

Overviews

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Ten-year summary

Million €	2004	2005	2006	2007	2008	2009	2010	2011	2012 ¹	2013
Sales and earnings										
Sales	37,537	42,745	52,610	57,951	62,304	50,693	63,873	73,497	72,129	73,973
Income from operations before depreciation and amortization (EBITDA)	7,685	8,233	9,723	10,225	9,562	7,388	11,131	11,993	10,009	10,427
Income from operations (EBIT)	5,193	5,830	6,750	7,316	6,463	3,677	7,761	8,586	6,742	7,273
Income before taxes	4,347	5,926	6,527	6,935	5,976	3,079	7,373	8,970	5,977	6,713
Income before minority interests	2,133	3,168	3,466	4,325	3,305	1,655	5,074	6,603	5,067	5,173
Net income	2,004	3,007	3,215	4,065	2,912	1,410	4,557	6,188	4,819	4,842
Capital expenditures, depreciation and amortization										
Additions to property, plant and equipment and intangible assets	2,163	2,523	10,039	4,425	3,634	5,972	5,304	3,646	5,263	7,513
Thereof property, plant and equipment	2,022	2,188	4,068	2,564	2,809	4,126	3,294	3,199	4,084	6,220
Depreciation and amortization of property, plant and equipment and intangible assets	2,492	2,403	2,973	2,909	3,099	3,711	3,370	3,407	3,267	3,154
Thereof property, plant and equipment	2,053	2,035	2,482	2,294	2,481	2,614	2,667	2,618	2,594	2,519
Number of employees										
At year-end	81,955	80,945	95,247	95,175	96,924	104,779	109,140	111,141	110,782	112,206
Annual average	85,022	80,992	88,160	94,893	95,885	103,612	104,043	110,403	109,969	111,844
Personnel expenses										
	5,615	5,574	6,210	6,648	6,364	7,107	8,228	8,576	8,963	9,285
Research and development expenses										
	1,173	1,064	1,277	1,380	1,355	1,398	1,492	1,605	1,732	1,835
Key data										
Earnings per share ^{2,3}	€ 1.83	2.87	3.19	4.16	3.13	1.54	4.96	6.74	5.25	5.27
Cash provided by operating activities ⁴	4,634	5,250 ⁵	5,940	5,807	5,023	5,693	6,460	7,105	6,602	7,870
EBITDA margin	% 20.5	19.3	18.5	17.6	15.3	14.6	17.4	16.3	13.9	14.1
Return on assets	% 13.2	17.7	17.5	16.4	13.5	7.5	14.7	16.1	11.0	11.6
Return on equity after tax	% 12.9	18.6	19.2	22.4	17.0	8.9	24.6	27.5	19.9	19.4
Appropriation of profits										
Net income of BASF SE ⁶	1,363	1,273	1,951	2,267	2,982	2,176	3,737	3,506	2,880	2,826
Dividends	904	1,015	1,484	1,831	1,791	1,561	2,021	2,296	2,388	2,480
Dividend per share ²	€ 0.85	1.00	1.50	1.95	1.95	1.70	2.20	2.50	2.60	2.70
Number of shares as of December 31^{2,7} million										
	1,080.9	1,028.8	999.4	956.4	918.5	918.5	918.5	918.5	918.5	918.5

¹ We have applied International Financial Reporting Standards 10 und 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement has been made for 2011 and earlier.

² We conducted a two-for-one stock split in the second quarter of 2008. The previous year's figures for earnings per share, dividend per share and number of shares have been adjusted accordingly.

³ Adjusted for special items and impairment of intangible assets, earnings per share were €5.37 in 2013 and €5.64 in 2012.

⁴ Includes the change in reporting from 2009 onward of the effects of regular extensions of U.S. dollar hedging transactions

⁵ Before external financing of pension obligations

⁶ Calculated in accordance with German GAAP

⁷ After deduction of repurchased shares earmarked for cancellation

Balance sheet (IFRS)

Million €	2004	2005	2006	2007	2008	2009	2010	2011	2012 ¹	2013
Intangible assets	3,607	3,720	8,922	9,559	9,889	10,449	12,245	11,919	12,193	12,235
Property, plant and equipment	13,063	13,987	14,902	14,215	15,032	16,285	17,241	17,966	16,610	18,254
Investments accounted for using the equity method	1,100	244	651	834	1,146	1,340	1,328	1,852	3,459	4,137
Other financial assets	938	813	1,190	1,952	1,947	1,619	1,953	848	613	630
Deferred taxes	1,337	1,255	622	679	930	1,042	1,112	941	1,473	992
Other receivables and miscellaneous noncurrent assets	473	524	612	655	642	946	653	561	911	876
Noncurrent assets	20,518	20,543	26,899	27,894	29,586	31,681	34,532	34,087	35,259	37,124
Inventories	4,645	5,430	6,672	6,578	6,763	6,776	8,688	10,059	9,581	9,592
Accounts receivable, trade	5,861	7,020	8,223	8,561	7,752	7,738	10,167	10,886	9,506	9,376
Other receivables and miscellaneous current assets	2,133	1,586	2,607	2,337	3,948	3,223	3,883	3,781	3,455	3,630
Marketable securities	205	183	56	51	35	15	16	19	14	17
Cash and cash equivalents	2,086	908	834	767	2,776	1,835	1,493	2,048	1,647	1,815
Assets of disposal groups	–	–	–	614	–	–	614	295	3,264	2,828
Current assets	14,930	15,127	18,392	18,908	21,274	19,587	24,861	27,088	27,467	27,258
Total assets	35,448	35,670	45,291	46,802	50,860	51,268	59,393	61,175	62,726	64,382
Subscribed capital	1,383	1,317	1,279	1,224	1,176	1,176	1,176	1,176	1,176	1,176
Capital surplus	3,028	3,100	3,141	3,173	3,241	3,229	3,216	3,203	3,188	3,165
Retained earnings	11,923	11,928	13,302	14,556	13,250	12,916	15,817	19,446	23,708	26,170
Other comprehensive income	(60)	696	325	174	(96)	156	1,195	314	(3,461)	(3,400)
Minority interests	328	482	531	971	1,151	1,132	1,253	1,246	1,010	678
Equity	16,602	17,523	18,578	20,098	18,722	18,609	22,657	25,385	25,621	27,789
Provisions for pensions and similar obligations	4,124	1,547	1,452	1,292	1,712	2,255	2,778	3,189	5,421	3,709
Other provisions	2,376	2,791	3,080	3,015	2,757	3,289	3,352	3,335	2,925	2,924
Deferred taxes	948	699	1,441	2,060	2,167	2,093	2,467	2,628	2,234	2,849
Financial indebtedness	1,845	3,682	5,788	6,954	8,290	12,444	11,670	9,019	8,704	11,151
Other liabilities	1,079	1,043	972	901	917	898	901	1,142	1,111	1,157
Noncurrent liabilities	10,372	9,762	12,733	14,222	15,843	20,979	21,168	19,313	20,395	21,790
Accounts payable, trade	2,372	2,777	4,755	3,763	2,734	2,786	4,738	5,121	4,502	4,505
Provisions	2,364	2,763	2,848	2,697	3,043	3,276	3,324	3,210	2,628	2,616
Tax liabilities	644	887	858	881	860	1,003	1,140	1,038	870	954
Financial indebtedness	1,453	259	3,695	3,148	6,224	2,375	3,369	3,985	4,094	3,256
Other liabilities	1,641	1,699	1,824	1,976	3,434	2,240	2,802	3,036	2,623	2,182
Liabilities of disposal groups	–	–	–	17	–	–	195	87	1,993	1,290
Current liabilities	8,474	8,385	13,980	12,482	16,295	11,680	15,568	16,477	16,710	14,803
Total equity and liabilities	35,448	35,670	45,291	46,802	50,860	51,268	59,393	61,175	62,726	64,382

¹ We have applied International Financial Reporting Standards 10 und 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement has been made for the figures of 2011 and earlier.

GRI and Global Compact Index

The complete GRI Index with core and additional indicators as well as the ten principles of the Global Compact can be found at

 basf.com/gri_gc_e




	GRI Indicator	Subject	Page
	Profile		
	1.1–1.2	Strategy and analysis	8–9, 21–23, 26–29, 31–32, 35, 36, 39, 41, 46, 90, 91, 97, 112–114, 118–120
	2.1–2.10	Organizational profile	Cover, 5, 13–15, 18–20, 24, 30, 34, 35, 37, 39, 41, 45, 49, 54, 58–59, 61, 62, 67, 68, 74, 79, 82–84, 88–89, 98, 115, 118–120, 166–174, 231, 232
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1–10	4.11–4.13	Commitments to external initiatives	4–6, 22–23, 29, 40, 41, 44, 45, 82, 90–94, 96–99, 103, 114, 125, 128
	4.14–4.17	Stakeholder engagement	5, 15, 27–30, 38, 39, 41–43, 45, 82, 90–92, 94, 96–98, 113, 114, 128
	Economic performance		
1,4,6,7	Management approach		Cover, 19–24, 26, 49, 54, 55, 58–59, 106–114, 142–208
7	EC1–EC4	Economic performance	Cover, 12, 13, 16, 24, 30, 35–37, 40–41, 43, 49, 54, 55, 57–60, 63, 66, 69, 73, 75, 78, 80, 85, 88, 98, 102, 109, 144, 147, 148, 161, 178–180, 190–195, 210–211
6	EC6–EC7	Market presence	90
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	Environmental performance		
7,8,9	Management approach		Cover, 19–23, 25, 27–29, 82–83, 90–97, 99, 101–105, 125, 127–128
8,9	EN1–EN2	Materials	Cover, 19–20, 91–92, 101, 104, 105
8,9	EN3–EN7	Energy	Cover, 25, 31–33, 82, 91, 99–102, 105
8,9	EN8–EN10	Water	Cover, 25, 103, 104
8	EN11–EN14	Biodiversity	27, 35, 82, 92, 102
7,8,9	EN16–EN25	Emissions, wastewater, and waste	Cover, 19–20, 32, 33, 73, 91, 92, 99–105
7,8,9	EN26	Products and services	27, 31–32, 34, 35, 66, 93, 94, 96, 99–105
8	EN28	Compliance	176, 195–196, 200
8	EN29	Transport	93, 94, 102, 105
7,8,9	EN30	Overall	30, 93, 98, 99, 101, 102, 104, 176
	Social performance		
	Labor practice and labor quality		
1,3,6	Management approach		Cover, 21–25, 28–29, 39–41, 43, 44, 95–96, 127–128
6	LA1–LA3, LA15	Employment	Cover, 30, 39–43, 114, 180
1,3	LA4–LA5	Labor/management relations	Cover, 43, 44
1	LA6–LA9	Occupational health and safety	Cover, 25, 41, 93–97
	LA10–LA12	Training and education	26, 29, 40–42, 90, 94, 95, 127
1,6	LA13–LA14	Diversity and equal opportunities	24, 41–43


**Global
Compact
Principles**

	GRI Indicator	Subject	Page
	Human rights		
	Management approach		21–23, 27–29, 43, 44, 91, 92, 94, 127–128
1,2,3,4,5,6	HR1–HR3	Investment and procurement practices	27, 90, 96, 127
1,2,6	HR4	Non-discrimination	44, 127
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	Society		
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10	SO2–SO4	Corruption	127
1–10	SO5–SO6	Policies	29
	Product responsibility		
	Management approach		22–23, 25, 27–29, 33–35, 38, 93–98, 127–128
1	PR1	Customer health and safety	33, 34, 38, 90, 93, 94, 98, 102
8	PR3, PR5	Product and service labeling	21–22, 38, 96, 97
	PR6	Marketing communications	45

Since 2003, BASF has been participating in the feedback meetings of the Global Reporting Initiative (GRI) and has been working to further develop the guidelines together with experts from industry, non-governmental organizations, analysts and financial auditors. GRI aims to improve the comparability of sustainability reporting. We reported on the basis of the GRI for the first time in our Corporate Report 2003. Since 2005, we have been supporting the Global Reporting Initiative as an Organizational Stakeholder. This report has been aligned with the indicators of the current GRI guideline G3.1.

This short index shows where to find information on the GRI core and additional indicators as well as topics relevant to the principles of the Global Compact in this report. An extended overview is available online at basf.com/gri_gc_e. The online index contains all GRI reporting elements as well as all GRI core and additional indicators and shows where details are to be found in our printed and online reporting. We also give a brief explanation if no data is available for a given indicator.

 **More information on GRI can be found at www.globalreporting.org**

Statement GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that the **BASF Group** has presented its report "BASF Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 6 February 2014

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint circular watermark of the GRI logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because the **BASF Group** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Selected prizes and awards



CDP Global 500 Climate Disclosure Leadership Index

BASF in leading position in reporting on climate protection

In 2013, BASF was included in the CDP Global 500 Climate Disclosure Leadership Index for the ninth time in succession. The index contains companies that report on climate protection in a particularly transparent and comprehensive manner. As in previous years, BASF achieved the top ranking in the Materials sector.



Dow Jones Sustainability Index

BASF share included in DJSI World for thirteenth consecutive year

BASF shares were again included in the Dow Jones Sustainability World Index. The analysts especially pointed out the company's commitment to risk and crisis management, human capital development, and plant biotechnology.



European Water Stewardship certificate

BASF awarded for responsible use of water

BASF is the first chemical company in the world to achieve gold-level certification according to the European Water Stewardship (EWS) standard for its production site in Tarragona, Spain in 2013. In the course of an external audit, the water management of the production site was certified.

Registered trademarks¹

AgBalance	reg. trademark of BASF Group
AgCelence	reg. trademark of BASF Group
BioStacked	reg. trademark of BASF Group
BOOST	trademark of adidas AG
CAPCURE	reg. trademark of Gabriel Performance Products LLC
CATAMOLD	reg. trademark of BASF Group
CELLASTO	reg. trademark of BASF Group
CLEARFIELD	reg. trademark of BASF Group
DINCH	reg. trademark of BASF Group
ECOVIO	reg. trademark of BASF Group
EMGARD	reg. trademark of BASF Group
F 500	reg. trademark of BASF Group
FLORITE	reg. trademark of BASF Group
FWC	trademark of BASF Group
Genuity DroughtGard	reg. trademark of Monsanto Technology LLC
GLASURIT	reg. trademark of BASF Group
HEXAMOLL	reg. trademark of BASF Group
INTEGRAL	reg. trademark of BASF Group
INFINERGY	reg. trademark of BASF Group
INITIUM	reg. trademark of BASF Group
INTERCEPTOR	reg. trademark of BASF Group
KEROPUR	reg. trademark of BASF Group
KIXOR	reg. trademark of BASF Group
KOLLICOAT	reg. trademark of BASF Group
LUMINA	trademark of BASF Group

LUTROPUR	reg. trademark of BASF Group
MAGNAFLOC	reg. trademark of BASF Group
MASTERPOLYHEED	reg. trademark of Construction Research & Technology GmbH
NEOPOR	reg. trademark of BASF Group
PLANTAQUAT NC	reg. trademark of BASF Group
POLYTHF	reg. trademark of BASF Group
RELIUS	reg. trademark of PROSOL Lacke + Farben GmbH
RESPONSIBLE CARE	reg. trademark of Conseil Européen de l'Industrie Chimique
SEEBALANCE	reg. trademark of BASF Group
SET-applied sustainability	reg. trademark of BASF Group
SLENTITE	trademark of BASF Group
STANDAK	reg. trademark of BASF Group
STYROPOR	reg. trademark of BASF Group
SUBTILEX NC	reg. trademark of BASF Group
TERMIDOR	reg. trademark of BASF Group
ULTRACOM	trademark of BASF Group
ULTRAMID	reg. trademark of BASF Group
ULTRASON	reg. trademark of BASF Group
VAULT	reg. trademark of BASF Group
XEMIUM	reg. trademark of BASF Group
ZETAG	reg. trademark of BASF Group

¹ Trademarks are not necessarily registered in all countries.

Glossary

A

Associated companies

These are companies in which significant influence can be exercised over their operating and financial policies, and which are not subsidiaries, joint ventures or joint operations. In general, this applies to companies in which BASF has an interest of 20% to 50%.

Audits

Audits are a strategic tool for managing standards. During a site or plant audit, clearly defined criteria are used to create a profile for topics pertaining to, for example, environment, safety or health.

B

Backup line

A backup line is a confirmed line of credit that can be drawn upon in connection with the issue of commercial paper if market liquidity is not sufficient, or for the purpose of general corporate financing. It is one of the instruments BASF uses to ensure it is able to make payments at all times.

Barrel of oil equivalent (BOE)

A barrel of oil equivalent is an international standard for comparing the thermal energy of different fuels. It is equal to one barrel of crude oil, or 6,000 cubic feet or 169 cubic meters of natural gas.

Biocatalysis

Biocatalysis is the use of enzymes as biological catalysts for the targeted application, acceleration or control of chemical reactions. The high selectivity of enzyme catalysts allows for simplified processes and lower production costs.

Biotechnology

Biotechnology includes all processes and products that use living organisms, for example bacteria and yeasts, or their cellular constituents.

1,4-butanediol (BDO)

1,4-butanediol is an intermediate of BASF. BDO and its derivatives are used for producing plastics, polyurethanes, solvents, electronic chemicals and elastic fibers.

C

CO₂ equivalents

CO₂ equivalents are units for measuring the effect of greenhouse gas emissions. A factor known as the global warming potential (GWP) shows the effect of the individual gases compared with CO₂ as the reference value.

Coil coatings

Coil coatings are specialty coatings that can be applied to steel and aluminum bands creating a composite material that incorporates the traits of the metal and the coating material. The composite material is especially resistant to corrosion and can be easily formed. Coil coating sheets are mainly used in the construction industry.

Commercial paper program

The commercial paper program is a framework agreement between BASF and banks regarding the issuing of debt obligations on the financial market (commercial paper). The commercial paper is issued under a rolling program for which the terms can be determined individually. This requires a good rating.

Compliance

Compliance is an important element of corporate governance. It refers to the company's behavior in accordance with laws, guidelines and voluntary codices.

Conflict minerals/conflict mines

Conflict minerals describe minerals listed in the U.S. Conflict Minerals Trade Act. These include tantalite (coltan), cassiterite (tin ore), wolframite, gold, and their derivatives. Some conflict mines are suspected of being used to finance armed conflicts in the Democratic Republic of Congo or neighboring states.

Consumer goods sector

The consumer goods sector includes, for example, the textiles and leather industry, the electrical industry and domestic appliance manufacturing, as well as the paper industry and the personal care and cleaners sector.

E

EBIT

Earnings before interest and taxes (EBIT) – at BASF, EBIT corresponds to income from operations.

EBIT after cost of capital

EBIT after cost of capital is calculated by deducting the cost of capital from the EBIT of the operating divisions. The cost of capital thereby reflects the shareholders' expectations regarding return (in the form of dividends or share price increases) and interest payable to creditors. If the EBIT after cost of capital has a positive value, we have earned a premium on our cost of capital.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) – at BASF, EBITDA corresponds to income from operations before depreciation and amortization.

EBITDA margin

The EBITDA margin is the margin that we earn on sales from our operating activities before depreciation and amortization. It is calculated as income from operations before depreciation and amortization as a percentage of sales.

Eco-Efficiency Analysis

The Eco-Efficiency Analysis developed by BASF is a method for the assessment of products and processes with respect to economic and environmental issues. The aim is to compare products with regard to profitability and environmental performance.

Ecosystem services

Companies simultaneously rely on and have an impact on ecosystem services. These include, for example, the conservation of air, water and soil quality. Biodiversity, which is understood as the diversity of life forms on our planet, serves as a basis of and indicator for the integrity of ecological systems.

Equity method

The equity method is used to account for shareholdings in joint ventures and associated companies. Based on the acquisition costs of the shareholding as of the acquisition date, the carrying amount is continuously adjusted to the changes in equity of the company in which the share is held.

European Water Stewardship (EWS) Standard

The European Water Stewardship Standard enables businesses and agriculture to assess the sustainability of their water management practices. The criteria are: water abstraction volumes, water quality, conservation of biodiversity and water governance. The European-wide standard came into force at the end of 2011 and was developed by NGOs, governments and businesses under the direction of the independent organization European Water Partnership (EWP).

Exploration

Exploration refers to the exploration and investigation of an area in the search for mineral resources such as crude oil or natural gas. The exploration process involves using suitable geophysical processes to find structures that may contain oil and gas then proving a possible find by means of exploratory drilling.

F**Field development**

Field development is the term for the installation of production facilities and the drilling of production wells for the commercial exploitation of oil and natural gas deposits.

Formulation

Formulation describes the combination of one or more active substances with excipients like emulsifiers, stabilizers and other non-active components in order to improve the applicability and effectiveness of various products, such as cosmetics, pharmaceuticals, agricultural chemicals, paints and coatings.

Free cash flow

Free cash flow is cash provided by operating activities less payments related to property, plant and equipment and intangible assets.

G**Global Product Strategy (GPS)**

The Global Product Strategy aims to establish global product stewardship standards and practices for companies. The program, initiated by the International Council of Chemical Associations, strives to ensure the safe handling of chemicals by reducing existing differences in risk assessment.

Greenhouse Gas Protocol (GHG Protocol)

The Greenhouse Gas Protocol, used by companies from different sectors, NGOs and governments, is a globally recognized standard to quantify and manage greenhouse gas emissions. The reporting standards and recommendations for the implementation of projects to reduce emissions are jointly developed by companies, governments and NGOs under the guidance of the World Resources Institute and the World Business Council for Sustainable Development.

H**Health Performance Index (HPI)**

The Health Performance Index is an indicator developed by BASF to provide more detailed insight into our approach to health management. It comprises five components: confirmed occupational diseases, medical emergency drills, first aid, preventive medicine and health promotion.

I**IAS**

IAS stands for International Accounting Standards (see also IFRS).

IFRS

The International Financial Reporting Standards (until 2001: International Accounting Standards, IAS) are developed and published by the International Accounting Standards Board, headquartered in London, England. In accordance with the IAS Regulation, the application of IFRS has been mandatory for listed companies headquartered in the European Union since 2005.

ILO Core Labor Standards

The ILO Core Labor Standards are laid out in a declaration of the International Labor Organization (ILO). It comprises eight conventions which set minimum requirements for decent working conditions. BASF has a Group-wide system to monitor employees' and suppliers' adherence to these labor standards.

ISO 14001

ISO 14001 is an international standard developed by the International Organization for Standardization (ISO) that determines the general requirements for an environmental management system for voluntary certification.

ISO 19011

ISO 19011 is an international standard developed by the International Organization for Standardization (ISO) that determines requirements for audits of quality management and environmental management systems.

ISO 50001

ISO 50001 is an international standard developed by the International Organization for Standardization (ISO) that determines the general requirements for an energy management system for voluntary certification.

IUCN categories of protected areas

The International Union for Conservation of Nature (IUCN) is an international nongovernmental organization that aims to raise awareness for the protection of species and to contribute to the sustainable use and conservation of resources. IUCN classifies the world's protected areas. Categories I, II and III comprise "Strict Nature Reserve and Wilderness Area," "National Park" and "Natural Monument or Feature."

J**Joint arrangement**

A joint arrangement refers to joint ventures and joint operations, and describes a jointly controlled arrangement of two or more parties. This arrangement exists if decisions about relevant activities require the unanimous consent of all parties sharing control.

Joint operation

A joint operation is a joint arrangement in which the parties that share control have direct rights to the assets and liabilities relating to the arrangement. For joint operations, the proportional share of assets, liabilities, income and expenses are reported in the BASF Group Consolidated Financial Statements.

Joint venture

A joint venture is a joint arrangement in which the parties that have joint control of a legally independent entity have rights to the net assets of that arrangement. Joint ventures are accounted for using the equity method in the BASF Group Consolidated Financial Statements.

L**Long-term incentive program (LTI)**

The long-term incentive program is a share-price-based compensation program for senior executives of the BASF Group and members of the Board of Executive Directors. The program aims to tie a portion of the participants' compensation to the long-term, absolute and relative performance of BASF shares.

M**Materiality analysis**

BASF uses the materiality analysis to gain information from internal and external stakeholders about the significance of sustainability topics. The results help determine present and future opportunities and risks for BASF's business and develop strategies to address these at an early stage.

MDI

MDI stands for diphenylmethane diisocyanate and is one of the most important raw materials for the production of the plastic polyurethane. This plastic is used for applications ranging from the soles of high-tech running shoes and shock absorbers for vehicle engines to insulation for refrigerators and buildings.

Migration

In chemistry, migration refers to the movement of molecules on the surface of plastics or in surrounding materials. Plastics with low migration values hinder or prevent the migration of, for example, additives, which makes them especially suitable for applications that come into contact with food or drinking water.

Monitoring system

Monitoring systems and tools serve to measure and ensure the adherence to standards. One area that is monitored is our voluntary commitments, such as the adherence to human rights and internationally recognized labor standards.

MSCI World Chemicals Index

The MSCI World Chemicals Index is a stock index that includes the world's biggest chemical companies. It measures the performance of the companies in the index in their respective national currencies, thus considerably reducing currency effects.

N**Nanomaterials**

The International Organization for Standardization defines nanomaterials as materials with one or more external dimensions on a nanoscale or with internal structure or surface structure on a nanoscale. For regulatory purposes, there are additional definitions for nanomaterials worldwide.

Naphtha

Naphtha is petroleum that is produced during oil refining. Heavy naphtha is the starting point for gasoline production. Light naphtha is the most important feedstock for steam crackers.

NMVOG (Non Methane Volatile Organic Compounds)

VOCs (volatile organic compounds) are organic substances that, at low temperatures, are present in the air as gas. These include some hydrocarbons, alcohols, aldehydes and organic acids. NMVOGs are VOCs from which methane is excluded.

O**OHSAS 18001**

The Occupational Health and Safety Assessment Series (OHSAS) comprises, among other things, the standard OHSAS 18001 which includes a management system for occupational safety. This system can be integrated into an existing quality and environmental protection management system and certified accordingly.

P**Patent Asset Index**

The Patent Asset Index measures the strength of a company's patent portfolio. It is made up of two factors: (1) portfolio size (the number of worldwide active patent families) and (2) competitive impact, which is the combination of technology relevance and market coverage (weighted by market size).

Peak sales potential

The peak sales potential of the crop protection pipeline describes the total peak sales generated and expected for individual products in the pipeline. It comprises active ingredients and system solutions that have been on the market since 2010 or will be launched on the market by 2020. The peak sales potential of individual products corresponds to the highest sales value to be expected from one year of the observation period.

Propylene oxide (PO)

Propylene oxide (PO), a very reactive compound, is generated by the oxidation of propylene and is used as basic chemical for further processing in the chemical industry.

R**Ramsar Site**

Ramsar Sites were defined in the Ramsar Convention of 1971. These are protected Wetlands of International Importance, such as lagoons, moors, lakes, rivers and marshlands.

REACH

REACH is a European Union regulatory framework for the registration, evaluation and authorization of chemicals, and will be implemented gradually until 2018. Companies are obligated to collect data on the properties and uses of produced and imported substances and to assess any risks. The European Chemicals Agency reviews the submitted dossiers and, if applicable, requests additional information.

Renewable resources

The term renewable resources refers to biomass that originates from different sources (plants and microorganisms, for example), and is used for industrial purposes. Renewable resources are used for manufacturing numerous products and for generating electricity and other forms of energy.

Responsible Care

Responsible Care refers to a worldwide initiative by the chemical industry to continuously improve its performance in the areas of environmental protection, health and safety.

Retention

Profits generated can be used in two ways: distribution to shareholders or retention within the company.

Return on assets

Return on assets describes the return we make on the average assets employed during the year. It is calculated as income before taxes and minority interests plus interest expenses as a percentage of average assets.

S**Special items**

Special items describe one-time charges or one-time income that significantly affect the earnings of a segment or the BASF Group. Special items include, for example, charges arising from restructuring measures or earnings from divestitures.

Spot market (cash market)

A spot market is a market where an agreed-upon deal, including delivery, acceptance and payment, occurs immediately, as opposed to forward contracts, where the delivery, acceptance and payment occurs at a point in time after the conclusion of the deal.

Steam cracker

A steam cracker is a plant in which steam is used to "crack" naphtha (petroleum) or natural gas. The resulting petrochemicals are the raw materials used to produce most of BASF's products.

T**TDI**

TDI stands for toluene diisocyanate and is a starting material for the production of polyurethane. It is used primarily in the automotive industry (for example, in seat cushions and interiors) and the furniture industry (for example, for flexible foams for mattresses or cushioning, or in wood coating).

TUIS

TUIS is a German transport accident information and emergency response system jointly operated by around 130 chemical companies. The member companies can be reached by the public authorities at any time and provide assistance over the telephone, expert on-site advice or special technical equipment.

U**UNESCO protected area**

UNESCO protected areas, or World Heritage Sites, are natural sites of exceptional value. These important habitats can be home to endangered plant and animal species.

V**Value chain**

A value chain describes the successive steps in a production process: from raw materials through various intermediate steps, such as transportation and production, to the finished product.

Verbund

In the BASF Verbund (pronounced "fair-boond"), production facilities, energy flow, logistics and infrastructure are intelligently networked with each other in order to increase production yields, save resources and energy, and reduce logistics costs. A significant factor in the Verbund concept is the Know-How Verbund, in which BASF employees engage in worldwide exchange and expert knowledge is pooled in technology platforms.

VFA-based cationic polymers

VFA stands for vinylformamide, a starting material for water-soluble, cationic polymers. VFA-based cationic polymers are used in the paper industry to increase efficiency in production processes.

W**Water stress areas**

Water stress areas are areas in which water represents a scarce resource, and where people abstract more than 60 percent of the water available. The most important factors leading to water scarcity are: low precipitation, high temperatures, low air humidity, unfavorable soil properties and high water abstraction rates.

White biotechnology

White biotechnology is an area of biotechnology, also called industrial biotechnology, that uses microorganisms and/or enzymes to produce chemical products that are utilized in many levels of the value chain in the chemical industry. This involves, for example, the biotechnological production of chiral intermediates.

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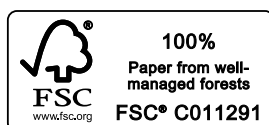
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