

**Sustainable Omega-3  
sourcing means taking  
responsibility**

**□ · BASF**  
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# Sustainability challenges in the Omega 3 industry

## Challenges

### Definition sustainable sourcing

- Overfishing/ by-catch avoidance
- Ecosystem protection
- Pollution minimization
- Labor rights

### Different certificates

Currently no generally accepted sustainability standard available in the market

### Supply chain complexity

- Fish oil quality depends on fishing season
- Country specific regulations and monitoring of fishing practice

## Solutions

Facilitate one understanding on sustainability

Combining the strengths of all existing labels

Increase understanding and involve the value chain partners

# We drive sustainable Omega 3 sourcing within the industry – Three guiding principles

## Our defined goal:

Driving sustainable Omega 3 sourcing within the industry beyond existing norms

### 1. We constantly ensure a profound understanding of the supply chain and sustainability requirements

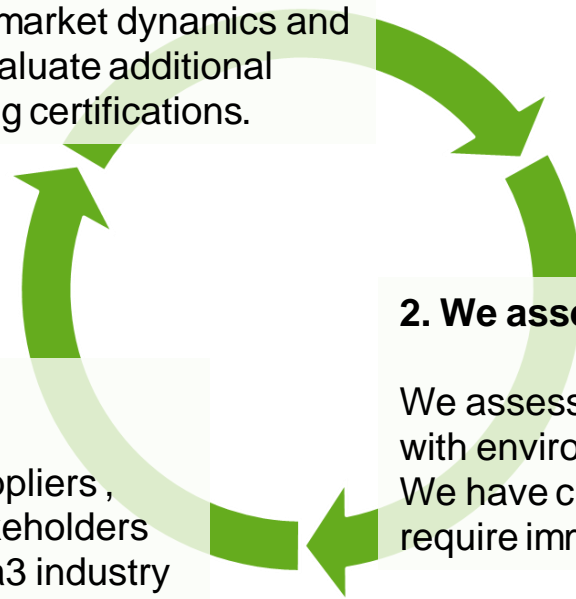
We build a profound understanding of the market dynamics and how our suppliers act. Furthermore, we evaluate additional requirements, while acknowledging existing certifications.

### 2. We assess our suppliers

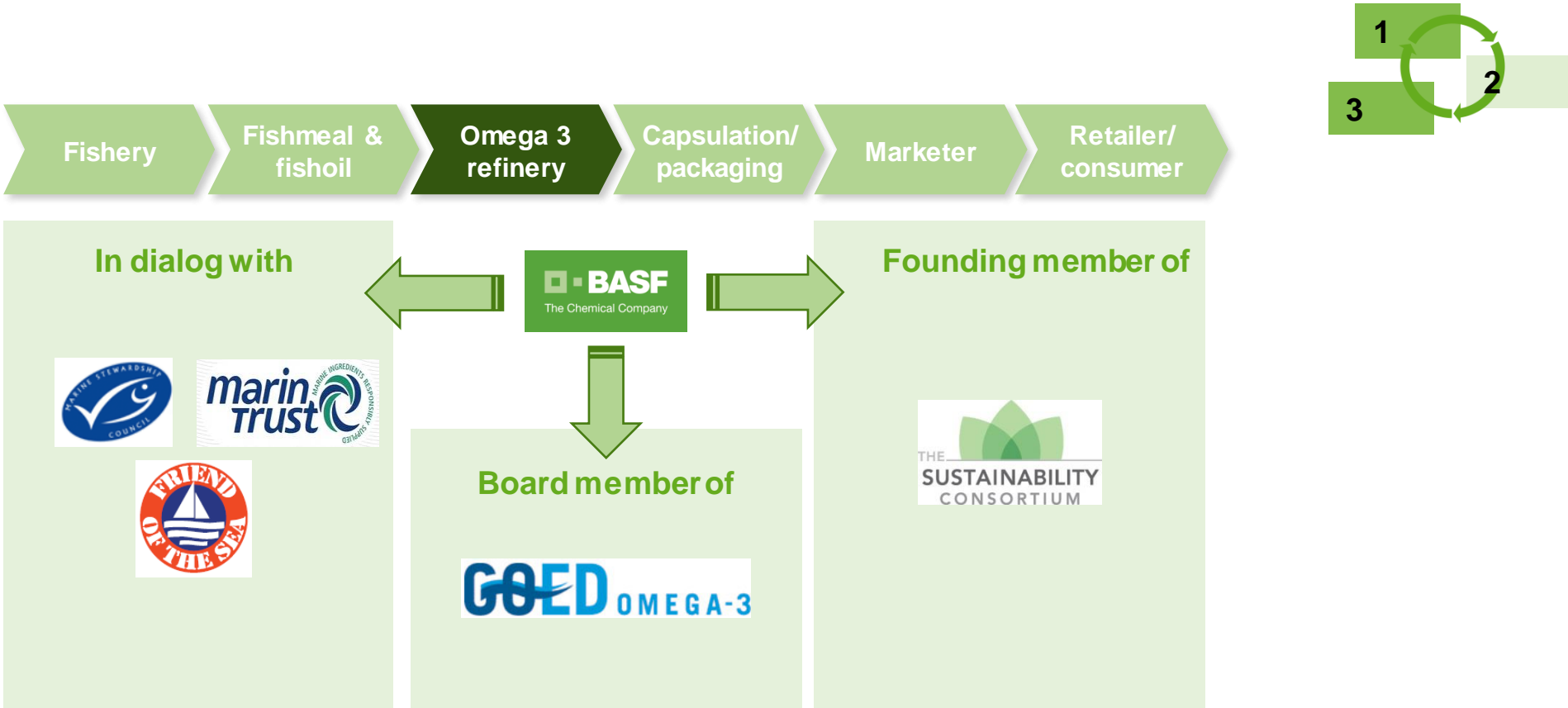
We assess how our suppliers comply with environmental and social standards. We have clearly defined core criteria to require immediate action.

### 3. We foster dialogue and cooperation

We initiate constructive dialog with our suppliers, relevant certification bodies and other stakeholders to raise awareness and to drive the omega3 industry towards sustainable practice



# We actively take part along the value chain to drive solutions



# We have clear core criteria defined that require immediate actions

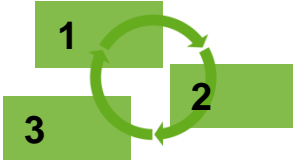


BASF criteria for Sustainable omega3 sourcing	
Environment	Social Responsibility
 	 
<p><b>No endangered fish from IUCN red list</b></p> <p><b>No dynamiting/poisoning</b></p> <p><b>No IUU practice</b></p>	<p><b>Compliance with EHS</b></p> <p><b>Support of internationally proclaimed human rights</b></p> <p><b>No forced/child labor</b></p>
<p>Emission &amp; waste reduction</p> <p>Minimize degradation of eco-system</p> <p>By-catch avoidance</p> <p>Recording/controlling of activities</p>	

If we get to know, that our suppliers do not comply with these core criteria,

- *we either initiate improvement program*
- *or stop ordering from this supplier*

# Every BASF supplier has to fill out an Omega 3 specific questionnaire



Name of trader / broker	
Questionnaire for fish or producers	
1. General	
Name of producer	
Address	
Company name	
Telephone number (+)	
E-mail	
2. Origin and traceability of fish oil	
FROM THE POINT OF THE LABEL, (country, FAD fishing gear)	
DOES THE COMPANY AND TRADER USE FISH FROM THE IUCN RED LIST? (IUCN/SSN/REDBOOK)	
WANTED TO USE THE FISH OF GREAT WEIGHT? (country)	
DOES YOUR FISHING OR FISHING OR FISHING IN THE AREA?	
PLEASE REPORT TO YOUR AREA YOU HAVE TRACABILITY AND PROOF SPECIES?	
3. Sustainability	
3.1. Challenging & environmental safe fishing gear	
DOES YOUR FISHING GEAR REQUIRE "LARGE" REGULATIONS TO PROTECT?	
If yes, please specify	
ARE THERE ANY REGULATIONS REGARDING FISHING PRACTICES, PROHIBITION AND CONTROLLED?	
If yes, please specify	
ARE THERE ANY CODES AND REGULATIONS REGARDING FISHING EQUIPMENT, GEAR, METHODS, SIZE OF FISHING BOATS ETC?	
If yes, please specify	
ARE THERE ANY REGULATIONS REGARDING FISHING?	
If yes, please specify	
DOES THE COMPANY HAVE THE RIGHT OF AN APPROVED TO USE THE FISH FROM THE IUCN RED LIST ACCORDING TO THE CODES AND REGULATIONS?	
If yes, please specify	
4. General Comments	
PLEASE REPORT THE REASON FOR THE IUCN RED LIST, FAD, GEAR, FISHING, FISHING, FISHING, FISHING AND PLEASE REPORT THE REASON	
Date:	
Signature:	
Stamp:	

## Example questions

What fish species are caught and what is the ranking in the IUCN red list?

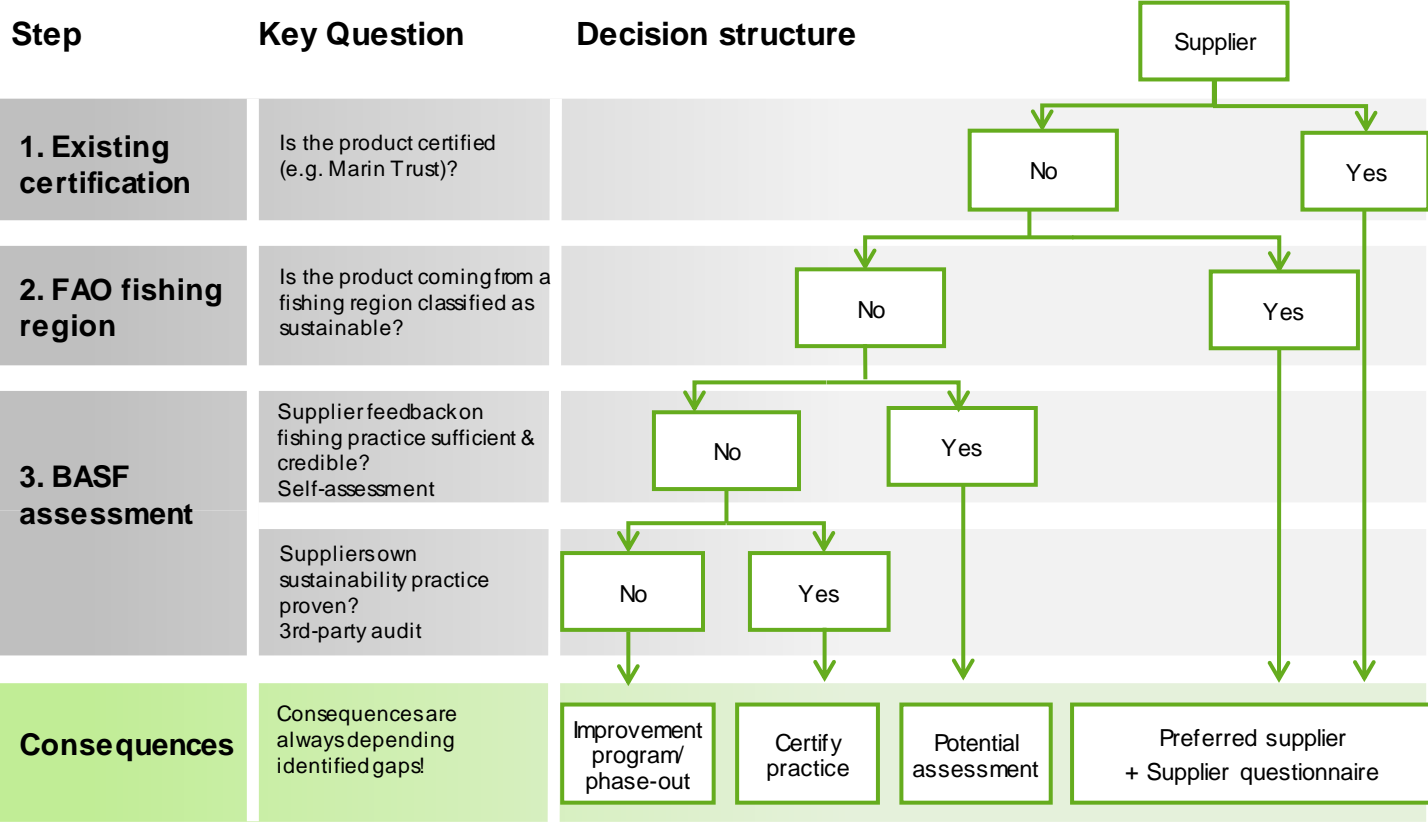
Are there any quota systems/catch regulations in place? If yes, please specify.

Are dynamiting, poisoning, other destructive fishing practices prohibited and controlled? If yes, please specify.



# We have implemented a decision tree for supplier evaluation and selection

## Purchasing decision structure



BASF supplier code of conduct send to all suppliers



# SGS validation of BASF approach in 2015 achieved



*"BASF has established a sustainable sourcing process for its Omega3 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

**SGS**  
**Confirmation**  
No.: 3251519

This is to confirm that the division

**BASF SE, Nutrition & Health**  
**Chemiestraße 22**  
**68619 Lampertheim**

has developed and introduced a concept whose aim is the promotion of Omega 3 products considering defined principles for sustainability.

The confirmation is issued on the basis of the results of a neutral audit on 03.03.2015 from

**SGS Germany GmbH**  
**Europa-Allee 12**  
**49685 Emstek**

Emstek, 10.12.2015

I.V. Betina M. Jahn

I.A. Boris Grujčić

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# BASF's Sustainable Omega-3 Sourcing makes your product special



## Sustainable sourcing Omega-3

- Internationally recognized sustainable sourcing criteria implemented
- Third party validated sustainable sourcing approach
- Continuous development of sourcing practices to shape more sustainable Omega-3 products
- Dialogue across the value chain to better understand dynamics and act on trends

# Omega-3 – Combining Purity with a Good Peace of Mind

## Sustainability needs

Increase resources efficiency and reduce waste

Minimize emission & bio-diversity impact

Ensure consumers health, safety & wellbeing

Ensure long-term business success



## More sustainable Omega-3 products

## Sustainability contribution



### Sourced from healthy stocks

Based on anchovies mainly sourced in Peru



### High concentration, highly efficient

less material needed to gain effect



### High purity standards

exceeding quality & regulatory standards for food/pharmaceuticals

### Improving quality of life

Supports curing and prevention of life-style related diseases



### Less costs per serving

Highly concentrated products means higher value creation

# Dry n-3 Powder – Combining Purity with a Good Peace of Mind

## Sustainability needs

Increase resources efficiency and reduce waste

Minimize emission and biodiversity impact

Ensure consumer health, safety and wellbeing

Ensure long-term business success



## More sustainable Omega-3 products

## Sustainability contribution



### Oil from side-products

High DHA containing quality oil from human consumption



### Efficient handling at the customer efficient

better handling during blending



### Longer shelf-life

At room temperature storable for 36 months



### High purity standards

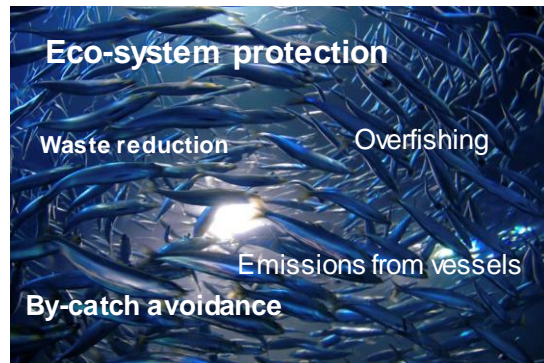
exceeding quality and regulatory standards for food/pharmaceuticals

# Third party validated sourcing principles ensure peace of mind

## BASF actions towards more sustainable Omega-3 products

### We believe...

We all rely on healthy oceans

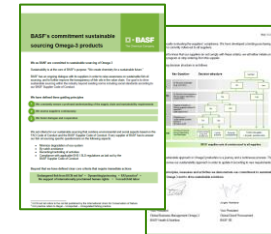


Beyond environment, we need to care about social standard

### We act ....

#### Clear principles ensure sustainable sourcing

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



#### If core criteria are not met, we take immediate actions

- No endangered fish from IUCN red list
- No dynamiting/poisoning
- No IUU practice
- Support of internationally proclaimed human rights
- No forced/child labor

IUCN red list refers to the red list published by the International Union for Conservation of Nature; IUU practice refers to Illegal – Unreported – Unregulated fishing practice



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