
BASF
We create chemistry
Transparency Act
Report 2024 Update

# Preliminary Comments

## "BASF is committed to shaping a livable future for all. Sustainable and responsible conduct is firmly embedded in our corporate purpose, strategy, targets, and day-to-day operations – forming the foundation for long-term success and societal value"

BASF AS is a subsidiary of BASF SE and part of the BASF Group.[1] This 2024 update fulfils the publication duties under the Transparency Act (Åpenhetsloven) and builds on the 2022 baseline report and the 2023 update. It outlines principles, processes, risk assessments, key findings, and remedial actions relating to human rights and decent working conditions in our own operations, at suppliers, and among business partners across the value chain. It also describes our procedures for responding to information requests pursuant to Transparency Act.

In 2024, BASF for the first time has reported according to the Corporate sustainability Reporting Directive (CSRD) and in line with the European Sustainability Reporting Standards (ESRS), thus recommending to read this update together with the BASF Report 2024, where BASF discloses identified impacts, risks, opportunities and shows how BASF integrates material environmental, social and governance aspects in its strategy, core steering processes and management systems.

Human rights due diligence is an ongoing task for us. We therefore review our processes and measures on a regular basis and improve them as needed. Our strategies relating to our workforce are in accordance with internationally recognized standards for responsible business conduct.



1 Following the nomenclature of 2022's report, the BASF Group will be referred to as "BASF", while any references to the Norwegian legal entity will be addressed as BASF AS.
2 U.N. Universal Declaration of Human Rights, U.N. International Covenant on Civil and Political Rights, U.N. International Covenant on Economic, Social and Cultural Rights, Declaration on Fundamental Principles and Rights at Work of the ILO, Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the ILO, the Then Principles of the U.N. Global Compact, U.N. Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, Responsible Care ® Global Charter of the International Council of Chemical Associations (ICCA).

# 1 Company structure and business

As the leading chemical company, BASF is present in more than 92 countries, supplying products to several customers in nearly every corner of the globe. At the end of 2024, BASF had sales of about EUR 65.3 billion and over 111,800 employees. Given our commitment to doing business in a responsible, safe and resource-efficient way, we are also involved in numerous sustainability initiatives to drive forward sustainability both in general and specifically in relation to our value chains.

In the Nordics and Baltics, BASF-entities form a closely linked organizational unit and operate in a joint local compliance structure guided by the global compliance structure of BASF SE. In Norway, BASF AS employs around 160 people and had an annual revenue of around 1.74 billion NOK in 2024. Aside from the sale of BASF products from multiple BASF segments, BASF also has a production site in Sandefjord where we produce Omega-3 products.

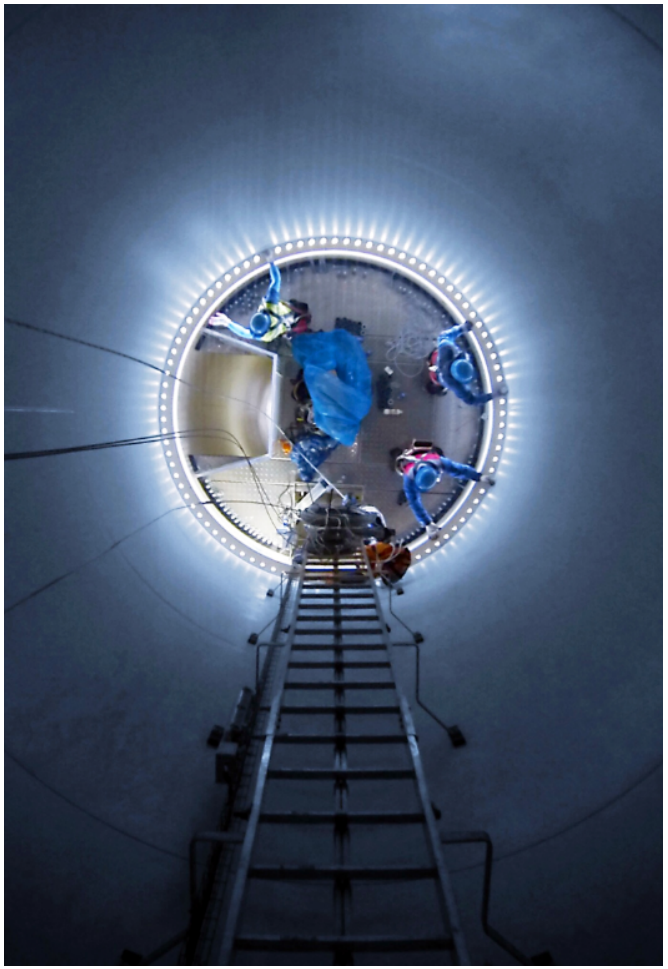


# 2 Strategy in relation to fundamental rights and decent working conditions

The head of our legal and compliance organization also acts as Chief Compliance Officer (CCO), who oversees the overarching risk management system and reports regularly to the Board of Executive Directors and the Audit Committee on human rights issues. The overarching governance of human rights due diligence at BASF is the responsibility of our Compliance unit. In addition, various specialist units and experts in the fields of international labour and social standards, environmental protection, health and safety and corporate security work on a risk-oriented basis to ensure that we respect the relevant human rights in our own activities.

The CCO is supported by the Corporate Compliance unit and over 100 compliance officers and representatives worldwide in the regions and countries (Norway included) as well as in the operating divisions, service units and in the Corporate Center. The compliance organization reports to the Supervisory Board's Audit Committee in at least one of its meetings each year on the status of the Compliance Program as well as any major developments. In the event of significant incidents, the Audit Committee is immediately informed by the Board of Executive Directors.

As part of our Human Rights Expert Working Group, which is managed by the Compliance Department, we work on an interdisciplinary basis on the holistic assessment and further development of our approach to human rights due diligence. The Expert Working Group includes experienced employees from the Corporate Center units Compliance, Legal, Human Resources, EHSQ, Strategy & Sustainability, Communications & Government Relations and Global Procurement. To access additional human rights expertise, we use our Human Rights Advisory council, which comprises independent international human rights experts, The trust-based dialogue on human rights challenges helps us to better understand different perspectives and openly deal with critical situations. In 2024, for example, a mandatory guideline with additional due diligence steps was introduced to further protect the rights of third-party workers in higher-risk countries.



Within regards to compliance with International Labour and Social Standards (ILSS), a team led by our Global ILSS officer and supported locally by our two local ILLS officers supports in this endeavor to stipulate fundamental principles and rights at work with regard to freedom, equity, security and dignity, applicable to BASF worldwide. Our central due diligence process helps us monitor relevant changes in national laws of the countries where BASF operates and evaluate in comparison with ILSS. If national law contains no or lower requirements compared to ILSS as defined by BASF, action plans are developed to bridge these gaps in a reasonable timeframe. If conflicts with national law or practices arise, we aim to uphold our values and adhered to our internationally recognized standards without violating the law of the respective country.

# 3 Risk Management Process

Our two-staged yearly analysis is updated every year, putting together external data from external providers together with a concrete analysis based on identified risks and event-driven found by substantiated knowledge of possible violations, or significant change in the risk situations due to new products, projects, or opening of new markets.

### 3.1. Compliance Management System (CMS)

Our CMS Policy supplements the Code of Conduct and describes actions that BASF takes to prevent non-compliant behavior. The CCO manages the implementation of the CMS, supported by compliance officers worldwide. Building on our CMS, In 2024, BASF further embedded internal controls to monitor human rights related due diligence obligations, including integration points with sustainability reporting controls.

### 3.2. Corporate Audit

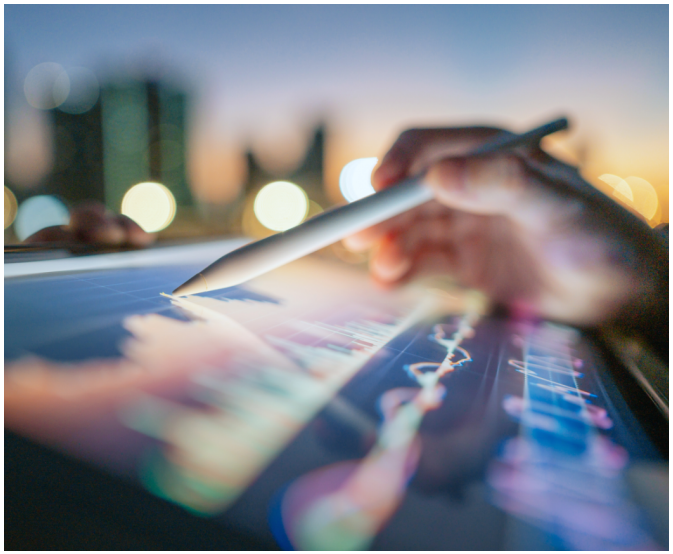
BASF's Corporate Audit department also plays a relevant role by monitoring adherence to compliance principles, covering all areas in which compliance violations could occur. It checks that employees uphold regulations and provides assurance on the established processes, procedures and monitoring tools to be appropriate and sufficient to minimize potential risks or reduce the risk of violations in the first place. In 2024, 68 audits of this kind were performed Group wide (2023: 64). Our CMS itself is regularly audited by the internal Corporate Audit department, with their latest review taking place between late 2022 and early 2023. Overall, the audit results speak for the effectiveness of the compliance management system.

### 3.3. Business Partners

Our suppliers are asked to adhere to our global Supplier Code of Conduct as part of their onboarding process. This generally includes expectations consistent with evolving European requirements on human rights and environmental due diligence, including the EU Corporate Sustainability Due Diligence Directive adopted in 2024. When any shortcomings are identified during audits, communicated and not timely dealt with, stringent corrective actions or termination of business relationship will be considered.

BASF also continues to monitor our business partners in sales for potential compliance risks based on global guidance. In 2024, after having revised our global requirements, BASF completed the rollout of the internal BASF Trust Base platform to replace manual screening and enable risk based background checks and semi automated follow ups for potential and existing business partners. The platform, which is used in ongoing business partner due diligence, is technically stable and available for all BASF units in all regions. If the results show that business partners are not up to the standards required by BASF (e.g., showing signs of corrupt behavior, human rights violations, non-compliance with ESG standards), we do not enter a business relationship with them. Trust Base is operated in accordance with applicable data protection requirements and, where relevant, the emerging obligations under the EU AI Act adopted in 2024. On December 2024, BASF began blocking collaboration with sales intermediaries if their due diligence is not completed within reasonable time. For blocking suppliers, BASF is following a case-by-case-approach.

Our trade control processes remained a relevant topic during 2024, in our efforts to stay aligned with updated sanction regimes. We also continue to assess the implications of new EU legislation, including the Corporate Sustainability Due Diligence Directive and the EU AI Act, for our supplier and business-partner due diligence processes.



# 4 Communication and Training



Our compliance efforts remained consistent at both global and local level, with global offerings such as BASF's Compliance Week (emphasizing our core values and Code of Conduct) or the introduction of additional compulsory local training for our employees when dealing with customers and suppliers' due diligence, the importance of our Supplier Code of Conduct and the use of the already mentioned BASF Trust Base.

In 2024, our employees worldwide received over 105,000 hours of training on the Code of Conduct topics. When it comes to BASF AS, the timely completion rate of compulsory Code of Conduct trainings is over 95%.

Results of recent internal employee surveys have even shown the encouraging evidence that 84% of our colleagues in Norway felt comfortable to speak up about compliance and integrity concerns, showing our engagement in fostering a speak-up culture within BASF. And even for the remaining colleagues, the BASF's Compliance Hotline remains available for them to address any suspicions or breaches of our Code of Conduct.

# 5 Remedial Actions

As indicated under Section 3.3 of this update report, BASF remains in close contact with our supplier and business partners, especially in higher-risk areas and regions, and monitors the implementation of appropriate standards and necessary measures for improvement. Whenever any sources (e.g., media reports, compliance hotline) lead to potential anomalies or violations, BASF will take this very seriously, respond and require our suppliers to implement corrective measures immediately and put an end to the violations. Concrete examples on how BASF has cooperated and addressed business relationships with partners around the world can be found in Section 2 “Workers in the Value Chain” of the BASF Report 2024. Further general updates are provided in BASF’s 2024 corporate reporting.



# 6 Complaints Procedures

## 6.1. Grievance Mechanisms: Compliance Hotline

BASF promotes a speak-up culture where our employees are encouraged to seek guidance if in doubt. They can consult their supervisors, specialist departments, such as the legal department, and the compliance officers and representatives of the company.

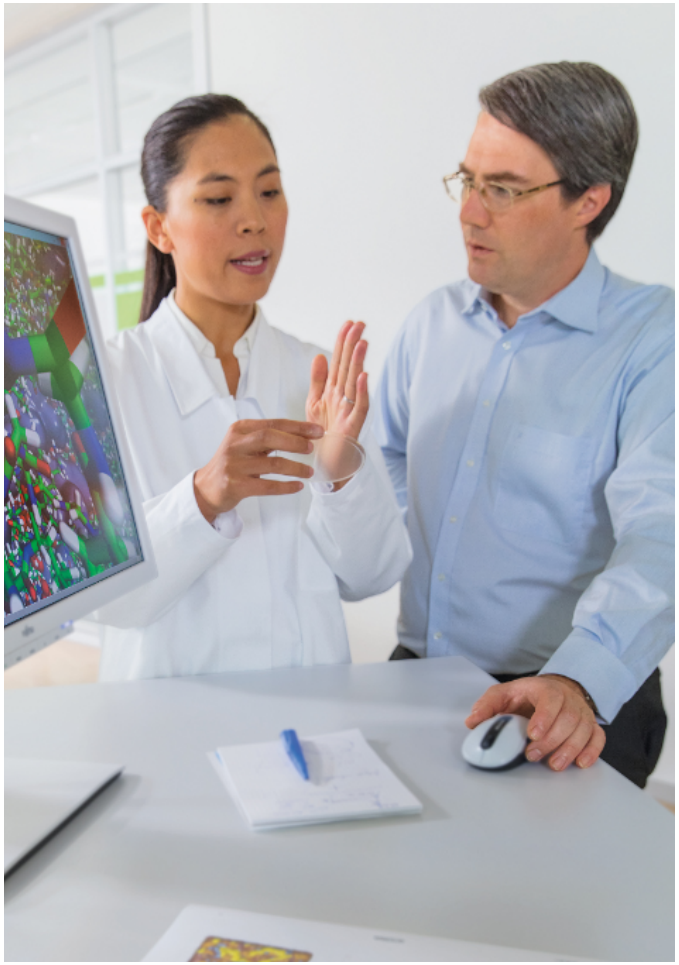
Employees can contact BASF's Compliance Hotline – even anonymously – to report potential violations of laws, company guidelines or freely voice their concerns without fear of retaliation at work. An independent external company manages this global hotline so that reported cases are systematically recorded and processed worldwide in a single, uniform system, yet tailored to our employees worldwide in their respective national language. In addition to local phone numbers, the website also offers an online contact option, which is available via PC or smartphone. Our Compliance Hotline is also available to the public. Each concern is documented according to specific criteria, properly investigated in line with standard internal procedures and answered as quickly as possible. When processing these cases, access to information is restricted to those people who absolutely need this information to process the case. The outcome of the investigation, as well as any measures taken, are documented accordingly and included in internal reports.

Following a tendency from the latest years, 751 reports were received by our external hotlines globally in 2024 (2023: 643). The concerns received related to all categories of our Code of Conduct, including respect in the workplace, corruption, handling of company property and environmental, health and safety issues.

BASF carefully investigated all cases of suspected misconduct that came to its attention and, when necessary, took countermeasures on a case-by-case basis. In justified cases related to violations of our principles of respect in the workplace and personal misconduct linked with protection of company property or inappropriate handling of conflicts of interest, we took disciplinary measures in accordance with uniform internal standards and pursued claims for damages where there were sufficient prospects of success. In 2024, violations of our Code of Conduct led to termination of employment in a total of 67 cases (2023: 48). This relates to diverse employee groups, including executives, although no criminal convictions for anti corruption/anti bribery were found in 2024.

## 6.2. Handling of information requests in line with the Transparency Act

For the effective handling of information requests under the Transparency Act, we kindly ask you to follow the instructions as indicated in this link.



# 7 Documentation and Reporting

As part of BASF's work for ensuring a sustainable supply chain, we are constantly working on documenting that we have rightfully fulfilled our obligations. Aside from this report, more information about ESG can be found in BASF's 2024 Annual Report, together with further information on our global targets, monitoring systems, etc.

BASF is also rated by external sustainability agencies, including indices such as MSCI World ESG Index and CDP. For over 14 years, we have also provided information to EcoVadis, not only ensuring transparency but also easy access for our business partners to better understand how BASF is externally audited and has integrated this CSR approach into its operations.



# 8 An ongoing commitment

In conclusion, both BASF and BASF AS have taken measures during 2024 to strengthen its compliance structure in line with the Transparency Act. Despite the challenges that BASF faces and will face, we are confident that our efforts will be successful in tackling human and fundamental rights violations. Nonetheless, we recognize that this is an ongoing effort which requires our stern commitment to continuously review and improve BASF's conducts towards all individuals involved in our supply chain.



**This report is approved by the Board of Directors of BASF AS**

**Gabriele Giordano Giovannetti**
Chairman of the Board

**Jan Schade**
Board Member / Managing Director

**Henrik Fismen**
Board Member

**Alexandra Bjerch-Andresen**
Board Member

**Thomas Reiersen**
Employee Representative

**Thomas Sending**
Employee Representative

**Nicolas Bahm**
Compliance Officer



## About this report

Please note that this updated report was prepared with some delimitations. This report does not include alleged cases of discrimination or harassment or matters which only have a tenuous human rights dimension to them. It should be also noted that there will continue to be certain impacts and risks linked to BASF's business which we will remain unaware of, and thus not covered in this report. You are more than welcomed to inform us about any of these matters via our BASF's Compliance Hotline.

This updated report covers relevant aspects of BASF's fundamental and human rights due diligence work undertaken in the recent years up to early 2025, and provides an overview based on our best knowledge at the date of reporting. This updated report will not be subject to further modifications in case we become aware of inaccuracies or changes to the status presented after this date, which should be included in our 2025 report.