Working at BASF

Our employees are fundamental to achieving the goals of the “We create chemistry” strategy. We want to attract and retain talented people for our 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 workplace and excellent leaders. Emphasis here is placed on our attractiveness in worldwide labor markets, personal and professional development, life-long learning, and supporting and developing our leaders. We are strongly committed to internationally recognized labor and social standards and strive to respect these worldwide.

Number of employees

At the end of 2015, BASF had 112,435 employees (2014: 113,292); of these, 3,240 were apprentices (2014: 3,186). We hired 7,489 new employees Group-wide in 2015. Reductions in headcount came in part from the sale of portions of the pharmaceutical ingredients and services business to Siegfried Holding AG, based in Zofingen, Switzerland, as well as from the asset swap with Gazprom.

BASF Group new hires in 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>December 31, 2015</th>
<th>Thereof women %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>3,216</td>
<td>29.9</td>
</tr>
<tr>
<td>North America</td>
<td>1,731</td>
<td>25.0</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,861</td>
<td>25.1</td>
</tr>
<tr>
<td>South America, Africa, Middle East</td>
<td>679</td>
<td>31.1</td>
</tr>
<tr>
<td>Total</td>
<td>7,489</td>
<td>27.7</td>
</tr>
</tbody>
</table>

BASF Group employees by region

(Total: 112,435, thereof 24.2% women, as of December 31, 2015)
Competition for talent

- Career website established globally
- Good scores in employer rankings worldwide

In the global competition for the best employees and leaders, we want to recruit qualified talent in order to achieve our ambitious growth targets. This is why we have expanded the measures that make our total offer package attractive for employees. For example, we added 34 countries to our new career website in 2015, and are making even greater use of social media to reach potential candidates.

We score well in worldwide employer rankings. In a 2015 study conducted by Universum, BASF was once again selected by science and engineering students as one of the 50 most attractive employers in the world. Furthermore, BASF Corporation in the United States received the Talent Board’s Candidate Experience Award for the third time in a row for our excellent performance in the management of external candidates. In Asia Pacific, we were awarded for measures such as our interactive career website.

Worldwide, the percentage of employees who resigned during their first three years of employment was 1.1% on average in 2015. This turnover rate was 0.4% in Europe, 1.9% in North America, 3.3% in Asia Pacific and 1.1% in South America, Africa, Middle East. Our turnover rates are therefore lower than those of many other companies.

Vocational training

- 3,240 apprentices in around 60 occupations worldwide
- Around €107 million spent on vocational training

As of December 31, 2015, BASF was training 3,240 people in 15 countries and around 60 occupations. We spent a total of around €107 million on vocational training in 2015, as well as about €9 million on the BASF Training Verbund as part of our social commitment in the Rhine-Neckar Metropolitan Region.

In 2015, 886 apprentices started their vocational training at BASF SE and German Group companies, filling almost all available program slots in Germany. The current shortage of skilled labor nevertheless presents a challenge that we address with various programs and initiatives. These include Start in den Beruf and Anlauf zur Ausbildung, in which 249 young people in the BASF Training Verbund participated in cooperation with partner companies in 2015. The goal of these programs is to prepare participants for a subsequent apprenticeship within one year, making a contribution to the long-term supply of qualified employees in the Rhine-Neckar Metropolitan Region. Because the number of open vocational training placements in some fields outweighs demand, some placement slots in these programs remain unfilled. At the Ludwigshafen site, we also offer a part-time training program for newcomers from other fields, so that they can qualify for a career in chemical production even while working at their current job.

Furthermore, 20 Spanish apprentices once again began their vocational training in Tarragona, Spain, on the basis of the German vocational training model. The theoretical and practical phases take place in Tarragona and in Ludwigshafen. The apprentices are then placed in production plants after their vocational training is finished. In 2015, 16 Spanish apprentices successfully completed their training and began employment at the Ludwigshafen site at the start of 2016. We consider this program a way of expanding our recruiting pool.

Moreover, we began a program in 2015 to integrate refugees into German life. In its initial phase, “Start Integration” is offering 50 participants prospects for beginning their career through the BASF Training Verbund. With its modular structure, the program is geared toward refugees with a high probability of being granted the right to remain in Germany.

For more information, see basf.com/apprenticeship

### BASF Group employees by contract type (total: 112,435)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2015</th>
<th>Thereof women %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent staff</td>
<td>106,901</td>
<td>23.7</td>
</tr>
<tr>
<td>Apprentices</td>
<td>3,240</td>
<td>27.9</td>
</tr>
<tr>
<td>Temporary staff</td>
<td>2,294</td>
<td>43.3</td>
</tr>
</tbody>
</table>
Learning and development

- Life-long learning concept focuses on learning from on-the-job experience
- Learning Campus promotes further education in worldwide networks
- Specific further training for employees in production and technical fields

Our learning and development opportunities support the Best Team Strategy and have a direct connection to business. We want to enable life-long, learner-centric learning; in so doing, we follow the “70-20-10” philosophy. That means applying the elements “learning from experience” (70%), “learning from others” (20%) and “learning through courses and media” (10%). Our global Learning Campus is the central platform for the programs on offer for life-long learning. It allows employees to find the courses relevant for them. Our goal is to create a common-ground, inspiring learning experience that enables employees to connect with the company and with each other. The options cover a range of learning goals: starting a career, expanding knowledge, personal development, and leadership training. As a platform for exchange as well as for strategic and cultural shift, the concept of the Learning Campus also facilitates thinking and acting as one company.

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 implemented for around 60,000 employees by the end of 2015. Our goal is to introduce these development meetings for all BASF employees by 2017. They supplement the annual employee dialogues that are conducted in all BASF Group companies worldwide, which include an employee performance assessment component.

We spent around €96 million on further training in 2015 (2014: €101 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 2.5 days on further training in 2015. Internal specialists provide our employees with career counseling.

We support the large number of employees in production and engineering worldwide with job-specific qualifications and further training. We have further strengthened our in-plant qualification measures with in-plant trainers who promote the continuous professional development of employees in production and engineering through individual learning assignments. Moreover, we expanded our programs on safety culture and knowledge management as well as team and organizational development.

Managing demographic changes

- “Leadership in times of demographic change” as a part of leadership duties
- Active knowledge management and effective succession planning

The demographic situation within the BASF Group varies widely by region. Particularly in Germany and North America, an aging population presents us with challenges. We are also intensely occupied with future issues like new technologies, growing digitalization ("Industry 4.0"), and the ever-increasing delay of retirement. We create a framework to help maintain the employability of our personnel at all stages of life and ensure the availability of qualified employees. Our employees and leaders are supported with health and exercise programs, flexible working arrangements, age-appropriate workplaces and demographic analyses. The topic “leadership in times of demographic change” also forms a part of our leadership programs. In addition, we actively engage in knowledge management and systematic succession planning.

For more on health protection, see page 101
Inclusion of diversity

- Promoting diversity as part of company culture
- First global goals for increasing percentage of women in leadership positions

We want to utilize diversity for the development of our business. That is why promoting diversity is one of the mainstays of our corporate culture. The strong global character of our markets translates into different customer requirements. We want to reflect this diversity in our workforce in order to even better understand the needs of our customers. We aim to increase our teams’ performance and power of innovation, and boost creativity, motivation and identification with the company. We are therefore further promoting the appreciation and inclusion of diversity. Leaders play an important role here. We support them in strengthening diversity and making the best possible use of it in day-to-day business. For example, specific goals and measures are being developed for such topics as recognizing and developing different kinds of talent.

For the first time, BASF set itself global goals in 2015 for increasing the percentage of women in leadership positions. In the BASF Group, the global proportion of female leaders with disciplinary responsibility was 19.5% at the end of 2015 (2014: 19.1%). We aim to increase this figure to 22–24% worldwide by 2021, so that the proportion of women in leadership reflects that of women in the global company workforce. Considering the relatively low rate of turnover in the BASF Group’s leadership team, this is an ambitious goal.

For more information, see basf.com/diversity

Work-life balance

- Worldwide offers help combine career, family and private life

Our identity as an employer includes our belief in enabling our employees to better combine their work, family and private lives. Through various offers and opportunities, we create working conditions that give fair consideration to our employees’ individual needs. We want to strengthen employee identification with the company and bolster our position as an attractive employer in the competition for qualified personnel.

Our offer includes flexible working hours, part-time employment and mobile working. In 2015, a total of 11.7% of BASF SE employees held part-time positions, of which 68.5% were women. Numerous BASF SE employees also made use of parental leave, including more and more fathers.

Our regional initiatives specifically address the needs of our employees at a local level. In South America, for example, we introduced the Equilibre program comprising a range of possibilities for flexible working hours. At our Work-Life Management employee center in Ludwigshafen (“LuMit”), there are numerous opportunities for exercise and health, employee assistance, and balancing career, family and personal life – such as the company childcare center, “LuKids.” Around 600 employees take advantage of these options each day.

Furthermore, BASF wants to continue increasing the global percentage of senior executives1 that come from countries other than Germany. This figure was at 35.6% by the end of 2015. Moreover, we intend to maintain the proportion of senior executives with international experience at over 80%. We exceeded this figure by the end of 2015, reaching 82.9%. With these goals, we continue to drive our globally integrated approach to promoting diversity and leadership development.

For more on diversity in the Board of Executive Directors and the Supervisory Board, see page 132

Combining career, family and private life

(Total BASF SE employees: 35,972, thereof 21.4% women, as of December 31, 2015)

<table>
<thead>
<tr>
<th>Employees on parental leave (including “partner months”)</th>
<th>Returnees from parental leave (including “partner months”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>623</td>
<td>1,264</td>
</tr>
<tr>
<td>10.9%</td>
<td>64.5%</td>
</tr>
</tbody>
</table>

1 The term “senior executives” refers to leadership levels 1 to 4, whereby level 1 denotes the Board of Executive Directors. In addition, individual employees can attain senior executive status by virtue of special expertise.
What we expect from our leaders

- Leaders serve as role models
- Diverse programs for leadership development

Our leaders serve as role models in implementing our strategy in their day-to-day business. In this capacity, they contribute to BASF’s business success. Our leadership culture is founded on BASF’s strategic principles and values as well as on the standards of behavior set out by our globally uniform Code of Conduct. Our global Competence Model forms the basis of our employee and leadership development.

All new leaders take part in the module-based New Leader Program, which supports them in taking on a leadership role. In addition, we offer global, regional and local programs for leaders on all levels. These are geared toward strengthening our leaders’ competencies and offer opportunities for networking and learning from one another. Coaching is furthermore an important measure for personal development and the promotion of talent. Leaders play a central role here as internal trainers or mentors.

Leadership responsibility in the BASF Group

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2015</th>
<th>Thereof women %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals¹</td>
<td>35,797</td>
<td>29.0</td>
</tr>
<tr>
<td>(Senior) executives²</td>
<td>9,273</td>
<td>19.5</td>
</tr>
</tbody>
</table>

¹ Specialists without disciplinary leadership responsibilities
² Employees with disciplinary leadership responsibilities

Global Employee Survey

- Worldwide survey conducted for the third time

The Global Employee Survey, including its follow-up process, has been an established tool throughout the BASF Group since 2008. We conducted it for the third time in 2015. This time, the survey’s design was even more closely aligned with the corporate strategy. Overall, 74% of employees in around 80 countries took part in the survey. Good results were especially returned with regard to team collaboration, occupational safety, and satisfaction with BASF as an employer. In some cases, employees saw room for improvement when it came to supporting individual development, recognizing performance, and communicating change. The results of the survey were presented to the Board of Executive Directors and the Supervisory Board. Employees and leaders subsequently discussed the results together and are developing necessary measures for improvement. The next Global Employee Survey is planned for 2018.

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 the company’s success. 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.

On the occasion of the company’s 150th anniversary, BASF Group employees worldwide received an anniversary bonus of around €100 million in total.

In 2015, the BASF Group spent €9,982 million on wages and salaries, social security contributions and expenses for pensions and assistance (2014: €9,224 million). Personnel expenses therefore rose by 8.2%, particularly owing to currency effects. Higher salaries and wages, in addition to expenses for the anniversary bonus and the long-term incentive (LTI) program, also contributed to the increase.

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

BASF Group personnel expenses (in million €)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>7,943</td>
<td>7,380</td>
<td>7.6</td>
</tr>
<tr>
<td>Social security contributions and expenses for pensions and assistance</td>
<td>2,039</td>
<td>1,844</td>
<td>10.6</td>
</tr>
<tr>
<td>Thereof for pension benefits</td>
<td>658</td>
<td>560</td>
<td>17.5</td>
</tr>
<tr>
<td>Total personnel expenses</td>
<td>9,982</td>
<td>9,224</td>
<td>8.2</td>
</tr>
</tbody>
</table>
Employees participate in company's success

- Return on assets determines variable compensation
- BASF share program “plus” fosters employees’ long-term participation in company

With variable compensation components, employees participate in the company’s success 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 the 2015 business year is not as high as in 2014 due to the lower return on assets.

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 portion of their compensation in BASF shares, they take part in the long-term development of BASF.

BASF offers its 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 2015, 93% of the approximately 1,200 eligible executives worldwide participated in the LTI program, investing up to 30% of their variable compensation in BASF shares.

Global labor and social standards

- Alignment with U.N. Guiding Principles on Business and Human Rights
- Adjusted management process for monitoring adherence to labor and social standards

Our voluntary commitment to respecting international labor and social standards is embedded in our global Code of Conduct. This encompasses internationally recognized labor norms as stipulated in the United Nations’ Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO). BASF strives to uphold these standards worldwide. In countries where national laws, rules and customs deviate from international standards, we take on the challenge of finding appropriate solutions that respect local customs by engaging in dialog with stakeholders.

We check regard for international labor and social standards using a global monitoring system comprising three instruments:
- External compliance hotlines
- The annual survey of our Group companies
- Close dialog with our stakeholders, such as employee representatives and international organizations

In order to even better inspect compliance with international labor and social standards around the world, we began restructuring our management process in 2015. Step by step, the annual survey of our Group companies will be replaced with a process through which we can more efficiently monitor worldwide adherence to international labor standards based on a globally applicable BASF guideline. The management process is geared toward internal regulations on compliance and risk management, as well as requirements with respect to the U.N.’s Guiding Principles on Business and Human Rights.

Dialog with employee representatives

Open dialog with employee representatives is an important component of our corporate culture. 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.

We signed a new site agreement in Ludwigshafen, Germany – the BASF Group’s largest site – with employee representatives in 2015. It applies for all employees of BASF SE. Titled “Meeting the challenges of constant change together,” the agreement addresses job security, flexibility and ensuring competitive ability.

For more information, see basf.com/employeerepresentation

For more information, see the Notes to the Consolidated Financial Statements from page 218 onward

For more labor and social standards, see basf.com/labor_social_standards

For more worldwide standards, see page 26

For more on our sustainability-related risk management, see page 31

For more on compliance, see page 136 onward