



BASF PETRONAS Chemicals Report 2015

Including Toray BASF PBT Resin



Chemistry Drives Sustainability



Workers at BASF PETRONAS Chemicals' site in Kuantan prepare for new plants to come on stream in 2016.



Part of the BASF PETRONAS Chemicals Verbund site by night

BASF PETRONAS Chemicals – Report 2015

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About this report

"BASF PETRONAS Chemicals Sdn Bhd Verbund Site - Report" is published annually as a concise document about the company's development, progress and performance in regard to economy, ecology, and society. The reporting period for this publication is the financial year 2015. All data in the report are the combined 100 percent total from BASF PETRONAS Chemicals and 100 percent from Toray BASF PBT Resins which is located on the BASF PETRONAS Chemicals' site, without BASF Services.

Message from the Managing Director

Dear friends and stakeholders

Greetings from BASF PETRONAS Chemicals Sdn Bhd!

I am very pleased to present BASF PETRONAS Chemicals – Report 2015, our yearly overview of the company's operations in terms of our sustainability performance. With this report, we want to demonstrate how we balance the economic, environmental, and social aspects of our company. This is the sixth year we are publishing this report.

Although our economic performance in 2015 was highly challenged, we continued to take steps towards improved operational excellence throughout the site and to invest in expansion. In light of this expansion, we continue to place a strong priority on safety, which is fundamental to our license to operate. We have intensified our efforts to bring our high standards of safety, health and environment also to our suppliers through a variety of programs.

We made strong progress in 2015 towards the development of the Integrated Aroma Ingredients Complex; and the 2-Ethylhexanoic Acid (2-EHAcid) and highly reactive polyisobutene (HR-PIB) plants. These two important projects will substantially expand the scope of our production.

We continue to invest in talent development. Skilled, competent employees are important assets in order to materialize business objectives. Attracting skilled talent is also important for the successful implementation of our new production facilities.

These new developments will propel the company further as a competitive chemical player in the market.

I personally thank you for your support and interest in BASF PETRONAS Chemicals Sdn Bhd! Our whole team looks forward to serving you even better as we move forward.



Yours,

Stefan F. Beckmann

Managing Director,
BASF PETRONAS Chemicals

BASF PETRONAS Chemicals

Members of the Board of Directors



En. Md Arif Mahmood

Chairman of the Board of Directors, BASF PETRONAS Chemicals Sdn Bhd and Executive Vice President, PETRONAS & Chief Executive Officer of PETRONAS Downstream Business (PETRONAS Group of Companies)



Datuk Sazali bin Hamzah

President and CEO, PETRONAS Chemicals Group Sdn. Bhd. (PETRONAS Group of Companies)



Prof. Dr. Rainer Diercks

President, Petrochemicals Business, BASF SE (BASF)



Gops Pillay

President, Asia Pacific, BASF (BASF)



Dr. Stefan Beckmann

Managing Director, BASF PETRONAS Chemicals Sdn Bhd (BASF)

Shareholders



About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 112,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of more than €70 billion in 2015.

BASF was founded in 1865. Today, the company has subsidiaries in more than 80 countries across all regions of the world. BASF is headquartered in Ludwigshafen, Germany. The Ludwigshafen site is the largest integrated chemical complex in the world. It is also the largest “Verbund” site in the BASF Group, interlinking production plants intelligently to save resources and energy. BASF operates five further Verbund sites in Belgium, China, Malaysia and North America.

Further information on BASF is available on the internet at www.basf.com.



About PETRONAS Chemicals Group

PETRONAS Chemicals Group Berhad (PCG) is the leading integrated chemicals producer in Malaysia and one of the largest in South East Asia. It operates a number of world class production sites, which are fully vertically integrated from feedstock to downstream end-products. With a total combined production capacity of over 10 million metric tons per annum (mtpa), it is involved primarily in manufacturing, marketing and selling a diversified range of chemical products, including olefins, polymers, fertilisers, methanol and other basic chemicals and derivative products. Listed on Bursa Malaysia and with over three decades of experience in the chemicals industry, PCG is established as part of the PETRONAS Group to maximize value from Malaysia's natural gas resources.

PCG is one of the top 10 companies as ranked by market capitalisation listed in the FTSE4Good Bursa Malaysia (F4GBM) Index. It is committed to ensuring that its business practices are in line with globally recognized standards for Environment, Social & Governance (ESG) practices.

Further information on PCG is available on the internet at www.petronaschemicals.com.my

History

Foundation

- 1865** Badische Anilin- und Soda-Fabrik Aktiengesellschaft (BASF AG) founded in Ludwigshafen, Germany
- 1974** PETRONAS Group established in Kuala Lumpur, Malaysia

Establishment

- 1997** Signing of shareholders' agreement by BASF SE and PETRONAS Chemicals Group for a MYR 3.4 billion investment
- 2000** Start-up of first production: acrylic acid complex
- 2001** Official opening of BASF PETRONAS Chemicals Integrated Aroma Ingredients Complex by the Prime Minister of Malaysia
- 2003** First BDO product shipped to customer



At the groundbreaking ceremony for the Integrated Aroma Ingredients Complex by the Prime Minister of Malaysia in April 2014.

Development

- 2007** Tenth anniversary celebrated at Dewan Jubli Perak, Kuantan
- 2010** PETRONAS Chemicals Group (PCG) established in Kuala Lumpur, Malaysia; BASF PETRONAS Chemicals listed under PCG
- 2010** 10 products receive Halal certification from JAKIM
- 2015** Kick-off of Hibiscus GRIP, a major initiative to improve site infrastructure and prepare for new investments

Expansion

- 2010** Memorandum of Understanding by BASF and PETRONAS to consider a potential joint investment of approximately MYR 4.0 billion
- 2014** Groundbreaking of Integrated Aroma Ingredients Complex by the Prime Minister of Malaysia
- 2015** Groundbreaking of 2-Ethylhexanoic acid plant
- 2016** Groundbreaking of highly reactive polyisobutene plant



At the groundbreaking ceremony of the 2-Ethylhexanoic acid plant in June 2015.

Business development

BASF PETRONAS Chemicals Sdn Bhd is a joint venture between BASF and Petroleum Corporation Petroliaam Nasional Berhad (PETRONAS), Malaysia's fully integrated oil and gas multi-national, under its subsidiary PETRONAS Chemicals Group (PCG).

The signing of the shareholders' agreement in August 1997, with an initial investment of MYR3.4 billion, brought together a vast amount of experience, innovation, cutting-edge technology and an abundance of strategically-located high quality resources.

In 2015, due to a combination of weak market demands, over-supply and stiff competition, pricing, and currency effects, the combined sales of BASF PETRONAS Chemicals and Toray BASF declined by about 24 percent from 2014, to €566 million (2014: €749 million). The company is focusing on operational excellence to ensure continued development.

Expansion and development

- **Construction milestones at \$500 million integrated aroma complex**
- **Two major world-scale plants under development**

BASF and PETRONAS are building a \$500 million integrated aroma ingredients complex project at the BASF PETRONAS Chemicals site in Kuantan, Malaysia. In 2015, the construction project achieved five million safe working hours. The complex, which is being built within the existing site in Gebeng, will house a facility to produce citral and its precursors as well as associated downstream plants to manufacture citronellol and L-menthol and is expected to come onstream in phases from late 2016.

The company also made excellent progress in 2015 on the construction of its new world-scale production plant for 2-Ethylhexanoic Acid (2-EHAcid) at its site in Kuantan. It will be the first of its kind in the ASEAN region, with a total annual capacity of 30,000 metric tons and is expected to be commissioned in the fourth quarter of 2016. 2-EHAcid is a chemical intermediate used as a compound, for example, in the production of synthetic lubricants as well oil additives. It is also used for functional fluids like automotive coolants, metal salts for paint dryers, plasticisers, stabilisers, catalysts and other applications in various industries including cosmetics.

The shareholders also jointly announced plans to build a plant for highly-reactive polyisobutene (HR-PIB) with a capacity of 50,000 metric tons per year, which is expected to start production in the fourth quarter of 2017. HR-PIB is an important intermediate product for the manufacturing of high performance fuel and lubricant additives.



BASF PETRONAS Chemicals site in Kuantan continues to expand.

Sales (million €)

2015	566	
2014	749	
2013	751	

BASF PETRONAS Chemicals At a glance

BASF PETRONAS Chemicals is a Malaysia-based joint venture between BASF SE and Petroliaam Nasional Berhad (PETRONAS), Malaysia's fully integrated oil and gas multi-national, under its subsidiary PETRONAS Chemicals Group (PCG). Incorporated in 1997, the company operates an integrated petrochemical complex at the Gebeng Industrial Zone, Pahang. The company's share of capital is 60 percent held by BASF SE and 40 percent by PCG, with an initial total investment of about RM3.4 billion (US\$900 million) in production facilities for acrylic monomers, oxo products and butanediol. Chemicals produced by BASF PETRONAS Chemicals meet growing demand in various industries including plastics, adhesives, lacquers, dyestuff, automobile and industrial coatings, paper, diapers, water treatment, textile and leather. The new Integrated Aroma Ingredients Complex is expected to come on-stream in phases from 2016 with new production plants for 2-Ethylhexanoic Acid and highly reactive polyisobutene (HR-PIB) projected to come on-stream in 2016 and 2017, respectively.

¹As of December 31, 2015

Sales¹

€ 566 million

Employees¹

845

New Goods & Services Tax (GST)

- Six percent GST levied on all taxable supply of goods in Malaysia from April 1, 2015
- Task force worked since early 2014 to prepare for implementation of GST

The implementation of Malaysia's Goods & Services Tax (GST) in 2015 affected multiple areas of society and business. To ensure compliance with the new GST, which became effective on April 1, 2015, BASF PETRONAS Chemicals set up a task force with 20 project team members. The team worked closely with authorized tax consultants and BASF's regional SAP team beginning in early 2014.

As GST was imposed at every level of the supply chain the team worked to prepare the company's SAP system and process flow. The team identified possible process flows that would need different tax treatments, and eventually converted the changes into proper SAP code, to achieve accurate reporting and ensure GST compliance.



Members of the GST implementation team with BASF's regional SAP team worked to ensure GST compliance.

Preparation for new projects coming onstream

- Preparations involved colleagues from all over the globe since 2015

The integrated aroma complex is expected to come onstream in phases from late 2016. To prepare all areas of the business for the commencement of this major project, several large-scale workshops were conducted in Malaysia in 2015. These brought together colleagues from BASF Aroma Ingredients and BASF PETRONAS Chemicals, from marketing, operations, finance, supply chain, quality, IT and controlling.



Colleagues worked across borders and prepared intensively in 2015 for the startup of new projects including the aroma ingredients complex.

Innovation in production efficiency

- Production efficiency and site reliability are key drivers for growth

We recognize innovation as one of the company's key drivers for growth. In particular, this includes adopting advanced technologies to improve performance at our main production site in Gebeng, Kuantan. In 2015 we made further progress on the Hibiscus Project, a program to improve site infrastructure, excellence and reliability in light of new investments coming to the site within the next several years.

Innovation efforts in 2015 focused on three core goals: first, to increase the reliability of the existing production by identifying technical improvement measures; second, enable stronger ownership by skilled employees through optimizing processes and defining roles and responsibilities; and third, to prepare the site for expansion projects by implementing powerful organizational structures.

Six concrete projects under this program contribute to these goals:

- New electricity sub-station
- Steam boiler
- Handling of used fire fighting water
- Drainage upgrade
- Condensate polisher
- Expansion of the waste water treatment plant

In May 2015, BASF PETRONAS Chemicals selected LabWare as a preferred laboratory information management system (LIMS) vendor. The selected LIMS will be rolled out in two phases. In the first phase, the implementation of LIMS in the current existing laboratories will be accomplished. A key success factor will be the full integration of all instruments in the LIMS, user friendliness of the interface and training of lab and production staff. This is expected to be completed by the first quarter of 2016.

Environment, health, safety and security

The Responsible Care Management System (RCMS) comprises the global rules, standards and procedures for environmental, health protection, safety and security (EHSS) for the various stations along our value chain. It allows BASF PETRONAS Chemicals to achieve compliance with regulatory and internal requirements, operate safe and environmentally sound facilities and manufacture safe products. Adherence to these processes drives continuous improvement in performance and increases the efficiency and effectiveness of EHSS-related activities. Just as the company applies stringent standards to its own operations, we demand the same high standards of our contractors and suppliers too. We choose carriers, service providers and suppliers not just on the basis of price, but also based on their performance in environmental and social responsibility.

Product stewardship

- Product stewardship engagement events held locally and in Khandala, India

BASF PETRONAS Chemicals adheres to the concept whereby everyone involved in the lifespan of the product is required to take responsibility to implement the highest environmental, health, and safety standards. For manufacturers, this includes planning for, and if necessary, paying for the recycling or disposal of the product at the end of its useful life.

The company advocates product stewardship via BPC Academy, which aims to provide a platform for best practice sharing with authorities, customers and other relevant stakeholders. In 2015, product stewardship engagement events were held both in Kuantan and at India's largest paint company located at Khandala, India.



Product stewardship engagement event in India in November 2015.

Transportation and distribution safety

- Supports the company's principle, "Never compromise on safety"
- 160 participants included many Government bodies

BASF PETRONAS Chemicals worked in 2015 to bring its principle, "Never compromise on safety" beyond the company gates. About 160 participants attended the sixth TDS Driver Safety Training jointly organised by BASF PETRONAS Chemicals' Logistics and Transportation Distribution Safety team (TDS) in March 2015. BASF PETRONAS Chemicals works closely with logistics service providers to ensure safe distribution of the company's products on the road.

Participants attended from the Police and Fire departments, Road Transport Department, Road Works, Land Public Transport Commission, Malaysian Institute of Road Safety Research and the National Energy Corporation. The training included a variety of safety activities and talks on safe driving.



Driver safety training included tips on road safety even for non-commercial vehicles.

Occupational safety

- Lost time injury rate for employees and leased personnel at 1.25 per million working hours
- Five million safe working hours recorded for new investment construction activities

We strive to provide a safe and healthy work place and ensure that safety and environmental issues are incorporated into planning and operations. In 2015, the lost time injury rate for employees and leased personnel was 1.3 per million working hours, slightly higher than the previous year (2014: 0.7). In 2015, there were no lost time injuries among contractors for the third year in a row. There were also no fatalities.

The increase in lost time injury rate was mainly due to an increase in new or less experienced employees and contractors in 2015. To address this, BASF PETRONAS Chemicals undertook measures to improve safety awareness, including improved safety briefings, daily toolbox meetings, discussions and experience sharing sessions on safety related issues, with contractors as well as employees.

Lost time injury rate BASF PETRONAS Chemicals employees + leased personnel

2015	1.3	<div></div>
2014	0.7	<div></div>
2013	0.7	<div></div>

An important milestone was recorded on December 20, 2015: five million safe working hours at the new construction projects.



Project team members celebrate five million safe working hours at construction projects.

Occupational health

- Complete on-site team and medical facilities
- Blood donation drives and medical drills conducted

BASF global health management serves to promote and maintain the health and productivity of all BASF employees,

wherever they are around the globe. The BASF global health management stipulate globally mandatory standards for health protection in both directive and requirements. A global network of experts supports the local team at BASF PETRONAS Chemicals in the implementation of these directives and requirements through standardized processes. The BASF global health management team regularly conducts audits on occupational medicine and health protection in order to monitor and improve performance.

BASF PETRONAS Chemicals employs an on-site medical doctor, a nurse, an industrial hygienist team and shift paramedics. Services offered by the occupational health team include occupational health, emergency services, health promotion, primary health care, industrial hygiene, return to work assessment, and health training. Medical services on-site extend beyond employees to on-site contractors.

In 2015, the health and hygiene team organized blood donation drives, physical fitness assessment programs and medical drills, both at the Kuantan site and at the company's head office in Bukit Jelutong. The health and hygiene department of BASF PETRONAS Chemicals also conducted a briefing and basic first aid training to the teachers and students of SMK Tok Sera, a secondary school in Kuantan.



Medical drill conducted at the Bukit Jelutong office.

Process safety

- Continued and frequent reviews of process safety documentation in line with BASF company-wide requirements

We strive to provide a safe and healthy work place and ensure that safety and environmental issues are incorporated into planning and operations. In 2015, the lost time injury rate for employees and leased personnel was 1.3 per million working hours, slightly higher than the previous year (2014: 0.7). In 2015, there were no lost time injuries among contractors for the second year in a row. There were also no fatalities.

Energy

- Focus on efficient energy generation, reducing energy consumption in production, and new technologies

Energy efficiency is the most important means of combining climate protection, resource conservation and economic benefits. BASF PETRONAS Chemicals takes a three-pronged approach to responsible use of energy, focusing on efficient energy generation, reducing energy consumption in our production facilities, and developing products and technologies for increased efficiency in our use of available energy.

Generally, energy efficiency is linked to the demands of the different production plants on the site. Heat from production processes is not discharged to the environment, but utilized at other plants according to BASF's Verbund concept of integrated production.

In 2015, steam consumption decreased to 2,265,971 metric tons (2014: 2,729,051 metric tons) due to improved steam efficiency and also slightly lowered production rates compared to the previous year.

Steam consumption (total) (metric tons)

2015	2,265,971	
2014	2,729,051	
2013	2,449,326	

In 2015, electricity consumption decreased to 312,854 MWh (2014: 330,457 MWh). This was also due to slightly lowered production rates compared to the previous year.

Electricity consumption (total) (MWh)

2015	312,854	
2014	330,457	
2013	310,558	

There was a decrease in fuel consumption from central power plants and boilers compared to the previous year, to 1,120,344 MWh (2014: 1,254,629 MWh), again due to slightly lowered production rates compared to the previous year.

Fuel consumption (central power plants and boilers) (MWh)

2015	1,120,344	
2014	1,254,629	
2013	1,209,171	

Emissions to air

Greenhouse gas emissions of the BASF PETRONAS Chemicals Verbund site decreased to 676,946 metric tons (2014: 720,750 metric tons) due primarily to slightly lowered production rates compared to the previous years.

Greenhouse gas emissions (total) (metric tons of CO₂ equivalents¹)

2015	676,946	
2014	720,750	
2013	681,196	

¹CO₂ equivalents include: CO₂, N₂O, CH₄, HFC, PFC, SF₆

With the help of a Continuous Emissions Monitoring System installed in the middle of 2011, in 2015 we continued to analyze emissions gases online. This system enables the feed of live data, 24 hours a day, for faster response and mitigation. This also ensures a more accurate reading and monitoring of emissions gases.

In 2015 our emissions of air pollutants were 663 metric tons, a significant decrease from the previous year (2014: 940 metric tons).

Air pollutants¹ (without CH₄) (metric tons)

2015	663	<div></div>
2014	940	<div></div>
2013	948	<div></div>

¹ Air pollutants consist of: CO, NO_x, SO_x, NMVOC (Non-methane volatile organic compounds), dust, NH₃, and other inorganic compounds

Water

■ Increase in emissions of organic substances due to increased plant activities

The sustainable use of water and the conservation of water resources are important concerns for BASF PETRONAS Chemicals. We continuously seek ways to reduce water use in our production and we are evaluating further water protection and supply concepts at our site.

100 percent of the water supply at the site is from drinking water, as the main available water source, the same as in previous years. No supply came from surface water or ground water.

Emissions of organic substances to water (COD) increased to 168 metric tons (2014: 153 metric tons) due to increased plant activities on site.

Emissions to water (total): Organic substances (COD) (metric tons)

2015	168	<div></div>
2014	153	<div></div>
2013	112	<div></div>

Water Consumption (million cubic meters)

Water supply			Water use				
2015	1.98	<div></div>			2015	2014	2013
2014	2.15	<div></div>	1	Production	0.42	0.36	0.20
2013	1.94	<div></div>	2	Cooling	162	159	163



While we used 162 million cubic meters of water for cooling and 0.42 million cubic meters for production in 2015, thanks to high levels of recirculation our actual water supply was only 1.98 million cubic meters.



Despite the higher COD emissions, nitrogen emissions to water remained the same at 2 metric tons (2014: 2 metric tons) due to improved nitrification and denitrification process control.

Emissions to water: Nitrogen (metric tons)

2015	2	<div></div>
2014	2	<div></div>
2013	1	<div></div>

Emissions of heavy metals to water remained the same at 0.2 metric tons in 2015 (2014: 0.2 metric tons).

Emissions to water: Heavy metals (metric tons)

2015	0.2	<div></div>
2014	0.2	<div></div>
2013	0.2	<div></div>



Water storage facilities on site.

Water used for production rose to 0.42 million cubic meters in 2015 (2014: 0.36 million cubic meters). This metric refers to water that has come into contact with products, for example, when used for washing or as a solvent or a reaction medium.

Cooling water was 162 million cubic meters (2014: 159 million cubic meters).

Due to high levels of recirculation, the total water supply was only 1.98 million cubic meters in 2015 (2014: 2.15 million cubic meters).


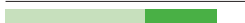

Waste

- By-products from one plant are often used in another as starting materials
- Disposal of hazardous waste meets requirements of the Malaysian Department of Environment

BASF PETRONAS Chemicals' fundamental principle for handling waste is "avoid, reduce, and recycle". We only dispose of waste after all recovery options have been exhausted, and we do so in a manner that reduces environmental impact. In this respect, the Verbund concept, i.e. the close integration of production processes, is one of BASF PETRONAS Chemicals' greatest strengths; the by-products from one plant are often used in another as starting materials. Substitute fuels recycled from waste are also used in power plants and in some production plants.

In 2015 total waste reached 8,320 metric tons (2014: 7,584 metric tons), of which 58 percent was recycled (2014: 66 percent).

Waste (total) (metric tons)

2015	8,320	58%		42%
2014	7,584	66%		34%
2013	7,564	71%		29%

■ Amount of waste recycled ■ Amount of waste not recycled



We dispose of hazardous waste according to the regulatory requirements of the Department of Environment, Malaysia. Non-hazardous waste, along with waste categorized under "special waste management", is disposed at the Jerangau-Jabor Landfill. There is no underground storage.

Waste disposal by incineration increased to 16 percent in 2015 (2014: 11 percent), due to due to major cleaning activities at the Acrylics and BDO complexes. 25 percent of waste was sent to landfill in 2015 (2014: 22 percent), with no waste in underground storage.



Bird's eye view of the waste water treatment plant.

Disposal of waste (%)

Incineration	16	
Landfill	25	
Underground Storage	0	

Emergency response

■ Risk Management and crisis communications evaluation conducted

Both emergency response and crisis communications procedures and protocols are reviewed with BASF regional input to ensure incidents are managed in a safe, effective and efficient manner.

To this end, a comprehensive review of the emergency response procedures was initiated, refresher briefings and media training sessions were conducted for the management team and relevant department representatives, and crisis communications and risk management evaluations were held in separate sessions during the year.



A "hands on" session to identify risks, mitigation plans and responsible departments and people.

Security

- "Protected Area, Keypoint 1" under the Malaysian National Security Council of the Malaysian Prime Minister's office
- Security staff on duty around the clock

The BASF PETRONAS Chemicals Verbund Site is categorized as a "Sasaran Penting Keutamaan 1 (Protected Area, Keypoint 1)" under the Malaysian National Security Council of the Malaysian Prime Minister's office. It is guarded 24 hours by security staff who work in 12-hour shifts.

To ensure the company's physical security measures comply with the requirements as a Protected Area, Keypoint 1, annual audits are conducted by the Chief Government Security Officer's office. The 2015 audit was conducted in October 2015.

BASF's corporate security team also conducted a site security audit in December 2015 to ensure site security measures meet global BASF requirements.

The company security team also conducts daily inspections of product transportation vehicles at the inward and outward vehicle inspection bays. Non conformances were highlighted to both the transporters and the internal teams for improvement.



The site security team maintains a 24-hour guard.



The local security team conduct daily vehicle inspections for product transportation vehicles.

Employees

Employees are the foundation of our excellent performance and ensure our long-term success: their skills, commitment and motivation make BASF PETRONAS Chemicals competitive and fit for the future. This belief is seen in the tangible efforts and resources the company puts into the development of the employees as well as into company sponsored activities to strengthen the team. As of the end of 2015, BASF PETRONAS Chemicals and Toray BASF Resins had a combined total of 821 employees (2014: 702).

Recruitment and new graduate programs

■ Substantial recruitment efforts for the Integrated Aroma Ingredients Complex

We aim to recruit, develop and retain the best employees, and allow them to fully realize their strengths and potential. We place specific emphasis on diversity in our team to reflect the various backgrounds and ensure a broad range of competencies to better meet the needs of all our business partners.

Recruitment efforts in 2015 increased significantly, primarily to hire and train the necessary manpower for the Integrated Aroma Ingredients Complex, due to come on-stream in late 2016. Major recruitment campaigns in 2015 included walk-in interviews at two locations in Kuala Lumpur and Johor Bahru. A total of more than one thousand candidates participated in the walk-in interviews.



Recruitment campaigns included walk-in interviews in two major Malaysian cities.

The company also participated in the annual public Jobstreet Fair, a job fair organized by the Economic Planning Unit, Prime Minister's Department, in support of a government training initiative, and in career fairs at local university campus.

For the second year, the company continued its sponsorship of the Taylor's World Class Scholarship 2015.

Number of Employees (as of December 31, 2015)

2015	845	
2014	702	
2013	668	

Career development

- Emphasis on diversity to ensure a broad range of competencies
- Substantial investment in staff training

We support the development of our employees with performance-based remuneration, targeted training opportunities as well as measures to balance work and family life. We provide our employees with the opportunity to grow with the organization. This is reflected in our strategic pillar, "Developing Talent for Growth".

The company invests substantially in training for staff. This includes technical skills, environment, health, and safety, soft skills, and competency trainings. These are conducted in-house when there is a competent trainer within the company, through customized trainings, or at public courses.

The company has undertaken other measures during the past several years to improve career development, including streamlining of job descriptions and improvements to the performance management system. These facilitate clearer communication and a higher degree of transparency in career development.

Specific initiatives to support employee development in 2015 included:

- establishing functional competency groups for a more structured and uniform learning and development plan to support employee's career paths
- conducting performance management system workshops for employees and superiors to provide a common understanding of the performance appraisal system
- on-the-job technical training (locally as well as in Germany, Belgium, and Sweden) for the aroma chemicals complex team

Employee dialog sessions and management briefing sessions are held quarterly at both the Kuantan site and the Shah Alam headquarters. The annual senior management communications session is held for management level sharing, alignment and engagement.



Part of the aroma production team during their on-the-job training visit to Ludwigshafen, Germany

Working at BASF PETRONAS Chemicals

- Includes family programs, flexible working hours, and recreation
- Include non-monetary benefits

Employees have access to a range of options to balance work, family commitment and leisure. Under the company's flexi-hours system, employees are given some freedom in managing their working hours, while being responsible for completing the necessary 42 hours a week within the core hours of 9:00 a.m. to 4:00 p.m. daily.

The company remunerates employees in accordance with or better than industry standards. In addition, non-monetary benefits include medical and dental benefits, insurance, Hajj Leave, education grants, and periodic medical check-ups. These help keep the company competitive in hiring and retaining the best talent.

To ensure the company is in touch with employees' needs, staff priorities and shows areas to focus efforts, BASF PETRONAS Chemicals participated in the BASF Global Employee survey in June 2015, with most employees of BASF PETRONAS Chemicals taking part. Based on this feedback, designated teams will implement improvement measures and track implementation results.



BASF PETRONAS Chemicals participated in the BASF Global Employee survey in June 2015.

Annually, our staff members organize sports and recreational activities for the whole company. Some popular events organized for employees are aerobics / zumba, badminton, bowling, futsal and swimming, as well as recreational activities such as the family day and the annual dinner.

The highlights of 2015 employee sessions included the Family Day at Bukit Gambang Resort, Kuantan and a combined Annual and Appreciation dinner.

Diversity + Inclusion

- Equal opportunity regardless of gender, race and age

Employees are offered equal opportunities at BASF PETRONAS Chemicals regardless of gender, race or age. In 2015, the largest proportion (51.2 percent) of employees at BASF PETRONAS Chemicals was in the 26 - 39 year old age group (2014: 49.3 percent).

The percentage of employees in the 40 – 54 year old age group is also significant, consisting of 39.5 percent of the total employees (2014: 43.3 percent).



Employees are offered equal opportunities regardless of gender, race or age.



Diversity was the theme of 2015's Annual and Appreciation dinner.

Employee age structure (as of December 31, 2015) (%)

Up to and including 25 years	6	
Between 26 and 39 years	51.2	
Between 40 and 54 years	39.5	
55 years and older	3.2	

Society

Our economic success depends on trust and social acceptance from our neighbors. BASF PETRONAS Chemicals continues to uphold Responsible Care and conduct ourselves as a responsible corporate citizen with an active role in society. Social engagement is an important, integral part of the company's annual calendar.

Community engagement activities

- Annual activities include collaboration with neighboring companies, and local non-profit associations

BASF PETRONAS Chemicals collaborates with neighboring companies and associations in the Gebeng Industrial Area in the annual Balok beach and river cleanup programs. This year's program included a bicycle ride aimed at raising awareness of Balok River conservation. A beach cleaning and environmental quiz activity was also organized under the program.

Other community activities and initiatives in 2015 included the annual program with Malaysian Nature Society of Pahang State, this time bringing school students on a fun educational nature walk cum beach cleaning activity, in addition to hosted site visits.

By collaborating with neighboring companies and established non-governmental organizations in community activities, as well as areas like safety and emergency response, we encourage a joint approach which supports the business and ensures maximum use of resources to engage fully with the local community.



One 2015 collaboration was a bicycle ride for Balok River conservation awareness.

This collaboration is a reflection of the Verbund approach in our community work, where we combine the know-how and contacts of external organizations with our own resources to maximize our outreach.

BASF PETRONAS Chemicals also partners with BASF in Malaysia to organize the annual BASF Run and with the Chemical Industries Council of Malaysia (CICM) in supporting the annual CICM Run.



A beach cleaning and environmental quiz activity was carried out in 2015.



An educational nature walk and beach cleaning activity was held with school children in conjunction with Earth Day.

Further information

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