

Position on mandatory due diligence

Key messages

- BASF actively promotes human rights in the supply chain and expects its suppliers to respect mandatory due diligence.
- BASF believes that the issue of human rights in the supply chain is best regulated at the supranational level.
- We welcome the European Commission's (EU COM) initiative announced for the end of 2021 to create a framework for due diligence in supply chains and are open to participating in the discussions.

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 countries in the EU and Germany in particular 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 of respecting human rights and the opportunity to promote them as they are the foundation of BASF's social responsibility and are therefore 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 compliance with human rights, labor and social standards, antidiscrimination and anti-corruption policies, but also environmental protection. BASF therefore follows a systematic, risk-based and integrated due diligence approach and has set up respective measures integrated into existing management and monitoring systems. In 2020, BASF established a Human Rights Advisory Council, in which independent and international human rights experts advise the company and provide external expertise.

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 via global networks, such as **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 Group 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, i.e. at least at EU level, since national laws would not sufficiently reflect the complexity of global supply chains relationships.

We welcome the European Commission's initiative announced for the end of 2021 to create a framework for human rights due diligence in supply chains and are open to participating in the discussions. The various initiatives on sustainability issues at EU level (EU Taxonomy, Corporate Sustainability Reporting Directive, Due Diligence) must be closely coordinated in terms of content.

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. These requirements will need to be complemented by sector-specific guidance or, in the case of inclusion of liability in the legal framework, a safe harbor concept developed on the basis of a multi-stakeholder industry dialogue.