

A close-up photograph of a woman with blonde hair tied back, wearing white safety glasses and a white lab coat. She is looking intently at a piece of equipment in a laboratory setting. The background is a deep blue with some blurred lights.

■ - BASF

We create chemistry

Transparency Act Report 2022

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Preliminary Comments

BASF AS, subsidiary from BASF SE and part of the BASF Group, is committed to respecting both human and fundamental rights in our own operations and business relationships, as set out in [BASF's Group Policy Statement on Human Rights](#). Since we value our people and treat them with respect, we are also committed to ensure working conditions for our employees that meet legal requirements and international labour and social standards, in relation to the production and provision of our products.

As part of an international group of companies, BASF AS is fully integrated, relies on and follows policies and procedures from the BASF Group (or "BASF"), which will be referenced throughout this report. Any individual references to the Norwegian legal entity will be addressed as BASF AS. This report follows the resolution signed by the Board of Directors of BASF AS on 14 April 2023, in respect to its commitment to comply with the Transparency Act.

In line not only with the Transparency Act but also other supply chain regulations which BASF is subject to, BASF also wants to ensure that the public has access to information regarding how we deal with any potential impact on fundamental rights and decent working conditions across our supply chain. This report, which complements [BASF's Report 2022](#) with focus on the measures that are relevant for the Transparency Act, sets out the steps the BASF Group has taken to ensure that any potential violations of fundamental rights or potential non-compliance with fair working conditions taking place across our supply chains or any parts of our business are properly addressed and dealt with.

Finally, it is relevant to highlight that both the Transparency Act and the German Supply Chain Due Diligence Act (to which BASF SE is subject to) are both based on the OECD Guidelines for Multinational Enterprises, which serve as a framework for companies to follow when it comes to supply chain management. Therefore, references will be made throughout this document to the German Supply Chain Due Diligence Act, since it indirectly brings consequences to BASF AS' own operation.

1 BASF's organizational structure, business, and supply chains

BASF, as one of the world's largest chemical companies, is represented in more than 90 countries and supplies products to several customers in nearly every part of the world.

BASF's portfolio is arranged into six segments: Chemical, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care, and Agricultural Solutions. At the end of 2022, BASF had sales of about € 87.3 billion and over 110,00 employees.

As a leading chemical company, BASF combines economic success with environmental protection and social responsibility, which is reflected by BASF's corporate purpose "We create chemistry for a sustainable future". We live our corporate purpose by:

- **Sourcing and producing responsibly.**
- **Acting as a fair and reliable partner.**
- **Connecting creative minds to find the best solutions for market needs.**

As the publicly listed parent company of the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group and is also one of the largest operating companies.

In Norway, BASF operates mainly through its subsidiary BASF AS, which does not only produce Omega-3 in its Sandefjord Site, but also under the merchandise model purchases and sells products produced by other BASF entities.

The BASF Group's segments in 2022



Chemicals

The Chemicals segment supplies BASF's other segments and customers with basic chemicals and intermediates.

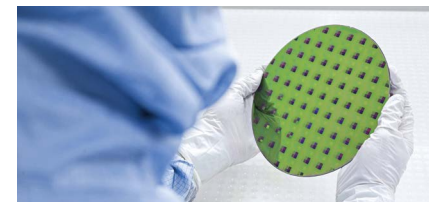
- Share of sales: 17%
- R&D expenses: €93 million
- Investments including acquisitions:¹ €1,701 million



Materials

The Materials segment offers advanced materials and their precursors for the plastics and plastics processing industries.

- Share of sales: 21%
- R&D expenses: €201 million
- Investments including acquisitions:¹ €880 million



Industrial Solutions

The Industrial Solutions segment develops and markets ingredients and additives for industrial applications.

- Share of sales: 12%
- R&D expenses: €172 million
- Investments including acquisitions:¹ €322 million



Surface Technologies

The Surface Technologies segment offers chemical solutions for surfaces and automotive coatings, as well as battery materials and catalysts.

- Share of sales: 24%
- R&D expenses: €335 million
- Investments including acquisitions:¹ €740 million



Nutrition & Care

The Nutrition & Care segment produces ingredients and solutions for consumer applications such as human and animal nutrition, and home and personal care.

- Share of sales: 9%
- R&D expenses: €172 million
- Investments including acquisitions:¹ €642 million



Agricultural Solutions

The Agricultural Solutions segment is an integrated provider of seeds, crop protection and digital solutions for the agricultural sector.

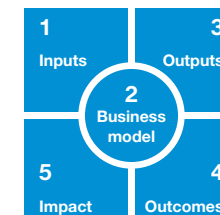
- Share of sales: 12%
- R&D expenses: €944 million
- Investments including acquisitions:¹ €414 million

How We Create Value

The following overview shows how we create value for our stakeholders. It is modeled on the framework of the former International Integrated Reporting Council (IIRC). The content of the graph has been audited within the scope of the relevant sections of the Management's Report.

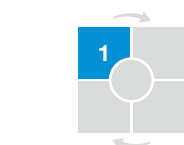


Discover the interactive How We Create Value graphic in the BASF Online Report at basf.com/how-we-create-value



Inputs

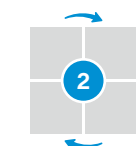
Financial	Innovation	Operations	Environment	Employees	Partnerships
Our aim is to ensure solvency at all times, limit financial risks and optimize the cost of capital.	We develop innovative solutions for and with our customers to expand our leading position.	Safety, quality and reliability are key to excellence in our production and plant operations.	We use natural resources to manufacture products and solutions with high value added for our customers.	Everything we do is based on the expertise, knowledge, motivation and conduct of our employees.	Trust-based relationships are crucial to our license to operate and our reputation.
48.4% Equity ratio	~10,000 R&D employees	€4.1 billion Capex	1.2 MMT Renewable raw materials	111,481 Employees around the world	>70,000 Suppliers
>900,000 Shareholders	€2.3 billion R&D expenses	16% Electricity from renewable sources	1,590 million m ³ Total water abstraction	€11.4 billion Personnel expenses	~82,000 Customers



We use a wide range of resources to implement our customer-focused strategy

Business model

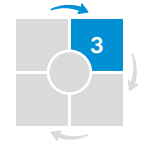
Corporate purpose	Our targets	How we operate
We create chemistry for a sustainable future	<ul style="list-style-type: none"> Profitable growth Effective climate protection Product portfolio geared to innovation and sustainability Responsible procurement Resource-efficient and safe production Employee engagement and diversity 	<ul style="list-style-type: none"> Our customers are at the core of our strategy. We have a global, customer-focused presence and strive to achieve a leading position in our markets and business areas. We build on a broad and diversified investor base. Sustainability and innovation are at the center of everything we do and a driver for growth and value. BASF's Verbund structure is the backbone of our efficient and reliable production. Our segments address customer needs with differentiated solutions and business strategies. Safety is always our number one priority. Effective corporate governance ensures responsible conduct. We value our employees and stakeholders and treat them with respect.



We implement our corporate purpose

Outputs

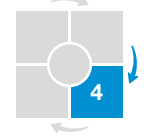
Financial	Innovation	Operations	Environment	Employees	Partnerships
€6.9 billion EBIT before special items	~1,000 New patents worldwide	~45,000 Sales products	>1,000 Mass balance products based on alternative raw materials	81% Engagement index according to 2022 employee survey	1,042 Suppliers screened through Together for Sustainability
€3.0 billion Proposed dividend payment to shareholders ¹	~€12 billion Sales of products that have been on the market for up to five years	6.2 MMT CO ₂ avoided through Verbund and combined heat and power generation	79% Water demand recirculated	27.2% Women in leadership positions	~60 Strategic customer networks



We focus on material sustainability topics and evaluate the opportunities and risks of our actions

Outcomes²

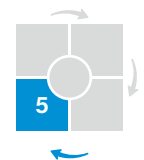
Economic	Environmental	Social
<p>We make positive contributions by</p> <ul style="list-style-type: none"> Driving forward growth, progress and value creation Strengthening our customers' competitiveness and innovative strength Accelerating the digital transformation of the industry Offering our investors an attractive dividend yield <p>Potential negative impacts</p> <ul style="list-style-type: none"> Weaker growth stimulus as a result of the slowing economy, the war in Ukraine, the coronavirus pandemic and global trade conflicts A weaker share performance <p>Our countermeasures</p> <ul style="list-style-type: none"> Disciplined implementation of our corporate strategy Systematic cost management Active portfolio management Optimizing the cost of capital 	<p>We make positive contributions by creating products that</p> <ul style="list-style-type: none"> Contribute to climate protection Conserve resources, avoid waste and strengthen circularity Pave the way for climate-smart mobility Are environmentally friendly and safe to use <p>Negative impacts</p> <ul style="list-style-type: none"> The emission of CO₂ and other gases that affect the climate Resource consumption and non-recyclable waste Potential misuse or spillage of products <p>Our countermeasures</p> <ul style="list-style-type: none"> Carbon management Circular Economy Program Sustainable water and energy management Responsible Care management (including product stewardship) 	<p>We make positive contributions because we</p> <ul style="list-style-type: none"> Offer products that improve people's quality of life Provide attractive jobs and promote diversity Pay taxes and competitive wages and salaries Promote integration and help overcome social challenges <p>Potential negative impacts</p> <ul style="list-style-type: none"> Risk of violation of labor, environmental and social standards in the production of the raw materials we procure Personnel adjustments <p>Our countermeasures</p> <ul style="list-style-type: none"> Careful selection, evaluation and development of suppliers Projects to improve sustainability in the supply chains Compliance Program and Code of Conduct Employee training programs



We aim to increase our positive contributions, minimize negative impacts and carefully assess conflicting goals

Impact

We achieve long-term business success by creating value for our shareholders, our company, the environment and society (see basf.com/en/value-to-society)



¹ Based on the dividend proposed by the Board of Executive Directors and the number of outstanding shares as of December 31, 2022 (893,854,929)
² The outcomes category shows examples of positive contributions as well as negative impacts and the measures we take to mitigate them.

1.1. BASF's production in Norway

While being a global company, BASF also has its own production sites in Norway, where we produce omega-3. Back in 1994, Pronova BioPharma Norge AS (now a BASF company integrated to BASF AS) introduced Omacor® as the world's first omega-3 drug product. More information about our activities in our Sandefjord manufacturing site and our headquarters in Lysaker can be found [here](#).

In addition to our high-quality product and service portfolio, BASF also strives to include an unrivalled service expertise and experience in value chain management, regulatory services and quality management, with a strong focus on sustainability. This means responsible sourcing with an established and comprehensive fish oil sourcing policy to minimize the impact on the oceans, as well as requiring fisheries we source from to have a third-party certification of sustainable practices. Among its several requirements, these third-party certifications cover some critical topics such as labour rights and benefits, employee safety and a strict policy against child labour. Our suppliers are also required to provide traceability to their fish oil to the vessel, fish species, and catch area, period, and method. More information about how BASF drives environmental & social accountability from fishery to formulation can be found [here](#), as well as [BASF's commitment to sustainable sourcing of fish oil for omega-3 products](#).

1.2. Sustainable Supply Chain

As an international company, we are a part of society in the countries in which we operate and have business relationships with partners around the world. We are confronted by the fact that there are states that do not honour their obligation to protect human rights. People are particularly at risk in such countries, and companies' ability to act here is often very limited. Here, too, we are committed to our values and contribute to the respect of human rights without assuming governmental roles.

BASF contributes to sustainability and United Nations' Sustainable Development Goals in many ways. Therefore, we are constantly working to broaden our positive contributions to key sustainability topics along our value chain and reduce negative impacts. We are committed to doing business in a responsible, safe, resource-efficient and respectful way. We are guided by our corporate values and our [Global Code of Conduct](#). Our actions are based on applicable laws and regulations –as well as our voluntary commitments, which in some instances even go beyond these. We stipulate globally binding rules for our employees with standards and guidelines that apply throughout the Group (in line with Section 2 below).

We have clearly defined our expectations in our [Supplier Code of Conduct](#). We have trustful relationships with our partners (e.g., customers, suppliers, joint venture partners, contractors), expect them to comply with international recognized human rights standards and to expect the same of their partners further along the value chain. We work to ensure that our partners meet their respective responsibilities, especially in higher risk areas and regions, and monitor the implementation of relevant standards and necessary measures for improvement.

1.2.1. Together for Sustainability

BASF is also a founding member of the **Together for Sustainability (TfS)** initiative of leading chemical companies for the global standardization of supplier evaluations and auditing. With the help of TfS, BASF advances sustainability in the supply chain. Using TfS evaluations, BASF pursues a risk-oriented approach which clearly defines, company specific follow-up processes. Suppliers with an elevated sustainability risk are identified using risk matrices.

TfS has also the **TfS Academy**, which offers training on human rights in various languages. These trainings cover both general (e.g., What are human rights?) and specific topics (working hours, hiring and working with migrant workers, wages), which are offered to buyers and suppliers.

2 BASF's Strategy in relation to fundamental rights and decent working conditions

BASF pursues sustainable value creation, which means striving to positively contribute to the protection and promotion of human/fundamental rights and people's well-being.

BASF strictly aims to avoid causing or contributing to adverse human rights impacts and, moreover, seeks to ensure that the conduct of all its employees is consistent with internationally agreed upon standards of human rights as well as international labour and social standards (ILSS).

BASF acts in accordance with clearly defined values and standards of conduct that comply with (or even go beyond) laws and regulations and take internationally recognized principles into account. BASF commits to internally agreed-upon standards such as:

- The **ten principles of the UN Global Compact**.
- The **UN Universal Declaration of Human Rights** and the two UN human rights covenants
- The **ILO's core labour standards and its Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy** (MNE Declaration)
- The **OECD Guidelines for Multinational Enterprises**
- The **UN Guiding Principles on Business and Human Rights**

This is enshrined in our [Code of Conduct](#) and specified in [BASF's Group Policy Statement on Human Rights](#), which sets out how we aim to meet our commitment as well as our approach to human rights management globally to never be linked to violation of human

rights. Also, our [BASF International Labour and Social Standards \(ILSS\)](#), which apply to everyone at BASF worldwide, further explain the basic principles and rights at work, in conditions of freedom, equity, security and dignity.

BASF ILSS Key Principles

1 No child labor	2 No forced labor	3 Non-discrimination	4 Maternity Protection
5 Effective recognition of the rights to freedom of association and collective bargaining	6 No harassment and other forms of workplace distress	7 Fair disciplinary measures	8 Decent office place and housing
9 Fair dismissal	10 Clearly defined working conditions	11 Responsible working time	12 Fair compensation



2.1. Cross Functional Organizational Setup for Human Rights

BASF Group has firmly anchored sustainability and human rights into the organization, governance, and our business models. We see human rights due diligence as an important, all-encompassing task that we can only perform by working together as a team throughout the entire organization.

To manage human rights, we rely on a structured, interdisciplinary approach and a strong collaboration with several expert teams who are responsible for steering human rights issues. This collaboration is ensured via our cross-functional **Human Rights Expert Working Group (EWG)**, which enables continuous collaboration between expert members from relevant units such as Sustainability, Legal, Procurement, EHS, HR, Supply Chain, Communications, Investor Relations, Site Security and selected Operating Divisions, and led by our Compliance Unit. The EWG reviews and upgrades human rights due diligence mechanisms, monitors external developments, provides support and advice in challenging and critical situations, on the development of internal processes, and on the creation of information and training offerings. As an example, the EWG has already developed and conducted measures to increase awareness of human rights across the BASF organization, such as an online report and awareness video which were used to raise awareness globally. A systematic risk analysis was conducted in 2022 in all operating divisions and relevant central expert units.

In 2022, the Board of Executive Directors of BASF SE appointed our General Counsel and Chief Compliance Officer as BASF's **Chief Human Rights Officer**, who is responsible for monitoring the overall risk management system and regularly reporting to the Board of Executive Directors on human rights management.

In order to systematically integrate external expertise, a [Human Rights Advisory Council](#) was established back in 2020. Here, independent human rights experts advise BASF. The Human Rights Advisory Council promotes constructive exchanges on human rights, helps us to better understand different perspectives and to address challenging cases. In addition, the Council promotes the development of our human rights-related strengths as well as the potential for improvement.

3 Risk Management Process

The BASF Group's risk management process is based on the international risk management standard, COSO II Enterprise Risk Management – Integrated Framework and comprises the risk management system, internal control systems and compliance management.

Within its overall risk management framework, BASF has defined a specific management approach with regards to potential adverse impacts on human rights related to its businesses and conducts appropriate risk analyses on an annual as well as an ad-hoc basis.

More information about BASF's Risk Management Process can be found in [Risk Management Process – BASF Report 2022](#)

3.1. Own operations

Based on the BASF ILSS guidelines, BASF systematically assesses actual or potential gaps with respect to local laws and political or cultural background in all countries in which BASF operates. BASF's ILSS guidelines includes the responsibility to respect internationally recognized human rights. To evaluate adherence to its voluntary ILSS commitments, BASF uses a group-wide management approach, which comprises the BASF Compliance Hotline, close dialogue with stakeholders, such as employee representatives and international organisations, as well as our group-wide policy on respect for ILSS and our risk-based management process.

In countries in which national laws, rules and customers deviate from international standards, BASF strives to find appropriate solutions by engaging with the relevant stakeholders. If national law contains no or lower requirements, actions plans will be drawn to close these gaps in a reasonable time frame. If any conflicts arise with national law, rules or national customs, BASF strives to act in

accordance with the BASF values and internationally recognized principles without violating the law of the respective country.

Our [Responsible Care Management System](#) provides the basis for safe behaviour in safe assets, which comprises continuous improvement in the areas of environmental protection, health and safety. We never compromise the safety and security of our employees, contractors, and neighbours as well as our facilities, transportation, and products. To review the degree of adherence to the individual elements of the guidelines in BASF Group Companies, BASF uses internal control processes such as **Responsible Care Audits**, which are conducted regularly following a risk-based approach. These regular audits ensure that standards are met for safety, security, health and environmental protection. In 2022 alone, 115 environmental and safety audits were carried out at 73 sites across the BASF Group.

At a glance

115

environmental and safety audits

€270 million

invested in environmental protection plants and facilities^a

- Global EHS guidelines and standards
- Quality management with a focus on customer satisfaction
- Risk-based site audits

Our **Quality Management System** comprises our EHSQ policy as well as further standards, guidelines and processes for quality management along the value chain. Our Quality Management System is risk-based, process-oriented and focused on customer satisfaction. Its mandatory elements are set out in a mandatory group-wide requirement. These include core processes such as nonconformance management, the procedure for product recalls, change management and the performance of internal audits. Local implementation of the central requirements defined by the Environmental Protection, Health, Safety and Quality unit in the Corporate Center is the responsibility of our business units and sites.

The [safe handling of our products](#) is also important to us. We provide extensive information on all our chemical sales products to our customers with safety data sheets in around 40 languages. Our global emergency hotline network provides information around the clock. We train and support our customers in fulfilling their

industry-specific or application-specific product requirements. Our product stewardship identifies potential risks in handling, use, and disposal of our products, and advises accordingly to minimize potential negative impacts. We work continuously with the relevant stakeholders to achieve that our products pose neither risk to people, animals nor to the environment, when used responsibly in the manner intended. Most of BASF's production sites and business units are certified according to **ISO 9001:2015**. For BASF AS, all service-related processes are certified according to ISO9001:2015 to ensure high quality in supporting our operations. In addition, we also meet local regulatory, industry and customer-specific quality requirements that go beyond the ISO standards, such as EU GMP Part I and II, FSSC 2200 and FAMI-QS.

3.2. Responsible Sourcing in our Supply Chain

BASF sources many raw materials, precursors, technical goods, and services. Our suppliers are an important part of our value chain. Our objective is to create competitive advantages through our professional procurement structures, to establish stable and reliable supply chains, and at the same time, meet high ethical and environmental standards. Together with our suppliers, we want to improve sustainability in the supply chain and minimize risks. Consequently, we expect our suppliers to comply with the applicable laws in full and to adhere to internationally recognized environmental, social, and corporate governance (ESG) standards, including respect for fundamental rights and associated ILSS.

Accordingly, **BASF's Supplier Code of Conduct** reflects the expectation that suppliers do not commit potential violations of environmental, social and governance aspects, including indecent working conditions. Topics covered by the latest version of our Supplier Code of Conduct (which was revisited in late 2022 and became effective from January 2023) include compliance with human rights, the exclusion of child and forced labour, safeguarding labour and social standards, antidiscrimination, and anticorruption policies, and protecting the environment. It is available in the most relevant

languages for our suppliers and integrated into electronic ordering systems and purchasing conditions across the BASF Group.

At a glance

€54 billion
global procurement spend

85%
of relevant spend¹ covered by sustainability evaluations

- Sustainability-oriented supply chain management
- Global targets to increase sustainability in the supply chain
- Supplier Code of Conduct creates transparency
- Risk-based evaluation with clearly defined follow-up processes

Our sustainability-oriented supply chain management is an integral part of our risk management. We have defined our standards in a global guideline. We are continually refining and optimizing this guideline and our structures and processes in response to changing conditions, such as the new obligations arising from the German Supply Chain Due Diligence Act, which requires large companies to conduct due diligence on human rights and certain environmental standards in their supply chains from January 1, 2023. This applies both to our own business operations, to direct suppliers and indirect suppliers deeper in the supply chain.

Procurement guidelines and targets are set centrally by the responsible Corporate Center unit and are binding for all employees with procurement responsibility worldwide. We use a multi-stage control process to ensure compliance with these requirements. As part of the procurement process, our procurement teams are involved in communicating and documenting the several steps taken to ensure compliance across our supply chain, which include informing suppliers about the latest version of our Supplier's Code of Conduct, making our best efforts to include supply chain binding clauses in our contracts, and monitoring potential suppliers in relation to negative sustainability incidents.

BASF conducts audits and assessments to ensure that suppliers comply with the applicable laws, rules and standards, including that BASF reserves the right to discontinue business relationships for non-adherence to international principles. New suppliers are selected, and existing suppliers are evaluated not only based on economic criteria, but also ESG standards. As such, selection, evaluation, and auditing are an important part of our sustainable supply chain management.

Our risk-based approach aims to identify and evaluate sustainability matters, including human rights-related risks, in our value chains as best possible to improve sustainability performance together with our suppliers. We regularly review and document progress based on the risk level. We take into account both country and industry-specific risks and the materiality of the supply relationship. We also use observations from our employees in procurement and information from internal and external databases, such as Together for Sustainability (TfS) assessments.

We have suppliers with a high potential sustainability risk evaluated by third parties, either through sustainability evaluations or on-site audits. The list of suppliers to be assessed is updated every year. Sustainability evaluations and on-site audits are mainly conducted according to the TfS framework. A total of 79 raw materials supplier sites were audited on sustainability standards on our behalf in 2022 for the whole BASF Group. We received sustainability evaluations for 963 suppliers. We also consider other certification systems and external audits, such as the Roundtable on Sustainable Palm Oil, when assessing our suppliers. Depending on business requirements, we additionally conduct our own Responsible Care audits at selected suppliers. Furthermore, we have introduced additional due diligence steps to foster the protection of rights of third-party workers in high-risk countries. These include risk-based controls and measures that promote transparency and awareness of human rights issues.

If assessments identify deviations from our standards, we ask suppliers to develop and implement corrective measures with a reasonable time frame in a clearly defined follow-up process. We support them in their efforts. In areas where we face challenges deeper in the

supply chain, we rely on collaboration with partners, certifications, projects and initiatives. An example is BASF's omega-3 production in Norway. For the fish oil supply chains, BASF has already set forward a new sustainability concept to ensure that 100% of the raw material is certified via external programs such as **Marin Trust and Friends of the Sea (FOS)**, with follow-up audits when needed. BASF also plans to participate in **Fishery Improvement Program** in Mauritania.

Another example in which we proactively engage with multi-stakeholder initiatives together with partners is palm oil. We have a palm sourcing policy and public grievance channel specifically for the palm oil supply chain. We annually publish palm progress reports, and we support cross-sector initiatives such as the Roundtable on Sustainable Palm Oil (RSPO). BASF has a public Palm commitment since 2011. We have committed ourselves to foster sustainable palm oil by procuring all oil only from RSPO physically certified sources by 2020 and expanding our oil commitments to significant intermediates based on palm and palm kernel oil by 2025. As promised, BASF achieved its commitment to procure palm (kernel) oils exclusively from sources certified by the RSPO by 2020.

Our ambitious **global targets** are also proof of our commitment with sustainability: By 2025, we aim to have conducted sustainability evaluations for 90% of the BASF Group's relevant spend. In addition, we aim to have 80% of suppliers improve their sustainability performance upon re-evaluation by 2025. In 2022, 85% of the relevant spend had been evaluated. Out of those, 76% had improved. Both global targets are embedded in the target agreements of persons responsible for procurement.

3.3. Downstream Due Diligence

BASF is committed to also assessing the compliance-relevant behaviour and integrity of its business partners in the downstream supply chain. Thus, we monitor our business partners for potential compliance risks based on our global Guideline on **Business Partner Due Diligence** using a new system-based solution.

As part of our trade control processes, we also check whether persons, companies or organizations appear on sanction lists due to suspicious or illegal activities and whether there are business processes with business partners from or in countries under embargo. One focus of our activities in 2022 was on the continuous monitoring and implementation of the dynamically evolving sanctions law requirements in light of the war in Ukraine.

4 Communication and Training

Promoting awareness of human rights was again a focus topic in 2022. Workshop programs on this were held in our operating divisions. In addition, employees in all regions were informed about and sensitized to human rights topics through presentations and discussion formats for specific target groups.

By January 2023, over 1.300 colleagues involved in our procurement activities have been provided trainings to both understand and be able to implement the relevant measures related to supply chain requirements BASF is subject to. This was kickstarted during the second half of 2022 with in person training sessions and continued from early 2023 with a new e-learning format.

Also from 2023, BASF has started issuing our own internal **“Sustainability in Procurement” newsletter** for our procurement community, designed to help better understand the practical steps that need to be taken towards sustainability in our operations.

BASF has also held **training sessions on Human Rights and the implementation of measures to comply with supply chain legislation** (with a focus on the German Supply Chain Due Diligence Act) across its operating divisions.

Managing Directors of the multiple legal entities have also received specific **training on Human Right Management and HR Sustainability & International Labour and Social Standards (ILSS)**. Further **ILSS training** is also provided as an e-learning module provided by our HR Sustainability Department.

In South America, for example, over 300 employees of suppliers participated in a webinar on compliance and human rights in the supply chain. Together with another global customer, we also organized a workshop in the region focusing on gender equality, which was attended by 22 logistics local services providers.

An important part of the supplier development in 2022 was also the **sustainability webinars** held by TfS together with EcoVadis in various languages, with a total of over 1,900 participants. The TfS Academy online learning platform, aimed at buyers and suppliers and covering the entire spectrum of ESG topics, offers over 335 courses available in 10 different languages.

5 Remedial Actions

Whenever a concrete violation has occurred, remedial measures are initiated. The measures taken depend on the level of severity, reversibility, and influence, to be able to take the appropriate measures within a reasonable time frame.

These actions can include setting up a joint action/mitigation plan and supportive measures, or even terminating the business relationship, if the violation cannot be ended or minimized in due course. If BASF receives “substantiated knowledge” (i.e., actual indications) that a violation at a tier 2+ supplier appears possible, we are obliged to take appropriate action, too. This means checking the credibility of the sources, and making sure that the information received is concrete, serious, verifiable with reasonable efforts, and afterwards deriving appropriate mitigating measures.

As examples of some actions taken by BASF globally as results from audits in 2022, BASF has issued recommendations to raw material suppliers to revise their internal evacuation plans and make structural changes to allow safe evacuation in case of a fire (health and safety), requested suppliers to implement technical measures to prevent soil contamination (environmental), and asked them to implement comprehensive working hours systems to avoid their employees working overtime.

Further information on measures implemented by BASF to cease or mitigate actual adverse impacts can be found in [BASF's 2022 Annual Report](#).

6 Complaints Procedures

6.1. Grievance Mechanisms: Compliance hotline

BASF particularly encourages its employees to actively and promptly seek guidance if in doubt. For any concerns related to general compliance topics or specifically related to human rights, they can consult not only their managers but also dedicated specialist departments and compliance officers.

Our grievance mechanisms, which we already improved in 2021 with the introduction of a standardized global **BASF Compliance Hotline** and reporting system, were also used in 2022. We offer worldwide operational-level grievance mechanisms for own employees, third-party workers, employees of direct and indirect suppliers, other partners and the public affected by our operations. We communicate our grievance processes publicly, and consistently work towards making our grievance mechanisms truly accessible and effective for potentially affected groups across our value chain.

BASF ensures that all concerns are processed and answered in a swift manner, but also that anonymity of the reporters can be guaranteed if preferred. Our hotline is subject to effectiveness checks, with all procedures externally published and translated into local languages. If suppliers or any other third parties have any concerns about illegal or improper conduct, they can also use the BASF Compliance Hotline.

A total of 151 human rights-related complaints were received by phone as well as by post and e-mail (2021: 206). All complaints were reviewed and forwarded to the relevant departments for

in-depth investigation. If justified, appropriate measures were taken. The 65 closed and justified cases were primarily harassment cases, followed by cases of discrimination.

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

To be able to respond in an effective manner to information requests under the Transparency Act, we have developed an internal procedure to receive and handle enquiries. This can be accessed via [this link](#), to ensure that requests are handled in a timely manner.

7 Documentation and Reporting

Subject to several supply chain legislations, BASF strives to continuously document every evidence that shows that we have fulfilled our obligations. This includes preparing annual reports (such as this one) and making them publicly available. We also report on our global targets, monitoring systems and other measures to integrate human rights topics into our business activities.

BASF regularly receives feedback on its sustainability performance from relevant sustainability rating agencies. BASF is listed in various [sustainability indices](#), such as MSCI World ESG Index or CDP. BASF is a member of different sustainability platforms which enable companies to enter and retrieve information and make them available to customers, like e.g., the [EcoVadis database](#). We provide information to EcoVadis on sustainability since 2011 and regularly get a scorecard. BASF SE (Group) has been granted a Score of 75 based on their EcoVadis CSR rating. Besides promoting transparency, this also allows business partners across the supply chain to get access to how BASF is externally audited in relation to its sustainability performance and has integrated sustainability principles and CSR into its business.

8 An ongoing commitment

As BASF continues to operationalize its multiple policies and corporate requirements internally, we have also identified the necessity to continue working on assessing the effectiveness of our current processes and tools for stakeholder engagement.

Both BASF Group and BASF AS will continue working together across its corporate and operating divisions to further develop and strengthen our efforts to respect fundamental rights and ensure decent working conditions, so that human and fundamental rights are being respected throughout BASF's own operations and its supply chain.

As we regard human rights due diligence a continuous task, our non-stop journey towards putting our commitment into action will continue. Each of us at BASF plays an important part in protecting the dignity of each person involved – wherever we do business, and we count on our business partners to jointly foster respect for human rights.

This report is approved by the Board of Directors of BASF AS on 27 June 2023.



Harald Pflanzl
Chairman of the Board



Mark Walter Meier
Board Member / Managing Director



Alexandra Bjerch-Andresen
Board Member



Henrik Fismen
Board Member



Thomas Reiersen
Employee Representative



Marthe Kathrine Høst Jensen
Employee Representative



Thomas Sending
Employee Representative



Nicolas Bahm
Compliance Officer

About this report

Please note that this 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 report covers relevant aspects of BASF's fundamental and human rights due diligence work undertaken in the recent years up to early 2023, and provides an overview based on our best knowledge at the date of reporting. This report will not be updated in case we become aware of inaccuracies or changes to the status presented in the report after this date, which should be included in our 2024 report.