

# BASF in India Report 2015



**BASF**  
We create chemistry

As the Make in India campaign gains momentum, BASF is gearing to meet the growing demands of the country with state-of-the-art technology and world class talent.



## 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.

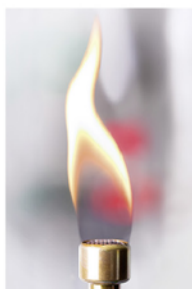


### Key data Agricultural Solutions (in million €)

	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 in India

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## About this report

The "BASF in India — 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 India. 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.

## Welcome

### Message from the Chairman

*Dear Readers and Stakeholders,*

BASF celebrated its 150<sup>th</sup> year anniversary in 2015. I am proud to be a part of a company with a remarkable history of innovation and contribution to change the way we live. BASF initiated the year-long global celebration from Mumbai, Maharashtra, with the launch of a mobile platform called Creator Space™, a worldwide tour to boost co-creation. In Mumbai, this collaborative effort focused on water. As one outcome of this initiative, in September, BASF presented a white paper, "Co-creating solutions for Mumbai's water challenges". The white paper was unveiled by the Honorable Chief Minister of Maharashtra, Shri Devendra Fadnavis.

In 2015, we inaugurated our Agricultural Research Station, BASF's fifth global research station. Situated in Loni Kand, Pune, the new research station will focus on developing sustainable solutions for global and local agricultural challenges. We also inaugurated our fifth construction chemicals plant, in Nellore, Andhra Pradesh. This state-of-the-art facility will cater to the construction demands of southern India and enable us to be even more responsive to customers' needs.

That said, the year was challenging for business. A second year of poor monsoons, falling oil prices, currency fluctuations, the slow-down of global demand, in particular that in China, impacted markets and our customers, dampening demand. We responded to the difficult environment by stepping up efforts to engage with new customers, and to focus on with growth opportunities. We also undertook various initiatives to optimize costs and improve efficiency.

Despite an increased production footprint, in 2015 we continued our commitment to meeting environmental goals. We also developed several social programs in line with governmental initiatives such as "Swachh Bharat Abhiyaan", bringing our employees and neighborhoods together to make a positive contribution to local communities near our manufacturing sites.

Our country's focus on increasing manufacturing enterprises with initiatives such as "Make in India", and improving infrastructure and quality of urban living through "Smart Cities", will create opportunities for BASF. Innovation remains at the heart of our competitiveness and we will continue to expand our offerings to customers in India.



During our 150<sup>th</sup> anniversary, innovation and cooperation with our partners played a central role in our celebrations globally and in India. Co-creation activities highlighted the dynamics of our industry and the contributions that chemistry and BASF – together with its customer – make towards enabling a better life, technical progress and efficient use of resources. This power and dynamism are hallmarks of BASF, both when the company was founded 150 years ago, and also today.

Yours,

**Raman Ramachandran**

Chairman and Managing Director,  
BASF India Limited & Head, BASF South Asia





A late evening picture of the styrene plant at BASF's global headquarters in Ludwigshafen



## 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](http://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

Suppliers	BASF	Customers
Procurement	Growth and profitability; employees; production; product stewardship; energy and climate protection; water	Products and solutions

### 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 <sup>1</sup> according to our risk-based approach; development of action plans where improvement is necessary	70%	31%

<sup>1</sup> 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%
<b>Long-term goals</b>		
Proportion of international senior executives <sup>2</sup>	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.

<sup>2</sup> 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 <sup>3</sup>	90%	39.5%
Reduction of greenhouse gas emissions per metric ton of sales product (excluding Oil & Gas, baseline 2002)	–40%	–34.6%

<sup>3</sup> 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

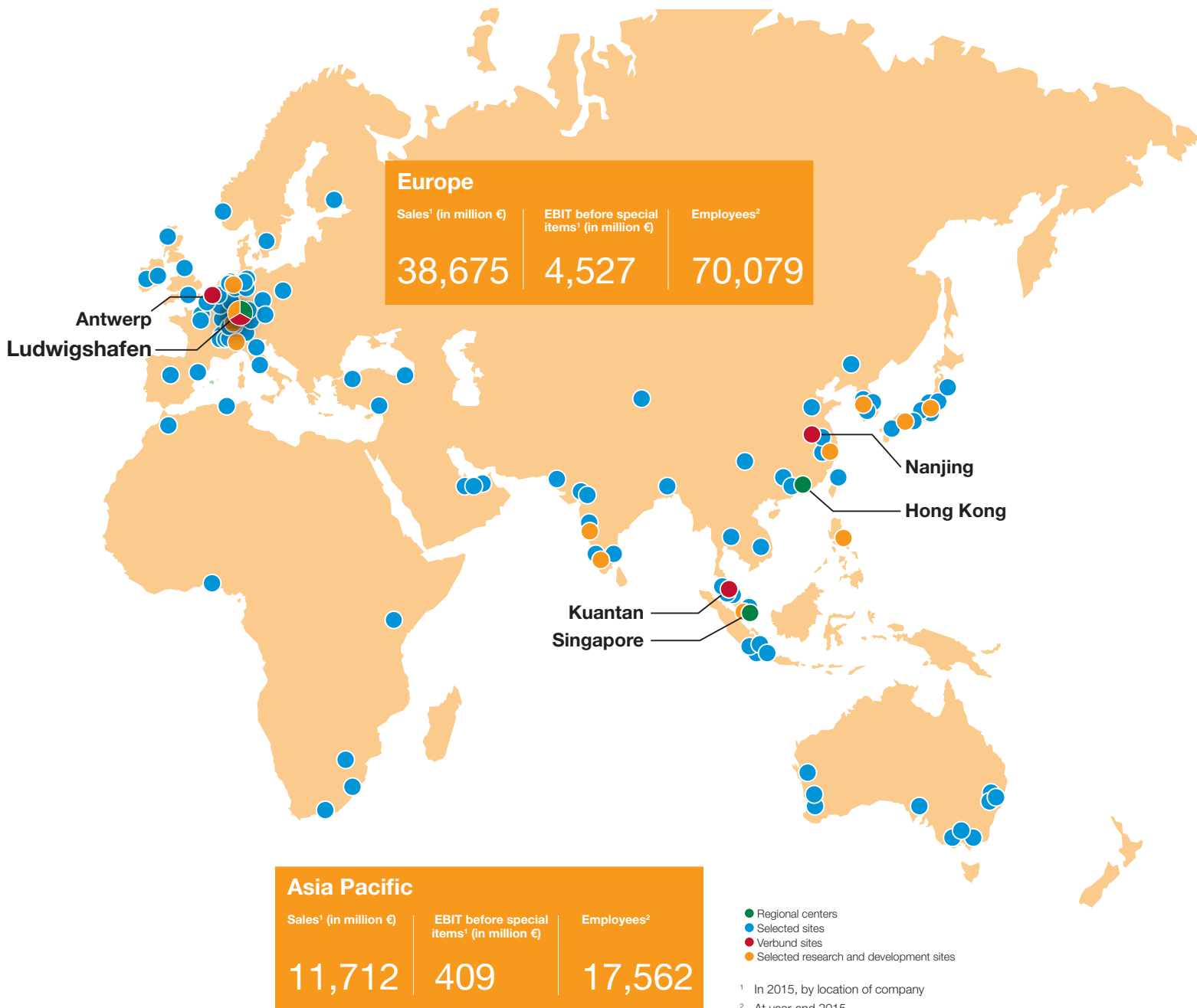
	2020 Goal	Status at end of 2015
Increase the proportion of sales generated by products that make a particular contribution to sustainable development ("Accelerators")	28%	26.6%

## BASF in the regions

BASF Group sales 2015: €70,449 million;

EBIT before special items 2015: €6,739 million







## BASF on the capital market

Stock markets were marked by a high level of volatility in 2015. This was largely a factor of fickle economic development, slowdown in the emerging markets and the threat of Greece's payment default. In this volatile environment, the BASF share rose by 1.2%, trading at €70.72 at the end of 2015. We stand by our ambitious dividend policy and will propose a dividend of €2.90 per share at the Annual Shareholders' Meeting – an increase of 3.6% compared with the previous year. BASF enjoys solid financing and good credit ratings.

### BASF share performance

- Stock markets fluctuate widely over course of year
- BASF share gains 1.2% in 2015
- Ten-year development continues to clearly outperform benchmark indexes

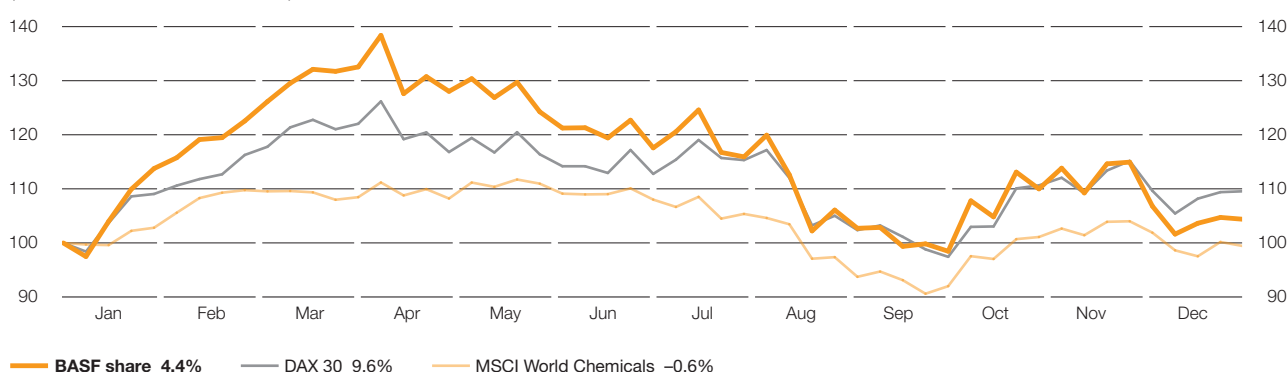
The weak euro and the European Central Bank's (ECB) announced intention to purchase large amounts of additional bonds both provided the stock markets with a positive start to 2015. On April 10, 2015, new record highs were achieved as the German benchmark index DAX 30 closed at 12,375 points and the BASF share price at €96.72. As the second quarter progressed, concerns – especially about Greece's financial solvency – led to share price losses. The second half of the year saw the market rebound as European finance ministers approved the third bailout package for Greece and the

eurozone produced robust economic figures. This was followed by considerable dips, due in large part to the weak economic situation in China and severe recession in Brazil. The further depreciation of the euro, positive economic development and speculation as to a renewed expansion of the ECB's monetary policy initially led to a fourth-quarter boost in share prices, including the BASF share. Prices dropped again in December, however, after the ECB announced intentions to continue easing its monetary policy, a decision that disappointed many investors who had anticipated more expansive measures.

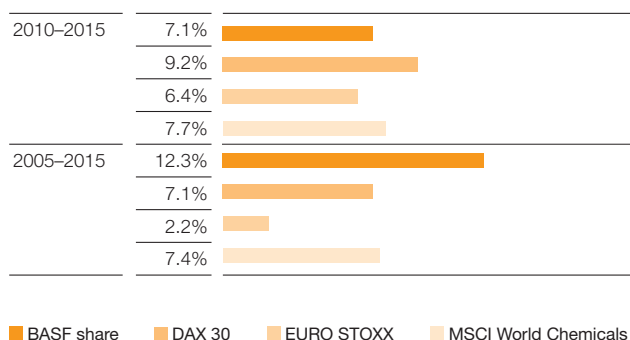
BASF shares traded at €70.72 at the end of 2015, 1.2% above the previous year's closing price. Assuming that dividends were reinvested, BASF shares gained 4.4% in value in 2015. This did not match the performance of the German and European stock markets, whose benchmark indexes DAX 30 and DJ EURO STOXX 50 gained 9.6% and 6.4% over the same period, respectively. As for the global industry indexes, DJ Chemicals fell by 3.3% in 2015 while MSCI World Chemicals declined by 0.6%. Viewed over a ten-year period, the long-term performance of BASF shares still clearly outperforms these indexes. The assets of an investor who invested €1,000 in BASF shares at the end of 2005 and reinvested the dividends in additional BASF shares would have increased to €3,195 by the end of 2015. This represents a yield of 12.3% each year, placing BASF shares above the returns for the DAX 30 (7.1%), EURO STOXX 50 (2.2%) and MSCI World Chemicals (7.4%) indexes.

### Change in value of an investment in BASF shares in 2015

(With dividends reinvested; indexed)



### Long-term performance of BASF shares compared with indexes (Average annual increase with dividends reinvested)



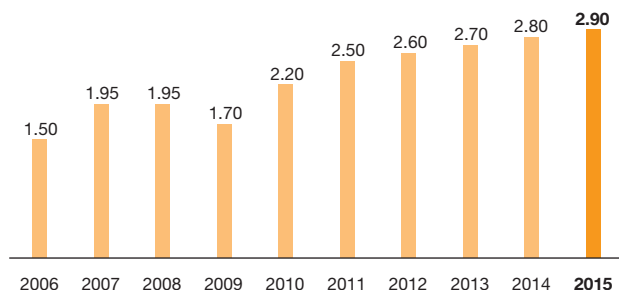
### Weighting of BASF shares in important indexes as of December 31, 2015

DAX 30	7.4%
DJ Chemicals	5.9%
MSCI World Index	0.2%

### Proposed dividend of €2.90 per share

At the Annual Shareholders' Meeting, the Board of Executive Directors and the Supervisory Board will propose a dividend payment of €2.90 per share. We stand by our ambitious dividend policy and plan to pay out almost €2.7 billion to our shareholders. Based on the year-end share price for 2015, BASF shares offer a high dividend yield of around 4.1%. BASF is part of the DivDAX share index, which contains the fifteen companies with the highest dividend yield in the DAX 30. We aim to increase our dividend each year, or at least maintain it at the previous year's level.

#### Dividend per share<sup>1</sup> (€ per share)



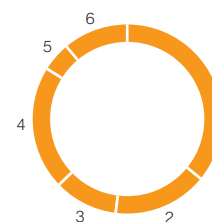
<sup>1</sup> Adjusted for two-for-one stock split conducted in 2008

### Broad base of international shareholders

With over 500,000 shareholders, BASF is one of the largest publicly owned companies with a high free float. An analysis of the shareholder structure carried out at the end of 2015 showed that, at 16% of share capital, the United States and Canada made up the largest regional group of institutional investors. Institutional investors from Germany accounted for 9%. Shareholders from the United Kingdom and Ireland hold just under 11% of BASF shares, while institutional investors from the rest of Europe hold a further 21% of capital. Approximately 27% of the company's share capital is held by private investors, most of whom reside in Germany. BASF is therefore one of the DAX 30 companies with the largest percentage of private shareholders.

#### Shareholder structure (by region)

1	Germany	36%
2	United States and Canada	16%
3	United Kingdom and Ireland	11%
4	Rest of Europe	21%
5	Rest of world	5%
6	Not identified	11%



### Employees becoming shareholders

In many countries, we offer share purchase programs that turn our employees into BASF shareholders. In 2015, for example, around 21,600 employees (2014: 23,200) purchased employee shares worth about €60 million (2014: €62 million).

# BASF Group 2015 at a glance

## Economic data

		2015	2014	Change in %
Sales	million €	70,449	74,326	(5.2)
Income from operations before depreciation and amortization (EBITDA)	million €	10,649	11,043	(3.6)
Income from operations (EBIT) before special items	million €	6,739	7,357	(8.4)
Income from operations (EBIT)	million €	6,248	7,626	(18.1)
Income from operations (EBIT) after cost of capital	million €	194	1,368	(85.8)
Income before taxes and minority interests	million €	5,548	7,203	(23.0)
Net income	million €	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	million €	9,446	6,958	35.8
Additions to property, plant and equipment and intangible assets <sup>1</sup>	million €	6,013	7,285	(17.5)
Depreciation and amortization <sup>1</sup>	million €	4,401	3,417	28.8
Return on assets	%	8.7	11.7	–
Return on equity after tax	%	14.4	19.7	–

<sup>1</sup> Including acquisitions

## Innovation

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

## Safety, security, health and the environment

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

<sup>2</sup> Primary energy used in BASF's plants as well as in the plants of our energy suppliers to cover energy demand for production processes

<sup>3</sup> Excluding emissions from oil and gas production



## Ten-year summary

Million €	2006	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015
<b>Sales and earnings</b>										
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
<b>Capital expenditures, depreciation and amortization</b>										
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
<b>Number of employees</b>										
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
<b>Personnel expenses</b>										
	6,210	6,648	6,364	7,107	8,228	8,576	8,963	9,285	9,224	9,982
<b>Research and development expenses</b>										
	1,277	1,380	1,355	1,398	1,492	1,605	1,732	1,849	1,884	1,953
<b>Key data</b>										
Earnings per share <sup>3</sup>	€ 3.19	4.16	3.13	1.54	4.96	6.74	5.25	5.22	5.61	4.34
Cash provided by operating activities <sup>4</sup>	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
<b>Appropriation of profits</b>										
Net income of BASF SE <sup>5</sup>	€ 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 share <sup>3</sup>	€ 1.50	1.95	1.95	1.70	2.20	2.50	2.60	2.70	2.80	2.90
<b>Number of shares as of December 31<sup>3,6</sup></b>										
million	999.4	956.4	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5

<sup>1</sup> 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.

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

<sup>3</sup> 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.

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

<sup>5</sup> Calculated in accordance with German GAAP

<sup>6</sup> After deduction of repurchased shares earmarked for cancellation

## 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 India

- Intensive six day Creator Space tour to develop solutions for water challenges
- Partnership with Save the Children using innovative “empathic design” methodology

BASF's global tour to boost co-creation, under the banner of Creator Space™, visited six strategic markets around the world with an aim to address issues that revolve around urban living, food and nutrition, and smart energy. With Mumbai as the first stop of the global tour, Creator Space™ helped participants engage in substantive conversations with a diverse set of people, to better understand and address the challenges of the future and develop proposals to meet these challenges.

The theme for Creator Space™ Mumbai was water. The six day event focused on accessibility, quality, policy and behavior. BASF senior executives joined non-governmental organizations (NGOs), sector experts and cultural representatives to outline the challenges and potential solutions.

A two-day intensive session brought together specialists in water technology, water policy, water quality and water consumption behavior for collaboration on solutions for Mumbai's water challenge. Individuals working for the benefit of society shared their efforts in creating awareness on the optimal use of clean water.

Using the innovative “empathic design” methodology, BASF and global NGO Save the Children worked together in India and Kenya to develop solutions for pressing challenges in the field of water and nutrition.

As part of the celebration, BASF partnered with Yogi Chopra of the 48 Hour Film Project, for a Video Contest entitled “Wat(er) is the matter?” The contest aimed to encourage filmmakers, students and the general public in Mumbai to make a three- to five-minute documentary film around 14 identified topics. We received nominations of highly creative films made by student and budding filmmakers. BASF also invited students from various schools to share their drawings with us on the importance of water.

BASF scheduled two “jamming” days to target challenges related to the anniversary themes. Employees from across India came together to look into ways for BASF to improve its own water footprint, while members of the public focused on how to handle organic waste and manage its water impact. Jammers included representatives from the Municipal Corporations, Pollution Control Board, academia and NGOs.

During Creator Space Mumbai, BASF customers, peers and partners participated in an innovation workshop on industrial water management. Attendees focused on how to apply the “three Rs” – Reduce, Reuse, Recycle – for effective water management in an industrial setting.

PhD candidates from local academic institutions joined a session on the final day of the tour to present papers on topics related to water and other research topics.



**BASF unveiled its white paper on water challenges with the Honorable Chief Minister of Maharashtra, Shri. Devendra Fadnavis**

Following the tour stop, BASF assembled the input of more than 1,000 individual participants in a white paper, “Co-creating Solutions for Mumbai's Water Challenges”. This white paper was unveiled by the Honorable Chief Minister of Maharashtra, Mr. Devendra Fadnavis, at the Annual General Meeting of the Indo German Chamber of Commerce, and includes six potential solutions to enhance the water infrastructure in Greater Mumbai, drawn from 124 ideas based on the research, collaborative ideation during a two-day water summit, and field work. Based on this a holistic approach has been developed and several measures have been identified with the potential to augment plans to revamp the city's on-grid water infrastructure.

For more information, see [www.creator-space.basf.com](http://www.creator-space.basf.com)



## 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 production, product



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

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 India?

Today, India is at an exciting crossroad. With rising demand, we foresee a huge potential for growth in industries such as automotive, agriculture and construction. Innovation is an increasingly important driver to tap these growing opportunities, and for this reason we plan to leverage the capabilities of our upcoming Innovation Campus in Mumbai, to forge even closer partnerships with our local customers and partners for solutions that tackle current and future challenges.

## 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	12.3	<div><div></div></div>
2014	12.3	<div><div></div></div>
2013	12.5	<div><div></div></div>

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

2015	409	<div><div></div></div>
2014	614	<div><div></div></div>
2013	842	<div><div></div></div>

### 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 1,842 new hires in the region in 2015, 24.9 percent of which were female (2014: 22.8 percent of 2048).

**Number of employees** (as of December 31)

2015	17,562	26.2%	<div><div></div></div>	73.8%
2014	17,060	27%	<div><div></div></div>	73%
2013	16,708	28%	<div><div></div></div>	72%

■ Total ■ of which female

**Number of new hires** (as of December 31)

2015	1,861	25.1%	<div><div></div></div>	74.9%
2014	2,048	22.8%	<div><div></div></div>	77.2%
2013	1,933	26%	<div><div></div></div>	74%

■ Total ■ of which female

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.

# BASF in India

## History

### The early days

- 1865** Badische Anilin- und Soda-Fabrik is founded in Ludwigshafen, Germany.
- 1890** BASF's first sales figures for India reported – BASF's first interaction with India is in textile colors.
- 1943** R. A. Cole Private Limited is incorporated, which will later become BASF India Limited.
- 1961** BASF acquires 50% holding in R. A. Cole Private Limited and the Company is known as R. A. Cole Limited. At this time, BASF in India is involved in the production of Expandable Polystyrene under the "Thermocole" trade name at the Thane site, BASF's first production site in Asia.
- 1963** R. A. Cole Limited is renamed Indoplast Limited, marking a shift in focus towards plastics manufacturing
- 1967** Indoplast Limited is renamed BASF India Limited, its present name.
- 1968** BASF India Limited is listed on The Bombay Stock Exchange Limited (BSE).
- 1995** With the purchase of additional shares in 1994, BASF Aktiengesellschaft acquires majority holding (50.00104%) in BASF India
- BASF India Limited is listed on The National Stock Exchange of India Limited (NSE).
- 1996** BASF Industries Limited, a 100% owned BASF Group company, is formed.
- BASF starts operations at its new production site in Mangalore, manufacturing dyes and dispersions.
- 1998** The automotive coatings business is acquired from Dr. Beck & Co. and the printing inks business is acquired from JBA Printing Inks Limited. The automotive coatings and printing inks businesses later become a part of BASF Industries Limited.

### Gaining momentum

- 2000** BASF acquires the coil coatings business from Hydro Coatings worldwide and Hydro Coatings India Limited is renamed BASF Coatings Private Limited.
- BASF and the New York-based Chatterjee Group form a strategic alliance to produce and market polystyrene in India. BASF takes a majority share in the partnership and takes operational and administrative direction of Pushpa Polymers Private Limited. This acquisition makes BASF the first globally active polystyrene manufacturer with its own production in India. Pushpa Polymers Private Limited changes its name to BASF Styrenics Private Limited.
- 2001** Cyanamid Agro Limited is merged with BASF India Limited following BASF's global acquisition of Cyanamid Aktiengesellschaft.
- 2003** The automotive coatings business is transferred from BASF Industries Limited to BASF Coatings Private Limited.
- 2005** The printing inks business of BASF Industries Limited is divested.
- BASF Polyurethanes India Limited is formed as a 100% subsidiary of BASF India Limited.
- 2006** BASF Aktiengesellschaft acquires the global construction chemicals business of Degussa Aktiengesellschaft. This leads to the inception of BASF Construction Chemicals (India) Private Limited, which was earlier known as MasterBuilder Technology Private Limited.
- BASF Aktiengesellschaft acquires US-based Engelhard Corporation. This leads to the creation of BASF Catalysts India Private Limited, which was earlier known as Engelhard Environmental Systems (India) Private Limited.
- 2008** BASF Aktiengesellschaft converts to a European company and now operates under the name BASF SE.
- BASF SE acquires Ciba Holdings Aktiengesellschaft and begins integration of local Ciba entities around the world.



**2010** The merger of Ciba India Limited, Diamond Dye Chem Limited and Ciba Research (India) Private Limited with BASF India Limited is completed.

BASF SE acquires Cognis Holding GmbH worldwide.

BASF SE and INEOS Industries Holdings Limited plan to enter a new joint venture.

**2011** Three BASF legal entities in India – BASF Coatings (India) Private Limited, BASF Construction Chemicals (India) Private Limited and BASF Polyurethanes India Limited – are merged with BASF India Limited.

Further to the global acquisition, BASF India Limited acquires the business of Cognis Specialty Chemicals Pvt. Ltd. in India, including all assets and liabilities.

Styrolution officially starts operating as an independent company, following the approval of relevant authorities.

**2012** BASF India announces plans to set up an integrated production plant in Dahej, Gujarat.

Shut down of the Expandable Polystyrene (EPS) business and Styropor production plant at Thane as part of BASF's global strategy.

**2013** BASF launches Asia's first metal-based fine chemical catalysts production plant and product development laboratory at the company's operating site in Mangalore.

BASF Catalysts (India) Private Limited expands mobile emissions catalysts production capacity with the groundbreaking of a 12.3 acre (4.9 hectare) site in Mahindra World City, Chennai.

## Developing future growth opportunities

**2014** BASF SE inaugurates a new global Research and Development (R&D) Center at its Thane site in Navi Mumbai, India.

BASF India Limited inaugurates a large-scale chemical production complex at Dahej in Gujarat, India. With a project cost of INR 1,000 crore (approximately €150 million), the site represents BASF's single largest investment in India.

BASF breaks ground on a new €50 million Innovation Campus in Navi Mumbai, India.

**2015** BASF launches a year-long tour to six locations worldwide, to celebrate its 150th anniversary and boost co-creation.

Inauguration of BASF India's sixth and largest construction chemicals plant in Nellore, Andhra Pradesh.

BASF India opens a new Agriculture Research Station in Pune.

Ground breaking of a new construction chemicals site at Kharagpur, West Bengal.



2016 marks 125 years of BASF's Leather Chemicals business.

## Business development

India has a long history and a strong relationship with chemistry. Rasayan Shastra, the formal study of chemistry, began in the eighth century with the introduction of dyed cotton and leather tanning. In line with the demands of the market, BASF had its first business contact in India as early as 1890. India today is not only an important market for BASF globally, but a strategic one: in 2015 the company launched its global 150th anniversary celebrations from India.

In 2015, the Government of India put a special focus on the role of the manufacturing industry in India's development, with its "Make in India" campaign. In line with this direction, BASF took steps to support India's manufacturers with new materials, with an emphasis on local investments. In the last several years, BASF has begun or expanded production in Tamil Nadu, Gujarat, Maharashtra, Andhra Pradesh and West Bengal, helping to fuel growth in the local economy.

For more information, see [www.basf.com/in](http://www.basf.com/in)

### Business Update

- Investments in key industries
- Product portfolio helps Indian customers meet sustainability goals

At BASF, we create chemistry for a sustainable future. Through our investments in innovation and local production in India, as well as through our product offerings, we help India's manufacturing industry meet their sustainability goals. In 2015, we undertook intensive research to seek solutions to provide cleaner air, higher agricultural yields, and better water supply and distribution.

Some other key developments in the year included the inauguration of the Agricultural Research Station at Loni Kand in Pune, Maharashtra, and the inauguration of BASF India's largest construction chemicals manufacturing plant at Nellore, Andhra Pradesh.

In 2015, BASF achieved sales of €1.112 billion, approximately INR 79,130 billion (2014: €1.088 billion) to customers in India. Sales dipped in comparison to the previous year in local currency terms, but favorable currency exchange rates created a rise in sales in euro terms. As of December 31, 2015, BASF in India had 2,236 employees (2014: 2,186), nine production sites, eight sales offices and two R&D centers that work closely with BASF's global technology platform.

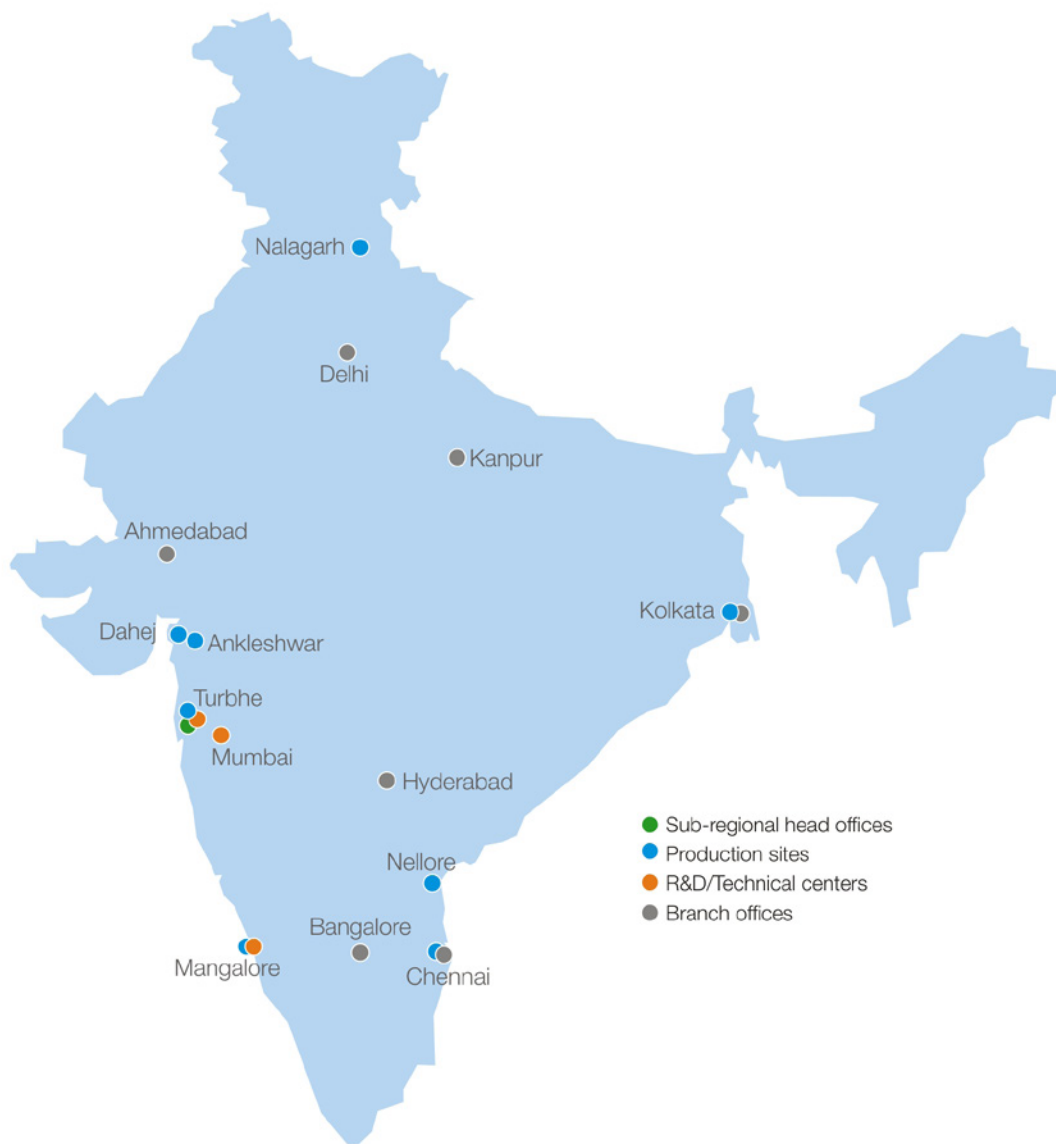
**BASF sales in India** (by location of customer) (in million €)

2015	1,112	<div style="width: 100%;"></div>
2014	1,088	<div style="width: 97.3%;"></div>
2013	1,018	<div style="width: 92.6%;"></div>



BASF supports India's manufacturers with new materials.

## Sites



### BASF in India

At a glance

BASF has successfully partnered India's progress for more than 125 years, with all global businesses maintaining a presence in India today except for Oil & Gas.

As of the end of 2015, BASF in India had 2,236 employees at nine production sites<sup>1</sup> & eight sales offices, as well as two R&D centers, located in Mumbai and Mangalore. In 2015, BASF registered sales of approximately €1.1 billion to customers in India.

Sales

€1.112 billion

Employees<sup>2</sup>

2,236

<sup>1</sup> Some sites are not shown on the map due to scale. Site and office numbers refer to the companies of significant size where BASF holds a stake greater than 50 percent.

<sup>2</sup> As of December 31, 2015

## Dahej site ramps up production

- Production begins at all 10 plants
- Focus now on optimizing capacity and quality control

Following a gradual start-up, BASF's INR 1,000 crore (approximately €150 million) investment in Dahej has been commissioned and all plants are now operational. The products produced at this site, including care chemicals, dispersions, and polyurethanes, support global and local customers. With a reinforced focus on safety, the site has received certifications such as ISO 9001, ISO 14001 and Good Manufacturing Practice certificates, along with all statutory permits. In 2015, the site achieved 1.78 million safe working hours with zero lost time injuries.

With 200 full time employees, the site has developed unique initiatives for talent retention, including training at other BASF sites located in China, Korea and Malaysia. Based on these visits, employees learn international best practices and can adopt them at Dahej.



Personal care plant at the Dahej site.

In the Dahej community, BASF has made commitments to a number of programs designed to support the Government of India's initiative "Swachh Bharat Abhiyaan", a mission to clean India's cities and villages.

## New sites for construction chemicals

- Establishment of BASF's largest construction chemicals plant in India
- Groundbreaking of new site in Kharagpur

In April 2015, BASF unveiled its largest construction chemicals plant in India, spread across 25,000 square meters in Nellore, Andhra Pradesh. This is the fifth construction chemicals site in India, and houses a multi-tank storage facility and a well-equipped concrete lab. The site at Nellore, in southern India, allows BASF to support builders and developers more quickly and conveniently with high-performance solutions in a highly competitive market.

In the same year, BASF broke ground for its sixth construction chemicals site at Kharagpur, West Bengal. This site will produce the entire range of admixtures and accelerators. Inauguration is scheduled for the second quarter of 2016. The site will cater to the demands of customers based in East and North-east India.

## New catalysts site in Chennai creates opportunities for automotive sector

- Green-field, zero discharge site
- Catalysts help vehicles comply with new Bharat Stage VI emissions standard

A major concern facing the automobile industry is curbing rising air pollution. With the Bharat Stage VI emission standard coming into force in 2020, solutions to prevent or reduce automotive emissions are increasingly important.

BASF is helping vehicle manufacturers address this need with its new catalysts production in Chennai. Spread across 47,000 square meters, this zero discharge, state-of-the-art facility will manufacture mobile emissions catalysts. These catalysts will serve the fast growing automobile manufacturing markets in India and ASEAN.

The facility will house enhanced equipment layout and has spacious aisles to promote man and material movement. Highly mechanized, the site will ensure minimum human safety risks, optimum consumption of natural lighting resulting in reduced dependence on electricity, centralized quality control process as well as an Occupational Health Center with enhanced facilities. The Catalysts team has also donated generously to the Chief Minister's Relief Fund during the floods in Chennai and has sponsored two community water drinking plants in Chennai.



## Business highlights

### High performance deodorants and soaps promote hygiene in India

- Innovative formulations to promote hygiene
- Solutions help tackle challenges specific to India

The two most commonly used personal care products are soaps and deodorants. However, they each face challenges in the Indian market. BASF is working with major cosmetics and personal hygiene brands to create innovative formulations for the India market in these two categories, which can now be replicated in other markets around the world.

Bar soaps are the primary cleansing tools in India. As of 2015, Euromonitor, estimated the value of the soap industry at €2.5 billion in India, with a growth projection of 9 percent CAGR. Around 70 percent of soap is sold to rural consumers.

However, a popular South Indian soap major found that its opaque soaps sold in the coastal areas of Tamil Nadu were challenged in foaming capacity because of hard water conditions locally. To improve performance while still ensuring the cost of the soaps would be accessible to rural consumers, BASF developed a new formulation with a better foaming profile in hard water. This is a critical aspect for a market where more foaming is perceived as equivalent to increased cleansing, along with improved emulsifying, enhanced perfume retention and a significant visual difference in surface shine.

Likewise, the market for spray deodorants in India, approximately INR 1,500 crore in 2014, is increasing rapidly. However, users face problems because the short life of the sprays once applied. BASF, together with a leading Indian cosmetic company, developed a formulation for perfume retention and stabilization. With Tinogard TT, the deodorants were longer lasting and enjoyed a more stable shelf life. A product using this formulation was successfully launched on the local market in October 2015.



Hygiene and comfort are important for a healthy family. Soaps and deodorants help us achieve this.

### Keeping potatoes fresh, using less energy

- Insulation solutions help potatoes stay fresh in cold storage

With India's tropical climate and long distances between farms and markets, it is important to store potatoes in optimum conditions so that they are still fresh by the time they reach the kitchen.

Ordinary cold storage uses expanded polystyrene (EPS) as an insulation material due to its low cost and ready availability. However, it faces limitations in a situation where the cold chain must be maintained over long distances or under challenging conditions such as high heat. In 2015 BASF introduced Elastospray® to India, a high performance, energy-efficient and durable spray-applied polyurethane foam insulation system. To demonstrate its effectiveness in saving energy and thus costs, BASF applied Elastospray to the new facility of a cold storage owner in Kolkata, West Bengal. The performance of the insulation was monitored for three months and compared to the conventional EPS system.

The study found that Elastospray was able to maintain the proper temperatures for cold storage of potatoes while saving 17 percent in energy costs. This solution is now being applied throughout the cold storage market in Gujarat and West Bengal, contributing to energy savings and reduced operating costs for cold storage providers, and at the same time reducing food waste by ensuring that this staple crop stays fresh and nutritious.



Promoting freshness in potatoes using Elastospray

## Pharmaceutical design features deter drug abuse

- Formulation exhibits reduced rate of release when an overdose is administered

When it comes to drugs and medications, the difference between use and abuse can hinge on the variation between the "usual dose" – a dose approved by a drug regulatory authority, or prescribed by a physician – and an overdose. According to the Ministry of Social Justice and Empowerment, India had an estimated 3.4 million drug abuse victims in 2014 alone.

Thus, one way to deter drug abuse, whether accidental or deliberate, is to provide the medication in a form that deters overdosing: design features such as tamper resistance help prevent users from defeating the release properties or ingesting overdoses of opioids, antidepressants, antipsychotic and other drugs affecting the central nervous system.

BASF and an Indian multinational pharmaceutical company have developed an abuse deterrent immediate release coated reservoir solid dosage form using BASF's pharmaceutical ingredient, Kollicoat® Smartseal 30D. This dosage form releases the drug at desired rate for quick onset of action when the dosage form is orally administered as single unit or prescribed units. But it exhibits a reduced rate of release when more than the prescribed number of units are administered. The prepared dosage form deters drug abuse by multiple pill oral administration as well as abuse by other routes of administration such as nasal, parenteral and rectal. This formulation is a significant step towards reducing drug addiction, suicide and adverse effects of prescription drug abuse.



Drug abuse can be mitigated by preventing overdoses of medicines.

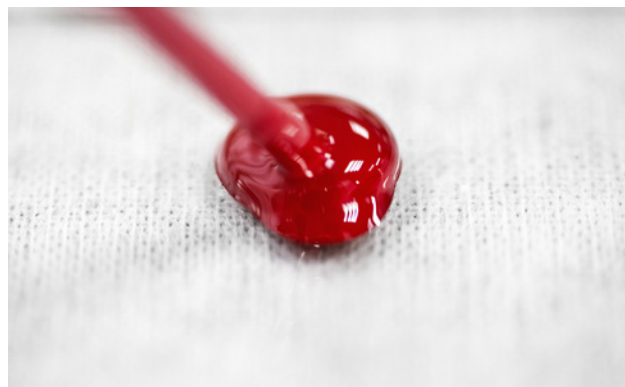
## Reducing paint formulation costs using new dispersion polymer

- Dispersion polymer reduces grinding time in paint production, saving costs and energy

The production of good quality emulsion paint requires several steps including a long grinding stage. Traditionally, emulsion polymers that enhance paint performance must be added afterwards, in the letdown stage, as most commercially available emulsion polymers are not stable during grinding.

BASF's innovative dispersion polymer Acronal PLUS 7611 enables paint manufacturers to use the emulsion polymer in the grinding stage itself, due to its excellent mechanical stability, thereby providing enhanced performance in paints with high pigment volume concentration (high PVC paints), such as better wet scrub resistance opacity and sheen.

This new process concept reduces grinding time by 30 percent, which saves energy and time. As the dispersion polymer provides both dispersing and binding properties, the paint is made without using any dispersing agent and with a lower dosage of titanium dioxide. This helps paint manufacturers by reducing total raw material cost by four to five percent in the case of high PVC paints. Overall, Acronal PLUS 7611 enables paint manufacturers to reduce their carbon footprint by using new processes at lower raw material cost with enhanced paint performance in high PVC paints.



New dispersion polymers help reduce paint formulation costs.

## Seed treatment helps farmers give the right beginning to soybean crops

- **Helps soybean farmers protect their seeds and enhance yield**

Soybean farmers produce one of India's most important oilseed crops, and a staple food for millions of people. Seed treatment is therefore an important way to give crops the right start, by protecting the seeds and preparing them to produce better yields.

BASF has supported India's soybean farmers for many years, by providing solutions from the beginning to the end of crop cycle. BASF recently launched Xelora® in India, with an innovative fungicide chemistry and a unique seed treatment formulation that helps control early crop diseases and also brings improvements such as earlier, better germination and a healthier plant stand. This is BASF's first AgCelence® seed treatment product for India's soybean farmers, delivering better marketable yield beyond disease control.

The Government of India recommends 100 percent seed treatment, as a cost effective intervention to promote healthy crop growth. However, awareness at farmer level remains low, and seed treatment today constitutes only two percent of the total crop protection market in India. Through an integrated approach, BASF is working to help farmers access the benefits of seed treatment. We have already rolled out 12,000 demonstrations to 360,000 farmers, and 250 launch programs at the village or block level. At the same time, BASF and its partners have organized a wide range of stewardship programs to ensure that seed treatment is being used in the way that provides best results.



Soybean farmers enjoy healthy yields with Xelora.

## Supporting motorbike manufacturers with new seating technology

- **Bike seats made of Elastoskin are manufactured more efficiently**

India is one of the largest manufacturers of two wheelers in the world and one of the largest motorbike markets. Many global companies produce innovative and low cost bikes that will cater to various segments. To ensure a faster go-to-market strategy, manufacturers are looking at avenues that will save cost and time. One area identified was the amount of time required to manufacture seats. Many bike seat manufacturers undergo a dual process while making seats which is a time and energy consuming process. To address this, a leading automobile and bike manufacturer approached BASF for a solution to reduce or simplify the processes.

BASF proposed Elastoskin®, a superlative polyurethane technology. It offers the unique ability to manufacture the seat entirely of polyurethanes in a single mold, without the need for a seat cover and the manual stitching and trimming operations associated with it. This high value solution is waterproof and offers unmatched aesthetics to go with the new trendy and colorful two wheeler designs of today. This offering is the first of its kind by Elastoskin and India will be the first country in Asia to introduce these seats.



With growing demand, production of motorbikes needs to be faster. Elastoskin makes the seat manufacturing process more efficient.



## Innovation

Investment in research and development (R&D) is pivotal to creating chemistry. In the year 2015, we achieved major milestones in this area, not only through the establishment of new R&D facilities, but also through collaboration and co-creation with academics, stakeholders and community members. BASF also filed a wide variety of research patents in India in 2015, in fields including agrochemicals and aroma chemicals.

### Agricultural R&D Station Pune

#### ■ Global agricultural research and investigation into India-specific scenarios

2015 saw the inauguration of the Agricultural Research Station at Loni Kand in Pune. This new R&D center will focus on global agricultural research on herbicides, fungicides, and insecticides, as well as on solutions that go beyond classical crop protection. Directly and indirectly, the facility will employ 30 people, including biologists, farm managers, and workers.

In addition to conducting research in areas of global agricultural interest, the R&D center will also investigate scenarios that are unique to India. These include challenges such as India's specific weeds and pests, as well as climate stresses, like drought, flood cycles, and heat stress. Through its extensive research efforts, the R&D center aims to help farmers make better decisions and improve productivity during the entire cultivation cycle.



BASF launched R&D activities at its new Agricultural Research Station in Pune as well as through academic and community collaboration.

### BASF Innovation Campus (Mumbai)

This year also saw the structure completion of the BASF Innovation Campus (Mumbai). BASF is investing approximately €50 million into this state-of-the-art facility, which will host about 300 scientists. The inauguration is expected to be scheduled in early 2017, concentrating all R&D activities in one location. The Innovation Campus will host global research activities and regional and local development activities. The research areas include crop protection, process development and polymer research. Development activities will serve BASF's Performance Chemicals, Care Chemicals, and Pigments & Dispersions businesses.

### Academic collaboration

BASF continued to collaborate with India's top academic institutions, to attract the best talent and to partner in research. This includes placement of post-doctoral candidates to conduct collaborative research projects, such as a current initiative at IIT Mumbai. This project will continue in 2016. This strategic association helps build continuing relationships between BASF and leading professionals.

### Innovation through co-creation

#### ■ Developing solutions to challenges of water through community outreach

As part of BASF's global 150<sup>th</sup> anniversary celebrations, the company held Creator Space™ Mumbai, the first stop of a world-wide tour to boost "co-creation". The week-long event included an exclusive summit, cultural events, contests and workshops aimed at collaboratively developing solutions to address the challenges of water in Mumbai. Sessions at Creator Space Mumbai brought together diverse groups of participants, ranging from business and academia to government, non-governmental organizations and society in general.

For more information on Creator Space Mumbai, see page 15



## 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.

BASF undertook a number of steps in 2015 to improve EHS performance in India. The Thane site as well as the Basyntan plant significantly improved their safety performance according to a BASF international audit. Additionally, the Thane site also received ISO 9001 and 14001 certifications. The Turbhe Construction Chemicals site also showed excellent performance Occupational Medicine and Health Protection.

The Dahej site received ISO 9001 and 14001 certifications in 2015, and the Cellasto plant also received ISO 90001 certification. The personal care plant also received EFCI GMP Guide certifications for good manufacturing practices for cosmetic ingredients.

### Product stewardship

#### ■ Support for the National Chemical Policy to provide safety framework

BASF has taken a leading role in providing technical expertise and insights for the development of the National Chemical Policy. Currently in its final stages, the National Chemical Policy will help boost India's chemical sector and will make it more competitive. It will create more effective regulations including a framework to improve safety and security of chemicals and chemical facilities. BASF has provided extensive input in collaboration with various industry associations.

Additionally, BASF continued to support the development of the chemical inventory under CHEMEXCIL which governs exports of certain chemicals from India. BASF supports the roll out of the United Nations' Globally Harmonized System of Classification and Labelling of Chemicals (GHS). GHS is an international system created by the UN to address the classification of chemicals by types of hazard and harmonize hazard communication elements, including labels and safety data sheets. BASF adopted the GHS Safety Data Sheet in India effective January 2016.

### Transportation and distribution safety

#### ■ Empowering drivers to ensure safety ■ Android-based gate check tool developed under the "Nicer Globe" initiative

In 2015, the focus areas in transportation and distribution safety were increasing safety awareness, improving safety behavior of drivers and enhancing safety performance at third party warehouses. Pre-exit safety instructions to drivers about the dangers of driving under the influence, speed limits and restrictions on night driving were made mandatory and implemented at all manufacturing sites. In addition, a driver training campaign was conducted in 2015 with the participation of 170 drivers. Warehouse safety assessments were also scheduled this year. Regular feedback and support helped almost all third party warehouses to get a high safety performance rating in 2015 (including some warehouses which were previously rated as low or medium performance). Efforts to improve safety behavior of drivers and constant monitoring of GPS resulted in a significant reduction of transport incidents.

BASF took a leading role in the "Nicer Globe" transportation safety project under the Indian Chemical Council, and supported the development of an Android-based hand-held gate check tool to streamline vehicle registration, vehicle gate checklists and loading and unloading checklists.

## Occupational safety

- Defensive driving training for new employees.
- LTIR rate of 0.4 per million working hours.

Providing a safe work environment for employees is crucial for BASF. One important initiative undertaken this year was near miss reporting. Due to this campaign, near miss reporting has increased dramatically, creating opportunities for improvements in multiple areas. Another initiative in 2015 was the Travel Safe campaign: employees were encouraged to drive safely and participate in defensive driving training, as well as sharing business travel details with the security team.

In 2015, BASF in India reported a Lost Time Injury Rate of 0.4 per million working hours (2014: 0.4 per million working hours). There were no lost time injuries for contract employees in 2015 (2014: 1.0 per million working hours).

### Lost time injury rate - BASF and leased employees

(per million working hours)

2015	0.4	<div></div>
2014	0.4	<div></div>
2013	0.1	<div></div>

### Lost time injury rate contractors

(per million working hours)

2015	0	<div></div>
2014	1	<div></div>
2013	1	<div></div>

## Occupational health

- 2015 Health campaign centered on nutrition
- Fit@BASF for healthy lifestyles among employees

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.

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. Several sessions on healthy diet and nutrition were conducted across all sites and offices in India. The Fit@BASF initiative was also used as a platform to roll out this campaign.



Thane site employees undergo a fire safety drill during Global Safety Week

## Process safety

The process safety team consults and informs on all matters of process safety and risk minimization in the start-up, shutdown, modifications and operations of chemical plants. Decision making is done along with multidisciplinary teams in order to achieve the required protection of resources as well as avoiding property loss. The newly built catalysts plant in Chennai, the Pergafast plant at Ankleshwar and the Agricultural Research Station in Pune undertook pre-start-up safety reviews in 2015. This year a number of BASF plants in India will undergo safety concept revalidation exercises based on the modifications done over the course of time. In 2015 three plants implemented a Clean Sheet Review, which involves a highly thorough risk assessment. The onsite teams took steps to reduce flange and gasket failures, which accounted for a significant number of incidents in the previous year, and measures to reduce these were introduced in 2015. Efforts to create awareness among plant personnel on the reporting of all small leakages or release of chemicals resulted in an improved incident reporting procedure.


## Energy

### ■ Overall production increase resulting in higher energy consumption

BASF production increased in 2015 in India as all 10 plants at Dahej started up. This resulted in an increase in overall energy consumption.



In 2015, steam consumption increased to 95,868 metric tons (2014: 89,493 metric tons) as production in all Dahej plants began.

#### Steam Consumption (total) (metric tons)

2015	95,868	
2014	89,493	
2013	60,860	




In 2015, electricity consumption increased to 63,982 MWh (2014: 51,518 MWh).

#### Electricity Consumption (total) (MWh)

2015	63,982	
2014	51,518	
2013	36,426	

There was an increase in fuel consumption from central power plants and boilers compared to the previous year, to 86,064 MWh (2014: 68,554 MWh). This was also due to the start-up of production at all Dahej plants.

#### Fuel Consumption (total) (central power plants and boilers) (MWh)




2015	86,064	
2014	68,554	
2013	62,217	

## Emissions to air

- Increase in greenhouse gas emissions due to higher production volumes
- Significant reduction in air pollutants due to fuel change in Mangalore

BASF constantly measures and aims to minimize its emissions to air, particularly its greenhouse gas emissions and air pollutants. Greenhouse gas emissions increased to 78,198 metric tons of CO<sub>2</sub> equivalents (2014: 73,078 metric tons) as all of the plants at the Dahej site started production this year.




#### Greenhouse Gas emissions (total) (Metric tons of CO<sub>2</sub> equivalents<sup>1</sup>)

2015	78,198	
2014	73,078	
2013	53,228	

<sup>1</sup> CO<sub>2</sub> equivalents include: CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFC, PFC, SF<sub>6</sub>

In 2015 our emissions of air pollutants were 132 metric tons, a decrease from the previous year (2014: 214 metric tons). The decrease is mainly attributable to the Mangalore site's change from using diesel to bio-based fuels and to reduced production volumes at the Thane site, with an associated reduction in the consumption of diesel and natural gas.

#### Air Pollutants (total)<sup>2</sup> (Metric tons)

2015	132	
2014	214	
2013	218	




<sup>2</sup> Air pollutants consist of: CO, NO<sub>x</sub>, SO<sub>x</sub>, NMVOC (non-methane volatile organic compounds), dust, NH<sub>3</sub>, and other inorganic compounds

## Water



Water is one of the most important resources for the production of chemicals. BASF takes care to use water responsibly and to minimize emissions. In 2015, however, due to an overall production increase as Dahej plants came on stream, both emissions to water and water use increased.

Emissions of organic substances to water (COD) increased to 58 metric tons (2014: 49 metric tons) and nitrogen emissions to water increased to 1.3 metric tons (2014: 0.8 metric tons). Emissions of heavy metals to water were 0.1 metric tons in 2015 (2014: 0.1 metric tons).




### Emissions to water (total): Organic Substances (COD)

<b>2015</b>	<b>57.93</b>	
2014	49	
2013	49	

### Emissions to water (total): Nitrogen (metric tons)

<b>2015</b>	<b>1.29</b>	
2014	0.8	
2013	0	

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

<b>2015</b>	<b>0.12</b>	
2014	0.1	
2013	0.1	

Water used for production rose to 64,000 cubic meters in 2015 (2014: 48,000 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 40.4 million cubic meters (2014: 22.3 million cubic meters). Due to high levels of recirculation, the total water supply was only 0.92 million cubic meters in 2015 (2014: 0.80 million cubic meters). This was an overall increase compared to the previous year due to the ramp-up of production at Dahej.

### Water use in India in 2015 (million cubic meters)

Water supply			Water use				
2015	0.92	<div><div></div></div>			2015	2014	2013
2014	0.8	<div><div></div></div>	1	Production	0.64	0.48	0.41
2013	0.6	<div><div></div></div>	2	Cooling	40.4	22.3	22.8



While we used 40.4 million cubic meters of water for cooling and 0.64 million cubic meters of water for production in 2015, thanks to recirculation our actual water supply was only 0.92 million cubic meters.





## Waste

In 2015, BASF generated 11,420 metric tons of waste in India, compared to 8,765 metric tons in 2014. This rise is attributed mainly due to the rise in production in 2015. Secondly, site off-spec batches from the Thane site were sent for incineration. Furthermore, there was an increase in quantity of sludge from the waste water treatment plant since we undertook cleaning of bio reactors and waste water storage tanks.

In 2015, 53 percent of waste was recycled (2014: 57 percent).

**Waste (total)** (metric tons)

2015	11,420	53%	<div><div></div></div>	47%
2014	8,765	57%	<div><div></div></div>	43%
2013	7,211	65%	<div><div></div></div>	35%

■ Amount of waste recycled    ■ Amount of waste not recycled

## Emergency response

In 2015 BASF put new focus on off-site emergency response preparedness. BASF emergency response experts teamed up with logistics operations and supply chain managers from various business units to develop detailed off-site emergency plans for High Consequence Dangerous Goods transported across India by BASF. These detailed off-site plans helped the team to respond efficiently to incidents in 2015, including

emergency response support for our customers at their manufacturing sites and warehouses. The BASF team in India contributed to the development of “Competency profiles for Emergency response team personnel” and “Guidelines for emergency vehicle maintenance and driving practices” which will be implemented in the rest of Asia Pacific in the coming year.

## Security

In 2015 corporate security at BASF in India continued to focus on the design and execution of security for new projects, information protection and crisis preparedness. Employee training sessions on information protection continued through 2015. A network of information protection officers have been established within businesses, functions and sites to disseminate updates and implement processes. Reviews were conducted at selected sites and offices to assess and ensure basic processes for information protection and also precious metal handling. Standards for electronic security systems have been established and efforts are on towards optimization of security deployment and efficiency.

# 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 end of 2015, BASF in India had a total of 2,236 employees (2014: 2,186).

Conducted in June 2015, the Global Employee Survey seeks employee feedback on various parameters including the working conditions, organizational culture, collaboration within team and leadership team and more. The survey results brought to light several important focus topics for employees in India, including practices supporting on-going customer focus, innovation, employee performance, setting expectations and the importance of feedback. The survey further highlighted the importance of employee development, providing coaching to employees and helping them to further their skills.

## Recruitment and graduate programs

- **New employee referral policy incentivizes recruitment within the company**
- **"Grow" program continues to train new recruits**

A clear sign of employee engagement is the willingness of an employee to refer a position to a friend. In 2015 BASF introduced a new employee referral policy in India to increase employee participation in attracting new talent. Upon selection of the candidate, the referrer will be recognized with a referral bonus.

In continuation of our flagship campus recruitment program, "Grow", BASF selected students from leading business and engineering schools across India in 2015. BASF provided them with structured training with an opportunity to work closely with business heads to create a mix of classroom training and experiential learning.

## Career development

- **Introduction of excellence programs in mentoring and manufacturing**
- **Leadership, Energy, Action and Performance (LEAP) campaign**

The organization's commitment to develop its employee talent pool led to the launch of "Mentoring Excellence Program" in September 2015. The main objective of this program is to hone the expertise and skills of the existing senior leadership team and to shape future leaders of BASF in India. This is a structured year-long program wherein each talent candidate is assigned a mentor from a different business or function. The preliminary feedback on the program and its impact has been encouraging and we are now looking at extending the program to the rest of South Asia.

2015 also saw the launch of BEAM: the BASF Excellence Academy for Manufacturing. The objective of BEAM is to bring in a new and consistent approach to learning for the manufacturing community. In the first phase a group of internal trainers were introduced to the principles of adult learning, facilitation skills and tools, and tips for greater engagement. BEAM will focus on operational excellence, safety, quality and behavioral skills as applied to manufacturing.

BASF celebrated its first Rewards and Recognition Awards Night in India in 2015 in a continuation of the Leadership, Energy, action and Performance (LEAP) campaign, which was introduced in 2014. The LEAP Award and Team Excellence Award recognized employees and teams who demonstrated exceptional performance and values.

**Number of Employees** (as of December 31)

<b>2015</b>	<b>2,236</b>	
2014	2,186	
2013	2,254	

## Working at BASF

### ■ Programs to promote employee health and financial well-being

In 2015 BASF introduced and continued several programs aiming to support employee financial well-being and personal health.

In collaboration with HDFC Securities Limited, BASF introduced the National Pension Scheme launched by the Government of India to BASF employees in India. The focus was to ensure income in old age, reasonable market based returns over the long run, and additional tax benefits. Before the program began, employees attended live sessions in various locations for a better understanding of the benefits and participation mechanisms.

BASF India started its New Year with the Second Annual Sports Day at the Navi Mumbai Sports Association. Around 100 employees from BASF locations in Mumbai participated in the event. Similar programs were scheduled across various sites and offices through the year.

BASF continued in its fitness programs in India with Fit@BASF. Weekly Yoga classes were introduced in Mumbai offices. Fit@BASF also introduced a team competition, "Stepathon". Each team had 10 members who would monitor and update their steps with a pedometer on weekly basis. At the end of the year Fit@BASF recognized and awarded the best performing team as well as individual employees.



Employees playing carrom during BASF Ankleshwar's Annual Sports Day.

## Diversity + Inclusion

### ■ 54.3 percent of employees in the 26 to 39 age group ■ Diversity + Inclusion team formed to address employees' challenges

Employees are offered equal opportunities at BASF regardless of gender, race, and also age. Equal working opportunities are the root of a healthy and inclusive organization. In 2015 a team was formed to address diversity and inclusion questions and challenges met by employees, and to seek innovative and comprehensive solutions.

As of December 31, 2015, the largest proportion of employees (54.3 percent) at BASF in India belonged to the 26-39 year old age group, the same as in the previous year (55.6 percent).

Employee age structure (proportion of employees %)

Up to and including 25 years	5.9	<div style="width: 5.9%;"></div>
Between 26 and 39 years	54.3	<div style="width: 54.3%;"></div>
Between 40 and 54 years	35.3	<div style="width: 35.3%;"></div>
55 years and older	4.4	<div style="width: 4.4%;"></div>



Employees at Chennai site participate in Happy Hours scheduled on Fridays.

## Society

**BASF is involved in diverse projects in India, especially in the communities where our sites are located. Globally, our main focus is on access to education. In this way, we promote innovative capacity and future viability.**

In India, we highlight the importance of education and its potential to enhance society, especially for women and children. The Government of India's initiative "Swachh Bharat Abhiyaan", a mission to clean up India's cities and villages, provides a clear direction for BASF's social activities in India. With an emphasis on WASH (Water, Sanitation & Hygiene) as a fundamental prerequisite for education, we have assembled a number of activities under a campaign called Saksham – Empowering Communities.

We have rolled out a number of initiatives in various areas including Dahej, Mangalore, Chennai and Thane.

### Dahej

#### ■ Spread awareness for residents on the benefits of WASH

The World Health Organization and United Nations Children's Emergency Fund (UNICEF) estimate that almost half of India's population defecates in the open. Through the Swachh Bharat Abhiyaan initiative, India's government aims to drive more awareness and education within society on cleanliness and hygiene, and has urged companies in India to support this movement. One of the avenues identified has been contribution by building community and individual toilets in rural areas.

In association with Citizens Foundation for Better India, we have sponsored more than 200 individual toilets and two community toilets for the residents of Dahej, and conducted regular awareness workshops on hygiene and sanitation with school children. The program also held painting competitions to gauge children's level of understanding and house to house counseling sessions to encourage the usage of toilets. Residents received WASH kits detailing the importance of hygiene. Every month, a "Mamata diwas" ("Day to Celebrate Motherhood") is scheduled in Dahej to promote health, sanitation and hygiene requirements for infants and new mothers. A session on menstrual hygiene is also scheduled for women and girls.

In December, BASF organized a grassroots comics exhibition on WASH awareness to inaugurate the second year of its Project Saksham in Dahej. Students at P. J. Chedda School, Dahej wrote and illustrated comics in a three-day long training workshop on WASH.



Students illustrate WASH techniques with comic strips at a workshop in Dahej.

### Chennai

- Community drinking water in Singaperumal Koil and Veerapuram
- Relief work during floods

In association with Waterlife India, BASF has funded two community drinking water facilities in Chennai. These plants have the capacity to process 24,000 liters of water every day. At a subsidized rate of INR 7 for 20 liters, residents can benefit purified water which uses BASF's proven inge technology. Waterlife India will undertake operations and maintenance of the plant for a period of ten years to ensure that the program remains sustainable and the community continues to enjoy the benefits over the long-term. Regular stringent checks and audits will be conducted to ensure that the water and services provided to the community are of consistently high quality. In addition to the community water plant, Waterlife has initiated a variety of educational programs and measures to strengthen the community's awareness towards safe water consumption, hygiene and sanitation.

Additionally, BASF actively supported local and state authorities during the floods in Chennai. BASF partnered with LEAF Society to provide packages of relief materials like rice, oil, flour, sugar, and pulses for 425 families in Vadagal village, one of the villages in Tamil Nadu most affected by the floods. Furthermore, employees and company together contributed INR 5,000,000 for the Chief Minister's Public Relief Fund that will be used to aid the victims affected by the Chennai floods.



## Mangalore and Thane

### ■ Empowering children with the benefits of WASH

In Mangalore, BASF, Samhita Social Ventures and LEAF Society launched a WASH project to to provide safe drinking water facilities and toilets for ten schools located in rural areas of Mangalore. We also took a leading role in promoting dignified sanitation solutions for girls at these schools. This project promotes the effectiveness, sustainability, and integration of hygiene and sanitation interventions.



Students learning correct sanitation and hygiene techniques at a school in Mangalore.

In Thane, BASF undertook various cleanliness classes for students of standard 7 and 8 from Navi Mumbai Municipal Corporation School. The themes were "Swachh" ("Clean") and Swasta Turbhe ("Healthy Turbhe"). School students carried out cleaning and garbage disposal in the school grounds and area around the medical centre and tree planting on school premises. Students learned about the importance of personal hygiene, maintaining a clean area, regular disposal of garbage and how epidemics arise due to unclean surroundings. BASF employees also participated in these drives to help students understand various WASH techniques.



Students cleaning school facilities in Thane after a workshop on cleanliness and hygiene.

### Encouraging contributions by employees

BASF employees have donated generously to a variety of causes over the past several years. In 2015 BASF employees in India donated to three major causes: Chennai flood victims, Joy of Giving Week and Grow Trees.

Following the floods that affected Tamil Nadu, employees contributed generously towards the Chief Minister's Relief Fund. With a matching amount donated by BASF, a total contribution of INR 50 lakhs was handed to the Additional Chief Secretary for Department of Industries of the Tamil Nadu government.

During the Joy of Giving Week from October 2-8, 2015, employees donated saris, books, stationery, bedsheets, toiletries and clothes to Goonj, a non-governmental organization. Goonj then provided these items to students and elderly women across India.

Every year employees from BASF offices and sites receive a box of sweets from BASF as part of the Dassera holiday celebration. This year employees decided to forego these sweets and instead donated to Grow-Trees, an organization which plants trees as gifts in lieu of donations. Through employee pledges, BASF has sponsored 5,000 trees in India.

## Selected prizes and awards

### Best Supply Partner by Hindustan Unilever Limited

BASF's Care Chemicals team was named the "Best Supply Partner of 2014" by Hindustan Unilever India Limited. The award is an acknowledgement of high customer satisfaction in product quality, supply and planning reliability, procurement compliance and supply chain consistency, as well as outstanding logistics support.



BASF was acknowledged for its excellent Quality and Service.

### Nutra Excellence Award

Nutra Excellence Awards is presented to various leaders, eminent personalities and organizations for their outstanding contribution and achievements in the nutraceutical sector. BASF's Human Nutrition unit's scientific and technical marketing efforts since 2011 were recognized by the jury.

### Best Supplier Award by Tata Autocomp

BASF's coatings team was presented with the Best Supplier Award during the Seventh Vendor Meet at Pantnagar, Uttarakhand. The award recognizes BASF for its excellent customer service and technical service, as well as commercial and logistics support.



BASF was recognized for excellent customer service and logistics.

### Recognition by Ford Motors

BASF's coatings team received a certificate of recognition from Ford for its efforts in eliminating air blow operation resulting in cost reduction and carbon foot print reduction.

## Further information

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### Production sites

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