

Working at BASF

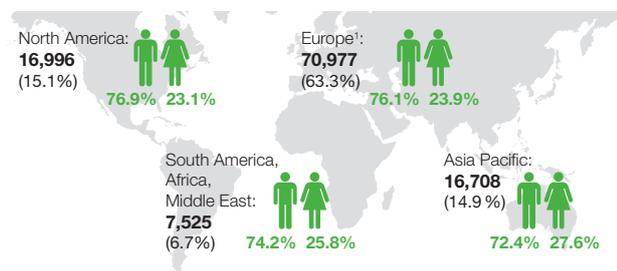
Our employees are fundamental to achieving the goals of our “We create chemistry” strategy. We want to attract talented people, retain them in the company, and support them in their development. To do so, we cultivate a working environment that inspires and connects people. It is founded on inclusive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

Strategy

Our Best Team Strategy is derived from our corporate strategy and simultaneously contributes to its implementation. We want to form the best team. To achieve this, we put focus on three strategic directions: excellent people, excellent place to work and excellent leaders. We concentrate on increasing our attractiveness in worldwide labor markets, sharpening our focus on career development, and life-long learning in all regions, as well as supporting and developing our leaders.

BASF Group employees by region

(Total: 112,206, thereof 24.5% women, as of December 31, 2013)



¹ Germany: 52,523 (46.8%), thereof women: 23.8%
 BASF SE: 35,411 (31.6%), thereof women: 21.4%

At the end of 2013, BASF had 112,206 employees (2012: 110,782); of these, 3,060 were apprentices² (2012: 2,809). The acquisition of Pronova BioPharma ASA and of businesses from Statoil ASA in Norway, as well as of Verenum Corporation in the United States, added to our headcount. Reductions in headcount resulted from, for example, the divestiture of Industrial Water Management France SAS, headquartered in France, and of CONICA Sports Flooring in Switzerland.

New hires BASF Group 2013 (as of December 31, 2013)

Europe	3,750	70.8%	29.2%
North America	1,768	73.0%	27.0%
Asia Pacific	1,953	74.0%	26.0%
South America, Africa, Middle East	848	60.5%	39.5%
Total	8,319	71.0%	29.0%

■ Men ■ Women

Competition for talent

In the worldwide competition for the best employees and leaders, we want to recruit qualified talent in order to achieve our ambitious growth targets. For example, we offer various internships both locally and abroad. Targeted online activities, such as recruiting videos and direct communication on social networks, help us expand our contact network.

For its activities in helping new graduates and entry-level employees get started on their careers, BASF was selected by engineering students as one of the 50 most attractive employers in the world in a 2013 study conducted by Universum. We were also recognized in Brazil and Chile as an appealing employer for starting a career, in addition to other categories. BASF once again received China's Top Employers certificate, recognizing us as one of the leading employers in the country. The award particularly highlighted working conditions and career development for our employees.

Best Team Strategy

- Excellent people: We attract the right people and create space for their performance and personal development
- Excellent place to work: We cultivate a working environment that inspires and connects people
- Excellent leaders: We foster an inclusive leadership culture with mutual trust, respect and dedication to top performance

Overview

- 112,206 employees worldwide
- Various awards received worldwide for attractiveness as an employer

² At BASF, the apprenticeship program trains students for technical, scientific and business vocations as well as trade and craft professions.

In 2013, we educated 50 talented employees in fields such as marketing, research, development, engineering and production with our Grow Graduate program, established in China in 2007. This two-year program offers young people the chance to become familiar with diverse positions in the company after their studies and prepare themselves for their desired careers.

Worldwide, the percentage of employees who left the company voluntarily during their first three years of employment was 1.3% on average. This rate of employee turnover was 0.6% in Europe, 1.5% in North America, 3.6% in Asia Pacific and 1.9% in South America, Africa, Middle East.

Vocational training

As of December 31, 2013, BASF was training 3,060 people in around 60 occupations in 20 countries worldwide. We spent a total of around €93 million on vocational training in 2013 as well as approximately €19 million on the BASF Training Verbund as part of our social commitment. In 2013, 988 apprentices started their vocational training at BASF SE and German Group companies.

We once again strengthened our commitment to vocational training at the Ludwigshafen site and in the BASF Training Verbund in 2013: In total, 1,000 people began their careers, 250 of which as part of the *Start in den Beruf* and *Anlauf zur Ausbildung* career-start programs in cooperation with partners in the region. These programs aim to prepare participants for a subsequent apprenticeship within one year. This comprehensive and individual approach comprises theoretical as well as practical program elements. Examples include support in choosing a profession, and gaining experience in the BASF Training Verbund's partner companies. In this way, the programs contribute to ensuring a sufficient supply of qualified employees for BASF and the Rhine-Neckar Metropolitan Region.

In 2013, 20 Spanish apprentices began their vocational training in Tarragona, Spain, based on the German vocational training model. The theoretical and practical phases will take place in Tarragona and in Ludwigshafen. After the successful completion of their training, we plan to employ these apprentices in production plants at the Ludwigshafen site in 2016.

For more information, see basf.com/apprenticeship

BASF Group employees by contract type (total: 112,206)

	December 31, 2013	Thereof women %
Permanent staff	106,769	23.8
Apprentices	3,060	30.7
Temporary staff	2,377	45.2

Learning and development

Our employees' individual development is important to us. We want to recognize and promote talent early on, and our life-long learning concept provides the basis for remaining the best team and meeting the various challenges of the market. In development dialogs, our employees and leaders outline the prospects together for individual professional development and determine concrete measures for further training and development. This new format was initiated for around 40,000 employees by the end of 2013. We aim to have all employees familiar with it by 2017. These development dialogs supplement the annual employee dialogs conducted in 99% of BASF Group companies worldwide, which include performance reviews.

Life-long learning and further training are important components of our employee development. We spent around €106 million for this purpose in 2013 (2012: €95 million). Our measures for further training are based on the specific learning needs of our employees. Local and international seminars and

Vocational training

- 3,060 apprentices in 60 occupations worldwide
- Around €93 million spent on vocational training

Learning and development

- Measures for career development discussed and decided on in development dialogs
- Around €106 million spent on further training

workshops enable the acquisition and exchange of knowledge and promote networking. Each employee spent an average of three days on further training in 2013¹. A total of more than 107,000 seminar days took place at BASF SE, including at the Learning Center, in 2013.

Trained internal specialists have fostered the career development of BASF SE employees through career orientation since 2012. Since 2013, we have been providing targeted support for selected employees in their part-time studies toward a Bachelor's or Master's degree, counseling them on various career development possibilities.

In addition, we have strengthened our in-plant qualification with shift trainers who promote the continuous professional development of employees in production and technology through individual learning assignments.

By establishing the Learning Campus, we have created a global platform that will provide our employees with a globally consistent network and further training through special programs in the future. This includes, for example, a worldwide program for newly appointed leaders. Furthermore, we offer a wide and global range of opportunities for self-directed learning via electronic media, independent of time and place.

Managing demographic changes

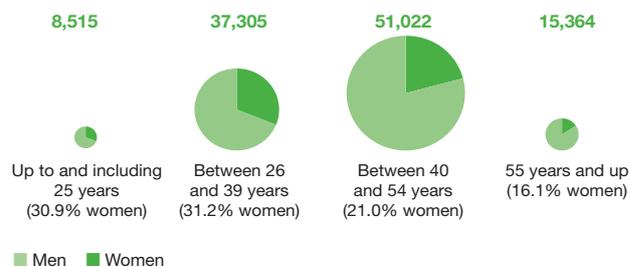
In order to address the impact of demographic change, we create conditions which help to maintain the employability of our personnel at all stages of life and secure the availability of qualified employees. We support our employees and leaders with workshops, health and sports programs, age-appropriate shaping of the workplace and demographic analyses. In 2013, for example, we included the topic "leadership in times of demographic change" in our basic skill enhancement for new leaders.

 For more information, see basf.com/demographic_change

Maintaining employability

- Supporting employability and ensuring availability of qualified employees with workshops, health and sports programs, workplace optimization and demographic analyses

BASF Group employee age structure
(Total: 112,206, thereof 24.5% women, as of December 31, 2013)



Inclusion of diversity

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 human resources 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 of diversity and its inclusion. Leaders play an important role here. We support them in strengthening diversity and integrating it into day-to-day business. For example, specific goals and measures are developed together with leaders – such as for recognizing and encouraging 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 received the Top 50 Company for Diversity award in North America from the organization DiversityInc in 2013.

At the end of 2013, the percentage of executive positions in the BASF Group held by women was 18.5% (2012: 17.2%). In a joint initiative with all 30 DAX-listed companies, BASF signed a voluntary commitment in 2011: In Germany, we aim to raise

Diversity

- Top 50 Company for Diversity award received in North America
- 18.5% of executive positions worldwide held by women
- Proportion of senior executives with international experience over 80%

¹ Revised calculation for 2013: average days spent on further training per employee (2012: average days spent on further training per participant)

the percentage of women in executive positions from 9.8% (baseline 2010) to 15% by the end of 2020. At the end of 2013, the percentage of executive positions held by women in Germany was 13.0%. Continuing internationalization led us to update our goal for the proportion of senior executives¹ with international experience to over 80% in 2012. In 2013, 35% of our senior executives were non-German and 81.6% had international experience.

 For more information, see basf.com/diversity

Work-life balance

Part of what creates a good working environment is our development and expansion of a wide range of programs worldwide to help employees better combine professional and personal life. To compete for qualified employees, we respond to their differing needs and life stages. We offer, for example, diverse working models – such as flexible working hours, part-time employment and mobile working. In 2013, 10.9% of BASF SE employees held part-time positions, 68.9% of which were women. Numerous BASF SE employees also made use of their legal right to parental leave, including increasingly more men.

Employees with dependents who require home care receive counseling on how to balance care and career, covering topics such as reducing work load, switching temporarily to part time, or long-term care insurance.

Our regional initiatives address the needs of our employees at a local level. In Ludwigshafen, for example, we opened the Work-Life Management center for our employees in 2013, comprising numerous offers for sports and health promotion, employee assistance, and career and family. Starting at the end of 2013, we have expanded the capacity of company childcare at our site in Ludwigshafen from 70 to 250 children between the ages of six months and three years. Our childcare capacity in Münster is being raised to 50 children and in Kassel, we offer space for 140 children from six months to ten years of age.

 For more information, see basf.com/worklife_balance

What we expect from our leaders

Our leaders are seen as role models in implementing our strategy in their day-to-day business. Our leadership culture is based on the principles and values of BASF. Even the standards of conduct set forth in our compliance program are basically the same around the world, and are derived from a global Code of Conduct that our leaders, as role models, are expected to follow to an especially high degree. The global competency model introduced in 2013 likewise applies for all employees. It also forms the foundation of our employee and leadership development. We equip our leaders with a solid foundation in basic skills by means of a mandatory modular development program. Experienced leaders are supported by individual training in strengthening life-long competencies. In addition to our regional programs, we will also offer programs on an increasingly global level starting in 2014 to further intensify networking and exchange among leadership.

Leadership responsibility in the BASF Group

	December 31, 2013	Thereof women %
Professionals ³	33,313	29.3
(Senior) executives ⁴	7,655	18.5

³ Specialists and experts without disciplinary leadership responsibilities

⁴ Employees with disciplinary leadership responsibilities

Global Employee Survey

The Global Employee Survey, including its follow-up process, has been established for the entire BASF Group since the first global survey in 2008. We conducted the second Global Employee Survey in 2012. Employees and leaders have been discussing the results and determining measures for improvement together in all regions since the end of 2012. This relates to, for example, supporting employees in their career development, work-life balance and dealing with change. We conduct this survey on a regular basis.

Work-life balance

(BASF SE employees: 35,411, thereof 21.4% women, as of December 31, 2013)



■ Men ■ Women

Leadership development

- Our leaders are seen as role models in implementing our strategy and our Code of Conduct
- Global competency model for employees and leaders
- Various offers for new and experienced leaders

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.

² Parental leave including “partner months”

Personnel expenses, compensation and additional benefits

In addition to market-oriented pay, BASF's total offer also comprises benefits, individual opportunities for development and a good working environment. Compensation for our employees worldwide is based on objective criteria. Compensation includes remuneration with fixed and variable components as well as additional benefits that often exceed the legal requirements. In many countries, these include company pension benefits, supplementary health insurance and share programs, to name a few. In 2013, the BASF Group spent €9,285 million on wages and salaries, social security contributions and expenses for pensions and assistance (2012: €8,963 million). Personnel expenses rose by 3.6%, particularly as a result of higher expenses for pensions, wage and salary increases, and the higher number of employees.

BASF Group personnel expenses (million €)

	2013	2012	Change in %
Wages and salaries	7,455	7,269	2.6
Social security contributions and expenses for pensions and assistance	1,830	1,694	8.0
Thereof for pension benefits	579	408	41.9
Total personnel expenses	9,285	8,963	3.6

An analysis at our site in Ludwigshafen of all employees exempt from collective agreements has shown that there is no systematic difference in the compensation of women and men, provided the jobs and qualifications are comparable. The difference in income was found to be less than 1%.

Employees share in the company's success

With variable compensation components, the company's success is shared with our employees and they are rewarded for their individual performance. The same basic principles apply

to all employees. The variable component is determined by the economic success of the BASF Group – measured by the return on assets – and the employee's individual performance. The annual bonus for 2013 will once again reach a high level.

In numerous Group companies, employees are able to purchase shares. The BASF share program "plus" promotes the long-term participation of our employees in the company through incentive shares, allowing them to invest part of their compensation in BASF shares. In 2013, 23,957 employees around the world purchased 798,590 shares under the "plus" program. 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 the BASF share. In 2013, 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 210 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 agreements reached.

For cross-border matters, the BASF *Europa Betriebsrat* (European Works Council) has been responsible for employees in Europe since 2008. We once again met with our German employee representatives in 2013 in the "Wittenberg Dialogs" to discuss the Code of Responsible Conduct for Business, which focuses on strengthening the social market economy and encouraging responsible corporate action.

 For more information, see basf.com/employeerepresentation

Compensation

- Compensation worldwide based on objective criteria and comprises fixed and variable components as well as additional benefits
- Variable components based on success of BASF Group and individual employee performance

Long-term participation in company's success

- BASF share program "plus" encourages employees to make long-term investments through incentive shares
- Long-term incentive program ties portion of senior executives' compensation to long-term performance of BASF share

Global labor and social standards

Compliance with national law and the core labor standards of the International Labor Organization (ILO) forms the basis of our social responsibility. Moreover, we aim to harmonize our working conditions worldwide with our voluntary commitments, the relevant ILO conventions, and OECD Guidelines for Multinational Enterprises, as well as with local requirements such as 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 implemented Group-wide. In 2013, our external compliance hotlines received 80 calls relating to human rights, 78 of which pertained to labor and social standards. Misconduct was identified in 20 cases. Countermeasures were taken in all cases. The results of the annual survey conducted at our Group companies reflect the working

conditions of 100% of our employees in 2013. If the survey evaluation indicates that our voluntary commitments are being insufficiently implemented, we investigate this information and introduce remedial measures. In order to improve our worldwide adherence to international labor and social standards, we conduct regional risk analyses for our businesses every year, including in 2013.

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

 For more on our monitoring system, see page 22 onward

For more on compliance, see page 127 onward



Survey of ILO core labor standards / human rights 2013¹

	Process implemented		Effectiveness of the process	
Prevention of child labor	100%	Verification of age of employee when hired	100%	Employees are over 15 years of age when hired
Prevention of forced labor	100%	Employment contract based on employee's voluntary agreement	100%	Employees have a right to unilateral termination of the employment contract
Prevention of discrimination	100%	Personnel policies based on objective criteria		In 2013, we received 18 calls. Misconduct was identified in 2 cases and countermeasures were taken.
Employees' right to freedom of association	100% ²	No company measures to fundamentally restrict freedom	93%	Employees are working at a company in which employee representation exists
Employees' right to collective bargaining	100% ²	No company measures to fundamentally restrict freedom of collective bargaining	89%	Employees are working at a company in which working conditions are based on a collective contract and employee representation exists

¹ Data does not include Verenum Corporation, headquartered in San Diego, California. This company was newly acquired on November 1, 2013.

² Some of our employees are working in countries that have national legal restrictions with respect to freedom of association and collective bargaining.

Labor and social standards

- National law and International Labor Organization's core labor standards as minimum standard
- Evaluation of adherence to voluntary commitments through a Group-wide monitoring system
- We strive to ensure that our working conditions comply with ILO standards, OECD Guidelines for Multinational Enterprises and local requirements