



We create chemistry

# Responsibly Active Bioactives for a Positive Future

## Progress Report 2022

*Together  
we are  
Responsibly  
Active*



# Dear Readers,

With the Responsibly Active program for our bioactives business, we bring our vision to life and align all our actions in a sustainable way. We do this by combining innovative ingredients with the principles of empowering people and protecting the planet's resources. Taking responsibility for the world we live in and the people we work with, we continue our journey towards consistent sustainability along the entire value chain.

**Set-up in 2022, Responsibly Active is based on three pillars:**



**Innovating Products that Protect Natural Resources**



**Empowering and Respecting People along our Value Chain**



**Reducing our Climate Impact and Operational Footprint**

We have defined clear commitments, goals, and action plans for the coming decade regarding our approach to **natural resources**, **people** and **climate**. But commitment is not enough. Action speaks louder than words! We believe that profound change requires monitoring our achievements, measuring their impact, and sharing our lessons learned in a transparent way. Not every course of action is a success story in the beginning, which is why setbacks also need to be clearly addressed. If we learn from them instead of allowing ourselves to get discouraged, they can contribute to shaping a sustainable future.

Positive change is created through strong foundations built on collaboration. Complex challenges, such as climate change, can only be overcome together. That's why we join forces: to achieve our ambitious goals, we

team-up with customers, partners, suppliers, governments and NGOs – as we already do since 2005 with our Argan program, which supports more than 1,000 women in Morocco. The same goes for our Rambutan program focused on sustainable sourcing, or our Galanga project which improves women's living and working conditions in rural areas.

Our aim of this publication is to give you an update on the status of our engagement, the progress we are making, and share insights about our key initiatives. Join us on our path to a sustainable future.

**Together we are  
Responsibly Active!**

**Lucilene Veira Nunes,**  
*Head of Business Management for  
Bioactive Ingredients, EMEA*



Editorial

*"We are happy to prove that business and a responsible approach to people, resources, and the environment can go hand in hand."*





## Innovating Products that Protect Natural Resources



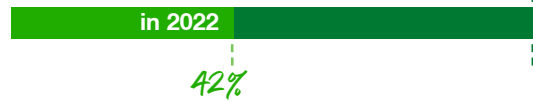
## Empowering and Respecting People along our Value Chain



## Reducing our Climate Impact and Operational Footprint

### Our targets by 2030

Botanical supply chains traceable to the source 100%



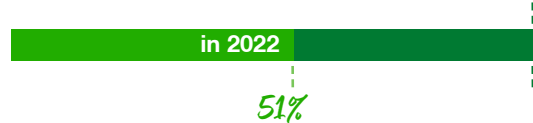
Raw materials that are biobased or from abundant minerals 95%



Organic certified botanical supply chains 50%

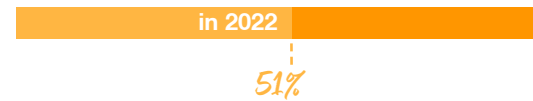


Sustainably sourced botanicals 100%



### Our targets by 2030

Sustainably sourced botanicals 100%



Botanical supply chains with premium payments in low Human Development Index countries (HDI < 0.699) 50%



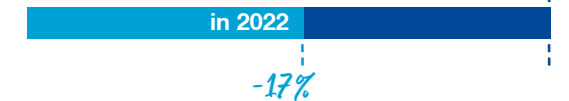
Defined initiatives to enable diversity, equity, and inclusion in botanical supply chains



Diversified income streams and water access for women in India

### Our targets by 2025

Reduction of site's carbon emission footprint compared to 2018 -30%



Recyclable packaging 99%



Reduction of energy\* -25%



Savings in water consumption\* -15%



Reduction of waste\* -25%



\*for every ton of product leaving the company compared to 2016





## Innovating Products that Protect Natural Resources

Because nature is the core of our business, we seek to maximize the use of renewable resources and foster organic farming practices. Our dedicated initiatives respect and protect local biodiversity, while avoiding land degradation and deforestation along our supply chains. We are committed to sourcing all our botanicals sustainably and granting traceability to the source of every single one.

### Full Traceability for Maximum Transparency

Digitalization is a major key to reaching our ambitious goal of 100% traceability to the source. This includes innovations such as our new argan tool, designed to track every step of the argan oil production process. The digital tool helps us to monitor local sourcing by collecting detailed batch tracking data on each fruit's harvest, crushing of the nuts, and oil processing. Providing easily accessible and reliable data, the tool significantly facilitates the fair-trade certification process of this complex supply chain. It does so by measuring the extent to which income from argan activities contributes to a fair living wage. It also supports the women's cooperatives for oil processing to improve their operational excellence and drive their digital transformation forward. In the future, the data collected will be made available in real time to our customers involved in the argan supply chain.

### Preservatives Become Natural

Continuous improvement of our existing portfolio is a prerequisite for meeting the increasing demand for natural ingredients. Switching from petro-based to bio-based glycols, for example, allows us to continuously improve our main portfolio's naturalness score so we can reach our goal of 100% natural origin for each ingredient. More than 20% of our bioactives containing petro-based glycol have already been reworked. And we will steadily continue to work towards reaching our target of having 95% of our raw materials being bio-based or coming from abundant minerals.

*"Maximum transparency is a booster for our digital transition and our business. Easy to use and time-saving, the new argan tool covers all steps of the sourcing process."*

Latifa, Sales Manager  
Argan Supplier



## Our targets by 2030

Botanical supply chains traceable to the source 100%

in 2022

42%

Raw materials that are biobased or from abundant minerals 95%

in 2022

83%

Organic certified botanical supply chains 50%

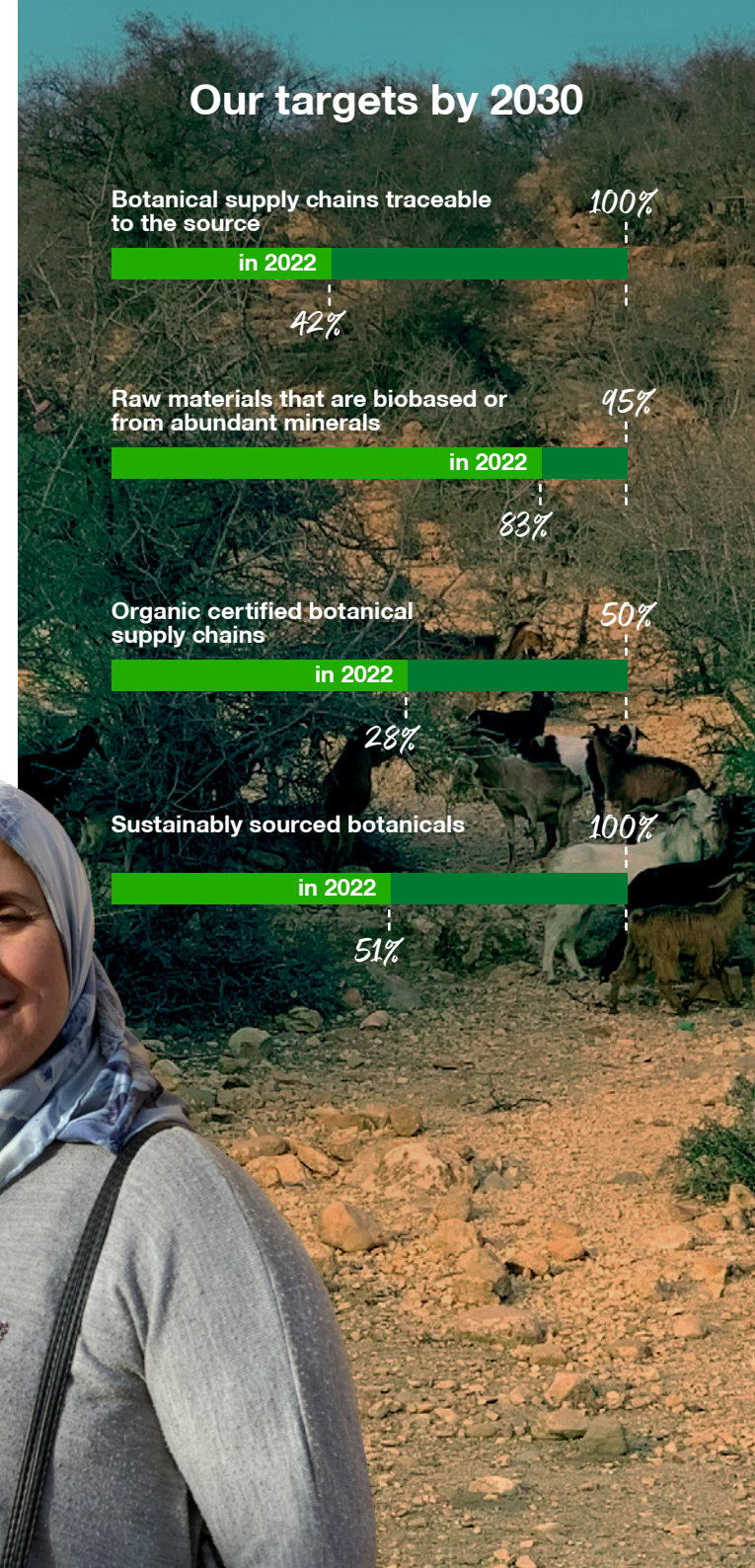
in 2022

28%

Sustainably sourced botanicals 100%

in 2022

51%







## Empowering and Respecting People along our Value Chain

We take responsibility for people and the conditions in which they live and work. Beyond fairness and respect for everyone, we recognize and value traditional knowledge and indigenous rights, and are strictly committed to upholding human rights and proper working conditions. Collaboration and dialog are key for pursuing our ambitious goals. That's why working with stakeholders along the entire value chain allows us to actively support the inclusion of women and small holder farmers, ultimately reaching our goals of promoting diverse and equitable work.

### Joining Forces for Women in India

For us, creating a positive impact is not limited to the individuals directly involved in a project. Price premiums enable additional income streams and help improve the local living conditions. Our partnerships with botanical suppliers and NGOs foster long-term local development and raise communities' livelihoods. Take the women living around our Moringa supply chain in India as an example – they are the ones driving their own and their community's development through their work. By working together with a key commercial partner who is funding the project through a price premium, along with the support of a local NGO, we were able to have a significant impact in this area. One major achievement was implementing free medical care for cattle and training courses in honey production to help women and their families generate diversified incomes. The new wells that were built also grant access to clean drinking water for everyone living nearby.

### Sustainable in Every Respect

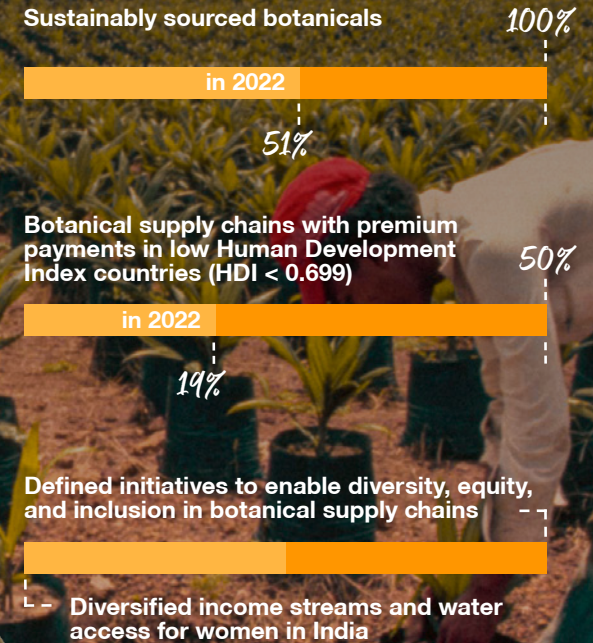
Following our ambitious goal of continuously upgrading our sourcing practices, we initiated an organic farming certification process that strengthens traceability and transparency. Thanks to fair pricing for the raw materials, the farmers of our Bixa supply chain in Burkina Faso can now rely on fair living wages. Micro-financing and training programs for women's entrepreneurship has allowed us to contribute even more to community development by opening up new income opportunities. The first round of organically certified Bixa is expected to be harvested and implemented in 2024/2025. This is just one of the many initiatives aimed at achieving our organic and traceability targets while creating opportunities for the communities involved.

*"We collaborate with the NGO Fair Match Support West Africa to ensure fair pay and empower women to improve their livelihoods, even beyond the Bixa supply chain."*

**Joseph,**  
Bixa Supplier



## Our targets by 2030







# Reducing our Climate Impact and Operational Footprint

We aim to minimize our impact on climate and environment – by reducing our carbon footprint in production and downstream transportation, and by taking certified offsets for any remaining emissions to achieve carbon neutrality for Scope 1 and 2. Our main areas of action have been defined and goals have been set for using less water, saving energy, reducing waste, and more sustainable packaging. Alongside long-term investments in infrastructure and technology, it is also the small steps that count. Through personal commitment, even a small idea can contribute to greater sustainability.

## Our Journey to Carbon Neutrality at our Pulnoy site

We launched a comprehensive energy management program in 2016 to reduce our energy consumption at our bioactives production site in Pulnoy, France. Over the past year, we pushed this program further ahead by optimizing our process efficiency and improving thermal insulation performance of our buildings, as one example. As a result of all these efforts, we have already exceeded our 2025 energy saving targets. For the remaining energy requirements, we have switched our power supply to renewable energy in 2022, resulting in a reduction of around 130 tons of CO<sub>2</sub> per year.

## Moving Forward through Setbacks

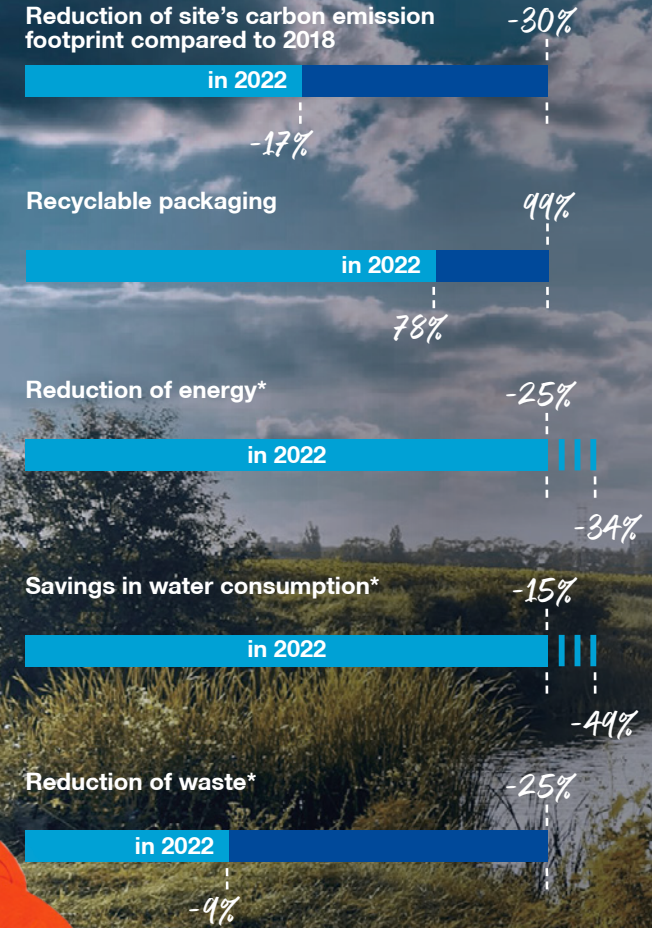
While we “overperformed” in water and energy savings, development in sustainable packaging remained behind our targets. Given our large and diverse product portfolio, the transition to recyclable packaging takes time and can only be achieved gradually. But thanks to careful monitoring, we can now work even harder to pursue our ambitious goal one step at a time.

*“Monitoring digital water consumption allows us to identify and prioritize major consumers so we can effectively reduce our water use.”*

**Christophe,**  
Operational Excellence Manager



## Our targets by 2025



\*for every ton of product leaving the company compared to 2016



## The Journey Continues

Remaining stagnant is not an option – neither for the world, nor for us. While we are proud of the results we have achieved in the first year of the program, we will continue devoting all of our efforts to reach our ambitious goals. Today, the Responsibly Active program is fully embedded in our business, and sustainability is at the heart of our decision-making processes. We remain committed to delivering the highest levels of transparency when it comes to having a positive impact on people, the environment, and climate. We will continue subjecting our botanical supply chains to rigorous auditing by recognized third parties as we go forward.

Forging ahead, we will continue investing in innovations that power our sustainability commitments, such as our recently launched Kerasylum™, a plant-based and upcycled alternative to animal keratin. As part of our commitment to foster organically certified supply chains, new launches will valorize organic certified plants. Furthermore, we will drive our portfolio transformation towards a higher state of natural origins by continuously replacing synthetic preservative systems. We will also increase transparency of our impact on the

communities involved by providing a living wage calculation, as we already do for Argan and Bixa.

Because our sustainability goals can only be achieved through collaboration and exchange, generating and strengthening long-term relationships will remain a vital part of our daily business. As we continue to transition to local sourcing, we aim to cultivate close ties to our suppliers, while steering away from intermediaries who do not add value. Our focus is on long-term relationships with suppliers providing traceability and transparency on environmental and social practices. By sharing best practices, financing certification, putting price premium in place, implementing digital solutions, and more, we will continue to actively support our suppliers in improving their practices.

Today we are happy to see that our journey towards greater sustainability is making real progress and that we are on the right track. This motivates us and spurs us on to strive even harder – together with our customers, employees, suppliers, partners, and everyone involved along the entire bioactives value chain.

*Together  
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Responsibly  
Active*

The BASF logo, consisting of a white square with a smaller white square inside, followed by the letters "BASF" in a bold, white, sans-serif font.

We create chemistry

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