Working at BASF

Our employees are fundamental to achieving the goals of our “We create chemistry” strategy. We want to attract talented people, retain them in the company, and support them in their development. To do so, we cultivate a working environment that inspires and connects people. It is founded on inclusive leadership based on mutual trust, respect and dedication to top performance.

Strategy

- Best Team Strategy focuses on excellent people, workplace and leaders

Our Best Team Strategy is derived from our corporate strategy and simultaneously contributes to the achievement of its goals. We want to form the best team. To achieve this, we focus on three strategic directions: excellent people, excellent place to work and excellent leaders. Emphasis here is placed on our attractiveness in worldwide labor markets, career development and life-long learning in all regions, and supporting and developing our leaders, all while aiming to respect internationally recognized labor and social standards worldwide. Our actions are dictated by internal corporate guidelines.

BASF Group employees by region
(Total: 113,292, thereof 24.4% women, as of December 31, 2014)

Number of employees

At the end of 2014, BASF had 113,292 employees (2013: 112,206); of these, 3,186 were apprentices (2013: 3,060). We hired 7,679 new employees Group-wide in 2014.

BASF Group new hires in 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>December 31, 2014</th>
<th>Thereof women %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>3,193</td>
<td>29.0%</td>
</tr>
<tr>
<td>North America</td>
<td>1,452</td>
<td>27.3%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>2,048</td>
<td>22.7%</td>
</tr>
<tr>
<td>South America, Africa, Middle East</td>
<td>986</td>
<td>31.3%</td>
</tr>
<tr>
<td>Total</td>
<td>7,679</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

1 At BASF, the apprenticeship program trains students for technical, scientific and business vocations as well as for trade and craft professions.
**Competition for talent**

- New career website
- Expansion of recruiting and training measures in Asia Pacific

In the worldwide competition for the best employees and leaders, we want to recruit qualified talent in order to achieve our ambitious growth targets. To even further enhance BASF's status as an attractive employer, we specified the values that we as an employer want to stand for: Connecting, Engaging, Learning and Caring. At the end of 2014, we redesigned our career website and tailored it to the needs of our target groups. This involved, for example, improved worldwide job search functions as well as interactive elements like live chats, where applicants can connect with BASF employees for insight into our working environment.

We also want to strengthen our employees' identification with the company. In North America, for example, we started the Recognizing You program in 2014, which spotlights exceptional employee performance and activities.

One of our recruiting focus areas is in the Asia Pacific region. We scout out researchers from around the world to meet the increasing staff requirements for our Innovation Campus Asia Pacific research site in Shanghai, China. Furthermore, we are establishing the Roots – Laboratory training program in China. This one-year dual program with both theoretical and practical elements prepares employees for work at an Innovation Campus laboratory.

For its activities in helping graduates and entry-level employees get started on their careers, BASF was once again selected by engineering students as one of the 50 most attractive employers in the world in a 2014 study conducted by Universum. Furthermore, BASF Corporation in the United States received the Talent Board’s Candidate Experience Award for the second time in a row for our excellent performance in the management of external candidates.

Worldwide, the percentage of employees who left the company voluntarily during their first three years of employment was 1.3% on average. This turnover rate was 0.5% in Europe, 1.8% in North America, 3.9% in Asia Pacific and 1.4% in South America, Africa, Middle East.

**Vocational training**

- 3,186 apprentices in around 60 occupations worldwide
- €101 million used for vocational training

As of December 31, 2014, BASF was training 3,186 people in around 60 occupations in 16 countries worldwide. We spent a total of €101 million on vocational training in 2014, as well as around €15 million on the BASF Training Verbund as part of our social commitment in the Rhine-Neckar Metropolitan Region.

In 2014, 908 apprentices started their vocational training at BASF SE and German Group companies. An additional 263 young people participated in the BASF Training Verbund’s career-start programs Start in den Beruf and Anlauf zur Ausbildung in cooperation with partner companies. The goal of these programs is to prepare participants for a subsequent apprenticeship within one year. Their approach comprises theoretical as well as practical program elements. Examples include guidance in choosing a profession and gaining work experience in the BASF Training Verbund’s partner companies. In this way, the programs contribute to ensuring a long-term supply of qualified employees for BASF and the Rhine-Neckar Metropolitan Region.

As in the previous year, 20 Spanish apprentices began their vocational training in Tarragona, Spain, in 2014, based on the German vocational training model. The theoretical and practical phases take place in Tarragona and in Ludwigshafen. We see this as a way to expand our recruiting base and plan, upon successful completion of their training, to employ the apprentices in areas like production at the Ludwigshafen site.

For more information, see basf.com/apprenticeship

### BASF Group employees by contract type (total: 113,292)

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>December 31, 2014</th>
<th>Thereof women %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent staff</td>
<td>107,667</td>
<td>23.8</td>
</tr>
<tr>
<td>Apprentices</td>
<td>3,186</td>
<td>29.8</td>
</tr>
<tr>
<td>Temporary staff</td>
<td>2,439</td>
<td>42.6</td>
</tr>
</tbody>
</table>
Learning and development

- **Life-long learning concept**
- **Specific further training for employees in production and technical areas**
- **Learning Campus offers multifaceted possibilities and promotes learning in worldwide networks**

Our employees’ individual development is important to us. We follow a life-long learning approach that emphasizes the significance of learning from experience, supplemented by the concepts of learning from others and learning through courses and media. By combining learning in the workplace with programs for development, we address the varying requirements of a rapidly changing market.

In regular development meetings, our employees and leaders outline prospects for individual professional development together and determine measures for further training and development. This approach was carried out for around 45,000 employees by the end of 2014. Our goal is to introduce these development meetings for all BASF employees by 2017. They supplement the annual employee dialogs that are conducted in all BASF Group companies worldwide, which include an employee performance assessment component.

We spent around €101 million on further training in 2014 (2013: €106 million). Our measures for further training are based on the learning needs of our employees. Local and international seminars and workshops enable the acquisition and exchange of knowledge and promote networking. Each employee spent an average of 2.6 days on further training in 2014. More than 107,000 seminar days took place at BASF SE, including at the Learning Center, in 2014.

Internal specialists provide our employees with career counseling. In addition, we provide targeted guidance for employees engaged in part-time Bachelor’s or Master’s studies and advise them on various career development opportunities. We support the large number of employees in production and technical areas worldwide with career-specific further training and vocational guidance. We have strengthened our in-plant qualification measures with shift trainers who promote the continual professional development of employees in production and technology through individual learning assignments. Furthermore, we have established programs on safety culture, knowledge management and team development.

Our global Learning Campus is the central platform for the life-long learning programs we offer. It allows employees to find relevant learning opportunities on both a local and global level. The offers entail learning in the workplace as well as self-directed learning through electronic media. Networking and learning from others is also promoted. We opened a training center in Singapore in 2014 as part of the Learning Campus.

The concept additionally includes the Welcome to BASF program for new employees around the world, as well as the seminar Campus: Dialog with the Divisions, in which around 1,400 employees take part each year. We are also enhancing our mentoring approach to promote long-term partnerships and mutual learning.

Managing demographic changes

In order to address the ramifications of demographic change, we create a suitable framework to help maintain the employability of our personnel at all stages of life and ensure the availability of qualified employees. We support our employees and leaders with workshops, health and exercise programs, age-appropriate workplace optimization and demographic analyses. For example, the topic “leadership in times of demographic change” has been a part of our basic skill enhancement for new leaders since 2013. We are additionally working on measures to safeguard and pass on knowledge.

For more on health protection, see page 99

**BASF Group employee age structure**

(Total: 113,292, thereof 24.4% women, as of December 31, 2014)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to and including 25 years (29.5% women)</td>
<td>8,424</td>
<td>25,796</td>
</tr>
<tr>
<td>Between 26 and 39 years (30.8% women)</td>
<td>37,579</td>
<td>53,500</td>
</tr>
<tr>
<td>Between 40 and 54 years (21.5% women)</td>
<td>50,218</td>
<td>66,382</td>
</tr>
<tr>
<td>55 years and up (16.1% women)</td>
<td>17,071</td>
<td>27,124</td>
</tr>
</tbody>
</table>
Inclusion of diversity

- BASF Corporation honored in United States
- Portion of (senior) executive positions with disciplinary responsibilities held by women at 19.1% worldwide

In order to address the various needs of our customers and markets, we rely on the best team in all areas and functions around the globe. The inclusion of diversity is an important component of our strategic talent management. It helps us to continuously improve our team’s performance and power of innovation, and increases creativity, motivation and identification with the company. This is why we are developing measures to further promote the appreciation and inclusion of diversity. Leaders play an important role here. We support them in embracing diversity and integrating it into day-to-day business. For example, specific goals and measures are developed together with leaders, such as those for recognizing and developing different kinds of talent. Employees around the world are active as ambassadors of diversity within the company, contributing significantly to an open and appreciative company culture. For its particular commitment to social diversity, BASF Corporation in the United States received the 2014 award for Top 50 Company for Diversity from the organization DiversityInc for the second time in a row.

In the BASF Group, the worldwide percentage of (senior) executive positions with disciplinary leadership responsibilities held by women was 19.1% at the end of 2014 (2013: 18.5%). In a joint initiative with all 30 DAX-listed companies, BASF signed a voluntary commitment in 2011: In Germany, we aim to raise the percentage of women in these positions from 9.8% (baseline 2010) to 15% by the end of 2020. At the end of 2014, this figure was 14.5% in Germany.

Continuing internationalization prompted us to raise our goal in 2012 for the proportion of senior executives1 with international experience to over 80%. In 2014, 83% of our senior executives had international experience and 34.3% were not German citizens.

For more information, see basf.com/diversity

Work-life balance

- Worldwide offers help combine career, family and personal life

To promote a good working environment, we provide – and continue to develop – a wide range of programs worldwide that help employees better combine their careers with family and personal life. This increases our employees’ identification with the company and bolsters our position as an attractive employer in the competition for qualified personnel. We offer, for example, diverse working models: such as flexible working hours, part-time employment and mobile working. In 2014, a total of 11.3% of BASF SE employees held part-time positions, 68.5% of which were women. Numerous BASF SE employees also made use of parental leave, including more and more men.

Combining career, family and personal life

(Total BASF SE employees: 35,849, thereof 21.4% women, as of December 31, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Employees on parental leave</th>
<th>Returnees from parental leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>553 (women 89.0%)</td>
<td>1,068 (women 40.2%)</td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Our regional initiatives address the needs of our employees at a local level. At our Work-Life Management center in Ludwigshafen (“LuMit”), we offer numerous opportunities for exercise and health, employee assistance, and career, family and personal life. Our childcare facilities at the Kassel, Ludwigshafen and Münster sites can accommodate a total of 475 children. We also provide employee assistance opportunities in North America. Furthermore, employees at the Florham Park, New Jersey, site can exercise in modern fitness centers and visit the physical therapy facilities.

What we expect from our leaders

- As role models, leaders should demonstrate values and standards of conduct to particularly high degree

Our leaders serve as role models in implementing our strategy in their day-to-day business. Our leadership culture is based on BASF’s strategic principles and values as well as on the standards of behavior set out by our globally uniform Code of Conduct. In their capacity as role models, leaders are expected to demonstrate these standards to a particularly high degree. The global competency model introduced in 2013 applies for all employees. It forms the foundation of our employee and leadership development.

All new leaders at BASF take part in the New Leader Program, a modular development program focusing on the enhancement of fundamental leadership skills, self-reflection and networking. We support experienced leaders with individual offers for honing their competencies. They furthermore serve as internal trainers or observers in our development measures to promote the development of others. We offer multifaceted global, regional and local programs to increase connectivity and exchange.

1 The term “senior executives” refers to leadership levels 1 to 4, whereas level 1 denotes the Board of Executive Directors. In addition, individual employees can attain senior executive status by virtue of special expertise.
Leadership responsibility in the BASF Group

<table>
<thead>
<tr>
<th>Category</th>
<th>December 31, 2014</th>
<th>Thereof women %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals</td>
<td>35,419</td>
<td>29.0</td>
</tr>
<tr>
<td>(Senior) executives</td>
<td>9,060</td>
<td>19.1</td>
</tr>
</tbody>
</table>

According to the global classification system introduced in 2014

Specialists without disciplinary leadership responsibilities

Employees with disciplinary leadership responsibilities

Global Employee Survey

The Global Employee Survey and its follow-up process have been established for the entire BASF Group ever since the first global survey in 2008. We conducted the second Global Employee Survey in 2012. The results were presented to the Board of Executive Directors and the Supervisory Board. Employees and leaders then discussed the results together, and developed and implemented measures for improvement in all regions. Example topics included supporting employees in their career development, work-life balance, and dealing with change. We conduct this survey on a regular basis. The next Global Employee Survey is planned for 2015.

Compensation and benefits

- Compensation based on employee’s position and individual performance as well as company’s success
- Pay generally comprises fixed and variable components plus benefits

In addition to market-oriented compensation, BASF’s total offer also comprises benefits, individual opportunities for development and a good working environment. Our employees’ pay is based on global compensation principles. These take into account an employee’s position and individual performance as well as BASF’s success as a company. We are currently working on a global framework for these compensation principles as well as an overview of the company’s total offer for our employees (“you@BASF”). Analyses of the Ludwigshafen site have shown that, for contracts exempt from collective agreements, there are no systematic differences in pay between men and women, provided the positions and qualifications are comparable.

As a rule, compensation is comprised of fixed and variable components as well as benefits that often exceed legal requirements. In many countries, these include company pension benefits, supplementary health insurance, and share programs. In 2014, the BASF Group spent €9,224 million on wages and salaries, social security contributions and expenses for pensions and assistance (2013: €9,285 million), representing a 0.7% decrease in personnel expenses.

This was largely due to the reversal of provisions for the long-term incentive (LTI) program and to currency effects, and was partly counterbalanced by the rising number of employees as well as salary and wage increases.

For more information, see the Notes to the Consolidated Financial Statements on page 189

BASF Group personnel expenses (in million €)

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2013</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>7,380</td>
<td>7,455</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Social security contributions and expenses for pensions and assistance</td>
<td>1,844</td>
<td>1,830</td>
<td>0.8</td>
</tr>
<tr>
<td>Thereof for pension benefits</td>
<td>560</td>
<td>579</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Total personnel expenses</td>
<td>9,224</td>
<td>9,285</td>
<td>(0.7)</td>
</tr>
</tbody>
</table>

Employees participate in company’s success

- Annual bonus for 2014 to once again reach high level
- BASF share program “plus” fosters employees’ long-term participation in company

Our employees participate in the company’s success through variable pay components and are rewarded for their individual performance. The same principles basically apply for all employees. The amount of the variable component is determined by the success of the company – measured by the return on assets of the BASF Group – and the employee’s individual performance. Individual performance is assessed using a globally consistent performance management approach. The annual bonus for 2014 will once again reach a high level.

In numerous Group companies, employees are offered the chance to purchase shares. The BASF share program “plus” sponsors the long-term participation of our employees in the company through incentive shares: By investing a part of their compensation in BASF shares, they take part in the long-term development of BASF.

Since 1999, BASF has offered its senior executives the opportunity to participate in a share-price-based compensation program. This long-term incentive (LTI) program ties a portion of their compensation to the long-term performance of BASF shares. In 2014, 94% of the approximately 1,200 senior executives eligible worldwide participated in the LTI program, investing up to 30% of their variable compensation in BASF shares.

For more information, see the Notes to the Consolidated Financial Statements from page 219 onward
Dialog with employee representatives

Open dialog with employee representatives is an important component of our company’s actions. If restructuring leads to staff downsizing, we work with employee representatives to develop socially responsible implementation measures. This is done in accordance with the respective legal regulations and the agreements reached. For cross-border matters, the BASF Europa Betriebsrat (European Works Council) has been responsible for employees in Europe since 2008. Our German employee representatives and leaders met in the “Wittenberg Dialogs” once again in 2014 to discuss the Code of Responsible Conduct for Business in the Social Market Economy.

Global labor and social standards

- National law and ILO core labor standards as minimum requirement
- Adherence to voluntary commitments evaluated using three-pronged monitoring system

Compliance with national law and the core labor standards of the International Labor Organization (ILO) forms the basis of our actions. Moreover, we aim to harmonize our working conditions worldwide with our voluntary commitments, the relevant ILO conventions, and the OECD Guidelines for Multinational Enterprises, as well as with local requirements like industry standards. In countries where national laws, rules and customs deviate from international standards, we are challenged with finding appropriate solutions by engaging in dialog with the relevant stakeholders. We evaluate our adherence to our voluntary commitments using a three-pronged monitoring system introduced throughout the BASF Group. It consists of the following instruments:

- External compliance hotlines
- Annual survey of our Group companies
- Close dialog with our stakeholders, such as with employee representatives and international organizations

In 2014, our external compliance hotlines received 127 calls relating to human rights, 116 of which pertained to labor and social standards. Misconduct was identified in 21 cases. Countermeasures were taken in all of these cases. The results of the annual survey conducted at our Group companies reflect the working conditions of 100% of our employees in 2014. If the findings indicate that our voluntary commitments are not being sufficiently implemented, we investigate this information and introduce remedial measures. In order to better evaluate worldwide compliance with international labor and social standards, we conduct regional risk analyses for our businesses every year, including in 2014. We are constantly enhancing and refining our risk management.

Survey of ILO core labor standards / human rights 2014

<table>
<thead>
<tr>
<th>Process implemented</th>
<th>Effectiveness of the process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention of child labor 100% Verification of age of employee when hired</td>
<td>100% Employees are over 15 years of age when hired</td>
</tr>
<tr>
<td>Prevention of forced labor 100% Employment contract based on employee’s voluntary agreement</td>
<td>100% Employees have a right to unilateral termination of the employment contract</td>
</tr>
<tr>
<td>Prevention of discrimination 100% Personnel policies based on objective criteria</td>
<td>In 2014, we received 22 calls. Misconduct was not identified</td>
</tr>
<tr>
<td>Employees’ right to freedom of association 100% No company measures to fundamentally restrict freedom of association</td>
<td>94% Employees are working at a company in which employee representation exists</td>
</tr>
<tr>
<td>Employees’ right to collective bargaining 100% No company measures to fundamentally restrict freedom of collective bargaining</td>
<td>91% Employees are working at a company in which working conditions are based on a collective contract and employee representation exists</td>
</tr>
</tbody>
</table>

1 Some of our employees are working in countries that have national legal restrictions with respect to freedom of association and collective bargaining.