

Information

Respect for International Labor and Social Standards (ILSS) for Agency Workers and Freelancers

addressed to
**Temporary Employment Agencies,
Agency Workers and Freelancers**

as part of the
**BASF Supplier Code of Conduct
Commitment Letter**

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1. Purpose, Scope and Target Group

This Information *Respect for International Labor and Social Standards (ILSS) for Agency Workers and Freelancers* is addressed to BASF's third-party workforces such as temporary employment agencies including agency workers, and freelancers being engaged at BASF.

It defines BASF's expectations on the duties and responsibilities of third parties engaging agency workers and freelancers in BASF Group companies to be aware of BASF ILSS and applies to all BASF legal entities Group-wide, i.e.

- to the working standards for BASF's third-party workforces agency workers and freelancers¹ as well as it relates
- to the responsibilities and obligations of BASF employees (incl. Management) being specifically involved in the working relationship between BASF and agency workers or BASF and freelancers.

We expect third parties to have read, understood and to commit to adhering to the values of the [BASF Supplier Code of Conduct](#) including this Information *Respect for International Labor and Social Standards (ILSS) for Agency Workers and Freelancers*² and particularly expect them to communicate and instruct the ILSS key principles below to their workforces engaged at BASF.

This Information is an operational tool to ensure respect for ILSS concerning agency workers and freelancers. Nothing in this Information creates a contract of employment or any contractual rights. BASF prohibits attempts to circumvent applicable laws and regulations related to labor standards and safety to the detriment of employees.

¹ It does not cover suppliers and other business partners such as contractors.

² We reserve the right to not close a new contract if our partners do not follow the same standards and values, as well as end contractual relationships with temporary employment agencies in case of non-compliance, if necessary.

2. BASF ILSS Key Principles

2.1 BASF ILSS Key Principle on *No Child Labor* for Agency Workers and Freelancers

Minimum standard to respect:

BASF shall not enter into commercial contracts with Freelancers who are below the age of 18.

No person working for BASF as an agency worker shall be below the age of 15. Young agency workers below the age of 18 shall:

- be protected from work and conditions which risk harming their security, health, safety and physical or psychological integrity,
- be exempt from overtime (no more than 8hrs/day), night work and hazardous work,
- be accorded time-off for compulsory schooling and related homework,
- not work beyond their physical and psychological capacity,
- be followed-up with care to make sure that they:
 - acquire relevant job qualifications based on the experience they have gained,
 - are specifically protected from workplace violence (physical and mental abuse, bullying, mobbing, sexual harassment, or sexual abuse),
 - are specifically protected with respect to health and safety-related need of recreational time.

If non-justified child labor is found to be occurring within a temporary employment agency providing agency workers to BASF, the case shall be handled with specific care and with due regard of the child's family situation (e.g. income). BASF shall have a dialogue with the temporary employment agency about the occurring case: appropriate strategies how to handle the case shall be jointly developed. The employment agency shall enable the affected child to attend quality education or traineeship programs until they are no longer a child (below 15 or 18 respectively), in a view to prepare them for future employment.

Possible exceptions:

Children under 15 (but no younger than 13) may do light work:

- as student workers, interns or apprentices,
- with a focus on training, vocational orientation and job qualification,

under the condition that

- there is no conflict with compulsory schooling, education or vocational training,
- they are subject to special protection and care (accompaniment, recreational time),

- in all cases of agency workers under 15 (but no younger than 13), the temporary employment agency has to confirm to BASF in written that these exceptions and conditions apply.

2.2 BASF ILSS Key Principle on *No Forced Labor* for Agency Workers and Freelancers

Minimum standard to respect:

No profit shall be obtained from agency workers' or freelancers' work that is carried out on an involuntary basis (e.g. under threat or dependency, restriction of liberty, punishment or other forms of retaliation or penalty).

For agency workers, the temporary employment agency as well as BASF, depending within whose control, shall respect the following minimum standards:

- no retention of original identification documents (e.g. passport, social security card),
- no retention of agreed payments, salary, benefits, property that creates significant loss or dependencies of the worker or otherwise impairs the workers' freedom to leave,
- no charging of recruitment fees or costs to workers directly or indirectly: if such fees or costs are inevitable, it needs to be ensured that the workers do not have to cover them;
- no deductions from wages, fees or payments that create financial dependency,
- no granting of credits that create financial dependency or significant loss,
- no involvement in, direct or indirect support of, or profit from modern slavery as e.g. human trafficking,³
- no restriction or prohibition of the right to leave the workplace premises, unless high risks of significant impact on health, safety or security are at stake,
- no imposition of unscheduled overtime under the threat of penalty or dismissal,
- the right to freely terminate the employment and leave after a reasonable period of notice under no constraints creating major impact or dependencies for the worker and her/his family,
- no use of prison labor,
- for migrant workers: no restriction or prohibition of the right to leave the country during their free time or holidays.

³ Human trafficking is a form of modern slavery which is defined as "the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation." (See http://www.unodc.org/unodc/en/human-trafficking/what-is-human-trafficking.html#What_is_Human_Trafficking).

The BASF ILSS key principle on *No Forced Labor* especially needs to be considered when employing migrant workers, since migrant workers face a higher risk of forced labor than other workers. Since they belong to an even more vulnerable and sensitive group of workers, temporary employment agencies collaborating with BASF have to consider this vulnerability and put a special focus on protecting migrant workers' rights.

By adhering to those above-mentioned standards where applicable for freelancers, BASF shall prevent forced labor of freelancers: they shall freely decide on closing a contract with BASF at their own option and without any pressure or threat or any other form of force.

Possible exceptions:

Within the framework of legal requirements, compulsory overtime may be required of agency workers in the following cases, provided that there is no abuse or exploitation of a worker's dependency on the job, the workers' preferences are duly considered, and that there is no risk of compromising their health or safety:

- if compulsory overtime is based on a previous general understanding by the worker as part of the nature of the work relationship on a predictable scale, and not imposed arbitrarily,
- in cases of urgency or emergency with respect to health, safety, plant and machinery or force majeure.

2.3 BASF ILSS Key Principle on *Non-Discrimination* for Agency Workers and Freelancers

Minimum standard to respect:

Discrimination is defined as any direct or indirect⁴ distinction, exclusion, preference, unequal or unfavorable treatment, favoritism or any other disadvantageous behavior pattern related to non-job-relevant personal characteristics such as age, race/ethnicity, color, origin, sex, sexual orientation or preference, gender identity or expression, pregnancy, maternity, marital or parental status, disabilities/special needs, genetic predisposition, physical or mental condition, political opinion or engagement, religion or other sorts of protected personal characteristics, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.

⁴ Indirect discrimination can be caused by behavior, practices, policies or procedures that may appear to be objective and neutral but have an effect of unfavorable treatment of groups of employees who share certain characteristics. For example, lowering the job grade of a certain employee group may appear justified regarding objective criteria in a given context. However, if this job group is generally defined by a majority of women, such a decision might have a discriminatory effect on women depending on the circumstances.

In order to avoid discriminating agency workers providing work and services for BASF, the temporary employment agency shall ensure that all personnel decisions are non-discriminatory and based on objective criteria.

Migrant workers are an even more vulnerable and sensitive group of workers particularly concerning discrimination. Temporary employment agencies collaborating with BASF have to consider this vulnerability and put a special focus on protecting migrant workers' rights, since migrant workers often face challenges to and abuse of their human and labor rights in the workplace due to discrimination against them⁵. Especially women migrant workers are more vulnerable on many fronts: gender, racial, ethnic, occupational, and nationality.

Regarding the contractual relationship with freelancers, all decisions BASF makes shall be non-discriminatory and based on objective criteria and with no regard to personal characteristics that are not relevant to the job.

According to our Code of Conduct, everyone working for BASF should always feel valued and respected, regardless of being an internal BASF employee or a third-party worker. BASF expects all internal employees as well as all agency workers and freelancers avoid saying or doing anything that is humiliating, condescending, offensive or otherwise disrespectful to internal and external colleagues. This is fundamental for our motivation and dedication at work. We appreciate everyone's differences because they make us stronger as a company and are essential to our success.

BASF expects and requires all internal employees and leaders and all agency workers and freelancers to display a positive, open, respectful, non-discriminatory and inclusive attitude, when it comes to the diversity of their internal and external colleagues. Only by creating an inclusive and engaging environment, that embraces diversity of all kinds, including a wide variety of backgrounds, thoughts, perspectives, demographics, ethnicities, and origin for diverse colleagues and working styles, can BASF tap the full potential and value of every single employee and external worker.

Possible exceptions:

- Different treatment based on job requirements, safety, or operational needs, only where such treatment is consistent with applicable law and does not generally nullify or impair the principles of equal employment and opportunities.
- Employment agencies' programs promoting minorities or under-represented groups (e.g. women, disabled individuals, or groups of certain origins) that help the company

⁵ The discrimination of migrant workers can occur in many ways, such as unfair recruitment practices, (such as charging fees, requiring migrants to put up a bond, or giving misleading or incorrect information about a promised job), trafficking or smuggling workers across borders for work, and/or entering the worker into forced labor in the new destination, unequal access to employment rights, remuneration, social security, trade union rights, employment taxes or access to legal proceedings and remediation; or discrimination and workplace racism (<https://bhr-navigator.unglobalcompact.org/issues/migrant-workers/>).

attain a balanced representation of various social and ethnic groups and provide equal access to opportunities in accordance with applicable law.

2.4 BASF ILSS Key Principle on *Maternity Protection* for Agency Workers and Freelancers

BASF acknowledges that pregnancy and maternity bring about a specific vulnerability for women and their families, which is why maternity protection applies to any female in the workplace and extends to the protection of any child without exception.

The temporary employment agency as well as BASF, depending within whose control, shall respect the following minimum standards:

- no work for a pregnant woman or nursing mother which may be harmful to her health or that of her child, based on medical certificate,
 - If the assigned job would be harmful to the woman's or the child's health, BASF shall look for an alternative job that the woman can do which is not harmful. If no such alternative is available and if the agency cannot find a suitable position in another company, the agency should ensure that the woman is being paid for the time period that she was initially planning to work for BASF,
- entitlement to paid maternity leave as specified by national law,
 - If there are no such regulations in national law, employment agencies providing agency workers to BASF shall not offer less favorable conditions than what comparable employers offer their employees,
- one or more reasonable daily breaks to breastfeed the child (paid, during working hours),
- no termination of the employment contract of a woman or unfavorable treatment during pregnancy or maternity leave except on grounds unrelated to pregnancy, childbirth, and maternity leave.

In case of freelancers providing services to BASF, pregnant women or nursing mothers (confirmed by a medical statement) shall not do work which may be harmful for their health or that of their children. They shall be able to have one or more reasonable daily breaks to breastfeed the child.

Female freelancers having a contractual relationship with BASF, shall not be discriminated due to their pregnancy, but shall be treated with respect, fairness and dignity same as internal BASF employees.

We recognize that national laws differ significantly regarding the extent of maternity protection regulations. Therefore and in accordance with the ILO standards that shall be adhered to, we

define the minimum standard described above, but at the same time advise a higher standard, comparable to the one for BASF employees, that should be worked towards and expect temporary employment agencies collaborating with BASF to make efforts to increase their current standards step by step:

If national law does not regulate

- or if it does not provide benefits during maternity leave, and the mother/parent has no other source of income, the company shall seek to ensure a benefit during maternity leave at a level that allows for maintaining mother and child in proper conditions of health and care;
- at least 14 weeks of maternity leave in total with a period of no less than 6 weeks (compulsory) starting the day of confinement (postnatal) and with the right to leave work six weeks prior to the expected date of confinement based on a medical statement (prenatal) that the confinement will probably take place within six weeks.
- the mother has the right to return to the same or equivalent position paid at the same rate after the authorized time-period for maternity leave.

2.5 BASF ILSS Key Principle on *Effective Recognition of the Rights to Freedom of Association and Collective Bargaining* for Agency Workers and Freelancers

Minimum standard to respect:

All agency workers (and freelancers if applicable) on assignment for BASF shall have the right to form, join or assist legally recognized trade unions or other workers' representations of their own choosing or to refrain from such activity. The right of employees by and through a labor organization or other form of workers' representation, to bargain collectively shall not be denied or abridged.

This includes that agency workers and freelancers:

- shall be allowed to make use of this right after working hours without restrictions, or within working hours if consented with the respective BASF unit they are working for,
- shall not be discriminated for making use of these rights, but the right to strike shall be respected under the condition of bona fide negotiations with workers' organizations and on the basis of national law.

In countries where the rights to freedom of association and collective bargaining are restricted under law, the temporary employment agencies shall seek within the framework of national law and as indicated in view of local conditions, to facilitate dialogue with workers and/or their

accepted, appointed or elected representatives, and be open for other ways of workers' free association and bargaining within the framework of national law.

Possible exceptions:

- If the company faces a multitude of workers' organizations and/or representations, it may be necessary to require organizational alignment to facilitate negotiations and to ensure overall viability of negotiations and collective agreements based on applicable law.
- If cooperation is difficult due to a lack of a constructive attitude, the company may decide not to continue with negotiation or cooperation. However, in the long run, the goal is positive and constructive labor relations and thus should be repeatedly sought.

2.6 BASF ILSS Key Principle on *No Harassment and other Forms of Workplace Distress* for Agency Workers and Freelancers

Harassment is defined as a verbal or physical conduct that has the purpose or effect of violating an individual's dignity or creating an intimidating, degrading, hostile, offensive or humiliating work environment, which could adversely affect that person's safety, health or performance at the workplace.

Harassment may take the form of words, gestures or actions which tend to annoy, alarm, abuse, demean, intimidate, belittle, humiliate or embarrass another. Workplace harassment can take the form of sexual harassment or other forms of harassment.

Sexual Harassment at the workplace is an unwelcome behavior or act of a sexual nature (directly or by implication), which makes a person or group feel offended, humiliated and/or intimidated. The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, degrading, humiliating or offensive work environment. Sexual harassment may occur between persons of the opposite or same sex. Both males and females can be either the victims or the offenders.

Especially migrant workers belong to an even more vulnerable and sensitive group of workers. Female migrant workers in particular are more vulnerable to harassment, especially when it comes to finding themselves as victims of exploitation, under hazardous work conditions, or in psychological, physical, and sexual abuse. Temporary employment agencies collaborating with BASF have to consider this vulnerability and put a special focus on protecting migrant workers' rights.

To foster an inclusive and respectful work environment, BASF expects all employees in interactions with others including all external staff to treat each other with respect, civility and courtesy, engage in respectful and courteous conversations as well as refraining from using

harsh, abusive, or profane language. BASF will not tolerate harassing, discriminatory, threatening, or abusive conduct. Following this principle is expected of all internal employees as well as all external staff working for BASF.

Minimum standard to respect:

No disrespectful treatment of employees and agency workers and freelancers. All employees and agency workers and freelancers shall be treated with dignity and respect. This includes:

- no mental or physical coercion,
- no abuse of positions of power and vulnerability to physically or mentally harass, no harsh and humiliating treatment, no verbal abuse, bullying or mobbing,
- no sexual harassment and abuse.
- Sexual harassment can occur in one or more of the following acts or behavior:
 - physical: unwanted physical contact and advances, including unnecessary touching, brushing/rubbing against another person's body, or direct/actual assault,
 - verbal: unwelcome sexual advances, sexually colored remarks, a demand or request for sexual favors, continued suggestions of social activity outside work after it has been made clear that this is unwelcome,
 - non-verbal: the display of sexually suggestive or pornographic pictures, the sending of sexually harassing messages or images through electronic mail or social media.

2.7 BASF ILSS Key Principle on *Fair Disciplinary Measures* for Agency Workers and Freelancers

The temporary employment agency as well as BASF, depending within whose control, shall respect the following minimum standard if disciplinary measures towards agency workers on assignment for BASF are applied:

- fair approach to assess and review discipline, and provide feedback to the worker,
- proportionality between importance of infringement and disciplinary measure taken,
- no favoritism and discrimination in the application of disciplinary measures,
- no physical or humiliating punishment,
- deductions from wages/payments as disciplinary measures shall be applied only if
 - based on national law or collective agreement,
 - the deductions made do not affect the worker's capability to make a living.

If BASF applies disciplinary measures towards freelancers, this standard shall also be followed.

2.8 BASF ILSS Key Principle on *Decent Office Place and Housing* for Agency Workers and Freelancers

Minimum standard to respect:

If BASF provides premises, including housing, to agency workers and/or freelancers, these premises shall:

- be safe and clean and meet requirements according to local law or standards,
- meet the same standards and requirements offered to comparable BASF employees if applicable,
- include adequate sanitary facilities, e.g. functioning toilets, fixed equipment to wash hands, low risk of infection
- include unlimited access to free clean drinking water (incl. tap water).

The temporary employment agency in alignment with BASF shall provide:

- if necessary and if no other food supply is available in the near surroundings, the companies shall take care to provide healthy food at a reasonable price and/or appropriate facilities to stock food.
- all equipment required to perform the work. It is not permissible to make workers pay (or deduct from their wages) fees for the use of objects, buildings or services which are directly necessary for execution of the work (e.g. entry fees, charges for the use of tools, machines, sanitary facilities or provision of protective clothing for work, drinking water or washing facilities).

2.9 BASF ILSS Key Principle on *Fair Dismissal* for Agency Workers and Freelancers

Minimum standard to respect:

The temporary employment agency should handle dismissals in a fair and transparent manner based on applicable law and local conditions. Fair treatment includes:

- no arbitrary dismissal, the reason for termination must be legitimate (e.g. capacity or conduct of worker, business needs, operational requirements),
- transparency with respect to the reasons for dismissal,
- fair approach to assess and review the circumstances leading up to the dismissal, and provide open and constructive feedback to the employee,
- reasonable period of notice or compensation instead with necessary time-off without loss in pay to seek other employment.

Early contract terminations of freelancers shall be handled by BASF in a fair and transparent manner, if the contract is terminated by BASF for any other reason than the initial agreed end of contract.

Possible exceptions:

The employment/contract can be terminated without notice or compensation in lieu thereof during probationary period and in case of misconduct in accordance with applicable law.

2.10 BASF ILSS Key Principle on *Clearly Defined Working Conditions* for Agency Workers and Freelancers

Working conditions shall be made explicitly clear by the temporary employment agency in close collaboration with BASF, and be understood by agency workers and freelancers, so that working conditions can be applied and respected in a reasonable manner.⁶ BASF expects working conditions to be communicated to agency workers in their native language or at least in a language they are familiar with by the temporary employment agency in close collaboration with BASF.

Minimum standard to respect:

- clearly defined, freely consented work relationship⁷,
- no lower standards than defined by law or local industry norms.
- Agency workers should be informed of their terms and conditions of working for BASF by the temporary employment agency in close collaboration with BASF in an appropriate, verifiable and easily accessible manner (e.g. handout) before the effective beginning of their assignment, including:
 - description of the function,
 - working time (hours/approach),
- Agency Workers employed by the temporary employment agencies collaborating with BASF should, if possible, have a written contract of employment specifying their terms and conditions of employment.

2.11 BASF ILSS Key Principle on *Responsible Working Time* for Agency Workers and Freelancers

As working time is a heterogenous topic, it is handled on a local level according to national law. However, BASF ILSS states that the minimum standard for working conditions is defined

⁶ Working Conditions especially need to be considered when employing migrant workers. Since they belong to an even more vulnerable and sensitive group of workers, temporary employment agencies collaborating with BASF have to consider this vulnerability and put a special focus on protecting migrant workers' rights.

⁷ Conditions relating to the termination of employment, see under 2.9 Fair Dismissal.

as "no lower standards than defined by law or local industry norms" (see 4.10. in this document), so working time of agency workers and freelancers shall not exceed the maximum set by local law or industry norms.

Generally, the working time and hours of agency workers should be oriented towards those of comparable internal BASF employees.⁸ With regard to the specific context on a local level, this implies different approaches to working time and overtime compensation (e.g. time off, if this is applicable for agency workers).

Freelancers are responsible for setting their own working hours needed, in order to fulfil their contract and in accordance with national law. Nevertheless, BASF shall treat freelancers with the same level of respect, fairness and dignity as internal employees.

For clarification: Working time is monitored by the local legal entity according to national law with regard to the ILO conventions.

2.12 BASF ILSS Key Principle on *Fair Compensation* for Agency Workers and Freelancers

Temporary employment agencies providing agency workers to BASF should pay wages and benefits not less favorable to their employees than those offered by comparable employers in the respective country/market. Where comparable employers do not exist, they should provide the best possible wages and benefits. This should cover the basic needs of agency workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits and the relative living standards of other social groups relevant for the respective local market. Regulations of local/statutory minimum wage, collective bargaining agreements or other comparable local agreements regarding compensation should be considered.

⁸ Working Time especially needs to be considered when employing migrant workers. Since they belong to an even more vulnerable and sensitive group of workers, temporary employment agencies collaborating with BASF have to consider this vulnerability and put a special focus on protecting migrant workers' rights.