

BASF in Korea Report 2015



 **BASF**
We create chemistry

The cover photo shows BASF researchers testing copper electro-plating solutions used in the semiconductor manufacturing process at BASF Electronic Materials R&D Center Asia located in Suwon, Korea.

Chemicals

The Chemicals segment comprises our business with basic chemicals and intermediates. Its portfolio ranges from solvents, plasticizers and high-volume monomers to glues and electronic chemicals as well as raw materials for detergents, plastics, textile fibers, paints and coatings, crop protection and medicines. In addition to supplying customers in the chemical industry and numerous other sectors, we also ensure that other BASF segments are supplied with chemicals for producing downstream products.



Key data Chemicals (in million €)			
	2015	2014	Change in %
Sales	14,670	16,968	(14)
Thereof Petrochemicals	5,728	7,832	(27)
Monomers	6,093	6,337	(4)
Intermediates	2,849	2,799	2
EBITDA	3,090	3,212	(4)
Income from operations before special items	2,156	2,367	(9)
Income from operations (EBIT)	2,131	2,396	(11)

Performance Products

Our Performance Products lend stability, color and better application properties to many everyday products. Our product portfolio includes vitamins and other food additives in addition to ingredients for pharmaceuticals, personal care and cosmetics, as well as hygiene and household products. Other products from this segment improve processes in the paper industry, in oil, gas and ore extraction, and in water treatment. They furthermore enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.



Key data Performance Products (in million €)			
	2015	2014	Change in %
Sales	15,648	15,433	1
Thereof Dispersions & Pigments	4,629	4,501	3
Care Chemicals	4,900	4,835	1
Nutrition & Health	1,998	2,029	(2)
Performance Chemicals	4,121	4,068	1
EBITDA	2,289	2,232	3
Income from operations before special items	1,366	1,455	(6)
Income from operations (EBIT)	1,340	1,417	(5)

Functional Materials & Solutions

In the Functional Materials & Solutions segment, we bundle system solutions, services and innovative products for specific sectors and customers, especially the automotive, electrical, chemical and construction industries, as well as for household applications and sports and leisure. Our portfolio comprises catalysts, battery materials, engineering plastics, polyurethane systems, automotive and industrial coatings and concrete admixtures as well as construction systems like tile adhesives and decorative paints.



Key data Functional Materials & Solutions (in million €)			
	2015	2014	Change in %
Sales	18,523	17,725	5
Thereof Catalysts	6,306	6,135	3
Construction Chemicals	2,304	2,060	12
Coatings	3,166	2,984	6
Performance Materials	6,747	6,546	3
EBITDA	2,228	1,678	33
Income from operations before special items	1,649	1,197	38
Income from operations (EBIT)	1,607	1,150	40

Agricultural Solutions

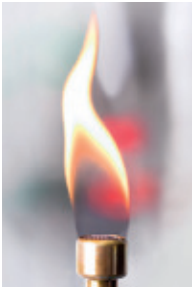
The Agricultural Solutions segment provides innovative solutions in the areas of chemical and biological crop protection, seed treatment and water management as well as solutions for nutrient supply and plant stress. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, better nutrition, and use as renewable raw materials.



Key data Agricultural Solutions (in million €)			
	2015	2014	Change in %
Sales	5,820	5,446	7
EBITDA	1,321	1,297	2
Income from operations before special items	1,090	1,109	(2)
Income from operations (EBIT)	1,083	1,108	(2)

Oil & Gas

We focus on exploration and production in oil and gas-rich regions in Europe, North Africa, Russia, South America and the Middle East. Together with our Russian partner Gazprom, we are active in the transport of natural gas in Europe. At the end of the third quarter of 2015, we exited the natural gas trading and storage business previously operated together with Gazprom and, in exchange, are expanding our oil and gas production in western Siberia.



Key data Oil & Gas (in million €)			
	2015	2014	Change in %
Sales	12,998	15,145	(14)
EBITDA	2,587	2,626	(1)
Income from operations before special items	1,366	1,795	(24)
Income from operations (EBIT)	1,072	1,688	(36)
Net income	1,050	1,464	(28)

BASF Group 2015 at a glance

Economic data

	2015	2014	Change in %
Sales	70,449	74,326	(5.2)
Income from operations before depreciation and amortization (EBITDA)	10,649	11,043	(3.6)
Income from operations (EBIT) before special items	6,739	7,357	(8.4)
Income from operations (EBIT)	6,248	7,626	(18.1)
Income from operations (EBIT) after cost of capital	194	1,368	(85.8)
Income before taxes and minority interests	5,548	7,203	(23.0)
Net income	3,987	5,155	(22.7)
Earnings per share	4.34	5.61	(22.6)
Adjusted earnings per share	5.00	5.44	(8.1)
Dividend per share	2.90	2.80	3.6
Cash provided by operating activities	9,446	6,958	35.8
Additions to property, plant and equipment and intangible assets ¹	6,013	7,285	(17.5)
Depreciation and amortization ¹	4,401	3,417	28.8
Return on assets	8.7	11.7	–
Return on equity after tax	14.4	19.7	–

¹ Including acquisitions

Innovation

	2015	2014	Change in %
Research expenses	1,953	1,884	3.7
Number of employees in research and development at year-end	10,010	10,697	(6.4)

Employees and society

	2015	2014	Change in %
Employees			
Employees at year-end	112,435	113,292	(0.8)
Apprentices at year-end	3,240	3,186	1.7
Personnel expenses	9,982	9,224	8.2
Society			
Donations and sponsorship	56.2	45.4	23.8

Safety, security, health and the environment

	2015	2014	Change in %
Safety, security and health			
Transportation incidents with significant impact on the environment	0	1	(100)
Process safety incidents	2.1	2.2	(4.5)
Lost-time injuries	1.4	1.5	(6.7)
Health Performance Index	0.97	0.91	6.6
Environment			
Primary energy use ²	57.3	59.0	(2.9)
Energy efficiency in production processes	599	588	1.9
Total water withdrawal	1,686	1,877	(10.2)
Withdrawal of drinking water	22.1	22.7	(2.6)
Emissions of organic substances to water ³	17.3	18.7	(7.5)
Emissions of nitrogen to water ³	3.0	3.2	(6.3)
Emissions of heavy metals to water ³	25.1	21.5	16.7
Emissions of greenhouse gases	22.2	22.4	(0.9)
Emissions to air (air pollutants) ³	28.6	31.5	(9.2)
Waste	2.0	2.1	(4.8)
Operating costs for environmental protection	962	897	7.2
Investments in environmental protection plants and facilities	346	349	(0.9)

² Primary energy used in BASF's plants as well as in the plants of our energy suppliers to cover energy demand for production processes
³ Excluding emissions from oil and gas production

BASF in Korea – Report 2015
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Welcome
Message from the Managing Director

*Dear stakeholders and supporters
of BASF in Korea,*

I am very pleased to present to you BASF in Korea – Report 2015, our yearly overview of BASF’s operations in Korea 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. Despite the difficult conditions around the world, BASF in Korea made progress in 2015.

In particular, we were able to take further steps in our investment into new production plants in Korea. Our engineering plastics compounding plant in Yesan was conducting successful test operations and had a building dedication ceremony in October 2015. We opened a new Technology Development Center in Dongtan, near Seoul. Thanks to its geographical advantage, the consolidated laboratory will provide the best solutions according to our customers’ needs. The BASF Electronic Materials Research & Development Center Asia Pacific celebrated its first successful year in 2015.

As one of our efforts to support sustainable development in Korea, our Gunsan plant has introduced a new technology to minimize emissions to the ocean and decrease waste water discharge. We achieved this by reconcentrating high density waste water and recycling it as animal feed through the vitamin B2 fermentation residue facility.

BASF and local communities where we operate have built strong relationships over the long term, and continue to cooperate with each other to support sustainability in the area. In 2015 we undertook a wide variety of social activities together with our neighbors as part of BASF’s 150th anniversary celebrations.

Our 150-year history sets the foundation for our future. Founded in 1865 in Germany, BASF has brought important innovations to societies around the world for one and a half centuries. We will continue to bring this long-term experience into our partnerships and customer relationships in Korea.



Jason Woo-sung Shin, Managing Director

Jason Woo-sung Shin,
Managing Director, BASF in Korea

About this report

The “BASF in Korea – Report” is published annually as a concise document about the performance of our activities across the three dimensions of sustainability – economy, environment, and society – in Korea. The reporting period for this publication is the financial year 2015. This report also carries an overview of BASF Group along with its financial performance, prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS), and, where applicable, the German Commercial Code as well as the German Accounting Standards (GAS). The emissions, waste, energy and water use of joint ventures accounted according to the equity method are not included in the scope of this report. However, work-related accidents at all sites of BASF Group and its subsidiaries as well as joint operations and joint ventures in which we have sufficient authority in terms of safety management, are compiled regardless of our stake, and reported in full. The employee numbers refer to employees within the BASF Group scope of consolidation as of December 31, 2015.

The BASF Group

At BASF, we create chemistry for a sustainable future. As the world's leading chemical company, 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 arranged into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas.

Organization of the BASF Group

- Thirteen divisions grouped into five segments
- Regional divisions, corporate units and competence centers support our business

Since the beginning of 2015, thirteen divisions divided into five segments bear operational responsibility and manage our 61 global and regional business units. The divisions develop strategies for our 84 strategic business units and are organized according to sectors or products.

The regional divisions contribute to the local development of our business and help exploit market potential. They are also responsible for optimizing infrastructure for our business. For financial reporting purposes, our divisions are organized into the following four regions: Europe; North America; Asia Pacific; and South America, Africa, Middle East.

Three central divisions, six corporate units and ten competence centers provide services for the BASF Group in areas such as finance, investor relations, communications, human resources, research, engineering, and site management, as well as environment, health and safety.

Markets and sites

- BASF with companies in more than 80 countries
- Six Verbund sites and 338 additional production sites worldwide

BASF has companies in more than 80 countries and supplies products to a large number of business partners in nearly every part of the world. In 2015, we generated 42% of our sales (excluding Oil & Gas) with customers in Europe. In addition, 27% of sales were achieved in North America; 22% in Asia Pacific; and 9% in South America, Africa, Middle East. Based on the entire BASF Group, 52% of our sales were to customers in Europe, 22% in North America, 18% in Asia Pacific and 8% in South America, Africa, Middle East.

We operate six Verbund sites and 338 additional production sites worldwide. Our Verbund site in Ludwigshafen is the world's largest integrated chemical complex. This was where the Verbund principle was originally developed and steadily honed before being put into practice at additional sites.

Verbund

- Intelligent plant networking in the Production Verbund
- Technology and Know-How Verbund

The Verbund system is one of BASF's great strengths. Here, we add value as one company by making efficient use of our resources. The Production Verbund, for example, intelligently links production units and energy demand so that waste heat can be used as energy in other plants. Furthermore, by-products of one plant can serve as feedstock elsewhere. In this system, chemical processes run with lower energy consumption and higher product yield. This not only saves us raw materials and energy, it also avoids emissions, lowers logistics costs and makes use of synergies.

We also make use of the Verbund principle for more than production, applying it for technologies, knowledge, employees, customers, and partners, as well. Expert knowledge is pooled into our global research platforms.

 For more on the Verbund concept, see basf.com/en/verbund

Competitive environment

BASF holds one of the top three market positions in around 70% of the business areas in which it is active. Our most important global competitors include AkzoNobel, Clariant, Covestro, Dow Chemical, DSM, DuPont, Evonik, Formosa Plastics, Reliance, Sabic, Sinopec, Solvay and many hundreds of local and regional competitors. We expect competitors from emerging markets to become increasingly significant in the years ahead.

Corporate legal structure

As the publicly traded parent company, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group, and is also the largest operating company. The majority of Group companies cover a broad spectrum of our business. In some, we concentrate on specific business areas: The Wintershall Group, for example, focuses on oil and gas activities. In the BASF Group Consolidated Financial Statements, 251 companies including BASF SE are fully consolidated. We consolidate seven joint operations on a proportional basis, and account for 32 companies using the equity method.

Corporate strategy

With the “We create chemistry” strategy, BASF has set itself ambitious goals in order to strengthen its position as the world's leading chemical company. We want to contribute to a sustainable future and have embedded this into our corporate purpose: “We create chemistry for a sustainable future.”

In 2050, nearly ten billion people will live on Earth. While the world's population and its demands will keep growing, the planet's resources are finite. On the one hand, population growth is associated with huge global challenges; and yet we also see many opportunities, especially for the chemical industry.

Our corporate purpose

- We create chemistry for a sustainable future

We want to contribute to a world that provides a viable future with enhanced quality of life for everyone. We do so by creating chemistry for our customers and society and by making the best use of available resources.

We live our corporate purpose by:

- Sourcing and producing responsibly
- Acting as a fair and reliable partner
- Connecting creative minds to find the best solutions for market needs

For us, this is what successful business is all about.

Our leading position as an integrated global chemical company gives us the chance to make important contributions in the following three areas:

- Resources, environment and climate
- Food and nutrition
- Quality of life

We therefore act in accordance with four strategic principles.

Our strategic principles

- We add value as one company
- We innovate to make our customers more successful
- We drive sustainable solutions
- We form the best team

We add value as one company. Our Verbund concept is unique in the industry. Encompassing the Production Verbund, Technology Verbund and Know-How Verbund as well as all relevant customer industries worldwide, this sophisticated and profitable system will continue to be expanded. This is how we combine our strengths and add value as one company.

We innovate to make our customers more successful. We want to align our business even more with our customers' needs and contribute to their success with innovative and sustainable solutions. Through close partnerships with customers and research institutes, we link expertise in chemistry, biology, physics, materials science and engineering to jointly develop customized products, functional materials, and system solutions as well as processes and technologies.

We drive sustainable solutions. In the future, sustainability will more than ever serve as a starting point for new business opportunities. That is why sustainability and innovation are becoming significant drivers for our profitable growth.

We form the best team. Committed and qualified employees around the world are the key to making our contribution to a sustainable future. Because we want to form the best team, we offer excellent working conditions and inclusive leadership based on mutual trust, respect and dedication to top performance.

Our values

- Creative
- Open
- Responsible
- Entrepreneurial

Our conduct is critical for the successful implementation of our strategy: This is what our values represent. They guide how we interact with society, our partners and with each other.

Creative: In order to find innovative and sustainable solutions, we have the courage to pursue bold ideas. We link our areas of expertise from many different fields and build partnerships to develop creative, value-adding solutions. We constantly improve our products, services and solutions.

Open: We value diversity – in people, opinions and experience. That is why we foster dialog based on honesty, respect and mutual trust. We develop our talents and capabilities.

Responsible: We act responsibly as an integral part of society. In doing so, we strictly adhere to our compliance standards. And in everything we do, we never compromise on safety.

Entrepreneurial: All employees contribute to BASF's success – as individuals and as a team. We turn market needs into customer solutions. We succeed in this because we take ownership and embrace accountability for our work.

Goals

We carry out our corporate purpose, “We create chemistry for a sustainable future,” by pursuing ambitious goals along our entire value chain. In this way, we aim to achieve profitable growth and take on social and environmental responsibility,

focusing on issues through which we as a company can make a significant contribution. We updated and revamped our goals to this effect in 2015.

Goal areas along the value chain



Growth and profitability

In 2011, we set ourselves sales and earnings goals for 2015 and 2020 as part of the “We create chemistry” strategy. In October 2014, we announced that we would not reach the financial goals for 2015, primarily because gross domestic product and industrial and chemical production had grown at a considerably slower average rate from 2010 to 2015 than our strategy had anticipated.

In September 2015, we reduced our expectations for the global economic environment from 2015 to 2020 (previous forecast in parentheses):

- Growth of gross domestic product: 3.0% (3.2%)
- Growth in industrial production: 3.5% (3.7%)
- Growth in chemical production: 3.9% (4.0%)

As a consequence, we no longer adhere to the financial goals previously stated for 2020.

Our aim for the years ahead is, on average, to grow sales slightly faster and EBITDA considerably faster than global chemical production, and to earn a significant premium on our cost of capital. Moreover, we strive for a high level of free cash flow each year, either raising or at least maintaining the dividend at the prior-year level.

Procurement

	2020 Goal	Status at end of 2015
Assessment of sustainability performance of relevant suppliers ¹ according to our risk-based approach; development of action plans where improvement is necessary	70%	31%

¹ We define relevant suppliers as those showing an elevated sustainability risk potential as identified by risk matrices and with respect to corresponding country risks. Our suppliers are evaluated based on risk due to the size and scale of our supplier portfolio.

Employees

	2021 Goal	Status at end of 2015
Proportion of women in leadership positions with disciplinary responsibility	22–24%	19.5%
	Long-term goals	
Proportion of international senior executives ²	Increase in proportion of non-German senior executives (baseline 2003: 30%)	35.6%
Senior executives with international experience	Proportion of senior executives with international experience over 80%	82.9%
Employee development	Systematic, global employee development as shared responsibility of employees and leaders based on relevant processes and tools	The project has been implemented for around 60,000 employees worldwide.

² The term “senior executives” refers to leadership levels 1 to 4, whereby level 1 denotes the Board of Executive Directors. In addition, individual employees can attain senior executive status by virtue of special expertise.

Production

	2025 Goals	Status at end of 2015
Reduction of worldwide lost-time injury rate per one million working hours	≤0.5	1.4
Reduction of worldwide process safety incidents per one million working hours	≤0.5	2.1
	Annual goal	
Health Performance Index	>0.9	0.97

Product stewardship

	2020 Goal	Status at end of 2015
Risk assessment of products sold by BASF worldwide in quantities of more than one metric ton per year	>99%	67.8%

Energy and climate protection

	2020 Goals	Status at end of 2015
Covering our primary energy demand through the introduction of certified energy management systems (ISO 50001) at all relevant sites ³	90%	39.5%
Reduction of greenhouse gas emissions per metric ton of sales product (excluding Oil & Gas, baseline 2002)	–40%	–34.6%

³ The selection of relevant sites is determined by the amount of primary energy used and local energy prices.

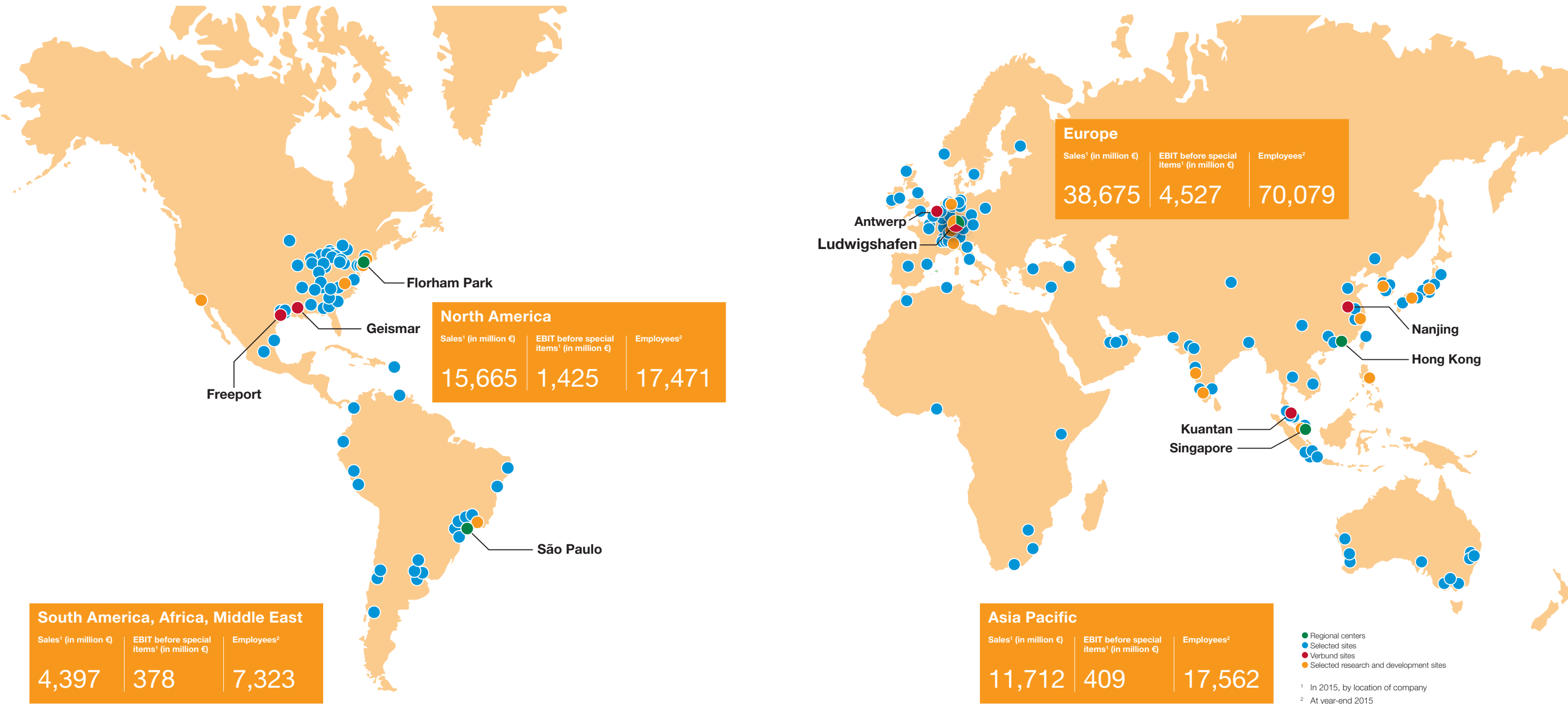
Water

	2025 Goal	Status at end of 2015
Introduction of sustainable water management at all production sites in water stress areas and at all Verbund sites (excluding Oil & Gas)	100%	36.2%

Products and solutions

	2020 Goal	Status at end of 2015
Increase the proportion of sales generated by products that make a particular contribution to sustainable development (“Accelerators”)	28%	26.6%

BASF in the regions
BASF Group sales 2015: €70,449 million;
EBIT before special items 2015: €6,739 million



The anniversary year of BASF

A collection of impressions

Our actions are centered on developing innovative, sustainable products and solutions for our customers. To do so, we have relied on collaboration with strong partners for 150 years. This key to success was the focus of our anniversary year in 2015. We organized a tour around the world, bringing scientists, customers, employees and partners from all over the globe together at one table and launching an online platform to connect everyone. Ideas were proposed surrounding three main themes: urban living, smart energy and food. We call this “co-creation.” It is one way to fill our idea pipeline for the future and create value. The following examples highlight some of the contributions.

URBAN LIVING

A clean air app

How does growing urbanization affect our planet? And how can we as individuals lead a sustainable lifestyle? These were the questions addressed at the “Creatathon” in Shanghai. The idea: People engage in a highly creative activity for a sustained, uninterrupted period of time. Just like in Shanghai, when BASF invited six college teams to spend 24 hours devoting themselves to developing an app-based, sustainable mobility solution. The goal of the app was to help city dwellers minimize their carbon footprint by selecting the most environmentally friendly mode of transportation.

In the end, first place went to the team from East China Normal University: With their “Carbon Coin” idea, consumers can cash in their personal contribution to sustainability as “currency” on an online platform – similar to emissions trading between companies.



The green way to go: Megacities like Shanghai are already home to over 20 million people today. That means public transit and other alternate modes of transportation will play an even greater role in reducing emissions in the future.

SMART ENERGY

The bus to the future

Environmentally friendly technologies, comfortable interiors, a lighter chassis – there was no lack of original ideas and visions at a joint customer innovation workshop. Together with experts from Daimler Buses, BASF employees from various fields discussed solutions for future bus challenges, ranging from special coatings and new lightweight engineering concepts to possibilities for preventing vandalism. This brainstorming gave rise to project ideas providing new inspiration for the bus of the future.



Safe and clean through the city: Participants at a joint workshop held by BASF and Daimler discussed new technologies and materials for making even more efficient and environmentally friendly vehicles in the future.

FOOD

Employees get involved

A community needs engaged citizens in order to thrive. BASF helped its employees carry out charitable projects through its global team competition, “Connected to Care.” Around 500 project proposals were submitted from around the globe; 150 of these received up to €5,000 apiece, amounting to a total of €700,000 in support. BASF also promotes employees’ volunteer work outside of its anniversary celebrations, through various regional projects.



Global community: A new well for an orphanage in Cameroon – employees around the world got involved in numerous projects addressing social needs.

Our anniversary activities in Korea

- Classical concert with local citizens
- Customer gala dinner
- Connecting disabled children with nature

Together with BASF colleagues around the world, BASF in Korea began our 150th anniversary celebration in late 2014 with the launch of the Creator Space online platform where we discussed the challenges of urban living, smart energy and sustainable food with Korean customers, employees and other stakeholders. Our key customers in Korea brought these discussions to BASF’s global headquarters when they joined us for the anniversary celebration in Ludwigshafen in April 2015.

Throughout May 2015, BASF hosted a series of classical music concerts in the cities where our key production sites are located: Yeosu and Ulsan. The concerts were attended by colleagues, families, customers and local citizens.



BASF 150th anniversary celebration concert.

BASF’s Chairman of the Board of Executive Directors Kurt Bock celebrated with customers and employees at the Customer Gala Dinner event during his visit to Seoul in May.



Customer Gala Dinner in Seoul

BASF employees in Korea participated actively in BASF’s global volunteering team contest, “Connected to Care”. Two teams from Korea were selected, “Connecting disabled children with nature” and “Summer camp for single moms and their children”. Employees of BASF Korea regularly volunteer in their local communities.



Employees in Korea helped disabled children with nature through BASF’s global “Connected to Care” program.

At the BASF Korea head office in Seoul and at other sites around the country, employees and members of the public learned more about the history of innovation in chemistry through a poster exhibition on BASF’s historical milestones.



Employees at Yeosu site learned more about the history of innovation in chemistry through a poster exhibition.

BASF in Asia Pacific

An interview with Sanjeev Gandhi

How does BASF plan to grow its business in Asia Pacific?

Over the past few years we have seen increasing volatility and uncertainty, and this trend will continue. However, there are also substantial opportunities for business growth.

We have invested significantly in the region, not only in terms of technology and production facilities, but also in people development and innovation. Now is the time for us to bring these investments to life – by providing the necessary materials to make our customers’ local innovations possible, and supporting their growing businesses as they strive to reach international markets.

What are the main trends impacting BASF’s business in the region?

We see an increased interest in sustainability throughout the region, which in turn means a higher level of regulatory restrictions for chemical operations and chemical products and solutions.

In many cases this benefits our business, as we can provide solutions to help meet our customers’ sustainability challenges. We aim to collaborate with our local and international customers from product design through to materials strategy – and we will continue to invest in the region in order to do this.

How is the chemical industry evolving in Asia Pacific?

Local industry overall in the region is becoming stronger and more robust, and as a result the need for international standards has grown rapidly. BASF is working closely with local industry to establish best practices in the region according to the global chemical industry standard Responsible Care®. By adhering to these international standards and by demanding the same high performance of our suppliers, we can help to foster excellence not only in our own business but in the industry at large. At the same time, we also are working with our customers to achieve high quality standards in producti-



Sanjeev Gandhi, member of the Board of Executive Directors responsible for Asia Pacific, BASF SE

on, product stewardship, and environmental and social practices along the entire product life cycle and industry value chain. In this way the global chemical industry is becoming more integrated and developed.

What are BASF’s plans for Korea?

We will continue to invest in Korea in line with the development and transformation of the economy. With expanded production such as our new engineering plastics compounding site in Yesan, along with our stronger innovation presence such as our electronic materials R&D center in Suwon, we are meeting the needs of a more sophisticated customer base in Korea as they serve markets around the world.

Asia Pacific at a glance

Economy

With decelerating market growth, sales at companies headquartered in the Asia Pacific region rose by 1 percent to €11,712 million. In local currency terms, sales declined by 12 percent. BASF sales to customers in the Asia Pacific region stayed flat, at €12,334 million (2014: €12,341).

Considerable sales increases, primarily in the Catalysts, Coatings and Care Chemicals divisions, were able to more than compensate, in particular, for declines in the Petrochemicals and Monomers divisions as well as in Other. Currency effects positively influenced sales, especially in the first half of the year. In the Chemicals segment in particular, lower raw material costs and higher production capacities on the market resulted in falling prices. Sales were furthermore weighed down by the disposal of our shares in the Ellba Eastern Private Ltd. joint operation in Singapore and by the divestiture of our textile chemicals business.

Income from operations before special items fell by 33 percent to €409 million. Significant factors were higher fixed costs from the startup of new plants, and several scheduled maintenance shutdowns in the first half of the year.

As part of our regional strategy, we are striving to further raise the proportion of sales coming from local production in Asia Pacific in the years ahead. In China, we started operations at new production in Chongqing, Nanjing, Maoming and Shanghai. Further investment projects are currently in the construction phase, as planned. The continuous expansion of our Innovation Campus Asia Pacific in Shanghai strengthens the presence of this growth region within the global Research Verbund. To improve profitability in Asia Pacific, we intensified our measures to increase efficiency and effectiveness.

BASF sales in Asia Pacific (billion €)
(by location of customer)

	2015	2014	2013
Sales	12.3	12.3	12.5

BASF EBIT before special items in Asia Pacific (million €)
(by location of company)

	2015	2014	2013
EBIT	409	614	842

Environment

BASF undertook several initiatives in 2015 to improve performance in environmental protection, health and safety. For example, BASF is partnering with Sumitomo Chemical, a leading multinational chemical company based in Japan, to explore an in vitro system for chemical safety evaluation as an alternative to animal testing.

Solutions from BASF addressed environmental challenges such as coastal erosion in Korea, smart energy storage in Japan, and soil pollution in China. BASF and partners are tackling energy efficient buildings with plans to build the world's tallest certified “passive house”, in Tianjin, China.

Additionally, through the 150th anniversary co-creation activities, teams addressed topics including water quality and availability in Mumbai, electronic waste and textile sustainability in China, and food waste management around the region.

Employees and society

As of the end of 2015, BASF employed 17,562 people in the Asia Pacific region (2014: 17,060). Of these, 26.2 percent were female (2014: 27 percent). There were 1,861 new hires in the region in 2015, 25.1 percent of which were female (2014: 22.8 percent of 2,048).

Number of employees (as of December 31)

	2015	2014	2013
Total	17,562	17,060	16,708
% of which female	26.2%	27%	28%

Number of new hires (as of December 31)

	2015	2014	2013
Total	1,861	2,048	1,933
% of which female	25.1%	22.8%	26%

To ensure employee health and safety, BASF implemented safety training throughout the region and rolled out a program for personal safety on business trips.

For the sixth consecutive year, BASF has been named one of China’s Top Employers by Top Employers Institute, while in Korea and Taiwan, BASF was recognized for its exceptional human resources development programs as well as its social contributions.



Steam cracker II, the largest individual plant at BASF's Ludwigshafen site, covers a surface area of about 64,000 square meters, which is about the size of 13 soccer fields. The steam cracker is also the heart of BASF's Verbund production strategy.

BASF in Korea
History

Foundation

- 1865 Badische Anilin- und Soda-Fabrik Aktiengesellschaft (BASF AG) founded in Ludwigshafen, Germany
- 1954 Established FOHAG (Far East Trading Company) as a first step into the Korean market

Local production and expansion

- 1980 Established Hyosung BASF Co., Ltd.
- 1982 Established BASF Korea Ltd.
- 1988 Established Hanyang BASF Urethane Co., Ltd.
- 1997 Acquired full interest in Hanwha BASF Urethane Co., Ltd.; renamed Korea BASF Urethane Co., Ltd.
- 1998 Acquired full interest in Hyosung BASF Co., Ltd.; renamed Korea BASF Styrenics Co., Ltd. Acquired lysine business from Daesang Co., Ltd. Acquired polyol business from Dongsung Chemical Co., Ltd. Consolidated BASF Urethane Co., Ltd., BASF Styrenics Korea Co., Ltd. and BASF Korea Ltd.; established BASF Company Ltd.

Industry leadership

- 2000 Expanded production capacity of PolyTHF® Completed BDO/THF (Butanediol/Tetrahydrofurane) plant Acquired interests of Hanwha Chemical Corp.
- 2001 Acquired styrene monomer plant from SK Evertec Corp.

- 2002 Expanded production capacity of PolyTHF® Completed CCD (Carbonyl Chloride Derivatives) plant
- 2003 Completed TDI (Toluene Diisocyanate) plant Completed Vitamin B2 plant Acquired engineering plastics compounding plant from Honeywell
- 2006 Acquired Johnson Polymer Seoul branch Acquired Engelhard Asia Pacific Korea Acquired Degussa construction chemical business

Market innovation

- 2010 Acquired Ciba Specialty Chemicals Inc. and Daihan Swiss Chemical
- 2011 Acquired Cognis Korea Styrenics business carved out to Styrolution Korea
- 2013 Established regional headquarters for electronic materials business in Seoul
- 2014 Established BASF Electronic Materials R&D Center Asia Established Ultrason® plant in Yeosu Closed operation in Mongolia
- 2015 Established Engineering Plastics Compounding plant in Yesan Established BASF Korea Technology Development Center in Dongtan

Business development

BASF is one of the most succesful foreign companies in Korea's chemical industry. BASF continues to invest Korea to meet the needs of expanding local industries including automotive, construction and electronics. BASF enhanced its innovation efforts in Korea in 2015 with the completion of a new engineering plastics compounding site in Yesan and BASF Korea Technology Development Center in Dongtan.

BASF Korea is playing a key role in Asia Pacific business in many fields. The engineering plastic manufactured at Yesan site is an innovative material used for making light-weight automotive components and high-density electronic products, allowing BASF to provide optimized solutions at a more convenient location to customers in these industries. BASF posted sales to customers in Korea of €1,113 million in 2015 (2014: €1,086 million).

BASF's research, technology and laboratory facilities, including the company's new Technology Development Center, the polyurethane application technology center in Daejeon and home and personal care lab in Suwon, provide comprehensive support to our customers' innovation efforts.

Solutions for key industries in Asia Pacific

- New engineering plastics compounding plant in Yesan
- New technology development center established in Dongtan
- POM production plant to be established with Kolon in Gimcheon

BASF's new engineering plastics compounding plant in Yesan, which broke ground in 2014, achieved successful test operations and celebrated with a building dedication ceremony in late 2015. This plant produces Ultramid® Polyamide (PA) and Ultradur® Polybutylene Terephthalate (PBT) compounds. BASF is also planning to open a new engineering plastics product development laboratory at its site in Ansan in 2016.

BASF also opened BASF Korea Technology Development Center in Dongtan. This facility combines technical service labs from different business teams into one workplace while undertaking joint experiments in the Dongtan laboratory.

In 2016, BASF signed an agreement with Kolon Plastics to establish a joint operation in Korea to manufacture polyoxymethylene (POM), an engineering plastic used in the industrial, transportation, construction and consumer markets. The 50:50 joint operation will have an annual capacity of 70,000 metric tons. It will be located at the existing manufacturing site of Kolon Plastics in Gimcheon, Korea. The start of operations is scheduled for the second half of 2018, creating the world's largest complex for the production of POM.



The engineering plastics compounding site in Yesan began production in 2015.

Sales of BASF Group companies to customers in Korea (million €)

	2015	2014	2013
Sales	1,113	1,086	1,045

BASF in Korea
At a glance

BASF has been a committed partner to Korea since 1954. As a leading foreign investor in the Korean chemical industry, BASF operates seven world-scale production sites in Korea. BASF maintains an R&D center in Suwon and four technical development centers in Korea. The Asia Pacific headquarters of BASF's Electronic Materials business is located in Seoul. BASF posted sales to customers in Korea of approximately €1.1 billion in 2015, and employed 1,108 employees in Korea as at December 31, 2015.

Sales

€1.113 billion

Employees¹

1,108

¹ As of December 31, 2015



BASF Korea Technology Development Center in Dongtan, establshsed in 2015



Guests plant trees at the opening ceremony of the engineering plastics compounding site in Yesan.

Sites

Seoul Office

- First activities in 1954
- Provides Marketing, Sales, HR and other functions for BASF Korea
- BASF Asia Pacific Electronic Materials Headquarters located in Seoul Office

BASF Korea Technology Development Center (Dongtan)

- Established in 2015
- Consolidated Polyurethane research center and researches care chemicals and cosmetics
- Develops application systems and provides customer support

Ansan Coatings Technology Center

- Established in 2010
- Develops environmentally friendly water-based coatings and coating methods for automotive applications

Ansan CAE Technology Center

- Established in 2006
- Develops automotive engineering plastic parts using CAE (Computer Aided Engineering) technology

Ansan Engineering Plastics Site

- Engineering plastics compounding site acquired from Honeywell in 2003
- Produces engineering plastics
- Supports automotive and electronics sector

Siheung Technical Service Center

- Established in 2010
- Researches technologies for pigments business

BASF Electronic Materials R&D Center Asia (Suwon)

- Established in 2014
- Conducts regional research and development on electronic materials

Gunsan Site

- Established in 2003
- Produces Vitamin B2

Yeosu Site

- First plants established in 1991 by Hanyang BASF Urethane Co., Ltd.
- Produces raw materials for polyurethanes: MDI (Methylene Diphenyl Diisocyanate), TDI (Toluene Diisocyanate), CCD (Carbonyl Chloride Derivatives)
- Ultrason® site completed in 2014, first of its kind outside Germany

Ulsan Site

Chemicals Site

- PolyTHF® site established in 1998 to produce PolyTHF®, polyol, and polyurethane system A

Plastics Site

- Plastics site established in 1980 by Hyosung BASF Co., Ltd. to produce expandable polystyrene

Pigment Site

- Pigment site acquired in 2010 from Daihan Swiss Chemical, produces organic pigments

Yesan Site

- Established in 2015
- Produce engineering plastics for automotive and consumer products

Gimcheon Site (Under construction)

- Expected completion in 2016
- Joint venture (50:50) with Kolon Plastics
- Will produce polyoxymethylene engineering plastics

Innovation

Innovation is one of the keys to BASF's successful long-term business growth. BASF has been developing innovations in Korea to support communities' sustainability goals. We support innovation through our Electronics Research & Development Center Asia Pacific, at our technical development centers, and through partnership with customers as well as universities.

Coastal community fights erosion with BASF solution

■ BASF's Elastocoast® protects Goseong coast

Countries in Asia with long coastlines, including Korea, China, Japan and many ASEAN nations, are affected by numerous heavy storms and typhoons each year, leading to erosion which damages both shorelines and marine environments. With changing climate conditions, erosion is expected to become an increasingly urgent problem in this region. Revetments made with BASF's innovative solution for coastal protection, Elastocoast® address this challenge in a unique way.

Such revetments now cover the shoreline of Goseong, Gyeong-nam province in South Korea. The solution helps manage sediment and provides the protection against coastal erosion during the typhoon season. Instead of paving the coastline with concrete or tar, the Elastocoast polyurethane binder bonds rocks and aggregate into a stable yet porous structure that absorbs wave energy. This prevents damage to the revetments and reduces wave run-up.

Revetments made with Elastocoast provide coastal protection against the effects of rising sea levels and undercurrents. When extended below the water level, the revetment protects the coast against undercurrents that can lead to an erosion of the shoreline beneath it. Even with rising sea levels, waves are prevented from running up and causing floods, as the wave energy is absorbed by Elastocoast.



Elastocoast® covers the shoreline of Goseong, Gyeong-nam province.

Residue from vitamin manufacturing turns into valuable animal feed

■ Global first: Vitamin B2 fermentation residue diverted to raw material for animal feed additive

Vitamin B2, manufactured at BASF's site in Gunsan, Korea, using vegetable oil and the fungus *Ashbya gossypii*, is an important nutrition ingredient for animal feed. During its production, a high density vitamin B2 fermentation residue (BFR) is created which was previously discarded. BFR is a supernatant liquid generated from the decantation step in which the vitamin B2 sludge is separated.

The plant proactively reviewed and refined the production process in recent years. The Korean team, together with BASF's regional technical experts, researched ways to make the best use of BFR and found that it contains nutritious ingredients. As a result, BASF Korea recycles BFR as a vitamin B2 fermentation medium and recovers its nutrients for animal feed mixing components that are offered to the local feed market in Korea. This is the world's first process to use BFR as a raw material for animal feed additives.

This innovative solution not only conserves resources but also minimizes waste and emissions, while fulfilling stricter government waste disposal regulations.

BASF Korea is collaborating with its value chain partners in the livestock industry to ensure the successful progress of BFR business development and to develop innovative and profitable solutions for the animal nutrition industry.



BASF Korea has developed the world's first animal feed additives based on vitamin B2 fermentation residue.

Environment, health and safety

At BASF we never compromise on safety. This principle is anchored in our strategy and underlines our philosophy in operating our own facilities and dealing with third parties. Environmental protection, health and safety (EHS) as well as security, communication, and energy efficiency are embedded in our global Responsible Care® policy, which is applied to operations via our Responsible Care® Management System (RCMS). This policy and the RCMS as a system are based on BASF's strategy and corporate guidelines and are binding for the whole BASF Group. Just as the company applies stringent standards to its own operations, we demand the same high standards of our contractors and suppliers. 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

- Full commitment to Product Stewardship, one of the major codes of Responsible Care®
- Establishment and implementation of “Goal 2020”

BASF is fully committed to product stewardship, one of the major codes of Responsible Care. The core activity of product stewardship is to ensure compliance with the regulations governing chemical products and voluntary management of chemical products. BASF understands that compliance with chemical products regulations is a prerequisite for its license to operate, and the voluntary management of chemical products is essential to achieve a sustainable business. With that in mind, BASF has set itself global goals which involve completing risk assessments on all BASF products by 2020 that are sold worldwide in quantities of more than one metric ton per year. BASF actively contributes to this goal in Korea.

Occupational health

- 2015 “Healthy recipe” campaign
- Various health-related training and medical services at BASF in Korea

Our global health management serves to promote and maintain the health and productivity of our employees. In our directive and requirements, we stipulate globally mandatory standards for health protection. A global network of experts supports us in their implementation through standardized processes. We regularly conduct audits on occupational medicine and health protection in order to monitor and improve our performance.

BASF conducts emergency drills and health campaigns in Korea to promote health and productivity. Employee health is assessed by in-house specialists, and expertise is shared throughout its networks.

Our 2015 global Health Campaign centered on nutrition promoted the health of our employees while making a contribution to BASF's voluntary commitment to the United Nations' Global Nutrition Compact. In 2016, the global Health Campaign will focus on heart attack and stroke prevention.

BASF operates a number of health related programs for employees in Korea including an anti-smoking clinic, insulin resistance syndrome diagnostics and emergency care training. Employees also benefit from health services including free health diagnostics and influenza vaccination. All operation sites are also regularly checked for hazardous chemical exposure.

Transportation and distribution safety

- Standard safety procedures and transportation checklist for loading operations
- Regular audits and training to maintain full adherence with safety standards

BASF has in place a standard safety procedure in Korea and a transportation checklist in order to reinforce transportation safety. It conducts a full audit on all transportation vehicles upon their entry on-site in order to ensure the sole use of vehicles that fulfill the requirements for safe transportation.

BASF employs transportation safety experts in Korea to assess potential transportation contractors. Furthermore, BASF does not continue working with any contractors in Korea that fail to meet the safety requirements. All transportation contractors are provided with regular audits and training to maintain full adherence with safety standards.



A BASF employee conducts a vehicle safety check.

Occupational safety

- BASF Yeosu site won the championship at the First aid treatment contest
- BASF Ulsan site set a new record of 5,495 days with no accident

BASF conducts safety training on a regular basis in order to improve safety at its operation sites worldwide. BASF in Korea ensures that all its operation sites are safe and clean and strives to achieve an outstanding environmental, health and safety record. In 2015, the lost time injury rate of BASF employees and leased employees was 0.9 per million working hours (2014: 0.5). In 2015 the lost time injury rate among contractors was 2.3 (2014: 0.0). There were no fatalities in 2015.

Lost time injury rate of BASF employees and leased employees (per million working hours)		
2015	0.9	
2014	0.5	
2013	0.0	

Lost time injury rate contractors (per million working hours)		
2015	2.3	
2014	0.0	
2013	1.3	



BASF employees practice first aid at an Emergency Drill session hosted by Yeosu city.

Process safety

- Regular monitoring and updating of safety standards to ensure industry-leading safety and updating of safety standards to ensure industry-leading safety

BASF monitors and updates the safety standards of all operation sites in Korea in order to ensure continued improvements in safety. Regular reviews are conducted by existing and new safety rules which are then classified by potential risk and revisions made accordingly.

In line with BASF regulations, an environment, health and safety review is carried out at each level of a new investment and tracking is undertaken for any change in process, employees or procedures made at existing operation sites.

Energy

■ Active participation in government-led energy conservation program

BASF is working across all of its sites in Korea to improve energy use and promote better energy management practice using the ISO-50001 framework. In 2015, steam consumption of BASF in Korea decreased to 1,796,479 metric tons (2014: 1,821,437 metric tons) due to active participation in the government-led energy conservation program, including an electricity saving campaign, and lower plant operation loads at Yeosu site, decreasing the overall production volume.

For the same reasons, in 2015 electricity consumption decreased to 462,182 MWh (2014: 590,438 MWh), and there was a slight decrease in fuel consumption from central power plants and boilers compared to the previous year, to 1,002,627 MWh (2014: 1,048,517 MWh).

Steam consumption (total) (metric tons)

2015	1,796,479	
2014	1,821,437	
2013	1,778,418	

Electricity consumption (total) (MWh)

2015	462,182	
2014	590,438	
2013	603,158	

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

2015	1,002,627	
2014	1,048,517	
2013	988,751	

Emissions to air

BASF strictly manages the emission of air pollutants coming from production procedures in Korea and undertakes continuous process enhancement to minimize these emissions. Air pollutants are properly treated at a treatment facility with constant monitoring.

Greenhouse gas emissions of BASF in Korea decreased to 673,756 metric tons (2014: 751,191 metric tons) in line with reduced production volume.

Greenhouse gas emissions (total) (metric tons of CO₂ equivalents)¹

2015	673,756	
2014	751,191	
2013	745,416	

¹ CO₂, N₂O, CH₄, HFC, PFC, SF₆

In 2015 our emissions of air pollutants were 639 metric tons, an increase from the previous year (2014: 605 metric tons) related to a variety of production changes throughout the year.

Air pollutants (without CH₄) (metric tons)²

2015	639	
2014	605	
2013	563	

² CO, NO_x, NMVOC, SO_x, dust, NH₃ / other inorganics

Water

Water is an essential resource for production operation at BASF. Water is not only used as a solvent, but also used in the production processes including cooling.

Emissions of organic substances to water COD decreased to 624.56 metric tons (2014: 1,567 metric tons) and nitrogen emissions to water decreased to 160.19 metric tons (2014: 168 metric tons) following the end of sea disposal of waste water at the Gunsan site starting in 2015.

Emissions of heavy metals to water decreased to 0.54 metric tons in 2015 (2014: 0.8 metric tons) following a process upgrade for waste water treatment at the Ulsan pigment site.

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

2015	625	
2014	1,567	
2013	1,243	

Emissions to water (total) Nitrogen (metric tons)

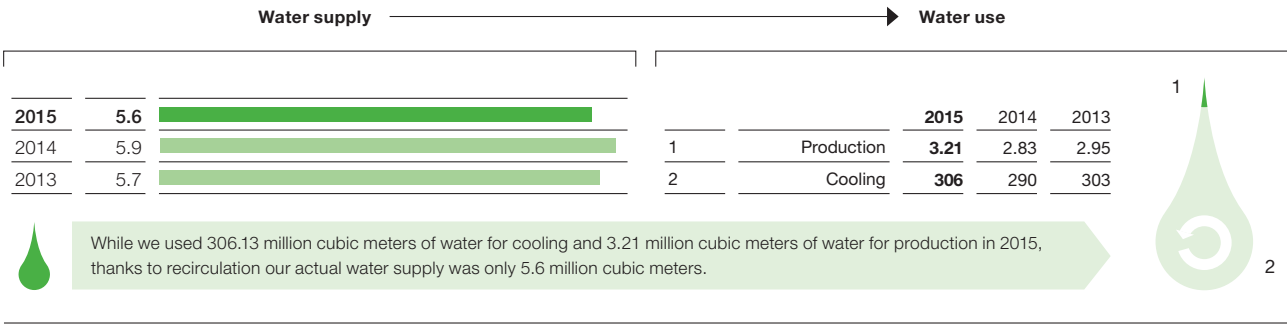
2015	160	
2014	168	
2013	138	

Emissions to water (total) Heavy metals (metric tons)

2015	0.5	
2014	0.8	
2013	0	

Water used for production rose to 3.21 million cubic meters in 2015 (2014: 2.83 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. The increase was due to the increased water for steam generation after the HyCO plant was shut down at the Yeosu site. Cooling water also increased, to 306.13 million cubic meters (2014: 290 million cubic meters). However, due to high levels of recirculation, the total water supply was lower than the previous year at only 5.59 million cubic meters in 2015 (2014: 5.9 million cubic meters).

Water supply (total) (cubic meters Mio)



Waste

- Waste levels maintained despite new production
- 100% reuse of residue from Vitamin B2 production site in Gunsan using specially designed solution

BASF in Korea is fully committed to minimizing and recycling the waste produced at all of its sites. Each employee must measure, report and sign off on any waste leaving the site. Waste is classified into sub-groups in order to improve the efficiency of our recycling. BASF carries out audits of its waste treatment contractors to ensure that there is a safe, transparent and fully compliant waste treatment process in place. BASF also provides them with information and training.

Gunsan site, where vitamin B2 is produced, has ceased disposal of its fermentation residue into the sea since June 2015. This is thanks to a new method to re-use the residue as a material for animal feed additives.

With the help of efforts like these, and with an overall reduction in production volume, the total waste produced by BASF in Korea remained steady despite new production sites coming on stream. In 2015 waste reached 43,738 metric tons (2014: 41,693), of which 50% was recycled (2014: 51%).

Waste (total) (metric tons)				
2015	43,738	50%	<div><div></div></div>	50%
2014	41,693	49%	<div><div></div></div>	51%
2013	39,702	44%	<div><div></div></div>	56%
<div><div></div> Amount of waste <div><div></div></div> Amount of recycled waste</div>				

Emergency response

- Emergency Call Center established for timely response to safety and environmental accidents

BASF in Korea has detailed emergency response plans at operation sites which take into account our business partners, suppliers, city, communities and neighboring companies. BASF conducts emergency drills in Korea with employees, contractors and regional authorities on a regular basis, at both production sites and offices.

BASF regularly reviews the emergency response system in Korea and works with the relevant government agencies to prepare for emergency drills. BASF also operates an Emergency Call Center to effectively respond to safety and environment-related accidents connected to BASF or its suppliers in Korea as well as accidents occurring during transportation of BASF products or supplies.

Security

- Regularly scheduled security training for new employees

BASF has strengthened its security management regulations in Korea to protect the company's assets and confidential information. All employees of BASF in Korea work in compliance with the regulations and protect the company's assets from any possible risk.

BASF carries out a range of security activities in Korea that include security inspections of all sites and offices by a security manager from the local head office, with security training for newcomers and a campaign to enhance security.



BASF employees maintain emergency preparedness at offices as well as production sites.



BASF Yeosu site employees executed the emergency drill for the chemical substance leakage.

Employees

Employees are the foundation of our excellent performance and ensure our long-term success: their skills, commitment and motivation make BASF 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 in Korea had a total of 1,108 employees (2014: 1,057).

Recruitment and new graduate programs

- BASF Korea selected as one of top 30 most attractive foreign employers

BASF strives to recruit the most talented workers and leaders all over the world in order to continue our successful growth. We promote connecting, engaging and leveraging measures to ensure BASF remains an attractive employer. For example, we are operating various programs designed to support undergraduate students and new recruits. In 2015, BASF Korea recruited new employees in a variety of roles, including new employees at BASF Korea Technology Development Center in Dongtan and the new engineering plastics compounding production site in Yesan.

In a survey of 3,300 workers and job seekers in their 20s and 30s, conducted by Korean job portal Saramin and Job & Joy, BASF Korea was selected as one of the 30 most attractive foreign employers. Respondents gave BASF high ratings for job stability and business sustainability.

Number of employees (as of December 31)

	2015	1,108
	2014	1,057
	2013	1,028

Career development

- Individual development meetings to strengthen professional skills

BASF strongly believes in the importance of personal development and continuous learning through personal interaction, and supports this through a variety of training programs. We help employees adapt to the changing needs of the global market by integrating on-the-job training with individualized professional development programs. At BASF, employees are given opportunities to create their own individual development programs based on Employee Development Program to increase their professional capacity. BASF employees use 70:20:10 Learning & Development model in line with individual development plan to develop knowledge and skills 70 percent from job-related experience, 20 percent from interactions with others, and 10 percent from formal educational activities.



Employees at an Employee Development Program discussion

BASF's global training program helps employees develop their abilities and assists in mapping their future career paths. The BASF Learning Campus, established globally, offers employees a worldwide network and further specialized training. These training programs and facilities cultivate individuals' capabilities and support the employees on their way to becoming group leaders.

Managers and employees regularly carry out employee dialog sessions at each site as well as at the Seoul office. This brings open communication culture in working environment. Every employee actively participates through question and answer sessions and they are free to bring questions about the company's activities to the top management.

Working at BASF

- Flexible working hours for Seoul Office
- Mobile office, family day and other support for work life balance

The corporate office of BASF in Korea has implemented a flexible working program to promote greater efficiency as well as work-life balance. Greater productivity can be achieved by allowing individual staff members to adjust their work schedule according to their responsibilities and personal needs.

For example, sales staff may be able to provide better service to their customers by working at client sites or other sites better suited for the work that needs to be done. BASF's innovation in workforce development was recognized at the KGCCI (Korean-German Chamber of Commerce and Industry) Innovation Awards in Korea. BASF earned the award in the "innovation in Workforce Development" category thanks to its "trusted working time" program.



BASF was named Best Company in Workforce Development Innovation.

Diversity + Inclusion

- Managing Director of BASF Korea appointed as ambassador for women in industry
- In-house diversity + inclusion committee

Employees are offered equal opportunities at BASF regardless of gender, race, and also age. In 2015, the largest proportion (54.9%) of employees at BASF in Korea was in the 40-54 year old age group (2014: 55.4%).

BASF has formed a diversity + inclusion committee within the company in Korea, and holds a series of activities to help enhance the understanding of diversity and inclusion and encourage all employees to apply these principles in their daily work.

BASF also supports diversity + inclusion in the community. Starting in 2014, the Managing Director of BASF in Korea was appointed by an alliance of key Korean government ministries (Ministry of Gender Equality and Family, Ministry of Trade, Industry and Energy, Ministry of Science, ICT and Future Planning) as an ambassador to help increase the number of female researchers in research and development fields.

Employee age structure (as of December 31)

	2015	2014
Up to and including 25 years	3.3	3.6
Between 26 and 39 years	35.6	37.4
Between 40 and 54 years	54.9	55.4
55 years and older	6.2	3.6



A Diversity + Inclusion roadshow at the Yeosu site

Society

Our economic success depends on trust and social acceptance from our neighbors. Social engagement is an important, integral part of the company's annual calendar with activities and engagement projects running all year long.

BASF Kids' Lab

Designed as an interactive, educational program, BASF Kids' Lab enables children in kindergartens and primary schools to learn about the importance of chemistry in everyday life. Safe experiments are chosen which can effectively demonstrate the wonders of chemistry. The number of participants has steadily increased since BASF Kids' Lab was first launched in 2003. In 2015, an expanded Kids' Lab program brought 1,600 students from Yeosu, Ulsan and Seoul to the program in celebration of BASF 150 year's anniversary.

More than 5,000 students have participated in the program in South Korea since the program began. BASF is bringing new features program in the future including online experiments and chemistry education through social media.



Students conduct experiments at BASF Kids' Lab.

Volunteering activities with local communities

BASF maintains seven production sites in cities including Ulsan, Yeosu, Gunsan, Ansan and Yesan. The company and local communities have built strong relationships over the long term, and cooperate with each other to build sustainability in the area. For example, BASF employees in Yeosu and Ulsan sites regularly make kimchi and donate it to those in need. Employees have been participating in these activities for several years as part of their on-going efforts to build relationships with the local community.



Employees paint a wall at a children's welfare facility.

CAPs (Community Advisory Panels)

BASF understands the importance of engaging with local communities where BASF's production sites are located. In 2003, BASF developed Community Advisory Panels (CAPs) in Korea, as part of its effort to promote dialogue and sustainable development. BASF was the first company in Korea to support the establishment of such a group. BASF works with the CAP and provides clear information which enables effective discussion. BASF supports 84 CAPs worldwide. Each CAP consists of members of the local community, such as environment, health, and safety experts, university professors, medical doctors, and community leaders. The CAP at BASF's site in Yeosu publishes a quarterly newsletter titled "Love Environment, Love Safety" to enhance public understanding of environment, health and safety issues.



CAPs (Community Advisory Panels) hold regular meetings to discuss key topics relating to environment, health and safety.

Support to chemistry and engineering students

BASF grants scholarships to university students and graduates each year and provides opportunities to students majoring in chemical and engineering at universities in Korea. Promising university students and graduates can participate in an international summer course in Ludwigshafen, Germany along with their counterparts from around the world. Selected Korean students have been invited there since 2009. Participants in the summer program deepen their understanding of the chemical industry and form a network with talented students internationally. In 2015, three doctoral students from Korea were invited to the program, which included a series of lectures, networking sessions and a tour of a production facility.



Participants at the BASF international summer course for students and graduates

Selected prizes and awards

Porter Prize for Excellence in CSV

BASF was recognized at the second “Porter Prize for Excellence in Creating Shared Value” in December 2015. This award was created in 2014 by the Institute for Industrial Policy Studies, *Dong-a Ilbo* and Michael Porter, a business professor from Harvard University and the world’s leading thinker on competitive strategy. The award commended BASF for its Elastocoast® coastal erosion protection system.



BASF was awarded the Porter Prize for CSV for its innovative coastal protection system.

Seoul “Energy Saving Company”

BASF was named an “Energy Saving Company” by the Seoul Metropolitan Government in recognition of the company’s contribution to the national energy-saving policy through the establishment and operation of the Eco house in Seoul City Hall Plaza. BASF was also acknowledged for leading the development and supply of the Walltite exterior wall insulating system and Neopor® insulation to Korea.



BASF was named an “Energy Saving Company” by the Seoul Metropolitan Government.

Best Partner for AMORE PACIFIC

BASF’s personal care team was selected as an outstanding partner of AMORE PACIFIC, and received an appreciation plaque and a gold key at AMORE PACIFIC’s 70th Anniversary on September 5, 2015. BASF was recognized for its support to AMORE PACIFIC in its goal to become a global leader in the beauty industry.



BASF was selected as “Best Partner” by AMORE PACIFIC, No.

Further information

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Ten-year summary

Million €	2006	2007	2008	2009	2010	2011	2012¹	2013²	2014	2015
Sales and earnings										
Sales	52,610	57,951	62,304	50,693	63,873	73,497	72,129	73,973	74,326	70,449
Income from operations before depreciation and amortization (EBITDA)	9,723	10,225	9,562	7,388	11,131	11,993	10,009	10,432	11,043	10,649
Income from operations (EBIT)	6,750	7,316	6,463	3,677	7,761	8,586	6,742	7,160	7,626	6,248
Income before taxes	6,527	6,935	5,976	3,079	7,373	8,970	5,977	6,600	7,203	5,548
Income before minority interests	3,466	4,325	3,305	1,655	5,074	6,603	5,067	5,113	5,492	4,301
Net income	3,215	4,065	2,912	1,410	4,557	6,188	4,819	4,792	5,155	3,987
Capital expenditures, depreciation and amortization										
Additions to property, plant and equipment and intangible assets	10,039	4,425	3,634	5,972	5,304	3,646	5,263	7,726	7,285	6,013
Thereof property, plant and equipment	4,068	2,564	2,809	4,126	3,294	3,199	4,084	6,428	6,369	5,742
Depreciation and amortization of property, plant and equipment and intangible assets	2,973	2,909	3,099	3,711	3,370	3,407	3,267	3,272	3,417	4,401
Thereof property, plant and equipment	2,482	2,294	2,481	2,614	2,667	2,618	2,594	2,631	2,770	3,600
Number of employees										
At year-end	95,247	95,175	96,924	104,779	109,140	111,141	110,782	112,206	113,292	112,435
Annual average	88,160	94,893	95,885	103,612	104,043	110,403	109,969	111,844	112,644	113,249
Personnel expenses										
	6,210	6,648	6,364	7,107	8,228	8,576	8,963	9,285	9,224	9,982
Research and development expenses										
	1,277	1,380	1,355	1,398	1,492	1,605	1,732	1,849	1,884	1,953
Key data										
Earnings per share³	€ 3.19	4.16	3.13	1.54	4.96	6.74	5.25	5.22	5.61	4.34
Cash provided by operating activities⁴	5,940	5,807	5,023	5,693	6,460	7,105	6,602	8,100	6,958	9,446
EBITDA margin	% 18.5	17.6	15.3	14.6	17.4	16.3	13.9	14.1	14.9	15.1
Return on assets	% 17.5	16.4	13.5	7.5	14.7	16.1	11.0	11.5	11.7	8.7
Return on equity after tax	% 19.2	22.4	17.0	8.9	24.6	27.5	19.9	19.2	19.7	14.4
Appropriation of profits										
Net income of BASF SE⁵	€ 1,951	2,267	2,982	2,176	3,737	3,506	2,880	2,826	5,853	2,158
Dividends	1,484	1,831	1,791	1,561	2,021	2,296	2,388	2,480	2,572	2,664
Dividend per share³	€ 1.50	1.95	1.95	1.70	2.20	2.50	2.60	2.70	2.80	2.90
Number of shares as of December 31³,⁶										
million	999.4	956.4	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5

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

² Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

³ 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 for purposes of comparison.

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

⁵ Calculated in accordance with German GAAP

⁶ After deduction of repurchased shares earmarked for cancellation



Further information

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