

Commitment to sustainable sourcing of fish oil for omega-3 products

BASF addresses sustainability by actively engaging with fish oil suppliers, ensuring environmental and social standards are met. Fishing has the capacity to damage fragile marine ecosystems and vulnerable species. This may reduce future productivity and biodiversity and create imbalances in the ecosystem. Sustainable sourcing starts with choosing partners that live up to our principles. To ensure a profound understanding of the supply chain and our sustainability requirements we assess suppliers continuously and foster dialogue and cooperation. Our goal is to drive sustainable sourcing within the industry beyond existing norms including social standards according to our BASF Supplier Code of Conduct.

Three guiding principles

- 1. We constantly ensure a profound understanding of the supply chain and sustainability requirements.**
- 2. We assess suppliers continuously.**
- 3. We foster dialogue and cooperation with partners along the value chain**

We set criteria for our sustainable sourcing that combine environmental and social aspects based on the FAO Code of Conduct. All suppliers of BASF need to complete BASF's fish oil sourcing specific questionnaire including the following aspects:

- Minimizing degradation of eco-system
- Avoiding by catch recording and controlling of activities
- Complying with applicable EHS and SLS regulations as laid out in BASF Supplier Code of Conduct

Beyond that we defined clear core criteria that require immediate actions:

- **Endangered fish from IUCN red list¹**
- **Dynamiting and Poisoning**
- **IUU practice²**
- **No support of internationally proclaimed human rights**
- **Forced and child labor**

We are continually evaluating the suppliers' compliance. We have developed a binding purchasing decision structure that currently rolled-out to all suppliers.

In case we get to know that a supplier does not comply with these criteria, we will either initiate an improvement program or stop ordering from this supplier.

Our sustainable sourcing approach was reviewed by SGS Germany GmbH. They confirmed on the basis of an independent audit that we have established a sustainable sourcing process for our Omega-3 products:

"BASF has established a sustainable sourcing process for its omega-3 products. Implementation has been started in February 2014 and since then, 100% of BASFs suppliers have answered the self-assessment questionnaire. Based on the feedback, suppliers have been segmented and actions have been agreed on.

The BASF sustainable sourcing approach includes defined sourcing criteria, supplier assessments and an internal decision tree, which has been reviewed internally and externally. The tools BASF uses for implementation are appropriate and the right conclusions are drawn to improve the situation along the value chain.

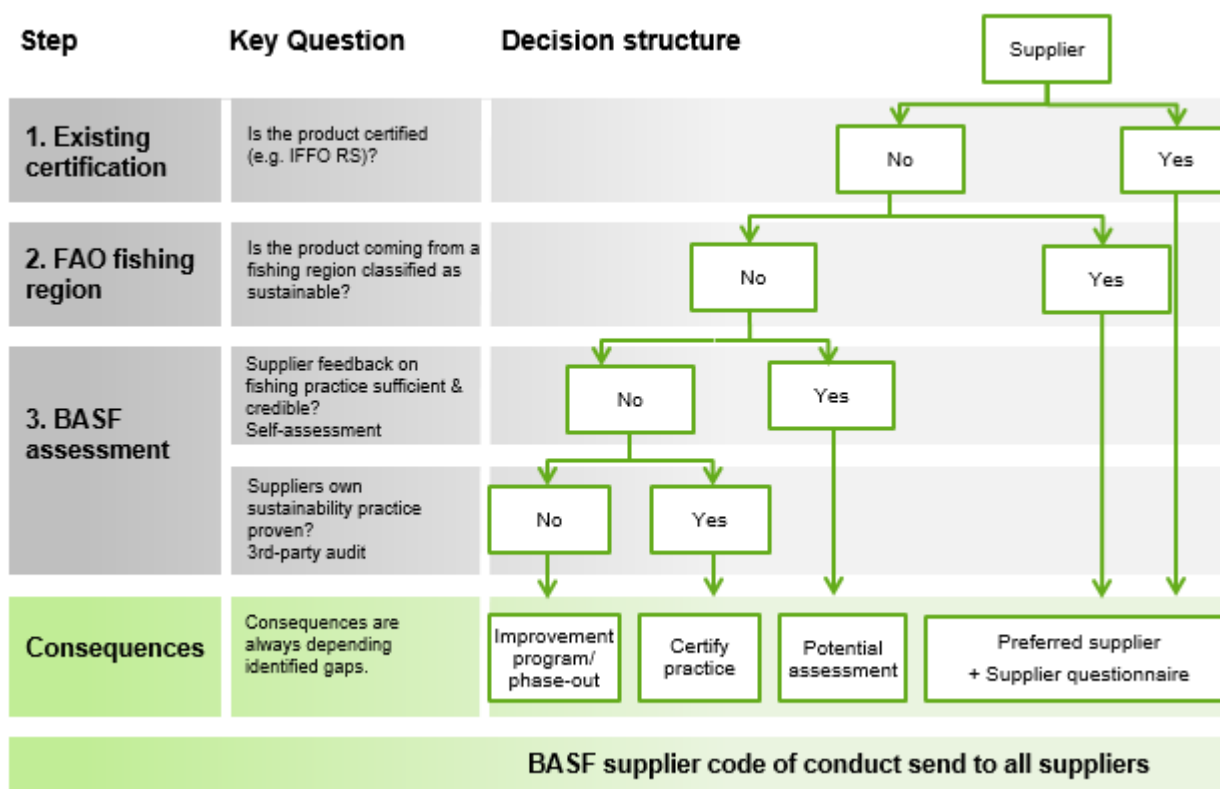
BASF is open to improve the current practice and asked SGS to identify further improvement areas. These have been identified in an audit March 2015 and their implementation by BASF is planned. Examples for such improvement areas are, level of detail in questionnaire and answer options and reference sources for evaluation."

SGS Germany GmbH, March 2015

¹ IUCN red list refers to the red list published by the International Union for Conservation of Nature

² IUU practice refers to Illegal – Unreported – Unregulated fishing practice

Our purchasing decision structure:



Ensuring a sustainable approach in omega-3 production is a journey and a continuous process. Therefore, we regularly review our sustainability approach in order to update it according to new requirements.

With this principles, measures and activities we emphasize our commitment to sustainable sourcing of omega-3.

March 15th, 2016

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