single delivery equally to each of the palm oil mills (GPS codes) associated with this single delivery. This approach enables the introduction of a volume-based sourcing priority classification.	Not applicable

## F6.2a

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Mill	96
Palm oil	First importer	4

### F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Palm oil	Yes	55.95

### F6.3a

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

**Forest risk commodity**

Palm oil

**Third-party certification scheme**

RSPO Mass Balance

**Chain-of-custody model used**

**% of total production/consumption volume certified**

55.95

**Form of commodity**

- Crude palm oil (CPO)
- Crude palm kernel oil (CPKO)
- Palm oil derivatives
- Palm kernel oil derivatives

**Volume of production/ consumption certified**

258,970

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

Since launching certified ingredients in 2012, BASF has been continuously moving toward a comprehensive global product range that will allow consumer goods manufacturers to develop value added formulations that meet increasing certification demand. To speed up that process, we have initiated a major shift of our specialty portfolio in 2018 and offer palm-based specialty ingredients for the personal care market

exclusively RSPO certified sustainable.

Actions taken in the reporting year: In 2021 we have also significantly expanded our portfolio of RSPO MB certified ingredients for the Home Care and I&I (HCI) market in Europe. In the past, our portfolio of RSPO certified sustainable surfactants comprised 29 products. In 2021 we have been able to significantly increase the number of surfactants for HCI applications to more than 150 products, which brings us yet another step further on our journey towards sustainable palm.

BASF reached an important milestone toward sustainable palm by fulfilling the part of its Palm Commitment to procure palm (kernel) oils exclusively from sources physically certified by the RSPO by 2020. Last year, the company purchased 258,970 metric tons of certified sustainable palm (kernel) oil and its respective derivatives. This comprises that 100% of BASF's total palm (kernel) oil volume has been sourced as RSPO certified. BASF also made further progress in developing transparent supply chains: the company was able to trace 96% of its global palm footprint – 462,894 metric tons – back to oil mill level. BASF is now focusing on its next goal: to expand the commitment to those significant intermediates which are based on palm oil and palm kernel oil by 2025. BASF also supports the RSPO Segregated certification by purchasing some RSPO Segregated volumes. We downgrade these Segregated volumes and offer Mass Balance certified sustainable products. The RSPO Mass balance certification scheme represents the greatest certified volume for our palm-based products.

## F6.4

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

A system to control, monitor or verify compliance	
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments

### F6.4a

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

#### Forest risk commodity

Palm oil

#### Operational coverage

Supply chain

#### Description of control systems

Description of the monitoring approaches selected:

- Geospatial monitoring: We monitor our supply chain and the supply chain of our suppliers via satellite monitoring. We have access to risk dashboards for major palm growers, traders, and buyers in respect of deforestation, human rights violations, water

pollution, CBP withhold release order risk, land conflicts and corruption.

- Other: The NDPE Implementation Reporting Framework is a reporting tool that provides a shared and consistent view of progress towards NDPE commitments and implementation on the ground across the full supply base of companies throughout the supply chain. Information on actions being undertaken to deliver NDPE commitments is collected.

- Third-party verification: With the Together for Sustainability program, risk matrices help us identify suppliers with a high sustainability risk potential based on country and product risks.

### **Monitoring and verification approach**

Geospatial monitoring tool

Third-party verification

Other, please specify

NDPE IRF

### **% of total volume in compliance**

81-90%

### **% of total suppliers in compliance**

81-90%

### **Response to supplier non-compliance**

Retain & engage

Suspend & engage

Exclude

### **Procedures to address and resolve non-compliance with suppliers**

Developing time-bound targets and milestones to bring suppliers back into compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

### **Please explain**

BASF response to non-compliance: BASF is monitoring public campaigns and RSPO case tracker on a monthly basis. For every grievance received by BASF, the credibility and validity of the grievance needs to be evaluated in order to determine whether to pursue the grievance with suppliers. When grievance is addressed, BASF will check if sufficient information is provided in grievance trackers. If information is not sufficient, BASF will follow-up with supplier to address the gaps and may need to support them with identifying experts, root causes and actions to take. Once an action plan is provided, BASF will evaluate if it is aligned with its expectations. Where further clarifications are required or where action/engagement plans are not considered adequate, BASF will follow up. If the action plan is not approved by relevant parties, BASF needs to assess whether it is an important supplier and decide whether to undertake further engagement to ensure resolution process progresses or to engage direct suppliers to suspend or shift volumes to other third-party suppliers or to BASF itself and suspend or shift volumes from the direct supplier. If the action plan is

approved, BASF will inform grievance raiser, and continue to monitor, with the possibility of additional engagement. Percentage of total volume in compliance is based on the total volumes already certified and traceable. This does not imply that the remaining percentage of consumption volume is not in compliance.

## F6.6

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

Assess legal compliance with forest regulations	
Palm oil	Yes, from suppliers

## F6.6a

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

### Palm oil

#### Procedure to ensure legal compliance

Procedure to ensure legal compliance: The palm raw materials BASF is sourcing comply with RSPO, ISPO and MSPO standards which include regular audits to renew compliance with these standards. These standards (among other) ensure that agricultural standards set by the government and standard specific requirements are kept and controlled. ISPO is mandatory for all oil palm growers operating in Indonesia. Because of its national reach, ISPO has the potential to improve the entire Indonesian plantation industry. The MSPO aligns the management of palm oil production with many existing national laws and regulations. The standard was launched in order to help small and mid-range growers, who could not afford RSPO certification, to operate sustainably. RSPO is the main certification standard for the use of oil palm and its fractions. It requires that companies abide by national laws and requirements and in some instances to go far beyond what national law dictates.

Methods and/or tools used: The NDPE Implementation Reporting Framework is a reporting tool that provides a shared and consistent view of progress towards NDPE commitments and implementation on the ground across the full supply base of companies throughout the supply chain. The NDPE IRF is aggregating information on performance with NDPE across the whole production base supplying a refinery or (further down the supply chain) a user of palm oil. Currently the information is collected and analysed for mills but in future can be for FFB supply to a mill.

With the Together for Sustainability program, risk matrices help us identify suppliers with a high sustainability risk potential based on country and product risks. Using this risk analysis and other evaluations, we audit raw material supplier sites on sustainability standards and initiate sustainability assessments through an external provider.

The sum of our consumption volumes sourced from other forest risk countries combined apart from Malaysia and Indonesia make up approx. 1.6% of our total consumption volume sourced. Of these 1.6% the majority (+85%) are RSPO certified volumes.



Methods/tools used to assure compliance, such as the Together for Sustainability (TfS) supplier audit scheme and NDPE IRF profiles are also not supplier or country exclusive and are potentially functioning to ensure compliance across every country in our palm supply chain.

**Country/Area of origin**

- Brazil
- Cambodia
- Guatemala
- Honduras
- Indonesia
- Liberia
- Malaysia
- Papua New Guinea

**Law and/or mandatory standard(s)**

- General assessment of legal compliance
- ISPO
- MSPO

**Comment**

**F6.7**

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Palm oil	Yes, working with independent smallholders	Capacity building	Offering on-site technical assistance and extension services Providing agricultural inputs Organizing capacity building events Investing in pilot projects	8,600	No palm sustainability progress can be effective without considering smallholders as a crucial part of the palm value chain. Smallholder farmers produce around 40 percent of the world’s palm oil; their families depend on palm oil for their livelihood. Sustainability certification, such as the RSPO, can be costly and difficult to achieve for smallholders. However, it is also high in demand and can provide

				<p>premiums. Description of the main strategy of engagement: As the connecting link between suppliers of palm kernel oil and our customers, smallholder inclusion is one pillar of our palm commitment. Since 2016, BASF has been collaborating with Henkel and the Solidaridad civil society organization to improve the livelihoods of palm oil smallholders in West Kalimantan, Indonesia. The project was implemented by Solidaridad in cooperation with Credit Union Keling Kumang (CUKK), a farming cooperative that unites more than 180,000 smallholder farmers in the region. The project aims to enhance the living conditions of the people in the farming areas by improving agricultural practices, increasing yields and helping to preserve forests. Through train the trainer already 8,600 farmers could be reached. Participants see their yield increase and spend less on agricultural inputs - a win-win situation for the farmers and the environment. This project has been finalized in 2019. In a second continuous project BASF (ongoing in 2021), The Estee Lauder Companies and the Roundtable on Sustainable Palm Oil, are</p>
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					<p>partnering with Solidaridad to promote sustainable palm oil and palm derivatives production in the district of Waykanan, Lampung, Indonesia. The project supports 1,000 independent Indonesian smallholder farmers to improve their livelihoods and their sustainable production of palm oil and palm kernel oil. It offers continuous education and technical support on implementing and maintaining sustainable palm oil practices. The project's target is that at least one-third of the supported smallholder farmers become certified according to the Smallholder Standard of RSPO at the end of three years.</p>
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### F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing	81-90%	Main strategy: Our partnerships with suppliers are based on mutual value creation, as well as a reliable supply of raw materials, technical goods and services at competitive prices. We work together in an open and transparent way to generate long-term benefits for both sides. In doing so, we create value

			<p>supply chain mapping tool</p> <p>Supplier audits</p> <p>Offering on-site training and technical assistance</p> <p>Organizing capacity building events</p> <p>Investing in pilot projects</p> <p>Long-term contracts linked to forest related commitments</p>	<p>added that goes above and beyond procurement alone. Number of direct suppliers engaged: Our more than 75,000 Tier 1 suppliers of which are approx. 300 involved in our palm value chain play a significant role in value creation at our company. We work in long-term partnership with companies from different industries around the world. Due to the size and scale of our supplier portfolio, our suppliers are evaluated based on risk, including both country and industry-specific risks. We actively promote sustainability in the supply chain and have set ourselves ambitious targets for this: By 2025, we aim to have conducted sustainability evaluations for 90% of the BASF Group’s relevant spend and will develop action plans where improvement is necessary. We will work towards having 80% of suppliers improve their sustainability performance upon re-evaluation.</p> <p>Example of direct supplier engagement activities completed in the last reporting year: In 2021 we have requested NDPE Implementation Reporting Framework (IRF) profiles from our palm suppliers. These profiles serve as a tool designed to understand and track progress in delivering NDPE commitments in our supply chain. We have requested IRF profiles from approx. 96% of our direct palm supplier base in 2021.</p>
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## F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Offering on-site training and technical assistance Participating in workshops Investing in pilot projects	Main strategy of engagement: BASF purchases a range of renewable raw materials for the use as feedstock for various products. By purchasing volume and equivalent area of land needed to grow the raw material, the most relevant touchpoint for BASF is palm (kernel) oil in comparison to other renewable raw materials, for which the detailed Palm Commitment has been in effect since 2011 and extended in 2015 and which is put into practice through our Palm Sourcing Policy accordingly. In Indonesia and Malaysia, small holder farmers account for 40 percent of the total area of planted oil palms and as much as 33 percent of the output. This means no sustainability policy can be effective without considering smallholders. Sustainability certification, such as the RSPO, can be costly and difficult to achieve for smallholders. However, it is also high in demand and can provide premiums. Since 2016 and continuously until and in 2020, BASF has been collaborating with Henkel and the Solidaridad civil society organization to improve the livelihoods of palm oil smallholders in West Kalimantan, Indonesia. The project was implemented by Solidaridad in cooperation with Credit Union Keling Kumang (CUKK), a farming cooperative that unites more than 180,000 smallholder farmers in the region. The project aims to enhance the living conditions of the people in the farming areas by improving agricultural practices, increasing yields and helping to preserve forests. More than 2,000 farmers have already participated in the so-

				<p>called Farmer Field School program to date. The courses place an equal focus on efficient production, sustainable farming methods and occupational health and safety standards. Example of indirect supplier engagement activities completed in the last year: At the beginning of the Covid-19 pandemic in 2020, together with our partners Estée Lauder and Solidaridad, we locally supported more than 3,000 individuals with a Covid-19 intervention package in seven sub-districts in Way Kanan District, Lampung, Indonesia. This project was still ongoing in 2021. We did this not only to stand in solidarity with our smallholders, but also to strengthen the ongoing and mutually beneficial relationship with our suppliers.</p>
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### F6.10

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

Do you engage in landscape/jurisdictional approaches?	
Row 1	Yes, we engage in landscape/ jurisdictional approaches

### F6.10a

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

	Criteria for prioritizing landscapes/jurisdictions for engagement	Please explain
Row 1	<p>High commodity sourcing footprint from area</p> <p>High levels of production by independent smallholders</p> <p>Opportunity for smallholder inclusion</p> <p>Opportunity for increased human well-being in area</p> <p>Opportunity to protect natural ecosystems</p>	<p>Despite the economic benefits generated by the palm oil sector, farmers in Lampung are still facing various constraints in producing high palm oil yields sustainably. Firstly, smallholder owned plantations generally have lower productivity and FFB quality, leading to lower prices and oil extraction rates at the mill.</p> <p>Secondly, smallholders often lack knowledge on sustainable agricultural practices, which are crucial for their plantation and environmental conservation.</p> <p>Thirdly, there is a lack of extension services which are focused on good agricultural practices as well as</p>

<p>Risk of deforestation/conversion                  Risk of fires                  Risk of forest/land degradation                  Risk of land conflict                  Risk of labor rights issues</p>	<p>sustainability issues. Finally, there is a limited presence of non-governmental organizations and/or civil society organizations directly working with smallholders on sustainable agricultural practices. Through this project – Enhancing Indonesian Palm Oil Smallholders to Improve Sustainable Palm Oil Production – Solidaridad and BWI seek to support smallholders in facing above mentioned problems, to improve their yields sustainably, ensure higher incomes and ensure sustainable market linkages. Project key objectives:</p> <ul style="list-style-type: none"> <li>• Smallholder group’s organizational management and performance are well managed to help its members implement and maintain sustainable practices</li> <li>• Increase smallholders’ productivity through implementation of Good Agriculture Practices and sustainable principles on palm oil production on farm level</li> <li>• Smallholders attain RSPO certification</li> </ul> <p>One or more local CPO mills support the smallholder group for long term sustainable market linkages. The implementation of the project is supported by Solidaridad’s team in Lampung, Sumatra. To run and manage the project, some important stakeholders will be involved, such as local smallholders’ organization KTNA (Kontak Tani Nelayan Andalan) and the Agriculture Office of Waykanan District. Their contribution will strengthen the project and will help the project to achieve its objectives. Related to the project mechanism, the Solidaridad team and its local partner, Business Watch Indonesia, will run the project activities with contributions and support from the local government, expert consultants as well as private sector representatives through ongoing mill engagement. To distribute the information, trained smallholders together with the ICS team members will conduct Farmer Field School activities to reach up to 1,000 smallholders by the end of the project. Solidaridad will conduct regular monitoring and evaluation to manage the project.</p>
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### F6.10b

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

**Country/Area**

Indonesia

**Name of jurisdiction or landscape area**

Sumatra, Lampung, WayKanan District

**Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?**

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

**Brief description of landscape/ jurisdictional approach**

Key objectives of the project are as follows:

- Smallholder group's organizational management and performance are well managed to help its members implement and maintain sustainable practices.
- Increase smallholders' productivity through implementation of Good Agriculture Practices (GAP) and sustainable principles on palm oil production on farm level
- Smallholders attain RSPO certification
- One or more local CPO mills support the smallholder group for long term sustainable market linkages.

The implementation of the project is supported by Solidaridad's team in Lampung, Sumatra. To run and manage the project, some important stakeholders will be involved, such as: local smallholders' organization KTNA (Kontak Tani Nelayan Andalan) and the Agriculture Office of Waykanan District. Their contribution will strengthen the project and will help the project to achieve its objectives. Related to the project mechanism, the Solidaridad team and its local partner, Business Watch Indonesia, will run the project activities with contributions and support from the local government, expert consultants (for specific issues) as well as private sector representatives through ongoing mill engagement.

**Forest risk commodities relevant to this landscape/jurisdictional approach**

Palm oil

**Type of engagement**

Funder: Provides full or partial financial support

**Description of engagement**

BASF is participating in the project "Enhancing Indonesian Palm Oil Smallholders to Improve Sustainable Palm Oil Production," implemented by Solidaridad, in cooperation with Business Watch Indonesia, in Lampung, Indonesia. We support the project in cash and/or in kind (program support, knowledge sharing, procurement, marketing & communication).

**Goals supported by engagement**

Decreased ecosystem degradation rate  
 Avoided deforestation/conversion of other natural ecosystems  
 Implementation of livelihood activities/practices that reduce pressure on forests  
 Greater smallholder inclusion  
 Increased adoption of sustainable production practices  
 Increased uptake of certification  
 Improved productivity  
 Improved soil health



Improved water management practices  
 Increased adoption of sustainable production practices

### **Company actions supporting approach**

Financially support multi-stakeholder entity leading the initiative  
 Provide information and training on best agricultural management practices  
 Support uptake of certification  
 Support producers, producer groups, and primary processors to Improve agricultural practices and technologies

### **Implementation partner(s)**

Solidaridad, Business Watch (will run the project activities with contributions and support from the local government, expert consultants), local smallholders' organization KTNA (Kontak Tani Nelayan Andalan) and the Agriculture Office of Waykanan District.

### **Engagement start year**

2,018

### **Engagement end year**

Please specify  
 2022

### **Total investment over the project period (currency)**

### **Details of your investment**

### **Type of assessment framework**

No assessment framework in place

### **Is progress monitored and publicly reported on?**

Yes, progress is monitored and publicly reported on

### **State the achievements of your engagement so far, and how progress is monitored**

- 56% of the independent smallholders' farmers completed farmers field school.
- 450 independent smallholders' farmers selected to advance to the certification process. Further validation and assessment including social and environmental impacts carried out to comply the certification documents according to RSPO guidelines.
- Nursery demo-plot arranged to assist farmers in obtaining direct practical lessons in good seedlings handling and management.
- Memorandum of understanding signed with Waykanan government

## **F6.11**

**(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

UN Global Compact

Roundtable on Sustainable Palm Oil (RSPO)

High Carbon Stock Approach Steering Group

Forum for Sustainable Palm Oil (FONAP)

Other, please specify

Polish Coalition for Sustainable Palm Oil (PKZOP) &amp; NDPE IRF

**Please explain**

BASF takes part in global palm initiatives and in networks with various stakeholders in order to drive change towards certification. BASF became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. Since then, we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability. In order to leverage industry activities to stop deforestation, BASF became a member of the High Carbon Stock (HCS) Steering Group in 2016 and has since integrated the criteria of the HCS Approach into our Palm Sourcing Policy. BASF stepped up 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 manufacturer of oleo derivatives (category "Supporter"). In 2019, BASF signed together with other eleven founding members the Declaration of "Polish Coalition for Sustainable Palm Oil (PKZOP)". The PKZOP (officially known Polskiej Koalicji ds. Zrównoważonego Oleju Palmowego) is an independent Coalition and aimed at achieving 100% sustainable palm oil in Poland by 2023. It consists of twelve non-profit and non-governmental organizations, certification agencies, food and beverage, cosmetics, and chemical companies in the country. BASF is an active member of the NDPE Implementation Reporting Framework. NDPE IRF is a reporting tool designed to help companies to systematically understand and track progress in delivering NDPE commitments in their supply chains. Having a consistent framework for reporting on these activities allows individual companies and the industry collectively to:

- Understand what is required to deliver NDPE commitments
- Monitor progress
- Identify gaps
- Drive improvement

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**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives****Please explain**

BASF takes part in global palm initiatives and in networks with various stakeholders in order to drive change towards certification. BASF became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. Since then, we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability. In order to leverage industry activities to stop deforestation, BASF became a member of the High Carbon Stock (HCS) Steering Group in 2016 and has since integrated the criteria of the HCS Approach into our Palm Sourcing Policy. BASF stepped up 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 manufacturer of oleo derivatives (category "Supporter"). In 2019, BASF signed together with other eleven founding members the Declaration of "Polish Coalition for Sustainable Palm Oil (PKZOP)". The PKZOP (officially known Polskiej Koalicji ds. Zrównoważonego Oleju Palmowego) is an independent Coalition and aimed at achieving 100% sustainable palm oil in Poland by 2023. It consists of twelve non-profit and non-governmental organizations, certification agencies, food and beverage, cosmetics, and chemical companies in the country.

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**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in industry platforms

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives****Please explain**

BASF takes part in global palm initiatives and in networks with various stakeholders in order to drive change towards certification. BASF became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. Since then, we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability. In order to leverage industry activities to stop deforestation, BASF became a member of the High Carbon Stock (HCS) Steering Group in 2016 and has since integrated the criteria of the HCS Approach into our Palm Sourcing Policy. BASF stepped up 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 manufacturer of oleo derivatives (category "Supporter"). In 2019, BASF signed together with other eleven founding members the Declaration of "Polish Coalition for Sustainable Palm Oil (PKZOP)". The PKZOP (officially known Polskiej Koalicji ds. Zrównoważonego Oleju Palmowego) is an independent Coalition and aimed at achieving 100% sustainable palm oil in Poland by 2023. It consists of twelve non-profit and non-governmental organizations, certification agencies, food and beverage, cosmetics, and chemical companies in the country.

**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with communities

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives****Please explain**

BASF takes part in global palm initiatives and in networks with various stakeholders in order to drive change towards certification. BASF became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. Since then, we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability. In order to leverage

industry activities to stop deforestation, BASF became a member of the High Carbon Stock (HCS) Steering Group in 2016 and has since integrated the criteria of the HCS Approach into our Palm Sourcing Policy. BASF stepped up 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 manufacturer of oleo derivatives (category "Supporter"). In 2019, BASF signed together with other eleven founding members the Declaration of "Polish Coalition for Sustainable Palm Oil (PKZOP)". The PKZOP (officially known Polskiej Koalicji ds. Zrównoważonego Oleju Palmowego) is an independent Coalition and aimed at achieving 100% sustainable palm oil in Poland by 2023. It consists of twelve non-profit and non-governmental organizations, certification agencies, food and beverage, cosmetics, and chemical companies in the country.

### **Forest risk commodity**

Palm oil

### **Do you participate in activities/initiatives?**

Yes

### **Activities**

Engaging with non-governmental organizations

### **Country/Area**

Not applicable

### **Subnational area**

Not applicable

### **Initiatives**

### **Please explain**

BASF takes part in global palm initiatives and in networks with various stakeholders in order to drive change towards certification. BASF became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. Since then, we have actively participated in consultations within the organization, most notably in the subgroup oleochemicals and derivatives under the RSPO working group Trade & Traceability. In order to leverage industry activities to stop deforestation, BASF became a member of the High Carbon Stock (HCS) Steering Group in 2016 and has since integrated the criteria of the HCS Approach into our Palm Sourcing Policy. BASF stepped up 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 manufacturer of oleo derivatives (category "Supporter"). In 2019, BASF signed together with other eleven founding members the Declaration of "Polish Coalition for Sustainable Palm Oil (PKZOP)". The PKZOP (officially known Polskiej Koalicji ds. Zrównoważonego Oleju Palmowego) is an independent Coalition and aimed at achieving 100% sustainable palm oil in Poland by 2023. It consists of twelve non-profit and non-governmental organizations, certification agencies, food and beverage, cosmetics, and chemical companies in the country.

## F6.12

**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

Yes

### F6.12a

**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

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#### Project reference

Project 1

#### Project type

Reforestation

#### Primary motivation

Voluntary

#### Description of project

In 1984, BASF established the Mata Viva® initiative in Brazil to protect water quality, conserve soil, and create areas to preserve native vegetation and wildlife. The team's first major achievement was to restore 128 hectares of forest along the Paraíba do Sul River, near the company's South American chemical complex at Guaratinguetá. Over the years, the initiative restored more than 750 hectares and planted more than 1,300,000 seedlings. Mata Viva® flourished, attracting a broad range of partners from the agricultural, business and scientific communities, all united in their desire to foster biodiversity. In 2005, the Espaço ECO Foundation – set up by BASF with the support of the German government – assumed responsibility for the program. At this point, Mata Viva® began to engage directly with farmers and agricultural communities. The program is available in about 153 municipal areas across Brazil. Realizing that education was the catalyst for long-term change, Mata Viva® developed an educational module to show future farmers how they could build a vital community by practicing conservation and sustainable land-use techniques. More than 2,800 teachers were trained and 230,000 students have benefited. A program started in 2020 restores forests in the Mata do Barreiro Rico green reserve. The reserve is one of the last sanctuaries of the southern muriqui monkey (*Brachyteles arachnoides*), which is classified by the IUCN as critically endangered.

In 2021, we continue with the restoration of the Mata do Barreiro Rico Green Reserve. The initiative has contributed to the connection of important fragments, building an ecological corridor.

#### Start year

1984

#### Target year

Indefinitely

**Project area to date (Hectares)**

750

**Project area in the target year (Hectares)**

750

**Country/Area**

Brazil

**Latitude**

-22.4637

**Longitude**

-45.1054

**Monitoring frequency**

Annually

**Measured outcomes to date**

Other, please specify

Hectares restored, Seedlings planted

**Please explain**

Mata Viva has not an explicit quantitative long-term goal on area protected or restored. Increase in numbers will depend on future level of engagement of participants. Annual monitoring occurs in the areas recovered in the BASF sites, covering about 170 hectares and all other restored areas are monitored in at least two years after the start of ecological restoration activities.

In 2020 and 2021, 5 hectares were restored each year - totaling 10 hectares, in a locality where endangered fauna species are located. Thus, the initiative is contributing to recover forests in strategic locations for biodiversity conservation.

**Project reference**

Project 2

**Project type**

Other, please specify

Forest and biodiversity conservation

**Primary motivation**

Voluntary

**Description of project**

Half of the area of the BASF - Demarchi plant, located in the municipality of São Bernardo do Campo, state of São Paulo, Brazil, is covered by preserved and regenerating native forest, totaling 30 hectares of native vegetation. The forest was named Suviril Reserve.

In 2021, a survey of the biodiversity of the existing flora and fauna was carried out on the site. More than 170 species of flora and more than 100 vertebrate species were found. High resolution photographs of some specimens of the fauna were made and some filming was made to document the findings. The existing water springs were also mapped and a total of five were found.

**Start year**

1984

**Target year**

Indefinitely

**Project area to date (Hectares)**

30

**Project area in the target year (Hectares)****Country/Area**

Brazil

**Latitude**

-22.4637

**Longitude**

-45.1054

**Monitoring frequency**

Annually

**Measured outcomes to date**

Other, please specify  
Forest and Biodiversity conservation

**Please explain**

BASF performs the preservation of the site in an integral way, investing resources for the control and protection of the Suvinil Reserve.

In 2022, it is planned to survey butterfly species and evaluate the potability of spring water.

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes



## F7.1a

**(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

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### Disclosure module

F1. Current State

### Data points verified

Data points given within our integrated annual report; sustainably sourced purchased volume, total volume.

### Verification standard

ISAE 3000

### Please explain

Data points verified:

Points verified include: – Scope of disclosure – Forest commodities consumption data.

Verification standard:

Forest data have mainly been verified by Deloitte as part of the moderate assurance for the 2020 Universal Registration Document, based on ISAE 3000 standard

Statements and figures pertaining to sustainability in the Management's Report and Consolidated Financial Statements of BASF's Annual Report are audited. The audit with limited assurance was conducted in accordance with ISAE 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and ISAE 3410 (Assurance Engagements on Greenhouse Gas Statements), the relevant international auditing standards for sustainability reporting.

## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

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### Forest risk commodity

Palm oil

### Coverage

Direct operations

Supply chain

**Primary barrier/challenge type**

Other, please specify  
Supply Chain complexity

**Comment**

The oil palm complex is a bulk commodity value chain with huge complexity. Keeping up standards and requirements is currently down to the industry players as often enough the enforcement of laws and rules set up by the government is not happening (Indonesia, Malaysia). This gap in central control is tried to be overcome by the industry e.g., with satellite monitoring, HCSA commitments, concepts like HCS and HCV conservation. By nature, some elements are more difficult than others in “controlling” / improving like human rights.

**Forest risk commodity**

Palm oil

**Coverage**

Direct operations  
Supply chain

**Primary barrier/challenge type**

Lack of regulatory control and enforcement from local governments

**Comment**

The oil palm complex is a bulk commodity value chain with huge complexity. Keeping up standards and requirements is currently down to the industry players as often enough the enforcement of laws and rules set up by the government is not happening (Indonesia, Malaysia). This gap in central control is tried to be overcome by the industry e.g., with satellite monitoring, HCSA commitments, concepts like HCS and HCV conservation. By nature, some elements are more difficult than others in “controlling” / improving like human rights.

**Forest risk commodity**

Palm oil

**Coverage**

Direct operations  
Supply chain

**Primary barrier/challenge type**

Limited availability of certified materials

**Comment**

The oil palm complex is a bulk commodity value chain with huge complexity. Keeping up standards and requirements is currently down to the industry players as often enough the enforcement of laws and rules set up by the government is not happening

(Indonesia, Malaysia). This gap in central control is tried to be overcome by the industry e.g., with satellite monitoring, HCSA commitments, concepts like HCS and HCV conservation. By nature, some elements are more difficult than others in “controlling” / improving like human rights.

## F8.2

**(F8.2) Describe the main measures that would improve your organization’s ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

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**Forest risk commodity**

Palm oil

**Coverage**

Direct operations

Supply chain

**Main measure**

Greater alignment between company goals and goals at landscape/jurisdictional level

**Comment**

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**Forest risk commodity**

Palm oil

**Coverage**

Direct operations

Supply chain

**Main measure**

Greater transparency

**Comment**

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**Forest risk commodity**

Palm oil

**Coverage**

Direct operations

Supply chain

**Main measure**

Greater supplier awareness/engagement

**Comment**

---

**Forest risk commodity**

Palm oil

**Coverage**

Direct operations

Supply chain

**Main measure**

Increased demand for certified products

**Comment**

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**Forest risk commodity**

Palm oil

**Coverage**

Direct operations

Supply chain

**Main measure**

Greater stakeholder engagement and collaboration

**Comment**

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**Forest risk commodity**

Palm oil

**Coverage**

Direct operations

Supply chain

**Main measure**

Investment in monitoring tools and traceability systems

**Comment**

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**Forest risk commodity**

Palm oil

**Coverage**

Direct operations  
Supply chain

**Main measure**

Investment in landscape and/or jurisdictional approaches

**Comment**

---

**Forest risk commodity**

Palm oil

**Coverage**

Direct operations  
Supply chain

**Main measure**

Involvement in multi-stakeholder initiatives

**Comment**

---

**Forest risk commodity**

Palm oil

**Coverage**

Direct operations  
Supply chain

**Main measure**

Improvement in data collection and quality

**Comment**

---

**Forest risk commodity**

Palm oil

**Coverage**

Direct operations  
Supply chain

**Main measure**

Other, please specify

Verified implementation of NDPE policies on the ground moving away from company driven approaches towards industry wide approaches

**Comment**

NDPE (No Deforestation, No Peat, No Exploitation) policies are a strong instrument to cut the direct link between deforestation and palm oil. KPI's for an effective NDPE policy are:

- Supply chain transparency. Traceability of all sourcing at mill level, including publication of a mill list that includes GPS coordinates and parent company name.
- A robust grievance mechanism
- Effective monitoring mechanism
- A stringent and effective certification scheme, that is the lever for NDPE implementation on the ground.

## F17 Signoff

### F-FI

**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Member of the Board of Executive Directors	Board/Executive board