

Position on mandatory due diligence in the supply chain

Key messages

- BASF actively promotes human rights in the supply chain and expects the same from its suppliers.
- We believe that the issue is best regulated at the supranational level. Therefore, we welcome the commitment on the European level to create a harmonized framework for human rights due diligence and are open to participating in the discussions.
- A respective legislation must be practical, consider the company's sphere of influence and established sector initiatives as well as it must be consistent with already existing sustainability initiatives.

About the topic

The development of international supply chains has benefited developing countries but has also led to negative impacts in terms of human and labor rights and environmental damage. Several EU and non-EU countries are therefore taking steps to draft due diligence legislation with the goal of ensuring that companies take greater responsibility for human rights in their supply chains.

What does BASF offer?

We embrace the task to respect human rights and the chance to promote them as they are the foundation of BASF's social responsibility and therefore are firmly embedded into our **Code of Conduct**. As a founding member of the United Nations Global Compact, BASF is inspired by and supports the United Nations Guiding Principles on Business and Human Rights (UNGPs) as well as the respective national equivalents.

BASF actively promotes human rights in the supply chain and expects its business partners to comply with them: Our **Supplier Code of Conduct**, which is part of our standard purchasing contracts and conditions of purchase, is founded on internationally recognized guidelines and covers not only the compliance with human rights, labour and social standards, antidiscrimination and anticorruption policies, but also the protection of the environment. Therefore, BASF follows a systematic, risk-based, and integrated due diligence approach and set up respective measures integrated into existing management- and monitoring systems. For additional incorporation of external expertise, BASF established a Human Rights Advisory Council in 2020, in which independent and international human rights experts advise the company.

Additionally, BASF is a founding member and is active in joint initiatives to strengthen sustainability in the supply chain, such as **Together for Sustainability** (TfS) and **Responsible Care**. We appreciate an intensive exchange in global networks, such as the **Business for Inclusive Growth** (B4IG) or the **Global Business Initiative on Human Rights** (GBI), as well as in topic-specific alliances, such as the **Global Battery Alliance** or the **Roundtable on Sustainable Palm Oil**.

Further details on our approach to human rights are available [on our website](#) together with BASF's position on this issue.

Our position

BASF believes that the issue of human rights in the supply chain is best regulated at the supranational level, hence at least at the European level, since national laws would not sufficiently reflect the complexity of global supply networks.

We welcome the European commitment regarding the Corporate Sustainability Due Diligence Directive (CS3D) to create a harmonized framework for human rights due diligence and we are open to participating in the discussions. However, the various initiatives on sustainability issues at EU level (Sustainable Finance including the CSRD, Forced Labour Ban Regulation, etc.) must be closely coordinated in terms of content.

Moreover, an EU legal framework should create a level playing field, provide legal certainty, and contribute to harmonization, even beyond the European Union. Minimum requirements should be based on the United Nations Guiding Principles (UNGPs) on Business and Human Rights and should be complemented by sector-specific guidance or, in the case of a civil liability inclusion, a safe harbour concept developed on the basis of a (existing) multi-stakeholder industry dialogue.