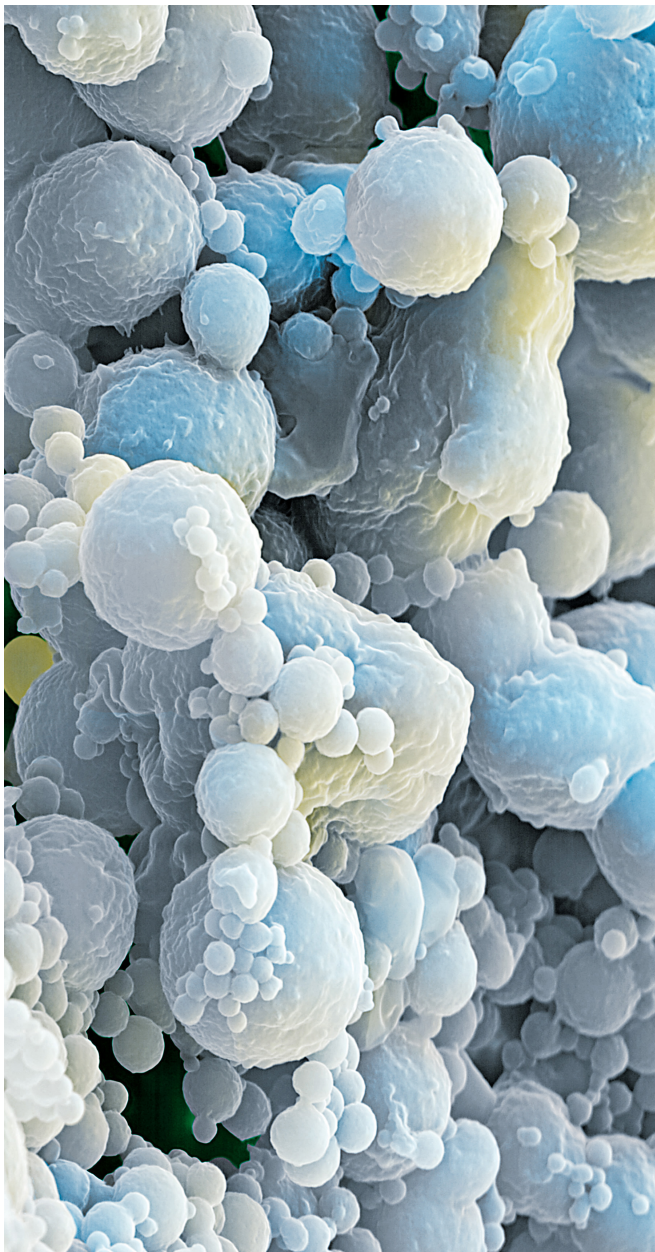




We create chemistry

Transparency Act Report 2023 Update



Preliminary Comments

"BASF wants to contribute to a world with enhanced quality of life for everyone. That is why we have firmly anchored sustainable and responsible conduct into our corporate purpose, our strategy, our targets and our operational business"

As introduced in our 2022 report, BASF AS is a subsidiary of BASF SE and part of the BASF Group.¹ This 2023 update, as far as it complements (and should be read in conjunction with) BASF's [Transparency Act Report 2022](#) and [BASF Annual Report 2023](#), only intends to further elaborate and explain its commitment to respecting both human and fundamental rights in our own operations and business relationships, and provide an overview of the work conducted specifically during 2023 in this matter to further strengthen its compliance structures and swiftly respond when it comes to tackling human and fundamental rights violations.

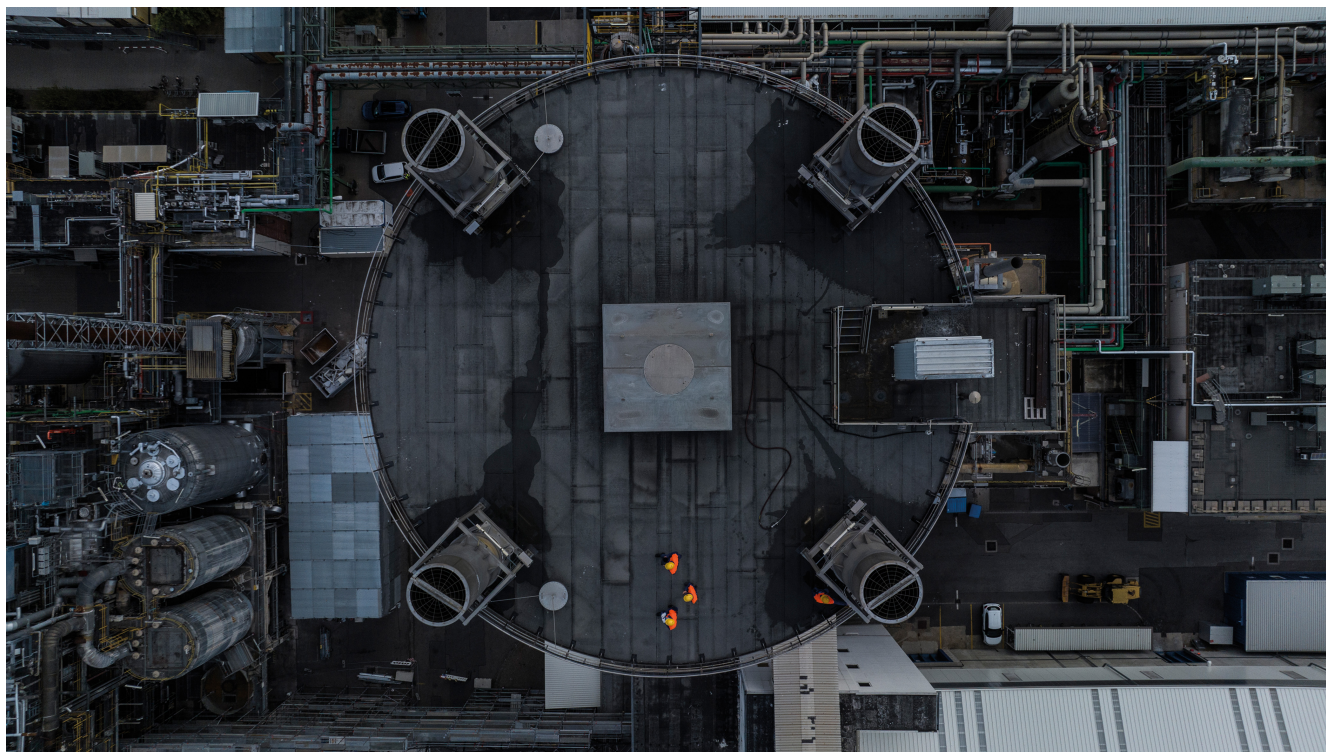
As part of its endeavors, BASF SE has also presented earlier this year its first report under the German Supply Chain Due Diligence Act, which is also based on the OECD Guidelines for Multinational Enterprises that served as one of the bases for the Transparency Act.

¹ Following the nomenclature of 2022's report, the BASF Group will be referred to as "BASF", while any references to the Norwegian legal entity will be addressed as BASF AS.

1 Company structure and business

BASF remains as one of the largest chemical companies in the world, supplying products to several customers in nearly every corner of the globe. At the end of 2023, BASF had sales of about EUR 68.9 billion and over 111,000 employees. Given our commitment to doing business in a responsible, safe and resource-efficient way, we are also involved in numerous [sustainability initiatives](#) to drive forward sustainability both in general and specifically in relation to [our value chains](#).

In the Nordics and Baltics, BASF-entities form a closely linked organizational unit and operate in a joint local compliance structure guided by the global compliance structure of BASF SE. In Norway, BASF AS employs around 175 people and had an annual revenue of around NOK 1.820 million in 2023. Aside from the sale of BASF products which belong to the diverse BASF segments, it also has a production site in Sandefjord where we produce [Omega-3 products](#).



2 Strategy in relation to fundamental rights and decent working conditions

BASF's Chief Compliance Officer (CCO), who also acts as Chief Human Rights Officer, 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. One of those compliance officers is assigned to Norway, thus providing support and guidance for all Norwegian BASF entities. Furthermore, 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.

In our Human Rights Expert Working Group, steered by our compliance department, experts from various areas of our company work closely together to holistically assess and refine our approach to human rights due diligence. In this way, we want to ensure that we approach our human rights responsibility in a comprehensive way and that we can continually improve our performance. It provides support and advice in challenging and critical situations, on the development of internal processes, and on the creation of information and training offerings, among other things. In 2023, for example, a mandatory guideline with additional due diligence steps was introduced to further protect the rights of third-party workers in higher-risk countries.

When it comes to complying with [International Labour and Social Standards \(ILSS\)](#), BASF follows a similar approach. Aside from a Global ILSS officer based in our headquarters, the team also consists of specialists and regional experts who support in this endeavor to prevent any violation of human rights and minimize its negative effects. Two local colleagues also perform duties as ILSS officers in Norway: one based in our Oslo offices, and another for our production site in Sandefjord. The ILSS Monitoring and Exception Process HR Sustainability regularly monitors changes to national laws in countries where BASF operates and evaluates its adherence to ILSS: If a national law contains no or lower requirements, action plans are drawn up to successively close these gaps in a reasonable timeframe. If conflicts with national law or practices arise, BASF strives to act in accordance with the BASF values and [internationally recognized principles](#) without violating the law of the country concerned.



3 Risk Management Process

As part of its overall risk management framework, a yearly risk analysis is updated yearly, after having identified, weighed, and prioritized human rights and environmental risks. These analyses generally consist of two stages: an abstract analysis using data from external providers, and a concrete analysis based on the risks identified in the former. Of course, this approach only complements event-driven analysis which were also carried out either by substantiated knowledge of possible violations, or significant change in the risk situations due to new products, projects, or opening of new markets.

3.1. Compliance Management System

Building on our internal Compliance Management System (CMS) policy from September 2022, we also 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, and to further develop our internal systems accordingly.

3.2. Corporate Audit

BASF's Corporate Audit department also plays a relevant role by monitoring 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, with their latest review taking place between late 2022 and early 2023. Overall, the audit results speak for the effectiveness of the compliance management system.

3.3. Business Partners

BASF also continues to monitor our business partners in sales for potential compliance risks based on the global guidance. This former process has also been reviewed and upgraded during 2023, moving from a previously manual system (using a checklist, a questionnaire and an internet-based analysis) towards a new internal platform called BASF Trust Base which, with the help of AI, enables us to conduct background checks of our potential and existing business partners, together with semi-automatic follow ups. If the results show that business partners are not up to the standards required by BASF, we do not enter 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. In addition to other strategic criteria, purchasers are asked to consider, for example, country, industry or company risks in connection with potential human rights or environmental issues in the upstream value chains and, when applicable, select an appropriate assessment and risk management approach. When shortcomings from suppliers are identified and parameters are weighed up, a corrective action plan is established in order to work towards improvements. If no significant improvements are identified in a relevant follow-up audit, more stringent corrective actions or termination of business relationship will be considered (this was the case for one indirect supplier in 2023).

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.

4 Communication and Training



Besides our efforts on a global level, BASF has taken concrete steps to further strengthen our compliance within the region.

As part of an awareness campaign to promote our speak up culture, we have included in all our sites within the Nordics and Baltics, both physical posters and messages in our information screens, which broadcast different messages about compliance topics and provide an easy access to BASF's [Compliance Hotline](#). By spreading awareness of the Compliance Hotline, we aim to encourage employees to report breaches of our Code of Conduct.

On top of our regular trainings to local colleagues about BASF's core values and [Code of Conduct](#), during 2023 we also included a new live training item for all our colleagues who are in regular contact with customers and suppliers, which includes topics involving [Supplier Code of Conduct](#) and business partner due diligence. For online training courses, typically control questions are added to make sure colleagues have fully understood the contents of the course.

In the Norwegian sites, these training has been completed by the majority of the employees within scope. Regardless, we aim to intensify our efforts to make sure that all colleagues have timely completed their trainings. The outcome of our efforts may be judged in the coming year.

5 Remedial Actions

As mentioned, we have defined obligations in accordance with internationally recognized human and fundamental rights standards in our Supplier Code of Conduct, which is also part of our purchasing conditions. We are in close contact with our business partners, especially in higher-risk areas and regions, and monitor the implementation of relevant standards and necessary measures for improvement. If this or other sources (e.g., media reports, compliance hotline) lead to anomalies or violations, we take this very seriously, respond and require our suppliers to implement corrective measures immediately and put an end to the violations.

Concrete examples on how BASF has cooperated and addressed business relationships with partners around the world can be found in [“In Focus: Human Rights, Labor and Social Standards” section of BASF’s Report 2023](#).

Incidents such as these show us the challenges of monitoring BASF’s complex supply chain. This is why, we take information and complaints very seriously and follow them up. We are in constant communication with stakeholders and include reports from NGOs and the media. We record and analyze the concerns, tips and complaints that we receive from external stakeholders in this way and, if necessary, take appropriate measures. If we receive information from the authorities, we also respond to this immediately.



6 Complaints Procedures

6.1. Grievance Mechanisms: Compliance hotline

Moreover, 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](#) – even anonymously – to report potential violations of laws, company guidelines or freely voice their concerns without fear of retaliation at work. 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. Our Compliance Hotline 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. When processing these cases, access to information is restricted to those persons who absolutely need this information to process the case. 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.

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

For the effective handling of information requests under the Transparency Act, we kindly ask you to follow the instructions as indicated in [this link](#).



7 Documentation and Reporting

As part of BASF's work for ensuring a sustainable supply chain, we are constantly working in documenting that we have rightfully fulfilled our obligations. Aside from this report, more information about ESG can be found in [BASF's 2023 Annual Report](#), together with further information on our global targets, monitoring systems, etc.

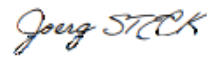
BASF is also rated by external sustainability agencies, including indices such as MSCI World ESG Index of CDP. For over 13 years, we have also provided information to [EcoVadis](#), not only ensuring transparency but also an easy access for our business partners to better understand how BASF is externally audited and has integrated this CSR approach into its operations.



8 An ongoing commitment

In conclusion, both BASF and BASF AS have taken measures during 2023 to strengthen its compliance structure in line with the Transparency Act. Despite the challenges that BASF faces and will face, we are confident that our efforts will be successful in tackling human and fundamental rights violations. Nonetheless, we recognize that this is an ongoing effort which requires our stern commitment to continuously review and improve BASF's conducts towards all individuals involved in our supply chain.

This report is approved by the Board of Directors of BASF AS on 27 June 2024.



Joerg-Christian Steck
Chairman of the Board



Mark Walter Meier
Board Member / Managing Director



Alexandra Bjerch-Andresen
Board Member



Henrik Fismen
Board Member



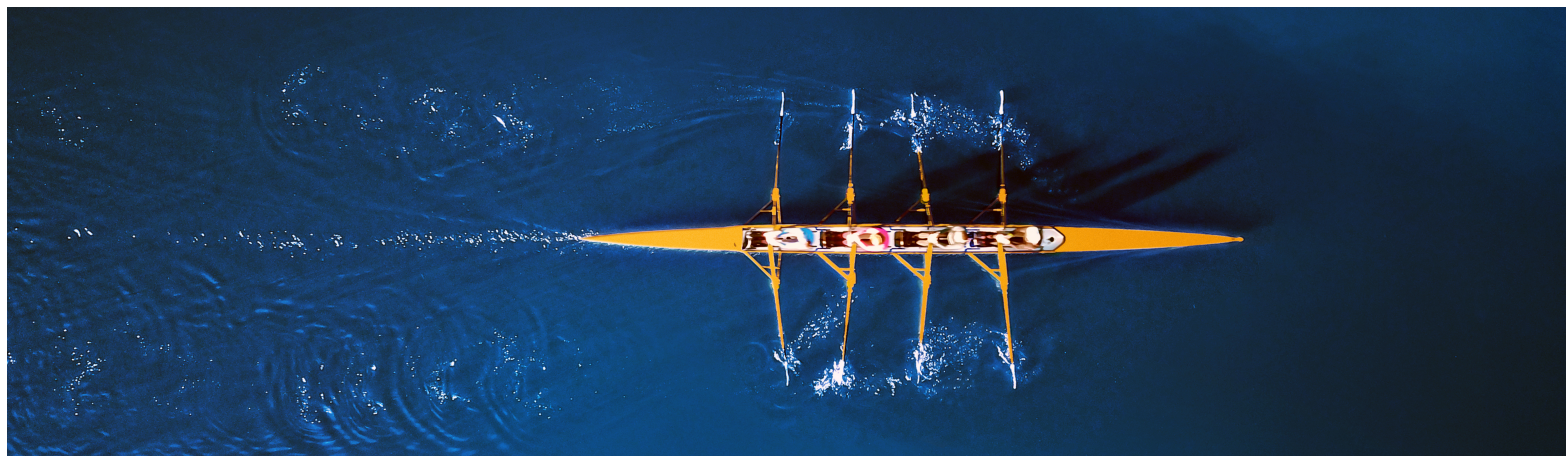
Thomas Reiersen
Employee Representative



Thomas Sending
Employee Representative



Nicolas Bahm
Compliance Officer





About this report

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