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APPROACH AND KEY ACHIEVEMENTS

Palm kernel oil (PKO) and to a lesser extent palm oil are our most important renewable raw materials. We therefore aim to ensure that they come from certified sustainable sources. BASF joined the Roundtable on Sustainable Palm Oil (RSPO) in November 2004 and since 2012 we have been offering our customers a broad portfolio of RSPO Mass Balance certified materials.

In 2011, we published our first [Palm Commitment](#), which was renewed and extended in 2015 to include No Deforestation, No Peat, No Exploitation (NDPE) requirements outlined in our [Palm Sourcing Policy](#). The latter incorporates forest and peat conservation, as well as requirements for free, prior and informed consent (FPIC), social impact assessment and human and labor rights.

In 2018, we initiated a portfolio shift and began offering palm-based specialty cosmetic ingredients that are exclusively RSPO certified.

ROADBLOCKS AND SOLUTIONS

Around 19% of the global oil palm production was certified by the RSPO in 2019. More than 13 out of 76 million metric tons of palm oil are certified sustainable and predominantly enter the food chain. BASF sources mainly PKO and its derivatives, but the amount of sustainable PKO we are able to source is restricted in part due to its limited availability on the market. However, the demand, especially in Europe, is continuously growing.

We have started a strategic dialogue with key suppliers applying our [Palm Sourcing Policy](#). The BASF Palm Sourcing Policy is an extension of our Supplier Code of Conduct and provides palm-specific criteria based on feedback from an intensive stakeholder consultation process. This strategic dialogue aims to foster a mutual understanding on how we can work together towards responsible palm. As a result, BASF has strengthened its ability to fulfill its customers' expectations and commitments on RSPO certified sustainable palm products, as we can base our certified portfolio offers on long-term sourcing contracts.

POST-2020 ACTION PLANS

For BASF, a NDPE policy and its implementation have become a business-critical factor. In addition, our BASF Palm Sourcing Policy outlines our requirements for protecting and preserving forests and peatland, as well as the involvement of local communities. BASF engages in a number of partnerships and projects which provide support to smallholder farmers through continuous education and technical support on sustainable palm oil best practices. These efforts increase the availability of sustainably produced palm, foster a sustainable palm oil production supply chain that is free from deforestation and globally competitive, and guarantee social and economic benefits for farmers.

In order to support our NDPE commitment, we have developed an agile, responsive and insightful palm grievance procedure that covers direct and third-party suppliers and includes the suspension of non-compliant suppliers if needed. We also respect the grievance procedure of the RSPO and take into account all of their actions and decisions on raised grievances.

We are committed to fostering sustainable palm by procuring all oils from RSPO certified sources in 2020 and expanding our commitments to significant intermediates based on palm oil and PKO by 2025, including pursuing traceability back to the mill, as we consider RSPO to be a standardized implementation of a strong NDPE policy. To prioritize further traceability and supply chain management activities, CORE (Consortium of Resource Experts, comprising Proforest, Rainforest Alliance and Daemeter Consulting) issued an environmental and social risk assessment on behalf of BASF in order to manage our purchasing activities.



Smallholder farmer in West Kalimantan, Indonesia, who participated in a joint project of Henkel, BASF and Solidaridad