

# Statement on Modern Slavery and Human Trafficking

The BASF Group (“BASF”) is committed to the abolition of forced labor, slavery and human trafficking. This statement sets out the steps the BASF Group has taken during the financial year 2020 to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.<sup>1</sup>

## 1. BASF’s organizational structure, business and supply chains

BASF has companies in more than 90 countries and supplies products to numerous customers in nearly every part of the world. BASF’s portfolio is arranged into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care, Agricultural Solutions. BASF had sales of about €59.149 million in 2020 and employed approximately 110,000 employees as of the end of the year.

As the world’s leading chemical company, BASF combines economic success with environmental protection and social responsibility. This 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

## 2. BASF policies in relation to slavery and human trafficking

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

- 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 labor 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

BASF is firmly against any form of forced labor, slavery, and human trafficking. BASF will not condone or tolerate any type of such conduct by its employees, suppliers, vendors or other business partners.

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<sup>1</sup> This statement is made in accordance with Section 54 of the UK Modern Slavery Act of 2015 and other applicable laws.

As set out in BASF's Global Code of Conduct, BASF made the decision to pursue sustainable value creation, which means striving to positively contribute to the protection and promotion of human rights and people's well-being. BASF avoids 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 labor and social standards (ILSS).

As a participant in global value chains, BASF is dependent on partners and demand that they likewise respect human rights and the associated ILSS. BASF requires that its suppliers, contractors and vendors comply with all applicable laws, including those relating to labor practices and forced labor. Accordingly, BASF's Supplier Code of Conduct reflects the expectation that suppliers fight forced labor. If BASF becomes aware of credible information about any form of forced labor, human trafficking or slavery by its suppliers or vendors, it will conduct a thorough investigation and, if appropriate, take corrective measures.

### **3. BASF's due diligence processes in relation to slavery and human trafficking**

#### **3.1 BASF's own operations**

##### **3.1.1 Management process**

BASF's Group-wide guideline on the respect of ILSS is derived from the UN Guiding Principles on Business and Human Rights (UNGPs). As a founding member of the UN Global Compact, BASF is inspired by and supports the UNGPs and respective national equivalents. Based on the BASF ILSS guideline, 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 guideline includes the prohibition of forced labor.

BASF evaluates its adherence to its voluntary commitments using the monitoring system implemented Group-wide, comprising external compliance hotlines, the survey of its group companies to inspect the prevailing working conditions on a regular basis and close dialog with the stakeholders, such as employee representatives and international organizations.

In countries in which national laws, rules and customs deviate from international standards, BASF is challenged with finding appropriate solutions by engaging with the relevant stakeholders. If national law contains no or lower requirements, action 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. To review the degree of adherence to the individual elements of the guideline in BASF Group Companies, BASF uses internal control processes such as Responsible Care Audits.

##### **3.1.2 Compliance hotlines**

BASF particularly encourages its employees to actively and promptly seek guidance if in doubt. For any concerns about forced labor, human trafficking or slavery they can consult not only their managers but also dedicated specialist departments and compliance officers. BASF has also set up over 50 hotlines worldwide with external providers, which employees can turn to anonymously. BASF ensures that all concerns are processed and answered in a swift manner.

#### **3.2 BASF's supply chains**

Both new and existing suppliers are selected and evaluated beyond economic criteria. BASF looks closely at environmental protection, compliance with human rights, labor and social standards and anti-corruption policies. BASF's requirements are defined in the Supplier Code of Conduct.

BASF is 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 with clearly defined, company-specific follow-up processes. Suppliers with an elevated sustainability risk – such as slavery

or human trafficking - are identified using risk matrices. Furthermore, BASF's procurement staff indicate the suppliers for whom they see a potentially elevated sustainability risk. BASF additionally checks various information sources to see if any suppliers have been mentioned in connection with negative sustainability incidents.

If suppliers have any concerns about illegal or improper conduct, they can use the BASF Compliance Hotline.

## Conclusion

BASF plc's Board of Directors and BASF's Corporate/Functional Units will work together to further the commitment to fight forced labor, slavery and human trafficking. This partnership will help ensure that human rights are being respected in BASF's workforce and supply chain.

**We will continuously work to further develop and strengthen our efforts to respect and promote all proclaimed human rights including the right not to be subjected to forced labor, slavery or human trafficking.**

This statement was approved by the Board of Directors of BASF plc as at 10 August 2021.



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Thomas Birk

Vice President, UK & Ireland

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