How we create value BASF Report 2015

### How we create value

Financial and nonfinancial value drivers make an essential contribution to BASF's success. We want to understand how these work together, and derive targeted measures for increasing the positive impact of our actions and further minimizing the negative effects. This intention forms the basis of our integrated reporting.

The following overview provides examples of how we create value for our company, the environment and society. It is modeled on the framework of the International Integrated Reporting Council (IIRC). Both financial and nonfinancial value drivers – such as environmental, production-related, personnel and knowledge-based factors, along with aspects of society and partnerships – form the **foundation** of our actions. Through our **business model**, these inputs are transformed into various outputs: the **results** of our actions.

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# Our foundation

€31.5 billion in equity

€1.95 billion spent on research

€6.0 billion invested in fixed and intangible assets

(including acquisitions)

€9.98 billion personnel expenses

€96 million

spent on further education

€346 million

invested in environmental protection



30,000

different raw materials procured



**5.8**%

of raw materials purchased worldwide from renewable resources



1,686

million m<sup>3</sup> of water abstracted



worth of raw materials,

goods and services

purchased for own production

15.0

million MWh of electricity demand



39.0

million MWh of steam demand

77,000

participants instructed on occupational safety and

19,000 on process safety



75,000

employees and contractors at over 400

sites participate in worldwide safety initiative 130

environmental, safety and security audits performed at

82 sites



53

sites audited on occupational medicine and health protection

**112,435** employees

worldwide; of these 3,240 apprentices

Å

Around 10,000

employees in research and development



Average of

days of further training per employee per year 82.9% of our senior

of our senior executives have international experience.



Numerous options for work-life balance offered worldwide; in Ludwigshafen, for example,

600

employees make use of these opportunities daily.



Our stakeholders
include employees, customers,
suppliers and shareholders,
as well as experts in science,
industry, politics, society
and media.



Over 75,000 suppliers around 90%

of raw materials, goods and services for own production sourced locally



135

raw material supplier sites audited 50 external compliance hotlines

### Our business model

5 segments 13 operating divisions

84

strategic business units

- Chemicals
- Performance Products
- Functional Materials & Solutions
- Agricultural Solutions
- Oil & Gas

Intelligent Verbund system

6

Verbund sites and

338

additional production sites worldwide

BASF Group companies in more than

> 80 countries

Our corporate purpose:

# We create chemistry for a sustainable future

#### More than 300,000 customers

With our **broad portfolio**, we serve customers from many different sectors – from **major global customers** to **local workshops.** 

# Market success based on strategic principles

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

# Values as guideline for our conduct and actions

- Creative
- Open
- Responsible
- Entrepreneurial

Corporate Governance

# Our results

€70.4 billion

in sales, around

€10 billion

of which from innovations on the market since 2011

**€6.2** billion in EBIT

€6.7 billion

in EBIT before special items

Net income of €4.0 billion

€2.90

dividend per share €1.2 billion

in income taxes



**1,626** million m<sup>3</sup>

of water discharged

22.2 million tons

of CO<sub>2</sub> equivalent greenhouse gas emissions generated 17.6 million MWh

fuel saved through Verbund system

530 million tons

carbon emissions avoided through customers' use of BASF products



Number of lost-time injuries per one million working hours drops to

1.4

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transportation incidents with significant impact on environment

Process safety incidents: decline to

2.1

per one million working hours Over

60,000

product applications assessed and rated for aspects of sustainability



3,000 projects in research pipeline

newly registered patents worldwide

19.5%

Proportion of women in executive positions

Proportion of non-German senior executives



Support of

150 charitable projects with

€700,000 and

400 employee workdays in our anniversary year

€56.2 million

spent on donations and sponsorship

Involved in
U.N. Global Compact since 2000

Over

600

universities, research institutions and companies within our global network In 4 cases

we terminated our collaboration with suppliers as a result of unsatisfactory sustainability performance 1

357

phone calls and emails received by external compliance hotlines