

BASF-YPC Company Limited

Report 2015



Production workers at BASF-YPC site in Nanjing

BASF-YPC Company Limited – Report 2015

Contents

Welcome	02	Environment, health and safety	07
Message from the President	02	Employees	12
About BASF-YPC Company Limited	03	Society	14
Parent companies	03	Selected prizes and awards	15
Members of the Board of Directors	04		
History	05	Further information	16
Business development	06		

About this report

“BASF-YPC Company Limited – Report” is published annually as a concise document about the company’s development, progress and performance in regard to economy, ecology, and society. The reporting period for this publication is the financial year 2015. All data in the report are the 100 percent total from BASF-YPC Company Limited. Data from newly constructed plants are included starting from the year they go into operation.

Welcome

Message from the President

Dear friends and stakeholders,

I am very pleased to present to you BASF-YPC Company Limited (BASF-YPC) – Report 2015, our yearly overview of the company's operations in terms of our sustainability performance. With this report, we want to demonstrate how we balance the economic, environmental, and social aspects of our company.

In 2015, BASF-YPC continued to expand its production scope and its business. An Ethylene Oxide (EO) expansion and a new Neopentyl Glycol (NPG) plant were put into operation. The additional capacities will further enhance the competitiveness of our company. In this year, BASF-YPC also successfully accomplished the challenging site turnaround without any lost time injuries or environmental incidents, below budget and on time. From a financial perspective, 2015 was a challenging year for our company. Over capacities for many of our products led to lower margins and the turnaround reduced sales. Nevertheless, our profitability improved in 2015 compared to the very low level in 2014.

We once more achieved strong safety performance, and we also put significant effort into managing our environmental footprint. Despite bringing new capacities on stream and thus increasing our overall production levels, we managed to maintain or reduce some key environmental metrics, in areas including energy and water supply.

Employees are the foundation of our company and ensure our long-term success, so we continued to invest in forming the best team. We put focus on three strategic directions: excellent people, excellent place to work and excellent leaders. We also aim to be a reliable partner and good neighbor, and took our social responsibility seriously. We actively supported diverse projects in the community where BASF-YPC is located.

I would like to express my heartfelt thanks to our employees, suppliers, customers, and the community for their strong support, engagement, passion and commitment. With the strength of the team and the support of the community and both of our parent companies, BASF-YPC is on the right track for success and will continue to achieve great results in the near future!



Yours,

Uwe Kirchgäßner

Uwe Kirchgäßner
President, BASF-YPC Company Limited

About BASF-YPC Company Limited Parent companies



About BASF

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

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

BASF has been a committed partner to Greater China since 1885. With major investments in Nanjing, Shanghai and Chongqing, BASF is one of the largest foreign investors in China's chemical industry, and maintains the BASF Asia Pacific Innovation Campus (Shanghai) as a global and regional research and development hub. BASF posted sales of over €5.7 billion in 2015 to customers in Greater China, and employed 8,416 people as of the end of that year.

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

About Sinopec

China Petroleum & Chemical Corporation (Sinopec Corp.) is a listed company on domestic and international stock exchanges with integrated upstream, midstream and downstream operations, strong oil & petrochemical core businesses and a complete marketing network. The company was incorporated on February 25, 2000 by China Petrochemical Corporation (Sinopec Group) as the sole initiator, pursuant to the Company Law of the People's Republic of China.

Sinopec Corp. is one of the largest integrated energy and chemical company in China. The scope of its business mainly covers oil and gas exploration and production, extraction, pipeline transmission and marketing; oil refining; production, marketing, storage and transportation of petrochemicals, chemical fibers, chemical fertilizers and other chemical products; import, export and import/export agency business of crude oil, natural gas, refined oil products, petrochemicals, chemicals, and other commodities and technologies; research, development and application of technology and information. The Company is China's largest producer and supplier of refined oil products and major petrochemical products. It is also China's second largest crude oil producer.

Sinopec Corp. has more than 100 subsidiaries and branches including wholly-owned, equity-holding and equity-sharing companies. As an endeavor to become a multinational energy and chemical company with fairly strong international competitiveness, Sinopec Corp. seriously implements strategies of resource, market, integration and internationalization with more focus on innovation of science, technology and management expertise, as well as improvement of employees' quality.

Further information on Sinopec is available on the internet at www.sinopec.com.

Members of the Board of Directors



Wang Jingyi Chairman
Chairman of BOD,
Sinopec Yangzi Petrochemical Company Limited



Dr. Stephan Kothrade Vice Chairman
President and Chairman Greater China, BASF



Prof. Dr. Rainer Diercks BOD Member
President of Petrochemicals Division, BASF SE



Dr. Stefan Blank BOD Member
President of Operating Division Intermediates, BASF SE



Soeren Bauermann BOD Member
Vice President of Legal & Tax Asia Pacific,
BASF East Asia Regional Headquarters Limited



Chang Zhenyong BOD Member
Vice President and Director of Chemical Department,
Sinopec Corporation
President, Sinopec Chemical Commercial Holding Company Limited



Chen Qi BOD Member
Director of Joint Venture Office and Vice Director of
Development Planning Department, Sinopec Corporation



Tan Xiaoping BOD Member
Vice President,
Sinopec Yangzi Petrochemical Company Limited

History

Foundation

- 1865 Badische Anilin- und Soda-Fabrik Aktiengesellschaft (BASF AG) founded in Ludwigshafen, Germany
- 2000 Sinopec Corp. founded in Beijing, China

Establishment

- 1996 Signing of Letter of Intent
- 1999 Signing of Joint Feasibility Study Report
- 2000 Signing of Joint Venture Contract
- 2000 BASF-YPC founded

Development

- 2001 Ground breaking of Integrated Petrochemical Site (IPS) Project
- 2005 Start of commercial operation

Expansion

- 2009 Ground breaking of second phase of Integrated Petrochemical Site (IPS II)
- 2012 Inauguration of second phase of Integrated Petrochemical Site (IPS II)
- 2012 Ground breaking of Acrylics projects
- 2014 Inauguration of Acrylics projects
- 2015 Start-up of Neopentyl Glycol (NPG) plant



BASF-YPC was founded in 2000.



Start-up of Neopentyl Glycol (NPG) plant in 2015

Business development

BASF-YPC, a 50-50 joint venture between two FORTUNE 500 companies, BASF and Sinopec, was founded in December 2000. As the largest Sino-German petrochemical joint venture in China, BASF-YPC operates a world-scale integrated petrochemical site.

2015 was a challenging year with sales impacted by the slowdown of the petrochemical market in China and by a major expansion turnaround. BASF-YPC achieved sales of €2,212 million in 2015 (2014: €2,709 million) and employed 1,890 people as of the end of that year.

Expansion and development

- Expansion of EO plant and new NPG plant
- Second site turnaround since its commercial operation
- Closure of EPS plant

All BASF-YPC plants are interconnected in a Verbund system in order to use products, by-products and energy in the most efficient way, to save costs and minimize environmental impact.

Following the expansion of our Acrylic Acid value chain in 2014 with the opening of its new Acrylic Acid, Superabsorbent Polymers and Butyl Acrylate plants, in 2015 BASF-YPC continued to invest to strengthen the Verbund. BASF-YPC expanded its Ethylene Oxide (EO) plant and built a new Neopentyl Glycol (NPG) plant, with the additional capacities put into operation in 2015. BASF-YPC successfully accomplished the challenging site turnaround without any lost time injuries or environmental incidents, below budget and on time. This was the second site turnaround since its commercial operation in 2005.

Sales (million €)

2015	2,212	
2014	2,709	
2013	2,840	



BASF-YPC is based in Nanjing, China.

At the same time, BASF-YPC actively manages its portfolio. After a thorough analysis of the business environment and market expectations, the company decided to shut down its Expandable Polystyrene (EPS) plant in April 2015 and focus on products with a stronger market position.

BASF-YPC Company Limited

At a glance

BASF-YPC is a 50-50 joint venture between BASF and Sinopec, founded in 2000, with a total investment of \$5.2 billion. The company produces about three million tons of high-quality chemicals and polymers for the Chinese market annually. The products serve the rapid-growing demand in multiple industries including agriculture, construction, electronics, pharmaceutical, hygiene, automotive and chemical manufacturing.

Sales

€2,212 million

Employees¹

1,890

¹As of December 31, 2015

Environment, health and safety

At BASF-YPC 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). Just as the company applies stringent standards to its own operations, we demand the same high standards of our contractors and suppliers. We choose carriers, service providers and suppliers not just on the basis of price, but also based on their performance in environmental and social responsibility.

Product stewardship

Product stewardship is an important element of Responsible Care®. BASF-YPC takes care to ensure that its products are handled in the correct way according to relevant standards. In 2015, we provided a new round of professional training and technical service to our logistics service providers and our customers to ensure good environment, health and safety performance at their sites.

Transportation and distribution safety

- Audit of logistics service providers
- Comprehensive River Rescue Drill

In 2015, BASF-YPC took several measures to enhance safety management for transportation and distribution. These included a review of internal loading and unloading operations and a cross-audit of transportation and distribution safety (TDS) specialists. BASF-YPC also invited experts from BASF Greater China to conduct a transportation and distribution safety audit at BASF-YPC and share their findings.

In particular, the BASF-YPC Logistics Department conducted further efforts to standardize loading and unloading checklists, in order to improve safety of the trucks leaving the BASF-YPC site. BASF-YPC also took measures to ensure that logistics service providers initiate road safety assessments, with five tank truck providers carrying out these assessments.

The “2015 Comprehensive River Rescue Drill of the Jiangsu Section of the Yangzi River” was held on December 22 by BASF-YPC together with Jiangsu River Rescue Center, Nanjing River Rescue Center and Nanjing Yangzi River Oil Transportation Company. The drill consisted of eight items: receiving emergency calls, self-rescue in vessels and on the banks, emergency response, putting out fires, medical aid, setting up cofferdams and eliminating contaminants, continuous monitoring of the environment, follow-up measures and news releases. This comprehensive drill was carried out

on the river according to the “emergency rescue plan of major and extraordinarily serious accidents and dangerous situation”.



River rescue drill

Occupational safety

- Low lost time injury rates
- 2.6 million safe working hours during site turnaround
- Activities to heighten safety awareness

Since the beginning of commercial operations, we have achieved excellent performance in safety, keeping our lost time injury rate (injuries per million work hours) at a low level through our rigorous safety standards and regulations. In 2015, the lost time injury rate for employees was 0.8 per million working hours (2014: 0.0). In 2015 there was a lost time injury rate among contractors of 0.5 (2014: 0.4).

BASF-YPC successfully fulfilled its turnaround in 2015 with careful preparation and strict supervision. The whole turnaround began on April 1 and lasted 48 days, for a total of 2.6 million work hours with no lost time incidents.

The third “Safety Week” event, with the theme “TravelSafe”, was held around the globe at BASF in March 2015, attracting 690 employees from BASF-YPC. Through this event employees gained tips on how to ensure safety during business travel.

In November 2015, we organized a “Safety Market” activity, with about 620 employees attending. The activity covered topics such as scaffold safety, working at heights, forklift safety, and gas cylinders. This provided employees with a platform to share safety knowledge and heighten safety awareness.

Unfortunately, there was a fatal work-related accident in 2015. In May, one employee of a contracting company succumbed to injuries sustained after falling from scaffolding.

Lost time injury rate BASF-YPC employees (per million working hours)

2015	0.8	<div style="width: 80%;"></div>
2014	0.0	<div style="width: 0%;"></div>
2013	0.2	<div style="width: 20%;"></div>

Lost time injury rate contractors (per million working hours)

2015	0.5	<div></div>
2014	0.4	<div></div>
2013	0.1	<div></div>

Occupational health

- Globally mandatory standards for health protection
- Regular audits on occupational medicine and health protection

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 take measures to prevent occupational injuries and also provide professional on-site medical services. This includes health risk assessment, occupational medical examinations and determination of preventive health measures.

We regularly conduct audits on occupational medicine and health protection in order to monitor and improve our performance, and develop occupational health initiatives. For example, the BASF-YPC medical team cooperates with BASF's corporate medical department to conduct a benzene biological monitoring program at BASF-YPC, which can provide an early warning to detect potential harm to employees at an early stage.

In 2015, the BASF-YPC medical team participated in the Chemical Health Risk Assessment program, which was guided by the BASF Asia Pacific medical team. This program helps to prevent harm from chemicals at the source. We also foster health-conscious behaviors: the regular Global BASF Health Promotion Campaign promotes health awareness and encourages our employees to keep and develop good health habits and behaviors.

**First aid drill****Process safety**

Ensuring the safety of a chemical plant it is vital to protect the health of our employees and neighbors as well as to avoid environmental damage and production interruptions.

BASF-YPC has introduced BASF's five-step environment, health and safety review system for process safety. Starting from the project concept design phase, covering preliminary design, detail design, through to the plant's start-up, the safety review covers procedures during the entire project's development. The purpose is to eliminate or minimize risks from the source to ensure the intrinsic safety of our new plants. At the same time, for changes to existing plants, the procedures of risk assessment and safety review are strictly followed.

BASF-YPC is highly focused on process safety. A Clean Sheet Review for existing plants is conducted on an ongoing basis according to a standard schedule, to ensure the safe and stable operation of our plants, as a result of which process systems may be modified, or related specifications and requirements updated. BASF-YPC annually organizes an internal process safety forum, inviting plant operation, maintenance, and engineering personnel to discuss process safety related topics. BASF-YPC also invites process safety experts from the parent companies to supply training or introductions to process safety issues. Plants undertake site documentation checks and modifications according to the requirements of a Responsible Care® audit.

Energy


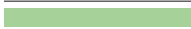

Energy efficiency is the most important means of combining climate protection, resource conservation and economic benefit. BASF-YPC takes the following approach for the responsible use of energy: focusing on efficient energy generation, reducing energy consumption in our production facilities and developing products and technologies that can help our customers to offer products that make the use of energy more efficient.

The main energy resources used in the company are natural gas, electricity, heat, liquefied petroleum gas and diesel oil. BASF-YPC owns and operates a combined heat and power supply plant (natural gas basis) to supply electricity and steam for the site. There are four levels of steam at the site: very high pressure, high pressure, medium pressure and low pressure. In addition, some plants can produce steam, which is sent to the BASF-YPC steam grid. At the same time, the power plant supplies most of the electricity used at site, and the remainder is purchased from the national grid. There is a high consumption of naphtha in BASF-YPC, which is used as main feedstock to produce olefins.

In order to further increase energy efficiency and save more energy, the company has undertaken several initiatives. For example, we have set up an energy management system which has been certified according to the ISO 50001 standard. We also adopt advanced technologies from both parent companies. Additionally, BASF-YPC also conducted an extensive feasibility study to understand the energy implications of substituting energy sources including natural gas.

In 2015, steam consumption increased to 5,242,147 metric tons (2014: 5,078,668 metric tons), because of the capacity increases following the turnaround.

Steam consumption (metric tons)

2015	5,242,147	
2014	5,078,668	
2013	5,417,752	


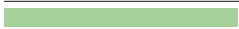

However, as many plants were shut down during the turnaround, in 2015, electricity consumption decreased to 1,338,124 MWh (2014: 1,410,822 MWh).

Electricity consumption (MWh)

2015	1,338,124	
2014	1,410,822	
2013	1,306,764	

Likewise, there was a decrease in fuel consumption from central power plants and boilers compared to the previous year, to 3,436,294 MWh (2014: 3,752,454 MWh) due to many plants being shut down during the turnaround.

Fuel consumption (MWh)

2015	3,436,294	
2014	3,752,454	
2013	3,769,440	

Emissions to air

■ Emissions to air at 1,854 metric tons in 2015

Our environmental management includes continuous monitoring of emissions from our plants, both air pollutants and greenhouse gas emissions. Even as the size of our portfolio grows, we will remain committed to our goal of minimizing emissions.



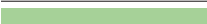
Climate change is a global issue of international concern. Industry, science, politics and society are being called on to

curb global greenhouse gas emissions and make more efficient use of available resources, focusing on efficient energy generation, reducing energy consumption in our production facilities, and developing products and technologies that can help our customers to offer products that make the use of energy more efficient. For us, these are the drivers of profitable growth.

The company has implemented technical measures to reduce energy consumption as well as to reduce emissions, such as CO₂ recycling as a raw material of other plants, off-gas recovery, utilization of low-temperature heating, combined cycle gas turbines, a waste water reuse unit and an energy management system.

In 2015, greenhouse gas emissions were reduced to 2,848,746 metric tons of CO₂ equivalents.

Greenhouse gas emissions (metric tons of CO₂ equivalents¹)

2015	2,848,746	
2014	2,884,822	
2013	2,887,241	

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

In order to control the emissions of SO₂ and NO_x, BASF-YPC uses natural gas as a fuel, resulting in low SO₂ emissions. In addition, advanced techniques including low NO_x burners and water injection have been adopted to further reduce the emissions of SO₂ and NO_x. The hydrocarbon-containing off-gas, with high caloric value, is recovered as fuel gas: for example, OXO off-gas is used in the power plant as supplement fuel to save natural gas. CO₂ discharged from the Ethylene Oxide plant is sent to the Syngas plant as raw material to produce chemicals.

In order to avoid emissions of air pollutants, plants at BASF-YPC have been equipped with off-gas collection systems for centralized treatment. Volatile organic gases emitted from tanks, e.g. during loading and unloading periods, are sent to thermal oxidizers for incineration; waste gas from the Low Density Polyethylene plant's silo and driers containing traces of hydrocarbon is burnt in a regenerative thermal oxidizer before discharge; selective catalytic reduction is installed at the company's incinerator system to eliminate NO_x and dioxins; the leakage of odor pollutants, such as ammonia, trimethylamine and other substances from the Methylamine and Dimethylformamide plants, is limited to the lowest levels by strict seal design and off-gas absorption systems.

In 2015, emissions to air were 1,854 metric tons (2014: 1,771 metric tons).

Air pollutants (total)¹ (metric tons)

2015	1,854	
2014	1,771	
2013	1,786	

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

Water

- Emissions increased during startup and shutdown periods of turnaround
- High rate of recirculation significantly minimizes fresh water use

The sustainable use of water and the conservation of water resources are important concerns for BASF-YPC. Our water conservation activities involve our production and our products: we have decreased the water use in our production, reduced emissions to water, and we are continuously improving water protection and supply concepts at our site. At the same time, our products contribute to providing safe water in their applications. For example, our product Dimethylaminoethyl acrylate (DMA3) is a new performance monomer, and it can be used in the production of modern water-treatment flocculants.

In 2015, emissions to water of organic substances (COD) were 291 metric tons (2014: 238 metric tons), mainly due to the fact that discharges from the plants were not stable during start up and shutdown periods of the site turnaround.

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

2015	291	
2014	238	
2013	249	

Total emissions to water of nitrogen in 2015 were 8 metric tons (2014: 5 metric tons).

Emissions to water (total): nitrogen (metric tons)

2015	8	
2014	5	
2013	9	

Total emissions to water of heavy metals in 2015 were 0.2 metric tons (2014: 0.1 metric tons).

Emissions to water (total): heavy metals (metric tons)

2015	0.2	
2014	0.1	
2013	0.1	

As in previous years, the company's water supply came 100 percent from surface water in 2015, without any supply either from groundwater or drinking water.

Water supply by source (total) (percent)

Surface water	100	
Ground water	0	
Drinking water	0	
Total	100	

BASF-YPC plants have been equipped with a recycling system for production water so as to cut down the use of fresh water. In addition, we adopt advanced processes to reduce waste water. For example, the diluted steam generator of the steam cracker can reuse a portion of steam blowdown liquid as feed. Another example is the waste water from the Ethylene Glycol plant. The plant recycles the condensate which was discharged to the waste water system as the absorption water of Ethylene Oxide absorption tower. It not only saves demineralized water but also reduces the waste water.

Water used for production decreased to 5.7 million cubic meters in 2015 (2014: 5.9 million cubic meters). This metric refers to water that has come into contact with products, for example, when used for washing or as a solvent or a reaction medium. Cooling water was 1,154 million cubic meters (2014: 1,090 million cubic meters). Due to high levels of recirculation, the total water supply was only 15.6 million cubic meters in 2015 (2014: 16.5 million cubic meters).

Water use in 2015 (million cubic meters)

Water supply			Water use			
				2015	2014	2013
1	Production	5.7		5.7	5.9	5.1
2	Cooling	1,154		1,154	1,090	1,142



Although we used 1,154 million cubic meters of water for cooling and 5.7 million cubic meters of water for production in 2015, thanks to recirculation, our actual water supply was only 15.6 million cubic meters.



Waste

- Increase in waste from new GAA plant
- 95 percent of waste recycled and reused

BASF-YPC upholds a firm responsibility to treat all kinds of waste in a scientific and proper way in order to protect the environment. Our fundamental principles for handling waste are "avoid, reduce and recycle". In this respect, the strength of Verbund concept has contributed in many ways: the by-products of one plant can be utilized as raw materials in another plant; substitute fuels recycled from the waste are used in the power plant and some production plants to generate electricity or steam.

The treatment of waste strictly complies with the regulations and requirements of national and local standards. In 2015 the total waste reached 129,639 metric tons (2014: 57,801). The increase was caused by the operation of new Glacial Acrylic Acid (GAA) plant. The residue generated by the plant is burned by its heat recovery unit. 95 percent (2014: 93 percent) of the waste was recycled and reused. The remainder was disposed of by qualified third parties or incinerated at the BASF-YPC central liquid waste incinerator.

Waste (total) (metric tons)

Year	Total waste (metric tons)	Recycled (%)	Not recycled (%)
2015	129,639	95%	5%
2014	57,801	93%	7%
2013	54,670	93%	7%

■ Amount of waste recycled ■ Amount of waste not recycled

Waste disposal by incineration decreased to 4 percent in 2015 (2014: 6 percent). 1 percent of waste was sent to landfill in 2015 (2014: 1 percent), with no waste in underground storage (2014: same).

Disposal (percent)

Disposal method	Percentage (%)
Incineration	4
Landfill	1
Underground storage	0

Emergency response and community awareness

Prevention is the essential factor in all our environment, health and safety activities. We regularly inspect our plants and respond quickly to potential hazards. We have established emergency response plans as well as a Site Incident Management Team to ensure effective emergency preparedness. We also prepare carefully for potential incidents at our plants, and regularly conduct emergency drills. The company has set up an Emergency Response Center, equipped with an emergency response team and a hazardous materials emergency treatment truck, which are available around the clock. Apart from the emergency response within the site, we also provide product information and general advice as well as technical advice and guidance for chemical incidents that have happened offsite.



A truck for the emergency treatment of hazardous materials

Security

Security measures are in place throughout the BASF-YPC site. In 2015, the security section of BASF-YPC strengthened the entrance inspection at the entrances to the site to ensure site security.



A security guard at his station

Employees

Employees are the foundation of our excellent performance and ensure our long-term success: their skills, commitment and motivation make our company 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 December 31, 2015, BASF-YPC had 1,890 employees (2014: 1,952).

Our Best Team Strategy is derived from BASF's global strategy, and simultaneously contributes to its implementation. We want to form the best team. To achieve this, we put focus on three strategic directions: excellent people, excellent place to work and excellent leaders. In order to be able to achieve our vision of being the preferred supplier of chemical products in China, we aim to be the preferred employer in the chemical industry in Nanjing. To achieve this, we want to recruit, support and retain outstanding employees. Our main focus areas are performance-based remuneration, training and personnel development.

Recruitment and new graduate programs

- Recruitment from leading universities and internal talent pool
- Employees successfully redeployed to suitable roles following structural changes

BASF-YPC works with nationally renowned universities to recruit qualified personnel from a strong local talent pool. However, many vacant positions are filled internally in order to make use of internally-available skill sets and develop talent already residing within BASF-YPC. In particular, when a number of positions were eliminated in 2015 due to company decisions such as Operational Excellence Program, BASF-YPC was able to redeploy all of the affected employees to suitable new positions and take advantage of their breadth of skills and company knowledge.

Number of employees (as of December 31)

2015	1,890	
2014	1,952	
2013	1,993	

Career development

- Diverse training opportunities
- Internal job rotation and promotion

For BASF-YPC, training is a long-term strategy. In 2015, we continued to optimize our training course offerings, based on the training needs of different departments. In 2015 most employees participated in onsite and external training activities, including compulsory courses in environment, health and safety, generic skill-based courses such as computer skills and English, as well as courses for personal development such as leadership, communication, professional and technical skills. In addition, we also designed a Training Matrix for operation and technical positions, to define necessary qualifications for each role.

In 2015, we continued to implement our MBA Educational Sponsorship program and our Expert program, with the purpose of developing and retaining high potential employees. We selected employees from BASF-YPC to participate in BASF development training programs. We post vacancies on our intranet to ensure that qualified employees will have opportunities for rotation and promotion. Job rotation measures are implemented at the manager level to expand managers' knowledge and enrich their working experience, thereby providing them with further development opportunities.



Employee training

Working at BASF-YPC

- Competitive compensation and benefits
- Labor Union organizes activities for health and well-being

BASF-YPC provides employees with fair remuneration that reflects market orientation, functional orientation and performance orientation. We participate each year in compensation research in order to ensure that our competitive compensation package always keeps pace with the market we operate in. In addition to legally-mandated benefits, BASF-YPC also provides enhanced supplementary benefits. With the Occupational Pension Scheme and Supplementary Medical Insurance, BASF-YPC supports employees in shaping their working life, career and retired life. Our performance management system enables us to recognize and reward our employees based on the performance of the employees and the company.

BASF-YPC also conducted a wide variety of activities in 2015 to support the social and physical well-being of employees. Led by the BASF-YPC Labor Union, the table tennis and badminton team competition helped to promote an active lifestyle and cultivate teamwork. A presentation contest entitled "We Share, We Grow" helped employees focus on and share positive achievements in work and life, while an employee singing competition offered both entertainment and cultural development.



"Praise Motherland, Praise Home" singing competition

Diversity + Inclusion

- Largest age group in 40-54 year old range
- Active communication supported by BASF Global Employee Survey

BASF-YPC seeks to recruit and develop employees from a wide range of backgrounds and diverse skill sets. Employees are offered equal opportunities at BASF-YPC regardless of gender, race, and also age. In 2015, the largest proportion (56.9 percent) of employees at BASF-YPC was in the 40-54 year old age group (2014: 53.5 percent).

Employee age structure (proportion of employees %)

Up to and including 25 years	5.9	
Between 26 and 39 years	36.2	
Between 40 and 54 years	56.9	
55 years and older	1.0	



A company-level communication meeting

In 2015, BASF-YPC continued to foster active communication among employees. The company participated in the BASF Global Employee Survey, its fourth employee survey, and achieved a high participation rate. Based on the results, the company held company-level, department-level, and plant- or section-level communication meetings to inform employees about the results and collect their suggestions for further improvement. For example, following previous feedback the company intranet portal was improved significantly and fully implemented in the first half of 2016.

Society

BASF-YPC aims to be a reliable partner and good neighbor. That is why we take our social responsibility seriously and actively support diverse projects in the community where BASF-YPC is located. Our focus is on education and science – in this way, we promote innovation and help to make communities fit for the future.

Open dialog and social responsibility

- Green & Clean Forum held jointly with European Union Chamber of Commerce
- Funding for education

Since the construction of the site, BASF-YPC has annually conducted environmental impact dialogues with the local government and neighbors about environmental protection and potential areas for cooperation.

In November 2015, BASF-YPC, together with the European Union Chamber of Commerce and several other companies, organized the second Green & Clean Forum, sharing with the attendees a range of best practices in environmental protection and corporate social responsibility, so as to promote the concept of green chemistry and improve awareness of sustainability.

Education is the basis for achieving sustainable development in society, and funding education has been a part of the company vision since its foundation. Initiatives to support education in 2015 include, for example, a scholarship donation to Yanjiaba Primary School in Deyang City, Sichuan Province, which was built with a donation from BASF-YPC after the severe earthquake in 2008.



The second Green & Clean Forum

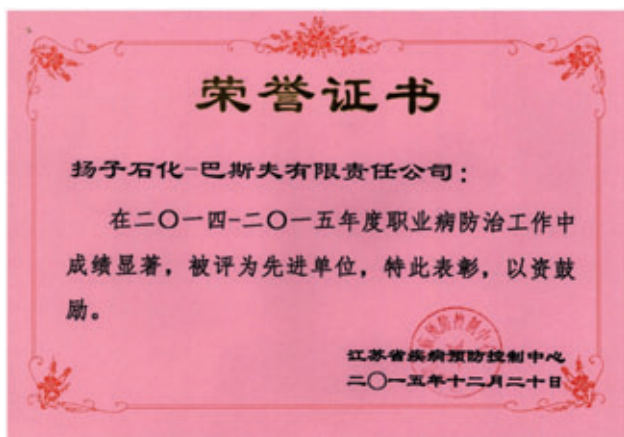
The company made the following donations during 2015:

- Donation to the Pufang project of the Amity Foundation
- Donation to the children suffering from congenital heart disease, via the Nanjing Charity Foundation
- Donation to Changzhou University as a scholarship for outstanding students
- Donation to the Development Fund for John Rabe and International Safety Zone Memorial Hall and John Rabe International Research and Exchange Center for Peace and Reconciliation
- Donation to Yangzi Middle School affiliated to Nanjing Normal University as a scholarship for outstanding students
- Donation to Nanhua No. 3 Primary School as a scholarship for outstanding students
- Donation to Yanjiaba Primary School as a scholarship for outstanding students

Selected prizes and awards

Award for occupational health

BASF-YPC was awarded a certificate as the “Outstanding Enterprise for Preventative Occupational Health in Jiangsu Province” by Jiangsu Provincial Centre for Disease Control and Prevention.



The company was recognized for health programs.

Other recognition

BASF-YPC was awarded as an “Outstanding Enterprise for Energy Conservation” by Nanjing Chemical Industry Park.

BASF-YPC was awarded for its good performance on energy management by Nanjing Economic Information Committee.

Further information

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🖨 For more information on BASF-YPC Company Limited, see
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