

# BASF in India - Report 2016





**Cover photo:**  
A diverse BASF team exchanges ideas on future developments at BASF.

**On this page:**  
BASF is headquartered in Ludwigshafen, Germany, where it maintains the world's largest integrated chemical production complex.

## Chemicals

The Chemicals segment comprises our business with basic chemicals and intermediates. Its portfolio ranges from solvents and plasticizers to high-volume monomers and glues 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 (million €)

	2016	2015	Change in %
Sales	13,461	14,670	(8)
Thereof Petrochemicals	5,035	5,728	(12)
Monomers	5,745	6,093	(6)
Intermediates	2,681	2,849	(6)
EBITDA	3,169	3,090	3
Income from operations (EBIT)	1,983	2,131	(7)
EBIT before special items	2,064	2,156	(4)

## 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 (million €)

	2016	2015	Change in %
Sales	15,002	15,648	(4)
Thereof Dispersions & Pigments	4,530	4,629	(2)
Care Chemicals	4,735	4,900	(3)
Nutrition & Health	1,932	1,998	(3)
Performance Chemicals	3,805	4,121	(8)
EBITDA	2,522	2,289	10
Income from operations (EBIT)	1,648	1,340	23
EBIT before special items	1,745	1,366	28

## 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 applications for household, sports and leisure. Our portfolio comprises catalysts, battery materials, engineering plastics, polyurethane systems, automotive coatings, surface treatment solutions and concrete admixtures as well as construction systems like tile adhesives and decorative paints.



### Key data Functional Materials & Solutions (million €)

	2016	2015	Change in %
Sales	18,732	18,523	1
Thereof Catalysts	6,263	6,306	(1)
Construction Chemicals	2,332	2,304	1
Coatings	3,249	3,166	3
Performance Materials	6,888	6,747	2
EBITDA	2,906	2,228	30
Income from operations (EBIT)	2,199	1,607	37
EBIT before special items	1,946	1,649	18

## 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 for nutrient supply and plant stress.



### Key data Agricultural Solutions (million €)

	2016	2015	Change in %
Sales	5,569	5,820	(4)
EBITDA	1,305	1,321	(1)
Income from operations (EBIT)	1,037	1,083	(4)
EBIT before special items	1,087	1,090	0

## Oil & Gas

In the Oil & Gas segment, 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 also active in the transport of natural gas in Europe.



### Key data Oil & Gas (million €)

	2016	2015	Change in %
Sales	2,768	12,998	(79)
EBITDA	1,596	2,587	(38)
Income from operations (EBIT)	499	1,072	(53)
EBIT before special items	517	1,366	(62)
Net income	362	1,050	(66)

# Index

<b>About this report</b>	<b>4</b>	<b>BASF in India</b>	<b>22</b>
<b>Welcome</b>	<b>5</b>	At a glance	23
Message from the Chairman and Managing Director	5	Sites	25
<b>BASF Group at a glance</b>	<b>6</b>	<b>Environment and safety</b>	<b>26</b>
<b>BASF Group</b>	<b>8</b>	<b>Business development</b>	<b>31</b>
Our strategy	9	<b>Employees and society</b>	<b>32</b>
Goals	10	Employees	33
BASF in the regions	12	Occupational health and safety	35
BASF on the capital market	14	Social commitment	36
<b>Chemistry for a sustainable future</b>	<b>16</b>	<b>Ten-year summary</b>	<b>38</b>
<b>BASF in Asia Pacific</b>	<b>18</b>	<b>Further information</b>	<b>39</b>
Asia Pacific at a glance	18		
An interview with Sanjeev Gandhi	19		
Innovation	20		

## 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 2016 and information on corporate events is included through March 31, 2017. 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 fully consolidated joint ventures are reported on a proportional basis, while those accounted according to the equity method are not included. 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, 2016.

## Welcome

### Message from the Chairman and Managing Director

Dear friends & Stakeholders,

The world witnessed significant political and economic volatility in 2016. Amid this volatile global environment, India saw growing political stability, while the economy presented a mixed picture. We recorded one of the highest gross domestic product (GDP) growth rates in the world and most other economic indicators were also encouraging, despite some of the challenges we faced.

In this environment, BASF in India continued to expand its business. Our business in India grew faster than the average for the chemical industry. Capacity utilization and operating margins significantly improved, and there was optimization of working capital. We continued to increase our investment, with the opening of our tenth manufacturing plant in Kharagpur to meet the increasing demand for high quality construction chemicals projects in the Eastern part of India. We also made progress on our new mobile emissions catalysts plant in Chennai and the Innovation campus at Mumbai, both of which were inaugurated in early 2017.

We ramped up the capacity utilization of our Dahej site, by resolving technical issues and obtaining key customer approvals, after successful audits. Our Thane site turned 50, highlighting our long-term focus on safety and sustainability as well as our broad production capabilities.

The increase in production meant our emissions rose slightly in some areas. However, thanks to active monitoring and efficiency measures, we managed our emissions, and even increased recycling of our waste.

To support the growth of our business, we further strengthened our organizational culture in 2016. One of the core competencies at BASF, embracing diversity, was formalized with the formation of a Diversity + Inclusion team. This team introduced many initiatives that are helping foster a more diverse and inclusive culture in the organization. The launch of new policies like work-from-home and flexi-time helped bring in a more contemporary work culture. Ongoing initiatives like Fit@BASF have helped employees lead a healthier and more active life, while the "Take it to Heart" campaign aimed to motivate employees to understand and address risk factors related to heart disease. Hunting and Collaboration, which lend strength to our key focus of customer centricity, received an impetus with the launch of QuickLead, an online tool which facilitates the hunt for new business leads and enables faster customer service and sales support.



Safety continues to be the top priority for BASF, both for our own operations and for our contractors. We observed BASF Global Safety Week in March at most offices and sites, with a focus on routine safety behaviors. In 2016, process safety training was conducted at all our manufacturing sites. In line with our commitment to the highest standards of product stewardship, we adopted the Globally Harmonized System (GHS) of classification and labelling, and today, all our product packaging in India uses GHS labels. We also conducted behavior-based safety programs for transport vehicle drivers, significantly improving safety behavior.

The future holds promise and I look forward with optimism. India is set to play a leading role in the field of sustainability and has demonstrated this by setting ambitious targets under the Paris Agreement on climate change. BASF is ideally placed to take advantage of the opportunities that this move will provide. Sustainability and innovation, the twin pillars of sustained, long-term growth, are firmly founded at BASF in India. We will continue to work to keep our stakeholders connected and engaged, in line with our corporate purpose: to create chemistry for a sustainable future.

Best regards,

**Raman Ramachandran**

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

# BASF Group at a glance

## Economic data

		2016	2015	Change in %
Sales	million €	57,550	70,449	(18.3)
Income from operations before depreciation and amortization (EBITDA) and special items	million €	10,327	10,508	(1.7)
EBITDA	million €	10,526	10,649	(1.2)
Amortization and depreciation <sup>1</sup>	million €	4,251	4,401	(3.4)
Income from operations (EBIT)	million €	6,275	6,248	0.4
Special items	million €	(34)	(491)	93.1
EBIT before special items	million €	6,309	6,739	(6.4)
Financial result	million €	(880)	(700)	(25.7)
Income before taxes and minority interests	million €	5,395	5,548	(2.8)
Net income	million €	4,056	3,987	1.7
EBIT after cost of capital	million €	1,136	194	485.6
Earnings per share	€	4.42	4.34	1.8
Adjusted earnings per share	€	4.83	5.00	(3.4)
Dividend per share	€	3.00	2.90	3.4
Research and development expenses	million €	1,863	1,953	(4.6)
Personnel expenses	million €	10,165	9,982	1.8
Number of employees		113,830	112,435	1.2
Assets	million €	76,496	70,836	8.0
Investments <sup>2</sup>	million €	7,258	6,013	20.7
Equity ratio	%	42.6	44.5	-
Return on assets	%	8.2	8.7	-
Return on equity after tax	%	13.3	14.4	-
Net debt	million €	14,401	12,935	11.3
Cash provided by operating activities	million €	7,717	9,446	(18.3)
Free cash flow	million €	3,572	3,634	(1.7)

<sup>1</sup> Amortization of intangible assets, depreciation of property, plant and equipment, impairments and write-ups

<sup>2</sup> Additions to intangible assets and property, plant and equipment (including acquisitions)

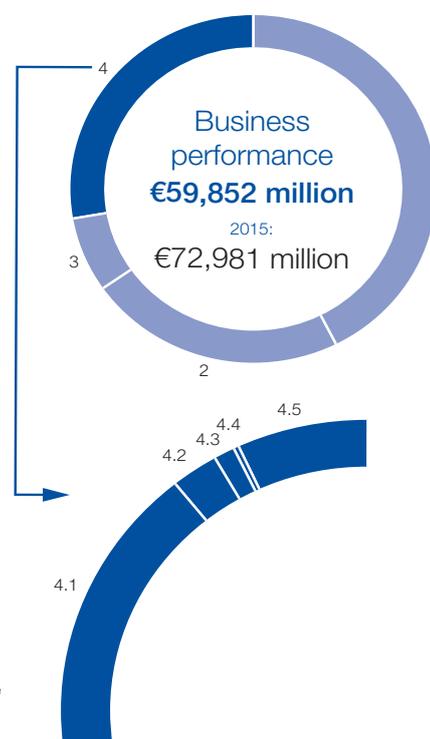
## Value added 2016<sup>3</sup>

### Creation of value added (million €)

	2016	2015
Business performance	59,852	72,981
1 Cost of raw materials and merchandise	(25,450)	(37,323)
2 Services purchased, energy costs and other expenses	(13,658)	(14,787)
3 Amortization and depreciation	(4,251)	(4,401)
4 Value added	16,493	16,470

### Use of value added

	2016	2015
4.1 Employees	61.6%	60.6%
4.2 Government	8.6%	9.4%
4.3 Creditors	4.0%	3.9%
4.4 Minority interests	1.2%	1.9%
4.5 Shareholders (dividend and retention)	24.6%	24.2%



<sup>3</sup> Value added results from the company's performance minus goods and services purchased, depreciation and amortization. Business performance includes sales revenues, other operating income, interest income and net income from shareholdings. Value added shows the BASF Group's contribution to both private and public income as well as its distribution among all stakeholders.

## Innovation

		2016	2015	Change in %
Research and development expenses	million €	1,863	1,953	(4.6)
Number of employees in research and development at year-end		9,966	10,010	(0.4)

## Employees and society

		2016	2015	Change in %
<b>Employees</b>				
Employees at year-end		113,830	112,435	1.2
Apprentices at year-end		3,120	3,240	(3.7)
Personnel expenses	million €	10,165	9,982	1.8
<b>Society</b>				
Donations and sponsorship	million €	47.0	56.2	(16.4)

## Environment, health, safety and security

		2016	2015	Change in %
<b>Safety, security and health</b>				
Transportation incidents with significant impact on the environment		0	0	0
Process safety incidents	per one million working hours	2.0	2.1	(4.8)
Lost-time injuries	per one million working hours	1.4	1.4	0
Health Performance Index		0.96	0.97	(1.0)
<b>Environment</b>				
Primary energy use <sup>4</sup>	million MWh	57.4	57.3	0.2
Energy efficiency in production processes	kilograms of sales product/MWh	617	599	3.0
Total water withdrawal	million cubic meters	1,649	1,686	(2.2)
Withdrawal of drinking water	million cubic meters	20.7	22.1	(6.3)
Emissions of organic substances to water <sup>5</sup>	thousand metric tons	15.9	17.3	(8.1)
Emissions of nitrogen to water <sup>5</sup>	thousand metric tons	2.9	3.0	(3.3)
Emissions of heavy metals to water <sup>5</sup>	metric tons	23.2	25.1	(7.6)
Emissions of greenhouse gases	million metric tons of CO <sub>2</sub> equivalents	21.9	22.2	(1.4)
Emissions to air (air pollutants) <sup>5</sup>	thousand metric tons	26.7	28.6	(6.6)
Waste	million metric tons	2.1	2.0	5.0
Operating costs for environmental protection	million €	1,011	962	5.1
Investments in environmental protection plants and facilities	million €	206	346	(40.5)

<sup>4</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>5</sup> Excluding emissions from oil and gas production

## Audits along the value chain

		2016	2015	Change in %
<b>Suppliers</b>				
Number of on-site sustainability audits of raw material suppliers		104	135	(23.0)
<b>Responsible Care Management System</b>				
Number of environmental and safety audits		121	130	(6.9)
Number of short-notice audits		37	68	(45.6)
Number of occupational medicine and health protection audits		30	53	(43.4)

# 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 114,000 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 research and functional units support our business

Thirteen divisions divided into five segments bear operational responsibility and manage our 57 global and regional business units. The divisions develop strategies for our 86 strategic business units and are organized according to sectors or products.

Our regional units are responsible for optimizing local infrastructure, and contribute to tapping our market potential. For financial reporting purposes, we organize our regional divisions into four regions: Europe; North America; Asia Pacific; and South America, Africa, Middle East.

Until the end of 2016, three central divisions, six corporate units and ten competence centers supported the BASF Group's business activities in areas such as finance, engineering, investor relations, communications and research. At the beginning of 2017, we reassembled these into five research units, eight functional units and seven corporate units. We realigned the organizational structures in selected functional units. These include Procurement, Human Resources and Supply Chain Operations & Information Services, along with Environmental Protection, Health & Safety and European Site & Verbund Management. With this organization, we are aligning ourselves more closely to customer and market needs and reducing internal interfaces.

## Markets and sites

- BASF companies in more than 80 countries
- Six Verbund sites and 352 additional production sites worldwide

BASF has companies in more than 80 countries and supplies products to numerous customers in nearly every part of the world. In 2016, we generated 43% of our sales (excluding Oil & Gas) with customers in Europe. In addition, 26% of sales were generated in North America; 22% in Asia Pacific; and 9% in South America, Africa, Middle East. Viewed over the entire BASF Group, 45% of our sales were to customers in Europe, 25% in North America, 21% in Asia Pacific and 9% in South America, Africa, Middle East.

We operate six Verbund sites and 352 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 implemented 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 using our resources efficiently. The Production Verbund intelligently links production units and energy demand so that, for example, the waste heat of one plant provides energy to others. Furthermore, one facility's by-products can serve as feedstock elsewhere. 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 gain increasing significance 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, 286 companies including BASF SE are fully consolidated. We consolidate eight joint operations on a proportional basis, and account for 34 companies using the equity method.

## Our 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

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#### ■ 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 solution 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

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- 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 optimally 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

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- 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 experiences. 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.

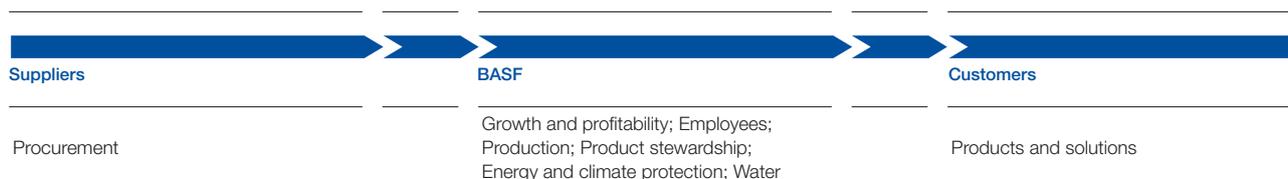
**Entrepreneurial:** All employees contribute to BASF’s success – as individuals and as a team. We turn market needs into customer solutions. We succeed in this because we take ownership and embrace accountability for our work.

## 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. We are focusing on issues through which we as a company can make a significant contribution.

### Goal areas along the value chain



### Procurement

	2020 Goal	Status at end of 2016
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%	32%

<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.

### Growth and profitability

As determined in 2015, our aim for the years ahead is, on average, to grow sales slightly faster and EBITDA considerably faster than global chemical production (excluding pharmaceuticals; 2016: 3.4%), 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. The goals for sales and EBITDA are based on the 2015 figures, excluding contributions from the business disposed of in the asset swap with Gazprom in September 2015.

	2016	Change since 2015
Sales	€57.6 billion	(4.6%) <sup>2</sup>
EBITDA	€10.5 billion	5.3% <sup>2</sup>
Dividends per share paid out	€2.90	€0.10
Premium on cost of capital	€1.1 billion	
Free cash flow	€3.6 billion	

<sup>2</sup> Baseline 2015: excluding business transferred to Gazprom

### Employees

	2021 Goal	Status at end of 2016
Proportion of women in leadership positions with disciplinary responsibility	22–24%	19.8%
<b>Long-term goals</b>		
International representation among senior executives <sup>3</sup>	Increase in proportion of non-German senior executives (baseline 2003: 30%)	36.4%
Senior executives with international experience	Proportion of senior executives with international experience over 80%	84.6%
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 78,150 employees worldwide.

<sup>3</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 2016
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	2.0
	<b>Annual goal</b>	
Health Performance Index	>0.9	0.96

## Product stewardship

	2020 Goal	Status at end of 2016
Risk assessment of products that we sell in quantities of more than one metric ton per year worldwide	>99%	75.4%

## Energy and climate protection

	2020 Goals	Status at end of 2016
Coverage of our primary energy demand by introducing certified energy management systems (ISO 50001) at all relevant sites <sup>4</sup>	90%	42.3%
Reduction of greenhouse gas emissions per metric ton of sales product (excluding Oil & Gas, baseline 2002)	(40%)	(37.2%)

<sup>4</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 2016
Introduction of sustainable water management at all production sites in water stress areas and at all Verbund sites (excluding Oil & Gas)	100%	42.6%

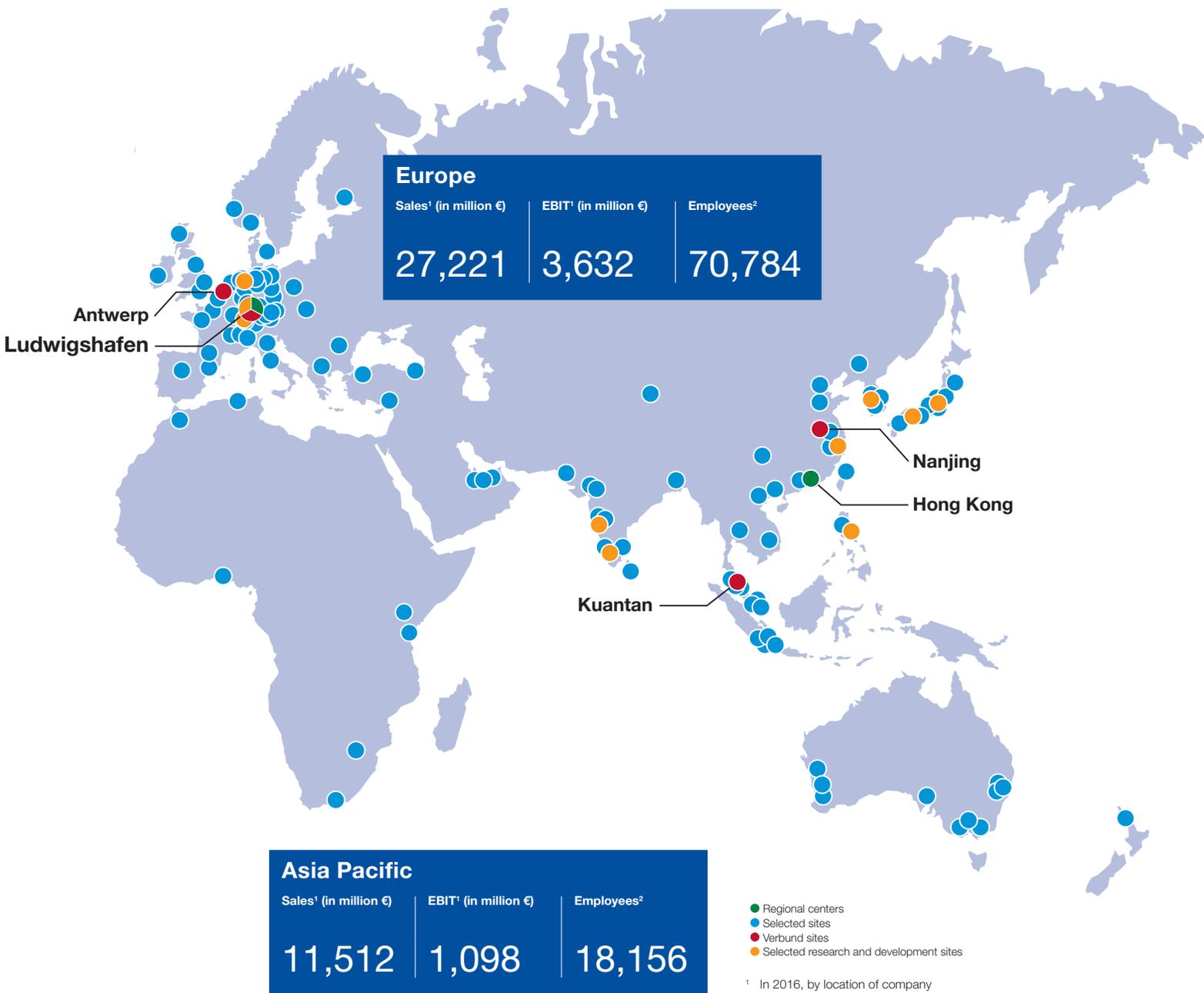
## Products and solutions

	2020 Goal	Status at end of 2016
Increase the proportion of sales generated by products that make a particular contribution to sustainable development ("Accelerators")	28%	27.2%

## BASF in the regions

BASF Group sales 2016: €57,550 million;  
 EBIT 2016: €6,275 million





## BASF on the capital market

Stock markets in 2016 were again marked by a high level of volatility. Particularly contributing to this were fluctuating economic figures in China, crude oil prices and the referendum in the United Kingdom on E.U. membership. In this volatile environment, the BASF share rose by 24.9%, trading at €88.31 at the end of 2016. We stand by our ambitious dividend policy and paid a dividend of €3.00 per share – an increase of 3.4% compared with the previous year. BASF enjoys solid financing and good credit ratings.

### BASF share performance

- BASF share gains 24.9% in 2016
- Long-term development continues to clearly outperform benchmark indexes

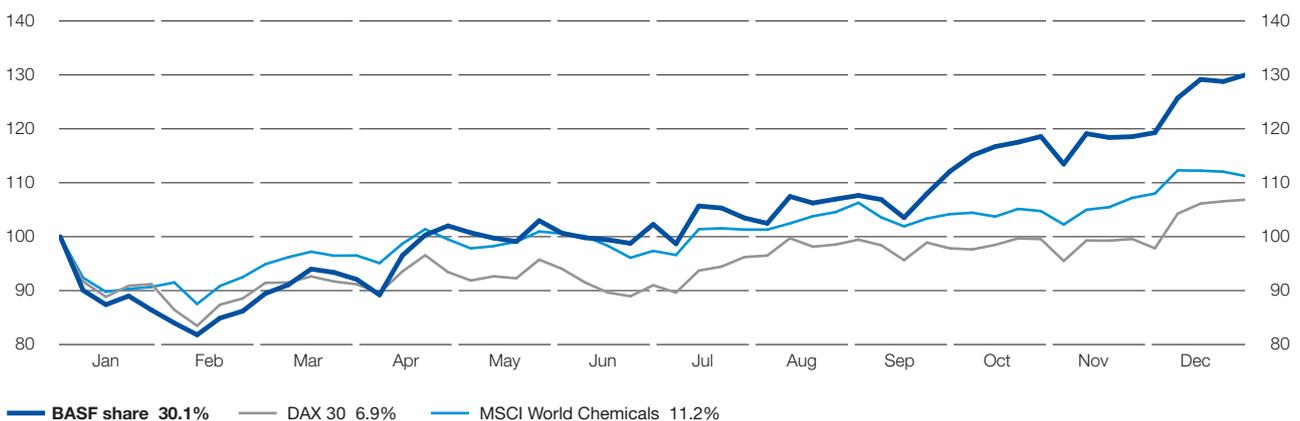
Weak economic data from the United States and China as well as turbulence in the crude oil market led to a negative start to the 2016 stock market year. Gains in oil prices, solid U.S. labor market data and better economic indicators for China led to stock market recovery during the second quarter. The uncertainty leading up to the United Kingdom's referendum on E.U. membership influenced the further course of the second quarter. Stock markets suffered considerable losses following the vote on June 23, 2016, to leave the E.U. Share prices

subsequently recovered thanks to factors such as improved Chinese economic data and the U.S. Federal Reserve's initially unchanged interest rate policy. In the fourth quarter, the extension of the European Central Bank's bond-buying program as well as hopes for a growth-promoting economic policy from the newly elected U.S. president led to a year-end rally. On December 30, 2016, Germany's benchmark index, the DAX 30, reached a year's high of 11,481 points, as did the BASF share price at €88.31. This equates to a 24.9% rise in the value of BASF shares compared with the previous year's closing price. Assuming that dividends were reinvested, BASF shares gained 30.1% in value in 2016. The BASF share thus outperformed the German and European stock markets, whose benchmark indexes DAX 30 and DJ EURO STOXX 50 gained 6.9% and 3.7% over the same period, respectively. As for the global industry indexes, DJ Chemicals increased 10.8% in 2016 and MSCI World Chemicals 11.2%.

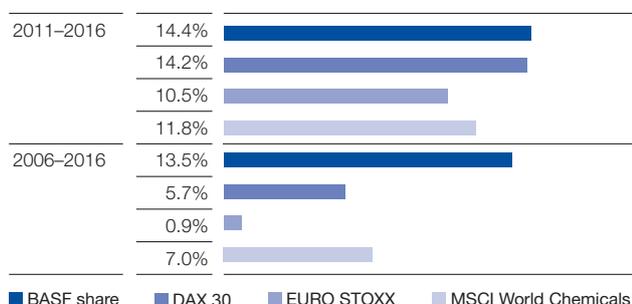
Viewed over a five and ten-year period, the long-term performance of BASF shares still clearly surpasses these indexes. The assets of an investor who invested €1,000 in BASF shares at the end of 2006 and reinvested the dividends in additional BASF shares would have increased to €3,538 by the end of 2016. This represents an annual yield of 13.5%, placing BASF shares above the returns for the DAX 30 (5.7%), EURO STOXX 50 (0.9%) and MSCI World Chemicals (7.0%) indexes.

### Change in value of an investment in BASF shares in 2016

(With dividends reinvested; indexed)



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



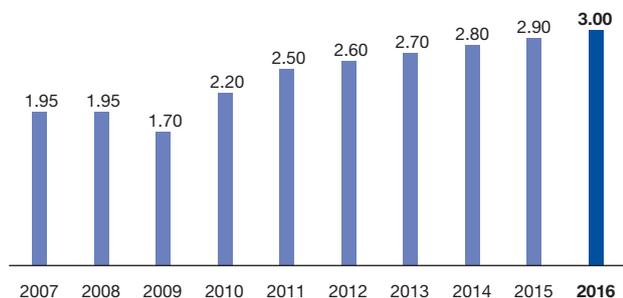
**Weighting of BASF shares in important indexes as of December 31, 2016**

DAX 30	8.7%
DJ Chemicals	6.5%
MSCI World Index	0.3%

**Dividend of €3.00 per share**

For 2016, BASF paid a dividend of €3.00 per share. We stand by our ambitious dividend policy and paid out almost €2.8 billion to our shareholders. Based on the year-end share price for 2016, BASF shares offer a high dividend yield of 3.4%. 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)**



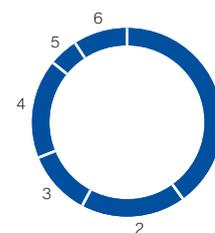
<sup>1</sup> Adjusted for two-for-one stock split conducted in 2008

**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 2016 showed that, at 18% of share capital, the United States and Canada made up the largest regional group of institutional investors. Institutional investors from Germany accounted for 11%. Shareholders from the United Kingdom and Ireland hold 11% of BASF shares, while institutional investors from the rest of Europe hold a further 17% of capital. Approximately 29% 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	40%
2	United States and Canada	18%
3	United Kingdom and Ireland	11%
4	Rest of Europe	17%
5	Rest of world	5%
6	Not identified	9%



**Employees becoming shareholders**

In many countries, we offer share purchase programs that turn our employees into BASF shareholders. In 2016, for example, around 24,000 employees (2015: 21,600) purchased employee shares worth about €59 million (2015: €60 million).

## Chemistry for a sustainable future

**Our innovations contribute to a sustainable future. We support the United Nations in the implementation of the U.N. Sustainable Development Goals (SDGs), which create the framework for sustainable business practices at the economic, social and environmental levels.**



### PRODUCTION

#### Sustainable, improved production

Greater supply security combined with more efficient and environmentally friendly production: BASF switched over its production process for the monomer acrylamide to a modern enzyme-based process. The biocatalytic production method results in energy savings, less waste and greater environmental compatibility. BASF has been producing bio-acrylamide in Suffolk, Virginia, since 2014 and started up a new bio-acrylamide plant in Bradford, England, in 2016. A third plant is being built in Asia and should start up in 2017.

### FOOD

#### Knowledge on a global scale

BASF opened a new research and development center for biological crop protection and seed solutions in Limburgerhof, Germany. Together with other research sites in Brazil, Argentina, France, England, South Africa, China, Australia, the United States and Canada, Limburgerhof is part of an international network of expertise. In this network, BASF researches naturally occurring organisms and cultures and their potential use in biological crop protection. This is how we pursue our goal of supplementing our classic portfolio of chemical crop protection and offering farmers an even more comprehensive product portfolio.



### INFRASTRUCTURE, INDUSTRY, INNOVATION

#### Driving digital transformation

The BASF 4.0 project team is evaluating possibilities for more intensive use of digital technologies and business models. Under the banner "Smart Manufacturing," BASF implements digital technologies and applications in its plants with the goal of making production more efficient and even safer. One Smart Manufacturing project is "Augmented Reality." Plant employees are supported in their work with industry-specific tablet devices that provide access at any time to digital information.

**India's growing population, rapidly developing economy and enormous diversity present unique challenges. BASF is investing in solutions that can help address these challenges through innovation and collaboration.**

#### WASTE MANAGEMENT

### Sustainable plastic waste

India's Plastic Waste Management Rules, published in April 2016, aim to tackle the country's rampant plastic litter problem while improving consumer behavior for better waste management. The rules promote use of compostable plastics as an alternative to the existing conventional plastics. Compostable plastics are plastics that undergo biodegradation by natural biological processes, under certain conditions, to yield CO<sub>2</sub>, water, inorganic compounds and biomass at a rate consistent with other known compostable materials and do not leave visible, distinguishable or toxic residue. BASF's Ecovio® is a certified compostable plastic and has the potential to play a key role in addressing the challenges of waste management as envisaged by the new Plastic Waste Management Rules. It will also help in more sustainable food waste management as it links organic food waste to agriculture. Proper source segregation allows food waste to be disposed in compostable waste bags. Compost from food waste can be used as a manure in agriculture as it is an excellent nutrient for the soil and also helps in preventing soil erosion.



Ecovio® waste bag



Corn farmer at Village Falwani, Maharashtra, who adopted Tynzer™ for weed control

#### AGRICULTURE

### Weed control for a better corn crop

Corn has emerged as the third most important cereal in India, after rice and wheat, and is grown on nearly 8.6 million hectares. It is a source of food for humans and feed for animals, and is widely used by the industry for starch and oil production. A major challenge that farmers face is weed management: poor weed management in corn can result in yield loss between 50-80%. To address the challenges posed by weeds, BASF launched Tynzer™, a novel herbicide for corn farmers. Tynzer is a selective post emergent herbicide with a unique mode of action which allows the weeds to be targeted without any impact on the corn crop.

# BASF in Asia Pacific

## Asia Pacific at a glance

### Economy

In 2016, BASF sales by location of customer were €12.2 billion (2015: €12.3 billion) in Asia Pacific.

EBIT in the region grew by 147% to €1.098 billion. This was mainly due to higher volumes and margins in all segments. Through strict cost management, fixed costs rose only slightly compared with the previous year, despite the startup of several new plants.

As part of our regional strategy, we want to further increase the proportion of sales from local production in Asia Pacific in the years ahead. We once again made progress toward this goal: In Korla, China, we started up a polytetrahydrofuran (PolyTHF®) plant with our partner Xinjiang Markor Chemical Industry Co., Ltd., and in Shanghai, China, we completed our new polyvinylpyrrolidone plant. In Kuantan, Malaysia, we and our partner PETRONAS Chemicals Group started up a production plant for 2-ethylhexanoic acid and finished construction of the new aroma chemicals complex. Further investments, such as catalyst production plants in Caojing, China, and Rayong, Thailand, are currently under construction and progressing on schedule.

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

Year	Sales (billion €)
2016	12.2
2015	12.3
2014	12.3

#### BASF EBIT in Asia Pacific (million €) (by location of company)<sup>1</sup>

Year	EBIT (million €)
2016	1,098
2015	445
2014	673

<sup>1</sup> For purposes of increased clarity in the presentation of regional results, income from operations (EBIT) before special items was replaced by EBIT, a figure directly derivable from the Consolidated Financial Statements, as of the second quarter of 2016. Neither EBIT before special items by region nor EBIT by region is drawn upon for internal management decisions.

### Environment

Customers in Asia Pacific face challenges in the areas of energy, food and urban living. BASF provides a wide range of solutions to support their development.

To improve energy efficiency in buildings, BASF's insulation material was adopted in the Hokushu Premium Passive House

in Japan for external thermal insulation. BASF also provided solutions to address environmental challenges such as flooding in Hangzhou, China and coastal protection in Korea.

Renewable raw materials, such as palm kernel oil, are used to produce home and personal care ingredients. In line with the BASF Palm Commitment and the BASF Palm Sourcing Policy, we continue towards sourcing renewable raw materials sustainably, in close cooperation with our partners in the supply chain. We have further enlarged our production network of sites certified under the criteria of the Round Table on Sustainable Palm Oil (RSPO), including five production sites in Asia Pacific.

At production sites around the region, BASF took measures to reduce emissions and increase efficiency.

### Employees and society

As of the end of 2016, BASF employed 18,156 people in the Asia Pacific region (2015: 17,562). Of these, 26.6% were female (2015: 26.2%). There were 1,733 new hires in the region in 2016, 32.1% of which were female (2015: 25.1% of 1,861).

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

Year	Total	% of which female
2016	18,156	26.6%
2015	17,562	26.2%
2014	17,060	27.0%

■ Total ■ of which female

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

Year	Total	% of which female
2016	1,733	32.1%
2015	1,861	25.1%
2014	2,048	22.8%

■ Total ■ of which female

For the seventh consecutive year, BASF has been named one of the Top Employers in China by the Top Employers Institute, this year ranking among the top five. In Korea, BASF was selected as one of Korea's top 30 most attractive foreign employers. Dedicated programs were introduced in Japan and Korea to ensure a healthy balance between the work and family lives of our employees. In India, the first Diversity + Inclusion team was established.

Region-wide, global programs such as BASF Global Safety Week and "Take it to Heart" (a heart health program) were rolled out to improve health and safety behaviors.

## An interview with Sanjeev Gandhi

### How will BASF grow in Asia Pacific?

In 2016, BASF regained momentum in Asia in the second half of the year across all markets and business lines. The business environment – still characterized by slower growth, market volatility and overcapacities – continued to put a strain on our customers in some key markets such as China. Nevertheless, Asia Pacific remains the growth driver in the global chemicals market and we see great potential for BASF, as the fundamentals have not changed.

Asia Pacific is not one market. We will stay close to the market and invest where our customers are. By building up our research capacity and extending our production, sales and marketing network, we offer local customers tailor-made solutions in a faster and more efficient manner. In addition, we continue to explore untapped markets, such as Northwestern China, Myanmar and Cambodia, where we see future opportunities for our solutions that contribute to affordable mass housing, food fortification, wind energy, and water purification.

### What differentiates BASF from the competition in Asia Pacific?

We believe that innovation is a major differentiating factor in the chemical industry. A growing need for energy, food and clean water, limited resources, and a rising world population pose huge challenges. Innovations based on chemistry enable new solutions that meet our customers' sustainability goals. Following the expansion of the BASF Innovation Campus Asia Pacific in Shanghai, China, we established a second Innovation Campus Asia Pacific in Mumbai, India focusing on crop protection and specialty chemicals.

By utilizing our new R&D assets, we aim to accelerate the innovation development for our customers in the region. In the long run, BASF plans to conduct around 25% of its global research activities in Asia Pacific.

### What trends are impacting BASF's business in the region?

The most important trend is the rise of more sophisticated demands from customers in this region. Our customers are competing on a global level and require support in the form



Sanjeev Gandhi, member of the Board of Executive Directors of BASF SE

of collaborative innovation, design and new materials. A number of fields that provide growth opportunities for BASF include transportation, consumer products, electronics, construction, packaging and agriculture. BASF will support these markets with solutions that meet our customers' sustainability challenges.

### What are BASF's plans for India?

BASF is investing in India in line with our overall strategic plan to increase the proportion of locally manufactured production. This will include diverse areas of business, led by applications in the automobile, infrastructure, construction, agriculture and pharmaceutical sectors. BASF is also significantly expanding its research and development capabilities in India.

## Innovation

Innovation in chemistry enables economic, environmental, and social development, and thus plays a key role in meeting the needs of Asia Pacific's growing population in a period of rapid development and urbanization. BASF is committed to fostering innovation in this dynamic region by constantly enhancing its local research capabilities. In the future, around a quarter of BASF's global research and development (R&D) activities will take place in Asia Pacific.

### Growing R&D capabilities across Asia Pacific

- R&D footprint expanded in 2016
- Second Innovation Campus Asia Pacific inaugurated in Mumbai

BASF has been continuously expanding its research and development footprints in Asia Pacific during the past five years, in order to drive innovation by integrating customer and market needs at an early stage. With major R&D sites located in China, India, Japan and Korea, BASF had around 1,100 R&D employees in Asia Pacific by end of 2016.

The Innovation Campus concept is unique to Asia Pacific, bringing together all parties engaged in the innovation process to one integrated site. Inaugurated in 2012 and expanded in 2015, BASF Innovation Campus Asia Pacific (Shanghai) is the company's largest R&D hub in the region. In January 2016, it also became the global headquarters of the Advanced Materials & Systems Research, one of BASF's three central technology platforms. The other two technology platforms, Process Research & Chemical Engineering and Bioscience Research, are headquartered in Europe and North America respectively.

In March 2017, BASF inaugurated its second Innovation Campus Asia Pacific, located in Navi Mumbai, India. The

new Innovation Campus will expand the company's existing R&D activities in India to focus on crop protection and specialty chemicals.

Across Asia Pacific, BASF R&D centers with specialized focus areas contribute to developing innovative solutions that address the region's challenges of resource efficiency, food and nutrition, and quality of life. The increasingly stronger R&D teams work in close collaboration with customers and academia partners for innovations in Asia Pacific and the world.

### Open innovation through science cooperation

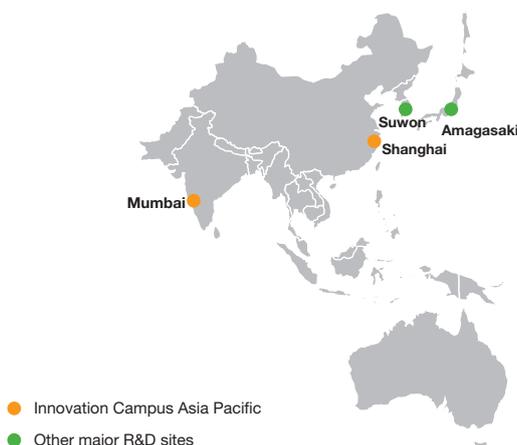
- NAO platform connects BASF and leading Asian universities

BASF places great value on open innovation through close cooperation with leading universities and institutes around the world. It maintains a global network of around 600 academia partners, which forms a key pillar of BASF's global Know-How Verbund.

In Asia Pacific, Network for Advanced Materials Open Research (NAO) is a joint platform directed by BASF and nine leading universities and institutes in Greater China, Japan and South Korea. NAO's topic clusters include dispersions and coatings, composite materials, new monomers and polymers, formulation, performance systems and polymer processing. Since the establishment of the program in 2014, more than 20 PhD and postdoctoral candidates have been conducting research in this framework, supported and advised by a scientific committee comprising BASF experts and professors from the universities.

Together with the open research centers JONAS in Europe, as well as CARA and NORA in North America, NAO constitutes an important part of BASF's global academic network.

### Major R&D sites in Asia Pacific



### Asia Pacific R&D sites: overview

#### Innovation Campus Asia Pacific (Shanghai), China

- Focus areas: Advanced Materials, Process Engineering, Environmental Catalysts
- Headquarters of Advanced Materials & Systems Research since January 2016

#### Innovation Campus Asia Pacific (Mumbai), India

- Focus areas: Crop Protection, Specialty Chemicals

#### R&D Center Amagasaki, Japan

- Focus areas: Electronics, Battery Materials

#### R&D Center Suwon, Korea

- Focus area: Electronics

## Collaboration with research community

- Support for largest international conference on organic synthesis
- Launch of “Organic Chemistry Colloquium Series”
- Supporting employee development in research

BASF believes that exchange of ideas is vital to fostering an innovative culture. Innovations are developed through ongoing collaboration with academia and industry as well as within BASF.

2016 saw the launch of the “Organic Chemistry Colloquium Series”, a new initiative for knowledge building at BASF Innovation Campus Asia Pacific (Mumbai). On this occasion, BASF was also privileged to host two distinguished academics in the field of organic chemistry, Professor Lutz Ackermann from Georg-August-University, Göttingen, Germany and Professor Richmond Sarpong from University of California, Berkeley, USA. BASF was also one of the three Platinum sponsors of the 21st International Conference on Organic Synthesis at the Indian Institute of Technology (IIT), Mumbai during December 2016. This is the largest international conference on organic synthesis.

To strengthen its research talent pipeline, BASF has introduced an internal PhD program for employees of different R&D divisions. BASF supports the selected candidates by providing financial aid and leave, for a maximum period of six months during the program. Additionally, through the BASF system of “swap delegations”, researchers from BASF India exchange places with delegates from BASF’s global research headquarters to encourage knowledge transfer and build up the global network.

Diversity + Inclusion is also important to foster innovation. BASF held its first Innovation and Inclusion day in 2016 at two office locations in Mumbai, with the participation of more than 300 employees.



Innovation benefits from a diverse scientific community.

## Innovation Campus Asia Pacific (Mumbai)

- BASF Group’s biggest R&D investment in South Asia
- Global and regional R&D will serve growing industries including automotive, food and nutrition
- New campus will employ up to 300 scientists

BASF inaugurated its new Innovation Campus Asia Pacific, located in Mumbai, India. The project will involve a total expected investment of up to €50 million from BASF Group, and marks the Group’s largest research and development investment in South Asia. Focus areas include crop protection and specialty chemicals research, as well as development activities in Performance Chemicals, Care Chemicals and Pigments & Dispersion.

The Innovation Campus significantly expands BASF’s research capacities in India, which were established in 2005 and expanded in 2014 to cover agricultural research, organic synthesis, molecular modelling and advanced process research. The new Innovation Campus includes state-of-the-art laboratories for chemical synthesis, application and process development, as well as analytics. The campus can accommodate up to 300 scientists and will bring together top scientists from India and other parts of the world.

## Innovation to meet needs of Indian society

- Elastomeric wall coating with BASF emulsion polymer
- Architectural paints stay clean and durable

BASF is continuously innovating to meet the needs of India’s growing population. One of these is a state-of-the-art technology-controlled emulsion polymer, introduced to India in 2016, which will help paints contribute to the long-term durability of structures.

Exterior paint plays a dual role: it protects a structure and improves its appearance. In India, dirt pickup resistance is an increasingly important property for architectural coatings. At the same time, given India’s highly variable climate, paint also plays an important role in protecting the structure from water seepage due to cracks. Until recently, it was almost impossible to get both these properties from the same paints.

The unique polymer structure of Acronal® 7079, developed by BASF, imbues the paint film with more elastic behavior, leading to higher tensile strength and elongation. It also enhances UV-crosslinking efficiency, and as such achieves fast curing and better dirt pickup resistance. Together, these two “contradicting” properties help improve the durability of the paint and appearance of the building.



Chemical production site in Dahej, Gujarat

# BASF in India

## At a glance

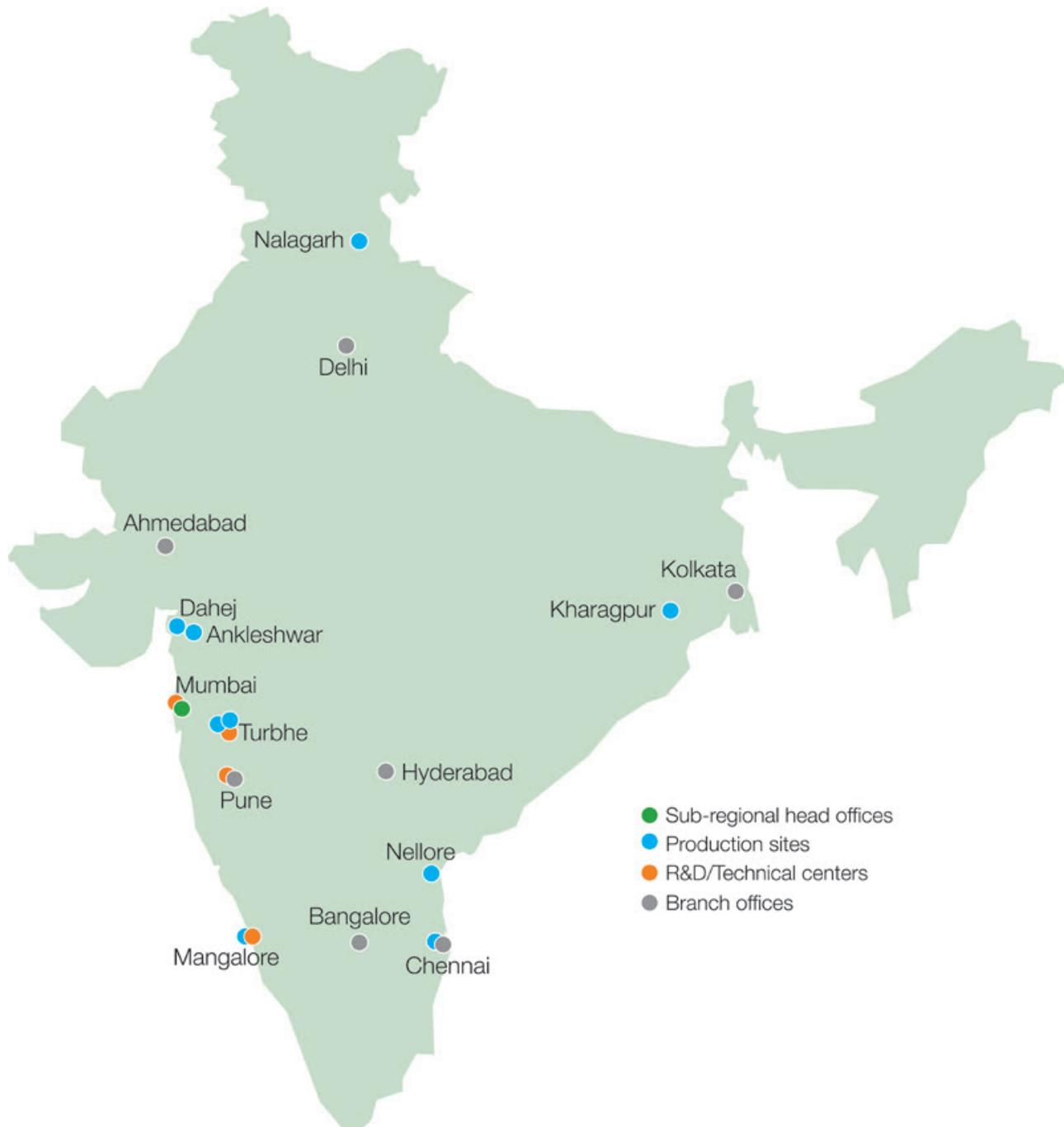
BASF has successfully partnered India's progress for more than 125 years, with all global businesses maintaining a presence in India today, except for Oil & Gas. At the end of 2016, BASF in India had 2,356 employees at twelve production sites and different offices, as well as two R&D centers, located in Mumbai and Mangalore. In 2016, BASF registered sales of approximately €1.1 billion to customers in India.

BASF has three subsidiaries in India - BASF India Limited, BASF Chemicals India Pvt. Ltd. and Chemetall India Private Ltd., as well as one joint venture, BASF Catalysts (India) Pvt. Limited. BASF India Limited, the flagship company of BASF in India, is a public limited company, listed on the BSE Limited and National Stock Exchange of India, with 73.33% of the shares held by BASF SE and other BASF group companies.

BASF recorded its first sales in India in the year 1890. The first interaction with India was in textile colors. Today, BASF in India has a diversified portfolio organized into four segments: Chemicals, Performance Products, Functional Materials & Solutions and Agricultural Solutions.



Chemical production site in Thane, Maharashtra, which celebrated its 50th anniversary in 2016

Sites<sup>1</sup><sup>1</sup>Not including Chemetall sites acquired in 2016

### Chandivali Office, Mumbai

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- Established in 2006 (part of BASF since the acquisition of Ciba India Limited in 2010)
- Registered office of BASF in India, providing sales and marketing, finance, human resources, legal, corporate affairs, facilities management and environment, health and safety functions

### Ankleshwar Site, Gujarat

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- Established in 1996 (part of BASF since the acquisition of Ciba and Diamond Dye Chem in 2010)
- Pergasol® line upgraded in 2012 to produce world-class paper dyes for global customers
- Global supply hub for Optical Brightening Agents, Imaging & Colorants used in papermaking and home care products

### Chennai Site, Tamil Nadu

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- Established in 2017
- Produces a full range of catalyst solutions, including light duty, heavy duty and motorcycle emissions catalysts

### Dahej Site, Gujarat

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- Established in 2014
- Single largest investment to date in BASF India, at INR1,000 crores (approximately €150 million)
- Includes an integrated hub for polyurethane manufacturing and production facilities for care chemicals and polymer dispersions

### Kharagpur Site, West Bengal

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- Established in 2016
- Focuses on producing standard and custom-made, performance-based construction chemicals

### Mangalore Site, Karnataka

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- Established in 1996
- BASF's largest manufacturing facility in South Asia, covering 34.6 hectares
- First manufacturing operation for fine chemical catalysts in Asia Pacific, established in 2013
- Houses coatings technical support lab, which offers technical and product development support to local and global customers

### Nallagarh Site, Himachal Pradesh

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- Established in 2007
- Engaged in the production of customized admixture solutions for construction of high rise buildings, overbridges, underground construction and other long-lasting infrastructure construction

### Nellore Site, Andhra Pradesh

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- Established in 2014
- Largest construction chemicals site of BASF in India
- Produces standard and custom-made, performance-based admixtures

### Thane Site, Navi Mumbai

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- Established in 1966
- Engaged in the production of engineering plastics, coolants, polyurethanes, textile, leather auxiliaries, care chemicals and construction chemicals, catering to key customers in the Northern and Western markets

### Turbhe Site, Navi Mumbai

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- Established in 1998
- Focuses on producing standard and custom-made, performance-based construction chemicals

### Construction Technology Centre, Turbhe, Navi Mumbai

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- Established in 2012
- Supports joint development activities with customers in the area of new product applications and formulations

### Agricultural Research Station, Pune

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- Established in 2015
- Focuses on global agricultural research on herbicides, fungicides and insecticides

### Innovation Campus, Navi Mumbai

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- Inaugurated in 2017
- Marks the Group's largest research and development (R&D) investment in South Asia
- Will ultimately employ up to 300 scientists
- Focus areas include crop protection and specialty chemicals research and development activities in performance chemicals, care chemicals and pigments & dispersions



The environment, health and safety team performs a safety inspection at a manufacturing site.

## Environment 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 are based on BASF's strategy and corporate guidelines and are binding for the whole BASF Group. Just as the company applies stringent standards to its own operations, we demand the same high standards of our contractors and suppliers. We choose carriers, service providers and suppliers not just on the basis of price, but also based on their performance in environmental and social responsibility.

### Product stewardship

- Adoption of Globally Harmonized System (GHS) system of classification and labelling
- Product risk assessment conducted

A harmonized global standard for classification and labelling of chemicals is important as it not only ensures a high standard of protection for human health and the environment, but also facilitates free trade of chemical products between countries. Until 2016, BASF had been following the previous EU system of labelling in India. In line with its commitment to the highest standards of product stewardship, BASF decided to adopt the GHS system. BASF has made a very rapid transition and today all our product packaging in India uses GHS labels.

Tamil Nadu Pollution Control Board (TNPCB) and Indian Chemical Council (ICC) jointly organized a two-day workshop on Responsible Care for senior management of the chemical industry with the objective of strengthening sustainable development and operation of chemical industries. BASF supports the Strategic Approach to International Chemicals Management (SAICM) and made an important presentation on the topic at the workshop. SAICM is a policy framework to promote chemical safety around the world. SAICM has a clearly defined goal of achieving sound management of chemicals throughout their life cycle so that by the year 2020, chemicals are produced and used in ways that minimize significant adverse impacts on the environment and human health.

By 2020, we will conduct risk assessments for all substances and mixtures BASF sells worldwide in quantities of more than one metric ton per year, including in India. Globally, we have already reached 75.4% of this goal in 2016 (2015: 67.8%). The risk associated with using a substance is determined by the combination of its hazardous properties and its potential exposure to people and the environment.

### Transportation and distribution safety

- Behavior-based safety programs for drivers
- Online tool for gate-checks

A major focus area for BASF in 2016 in India was the implementation of behavior-based safety programs for drivers. A behavior-based safety instruction campaign was run through the year at all sites in local languages, which helped to significantly reduce the incidence of non-conformance related to speed, night-driving and geo-fence violations. In addition, a special series of six three-day driver training programs were conducted, helping more than 100 drivers understand and improve their defensive driving skills.



Gate-check at Thane site using an Android device

Another important focus area was improvement in the quality and efficiency of gate-checks for vehicles. An Android-based hand-held tool for online vehicle gate-checks and loading- and unloading-checks was successfully tested at the Thane site. This tool will help save time and reduce paper work. It will also facilitate easy retrieval of data and improve non-conformance management.

In the area of distribution safety, continuous feedback, training and support to service providers helped all of the third-party warehouses assessed in 2016 to achieve high ratings in safety performance, and the performance of two previously assessed warehouses to improve to a high rating.

## Process safety

- Pre-start-up safety review at three locations
- Process safety training at all manufacturing sites

The process safety team consults and provides information on all aspects related to process safety and risk minimization in the start-up, shutdown, modification and operation of chemical plants. Decision making is done in consultation with multi-disciplinary teams in order to achieve the required protection of people and the environment as well as to avoid any loss to property. Newly-built facilities including the catalyst plant in Chennai, the Innovation Campus in Navi Mumbai and the construction chemicals plant at Kharagpur, all underwent safety reviews prior to start-up. The BASF coatings plant at Mangalore underwent a safety concept revalidation in which the entire process safety philosophy of the plant was reviewed based on the modifications carried out in the past.

Process safety training was conducted by internal process safety experts at all the manufacturing sites. BASF continued to identify areas in need of process, productivity and safety improvements.

## Energy

- Overall production increased, resulting in higher energy consumption

BASF production increased in 2016 as all the manufacturing plants at Dahej became fully operational and production volumes increased.

In 2016, steam consumption increased to 96,857 metric tons (2015: 95,868 metric tons), also due to the increase in production volumes.

### Steam consumption (total) (metric tons)

2016	96,857	
2015	95,868	
2014	89,493	

In 2016, electricity consumption increased to 66,580 MWh (2015: 63,982 MWh).

### Electricity consumption (total) (MWh)

2016	66,580	
2015	63,982	
2014	51,518	

There was an increase in fuel consumption from central power plants and boilers compared to the previous year, to 92,855 MWh (2015: 86,064 MWh). This is again directly attributable to all plants at the Dahej site becoming fully operational.

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

2016	92,855	
2015	86,064	
2014	68,554	

## Emissions to air

- Greenhouse emissions and air pollutants increased due to higher production volumes

Greenhouse gas emissions of BASF increased to 84,515 metric tons in 2016 (2015: 78,198 metric tons) due to increase in production volumes as a result of all the plants at Dahej becoming fully operational.

### Greenhouse gas emissions (total) (metric tons of CO<sub>2</sub> equivalents)

2016	84,515	
2015	78,198	
2014	73,078	

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 2016, our emissions of air pollutants were 146 metric tons, an increase from the previous year (2015: 132 metric tons). This is directly attributable to all plants at Dahej becoming fully operational.

### Air pollutants (total) (metric tons)

2016	146	
2015	132	
2014	214	

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 production of chemicals. BASF takes care to use water responsibly and to minimize emissions. In 2016, due to an overall increase in production volumes, both the emissions to water and water use increased.

Emissions of organic substances to water (COD) increased to 61 metric tons (2015: 58 metric tons), and nitrogen emissions to water increased to 1.6 metric tons (2015: 1.3 metric tons). Emissions of heavy metals to water increased to 0.14 metric tons in 2016 (2015: 0.12 metric tons).

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

2016	61	
2015	58	
2014	49	

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

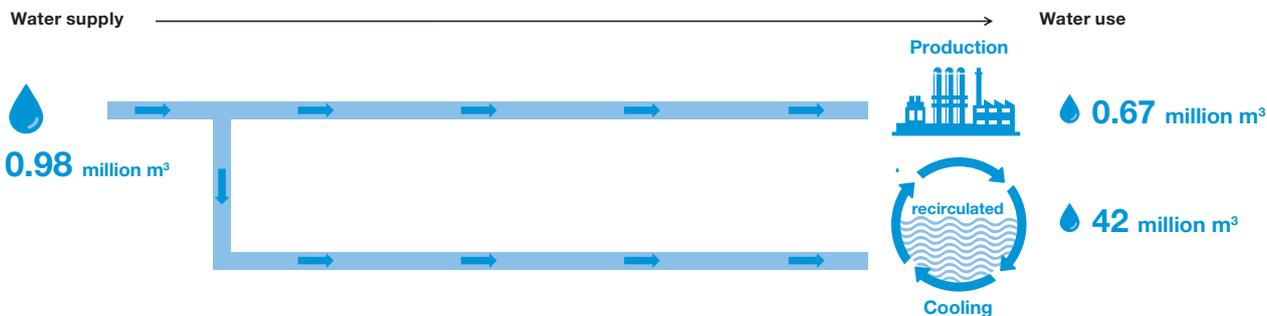
2016	1.6	
2015	1.3	
2014	0.8	

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

2016	0.14	
2015	0.12	
2014	0.1	

Water used for production increased to 0.67 million cubic meters in 2016 (2015: 0.64 million cubic meters). This metric refers to water that has come into contact with products, for example, when used for washing, as a solvent or as a reaction medium. Water used for cooling also rose to 42 million cubic meters (2015: 40 million cubic meters) due to increased production. Due to very efficient recirculation of water used for cooling, the total water supply was only 0.98 million cubic meters (2015: 0.92 million cubic meters).

### Water consumption in India in 2016 (million cubic meters)



While we used 42 million cubic meters of water for cooling and 0.67 million cubic meters of water for production in 2016, thanks to recirculation our actual water supply was only 0.98 million cubic meters.

### Water supply (million cubic meters)

2016	0.98	
2015	0.92	
2014	0.80	

### Water use (million cubic meters)

	Production	Cooling
2016	0.67	42
2015	0.64	40
2014	0.48	22

## Waste

In 2016, BASF generated 13,208 metric tons of waste in India, compared to 11,420 metric tons in 2015. This increase is directly attributable due to the increase in production. In 2016, 50% of waste was recycled (2015: 53%).

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

Year	Amount of waste	Amount of recycled waste	Recycling %
2016	13,208	50%	50%
2015	11,420	53%	47%
2014	8,765	57%	43%

■ Amount of waste ■ Amount of recycled waste

## Emergency response

### ■ Emergency response drills at sites and offices

In 2016, emergency response experts focused on building competency and increasing awareness on emergency procedures, headcount accountability and emergency roles and responsibilities at BASF sites and offices. Training sessions for floor wardens, first-aiders, voluntary firefighters and general employees were conducted at offices in Navi Mumbai, Juhu Nagar, Chandivali and New Delhi. Unannounced emergency evacuation drills were also conducted at these locations and lessons from the drills were shared with all employees.

Surprise fire drills and desktop drills were conducted at various manufacturing sites including Thane, Ankleshwar, Mangalore and Dahej to help the site management and emergency response teams understand and refresh their roles and responses during an emergency situation. Fire inspections were conducted at manufacturing sites to check the operational condition of fire detection, warning, prevention and protection systems and to initiate any corrective action that the inspections warranted. Chemical emergency response teams also supported and responded to a number of off-site emergency incidents relating to drum and product safety at customer and distributor warehouses.

## Security

In 2016, corporate security at BASF in India continued to focus on the design and execution of security initiatives for new projects, information protection and crisis preparedness. Employee training sessions on information protection continued through 2016. The network of information protection officers increased and there was greater awareness of their role among businesses, functions and sites. Reviews were conducted at selected sites and offices to assess and ensure basic processes for information protection and also precious metal handling. New projects have adopted improved standards for electronic security systems and these standards are now being extended to existing sites, which is leading to an optimization of security deployment and higher efficiency.



Emergency response team addressing an off-site incident

## Business development

BASF continued to expand its footprint in India with new investments and new product launches. A steadily increasing research and development base in India is laying the foundation for accelerated business development in the future. BASF's strategic investments are closely aligned with the Government's objective of making India a sustainable manufacturing and innovation hub. Sales to customers in India in 2016 were €1,098 million, slightly lower than the 2015 sales of €1,112 million.

Sales (million €)

2016	1,098	
2015	1,112	
2014	1,088	

### New concrete admixtures plant in West Bengal

- Sixth construction chemicals plant in India
- Solutions to meet growing demands for durable and energy-efficient construction materials in India

KPMG estimates that India's urban population will grow from 420 million in 2015 to 583 million by 2030, which is expected to drive the demand for affordable mass housing and durable infrastructure projects. Fast and flexible construction chemicals solutions will be essential to meet this demand. BASF inaugurated a new production plant for concrete admixtures in Kharagpur, West Bengal, in May 2016. With this, its sixth construction chemicals plant in India, BASF will meet the increasing demands for high-quality construction chemicals projects in the Eastern part of the country.

At the new plant, BASF is producing standard and custom-made, performance-based construction chemicals under the Master Builders Solutions® brand. These include concrete admixtures product ranges such as MasterGlenium®, MasterPolyheed®, MasterPel® and MasterRheobuild®, as well as chemical solutions for underground construction under the MasterRoc® product brand. The site is supported by an office, warehouse, occupational health checkup room and a well-equipped concrete lab that will deliver tailor-made recipes through formulation excellence.

The new plant enhances BASF's flexibility to serve customers with prompt supply and shorter lead times. This plant complements the other BASF construction chemicals plants, located in Nalagarh in the North, two in Navi Mumbai in the West, and Mangalore and Nellore in the South, thereby strengthening our production and service footprint across India.



BASF's new concrete admixtures plant, located in Kharagpur, West Bengal

### Range of crop protection products launched

- BASF receives approval for eleven new crop protection products from Central Insecticide Board
- BASF's first entry into India's strategic rice market

The year marked the registration of an unprecedented eleven new BASF crop protection products in India, including strategic key active ingredient registrations such as Fluxapyroxad, Metrafenone, Bentazone and Boscalid.

The new portfolio will help BASF service a much larger base of farmers, in particular for India's strategic rice market. BASF will help rice growers increase yields and stabilize harvests with two important fungicides, one herbicide and one insecticide. India has the largest cultivated area of rice in the world, at nearly 43 million hectares. BASF reinforces the product launches with support to farmers on life cycle management practices.

These new products have contributed significantly to sales in BASF's agricultural division in 2016. In addition, 13 label expansions were approved which allow existing products, approved for specific crops, to be used in certain other crops. This will enable diversification of BASF's existing products to new crops and geographies. The new products that were launched during the year included Merivon®, Acrisio®, Basagran® (rice herbicides) and Seltima® (a rice fungicide).

### Support for business with new online tool

BASF in India has designated four focus areas to help us achieve growth, namely hunting for new opportunities, collaboration, innovation, and effectiveness and efficiency. These lend strength to our focus on customers. In support of these focus areas, in particular hunting and collaboration, this year we launched QuickLead, an online tool which facilitates the development of new business leads and enables faster customer service and sales support.



The "Fit@BASF" program enables employees to lead a healthier, active life.

# Employees and society

## Employees

Employees are the foundation of our excellent performance and ensure our long-term success: their skills, commitment and motivation make BASF competitive and fit for the future. This belief is seen in the tangible efforts and resources the company puts into the development of the employees as well as into company-sponsored activities to strengthen the team. As of the end of 2016, BASF in India had a total of 2,356 employees (2015: 2,236).

### Recruitment

- **New employee referral policy**
- **“Grow” trainee program continues to expand**

BASF is committed to building an organization of high performers. To this end, we aim to hire the right talent both at the entry level as well as at mid-career, bringing in the necessary expertise and experience in specific or niche areas. A new referral policy, “Mitr” (“Friend”), was introduced to encourage and incentivize employees to participate in the process of recruiting the right talent. All referrals are made through an online system and a database of successful referrers is maintained.

The “Grow” trainee program at BASF is one of the most sought after on-job training programs in the industry today. The program enables trainees to transition from the campus to the corporate world and to integrate smoothly into BASF’s culture. Trainees undergo intensive training for one year, consisting of corporate induction, cross-functional projects, and selected development activities. A majority of the current young talent pool in the organization is placed through the “Grow” program.



“Grow” candidates interact with BASF India senior management during their induction program.

### Career development

- **New program on critical leadership skills**
- **Employee development process revamped**
- **Second Rewards and Recognition Awards Night**

BASF’s focus on maintaining a leadership pipeline for the future, as well as grooming leaders to develop their respective teams and employees, led this year to the introduction of the “Critical Leadership Skills” program. This structured program, covering various aspects of leadership, aimed to cover leaders at all levels across BASF. Nearly all BASF leaders in India participated in the program.

2016 also saw the launch of the revamped employee development process. It focuses on the development of the employee, based on his or her aspirations, while at the same time balancing these with the organizational needs and available opportunities. Workshops were conducted to familiarize employees with the process, and to coach employees and managers on conducting objective and quality development dialogs.

As a learning organization, BASF encourages and enables constant learning – both on the job and in the classroom. Many employees have benefited from the learning culture by working and pursuing higher education simultaneously.

BASF celebrated its second Rewards and Recognition Awards Night in India in 2016, to recognize employees and teams who demonstrated exceptional performance and values. The company also recognized and appreciated the contributions of 32 colleagues (representing 800 years of collective experience) who have been associated with BASF for 20, 25 and 30 years. They were commemorated, along with their family members, with Long Service Awards.

Number of employees (as of December 31)

2016	2,356	<div style="width: 100%; height: 10px; background-color: #c00000;"></div>
2015	2,236	<div style="width: 95%; height: 10px; background-color: #e06666;"></div>
2014	2,186	<div style="width: 93%; height: 10px; background-color: #e06666;"></div>

## Working at BASF

- Encouraging fun at work
- Contributing to employee health and financial well-being

The employees at BASF do not just work hard but also have a lot of fun while doing so. The company has institutionalized an ongoing initiative, “Fit@BASF”, to enable employees to lead a healthier and active life. Various sports and well-being initiatives are run under this banner. Apart from the Annual Sports Day held at Mumbai, sports days were also held at other locations including Ankleshwar. Activities involved indoor games as well as outdoor sports which included participation in corporate cricket competitions. A table tennis tournament was organized for all offices in Mumbai.

We have created a new platform named “Sampark Setu” (“Stay Connected”) at the Dahej Site. All employees come together on an appointed day every month to share their experiences in an informal environment. The Dahej leadership team shares their perspective in an interactive session. The informal environment helps employees connect and form a bond.

Site-level initiatives also encourage a healthy work life. At the Ankaleshwar site, employees celebrated with a Quality Day. On the occasion of International Yoga Day on June 21, a group Surya Namaskar session was planned in the office corridors, canteens and meeting rooms, across participating BASF offices.

To help employees better understand personal financial health, BASF hosted the CNBC TV 18 team at the Navi Mumbai office for an exclusive BASF show of NSE Fin Wiz. This television series, conceptualized by the National Stock Exchange (NSE) in association with CNBC-TV18, is designed to educate personal investors and help them make informed investment decisions.



BASF encourages recreation as part of balancing personal and professional life through programs such as “Fit@BASF”.

## Diversity + Inclusion

- New policies aimed at encouraging Diversity + Inclusion
- Attracting and retaining more women professionals

As an equal opportunity employer, Diversity + Inclusion is important for BASF in India. Diversity encompasses not only demographic dimensions, such as age, gender, race, and religion, but also less tangible or invisible differences, such as personal skills, education and experience. The term “Inclusion” implies appreciating and embracing diversity. In 2016, the largest proportion of employees was in the 26 to 39-year-old age group (2015: same).

Gender diversity is an area of special focus for BASF in India, and we have taken steps to encourage women in roles which are otherwise stereotyped for men – manufacturing, sales of certain products, and construction. We are also focusing on bringing in a better balance of male and female candidates through campus recruitment, and have introduced additional incentives for successful referrals. BASF India was selected as one of the “2016 Working Mother and AVTAR 100 Best Companies for Women in India”.

BASF updated its policies this year to make the workplace more flexible, thereby encouraging employees to balance their personal and professional lives. The “flex-time” policy and the “work-from-home” policy were introduced to provide greater flexibility to employees. Paternity leave was also increased to enable fathers to be more involved in child care.

Employee age structure (%) (as of December 31, 2016)

Up to and including 25 years	6.1	<div style="width: 6.1%;"></div>
Between 26 and 39 years	52.3	<div style="width: 52.3%;"></div>
Between 40 and 54 years	36.8	<div style="width: 36.8%;"></div>
55 years and older	4.8	<div style="width: 4.8%;"></div>

# Occupational health and safety

## Occupational health

### ■ “Take it to Heart” campaign for cardiovascular health

Cardiovascular disease is the leading cause of death for both men and women around the world. The World Health Organization (WHO) identifies heart attacks and strokes as the world's most common causes of death. BASF is constantly looking at ways to address some of the world's most pressing health challenges.

In June 2016, BASF invited its employees around the world to take part in the global health campaign “Take it to Heart,” designed to reduce the risk of heart attacks or strokes through targeted lifestyle modifications.

In line with this global initiative, BASF launched a localized campaign in India to encourage employees to recognize risk factors and take the necessary steps to lower the risk of heart disease.

Employees at all sites received heart tickets and were provided with a basic health checkup of height, weight, body mass index and blood pressure. Speaker sessions were conducted throughout the year by external experts as well as by the BASF India country physician and site physicians, on topics including hypertension, diabetes and stress. Employees could then enter their data into an online platform to get a private, individual assessment.

BASF also took steps in 2016 to ensure employee medical records in India are being maintained meticulously, fulfilling BASF global requirements for medical data protection and confidentiality, both in electronic form and in hard copies.

Our worldwide standards for occupational medicine and health protection are specified in a directive that is implemented by a global network of experts. Our global health management serves to promote and maintain the health and productivity of our employees. We measure our performance in health protection using the Health Performance Index (HPI).



The global health campaign “Take it to Heart” aimed to reduce the risk of heart attacks or strokes.

The HPI has five components: recognized occupational diseases, medical emergency planning, first aid, preventive medicine and health promotion. Each component contributes a maximum of 0.2 to the total score. The highest possible score is 1.0. Our goal is to reach a value of more than 0.9 every year. With an HPI of 0.96, we were once again able to fulfill the ambitious goal of exceeding 0.9 each year (2015: 0.97).

## Occupational safety

- **Harmonized permit to work system**
- **LTIR of 0.1 per million working hours**

Across industries, the Permit to Work (PTW) is a mandatory legal obligation, and is required for workers to carry out any non-routine activities in an industry. Earlier, PTW forms at BASF varied across countries because primacy was given to country-specific requirements when preparing the formats. In 2016, a harmonized PTW system was introduced across BASF Asia Pacific sites. This harmonization has ensured that apart from country-specific legal obligations, BASF’s internal requirements are also met across all sites in Asia Pacific. The PTW forms have a uniform content and structure. BASF also introduced an online training module for this new PTW, making training more convenient for end-users and ensuring uniformity in training content across the region.

BASF continues to maintain a low level of lost time injuries in India. In 2016, BASF recorded a Lost Time Injury Rate (LTIR) in India of 0.1 per million working hours (2015: 0.4 per million working hours). The LTIR for contract employees in 2016 was 1.1 (2015: 0).

**Lost time injury rate - BASF and leased employees** (per million working hours)

2016	0.1	<div style="width: 2.5%;"></div>
2015	0.4	<div style="width: 10%;"></div>
2014	0.4	<div style="width: 10%;"></div>

**Lost time injury rate - contractors** (per million working hours)

2016	1.1	<div style="width: 27.5%;"></div>
2015	0	<div style="width: 0%;"></div>
2014	1	<div style="width: 25%;"></div>

## Social commitment

**BASF is deeply committed to the sustainable development of society. For BASF, sustainability means balancing environmental, economic and social needs. Our corporate citizenship programs focus on communities around our sites in the areas of water, sanitation and hygiene and related educational initiatives.**

### Nation-wide

- **“Suraksha Hamesha” safety education campaign for farmers and sprayers on safe handling and personal protection**

BASF is committed to the continuous development of the agriculture community in India. This year one area of focus was on the important area of safe and responsible use of agricultural chemicals and their impact on water and sanitation. Awareness and knowledge of proper safety measures and the use of personal protection equipment are still limited among farmers.

BASF launched the “Suraksha Hamesha” (“Safety at All Times”) campaign in May 2016, with the aim of educating 18,000 farmers and 3,600 sprayers on the responsible use of agricultural chemicals and personal protection measures by the end of November 2016.



**BASF supports the responsible use of agricultural chemicals by farmers and sprayers.**

BASF developed a training module for farmers, outlining nine measures for responsible use of agricultural chemicals. The training sessions were conducted by BASF’s sales staff in 120 territories. In each territory, three farmer training programs and one sprayer training program were conducted. The BASF team prepared safety films, posters and presentations on important aspects of handling crop protection products, their usage, and the storage and disposal of empty containers. The greatest emphasis was placed on the vital importance of using personal protection equipment while handling agricultural chemicals.

The program exceeded its original target, and successfully trained 24,200 farmers and 4,000 sprayers. Mr. Radha Mohan Singh, Union Agriculture Minister, compared the program to India’s Border Security Force (BSF): “BSF is taking care of our country’s safety and BASF is taking care of our farmers’ safety.”

### Dahej

- **Behavioral change programs for reducing open defecation**
- **Installation of two digital classrooms**

BASF’s corporate citizenship campaigns are closely aligned with Swachh Bharat, in particular the Government of India’s pledge to free India from open defecation by October 2019. In 2015 and 2016, BASF supported the construction of 232 toilets at a Dahej village through our partner, Citizens Foundation for Better India (CFBI). As creating physical infrastructure alone is inadequate in eliminating open defecation, BASF also supports the important area of behavioral change to increase toilet usage. CFBI conducted several innovative behavioral change programs among school children and adults. The programs have resulted in a significant increase in toilet usage in the village.

Education is also an important area for development in the Dahej region. To this end in 2016 BASF set up two digital classrooms, at P.J. Chedda School and Prathmik Kanyashala. The digital classrooms consist of audio-visual lessons in 2D and 3D, and have benefited a total of 1,400 students at the two schools. The digital software provides uniform teaching material and audio-visual aids that assist teachers in delivering the curriculum effectively.



**Inauguration of digital learning system sponsored by BASF in Dahej, Gujarat**

## Mangalore and Thane

- Installation of science labs at two schools in Mangalore
- Installation of water treatment unit at school at Thane

A demonstration-based learning approach – doing as well as hearing or seeing – is vital to grasping the laws and theories of science. To encourage hands-on learning, BASF collaborated with two non-governmental organizations, STEM Learning and Leaf Society, on the installation of two science labs at schools in Mangalore. The science labs include 60 table-top interactive math and science working models which are based on the syllabus for class 5 to 10 as approved by the Education Board. The selected schools, Meenakali High School and Mahalaxmi English Medium School, serve less privileged communities in the area. With the simple but effective models used in the science lab, students are able to understand laws and principles that often remain confined only to textbooks.

On the occasion of World Water Day on March 22, 2016, BASF donated a water purification unit to a local high school near BASF's site in Thane. The unit has a holding capacity of 2,000 liters of water, and its water purification capacity is 1,000 liters per hour. This initiative will provide access to clean water to more than 800 children in the community.



Inauguration of water purification unit donated to Navjeevan High school in Thane

## Chennai

- Community drinking water facility at Village Veerapuram

A needs assessment study conducted in 2014 identified access to clean drinking water as the most pressing need of the communities in villages around our manufacturing site in Chennai. Following the installation of its first water treatment facility at Singaperumal Koil, BASF inaugurated its second water treatment facility at the village of Veerapuram, adjacent to BASF's new production site at Pasumai, Chennai. The facility is equipped with ultrafiltration technology from Inge GmbH, a fully owned BASF subsidiary, based in Germany, for treating drinking water. It has a daily water processing capacity of 24,000 liters.

The facility was installed by BASF's partner Waterlife India, which will be responsible for operations and maintenance of the facility for a period of ten years. 1,426 households have registered as users of the two facilities, with the local Primary Health Centre reporting a significant decline in water-borne diseases in the village.



Inauguration of second water facility in Veerapuram, Chennai

## Ten-year summary

Million €	2007	2008	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015	2016
<b>Sales and earnings</b>										
Sales	57,951	62,304	50,693	63,873	73,497	72,129	73,973	74,326	70,449	57,550
Income from operations (EBIT)	7,316	6,463	3,677	7,761	8,586	6,742	7,160	7,626	6,248	6,275
Income before taxes	6,935	5,976	3,079	7,373	8,970	5,977	6,600	7,203	5,548	5,395
Income before minority interests	4,325	3,305	1,655	5,074	6,603	5,067	5,113	5,492	4,301	4,255
Net income	4,065	2,912	1,410	4,557	6,188	4,819	4,792	5,155	3,987	4,056
Income from operations before depreciation and amortization (EBITDA)	10,225	9,562	7,388	11,131	11,993	10,009	10,432	11,043	10,649	10,526
EBIT before special items	7,614	6,856	4,852	8,138	8,447	6,647	7,077	7,357	6,739	6,309
EBIT after cost of capital	2,895	1,621	(226)	3,500	2,551	1,164	1,768	1,368	194	1,136
<b>Capital expenditures, depreciation and amortization</b>										
Additions to property, plant and equipment and intangible assets	4,425	3,634	5,972	5,304	3,646	5,263	7,726	7,285	6,013	7,258
Thereof property, plant and equipment	2,564	2,809	4,126	3,294	3,199	4,084	6,428	6,369	5,742	4,377
Depreciation and amortization of property, plant and equipment and intangible assets	2,909	3,099	3,711	3,370	3,407	3,267	3,272	3,417	4,401	4,251
Thereof property, plant and equipment	2,294	2,481	2,614	2,667	2,618	2,594	2,631	2,770	3,600	3,691
<b>Number of employees</b>										
At year-end	95,175	96,924	104,779	109,140	111,141	110,782	112,206	113,292	112,435	113,830
Annual average	94,893	95,885	103,612	104,043	110,403	109,969	111,844	112,644	113,249	111,975
<b>Personnel expenses</b>										
	6,648	6,364	7,107	8,228	8,576	8,963	9,285	9,224	9,982	10,165
<b>Research and development expenses</b>										
	1,380	1,355	1,398	1,492	1,605	1,732	1,849	1,884	1,953	1,863
<b>Key data</b>										
Earnings per share <sup>3</sup>	€ 4.16	3.13	1.54	4.96	6.74	5.25	5.22	5.61	4.34	4.42
Cash provided by operating activities <sup>4</sup>	5,807	5,023	5,693	6,460	7,105	6,602	8,100	6,958	9,446	7,717
EBITDA margin	% 17.6	15.3	14.6	17.4	16.3	13.9	14.1	14.9	15.1	18.3
Return on assets	% 16.4	13.5	7.5	14.7	16.1	11.0	11.5	11.7	8.7	8.2
Return on equity after tax	% 22.4	17.0	8.9	24.6	27.5	19.9	19.2	19.7	14.4	13.3
<b>Appropriation of profits</b>										
Net income of BASF SE <sup>5</sup>	2,267	2,982	2,176	3,737	3,506	2,880	2,826	5,853	2,158	2,808
Dividend	1,831	1,791	1,561	2,021	2,296	2,388	2,480	2,572	2,664	2,755
Dividend per share <sup>3</sup>	€ 1.95	1.95	1.70	2.20	2.50	2.60	2.70	2.80	2.90	3.00
<b>Number of shares as of December 31<sup>3,6</sup></b>										
	million	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 Reporting Standards IFRS 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

## Further information

### Corporate Office / Registered Office

#### BASF India Limited

Plot 37, Chandivali Farm Road, Chandivali,  
Andheri (East), Mumbai - 400072, Maharashtra  
Phone: + 91 22 28580200 Fax: +91 22 28580398  
Website: basf.com/in

### Offices

#### BASF India Limited

Thane - Belapur Road, Turbhe, Plot No.12, TTC Area,  
Navi Mumbai - 400705, Maharashtra  
Phone: +91 22 67127600 Fax: +91 22 67127717

#### BASF India Limited

3rd Floor, Shree Sawan Knowledge Park, Plot No. D-507,  
MIDC, Turbhe, Navi Mumbai - 400705, Maharashtra  
Phone: +91 22 67243700 Fax: +91 22 66739981

#### BASF India Limited

DLF IT Park, Tower A, 8th Floor, Premises No. 08,  
Block-AF Majr Aterial Road Newtown, Rajarhat,  
Kolkata - 700156, West Bengal  
Phone: +91 3340283230

#### BASF India Limited

4th Floor, "A" Wing, Commercial Plaza,  
Radisson Hotel, Mahipalpur, NH-8,  
New Delhi - 110 037, India  
Phone: +91 11 4159 6400 Fax: +91 11 4159-6496

#### BASF India Limited

1st floor, Karaka Building No.1, Ashram Road,  
Ahmedabad 380 009, Gujarat  
Phone: +91 79 26586509

#### BASF India Limited

Plot No, P 8/1, 2nd Floor, Veerapuram Village,  
Mahindra World City, Chengelpet Taluk,  
Kanchipuram District, Tamilnadu - 603002  
Phone: +91 44 67468181

#### BASF India Limited

402 , 4th floor , Gowra Grand  
S.P. Road , Begumpet  
Secunderabad - 500003  
Phone: +91 40 66160130-131

#### BASF India Limited

Srihari, # 16, 18th Main Road,  
Padmanabhanagar,  
Bangalore – 560061  
Phone: +91 80 26394553

### Production sites

#### BASF India Limited

Surathkal Bajpe Road, Bala,  
Via. Katipalla, Mangalore - 575030, Karnataka  
Phone: +91 8242237000 Fax: +91 8242270025

#### BASF India Limited

Unit I, Plot No. 6214/6216, GIDC Phase IV  
Ankleshwar - 393002, Gujarat  
Phone: +91 02646617120 Fax: +91 2646238039

#### BASF India Limited

Unit II, Plot No. 8001, GIDC Phase IV,  
Ankleshwar - 393002, Gujarat,  
Phone: +91 2646617452 Fax: +91 2646238039

#### BASF India Limited

Plot No 4B, GIDC,  
Dahej, 392130, Dist. Bharuch, India  
Phone: +91 2641 660101

#### BASF India Limited

Khasara No. 87/1 Village, Beer Plassis,  
Solani District, Nalagarh - 174101, Himachal Pradesh  
Phone: +91 1795265335/ 36 Fax: +91 4427454490

#### BASF Catalysts India Private Limited

Mahindra World City, Chingleput Taluk,  
Kanchipuram District, Tamilnadu, Pincode: 603002  
Phone: +91 44 67468181

#### BASF India Limited

Plot no.F-7, Vidyasagar Industrial park,  
Kharagpur, Paschim, Medinipur, West Bengal  
Phone: +91 8101641286

#### BASF India Limited

Thane - Belapur Road, Turbhe, Plot No.12 and 13, TTC Area,  
Navi Mumbai - 400705, Maharashtra  
Phone: +91 2267127600 Fax: +91 2267127717

#### BASF India Limited,

C-68, TTC, MIDC,  
Turbhe, Navi Mumbai - 400613,  
Phone: +91 2227619992 Fax: +91-22 4157 7766

#### BASF India Limited,

Plot no 1/1A, APIIC Industrial Park, Menakur (V),  
Naidupet, SPSR Nellore District, Andhra Pradesh  
Phone: +91 7093333707

We create  
chemistry  
that makes  
compost love  
plastic.



Most plastics don't biodegrade, but ecovio<sup>®</sup> plastics from BASF disappear completely when composted in a controlled environment. Using compostable bags for collection of organic waste makes disposal more hygienic and convenient. Rather than ending up in landfills, the waste is turned into valuable compost. When the plastic bag you use today can mean a cleaner future for the environment, it's because at BASF, we create chemistry.

[www.wecreatechemistry.com](http://www.wecreatechemistry.com)

 **BASF**

We create chemistry