

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 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.¹

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

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 five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF had sales of about €57 billion in 2016 and employed approximately 114,000 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 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 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.

As set out in BASF’s Global Code of Conduct, BASF is “committed to the abolition of all forms of child and forced labor.” 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 labor and social standards.

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.

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

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

3.1 BASF's own operations

3.1.1 Monitoring process

Since 2006, BASF has had a management process in place to monitor compliance regarding agreed international labor 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 labor 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 labor and social standards (ILSS) was developed, which includes the prohibition of forced labor. 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.

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 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.

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 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.

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 16 June 2017.



Richard John Carter, Managing Director, BASF plc

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