

News Release

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BASF to reshape organization

- **Brudermüller: “Customers should experience a new BASF”**
- **Leaner structures, simplified processes**
- **Reduction of 6,000 positions worldwide until the end of 2021**

With an organizational realignment, BASF is creating the conditions for greater customer proximity, increased competitiveness and more profitable growth. BASF is streamlining its administration, sharpening the roles of services and regions and simplifying procedures and processes. As a result, the company expects savings of €300 million, as part of the ongoing excellence program, which is anticipated to contribute €2 billion to earnings annually from the end of 2021 onwards.

In the course of the strategy implementation, BASF expects a reduction of a total of around 6,000 positions worldwide until the end of 2021. This decrease results from the organizational simplification and from efficiency gains in administration and services as well as in the operating divisions. In addition, central structures are being streamlined in the context of the announced portfolio changes. BASF will continue to need additional employees in fields like production or digitalization, depending on future growth rates.

“We will set up the new organization with a clear focus on leveraging synergies, reducing interfaces and enabling flexibility and creativity,” said Dr. Martin Brudermüller, Chairman of the Board of Executive Directors of BASF. “We want our customers to experience a new BASF. To achieve this, we have to live a new BASF. We will therefore continue to develop our organization to work more effectively and

efficiently. In this way, we will ensure the success of our customers, strengthen our competitiveness, and grow profitably as a company.”

A clear separation of steering and governance from services

Customer-focused operating divisions, service units and regions as well as a lean Corporate Center are the cornerstones of BASF’s new organization. The Corporate Center will consist of less than 1,000 employees and will support BASF’s Board of Executive Directors in steering the company as a whole. This includes central responsibilities, among others in the areas of strategy, finance, legal, human resources and communications.

In addition, around 29,000 employees will be working in cross-functional service units. “Global Engineering Services” and “Global Digital Services” will in future offer their services either for individual sites or globally for business units of the BASF Group, “Global Procurement” will make purchasing even more effective. “Global Business Services” will be newly established and will form a worldwide network of about 8,000 employees providing end-to-end services. They will support the business units with services, among others from the areas of finance, human resources, communications and supply chain. The unit “Global Business Services” will be led by Marc Ehrhardt, currently head of the Finance division.

The role of regions and countries is being sharpened. They represent BASF locally and support the growth of business units with local proximity to customers.

First changes will take effect on January 1, 2020.

Ludwigshafen: Early negotiations for new site agreement

In view of the current changes and further changes planned until the end of 2021, management and employee representatives have jointly decided to move forward the start of negotiations on a new site agreement for the BASF SE. The current site agreement is valid until the end of December 2020. The goal is to sign a new agreement in the first half of 2020.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 122,000 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 six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF

generated sales of around €63 billion in 2018. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information at www.basf.com.