Our Group-wide Compliance Program aims to ensure adherence to legal regulations, the company’s internal guidelines and ethical business practices. Our Code of Conduct firmly embeds these mandatory standards into our employees’ day-to-day business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.

### Compliance Program and Code of Conduct

**At a glance**

- **>53,000** participants in compliance training
- **77** internal audits on adherence to our compliance standards
- Code of Conduct as the core of our Compliance Program
- Systematic further development of our compliance management system

BASF's Compliance Program is based on our corporate values and voluntary commitments, as well as international standards. It describes our commitment to responsible conduct and expectations around how all BASF employees interact with business partners, officials, coworkers and the community. At the core of our Compliance Program is the global, standardized **Code of Conduct**. All employees and managers are obligated to adhere to its guidelines, which cover topics ranging from corruption and antitrust laws to human rights, labor and social standards, conflicts of interest and trade control, and protection of data privacy.

The **revised 2020 version** also offers our employees user-friendly features such as case studies, FAQs and additional references. The corresponding internal online platform and app are available to employees worldwide, providing them continuously with up-to-date content such as videos and links to other specialist units and guidelines as well as direct contact to subject specialists.

A new platform for publishing binding Group-wide governance documents (policies, corporate requirements) provides a more effective search function to make it easier for employees to find relevant regulations. In addition, the managing directors of BASF Group companies can now find important information and assistance on ensuring compliance in their Group companies on an internal website set up especially for them.

Abiding by compliance standards is the foundation of responsible leadership. This has also been embedded in our values. We are convinced that compliance with these standards will play a key role in securing our company’s long-term success. Our efforts are principally aimed at preventing violations from the outset.

We perform a **systematic risk assessment** to identify the risk of compliance violations, including corruption risks. These are conducted at divisional, regional and country levels, with an additional focus on Group companies in 2021. The regular compliance audits performed by the Corporate Audit department are another source of information for the systematic identification of risks. These risks are documented in the relevant risk or audit report. The same applies to specific risk minimization measures as well as the time frame for their implementation.

One key element in the prevention of compliance violations is **compulsory training and workshops** held as classroom or online courses. All employees are required within a prescribed time frame to take part in basic compliance training, refresher courses and special tutorials dealing with, for example, antitrust legislation, taxes or trade control regulations. Newly appointed senior executives also receive special training on leading with integrity. Course materials and formats are constantly updated, taking into account the specific risks of individual target groups and business areas. In total,
more than 53,000 participants worldwide received over 79,000 hours of compliance training in 2021.

For more information on the BASF Code of Conduct, see basf.com/code_of_conduct

Compliance culture at BASF

We firmly believe that for corporate responsibility to be a success, there must be an active culture of living these guidelines within the company. Our compliance standards were consolidated in the global Code of Conduct in 2013 and republished in June 2020 in our currently applicable global Code of Conduct. They are firmly established and recognized. We expect all employees to act in line with these compliance principles. Managers play a key role here – they serve as an example of and communicate our values and culture both internally and externally. To specifically address compliance and integrity as a leadership task, a workshop series was held in 2021 with more than 130 senior executives.

Monitoring adherence to our compliance principles

BASF’s Chief Compliance Officer (CCO) reports directly to the Chairman of the Board of Executive Directors and manages the further development of our global compliance organization and our Compliance Management System. The CCO is supported in this task by specialist departments, such as the Legal department, and company compliance officers. The internal platform and the corresponding app also help employees to access advice by enabling direct contact. In addition, we have set up more than 50 external hotlines worldwide that our employees can use – including anonymously – to report potential violations of laws or company guidelines. We enhanced and standardized these hotlines in 2021. An independent external company was engaged to manage all hotlines. In the future, the cases reported will be recorded and processed in one global system. In addition to local phone numbers, a new website now also makes it possible to get in contact online using a computer or smartphone. All hotlines and the website are also open 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. The outcome of the investigation as well as any measures taken are documented accordingly and included in internal reports.

In 2021, 277 reports were received by our external hotlines (2020: 387). The information received related to all categories of our Code of Conduct, including environmental and human rights issues, corruption and handling of company property. We carefully investigated all cases of suspected misconduct that came to our attention and, when necessary, took countermeasures on a case-by-case basis. These included, for example, improved control mechanisms, additional informational and training measures, clarification and expansion of the relevant internal regulations, as well as disciplinary measures as appropriate. Most of the justified cases related to personal misconduct in connection with the protection of company property, inappropriate handling of conflicts of interests or gifts and invitations. In such isolated cases, we took disciplinary measures in accordance with uniform internal standards and also pursued claims for damages where there were sufficient prospects of success. In 2021, violations of our Code of Conduct led to termination of employment in a total of 32 cases (2020: 31). This relates to diverse employee groups, including executives.

We particularly encourage our employees to actively and promptly seek guidance if in doubt. They can consult their supervisors, specialist departments, such as the Legal department, and company

and make sure that the established processes, procedures and monitoring tools are appropriate and sufficient to minimize potential risks or preclude violations in the first place. In 2021, 77 audits of this kind were performed Group-wide (2020: 61). Our compliance management system itself is also regularly audited by the internal Corporate Audit department, most recently in November 2018. Overall, the audits confirmed the effectiveness of the compliance management system. In cooperation with an external consulting firm, we developed a comprehensive action plan in 2021 to ensure the systematic, continuous optimization of the compliance management system.

We monitor our business partners in sales for potential compliance risks based on the global Guideline on Business Partner Due Diligence using a checklist, a questionnaire and an internet-based analysis. The results are then documented. If business partners are not prepared to answer the questionnaire, we do not enter into a business relationship with them. A dedicated global Supplier Code of Conduct applies to our suppliers, which covers compliance with environmental, social and corporate governance standards, among other requirements. 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.

We support the United Nations’ Guiding Principles on Business and Human Rights and are constantly working to enhance our internal guidelines and processes in keeping with these principles. For example, there is an internal guideline to respect international labor and social standards that is applicable throughout the Group. Outside of our company, too, we support respect for human rights and the fight against corruption. We are a founding member of the United Nations Global Compact. As a member of Transparency International Deutschland and the Partnering Against Corruption Initiative (PACI) of the World Economic Forum, we assist in the implementation of these organizations’ objectives.
As prescribed by BASF’s Code of Conduct and corporate values, we adhere to uniformly high standards and integrity regarding tax-related issues. To aid in the achievement of the U.N. SDGs and to meet our own standards for the creation of economic and social value, we contribute to public finances in accordance with legal requirements and our corporate values. BASF’s Value to Society method considers taxes paid by BASF to be a social advantage. In 2020, we developed and published the BASF tax principles, which are binding for all Group entities.

For more information on the Supplier Code of Conduct and supplier assessments, see page 109 onward
For more information on the Code of Conduct, see basf.com/code_of_conduct
For more information on human rights and labor and social standards, see basf.com/human_rights
For more information on tax principles, see basf.com/en/corporategovernance