BASF in South America
2022 Report
**Sales**

<table>
<thead>
<tr>
<th>BASF Group (billion €)</th>
<th>BASF in SA (billion €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>87,327</td>
<td>78,598</td>
</tr>
<tr>
<td>5,792</td>
<td>4,399</td>
</tr>
</tbody>
</table>

**Employees and society**

<table>
<thead>
<tr>
<th>Employees (as of December 31)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASF Group Employees</td>
<td>111,481</td>
<td>111,047</td>
</tr>
<tr>
<td>BASF employees in South America</td>
<td>6,316</td>
<td>5,085</td>
</tr>
<tr>
<td>Up to and including 25 years</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Between 26 and 39 years</td>
<td>51.4%</td>
<td>51.7%</td>
</tr>
<tr>
<td>Between 40 and 54 years</td>
<td>34.2%</td>
<td>32.1%</td>
</tr>
<tr>
<td>55 years or older</td>
<td>8.9%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>38.9%</td>
<td>38.4%</td>
</tr>
<tr>
<td>Man</td>
<td>61.1%</td>
<td>61.6%</td>
</tr>
</tbody>
</table>

| Apprentices in Brazil | 14 | 16 |

<table>
<thead>
<tr>
<th>Donation and Sponsorship</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total spent million euros</td>
<td>3,539,226</td>
<td>2,885,026</td>
</tr>
</tbody>
</table>

**Highlights SA 2022**

**Sustainability**
- 800 hectares of restored forests with 1.4 million trees in Mata Viva project (Brazil) since 1984
- 196,000 metric tons of CO₂ removed from the atmosphere

**Recycling**
- 87% of recycled waste from chemical production of BASF in Brazil

**People**
- 38.9% Female employees
- 34.5% Women in leadership positions
- >600,000 of people reached

**Social**
- €3,539,226 Social investment (donations, sponsorship, volunteering and own projects)

**Environmental protection, health and safety**

<table>
<thead>
<tr>
<th>BASF in Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
</tr>
<tr>
<td>Power demand</td>
</tr>
<tr>
<td>Electricity consumption MWh</td>
</tr>
<tr>
<td>Steam consumption metric tons</td>
</tr>
<tr>
<td>Fuel consumption MWh</td>
</tr>
<tr>
<td>Atmospheric emissions</td>
</tr>
<tr>
<td>Greenhouse gas emissions metric tons of CO₂ equivalent</td>
</tr>
<tr>
<td>Emissions of air pollutants (without CH4) CO, NO, NMVOC, SOx, dust, NH3 / other inorganic substances metric tons</td>
</tr>
<tr>
<td>Emissions to water: organic substances (COD) metric tons</td>
</tr>
<tr>
<td>Emissions to water: nitrogen metric tons</td>
</tr>
<tr>
<td>Emissions to water: phosphorus metric tons</td>
</tr>
<tr>
<td>Emissions to water: heavy metals metric tons</td>
</tr>
<tr>
<td>Water supply million cubic meters</td>
</tr>
<tr>
<td>Water used for production million cubic meters</td>
</tr>
<tr>
<td>Water used for cooling million cubic meters</td>
</tr>
<tr>
<td>Sustainable water management (BASF Group) %</td>
</tr>
<tr>
<td>Waste</td>
</tr>
<tr>
<td>Total amount of waste metric tons</td>
</tr>
<tr>
<td>Recycling rate (including thermal recovery) %</td>
</tr>
<tr>
<td>Occupational safety</td>
</tr>
<tr>
<td>Lost-time injury rate (BASF employees, outsourced personnel and contractors) per 200,000 working hours</td>
</tr>
<tr>
<td>Fatalities (total)</td>
</tr>
<tr>
<td>Process safety</td>
</tr>
<tr>
<td>Process safety incident rate (BASF employees, outsourced personnel and contractors) per 200,000 working hours</td>
</tr>
</tbody>
</table>
The “BASF in South America” report is published annually as a document on the performance of our activities in the three pillars of sustainability — economy, environment and society. The reference period for this publication is the 2022 fiscal year. This report also provides an overview of the BASF Group, together 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 (DRSC). The emissions, waste, energy and water use of the consolidated joint operations are included proportionally, based on our participation.

The number of employees refer to the persons employed in the BASF Group as of December 31, 2022.

The scope of this report and the main points of focus of our reports are defined from the material topics along the value chain, identified in internal processes of strategic discussion, global and continuous analysis of data and conversations with shareholders.

For more information on our selection of sustainability topics, please see the information from page 45 of the BASF Group Report.
BASF Group
2022 – Overview

Sales
€87.3 billion
(2021: €78.6 billion)

EBIT before special items
€6.9 billion
(2021: €7.8 billion)

ROCE
10.0%
(2021: 13.7%)

Greenhouse gas emissions
(million metric tons of CO2 equivalent)

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>21.9</td>
</tr>
<tr>
<td>2018</td>
<td>20.2</td>
</tr>
<tr>
<td>2021</td>
<td>18.4</td>
</tr>
<tr>
<td>2022</td>
<td>40.1</td>
</tr>
</tbody>
</table>

Capital expenditures (capex)
€4.1 billion
(2021: €3.4 billion)

Research and development expenses
€2.3 billion
(2021: €2.2 billion)

Employees at year-end
111,481
(2021: 111,047)

Nutrition & Care

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>€8,066</td>
<td>€618</td>
</tr>
<tr>
<td>2021</td>
<td>€6,442</td>
<td>€497</td>
</tr>
</tbody>
</table>

Personnel expenses
€11.4 billion
(2021: €11.1 billion)

Empregados
111,481
(2021: 111,047)

Surface Technologies

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>€21,283</td>
<td>€902</td>
</tr>
<tr>
<td>2021</td>
<td>€22,659</td>
<td>€800</td>
</tr>
</tbody>
</table>

Segment data

Chemicals

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>€14,895</td>
<td>€1,956</td>
</tr>
<tr>
<td>2021</td>
<td>€13,579</td>
<td>€3,052</td>
</tr>
</tbody>
</table>

Materials

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>€18,443</td>
<td>€1,840</td>
</tr>
<tr>
<td>2021</td>
<td>€15,214</td>
<td>€2,418</td>
</tr>
</tbody>
</table>

Industrial Solutions

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>€9,992</td>
<td>€1,091</td>
</tr>
<tr>
<td>2021</td>
<td>€8,676</td>
<td>€1,006</td>
</tr>
</tbody>
</table>

Agricultural Solutions

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>€10,280</td>
<td>€1,220</td>
</tr>
<tr>
<td>2021</td>
<td>€8,162</td>
<td>€715</td>
</tr>
</tbody>
</table>

Employees at year-end
111,481
(2021: 111,047)

Research and development expenses
€2.3 billion
(2021: €2.2 billion)

EBIT before special items
€6.9 billion
(2021: €7.8 billion)

Sales
€87.3 billion
(2021: €78.6 billion)

BASF in South America 2022 Report

BASF Group Overview 2022
Dear Colleagues and Stakeholders,

2022 was full of uncertainties in the region, mainly impacted by the political and economic context and, even so, we had a very favorable performance with the best financial result in the history of BASF in South America, with sales of €5.8 billion. We have managed to transform environments of instability into territories of opportunities, growth, creativity and innovation. This is due to the improved results of almost all BASF business areas, especially the agricultural solutions and decorative paints businesses. We grew in terms of results, reaching almost consecutive records in sales volume, revenue and profits in the years 2019, 2021 and 2022. With this, we were able to contribute to other units of the Group, which were affected in their performance by the Russian attack of the Ukraine, that caused an energy and gas crisis, in addition to the economic and social crisis generated by the pandemic. In South America, we were able to overcome adversity, growing above the market and increasing our market share. These results are due to our work that prioritizes people and the focus on our customers, to whom we will always be grateful, who trust our work and participate with us in the creation of increasingly sustainable solutions. In our quest to overcome challenges is that we connect people, social organizations, communities, public authorities and companies.

We remain committed to sustainability, inspired by our purpose to create chemistry for a sustainable future. We have a solid and structured governance for sustainability, transversal to our business, which supports and strengthens us. We have gained credibility in the market and can reciprocate with responsible performance in the environmental, social and economic areas. We align our ESG actions with BASF’s strategic agenda and our governance helps guide us in the right direction. Our commitment to our social causes has placed us, at the same time, at the forefront and in the front line of actions that have changed the reality of thousands of people throughout South America. In addition, South America has the potential to become a global reference in achieving global climate goals, with Brazil developing as one of the main players in the process of decarbonization of the global economy, while driving sustainable growth. Our goal is to help clients lead this story. We understand the importance of the circular economy and are involved with the topic, following our journey towards renewable raw materials and renewable electric energy and products. Already today, we achieved an almost 100% renewable electricity certification. Consequently, our South America region recorded a higher percentage of sales of Accelerators products (which contribute substantially to sustainability), indicating that our journey is progressing successfully. We understand the importance of our role as influencers and as actors in actions that promote the transformation of climate neutrality.

We are proud of our transition to hybrid work, with the implementation of the Future of Work project, which you can deepen in this report. We invest in the modernization of offices and the accessibility of plants, maintaining the focus on the safety of people while showing appreciation and respect for them. The initiatives around our Future of Work project support modern forms of collaboration, which are also stimulated by the training and development of diverse teams.

Our goal is to create a great work environment. This includes our commitment to developing our workforce and leadership to represent our entire society. Motivation and engagement indicators remained at highest levels among our employees in 2022, indicating that we are on the right track. Taking into account the open, respectful, egalitarian and welcoming environment that we offer our people and their positive feedback, we are convinced that this is fundamental for our customers to gain a great experience when dealing with BASF.

Guided by our values, we work for a sustainable future together with our customers, employees, suppliers, partners, communities and society. South America is defined by having open and creative people, responsible and entrepreneurial, with ease to work with digital tools. For us, they represent a differentiating factor of the region and are our strength, which drives new and more sustainable solutions.

Take a look in this report, on how we evolve on these issues in 2022. And let’s engage on how we can, together, create chemistry for a sustainable future!

Manfredo Rübens
President of BASF South America
The BASF Group

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Around 111,500 employees contribute worldwide to the success of our about 82,000 customers in nearly all sectors. Our customer portfolio ranges from major global customers and small and medium-sized enterprises to end consumers.

Overview

111,481 Employees around the world
239 Production sites worldwide

- Six segments with eleven operating divisions
- Verbund structure ensures efficient and reliable production
- High-performing organization for greater customer proximity, increased competitiveness and profitable growth
- About 82,000 customers are at the core of our strategy
- More than 70,000 Tier 1 suppliers

Sites and Verbund

As one of the world's largest chemical companies, BASF is present in 91 countries. We operate 239 production sites worldwide – including Ludwigshafen, the world's largest integrated chemical complex owned by a single company. It was there, in 1865, that the foundation stone was laid for the Verbund concept, which remains a key strength of BASF today: Intelligently linking and steering our plants in a Verbund structure creates efficient value chains – from basic chemicals to highly refined products such as coatings or crop protection. In the Verbund, we can manage our production in a resource-efficient, CO₂-optimized and reliable way. This enables us to save raw materials and energy, avoid emissions, reduce logistics costs and exploit synergies. In addition to Ludwigshafen, Germany, BASF operates Verbund sites in Antwerp, Belgium; Freeport, Texas and Geismar, Louisiana; Kuantan, Malaysia; and Nanjing, China. Another is currently being built in Zhanjiang in the southern Chinese province of Guangdong.

Organization of the BASF Group

We steer our six segments along our value chains to meet our customers’ needs with differentiated business solutions and strategies.

- **Chemicals:** The segment supplies BASF’s other segments and third-party customers with basic chemicals and intermediaries.
- **Materials:** The segment offers advanced materials and their precursors for plastics and the plastics processing industries.
- **Industrial Solutions:** The segment develops and markets ingredients and additives for industrial applications.
- **Surface Technologies:** The segment offers chemical solutions for automotive surfaces and coatings, as well as battery materials and catalysts.
- **Nutrition & Care:** The segment produces ingredients and solutions for consumer applications, such as human and animal nutrition and home and personal care.
- **Agricultural Solutions:** The segment is an integrated supplier of seeds, crop protection and digital solutions for the agricultural sector.

We take a differentiated approach to steering our businesses according to market-specific requirements and the competitive environment. BASF aims to differentiate its businesses from their competitors and establish a high performance organization to enable BASF to be successful in an increasingly competitive market environment.

The operating divisions, the service units, the regions and the corporate center form the cornerstones of the BASF organization, in line with the corporate strategy. This organizational structure lays the foundation for customer proximity, competitiveness and profitable growth.

Our eleven divisions have strategic and operational responsibility and are organized according to sectors or products. They manage the 52 global and regional business units and develop strategies for 72 strategic business units.

BASF regional and national companies represent the Group locally and support the growth of business units with local proximity to customers. For financial reporting purposes we organize regional companies in four regions: Europe, North America, Asia Pacific as well as South America, Africa and the Middle East.

To strengthen our innovation capabilities, we reorganized our global research activities in 2022 and further aligned them with our customers' needs. As part of this, we integrated downstream research into divisions and grouped activities with broad relevance to our customers into a research division. This division is positioned globally with research centers in Europe, North America and Asia Pacific.

Five service units provide competitive services to the operational and local divisions: Global Engineering Services, Global Digital Services, Global Procurement, European Site & Verbund Management and Global Business Services (finance, human resources, environmental protection, health, safety and quality, intellectual property, communications, procurement, supply chain and internal consulting services).

We drive the bundling of services and resources in the Global Business Services unit, making greater use of process digitalization. The Corporate Center supports the Board of Executive Directors in steering the company as a whole. These include central tasks from the following areas: strategy, finance and control, compliance and

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1. BASF considers all direct suppliers of the BASF Group in the business year concerned as Tier 1 suppliers. These are suppliers that provide us with raw materials, investment goods, consumables and services. Suppliers can be natural persons, companies or legal persons under public law.
The number of customers refers to all external companies (sold to third parties) that had contracts with the BASF Group in the business year concerned under which the sales were generated.

Procurement and Sales Markets

BASF provides products and services to approximately 82,000 customers from various industries in nearly every country in the world. Our customer portfolio ranges from large global customers and small and medium-sized businesses to end consumers.

We work with more than 70,000 Tier 1 suppliers worldwide. They provide us with important raw materials, chemicals, capital goods and consumables, and perform a range of services. Important raw materials (based on volume) include naphtha, liquid gas, natural gas, benzene and caustic soda.

### BASF sales by industry 2022

<table>
<thead>
<tr>
<th>Direct customers</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;20%</td>
<td>Chemicals and plastics</td>
<td>Transportation (respectively)</td>
</tr>
<tr>
<td>10%–20%</td>
<td>Agriculture</td>
<td>Consumer goods (respectively)</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>Construction</td>
<td>Electronics</td>
</tr>
</tbody>
</table>

Business and Competitive Environment

BASF’s global presence means that it operates in the context of local, regional and global developments and a wide range of conditions. These include:

- Global economic and political environment
- Legal and political requirements (e.g. EU regulations)
- International trade agreements
- Industry Standards
- Environmental Agreements (e.g. E.U. Emissions Trading System)
- Social aspects (e.g. UN Universal Declaration of Human Rights)

BASF holds one of the top three market positions in around 80% of the business areas in which it is active. Our most important global competitors include Arkema, Bayer, Clariant, Corteva, Covestro, Dow, Dupont, DSM, Evonik, Huntsman, Lanxess, Sabic, Sinoprec, Solvay, Sumitomo Chemical, Syngenta, Wanhua and many hundreds of local and regional competitors. We expect competitors from Asia and the Middle East in particular to continue to grow in significance in the years ahead.

Corporate Legal Structure

As the publicly listed parent company of the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group, and is also one of the largest operating companies. In the BASF Group’s Consolidated Financial Statements, 248 companies including BASF SE are fully consolidated. We consolidated nine joint operations on a proportional basis and account for 23 companies using the equity method.

For more information about companies belonging to the BASF Group, see basf.com/en/corporategovernance

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1 The number of customers refers to all external companies (sold to third parties) that had contracts with the BASF Group in the business year concerned under which the sales were generated.
2 BASF considers all direct suppliers of the BASF Group in the business year concerned as Tier 1 suppliers. These are suppliers that provide us with raw materials, investment goods, consumables and services. Suppliers can be natural persons, companies or legal persons under public law.
Our Strategy

Chemistry is our passion. As an industry leader, we want to be the most attractive partner for challenges that can be solved with chemistry. That is why our customers are at the center of everything we do. We want to grow profitably and at the same time, create value for society and the environment. We help to change the world for the better with our expertise, our innovative and entrepreneurial spirit, and the power of our Verbund integration. This is our goal, which is embedded in our corporate purpose: We create chemistry for a sustainable future.

Humanity is facing enormous challenges. The climate is changing, natural resources are becoming scarcer, pressure on ecosystems is increasing, and our growing world population needs to be fed. Solutions for a sustainable future are needed more and more urgently than ever. Chemistry plays a key role here. In almost every area of life, it can pave the way for greater sustainability with innovative products and technologies and accelerate the change needed to achieve this. This belief is expressed in our corporate purpose: We create chemistry for a sustainable future.

Our mission and motivation is to grow profitably and make a positive contribution to society and the environment. For example, BASF solutions help protect the climate, prevent or recycle waste, use resources more efficiently, produce healthy and affordable food, and enable climate-smart mobility.

At the same time, we are going through profound changes. We need to transform our company, as we have done repeatedly in BASF’s more than 150-year history. This time, we are moving towards climate neutrality and the circular economy. This involves managing long-term policy decisions, such as the European Green Deal, overcoming the consequences of current geopolitical conflicts, such as the war in Ukraine, and driving digitalization. All of this requires a clear vision as well as a high degree of creativity and flexibility.

Both long-term trends and short-term developments in an environment characterized by volatility and uncertainty are detrimental to the chemical industry. At the same time, they also open up numerous opportunities for new business areas and innovative products.

We want to lead the way in the chemical industry and responsibly shape change – with ambitious targets and a concrete roadmap: We are gradually shifting our supply of energy and raw materials from fossil sources to renewable sources. We are adapting our Verbund structure to new circumstances as a basis for resource-efficient, safe and reliable production. We are developing new and pioneering low-carbon and carbon-free production processes for our products. We are accelerating innovation processes and deepening cooperation with customers, suppliers and other partners to develop high-performance products with lower carbon footprint. We are developing recycling technologies for various waste streams to strengthen the circular economy. We are taking advantage of the many opportunities for digitalization in all areas of the company. We are systematically aligning our portfolio with future growth and technology areas and integrating sustainability into our value chains even more strongly. We have created a work environment in which our employees can thrive and contribute to BASF’s long-term success.

Our Strategic Action Areas

BASF’s strategic orientation is based on a comprehensive analysis of our markets, competitors and the economic environment. We continuously monitor global trends and short-term developments and anticipate the resulting opportunities and risks. The following six strategic action areas allow us to focus on our customers while strengthening our leadership position in a competitive environment.

Innovation is the foundation of our success. BASF is a leader in the chemical industry, with around 10,000 employees in research and development and R&D expenditures of around €2.3 billion. We are expanding this position by strengthening our research activities, bringing research and development even closer together, and promoting cooperation.

We see sustainability as an integral part of our strategy as well as our goals, management processes and business models. Our approach spans the entire value chain – from responsible sourcing of our raw materials and production safety and resource efficiency to sustainable solutions for our customers.

Our core business is the production and processing of chemicals. Our strength here is in the Verbund. This opens up numerous possibilities and advantages for us, for example, in the development and application of new technologies. We therefore continue to invest in our Verbund structure. At the same time, we are strengthening our presence in growth regions in order to produce locally for local markets and therefore close to our customers.

Our customers in focus

BASF provides products and services to approximately 82,000 customers from nearly every industry and country worldwide. Our customers are mainly global and small and medium-sized businesses, but also include end consumers. We are continually refining our organizational structure so that our operating divisions can flexibly meet specific market and customer requirements and differentiate themselves from the competition. Operating divisions pursue different business strategies – from cost leadership in basic chemicals to system solutions tailored to specific customer applications. Furthermore, we are intensifying cooperation with our customers to jointly leverage innovation and growth potential. For example, we have established around 60 strategic customer networks to meet the needs of our most important customers even better and faster.
Our six strategic action areas

Innovation, sustainability, production, digitalization, portfolio and employees

We want to invest in the diverse growth potential of digitalization and take advantage of associated opportunities for the benefit of our customers. To achieve this, we foster digital skills among our employees, cooperate with partners and make digital technologies and ways of working an integral part of our business.

Investments, acquisitions and divestitures play a key role in strengthening our portfolio. We are focusing on innovation-driven growth areas and sustainable technologies such as battery materials, polymer technologies, and catalytic and biotechnology methods.

Our employees are key to BASF’s success. That’s why we believe it’s important to have an inspiring work environment that fosters and develops their individual talents and enables them and their teams to perform at their best.

Our Values and Global Standards

We want to help change the world for the better. This is what drives us and is at the core of our corporate purpose. The way we operate is critical. BASF’s four corporate values serve as a compass for us around the world and are simultaneously an expression of our ambitions and our shared identity.

Together with our Code of Conduct and our global standards, our CORE Values lay the foundation for responsible conduct and trust-based relationships with our stakeholders. They define how we want to work together – as a team, with our customers and our partners.

- **C** – creative: We make great products and solutions for our customers. This is why we embrace bold ideas and give them space to grow. We act with optimism and inspire one another.

- **O** – open: We value diversity, in people, opinions and experiences. This is why we foster feedback based on honesty, respect and mutual trust. We learn from setbacks.

- **R** – responsible: We value the health and safety of people above all else. We make sustainability part of every decision. We are committed to strict compliance and environmental standards.

- **E** – entrepreneurial: We focus on our customers, as individuals and as a company. We seize opportunities and think ahead. We take ownership and embrace personal accountability.

Our standards are based on and in some cases exceed existing laws and regulations and take into account internationally recognized principles. We respect and promote:

- The Universal Declaration of Human Rights and the two UN Human Rights Covenants
- The 10 principles of the UN Global Compact
- ILO fundamental labor standards and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- OECD Guidelines for Multinational Enterprises
- The Responsible Care® Global Charter
- German Corporate Governance Code

We stipulate binding rules for our employees with standards that apply throughout the Group. Our goal is to prevent compliance violations from the beginning through mandatory training for all employees and special training for leaders. The Corporate Audit department continuously monitors compliance with requirements. We regularly evaluate our performance in environmental protection, health and safety as part of our Responsible Care Management System. We recognize our responsibility to behave in accordance with international and social standards in large part in three ways: through our Compliance Program, including our Code of Conduct and compliance hotlines, through close dialogue with stakeholders, and through the global management process to respect international labor standards. We pursue sustainability-oriented supply chain management and expect our business partners to comply with applicable internationally recognized laws, and regulatory principles.

Here too we have established appropriate monitoring systems.

See basf.com/humanrights for more information on the Human Rights Policy Statement and a comprehensive report on the implementation of due diligence in accordance with the requirements of the National Action Plan developed by the German government and in accordance with the United Nations Guiding Principles on Business and Human Rights. For more information on the Human Rights Advisory Council, see basf.com/human-rights-council. For more information on labor and social standards, see basf.com/labor_social_standards.
**Targets and Target Achievement 2022**

Our goal is profitable growth: We want to increase sales volume faster than global chemical production, further increase our profitability, achieve a return on capital employed (ROCE) considerably above the cost of capital percentage, and increase the dividend per share each year based on strong free cash flow.

In addition to these financial targets, we have established comprehensive sustainability targets. We want to significantly reduce our CO₂ emissions with climate protection and the circular economy. To do so, we are updating the methodology used to evaluate our product portfolio against defined sustainability criteria and will apply it for the first time in 2023. We are also working to strengthen sustainability in our supply chains and use resources responsibly. We want to further enhance safety in production. Furthermore, we aim to promote diversity within the company and create a work environment in which our employees feel they can thrive and perform at their best.

The objective of these targets is to steer our business into a sustainable future, and at the same time, contribute to the implementation of the United Nations’ Sustainable Development Goals (SDGs). We are focusing on issues that we as a company can influence – especially SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

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**Profitable growth**

- **Most important key performance indicator**
- **Achieve a return on capital employed (ROCE) considerably above the cost of capital percentage every year**

<table>
<thead>
<tr>
<th>2022 status</th>
<th>2022 target</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.0%</td>
<td>&gt;9%</td>
<td></td>
</tr>
</tbody>
</table>

**Grow sales volumes faster than global chemical production every year**

<table>
<thead>
<tr>
<th>2022 status</th>
<th>2022 target</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>-7.0%</td>
<td>&gt;2.2%</td>
<td></td>
</tr>
</tbody>
</table>

**Increase EBITDA before special items by 3% to 5% per year**

<table>
<thead>
<tr>
<th>2022 status</th>
<th>2022 target</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>-5.2%</td>
<td>3%–5%</td>
<td></td>
</tr>
</tbody>
</table>

**Increase the dividend per share every year based on a strong free cash flow**

**Effective climate protection**

- **Most important key performance indicator**
- **Reduce our absolute CO₂ emissions² by 25% by 2030 (baseline: 2018)**

<table>
<thead>
<tr>
<th>2018</th>
<th>2022 status</th>
<th>2030 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.9 million metric tons</td>
<td>18.4 million metric tons</td>
<td>16.4 million metric tons</td>
</tr>
</tbody>
</table>

---

1 Dividend confirmed at the Annual Shareholders’ Meeting.
2 Scope 1 and Scope 2 (excluding the sale of energy to third parties, including compensation). The target includes greenhouse gases according to the Protocol on Greenhouse Gases, which are converted into CO₂ equivalents. The reference year is 2018.
**Employee engagement and diversity**

- **2022 status**: 27.2%
- **2030 target**: 30%

- **Resource efficiency and safe production**

  - **2022 status**: 0.3
  - **2030 target**: 0.1

  - **Introduce sustainable water management** at our production sites in water stress areas and in our Verbund sites by 2030

- **Employee engagement and diversity**

  - **2022 status**: 81%
  - **2022 target**: >80%

  - **Increase the proportion of women in leadership positions** with disciplinary responsibility to 30% by 2030

- **Responsible procurement**

  - **2022 status**: 85%
  - **2025 target**: 90%

  - **Cover 90% of our relevant expenses with sustainability evaluations** by 2025

  - **Have 80% of our suppliers improve their sustainability performance** upon re-evaluation.

3 We will update the safety targets and inform according to a new system in 2023.
4 We regularly calculate the employee engagement level. The most recent survey was conducted in 2022.
The map shows the production sites of the BASF Group according to the scope of consolidation for this report. Sites not shown on the map include pure research and development sites, offices and warehouses, as well as company sites outside the scope of consolidation.

1 In 2022, by location of company
2 At the end of 2022
BASF on the Capital Market

In 2022, stock markets were characterized by a significant weakening of the global economy. This was mainly attributed to the Russian war of aggression against Ukraine, the drastic rise in energy prices, high inflation, rising interest rates, and pandemic-related blockades in China. These developments have dampened demand in many sectors and had a negative impact on economic growth, especially in Europe.

At a glance

€3.40
Dividend per share approved / granted

7.3%
Dividend yield based on 2022 year-end share price

- BASF’s share price fell 24.9%
- More than 900,000 shareholders
- CDP awards leadership status to BASF once again

BASF Share Performance

BASF’s share price reached an annual high of €68.69 on February 11, 2022, before falling for the remainder of the year. This was mainly attributed to the Russian war of aggression against Ukraine and the risks associated with the supply of natural gas in Europe. The resulting higher energy prices had a negative impact on the competitiveness of energy-intensive businesses, in particular in Europe. Furthermore, high inflation and rising interest rates have weakened demand in major client industries, especially in the second half of the year.

Assuming dividends were reinvested, BASF’s share performance declined 19.7% in 2022. German and European stock market benchmarks – the DAX 40 and the EURO STOXX 50 – fell 12.3% and 9.5% in the same period, respectively. The global index of the MSCI World Chemicals industry lost 15.5%.

Long-term performance of BASF shares compared with indexes

Average annual increase with dividends reinvested

<table>
<thead>
<tr>
<th></th>
<th>2017–2022</th>
<th>2012–2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~8.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>BASF</td>
<td>4.0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>DAX 40</td>
<td>0.1%</td>
<td>6.2%</td>
</tr>
<tr>
<td>EURO STOXX 50</td>
<td>6.4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>MSCI World Chemicals</td>
<td>0.1%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Weighting of BASF shares in the important indexes as of December 31, 2022

<table>
<thead>
<tr>
<th>Index</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAX 40</td>
<td>3.6%</td>
</tr>
<tr>
<td>EURO STOXX 50</td>
<td>1.5%</td>
</tr>
<tr>
<td>MSCI World Chemicals</td>
<td>4.1%</td>
</tr>
</tbody>
</table>
Proposed Dividend

The shareholders of BASF SE received a dividend of €3.40 per share, at the same level as the previous year and therefore €3.0 billion, proposed by the Annual General Meeting.

With this dividend, BASF shares offer a high dividend yield of about 7.3% based on the share price at the end of the year for 2022. BASF is part of the DivDAX stock index, which contains the 15 companies with the highest dividend yield in the DAX 40.

Broad Base of International Shareholders

With over 900,000 shareholders, BASF is one of the largest public companies with a high free float. An analysis of the shareholder structure carried out at the end of 2022 showed that, at around 19% of the share capital, the United States and Canada made up the largest regional group of institutional investors. Institutional investors from Germany accounted for about 6%. Institutional investors from the UK and Ireland hold 7% of BASF’s shares, while investors from the rest of Europe hold a further 11% of capital. Approximately 45% of the company’s share capital is held by private investors, almost all of whom reside in Germany. BASF is therefore one of the DAX companies with the largest percentage of private shareholders.

Employees Becoming Shareholders

In many countries, we offer share purchase programs that turn our employees into BASF shareholders. In 2022, for example, around 27,100 employees (2021: around 23,600) purchased BASF shares worth €92.8 million (2021: €38.2 million).

BASF – a Sustainable Investment

BASF shares are attractive for investors looking for chemical companies with a convincing ESG performance (environment, society and governance). In the analyses of leading ESG rating agencies, BASF is often recognized as a benchmark within the chemical industry. They specifically highlight our innovative strength in sustainable product development, our risk management and the extensive measures with which BASF addresses key sustainability topics. For example, in the current assessments of the nonprofit CDP, BASF ranked A– in the “Climate Change” and “Forests” categories as in previous years and thus again achieved Leadership status. In the “Water” category, BASF achieved the maximum ranking of A (previous year: A–). BASF again achieved Prime status in the ISS ESG rating developed by Institutional Shareholder Services and is among the top 7% of companies evaluated. In Sustainalytics’ ESG risk ratings, BASF belongs to the best category for “diversified chemicals” with an average ESG risk.

Analysts’ recommendations

Around 30 financial analysts regularly publish studies on BASF. The latest analyst recommendations for our shares, as well as the average target share price assigned to BASF by analysts, can be found online at basf.com/analystestimates. For more information on key sustainability ratios, see basf.com/sustainabilityindexes. For more information on the 2022 Investor Update, see basf.com/investor-update-2022.
BASF in South America – Local Report

Executive Committee

Vera Felbermayer
Vice President of Site Management, Operations and Digital Support for South America

Marcos Allemann
Vice President of Decorative Coatings Solutions for BASF South America

Sergi Vizoso
Senior Vice President of BASF’s Agricultural Solutions Division for Latin America

Alberto José Zúñiga Sanchez
Managing Director of Country Cluster Andes

Cristiana Brito
Director of Institutional Relations and Sustainability for BASF South America and Chairman of the Board of Trustees of Eco+ Foundation

Manfredo Rübens
President of BASF, South America

Antonio Lacerda
Senior Vice President, Nutrition and Care, Materials, Industrial Solutions for BASF South America

Renata Milanese
Managing Director of Country Cluster South

Cinthia González
Vice President of People Services for South America

Claus Wünschmann
Senior Vice President, Chemicals, Surface Technologies, Services and Chief Financial Officer for BASF South America

André Oliveira
Director of Legal, Insurance and Compliance for BASF South America

Click here and check out the Executive Committee members’ view of the year 2022.
BASF in South America

Overview

At BASF, we believe that economic success, environmental protection and social responsibility go hand in hand. As well as our pioneering and innovation and our portfolio of products and services. Together, in connection, we are more powerful and create chemistry for a sustainable future.

Our leading position in sustainability is supported by a structured and strong governance. We operate focused on our business success that requires, above all, commitment to environmental, social and cultural issues.

BASF trusts in the potential of the South America Region and believes in its long-term performance. The precepts of ESG (Environmental, Social and Governance) are the important guide.

We strive for innovation and value co-creation, which makes us partners and allies of our customers in the search for effective, sustainable and economically viable solutions.

We invest in research, development and new technologies at our production sites and thus create value for our customers.

The foundation of our present and future success is people. Our employees respond with solutions to permanent challenges – ours, customers’ and society’s in alignment with BASF’s values: openness, responsibility, creativity and entrepreneurship. Thus, we source responsibly, produce safely and efficiently – both for people and the environment – and develop sustainable solutions.

Creating chemistry for a sustainable future means for us creating lasting, prosperous and responsible relationships, with our customers, employees, suppliers, partners stakeholders and society in order to develop sustainable products and solutions.

1 Location of customer, group consolidated, sales to third parties
BASF in South America

Production and selected sites

Presence in South America

Head Office: São Paulo, Brazil

16 production sites and 24 research and innovation centers and mini farms in agriculture organized by geographical location:

- Brazil
- Country Cluster Andes: Chile, Colombia, Ecuador, Guyana, Peru and Venezuela
- Country Cluster South: Argentina, Bolivia, Paraguay and Uruguay

Employees as of December 31, 2022

€5,792 million

Employees as of December 31, 2022

6,316

1 Location of customer, group consolidated, sales to third parties
2 This indicator does consider the employees located in the Shared Service Hub, Montevideo, Uruguay: 1,083 Head Counts
Our global commitments transformed into goals

In 2021, with the commercialization of €24.1 billion of products classified as Accelerator – which significantly contribute to sustainability in the value chain – we exceeded our target of €22 billion (by 2025). Thus, we are reviewing our Sustainable Solution Steering methodology, seeking to align our product portfolio focused on climate neutrality and circular economy. Combining sustainability and innovative solutions, we have globally updated our methodology and our goal of targeting the product portfolio.

The positive impact we wish to achieve on agricultural productivity and society remains in synergy with our goals for the coming years.

-30% CO₂e per ton of crop produced by 2030 in wheat, soy rice, canola and corn.
7% annual increase in our share (in terms of sales) of solutions with substantial sustainability contribution.
400+ million hectares supported with digital technologies by 2030 (cumulative 2020-2030).
Safe use of our products with the right stewardship.

BASF Global Corporate Commitments

Our global corporate commitments reach all parts of our value chain and operations to deliver long-term business success.

And along the value chain...

We value people and treat them with respect
We motivate and commit, defend well-being and justice, value people and treat them with respect.
Sustainability in practice

We want to be active and inspiring leaders in the area of sustainability. We add value to society along our value chain. We understand that sustainability can only be truly experienced if this transition happens together.

Our six strategic areas of action, focused on a sustainable future, are: innovation, sustainability, production, digitalization, portfolio and employees.

In 2022, we advanced, in South America, in innovative projects and further expanded our reach with our connections and digital acceleration. We reinforce our governance and compliance policy, and the dialogue with the various stakeholders in our relationship: customers, suppliers, partners, employees, government, associations and civil society.

We have the ambition to continue to be recognized as the most innovative and sustainable chemical company in South America.

Our sustainability governance in South America

- Made up of the South America Executive Team (SET) and led by the BASF President for South America, responsible for driving the long-term sustainability strategy for South America.
- Integrates business and sustainability strategies.
- Disseminates sustainability in the company’s culture.

BASF President for South America

Eco+ Foundation

Corporate Sustainability

Institutional Relations and Sustainability

Board of Directors

Executive Committee

Sustainability Committee

Defines the Sustainability Strategy in South America in line with global guidelines, ensures its management and monitors action plans and performance indicators for each work group.

Promotes sustainable development with the transfer of knowledge and technology in three areas of activity: regenerative practices, shared value and governance strategies.

Identifies issues related to sustainability, envisions business opportunities, mitigates operations risks and involves stakeholders.
Our commitments

We actively support and participate in the United Nations Global Compact, a voluntary initiative based on company commitments to implement universal principles of sustainability and to advance UN goals such as the Sustainable Development Goals (SDGs).

We take our commitments as guidelines for research, product development, our business conduct and our relationships with stakeholders.

We are also committed to the Paris Climate Agreement, to limit global warming to less than 2 degrees Celsius, and UN Sustainable Development Goal (SDG) number 13 – Climate Action.
Governance and Compliance

Robust and well-enforced corporate governance contributes to BASF being run responsibly and in compliance with laws and best practices. Thus, we gain the trust that local and international investors, employees, customers, financial markets, business partners and other stakeholders expect.

We follow the Compliance guidelines established by BASF Group globally and structured in the Compliance Program. Our main instrument is the Code of Conduct, which sets high standards of legal compliance and business ethics of BASF worldwide, applicable to all members of the Board of Directors, managers and employees of the BASF Group. We also have a version of the Code of Conduct specifically aimed at our suppliers, in order to encourage them to comply with our values and principles, and ensure the compliance of our production chain. Both codes set the standards that guide the way we operate, reflecting our values in the expected business behavior and contributing to take responsibility and lead with integrity. They address topics such as anti-corruption, antitrust laws, human rights and labor and social standards, environmental protection, health and safety, data protection and privacy. The Code is reviewed periodically by the Chief Compliance Officer of BASF together with experts responsible for analyzing the necessary amendments and thus to put into practice our values and commitments. Therefore, our Code of Conduct should guide the behaviors and positions of BASF and each of us.

All our contracts with suppliers and partners have clauses referring to our Code of Conduct and its values. We follow supplier and subcontractor contracting requirements that include, among other measures, that contracted companies fully comply with all applicable laws and adhere to human rights, as well as environmental, social and corporate governance standards (ESG standards) established by international conventions. We also expect and demand our suppliers to implement these principles and standards with their suppliers and subcontractors.

We also highlight the actions aimed at adapting operations to the requirements of the General Data Protection Law (Law 13.709/2018), including mandatory corporate training, holding events and meetings on the subject, launch of a privacy policy for employees, creating of a guide on rights and duties and launching the Data Protection Committee.

Employees trained in 2022:

- Antitrust Awareness Program, training on competitive values and principles
  - 439 employees (89% of total eligible employees who deal, directly or indirectly, with customers, suppliers and competitors)

- Refresher training takes place two years after the first session
  - 1,024 employees (97% of total eligible employees who deal, directly or indirectly, with customers, suppliers and competitors)

- Training to prevent psychological and sexual harassment practices
  - 525 employees (87% of total eligible employees)

We also highlight the actions aimed at adapting operations to the requirements of the General Data Protection Law (Law 13.709/2018), including mandatory corporate training, holding events and meetings on the subject, launch of a privacy policy for employees, creating of a guide on rights and duties and launching the Data Protection Committee.

Goverance and Compliance Hotline to report concerns or suggestions by phone, website, email or app:

- Argentina 0800 345-3154
- Bolivia 800 101 110
- Brazil 0800 000 0153
- Chile 800 681 002
- Colombia 018005190527
- Ecuador 1 800 225 5281 999 119
- Paraguay 008 11 800
- Peru 0800 78478
- Uruguay 000 413 598 5681
- Venezuela 0 800 552 6288

basf.com/compliance
basf@ethicspoint.com

Event for suppliers hosted by BASF Compliance and procurement team and with participation of Volkswagen Compliance representative and Fundação Getúlio Vargas professor.
We lead debates

We understand our commitment to participate in social debates, assuming the appropriate protagonism, sustained by the credibility gained by our brand. We participate in debates and use our communication as the powerhouse of our voice.

At BASF, we believe that our culture and way of doing things should go beyond the company’s limits, multiplying our impact. Thus, we treat compliance and governance issues with employees, partners and outsourced companies with the same care and seriousness. This is because we consider it is fundamental that our values are reflected throughout the value chain.

Communication has been a strong ally throughout the year in realizing effective means for transmitting our key messages. We use different formats, such as face-to-face conversations, webinars, podcasts and comics to address various compliance and data protection topics, in a playful, objective and inclusive way.

Internally, we seek to strengthen the awareness of our employees and leaders regarding the pillars and values of our Compliance Program, in addition to improving governance measures among senior leadership, to ensure greater risk control.

Thus, we intensified the debate through our communication channels, convened global leaders and regional teams for dialogue, proposed new content formats and internal training, and strengthened our participation in relevant initiatives on the subject throughout South America.

We are active members of the Agribusiness Collective Anti-Corruption Action, an initiative organized by the UN Global Compact, which seeks to develop best practices to prevent and combat corruption in the sector. In 2022, through this partnership, the Guide to Good Anti-Corruption Practices in Agribusiness was published, which lists a series of risks and mitigating measures for the agrarian sector in Brazil, in order to establish guidelines for reducing the risk of corruption in the sector.

We also participate in the Integrity Committee of the Brazilian Global Compact Network.

In 2022, we made further progress in strengthening our governance structure in Brazil and in all locations in South America. In addition to guiding and supporting the leadership of all BASF legal entities in the region, we have reviewed and updated the risk maps – so that operations consider the highest standards of corporate governance, in accordance with global best practices.

Compliance Week

In 2022, we held the third edition of our Compliance Week. In all, we held six events in one week, that were broadcasted to all BASF sites in South America. We launched the podcast channel, which explores fundamental compliance concepts. We also held a panel fully dedicated to human rights in the supply chain, with the participation of BASF’s supply director and representatives of partner companies and Fundação Getúlio Vargas (FGV).

In the closing panel (with the ethics theme), we had more than 2,480 hits in South America.

Compliance Talk

In August, we hosted the Compliance Talk, an event aimed at regional leadership, with the participation of Mathew Lepore, Mirko Bengel and Martina Eberle.

The highlight of the Compliance Talk was the debate on human rights and respect in the workplace. The audience in person and online meeting reached about 500 participants and, later, the recording of the event was available to the public.
We source responsibly

We take responsibility along the value chain. We stand together with our partners in the effort to respond to important social, environmental and economic issues, so it is essential that our suppliers follow our commitment. Together we can generate more creative and sustainable solutions.

Together for Sustainability

The company’s sustainability best practices are also applied through the Together for Sustainability (TfS) Program. Reinforcing our pioneering spirit, we were one of the co-founders of the initiative, created in 2011 by a group of chemical industries.

The objective of the program is to evaluate and improve the sustainability practices of the supply chains of companies in the chemical sector.

Due diligence in the supply chain

In July 2021, the Supply Chain Due Diligence Act (LKSG) was approved in Germany. The new legislation requires companies active in Germany and subsidiaries abroad of German groups to take a series of measures to ensure that companies and their suppliers respect various parameters of human rights and environmental protection.

Thus, all our websites in the region are in the process in a contractual and procedural review in order to ensure compliance with the new legal requirements.

SustenBOT

In partnership with Eco+ Foundation, we developed in 2021 the SustenBOT tool, which contributes to the management of suppliers, mapping and recognition of sustainability indicators and ESG criteria in our value chain. As a first phase of this tool’s implementation, we applied and evaluated 40% of BASF’s raw material suppliers in Brazil. It will soon extend to other South American countries, such as Argentina, Chile and Colombia.

2022 – South America

| 60 BASF suppliers evaluated in South America |
| 29 suppliers re-evaluated |
| 72% of suppliers re-evaluated showed improvements in sustainability indicators (global target of reaching 80% by 2025) |

2022 – BASF Group

| 85% of relevant spending was assessed in 2022 |
| 76% of global suppliers have shown improvements after revaluation |
Strategic partnerships for inclusion

We encourage and value diversity, belonging and inclusion in our value chain. For this reason, we have been participating for some years as members of the Integrare Business Integration Center and the WEConnect International.

The Integrare Business Integrations Center is an association of non-profit companies that encourages the connection between large corporations with companies led by people of different races, ethnicities, gender and/or people with disabilities (PwD).

WEConnect International focuses on empowering women entrepreneurs, so that more and more leadership and strategy positions are occupied by the female public. The program is in operation in largest countries of South America: Argentina, Brazil, Chile, Colombia and Peru.

Supporting small and medium-sized businesses, as well as valuing diversity is part of our strategy. We launched a diversity questionnaire to proactively identify possible opportunities for suppliers that meet the criteria of minority groups and that are not yet part of WEConnect and Integrare. The form is applied during the competition process and contributes to the promotion of business generation for small and medium-sized enterprises. In 2022, we added nine new suppliers to our suppliers pool.

The South American procurement team carried out the Together For D&I initiative, which aims to promote the diversity and inclusion culture – internally and in the supply chain – in addition to generating reflection, encouraging people to contribute, working together for innovation, transforming the work environment into a safe and pleasant place for everyone and appreciating singularities.

In 2022, we added R$54 million

in purchases from suppliers adhering to certain diversity criteria (R$16.6 million in 2021) and we currently have 27 active suppliers.

We produce efficiently and safely for people and the environment

Health and safety

At BASF, safety is a non-negotiable value and an attitude of each one – inside and outside the company premises. Therefore, we motivate and encourage risk prevention and control, acting as a multiplier of safe behavior.

We act responsibly in response to trust that society places in our company. This enables us to affirm that our products are safe when used as recommended and do not pose a danger to people and the environment, as we meet local and global safety requirements and certifications with high levels of demand.

The principle “We never compromise on safety” is firmly anchored in our strategy. We offer safe working conditions to protect employees, contractors and the surrounding communities. We prioritize plant safety through incident prevention, detailed work safety requirements, risk controls of chemical processes with a high level of integrity and transport safety.

We call on each professional to be a multiplier of safe behavior in their workplace (and beyond), developing a culture of safety among their own employees and contractors.

We are part of the Responsible Care® initiative. For us, acting responsibly, according to the Responsible Care® guidelines, is a long-term investment: focused on continuously improving our environmental, health and safety performance. To monitor our challenges and developments, we conduct regular audits at all our sites around the world.

We continue to implement the “Each Drop Counts” project at the Dispersions & Pigments plants in General Lagos (Argentina), Guaratingueta (SP, Brazil) and Concón (Chile), aimed at a change in safety culture: By identifying potential points of improvement of our manufacturing facilities we seek effective solutions, with a prepared and efficient team. This project is part of our journey in operations aimed at excellence in safety and environmental protection.

Results obtained in 2022:

- Involvement of more than 140 employees in the project Each Drop Counts
- 1,240+ improvements implemented by the operations teams in the four Dispersions & Pigments plants regionally
- 75% reduction in the number of Process Safety Incidents (PSI)
- More than 200 safety dialogues with all operations teams
- 4,100 safety rounds carried out in production plants

Lost-time injury rate (LTI)\textsuperscript{1} in 2022 in South America:

\[
\text{0.11 LTI/year per BASF employee, leased employees, and contractors}
\]

\textsuperscript{1} The Lost-time injury (LTI) rate is calculated considering the sum of lost-time accidents and fatalities involving temporary and hired BASF employees for 200,000 hours worked. 2022: 22.2 million worked hours, 14 LTI and 28 PSI.

We follow the global standard of the BASF Environmental Protection, Health, Safety and Quality Management System (EHSQ), elaborated based on the guiding principles of the Responsible Care® initiative, quality management and other relevant management standards. It covers the global requirements and procedures for environmental protection, health, integrity and safety of the various steps along our value chain.
SIPATMA 2022

We held another edition of the SIPATMA, the Internal Week for Prevention of Work Accidents and Environment. In a fully digital format, the event had as its central theme “Safety as a habit, environment as a whole”.

Through a digital platform in game format, the SSMA app, it was possible to promote a series of activities, knowledge tracks, photo contest and content production for publication on social networks.

- **495** people registered
- **4,374** trails completed
- **7.29** hours of training
- **90.2%** completeness
- **57.6%** of active users on the digital platform

**HPI:**

Health Performance Indicator (BASF Global Health KPI) 2022 = 1.0
(all goals achieved, including):

- Preventive medicine:
  - **3,993** periodic exams performed + 497 preventive exams.
- Health promotion: We participated in the 2022 global campaign of BASF, which presented sleep as a key factor for maintaining our health and well-being, through the revitalization provided by good quality sleep and the prevention of related diseases.
- Recognized occupational diseases: **ZERO** (target reached).
- About **6000 vaccines** against influenza administered in the region, through the campaign in our locations for BASF employees, leased employees, interns, contractors and family members.

Employee on the Guaratinguetá site (SP, Brazil)
Environmental Protection

We have made an effective commitment to our goals focused on reducing greenhouse gas emissions, pursuing energy efficiency and the circular economy. Thus, we challenge ourselves to set and pursue environmental goals across the value chain, guided by our purpose of “creating chemistry for a sustainable future.” Discover our main projects aimed at decarbonization and circular economy goals.

GHG - GreenHouse Gases emissions

South America’s BASF plants are firmly on track to meet greenhouse gas emission reduction targets. Although Brazil represents a low share of the BASF Group’s global CO₂ emissions (0.6%), we maintain a strict management of carbon emissions (reduction targets) and invest in continuous improvement of energy efficiency (with the Triple E Project – Excellence in Energy Efficiency and ISO 50001 Certification – Energy Management Systems, for example). Furthermore, we acquired the I-RECs (International Renewable Energy Certificates) for all BASF production plants in South America from 2022 on, an important achievement in our roadmap to climate neutrality until 2050.

Our comparatively low share in global emissions is due to the type of production processes we have in the region and the fact that the electricity matrix is already predominantly coming from renewable energies, mainly hydroelectric.

In line with global commitments, we are focused on:

- increasing the use of renewable energy;
- accelerating the development and implementation of new production processes free of greenhouse gas emissions (GHG);
- focusing on our portfolio to increase the sale of products that contribute significantly to sustainability;
- systematically and gradually mitigate the carbon footprint of BASF products throughout the value chain;
- helping customers in all industries reduce the carbon footprint of their products.

Renewable energy

In South America, since January 2022, all our sites have been certified I-REC, for the acquisition of renewable energy, reducing to zero the emission of CO₂, referring to the consumption of imported electricity.

I-RECs are international renewable energy certificates, recognized and recommended in the Greenhouse Gas Protocol (GHG). Each I-REC ensures that each MWh of energy was generated from renewable sources. In addition, it attests to our agreement with good ESG practices, materializing our proposals for climate improvements.

Advances, transformations and opportunities

In 2022, the Technical Academy (BASF’s global engineering training area) held the Energy Transformation training, aimed at project engineers and members of the Engineering Community, totaling 32 trained people in South America.

The training aimed to update engineers on topics of energetic transformation in the company, including topics such as:

- carbon management
- global and local metals from BASF
- our energy transformation roadmap
- the evaluation that is being applied in investment projects to encourage the study of sustainability practices from the early stages of investment projects.

The acquisition of these certificates allowed, in 2022, a reduction of approximately 15.8 thousand tons of CO₂ emissions from plants in South America, a 13% reduction referring to the portion of “scope 2” (electricity consumption) of the 2022 emission.

Go2Neutral

Through our Go2Neutral carbon emissions management program, which began in 2020 in Argentina, we have again offset 100% of the carbon emissions generated in production plants and vehicle fleet, which represents more than 6 thousand tons of CO₂eq (carbon dioxide equivalence). Furthermore, we operate in the planting of more than eight thousand trees, of different species, in several deforested areas of the region.

The province of Corrientes, Argentina, was the setting for the realization of the project focused on carbon neutralization: the Galarza portal. It was deployed in the Iberá Nature Reserve, near the Galarza area.

The actions planned until 2024 – and already in progress since 2022 – include, among others, the manual preparation of the soil, the control of ants and weeds and the planting of native species of trees.

From soil care to planting, the project relied on local labor work. In total, 3,300 native seedlings were planted in the 13-day period.

In partnership with the company Seamos Bosques, dedicated to the restoration of native forests in the region, in 2022, we carried out the planting of 1,000 trees in the Monte Alegre Natural Reserve (RNMA), in Córdoba, Argentina. The objective was to recover the structure and functionality of the native forest, contributing to mitigate the consequences of climate change.
During 2022, we offset 100% of 2021 emissions of 6,003 tons of CO₂ equivalent from our factories and vehicle fleet of the Southern Country Cluster (Argentina, Uruguay, Paraguay and Bolivia) with the purchase of carbon credits from investments in renewable energy projects by YPF Luz. We have also acquired green energy certificates (I-REC) for the supply of about 2,280 tons of CO₂, thus achieving a 75% reduction in our emissions. Furthermore, in partnership with organizations such as Seamos Bosques, Grupo de Manejo Forestal Latinoamericana and Amigos de la Patagonia, we planted more than 3,900 native trees for reforestation.

**CO₂ management in the chain**

We have a structured program to obtain data on the carbon footprint of raw materials from suppliers. In 2021, we started the Global CO₂ Management Program for suppliers. With transparency, the goal over time is to reach an agreement with suppliers on emission reduction targets. As a first step, we ask them to provide the Product Carbon Footprint (PCFs) for the raw materials we purchase. Since the start of the program (see [BASF Report p.141](#)), we approached more than 1,300 suppliers, responsible for about 60% of BASF’s greenhouse gas emissions, from the purchase of raw materials.

We support suppliers by sharing our knowledge of valuation and calculation methods. As such, we are contributing to the standardization of PCF calculations, which is a major challenge in our sector.

As members of the “Together for Sustainability (TfS)” initiative, we jointly developed the new TfS PCF calculation guideline, launched in 2022. We will support TfS and establish this as the PCF calculation guideline for the chemical industry. In a second stage, we intend to work with our suppliers on solutions to reduce emissions related to products and establish PCF as a criterion for our purchasing decisions.

**Circular Economy**

We understand that circular economy thinking cannot be restricted to a company’s operations, but must cover the entire chain, generating value for customers and suppliers. Innovation is the path to a practice that integrates product development, production processes, use and reuse of systems from the outset.

At BASF, our waste becomes input material in new processes or materials that can be repaired, reused, updated or reinserted into new cycles rather than being discarded. Furthermore, we have integrated solutions for circular economy, which end cycles, such as biodegradable and compostable products. And materials that extend the life cycle: they perform better and last longer, separating economic growth from the consumption of new materials. Our business areas are focused on the commercialization of products, raw materials and new circular business models.

Our production processes, global and in South America, have robustly incorporated circular mechanisms, with effective and lasting results. Since 2022, the newly established Net Zero Accelerator unit has been focusing on the implementation and acceleration of projects in low-carbon production technologies, circular economy and renewable energies.

**Zero Aterro (Zero Landfill) Program**

Through the Zero Aterro (Zero Landfill) Program, we reached the goal of zeroing the disposal of waste in industrial landfills of our sites in Brazil. Currently, five of the eight production sites in the country dispose of their waste in a more sustainable way. With the Camaçari and Jacarei sites joining the program in 2022 alone, we prevented 1,150 tons of waste per year from being sent to industrial landfills.

An important step in our sustainability-oriented performance was the implementation of the Zero Aterro (Zero Landfill) Program at the Jacareí (SP, Brazil) production site. Since the beginning of 2022, all industrial, sanitary and organic waste produced has been destined with less environmental impact.

The program prevented more than 335 tons of waste from being disposed of in the region's landfills, from the conservation of all resources used through the responsible production, consumption, reuse and recovery of products, packaging and materials, without burning and without disposal to the land.

BASF’s Acrylic Complex in Camaçari (BA, Brazil) managed to reach the Zero Aterro (Zero Landfill) goal in 2022, through the composting, recycling and co-processing of 100% of its solid waste.

The implementation prevented more than 156 tons of waste from being disposed of in the region’s landfills.

With the partnership of cooperatives and suppliers, the unit carried out a survey of the materials that could be reused. It then began to direct the industrial waste for co-processing – being transformed into fuel for cement plants, and the organic waste from the cafeterias sent for composting.
In 2022, the Jacareí site (SP, Brazil) managed to zero the

20.9%

of its total waste (approximately 500 tons) that was destined for landfills.

MAWERYC - Management Waste and Recovery Cycle

This is a solid waste management program, and its purpose is to reduce environmental impacts through the reduction and/or elimination of waste generation or by implementing solutions with more sustainable technologies.

The MAWERYC program began in 2020 with three pilot plants at the Guaratinguetá Chemical Complex (SP, Brazil). In 2022, implementation was carried out for all production plants and some service areas.

Since its implementation, more than 85 opportunities with environmental impact have been identified, either by reducing waste generation and/or by changing technology. In 2022, considering the opportunities approved, it was estimated an impact on cost reduction by waste disposal of about R$1 million per year, in addition to an emission reduction of more than 400 tons of CO₂e per year.
Circulaí

Converters and producers of fine materials have a new option for using recycled waste engineering materials in injected technical parts. On the other hand, the actions of collection, sorting and mechanical recycling have become more complex with the incidence of mixtures of other polymers in the same scrap. With the launch of the circular economy program, Circulaí, we reinvented ourselves to seek solutions that contribute to reducing this complexity. As such, we have re-signified polyamide waste 6 and 66, promoting the use of materials with recycled content, favoring traceability and return for long-life applications.

We have engineered a lean process to solidify the sustainability of Ultramid®: We buy our customers’ waste, collect it, treat it through mechanical recycling and reinsert it into new products that make up our recycled materials portfolio.

Thus, the program prepares customers and partners to experience the circular economy and recycling in practice.

Composting

In 2021, the Guaratinguetá site (SP, Brazil) began receiving contributions for the installation of the thermophilic composting project in static piles for 100% of pre-preparation waste (rests of fruits and vegetables); waste from restaurants; and weeds and gardening pruning. This was an initiative from the MAWERYC program.

Currently in Argentina, all production sites compost organic waste from restaurants. Similarly, the Concón plant in Chile uses some compostables for garden waste (pastures and pruning). We signed a partnership with a specialized company for the evolution and expansion of the process.

Circular economy discussion space

We act as protagonists of discussions on issues that affect society and the environment. In Colombia, we have created a space – physical, virtual and mobile – for meeting and uniting with various actors in the chemical value chain, which aims to promote the Circular Economy (Círculos hub), facilitating understanding, skills development and collaboration around a circularity model. As such, we are leading an ecosystem that allows the strengthening of projects and initiatives to support the transition to the Circular Economy in the Chemical Industry in the country. The project is mainly focused on textiles, organic and plastics.
Commitment to protect the environment

Sustainability is at the heart of what we do; driving growth as an important indicator in our management. Aware of our commitment to the principles of ESG (Environment, Social, Governance), we increasingly work on several fronts with a focus on sustainability, from production processes to the creation of solutions and products.

To experience the purpose of “creating chemistry for a sustainable future” in practice, we challenge ourselves daily to set and pursue major global goals along the value chain.

Considering the expected effect of our growth in 2022 in South America, we have evolved in our indicators:

**Evolution in the rate of waste recycling in South America**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of waste recycling</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>87%¹</td>
</tr>
</tbody>
</table>

¹ 87% applies to recycled waste in 2022 (compared to waste generated in the same year)

**Reduction of in water consumption per ton of product compared to 2002**

~60%

**Increase in the volume of water reused in production processes compared to 2021**

43%

**Energy**

For us, using energy more efficiently involves the entire value chain. We connect people, management and processes to reduce consumption. We align productivity and sustainability, consumption and economy, optimization and competitiveness, environment and awareness.

The overall production volume in Brazil decreased by 2.85% compared to 2021, consequently, electricity and steam consumption also decreased proportionally.

**Total electricity consumption (Brazil, MWh)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>294,334</td>
</tr>
<tr>
<td>2021</td>
<td>296,275</td>
</tr>
<tr>
<td>2020</td>
<td>284,130¹</td>
</tr>
</tbody>
</table>

¹ Including Batistini (SP, Brazil)

**Steam consumed (Brazil, metric tons)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>513,590</td>
</tr>
<tr>
<td>2021</td>
<td>529,062</td>
</tr>
<tr>
<td>2020</td>
<td>440,990⁰</td>
</tr>
</tbody>
</table>

⁰ The steam consumed considers the sum of the purchased and internally generated steam and subtracts the exported steam. Including Batistini (SP, Brazil).

**Circular economy**

We are aligned with our global goal of doubling sales with circular economy solutions to €17 billion by 2030. We seek to make intelligent use of solutions to increase process efficiency across the chain and make products more effective. We are also committed to transforming waste and co-products into resources that can be reused in the same process or modified to contribute to different processes.

BASF’s waste recycling rate in Brazil continues to evolve, reaching 87% in 2022.

**Waste recycling rate (Brazil, %)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>87</td>
</tr>
<tr>
<td>2021</td>
<td>86</td>
</tr>
<tr>
<td>2020</td>
<td>85</td>
</tr>
</tbody>
</table>
**Emissions and carbon management**

Climate change is the biggest challenge of the 21st century, so we must adapt our processes and our product portfolio. We are focused on accelerating this transformation. With transparency and offers to systematically and gradually reduce the carbon footprint of our products across the value chain, we help our customers across industries reduce the carbon footprint of their products.

<table>
<thead>
<tr>
<th>Emissions of pollutants¹ to the atmosphere (Brazil, tons of pollutants per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>227</td>
</tr>
<tr>
<td>2021</td>
<td>235</td>
</tr>
<tr>
<td>2020</td>
<td>193</td>
</tr>
</tbody>
</table>

¹ Pollutants: CO, NOx, NMVOC, SOx, Particulate Matter, NH3/other inorganic

<table>
<thead>
<tr>
<th>Greenhouse gas (GHG) emissions (Brazil, tons of equivalent CO₂ per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>100,167²</td>
</tr>
<tr>
<td>2021</td>
<td>155,034</td>
</tr>
<tr>
<td>2020</td>
<td>108,841⁴</td>
</tr>
</tbody>
</table>

¹ Reduction due to the improvement of Brazil’s electricity factor
² Including Batistini (SP, Brazil)

BASF’s GHG emissions decreased by 27% due to the improvement in Brazil’s electricity factor considering the higher use of hydraulic plants compared to 2021.

<table>
<thead>
<tr>
<th>Total fuel consumption (Brazil, MWh)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>231,803</td>
</tr>
<tr>
<td>2021</td>
<td>228,247</td>
</tr>
<tr>
<td>2020</td>
<td>195,159⁴</td>
</tr>
</tbody>
</table>

¹ Including Batistini (SP, Brazil)

<table>
<thead>
<tr>
<th>Emissions of organic substances to water (Brazil, tons COD¹ per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>291</td>
</tr>
<tr>
<td>2021</td>
<td>256</td>
</tr>
<tr>
<td>2020</td>
<td>224</td>
</tr>
</tbody>
</table>

¹ COD = Chemical Oxygen Demand

<table>
<thead>
<tr>
<th>Metals emissions¹ to water (Brazil, tons of metals per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>0.53</td>
</tr>
<tr>
<td>2021</td>
<td>0.8</td>
</tr>
<tr>
<td>2020</td>
<td>0.3</td>
</tr>
</tbody>
</table>

¹ Metals = As, Cd, Cr, Cu, Hg, Ni, Pb, Zn

<table>
<thead>
<tr>
<th>Nitrogen¹ emissions to water (Brazil, tons of nitrogen per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>11.2</td>
</tr>
<tr>
<td>2021</td>
<td>15.9</td>
</tr>
<tr>
<td>2020</td>
<td>12.8</td>
</tr>
</tbody>
</table>

¹ Total Nitrogen = Ammoniacal + Nitrates + Nitrites

<table>
<thead>
<tr>
<th>Phosphorus emissions into the environment¹ (Brazil, tons of total phosphorus per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>8.46</td>
</tr>
<tr>
<td>2021</td>
<td>4.85</td>
</tr>
<tr>
<td>2020</td>
<td>2.07</td>
</tr>
</tbody>
</table>

¹ In the environment = internal WWTP after treatment + external WWTP + no treatment

**Water**

We have set global targets for sustainable water stress areas by 2030. Between 2002 and 2022, while we increased the absolute volume of production in South America by 67.7%, we reduced absolute water consumption by 33.5%, thus reducing water consumption per ton of finished products in South America by 60.4%. At the same time, we increased the volume of water reused in production processes by 43%.

<table>
<thead>
<tr>
<th>Total water supply¹ (Brazil, million of cubic meters per year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>2.9</td>
</tr>
<tr>
<td>2021</td>
<td>2.8</td>
</tr>
<tr>
<td>2020</td>
<td>2.6</td>
</tr>
</tbody>
</table>

¹ The volume of collected water considers what is taken from surface water sources (rivers), underground sources or public network.

<table>
<thead>
<tr>
<th>Water used for cooling (Brazil, million cubic meters)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>125.4</td>
</tr>
<tr>
<td>2021</td>
<td>122.4</td>
</tr>
<tr>
<td>2020</td>
<td>121.6</td>
</tr>
</tbody>
</table>

The water used for cooling – in the process equipment for cooling the reactions – allows maximum recirculation in our industrial processes. The greater the use of water for cooling, the less volume we use of the captured water from the environment.

<table>
<thead>
<tr>
<th>Water used for production (Brazil, million cubic meters)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>1.96</td>
</tr>
<tr>
<td>2021</td>
<td>1.91</td>
</tr>
<tr>
<td>2020</td>
<td>1.85</td>
</tr>
</tbody>
</table>
We develop sustainable solutions

Customer at the center

We understand co-creation as one of the strengths of our performance. Together with our customers, we act oriented to develop products and solutions aimed at a sustainable future.

In line with our global strategy, we are even closer to the customer. We deepen our understanding of their needs and discuss innovation, sustainability, in the search for solutions for business and society. We were able to keep our NPS (Net Promoter Score) indicators at high level, and the comments obtained helped us focus on what really matters, which is learning and acting on the voice of the customer. Co-creation is one of our pillars for innovation.

We receive customers at our offices, we implemented more than 60 initiatives from the A Voz do Cliente (Voice of the Customer) program (held in Brazil); in addition to preparing the podcast Una cuestión de química (A matter of chemistry), in Colombia, and in Brazil, with the name of Deu química! (It’s chemistry) bringing in the advances and innovations of our different business units.

Key SDGs addressed

- Cost savings
- Biodiversity and renewables
- Climate change and energy
- Emission reduction
- Resource efficiency
- Water
- Health and safety
- Hunger and Poverty

Globally, our portfolio is ranked according to its contribution to sustainability. So far, products that offer a relevant contribution to the value chain have been classified as Accelerator. Our global goal was to generate €22 billion in sales of this category by 2025; which was achieved in 2021. Thus, we are updating our goals.
The xarvio® FIELD MANAGER digital solution of the Agricultural Solutions division, developed for weed control in 2022, with more than 13,000 registered users in Argentina and Brazil accounting for more than 11,000,000 hectares, reduce by an average of 62% the volume of herbicides used in soybean cultivation in Brazil. Moreover, it reduced the use of water by 36,000 liters and the application time by two hours every 1,000 hectares, saving resources, fuel and emissions.

How does it work? Based on drone images and algorithms from xarvio® FIELD MANAGER to identify weeds, it is possible to develop an on/off (applies/does not apply) application map for insertion into the sprayer.

The solution is indicated for pre-and post-emergence of crops in soybean and cotton crops, and pre-emergence in the main crops in Brazil (corn, non-irrigated rice, beans, wheat, sorghum, sugarcane), with the objective of providing more efficiency in the application of supplies through digital tools.

In partnership with Comberplast, a company specialized in the manufacture of recycled plastic products in Chile, we offer raw materials from the B-Cycle line for the development of sustainable solutions. The solution ensures a better quality of recycling of the plastic material, with more resistance to sunlight, allowing it to be reused more than once.

With the same synergy and purpose in offering more and more products that contribute to the circular economy, we intend to further expand our value chain through sustainability.

**Flower Boxes:** The Comberplast products that rely on our solutions include plastic boxes for exporting flower bulbs to Europe. The boxes are made of plastic waste from fishing industry nets and cables which, if not disposed of in an environmentally correct manner, are responsible for the contamination of beaches and oceans.

**Water Collector Modules:** The B-Cycle product is also used in the manufacture of modulated plastic boxes, made from plastic bottle labels, which are inserted into cavities deep in the earth. They aim to prevent rainwater from reaching underground buildings, such as basements of buildings in general.

**Modular flooring for the mining industry:** These are square floors, placed in high maintenance furnishings of the mining industry and in other applications that require non-permanent floors. They are made from tubes used in the fishing industry.

Drones can be used to increase safety and productivity in agriculture. The main advantages compared with conventional backpack spraying are optimized use of crop protection products, reduced risk of product contact and high efficiency in application and collection of field information.
**Featured Decorative Paints**

In 2022, we have developed our portfolio and launched a new line for painting wood and metals with water-based solvents (instead of turpentine, derived from petroleum), bringing together sustainability and practicality: Suvinil Water-based Color and Protection.

Water-based products emit fewer pollutants compared to solvent-based paints. Furthermore, the cleaning of application tools can also be carried out with water, which reduces the environmental impact on the value chain, contributes to a better quality of life and also mitigates risks associated with sustainability.

In line with this trend, we have launched two water-based varnishes: Suvinil Basic Protection and Suvinil Maximum Deck Protection, providing a complete supply of water-based products for wood and metals that combines practicality with sustainability.

We also launched our first paint with 100% mineral pigmentation, dispensing with the use of synthetic pigments. This is another solution mapped through trends that identify a need of the consumer, who is increasingly looking for sustainable products. We have reformulated the internal logistics and short-distance distribution modalities of decorative paint sites in South America – replacing fossil fuels with electric arrays.

We have developed solutions in plastic packaging, reaching more than 95% of the packaging portfolio made with recycled resins, which has further increased our production capacity and our positive impact on the environment.

**Lutensit® Ecocitrus uses components produced by plants**

BASF’s line of household cleaning products has gained yet another innovative item, Lutensit® Ecocitrus. The solution is produced based on terpenes, compounds naturally produced by plants through their secondary metabolism, whose function is to protect them against abiotic factors related to the physical environment, such as lighting levels, UV exposure, water content and nutritional deficiencies. Furthermore, they are used in essential and aromatic oils, in the application of cosmetics, perfumes and solvents, among others.

It can be used in a wide range of cleaning products and acts to control the proliferation of microorganisms, in addition to avoiding bad odors. It is a major ally in reinforcing contamination by fungi and bacteria.

The product of natural origin is aligned with three Sustainable Development Goals (SDGs) of the 2030 agenda of the United Nations Summit on Sustainable Development: 12 – responsible consumption and production, 13 – climate action and 15 – life on land.

Employees Blanca Ramalho Gomes, Lucas Fernandes and Ana Clara Aguiar looking at the Suvinil (open) color palette
Innovation

Our corporate strategy is customer-focused, driven by innovation: in the production of sustainable solutions that improve people’s quality of life and preserve resources, and in processes and technologies for a sustainable future.

We believe that innovation and sustainability are inextricably linked. The innovations, associated with our leading role, have placed us in a leading position in the chemical industry.

Innovation is a transversal practice in the company. We are increasingly using digital technologies and data for simplification, resource savings and increased sustainability.

BASF’s Center for Scientific and Digital Experiences in South America (onono®) was created to connect the ecosystem through innovation and transform business. In 2022, it completed three years of operations, gaining relevance for our customers and partners, to support them in their business challenges through open innovation, always looking for sustainability.

Since then, it has been consolidating itself as an important relationship channel, as a center for collaboration and production of quality information for the market, always looking to the future. It enables us to practice collaborative innovation, bringing together customers, BASF areas and the ecosystem for a change of mindset, generating results that go beyond the traditional business relationship prototyping solutions that go beyond today’s business. We co-create the business of the future based on today’s challenges.

Onono® is equipped with cutting-edge technology for product research and testing laboratories, connectivity, digitalization as well as design-based co-creation and prototyping methodologies, in addition to the Circular Economy Center, which fosters solutions in recycling for the plastic chain and the Circular Economy Hub – created to foster discussions on the subject with customers, suppliers, and startups. The space has virtual reality headsets and sensory resources that provide immersive experiences.

More than €2,216 billion invested globally in research and development in 2021.

€944 million invested globally in research and development activities in Agricultural Solutions in 2022.

Two global research and innovation centers in South America, located in Santo Antônio da Posse (SP, Brazil) and Trindade (GO, Brazil).

Some of onono® results in 2022.
Touch screen perfume (B-Scent)

In 2022, we launched B-Scent in Brazil: a sensory application that releases into the air the chosen fragrance, developed by us. We offer the customer the option to choose combinations and know each type of application. The device was created by the startup Noar and is widely used by our representatives to present the fragrances used in the perfume, personal care and household cleaning industry.

Furthermore, it leaves no residue in the environment or in the device, and it is possible to try several fragrances, one in sequence from the other, without olfactory interference.

The technology that offers the multisensory experience is a sustainable and safe, aggregating nanotechnology, Big Data, Data Science and Artificial Intelligence. It is possible to load 20 different cartridges, with 100 shots each, which can be replaced, making its use unlimited.

Innovative partnerships and technologies in South American agribusiness

- Focusing on innovative technologies and business models and investing in digitalization and greater access to the rural credit market, BASF Venture Capital (BVC), BASF’s startup investment branch, announced its first direct investment in South America, leading a $10 million investment round in Traive™. With operations in Brazil and the United States, the startup develops technological infrastructure for financial services based on artificial intelligence for credit risk analysis and portfolio management of agricultural receivables, digitizing the entire journey of agricultural credit from producer demand to the financial market.

- BASF and Embrapa (Brazilian Agricultural Research Corporation) have been partners since 2011. In August 2022, we signed a technical and financial cooperation agreement with the objective to bring to soybeans and beekeepers a technological model, starting from the 2022/2023 harvest, based on good agricultural and beekeeping practices.

- The recent partnership with Rabobank and Sustainable Business Solutions enables us to offer five BASF customers – resellers or agricultural distributors, from strategic regions for Brazilian agribusiness – a tool to facilitate their sustainability journeys, including agricultural financing.

- In line with our efforts to contribute to the evolution of the agricultural sector, we have entered into a partnership with Vertem. The goal is to create an ecosystem of solutions for the ag market, in a digital online business platform: connecta.ag. The platform is initially available to distribution channels and resellers of agricultural solutions and urban pests, through the offer of products in the marketplace.

Drones in the application of agricultural chemicals

BASF is committed to investing in solutions and tools that increasingly contribute to balancing the demands of agricultural activities and reducing the impacts of activities on the environment and society.

Digitalization and, in particular, drone technology have the power to transform agriculture, as is the case implemented in Ecuador and Colombia in rice and banana crops.

The technology adds significantly to our efforts to bring more quality of life and practicality to the farmer.

One of the fronts of our investment is the use of drones to apply crop protection chemicals in place of the traditional knapsack sprayer. Drones are 50 times more agile in the execution of this process and contribute to the environmental integrity and that of the professional who performs the application.

The main benefits of using drones are:

- Up to ca. 90% savings on water application
- System eight times faster compared to methods applied with professionals on the ground
- Application only in the area where pest exists
- Reduced worker exposure during application
- Possibility of application in larger areas
- Possibility of application in crops without reducing the productive potential
- Reduction in application costs
- Harvest data collection
- Professionalization of agricultural work
Partnership for sustainable management

In 2022, BASF announced an unprecedented partnership in Brazil with NaanDanJain, one of the largest companies in the irrigation technologies segment in the world.

Through joint actions, different cultivation systems in the Cerrado region of Brazil will benefit from profitable and sustainable solutions. The market-first initiative is another step towards BASF’s commitment to more sustainable agriculture, supporting farmers in accessing new technologies that enable greater resilience in a volatile climate scenario while taking enhanced care of the natural resources.

The idea is that, by pooling expertise, it will be possible to bring to the farmer mechanisms on how to optimize water resources, nutrients and supplies. Thus, achieving the highest potential for productivity and land use with a reduction in water per ton produced.

Farmers and their Legacies

The new positioning of BASF’s Agricultural Solutions division through the globally publicized campaign, titled #BiggestJobOnEarth (BJOE), highlights the value of agriculture in producing more and better food for an ever-growing population. Furthermore, it communicates our commitment to the sector and future generations.

For BASF, farmers are at the heart of its business strategy and the intergenerational encounter reinforces the learning transmitted – and received – over the decades and the company’s partnership in all of them.

The campaign was translated in Chile, Colombia, Ecuador and Peru by: Agricultura, el trabajo más valioso de la Tierra (Agriculture, the most valuable work on earth). In Argentina, the positioning featured the special campaign Conectados por la Tierra (Connected by the land). Seu legado nasceu para continuar (Their legacy was born to continue) reinforced the position in Brazil.

Digital campaigns

The last few years have been marked by a strong digital acceleration, which has resulted in new forms of communication and interactivity with our audiences, contributing to the best shopping experience for our customers. During 2022, our e-commerce channel (shop@BASF) reached the mark of 3,000 subscribers and more than 1,000 active customers throughout South America.

Part of this result is due to the initiatives promoted in the digital environment, always in search of the best user experience, such as the Sustainable Week and Cyber Week campaigns.

Sustainable Week

We launched Sustainable Week during Environment Week 2022. The focus of the action – fully digital – was the importance of good sustainability practices in the chemical industry. Participants were able to experience a fully immersive environment, full of connections, whose setting was a forest.

The virtual structure had six arenas. In all, 12 livestreams were broadcast by professionals in the areas of Agricultural Solutions, Personal Care, Human Nutrition and Additives for Plastics. Furthermore, the event had an audience of six countries in the region and participation of eight BASF business units.

During the week of the event, customers who responded to the Net Promoter Score (NPS) survey contributed to tree planting. This action aimed to bring the voice of the customer within the process. The result was the planting of 730 trees.

Cyber Week

Cyber Week 2022, an innovative online marketing journey in the chemical sector, brought together all of BASF’s South American businesses and delivered more than €126 million in sales to more than 1,900 customers, representing a 3.5-fold increase over 2021 sales. The action reached the engagement of 10 business units in 17 countries.
We value people and treat them with respect

With connection, resilience and purpose we have overcome the challenges of 2022

Our employees, with engagement and diversity of repertoire, training and experiences, are the key to the fulfillment of our strategy, supported by our values and purpose. We want to attract and retain innovative and talented people and support them in their development. To do so, we cultivate a work environment that inspires and connects our people, based on the power of diversity, innovation, inclusive leadership and trust. Our goal is to have the best team, composed of people with diverse experiences and different points of view – which makes us more creative, strong and vibrant for our customers.

2022 was a challenging year for companies and people around the world: marked by the evolving impacts of the coronavirus pandemic, a progressive return to activities in different formats, economic and political instability in South America, as well as the war in Ukraine, which strongly impacted our distribution and challenged us to be innovative and creative. We could count on our people, who had resilience and flexibility to adapt to this new scenario. We have had a year of learning and progress in South America, and this is essentially due to our teams that, working together, have made a difference.

Demographics

<table>
<thead>
<tr>
<th>Total number of employees by Group of Countries</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>4,286</td>
<td>4,217</td>
</tr>
<tr>
<td>South</td>
<td>629</td>
<td>623</td>
</tr>
<tr>
<td>Andes</td>
<td>477</td>
<td>482</td>
</tr>
<tr>
<td>Total</td>
<td>6,316</td>
<td>6,065</td>
</tr>
</tbody>
</table>

Learning and Development

We believe that development is the path to our achievements and our position of protagonism and leadership in the market. We want our employees to be able to develop their full potential – so we support them and value their journeys.

We value the learning of each employee during their work routines, and support them with development opportunities in training, guidance or with structured processes. We use several formats: face-to-face sessions, e-learnings, workshops among other growth and learning actions.

- About 3,000 hours of training in the Country Cluster South (Argentina, Bolivia, Paraguay and Uruguay).
- The New Leader Program was designed to further strengthen the leadership role and was attended by more than 190 new leaders.
- 45% of the talents who participated in the leadership acceleration program, LEAP, were promoted.

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Town hall at onono® attended by Michael Heinz, member of the Executive Board of Directors of BASF SE
Diversity and Inclusion

We believe that the diversity of our employees, with their plurality of ideas, cultures and experiences, brings new perspectives and results, allowing us to achieve, together, our goal of being a high-performance, inclusive organization, generating creative interactions, innovation and value for our people, customers and society.

Promoting diversity and inclusion is also part of our strategy in the relationship with customers, suppliers, employees and other stakeholders.

In our organizational strategy, we prioritize initiatives that value diversity and promote inclusion in our ecosystem – in selection processes, talent development and retention programs, between customers and in the supply chain.

We work with different affinity groups in Brazil, composed of volunteer collaborators:

- BYOU, which reinforces the respect and inclusion of LGBTI+ people
- WIB - Women in BASF, focused on gender equity
- BIG - Black Inclusion Group, focused on racial equity
- Be Different, promotes the inclusion of people with disabilities
- XGen - X-Generations@BASF, that promotes the connection between different generations.

BIG Empowered

In 2022, we made available a course for black employees in partnership with the Business Initiative for Racial Equality, an organization that brings together more than 60 institutions in favor of effective actions related to confronting racism and empowering the black population in Brazil.

The objective of the initiative is to deepen and disseminate the culture of inclusion and plurality with emphasis on the racial theme, encouraging the appropriation of all the potential and protagonism of black people in the professional market, combating any and all manifestations of racism.

Diversity Talent Bank

The plurality and equity of our employees gained even more expression with the Diversity Talent Bank, created in the second half of 2022.

Job opportunities for social minority groups cover all areas of the company. It is aimed at people with disabilities, women, members of the LGBTI+ community, people over 50 and black and brown people. It can be accessed through the BASF website. By the end of 2022, we had registered more than 2,500 resumes.

During the year, we recorded 38 people with disabilities hired in Brazil and another 106 people from the market trained by BASF, in partnership with educational institutions.

Diversity and Inclusion Week

The 3rd edition of BASF’s Diversity and Inclusion Week took place throughout South America. There were more than 3,700 participants in the different events – face-to-face and online – that took place in Argentina, Brazil, Chile and Colombia.

Under the motto “Embrace differences”, the event brought to light extremely relevant topics such as intergenerational diversity, parenting, cultural plurality, leadership and inclusion, self-knowledge, and psychological safety.

For us, embracing diversity is part of the company’s essence and is fundamental to building a fairer and more egalitarian society.
Women in operations

In 2022, women gained space in the company’s operations, experiencing the power of equal opportunities, overcoming social challenges without losing sight of business opportunities. This movement took place throughout South America, with opportunities and infrastructure adjustments for effective inclusion. Check out this year’s achievements in Brazil:

In Jacareí (SP, Brazil), 41 women were hired in operations.

The São Bernardo do Campo site (SP, Brazil) hired 26 women, in 2022 for the production and logistics areas. Furthermore, it signed a partnership with the local SENAC for the training of female professionals in their respective areas.

In Indaiatuba (SP, Brazil), there were 51 women hired. For the Jaboatão dos Guararapes site (PE, Brazil), there were 46 new posts in all.

In Indaiatuba (SP, Brazil), there were 51 women hired. For the Jaboatão dos Guararapes site (PE, Brazil), there were 46 new posts in all.

At the Camaçari site (BA, Brazil), we have hired 56 women in operations.

In the operations in the Demarchi neighborhood (São Bernardo do Campo, SP, Brazil), we hired 29 women.

In Batistini (São Bernardo do Campo, SP, Brazil) 11 women joined the operations team.

Hiring includes full members of staff, apprentices, temporary and third party positions.

Women are also working as truck drivers. The topic was discussed with Mercedes-Benz, at an event entitled A voz delas (Their Voice) that was attended by 33 suppliers and 16 BASF employees.

Left to right: employees Jamile Veiga, Ilane Santos, Yanna Sena, Milena Franco, Livia Dantas and Tamiles Santos (Camaçari, BA, Brazil)

Watch the Women in operations video
PwD (People with Disabilities) 360° Connection Project

The PwD 360° Connection project was launched in 2020 with the purpose of expanding the employability of people with disabilities, developing essential skills for the labor market. The program is part of BASF’s D&I strategy. In 2022, we completed the first phase of implementing priority physical changes in the common and public areas of the sites, ensuring the autonomy of people with motor, visual, cognitive and hearing disabilities.

Aware of the need for adequate training for the labor market, in 2022 we collaborated with the professional development of 112 people with disabilities, residents of communities that we support. This work counted on the partnership of the technological transformation institution GAMA Academy, with the provision of courses in the digital area, and the Citizen network, whose training “Integral training for the world of work” is focused on social-emotional and digital skills.

The main objective of our partnerships is to boost the career of these people for their entry or replacement in the labor market, with better conditions of competitiveness and performance.

Inclusive Culture

Diversity & Inclusion is part of our corporate culture, permeating our actions and guidelines. Thus, we have our people allied with our purpose, engaged and participatory in all our initiatives. In 2022, we promoted discussions on accessibility, PwD’s point of view in leadership positions, Human Resources initiatives to attract, retain and develop PwD in the company, the importance of representativeness, among several other topics.

Recognitions in Diversity & Inclusion

- BASF ranked 15th (out of 72 companies listed) in the Ethos Institute’s Diversity and Inclusion Survey
- São Paulo Diversity Seal, granted by the Government of the State of São Paulo for its commitment to the valorization, promotion and good practices related to diversity and social inclusion
- Best places to work for LGBTI+ people 2022, from the More Diversity Institute in partnership with the LGBTI+ Business and Rights Forum and the Human Rights Campaign Foundation (HRC)
- BASF stood out in four of the six categories of the 2022 Corporate Racial Equity Index (IERE)
- Radiosagrafía +A, Pride Connection, Chile
- Certification of companies with Talents for the LGBTI+ community, Human Rights Campaign, Chile
- FLOR Diversity Awards, Argentina
- Equipares Silver Seal, award for companies with gender equity, awarded by the Ministry of labor and the Presidential Advisor’s Office for Women’s Equity, in Colombia
- Employees for Youth, 2nd place in Ecuador and 21st in Colombia
- Award for Good Practices of Gender Equity, granted by Ekos Magazine and Violeta do Ecuador Magazine

Accessibility ramp for People with Disabilities
Future of Work

A new perspective of working with a hybrid, digital model and restructuring in BASF’s internal service offering.

The future has begun. The covid-19 pandemic brought us many lessons: crisis management in an absolutely new scenario for all of us, the agility of change and the power of digital were some challenges we had to face. It also brought up – and brought forward – issues related to labor relations. After the pandemic stabilized in most countries in South America, we chose to keep our teams in a hybrid format – reducing our carbon footprint with less commuting, enabling more balance between work and quality of life, bringing innovation to our environment. In 2022, we dedicated ourselves to a robust project across South America to reconfigure our infrastructure, making the workplace an even more welcoming and digital space, and we remain focused on prioritizing the health and integrity of our employees, with strict safety measures. In our offices we provide a great and modern environment (facilities etc) including spaces to practice wellbeing and a culture that allows the people to connect, co-create and celebrate. This was reflected in our South America Employee Satisfaction Survey, which noted a 91% engagement.

We believe that the future of work lies precisely in establishing the highest level of connection between people and the optimization of time and resources. By opting for the hybrid model, we can be present in the office – with more networks of contacts and encounters, which shape our culture, combined with the possibility of working some periods anywhere – with flexibility, focus and wide connections.

New ways to connect

In 2022, we completed the implementation of this Project in Montevideo, Uruguay. This is a restructuring of BASF’s internal service offering, with the aim of providing solutions for all our business areas to grow even further, with end-to-end technology. This means more automation and digitalization in processes and agility and flexibility in the transfer of information.

The global project was conceived in 2020 and, in 2021, the implementation phase began in Berlin, Germany, Kuala Lumpur, Malaysia, and Montevideo.

It is focused on three pillars: structural, digital and cultural transformation.

- The structural transformation reflects the company’s commitment to expand and improve all the possibilities of services provided internally, by all our units in the world.
- Digital transformation is based on our reconfiguration as a hub, offering state-of-the-art services to our users. As such, we will provide competitive differentials to the market.
- Cultural transformation is essential for the two previous ones to be fully consolidated. Therefore, we are able to understand, empower and stand out, always identifying the best solutions for the services we offer.

Based on these three pillars, we make our range of internal services even more accessible, simplified and efficient. The new configuration is in line with our global growth goals and expectations.

Campfire 16th floor – Morumbi Office (São Paulo - SP, Brazil)
Social engagement strategy

BASF’s social engagement strategy enhances our positive impact by connecting the possibility of solving social challenges to our business strategy. It focuses on scientific education, employability, environmental education, and protection of natural resources and biodiversity.

It is based on two pillars:

Shared value: combines the company’s contribution to the solution of social challenges with the opportunities generated for the business.

Corporate citizenship: contributes to the social development of surrounding communities.

To achieve our strategy, we act through the sponsorship of social projects, tax incentive, donations, volunteering, community engagement, public-private partnerships, cause-related marketing, social business, alternative business models, and shared value projects.

Social engagement strategy Brazil, South and Andes

- €3,539,226 – Social investment (donations, sponsorship, volunteering and own projects).

- Around 600,000 people – People impacted¹ in 2022 and 185,000 people impacted in actions aimed at minimizing the impacts of covid-19 in South America.

- 17 Volunteer Committees and more than 1,600 volunteers.

- 85 partner institutions.

Conselhos Comunitários Consultivos (Community Advisory Panels)

The Community Advisory Panel (CCC) is composed of representatives of the communities and the company. It has been operating since 2000, when it was created at the Guaratinguetá site (SP, Brazil). Its mission is to dialogue with residents and guide and prepare in cases of emergency situations that may occur in industrial operations. The space is also open for neighborhood institutions to share their activities in these areas.

By approaching the community, with the resource of the CCC, BASF is able to assist and be assisted in the development of activities that lead to a sustainable future. Thus, socio-environmental engagement projects are enriched with the presence of institutions, which operate on these fronts throughout the year.

Currently, the Guaratinguetá (SP, Brazil) and São Bernardo do Campo (SP, Brazil) sites have this structure.

¹ The total does not consider the Donar alimentos a quienes tienen hambre (Donate food to the hungry) campaign
Conectar para transformar
(Connect to transform)

Every year, we select projects with great potential to reduce social, environmental and economic impacts, to be implemented in the locations where we operate. The selection is made through the BASF Conectar para transformar open call, which, in 2022, reached its 6th edition.

Among the proposed themes are scientific education, employability, environmental education and protection of natural resources and biodiversity. In 2022, 12 projects were chosen to be implemented in 2023 in the cities of Guaratinguetá and São Bernardo do Campo (SP, Brazil), Quinta Normal, Concón and Quintero (Chile), and General Lagos and Malvinas Argentinas (Argentina).

Chile (Connect to Transform Program projects)

- **Reciclador (Recycler)**, in the city of Quintero: in partnership with the company Recycler. In 2022, we recycled more than 60,000 kilograms of plastic, saving natural resources and reducing CO₂ emissions. It counts on 30 professionals working in Chile, generating a positive impact to more than 70,000 people.

- **Con Fuerza de Mujer (With the strength of a woman)**: program aimed at the professional training of 30 women from the commune of Quinta Normal (Santiago) impacted by the effects of the pandemic, to carry out their work. All participants increased their incomes and/ or sales by between 10% and 15%.

- **Digitalize your business with BASF**: training of 60 small and medium-sized entrepreneurs in the city of Quintero, in the areas of digital tools, cash flows and administration.

**Featured projects in South America**

Argentina (volunteering)

**Menos hambre, menos desperdicio (Less hunger, less waste):** more than 228,000 people benefited from the food donation made by BASF in partnership with the Balcarce Food Bank. Since it was signed in February 2020, the union has already resulted in 141 tons of fruits, vegetables and non-perishable foods supplied to underserved communities.

In addition to reducing hunger and malnutrition rates, the initiative meets BASF’s Zero Waste goal, since reused food is not disposed of in landfills. The collection and logistics of the collection is done by volunteers and, for this, the project directs efforts to mobilize customers, suppliers and partner companies.

Brazil (corporate citizenship projects)

**Pintar o Bem (Paint the Good) Program**: created by Suvini in partnership with the Integrated Center for Sustainable Development Studies and Programs (CIDEDS) and Banco Afro, to offer financial support and training to painters who were out of work during the pandemic. In 2022, the initiative had its second phase with the objective of boosting the paths of people in situations of vulnerability and leaving an even greater legacy for society.

With the support of Instituto Alicerce, the second phase of Pintar o Bem impacted 167 people. The training, which lasted approximately six months, included classes in Portuguese, mathematics, fundamental skills of the labor market, entrepreneurship, development of specific skills, social-emotional content, and theoretical and practical knowledge about painting.

Furthermore, the program offered participants support in building resumes and adapting their posture for job interviews. Since its launch, the program has impacted the lives of more than 20 thousand people.

**Mata Viva® Program**: BASF established the Mata Viva® initiative in Brazil in 1984, to protect water quality, conserve soil and create areas to preserve native vegetation and biodiversity with the restoration of the forest along the Paraíba do Sul River, near the company's largest chemical complex in South America, in Guaratinguetá. After the creation of the Eco+ Foundation, the management of the Mata Viva® program began to be performed by both. The initiative has flourished throughout Brazil, attracting a wide range of partners from the agricultural, business and scientific communities, all united in their desire to promote forest restoration, ecosystem services and biodiversity conservation. By restoring degraded land, we can restore biodiversity, remove carbon from the atmosphere, protect soil and water bodies.

As an additional result of our work, the restoration of permanent preservation areas promotes paths to sustainable agriculture and the improvement of natural resources and their ecosystem services, so necessary for the development of sustainable agriculture.

Since its inception, the Program has reached 800 hectares of restored forests – including the Mata Viva Forest, located within the Guaratinguetá Chemical Complex, planting more than 1.4 million tree seedlings throughout Brazil, with the estimated removal of 196,000 tons of CO₂ from the atmosphere.

Support for cultural, social and sport projects

The year 2022 marked the implementation of 34 projects, made possible through tax incentives, with a focus on culture, sports and social actions (child, adolescent and elderly funds). We were able to benefit 224,000 people across South America.
Our awards in 2022

Customers, press and different institutions recognized our performance in innovation and sustainability in South America, granting us 35 recognitions in 2022. For us, it signals the appreciation of our quality standard and reinforces the importance of a management focused on sustainability and innovation, our strategic pillars.

Learn more about each of them.

Colombia (shared value project)

_Mujeres Sikuani Sembrando Sueños (Sikuani Women Sowing Dreams):_ The Sikuani indigenous people in eastern Colombia have access to our program that is aimed at women in the community who act as heads of their families. They work in the processing of bitter cassava with fiber tools to produce baskets and flour, which are sold to customers in the surroundings. In addition to increase their income, they have also expanded their activities to grow fruits and vegetables.

We seek to give opportunity and provide more efficiency to production, offering training, agrochemicals and tools to workers. In 2022, we installed the complete irrigation system, as well as six 310 thousand liter tanks to store rainwater. In 2022, the project impacted about 70 women and their families.

Brazil (shared value project)

_PegMed Project:_ We partnered with the startup PegMed, which promotes the connection between pharmaceutical companies that donate medicines and philanthropic entities. The idea is to direct medicines in perfect conditions of use, however, with a short shelf life, to more vulnerable people, in treatment of various diseases.

To make the project viable, we developed an app with the support and co-creation of the startup Loomi, in order to democratize the destination of these drugs, creating a connection network for donation and responsible consumption of medicines.

The project started up in January 2023, contemplating five pharmaceutical industries that serve 70 entities previously registered and able to receive donations.
## Ten-Year Summary (BASF Group)

**Million €**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>73,973</td>
<td>74,326</td>
<td>70,449</td>
<td>57,550</td>
<td>61,223&lt;sup&gt;d&lt;/sup&gt;</td>
<td>60,220&lt;sup&gt;c&lt;/sup&gt;</td>
<td>59,316</td>
<td>59,149</td>
<td>78,598</td>
<td>87,327</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>7,160</td>
<td>7,626</td>
<td>6,248</td>
<td>6,275</td>
<td>5,974&lt;sup&gt;b&lt;/sup&gt;</td>
<td>4,201</td>
<td>–191</td>
<td>7,677</td>
<td>6,548</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>6,600</td>
<td>7,203</td>
<td>5,548</td>
<td>5,395</td>
<td>6,882&lt;sup&gt;c&lt;/sup&gt;</td>
<td>5,233&lt;sup&gt;c&lt;/sup&gt;</td>
<td>3,302</td>
<td>–1,562</td>
<td>7,448</td>
<td>1,190</td>
</tr>
<tr>
<td>Income after taxes from continuing operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5,592&lt;sup&gt;b&lt;/sup&gt;</td>
<td>4,116&lt;sup&gt;c&lt;/sup&gt;</td>
<td>2,546</td>
<td>–1,471</td>
<td>6,018</td>
<td>–391</td>
</tr>
<tr>
<td>Income after taxes from discontinued operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>760&lt;sup&gt;c&lt;/sup&gt;</td>
<td>863&lt;sup&gt;c&lt;/sup&gt;</td>
<td>5,945</td>
<td>396</td>
<td>–36</td>
<td>–</td>
</tr>
<tr>
<td>Net income</td>
<td>4,792</td>
<td>5,155</td>
<td>4,301</td>
<td>4,255</td>
<td>6,078</td>
<td>4,707</td>
<td>8,421</td>
<td>–1,060</td>
<td>5,523</td>
<td>–627</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>10,432</td>
<td>11,043</td>
<td>10,649</td>
<td>10,526</td>
<td>10,765&lt;sup&gt;b&lt;/sup&gt;</td>
<td>8,970&lt;sup&gt;c&lt;/sup&gt;</td>
<td>8,185</td>
<td>6,494</td>
<td>11,355</td>
<td>10,748</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>7,077</td>
<td>7,357</td>
<td>6,739</td>
<td>6,309</td>
<td>7,645&lt;sup&gt;b&lt;/sup&gt;</td>
<td>6,281&lt;sup&gt;c&lt;/sup&gt;</td>
<td>4,643</td>
<td>3,560</td>
<td>7,768</td>
<td>6,878</td>
</tr>
</tbody>
</table>

### Capital expenditures, depreciation and amortization

| Additions to the property, plant and equipment and intangible assets | 7,726 | 7,285 | 6,013 | 7,258 | 4,364 | 10,735 | 4,097 | 4,869 | 4,881 | 4,967 |
| Depreciation and amortization of property, plant and equipment and intangible assets | 6,428 | 6,369 | 5,742 | 4,377 | 4,028 | 5,040 | 3,842 | 4,075 | 4,410 | 4,842 |
| of which property, plant and equipment | 2,631 | 2,770 | 3,600 | 3,691 | 3,586 | 3,155 | 3,408 | 5,189 | 3,064 | 3,549 |

| Employees at year-end | 112,206 | 113,292 | 112,435 | 113,830 | 115,490 | 122,404 | 117,628 | 110,302 | 111,047 | 111,481 |
| Personnel expenses | 9,285 | 9,224 | 9,982 | 10,165 | 10,610 | 10,659 | 10,924 | 10,576 | 11,097 | 11,400 |
| Research and development expenses | 1,849 | 1,884 | 1,953 | 1,863 | 1,843<sup>d</sup> | 1,994<sup>e</sup> | 2,158 | 2,086 | 2,216 | 2,298 |
| Key data |                  |      |      |      |       |       |       |       |       |       |
| Earnings per share | € 5.22 | 5.61 | 4.34 | 4.42 | 6.62<sup>d</sup> | 5.12 | 9.17 | –1.15 | 6.01 | –0.70 |
| Adjusted earnings per share | € 5.31 | 5.44 | 5.00 | 4.83 | 6.44<sup>d</sup> | 5.87 | 4.00 | 3.21 | 6.76 | 6.96 |
| Cash flows from operating activities | € 8,100 | 6,958 | 9,446 | 7,717 | 8,785 | 7,939 | 7,474 | 5,413 | 7,245 | 7,709 |
| EBITDA Margin | % 14.1 | 14.9 | 15.1 | 18.3 | 17.6<sup>c</sup> | 14.9<sup>c</sup> | 13.8 | 11.0  | 14.4 | 12.3  |
| Return on assets | % 11.5 | 11.7 | 8.7  | 8.2  | 9.5<sup>c</sup> | 7.1  | 4.5  | –1.2  | 9.5  | 2.1   |
| Return on equity after tax | % 19.2 | 19.7 | 14.4 | 13.3 | 18.9 | 14.1 | 21.6 | –2.8  | 15.6 | –0.9  |
| Return on capital employed (ROCE) | % – | – | – | – | – | 15.4 | 12.0<sup>d</sup> | 7.7 | 13.7 | 10.0  |

### Appropriation of profits

| Appropriation of profits |                  |      |      |      |       |       |       |       |       |       |
| Net income of BASF SE<sup>d</sup> | € 2,826 | 5,853 | 2,158 | 2,808 | 3,130 | 2,982 | 3,899 | 3,946 | 3,928 | 3,849 |
| Dividend | € 2,480 | 2,572 | 2,664 | 2,755 | 2,847 | 2,939 | 3,031 | 3,031 | 3,072 | 3,099<sup>e</sup> |

| Number of shares as of December 31 | million | 918.5 | 918.5 | 918.5 | 918.5 | 918.5 | 918.5 | 918.5 | 918.5 | 893.9 |

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

<sup>b</sup>Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations.

<sup>c</sup>Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations.

<sup>d</sup>Calculated according to German GAAP.

<sup>e</sup>Based on the number of outstanding shares as of December 31, 2022 (903,654,003)
Additional information

South America

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