

Governance

G1 Business Conduct

ESRS G1

As an international chemical company, we operate in countries and markets with different guidelines and conditions. Our global values and standards serve as the pillars of our corporate culture, guiding responsible action in all our activities and securing our license to operate. By living these values every day, we aim to earn and maintain the respect and trust of our customers, partners and employees.

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The key element of our responsible corporate governance is the Compliance Program with a global Code of Conduct. We record opportunities and risks as part of our opportunity and risk management (see page 87). Impacts, risks and opportunities are systematically recorded as part of the double materiality assessment (see page 167). We identify compliance risks through regular risk assessments of our operating divisions and Group companies worldwide (see page 320). We also conduct risk-based checks of our global business partners for any signs of corrupt behavior (see page 323).

As part of our double materiality assessment, we identified the following impacts as material:

Results of the double materiality assessment for G1 Business Conduct

Impacts	Evaluation	Placement in the value chain	Description
Global Code of Conduct	Positive	BASF's own operations, upstream and downstream value chain	Our global Code of Conduct has a positive impact on the workforce in our company and on our value chains.
Global compliance measures and systems	Positive	BASF's own operations, upstream and downstream value chain	Our global compliance measures and systems have a positive impact on our own workforce and other employees in our value chains.
Anticorruption training	Positive	BASF's own operations	The mandatory training ensures that employees also learn how to be vigilant in order to prevent any form of bribery or corruption. In this way, we contribute to a business environment in which corruption and bribery are not tolerated. By being perceived and valued as a trustworthy company, BASF can help to reduce corruption and bribery.

Our global Code of Conduct as well as our compliance management system and associated measures (for example, anticorruption training) promote a positive business environment both for our employees and throughout the upstream and downstream value chain. This contributes to an environment characterized by respect and ethical and responsible conduct in accordance with applicable laws. Our business conduct measures are implemented centrally and globally, however, they are not governed by a centrally managed action plan. This goes hand in hand with BASF's approach to sustainability steering (see page 152).

Strategy and governance

ESRS 2 GOV-1

Our values, corporate principles and guidelines are firmly anchored in our Corporate Governance. The Board of Executive Directors is responsible for ensuring that the company's activities comply with the applicable legislation and regulatory requirements as well as internal corporate requirements and ethical business practices. This includes the establishment of a compliance management system as well as embedding a company-wide compliance culture with undisputed standards. These standards are embedded in our Code of Conduct (see "Compliance Program, Corporate values and Code of Conduct") and are binding for all employees in our day-to-day business. Members of the Board of Executive Directors are also expressly obligated to follow these principles. The Audit Committee established by the Supervisory Board checks the effectiveness of the compliance management system as part of its monitoring activities for the company's internal control and risk management system.

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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 compliance management system. The CCO is supported in this task by the Corporate Compliance unit and more than 100 compliance officers and representatives worldwide in the regions¹ 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 the global and regional level. The compliance organization reports to the Supervisory Board's Audit Committee at least twice a 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. The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company, including compliance, and coordinates the company's strategic orientation with the Supervisory Board.

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To ensure that members of the Board of Executive Directors have relevant expertise with respect to business conduct, BASF's long-term succession planning takes into account the role model function of potential candidates in implementing the corporate values as well as various diversity criteria (see page 113). As part of their onboarding, newly appointed members of the Board of Executive Directors are individually briefed on BASF's Compliance Program, compliance management system, and the legal and internal corporate governance guidelines. Members of the Board of Executive Directors together with leaders play a key role in our compliance culture. All new Supervisory Board members who serve on the Audit Committee also receive training on our Compliance Program. By virtue of their many years of leadership experience within the BASF Group, all members of the Board of Executive Directors are fully conversant with corporate governance, culture and policies, and in particular with the Code of Conduct. On the Supervisory Board, by dint of their decades of management experience, Dr. Kurt Bock and Prof. Dr. Stefan Asenkerschbaumer have in-depth knowledge of corporate governance and corporate policy.

¹ The regional structures will be dissolved as part of the new strategy. We will review the structure of the compliance officers in this context.

Compliance Program, corporate values and Code of Conduct

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Our Compliance Program is based on our corporate values and voluntary commitments as well as applicable international standards. We are convinced that compliance with these principles plays a key role in ensuring our company's long-term success. The global program describes our commitment to responsible conduct and expectations around how all BASF employees interact with business partners, officials, coworkers and society. The main guidelines are primarily summarized in our BASF policies on compliance, human rights, labor and social standards and in the Supplier Code of Conduct. With our comprehensive management and monitoring systems, we want to ensure that we act in line with the applicable laws and uphold our responsibility to the environment and society. This also involves system audits carried out by the Corporate Audit unit (see page [323](#)). Through our Compliance Program, we aim to create positive impacts for employees across the entire value chain, for example by creating an environment that reflects our values and in which human rights are respected. We promote a culture in which concerns can be openly addressed, thereby facilitating the reporting of potential violations of applicable laws or internal company guidelines. This helps us to uncover potential shortcomings and take appropriate measures to remedy them.

Adherence to compliance standards is the foundation of responsible corporate governance – this is embedded in our **CORE corporate values**. They define how we want to work together, both within the company and with our stakeholders:

- C – creative: We make great products and solutions for our customers. This is why we embrace bold ideas and give them space to grow. We act with optimism and inspire one another.
- O – open: We value diversity, in people, opinions and experience. This is why we foster feedback based on honesty, respect and mutual trust. We learn from setbacks.
- R – responsible: We value the health and safety of people above all else. We make sustainability part of every decision. We are committed to strict compliance and environmental standards.
- E – entrepreneurial: We focus on our customers, as individuals and as a company. We seize opportunities and think ahead. We take ownership and embrace personal accountability.

Our **standards** are based on, and in some cases, exceed existing laws and regulations and take internationally recognized principles into account. We respect and promote:

- The Universal Declaration of Human Rights and the two U.N. Human Rights Covenants
- The Ten Principles of the U.N. Global Compact
- The core labor standards of the International Labour Organization (ILO) and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- The United Nations Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The Responsible Care® Global Charter
- The German Corporate Governance Code

Explanations of our overarching policies with regard to their scope of application, unit responsible for implementation, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in the (Consolidated) Sustainability Statement on page [152](#).

At the core of our Compliance Program is the global, standardized **Code of Conduct**, which is overseen by the BASF Board of Executive Directors and to which all employees and leaders must adhere. It covers topics ranging from corruption and antitrust laws to human rights, labor and social standards, conflicts of interest, whistleblower protection, trade control and data protection. Through our Code of Conduct, we also aim to generate positive impacts on compliance with these rights in our own business activities and in the upstream and downstream value chain. Accordingly, we have embedded our responsibility for human rights in the BASF Code of Conduct and **Supplier Code of Conduct** and specified this in our **Policy Statement on Human Rights**. The Code of Conduct is supplemented by additional global and regional requirements that address specific topics such as corruption and conflicts of interest in more detail. 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.

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

The primary goal of our compliance management system is to prevent violations from the outset. We perform continuous systematic risk analyses to identify and assess material risks from compliance violations, including corruption. This is conducted at the divisional and Group company level. Accordingly, we implement targeted local and unit-specific requirements. Employees responsible for procurement are considered to be most at risk of corruption and bribery. Consequently, these employees in our procurement organization are prohibited from accepting gifts of any kind, in accordance with our “Zero Gift Policy.” Training materials and formats (see “Information and training to strengthen our compliance culture”) are continuously updated, taking into account the specific risks of individual target groups and business areas.

The regular compliance audits performed by the Corporate Audit unit are another source for the systematic identification of risks. These risks are documented in the relevant risk or audit report. The same applies to specific risk minimization initiatives as well as the time frame for their implementation. The Corporate Audit unit continuously monitors compliance with guidelines. The head of our legal and compliance organization also acts as Chief Human Rights Officer and oversees the overarching risk management with regard to human rights.

Information and training to strengthen our compliance culture

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We address the identified material positive impacts on employees and other workers in the value chain through our compliance management system and anticorruption measures. This includes workshops and mandatory training. These offerings are a key element in preventing violations and are conducted on an ongoing basis either in person or online. Within a prescribed time frame, all employees are required to complete basic, refresher or specialized training on topics such as antitrust legislation, money laundering and trade control regulations. Refresher training must be repeated every two years. Training materials and formats are continuously updated taking into account the specific risks of individual target groups and business areas, and include training content on corruption and bribery as well as information about our grievance mechanisms (see “Monitoring adherence to our compliance principles”). In 2024, more than 120,000 employees worldwide received over 105,000 hours of training on the Code of Conduct. Functions-at-risk are fully covered by the training program. Training data is collected through documentation in our learning management system as well as individual decentralized reports from Group companies.

Leaders play a key role in our compliance culture by embodying and communicating our values both internally and externally. In addition to special workshops on integrity as a leadership task for newly appointed senior executives, separate training sessions were also offered in 2024 for the managing directors of BASF Group companies.

The online version of our Code of Conduct is aimed at our employees and offers user-friendly features such as case studies, FAQs and additional references. We continuously provide our employees worldwide with up-to-date content such as videos, links to specialist units and requirements as well as direct contact to subject matter experts 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.

Monitoring adherence to our compliance principles

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We particularly encourage our employees to actively and promptly seek guidance if in doubt. They can consult their supervisors, specialist units, such as the Legal department, and the BASF compliance officers and representatives. In addition, the internal compliance information platform and the corresponding app provide continuous access to advice through direct contact channels. BASF's compliance hotline serves as the company grievance mechanism and is open to all BASF employees as well as external stakeholders, particularly workers in our supply chains (see page 292). The hotline can be used to raise questions or concerns about potential or actual misconduct, as well as to report violations of regulations, laws, BASF requirements or BASF's global Code of Conduct. Reports may address any topic covered by the global BASF Code of Conduct, including human rights and environmental issues. Individuals submitting a report have the option to remain anonymous. The hotline is explicitly mentioned during training sessions and in the context of specific campaigns, such as the campaign against sexual harassment at the Ludwigshafen site in 2024.

To ensure confidentiality, we have contracted an independent external provider to operate this global hotline. Reported cases are systematically documented and processed worldwide using 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 third parties such as suppliers (see page 296), partners and the public (see page 310). All relevant information, including the rules of procedure, is publicly available on our website in over 50 languages. We take reports and complaints very seriously and follow up on them. An electronic summary of the concerns is forwarded only to the responsible employees of the BASF Compliance Team, who review the case and decide on further actions. Depending on the circumstances, various BASF specialist units may be involved in the investigation. In certain cases, we may also involve external lawyers or subject matter experts in the investigation, if necessary. We always aim to respond promptly to violations. Remedial measures are determined after the investigation, depending on the severity of the specific case. Examples of such measures include verbal warnings and training. In individual cases, we take internal disciplinary measures in accordance with uniform standards up to termination of employment.

BASF aims to process all concerns promptly and provide feedback on the status. The grievance procedure is analyzed and evaluated annually for its appropriateness and effectiveness. This includes analyzing the number of complaints received, their distribution, processing status and derived measures.

Even though BASF has not set a specific target for the topics identified as material in the area of Business Conduct, we nevertheless track the effectiveness of our measures and requirements in this field. The corporate requirements cited in this chapter are designed to ensure continuous optimization and ongoing development. Our Group-wide Compliance Program aims to ensure adherence to these policies (see page [319](#)). The internal Corporate Audit unit also regularly reviews the effectiveness of our systems. In the 2024 reporting year, we also began introducing an internal control system for compliance and monitoring of our due diligence obligations in relation to the ESRS (see page [155](#)).

We do not tolerate any retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the complaint proves to be unfounded. Retaliation is strictly prohibited according to our Code of Conduct and would be treated as serious misconduct. Our procedures are based on the legal guidelines for whistleblower protection to which BASF SE and other Group companies are subject.

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Each concern is documented according to specific criteria, properly investigated in line with standard internal procedures and answered as quickly as possible. The principles of an investigation include objectivity, independence, accuracy, confidentiality and fairness, as well as respect for human rights and other legal provisions. The responsible Compliance Officers and employees of the Compliance Organization designated by them are responsible for receiving reports and initiating an appropriate investigation process. The procedure for handling compliance reports is set out in an internal requirements. The outcome of the investigation as well as any measures taken are documented accordingly and included in internal reports.

Incidents

We consider the number of cases reported through our reporting channels and the resulting follow-up measures, including disciplinary actions, convictions and internal audits conducted in this area to be key indicators of the effectiveness of our compliance management system and adherence to our Code of Conduct.

In 2024, the BASF compliance hotline received 751 reports (2023: 643). These reports are recorded in our global compliance case management system. We attribute the increased use of our hotline to the updated training materials and online contact option. 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 via the BASF compliance hotline or other channels 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 substantiated 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 2024, violations of our Code of Conduct led to termination of employment in a total of 67 cases (2023: 48). This related to various groups of employees, including executives.

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In the reporting year, there were no convictions for violations of anticorruption and antibribery regulations.

BASF's Corporate Audit unit 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 controls are appropriate and sufficient to minimize potential risks or preclude violations in the first place. In 2024, Corporate Audit conducted and documented 68 such audits Group-wide (2023: 64). Our compliance management system is also regularly audited by the Corporate Audit unit, most recently in December 2022. Overall, the audit results speak for the effectiveness of the compliance management system.

In 2024, BASF revised its global requirements on business partner due diligence and also introduced an IT application to support business partner screening. We conduct ongoing risk-based reviews of our business relationships worldwide for signs of corrupt behavior, human rights violations, or noncompliance with internationally recognized ESG standards. BASF compliance experts evaluate system alerts and initiate appropriate control measures. The results are then documented. A dedicated global Supplier Code of Conduct (see page [295](#)) also applies to our suppliers, which covers compliance with environmental, social and corporate governance standards, among other requirements. Furthermore, as part of our trade control processes, we continuously 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.