

Compliance

GRI 2, 3, 205, 206, 403, 406, 418

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

>122,000

Participants in compliance training

64

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

We Care	We Earn Trust	We Play Fair	We Respect	We Protect
<ul style="list-style-type: none"> – Our Code of Conduct – How We Make Decisions – We Always Speak Up – We Lead Integrity 	<ul style="list-style-type: none"> – Anti-Corruption – Trade Control – Anti-Money Laundering 	<ul style="list-style-type: none"> – Antitrust Laws – Gifts and Entertainment – Conflicts of Interest 	<ul style="list-style-type: none"> – Human Rights, Labor and Social Standards – Environmental Protection, Health and Safety 	<ul style="list-style-type: none"> – Sensitive Company Information – Personal Data – Digital Responsibility – Company Property – Accurate Books and Records

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 leaders 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 online version of our Code of Conduct is aimed at our employees and also offers user-friendly features such as case studies, FAQs and additional references. We provide our employees worldwide with up-to-date content such as videos, links to specialist units and guidelines as well as direct contact to subject specialists on the internal online platform and the corresponding app.

Other binding governance documents (policies, corporate requirements) are provided on an internal digital platform that offers our employees an advanced search function and context-based links to further information. The managing directors of BASF Group companies can find important information and assistance on ensuring compliance in their Group companies on an intranet page set up especially for them.

Abiding by compliance standards is the foundation of responsible leadership. This has also been embedded in our corporate 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 analysis** to identify and assess material risks of compliance violations, including corruption. This is conducted at divisional and Group company level. The regular com-

pliance audits performed by the Corporate Audit department are another source of information for the systematic identification of risks, which 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 violation prevention is **compulsory training and workshops** held as classroom or online courses. Within a prescribed time frame, all employees are required to take part in basic training, refresher courses and special tutorials dealing with, for example, antitrust legislation, taxes or trade control regulations. Course materials and formats are constantly updated, taking into account the specific risks of individual target groups and business areas. In 2023, employees around the world were asked to test and refresh their knowledge in a new interactive online training course. More than 88,700 employees completed this roughly 40-minute-long refresher course. Additionally, more than 33,600 participants world-

wide received over 37,000 hours of compliance training in the reporting year.

For more information on the BASF Code of Conduct, see basf.com/code-of-conduct

Compliance culture at BASF

For corporate compliance to be a success, there must be an active culture of living these values and commitments within the company. The **principles embedded** in our Code of Conduct are established and recognized in our day-to-day business. We expect all employees to act in line with these principles. Our leaders play a key role here – they serve as an example of and communicate our values and culture both internally and externally. That is why special workshops on integrity as a leadership task were again held in 2023 for newly appointed 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 the Corporate Compliance department and more than 100 compliance officers and representatives worldwide in the regions and countries as well as in the operating divisions, service units and in the Corporate Center. Material compliance topics are regularly discussed in the compliance committees established at global and regional level. 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.

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 the

compliance officers and representatives of the company. The internal platform and the corresponding app also help employees to access advice by enabling direct contact. In addition, our employees can contact our compliance hotline – including anonymously – to report potential violations of laws or company guidelines. An independent external company has been contracted to manage this global hotline so that reported cases are systematically recorded and processed worldwide in a single, uniform system. The central point of contact is a website that informs all employees worldwide about the hotline and the grievance procedure in their national language. In addition to local phone numbers, the website also offers an online contact option, which is available via PC or smartphone. The website 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. The outcome of the investigation as well as any measures taken are documented accordingly and included in internal reports.

In 2023, 643 reports were received by our external hotlines (2022: 453). Our updated training materials and the option to contact us online have contributed to the increased use of our hotline. The information 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. 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 violations of our principles on respect in the workplace and personal misconduct in connection with the protection of company property or inappropriate handling of conflicts of interests. 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 2023, violations of our Code of Conduct led to

termination of employment in a total of 48 cases (2022: 34). This relates to diverse employee groups, including executives.


BASF's **Corporate Audit department** monitors adherence to compliance principles, covering all areas in which compliance violations could occur. It checks that employees uphold regulations 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 2023, 64 audits of this kind were performed Group-wide (2022: 47). Our compliance management system itself is also regularly audited by the internal Corporate Audit department, most recently in December 2022. Overall, the audit results speak for the effectiveness of the compliance management system. Building on our internal Compliance Management System (CMS) policy made available in September 2022, we stipulated additional supplementary guidelines in 2023 to describe the principles, core processes and roles in our system in a dedicated manner. A particular focus of our compliance activities is to draw attention to the increasingly stringent legal regulations, such as data protection or the German Supply Chain Due Diligence Act (see page 156), and to further develop our internal systems accordingly.

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. One focus of our activities in 2023 was on the continuous monitoring and implementation of the dynamically evolving sanctions law requirements in light of the war in Ukraine.

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.

We are committed to adhering to uniformly high standards and integrity regarding tax-related issues, as embedded in BASF's Code of Conduct and corporate values. 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. 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 **159** 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