

Statement on modern slavery

This statement is made on behalf of BASF Australia Ltd (**BASF**) and its 100% owned subsidiary Nunhems Australia Pty Ltd. BASF, as part of the BASF Group¹, is committed to the abolition of forced labour, slavery and human trafficking. This statement sets out the steps BASF and the BASF Group globally have taken during their financial year to monitor and ensure that slavery and human trafficking is not taking place in any of its operations and supply chains.

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

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.

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.

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

¹ BASF SE

2. BASF's organizational structure, operations and supply chains

The BASF Group has companies in more than 90 countries and supplies products to customers in nearly every part of the world. BASF's portfolio is arranged into 11 divisions grouped into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care, Agricultural Solutions. BASF generated sales of €87.3 billion in 2022 and employed approximately 111,000 employees as of the end of the year.

BASF posted sales of about €492 million in Australia and New Zealand in 2022, serving key industries in the agriculture, coatings, construction, manufacturing and mining sectors. As of the end of 2022, the company had 374 employees and operated 6 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 at www.basf.com/au.

3. The risks of modern slavery practices in BASF's supply chains

BASF recognises that with broad supply chains there is a risk of being linked to human rights violations, including modern slavery mainly through operators deeper in our supply chains. BASF's supply chains extend beyond Australia to countries that have been named as high-risk countries and those that have not. BASF recognises that the mining and agricultural industries are industries in which the risks of child labour and the exploitation of workers exist, and continued due diligence is required to ensure BASF is sourcing its products responsibly.

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.

4. BASF's actions to address modern slavery risks

4.1 Values and Codes of Conduct

BASF's Code of Conduct firmly embeds the importance of compliance with laws and ethical business practices. The BASF Code of Conduct, which binds every BASF employee can be viewed here:

<https://www.basf.com/global/en/who-we-are/organization/management/code-of-conduct.html>

BASF acts in accordance with clearly defined values and standards of conduct that comply with or go beyond laws, regulations and internationally recognised principles. 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
- the Responsible Care® Global Charter of the chemical industry.

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 also requires all suppliers to acknowledge the BASF Supplier Code of Conduct, and agree amongst other things, to:

- not directly or indirectly use forced labour and child labour of any kind;
- ensure employees are able to freely associate and report concerns of unlawful practices;
- not supply products that contain conflict minerals which directly or indirectly finance or benefit armed groups and cause human rights abuses.

BASF's Supplier Code of Conduct can be viewed here:

<https://www.basf.com/global/en/who-we-are/organization/management/code-of-conduct.html>

4.2 Supplier Selection and Together for Sustainability (TfS)

Both new and existing suppliers are selected and evaluated beyond economic criteria. BASF looks closely at environmental protection records, commitment to compliance with human rights, labour and social standards, anti-corruption policies and compliance with the requirements of the BASF Code of Conduct.

BASF is a founding member of the TfS initiative of leading chemical companies for the global standardisation 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 IT tool. Suppliers with elevated sustainability risks such as slavery or human trafficking are identified using risk matrices. Furthermore, BASF's procurement staff are required to 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.

4.3 International Labour and Social Standards (ILSS)

BASF's aim of acting responsibly toward its employees is embedded in BASF's global Code of Conduct through its voluntary commitment to respecting international labour and social standards (**ILSS**) including the prohibition of forced labour. This encompasses internationally recognised labour norms as stipulated in the United Nations Universal Declaration of Human Rights, the OECD MNE Guidelines, and the Tripartite Declaration of Principles Concerning MNE and Social Policy of the International Labour Organization (ILO).

The global BASF guideline on compliance with ILSS also specifies that ILSS must be considered and applied when working with temporary employees, temporary employment agencies and freelancers. Embedded in BASF's Supplier Code of Conduct is the Commitment Letter on ILSS²,

² The Commitment Letter is addressed to BASF's third parties such as temporary employment agencies providing agency workers to BASF, as well as to freelancers contracting with BASF.

which reflects, amongst other things, BASF's expectation on third parties to commit to respecting ILLS, including no forced labour.

As part of BASF's central due diligence system, BASF regularly follows up on and documents the results of the comparison between national laws and BASF's guidelines, as well as measures to implement the guidelines, enabling BASF to systematically assess actual or potential gaps with respect to local laws and political or cultural backgrounds in all countries in which BASF operates. Compliance with ILSS is an integral part of BASF's compliance management audits conducted by the Corporate Audit department. Individual elements of the guidelines are also reviewed as part of internal control processes such as Responsible Care audits in BASF Group companies.

The BASF diversity and inclusion (D&I) strategy identifies local human rights issues and allocates resources via employee resource groups to raise awareness and advance equality relating to gender, LGBTQI+, indigenous reconciliation and mental health.

4.4 Australian Trusted Trader

BASF is accredited with the Australian Border Force as an Australian Trusted Trader. As part of this program BASF employees are required to act in accordance with BASF's policies and procedures which includes verifying those involved in its supply chain via police checks.

4.5 Human Rights risk management

In order to systematically integrate external expertise, in 2020 the BASF Group established a [Human Rights Advisory Council](#)³ of independent and international human rights experts to advise BASF on complex Human Rights issues and challenges arising in its operations and its value chains worldwide. Acting on our responsibility for respecting human rights, we rely on a systematic, integrated, risk-based approach and established monitoring and management systems. As we regard human rights due diligence as a continuous task, we review our due diligence mechanisms regularly and upgrade them where required. The BASF Group's Chief

³ <https://www.basf.com/global/en/who-we-are/sustainability/management-goals-and-dialog/stakeholder-engagement/human-rights-advisory-council.html>

Human Rights Officer oversees the BASF Group's human rights risk management and reports directly to the Board of Directors.

4.6 Training and monitoring

An additional component of our corporate due diligence is our training concept, which includes target group-specific trainings, e-learning modules and a global platform for internal dialog.

BASF incorporates and implements globally approved processes to monitor compliance with agreed international labour and social standards including modern slavery and human trafficking. The BASF Group conducts annual global surveys to monitor adherence to these standards. The results of these surveys are reported on a yearly basis in a BASF integrated report which is approved by external auditors.

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. Compliance with ILSS is again, an integral part of the standard questionnaire in the compliance management audits conducted by BASF's Corporate Audit department

BASF conducts supplier audits and visits to suppliers' premises and will continue to do so.

4.7 BASF's workforce, recruitment and labour hire

At BASF, we value a diverse and inclusive workforce and engage people with broad and varied skillsets and life experiences. BASF's recruitment policy ensures that all recruitment is consistent and fair and in accordance with BASF values. Our HR policies and procedures require all employees to treat each other with respect.

BASF's recruitment process has formal approval gates and uses external expertise to ensure that BASF's policies and procedures are adhered to. This includes verifying candidates' status including conducting terrorism and right to work checks and ensuring all employment contracts comply with BASF's policies and procedures and Australian employment laws.

4.8 Compliance hotline

For any concerns about forced labour, human trafficking, slavery, human rights and all other topics covered by our Code of Conduct, employees are encouraged to consult their managers, BASF's specialist divisions and the dedicated compliance officers who are appointed for each country. BASF's compliance officers in the region share experiences and expertise to ensure continual learning and the employment of best practices in dealing with any compliance issue.

BASF has also set up a Global Compliance Hotline which is operated by an external provider. The Global Compliance Hotline allows concerns of any suspected or actual violation of any law or Company policy to be reported via online forms or by phone in over 80 countries. Employees can choose to contact the Compliance Hotline anonymously. The Compliance Hotline is also available for use by third parties including business partners or other stakeholders to raise concerns. BASF's compliance hotline telephone numbers can be found here: [EthicsPoint - BASF](#)

5. Assessing BASF's actions

BASF acknowledges that monitoring and addressing human rights risks, including modern slavery, is a continual process and obligation. BASF evaluates adherence to its voluntary commitments using a Group-wide monitoring system comprising:

- the Global Compliance Hotline for BASF employees and third parties worldwide,
- surveys of its group companies according to a risk-based approach to inspect the prevailing working conditions on a regular basis; and
- close dialog with stakeholders, such as employee representatives and international organizations.

We monitor the effectiveness of the processes and procedures to address any human rights risks or violations that our business causes, contributes to, or is directly linked to, in line with the UN Guiding Principles. We will continually assess the effectiveness of our actions in identifying and managing human rights risks, including modern slavery by: tracking our actions and outcomes; partnering with suppliers and other external partners; and undertaking regular internal governance

and external assurance processes. Based on the results of these processes we will adapt and strengthen our actions to continually improve our response to modern slavery.

BASF is committed to providing training to its employees to raise awareness of the risks. BASF encourages its employees to maintain vigilance and conduct supplier site audits and monitor compliance with its Supplier Code of Conduct

BASF will continue to build on its actions to ensure compliance with its Supplier Code of Conduct, maintaining dialogue with its suppliers and promoting the need for all stakeholders to be aware of the risks, and to know that reporting any instances of actual or suspected breaches of human rights can be made easily, confidentially and without retribution.

6. Conclusion

BASF's Board of Directors and BASF's Corporate and Functional Units are committed to continually working together to increase awareness and understanding of the risks of forced labour and to further develop efforts to respect and promote all proclaimed human rights, including the right not to be subjected to forced labour, slavery or human trafficking.

Further information in relation to BASF's commitment and approach to human rights can be found here: <https://www.basf.com/global/en/who-we-are/sustainability/we-value-people-and-treat-them-with-respect/human-rights.html>

This statement is made pursuant to Section 13 of the *Modern Slavery Act 2018* (Cth) and constitutes the modern slavery human trafficking statement of BASF Australia Limited for the year ended 31 December 2022 as approved by BASF Australia Limited's Board of Directors.



David Hawkins

Chair and Managing Director
BASF Australia Ltd

4 July 2023