



The Chemical Company

BASF SE, 67056 Ludwigshafen, Deutschland

Tuesday, 28. July 2009
Kristina Haug
E-EMV-GK
Tel. 92253

Dear valued customer,

Due to the recent press articles on child labor in mica sourcing, we would like to inform you about BASF's position in this regard.

BASF uses mica to produce special-effect pigments for the cosmetics, printing ink, coatings and plastics industries. This business was acquired as part of Engelhard in mid-2006. BASF also acquired a mica mine in the United States as part of this transaction which has served as the main source for effect pigments produced by BASF. For strategic reasons, we decided in 2007 to pursue a complete in-house mica sourcing strategy which in addition offers us quality and consistency advantages. In April 2009, BASF acquired Ciba, a Swiss chemical company. Based on our in-house mica sourcing strategy, we plan to shift all mica supplies to our own source in the US by the end of this year.

As a founding member of the UN Global Compact and a responsibly and sustainably operating company, BASF condemns all forms of child labor. This is part of the Vision, Values and Principles of BASF Group. We also expect our suppliers and business partners to behave accordingly. It is part of our sustainable supply chain management system to inform all our new suppliers about the standards we expect, i.e., environmental, health and safety standards and also internationally recognized social and labor standards. To support this approach, BASF is an active member in several multi-stakeholder initiatives to promote the cross-sectoral enforcement of internationally recognized social and labor standards (e.g. in the German Round Table Code of Conduct).

In case of any questions please do not hesitate to contact me.

Sincerely,

Kristina Haug
Technical Manager Effect Pigments

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