

# Statement on modern slavery

In 2018, The Australian Government passed the Modern Slavery Act for large corporations in Australia with turnover in excess of \$100 million. This new legislation requires large corporations, like BASF, operating in Australia to annually report on the risks of modern slavery in their operations and supply chains, and actions to address those risks.

**Modern slavery** refers to situations where one person has taken away another person's freedom – their freedom to control their body, their freedom to choose to refuse certain work or to stop working – so that they can be exploited. Freedom is taken away by threats, violence, coercion, abuse of power and deception.

BASF Australia Limited, as part of the BASF Group (“BASF”), is committed to the abolition of forced labour, slavery and human trafficking. This statement sets out the steps BASF Group globally has taken since 2016 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.

This statement is made in accordance with Section 13 of the Modern Slavery Act 2018.

## 1. BASF's purpose

As the world's leading chemical company, BASF combines economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. 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's business**

BASF has companies in more than 80 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 and Agricultural Solutions. BASF had sales of more than €60 billion in 2017 and employed approximately 115,000 employees as of the end of the year.

BASF posted sales of about €429 million in Australia and New Zealand in 2018, serving key industries in the agriculture, coatings, construction, manufacturing and mining sectors. As of the end of 2018, the company had 548 employees and operated 14 production sites across manufacturing and agricultural solutions, performance products and functional materials and solutions. BASF has been active in Australia for close to 100 years, and for over 65 years in New Zealand. Further information is available on the Internet at [www.basf.com/au](http://www.basf.com/au).

## **3. BASF's values, code of conduct and 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 respects and promotes:

- 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 labour 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 labour, slavery, and human trafficking. BASF will not condone/or tolerate any type of such conduct by its employees, suppliers, vendors or other business partners.

As set out in BASF's Global Code of Conduct, BASF is "committed to the abolition of all forms of child and forced labour." BASF, moreover, seeks to ensure that the conduct of all its employees is consistent with internationally agreed upon standards of human rights as well as core labour and social standards.

BASF requires that its suppliers, contractors and vendors comply with all applicable laws, including those relating to labour practices and forced labour. Accordingly, BASF's Supplier Code of Conduct reflects the expectation that suppliers fight forced labour. If BASF becomes aware of credible information about any form of forced labour, human trafficking or slavery by its suppliers or vendors, it will conduct a thorough investigation and, if appropriate, take corrective measures.

[View BASF's Global Code of Conduct here](#)

#### **4. BASF's risk management processes in relation to slavery and human trafficking**

##### **4.1 BASF's workforce, recruitment and labour hire, learning and development**

At BASF, we value a diverse and inclusive workforce and engage people with broad and varied skillsets and life experiences ranging from manufacturing operators to chemistry engineers.

BASF's recruitment policy ensures that all recruitment is consistent and fair and in accordance with BASF values. Our HR policies and procedures treat our employees with respect and we act in accordance with our redundancy and redeployment policies.

Our recruitment process has formal approval gates and uses an external expert to ensure that BASF's policies and procedures are correctly followed. This includes verifying candidate's status including conducting Terrorism and work right checks and BASF generate contracts which comply with our policies and procedures and Australian employment law.

Providing all our workforce with learning and development opportunities is an essential component of our approach to developing our workforce to be the best they can be.

## **4.2 BASF's own operations**

### **4.2.1 Monitoring process**

BASF has a global process in place to monitor compliance regarding agreed international labour and social standards including modern slavery and human trafficking. Adherence to these standards is monitored by way of an annual global survey. Its results are reported on a yearly basis in a BASF integrated report, which is approved by external auditors.

To even better assess compliance with international labour and social standards, BASF recently refined this management process with a due diligence process based on the UN Guiding Principles on Business and Human Rights. In 2015 a group-wide policy about respect for international labour and social standards (ILSS) was developed, which includes the prohibition of forced labour. As a result, the management process was improved to systematically assess actual or potential gaps with respect to local laws, political or cultural background in all countries in which BASF operates. Relevant measures and actions to close these gaps are imposed and monitored.

### **4.2.2 Compliance hotlines**

BASF particularly encourages its employees to actively and promptly seek guidance if in doubt. For any concerns about forced labour, human trafficking or slavery they can consult not only their managers but also dedicated specialist departments and compliance officers. BASF has also set up 56 hotlines worldwide with external providers, which employees can turn to anonymously. BASF ensures that all concerns are processed and answered in a swift manner.

[View BASF's Compliance hotline phone numbers here](#)

## **4.3 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, labour and social standards and anti-corruption policies.

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. BASF drives these processes through a sustainability-oriented IT tool. 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.

BASF Australia Limited is accredited with the Australian Border Force as an Australian Trusted Trader. As part of this program those representing BASF Australia Limited act in accordance with BASF's policies and procedures including verifying those involved in its supply chain via police checks.

### **Conclusion**

BASF Australia Limited's Board of Directors and BASF's Corporate/Functional Units will work together to further the commitment to fight forced labour, 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.

[Read more about BASF's responsibility to respect Human Rights here](#)

This statement is made pursuant to Section 13 of the Modern Slavery Act 2018 of Australia and constitutes the modern slavery human trafficking statement of BASF Australia Limited for the year ended 31 December 2019 as approved by BASF Australia Limited's Board of Directors.