

BASF Green Bond Allocation Report 2023

Sustainability is embedded in BASF's corporate purpose: "We create chemistry for a sustainable future." In this context, BASF has decided not only to integrate sustainability into its business, but also firmly integrate it into its financing activities. On March 17, 2022, BASF issued its second green bond with a volume of €1.0 billion on the capital market ("2022 Green Bond"). With this, investors can participate in the financing of BASF's green projects and products that are in line with BASF's Green Finance Framework ("GFF"). BASF's GFF has been set up in line with the ICMA Green Bond Principles 2018 as well as the LMA Green Loan Principles 2018 and received a Second Party Opinion from ISS ESG.



Final terms

Issuer	BASF SE
Issuer rating ¹	Moody's: A3, S&P: A
Format	Senior, Unsecured, Reg S Bearer
Issuance date	March 17, 2022
Maturity	March 17, 2031
Volume	€1,000,000,000
Coupon	1.500% p.a.
ISIN	XS2456247787
Denominations	€100,000
Use of proceeds	Green projects in line with BASF's GFF
Listing	Luxembourg

¹ Current credit ratings can be found at: <https://www.basf.com/global/en/investors/creditor-relations/credit-rating.html>

Use of proceeds

The net proceeds of BASF's 2022 Green Bond are to be used to finance and/or refinance, in whole or in part, new or existing projects ("Eligible Projects") from any of the Eligible Green Products/Project Categories as defined in BASF's GFF (excerpt below):

GBP/GLP Category	Eligible Green Products / Project Categories	UN SDGs	EU Environmental Objective (Taxonomy Regulation) ²
<p>Eco-efficient and circular economy products, production technologies and processes</p>	<p>Accelerator Solutions³ Only the highest level of sustainable products (solutions referred to as "Accelerator") is eligible. These products have a substantial sustainability contribution in the value chain and no negative impacts on any other relevant sustainability criteria.</p> <p>Carbon Management Carbon Management bundles BASF's global activities and a long-term research and development program to reduce greenhouse gas emissions. The objective is to achieve the company's climate protection target and set the course for low-carbon chemical production.</p>		<p>The project categories contribute mainly to (but not limited to) the following objectives:</p> <p>EU Environmental Objective 1: Article 6: Substantial contribution to Climate Change Mitigation</p> <p>EU Environmental Objective 2: Article 7: Substantial contribution to Climate Change Adaptation</p> <p>EU Environmental Objective 3: Article 8: Substantial contribution to sustainable use and protection of water and marine resources</p> <p>EU Environmental Objective 4: Article 9: Substantial contribution to Transition to the circular economy, waste prevention and recycling:</p>
	<p>Electric vehicle battery materials and plants Development, manufacturing, acquisition of low carbon transportation components, as for example battery materials.</p>		<p>EU Environmental Objective 5: Article 10: Substantial contribution to pollution prevention and control Including: Article 10.1.c: minimising significant adverse effects on human</p>

² Proposal for a regulation of the European Parliament and of the council on the establishment of a framework to facilitate sustainable investment, COM/2018/353 final: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353>

³ Refers also to Accelerator R&D projects (including those that have been put on hold, stopped, or restructured)

	<p>Recycling: ChemCycling™ products and plants</p> <p>Since mechanical recycling is limited, e.g., due to high sorting requirements and decreasing material quality in each cycle, BASF is developing innovative technologies that promote recycling of plastics. This includes research and development on new materials and additives that facilitate recycling processes as well as several chemical recycling processes to create value out of waste. Chemical recycling allows to recycle waste for which there are no recycling solutions or missing capacities today and is therefore complementary to mechanical recycling.</p>	<p>health and the environment of the production and use of chemicals.</p> <p>EU Environmental Objective 6: Article 11: Substantial contribution to protection of healthy ecosystems</p>
<p>Renewable Energy</p>	<p>Provision of capital for the planning, construction, development and installation of renewable energy production and storage units</p>	<p>For a full list of indicators for the contributions in the value chain see Appendix in BASF's Green Finance Framework</p>



Allocation report as of year-end 2023

Eligible Projects	Amount allocated (€ million)			Green funding	Amount (€ million)
	2021	2022	2023		
Eco-efficient and circular economy adapted products, production technologies and processes	11	288	290	ISIN: XS2456247787 (March 2022)	1,000
Renewable Energy	245		6		
Eligible Project expenditures	256	288	296		
Total Eligible Projects			840	Green funding total	1,000

In 2023, €296 million of the outstanding €456 million were newly assigned to Eligible Projects, leaving €160 million unallocated. Funding for new projects accounted for 100% of the allocation amount.

Of the €296 million allocated in 2023, €142 million were allocated to the electric vehicle battery materials and plants category and was used to finance the construction and further expansion of production plants in Schwarzheide, Germany and Onoda, Japan.

Expenses for BASF's Carbon Management program accounted for €144 million, of which operational excellence measures⁴ made up €71 million.

Another €4 million were spent on projects in the 'Recycling' category associated with ChemCycling™. The remaining €6 million stem from project expenses in the category 'Renewable Energy'.

All efforts undertaken across those categories aim to continuously improve BASF's energy efficiency, reduce CO₂ emissions, and develop new innovative CO₂-free processes, such as the electrification of steam generation, reduced consumption of fossil raw materials or processes to produce clean hydrogen on the path to climate neutrality in 2050.

The auditing firm Deloitte GmbH Wirtschaftsprüfungsgesellschaft has conducted an external verification of the allocation report according to ISAE 3000 ("limited assurance").

This report constitutes the second allocation report for BASF's 2022 Green Bond. The impact report will be provided upon full allocation of the 2022 Green Bond.

⁴ After full implementation of the measures; figures are based on the budget, minor deviations from actual costs are possible.

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