



BASF Group 2021

At a Glance

□ - BASF

We create chemistry

Shaping the future of e-mobility

BASF is one of the leading manufacturers of battery materials for electric vehicles and continues to invest in this important growth market. For example, we are building a new production plant for cathode active materials in Schwarzheide, Germany, which will start operation in 2022. The photos on the cover and on this page show Ina Homann. As an assistant process manager, her responsibilities include monitoring the progress of construction at her future workplace.

For more information on battery materials and electromobility, see report.basf.com and weloveevs.basf.com

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Dear reader,

2021 was a very successful business year for BASF. Despite the ongoing coronavirus pandemic, widespread supply bottlenecks, and increasingly higher energy and raw materials prices, we achieved record levels of sales and earnings. Our economic development confirms that we are on the right path with our strategic direction, our adapted organizational structure and our ongoing cost discipline.

As the largest chemical company in the world, we are leaders in our industry. This applies especially to the transformation to climate neutrality. We want to reduce our CO₂ emissions worldwide by 25% by 2030 compared with 2018. Our 2050 target is net zero emissions. These are very ambitious goals. It is the biggest transformation in the history of the chemical industry and for BASF. It will make great demands on us. But we are confident that we will succeed!

CO₂-free chemical production is the future. And BASF wants to be among the first there. That is why we already provide our customers with Product Carbon Footprints for our around 45,000 sales products. Furthermore, we help our customers develop strategies to reduce their carbon footprint, to use resources more efficiently and to manufacture products in a more environmentally friendly way. We want to be among the first to provide as many products as possible from our portfolio with a reduced carbon footprint in large volumes by the end of the decade. This differentiates us, increases our competitiveness and enables growth above market.



Our global responsibility for sustainable development is anchored in our corporate purpose: We create chemistry for a sustainable future. We act swiftly and systematically in the implementation of our long-term strategy for profitable growth. I am convinced that climate neutrality and sustainable resource use are not possible without a competitive chemical industry. Our company is very well positioned. With our innovation power, creativity, and entrepreneurial courage, we look to the future with optimism!

Martin Brudermüller

Chairman of the Board of Executive Directors of BASF SE

Key Figures at a Glance

Sales

€78.6 billion

(2020: €59.1 billion)

EBIT before special items

€7.8 billion

(2020: €3.6 billion)

ROCE

13.5%

(2020: 1.7%)

Greenhouse gas emissions

20.2 million metric tons

(2020: 20.8 million metric tons)

Accelerator sales

€24.1 billion

(2020: €16.7 billion)

Employees at year-end

111,047

(2020: 110,302)

Personnel expenses

€11.1 billion

(2020: €10.6 billion)

New patents filed

~820

(2020: ~950)

Research and development expenses

€2.2 billion

(2020: €2.1 billion)

Employees in research and development

~10,000

(2020: ~10,000)

The BASF Group

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Over 111,000 employees contribute worldwide to the success of our around 90,000 customers in nearly all sectors. Our customer portfolio ranges from major global customers and small and medium-sized enterprises to end consumers.

As the world's largest chemical company and industry leader, BASF has companies in 90 countries. We operate around 240 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. For example, by using by-products from one factory as feedstocks elsewhere. This enables us to save raw materials and energy, avoid emissions, reduce logistics costs and exploit synergies.

In addition to Ludwigshafen, 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.

We steer our six segments along our value chains to address the needs of our customers with differentiated solutions and business strategies.

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

Good to know

In the BASF Report 2021, we present how we create value for our stakeholders. The overview is based on the framework of the International Integrated Reporting Council (IIRC).

Discover the interactive value creation graphic at basf.com/how-we-create-value

We have organized our six segments into eleven divisions. They manage the 50 global and regional business units and develop strategies for 75 strategic business units.

For more information on the Verbund concept, see basf.com/en/verbund



Chemicals

Petrochemicals | Intermediates

Share of total sales in 2021 **17%**



Materials

Performance Materials | Monomers

Share of total sales in 2021 **19%**



Industrial Solutions

Dispersions & Resins | Performance Chemicals

Share of total sales in 2021 **11%**



Surface Technologies

Catalysts | Coatings

Share of total sales in 2021 **29%**



Nutrition & Care

Care Chemicals | Nutrition & Health

Share of total sales in 2021 **8%**



Agricultural Solutions

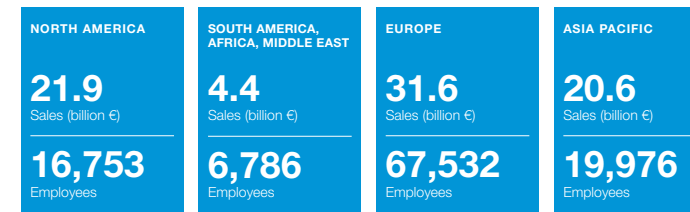
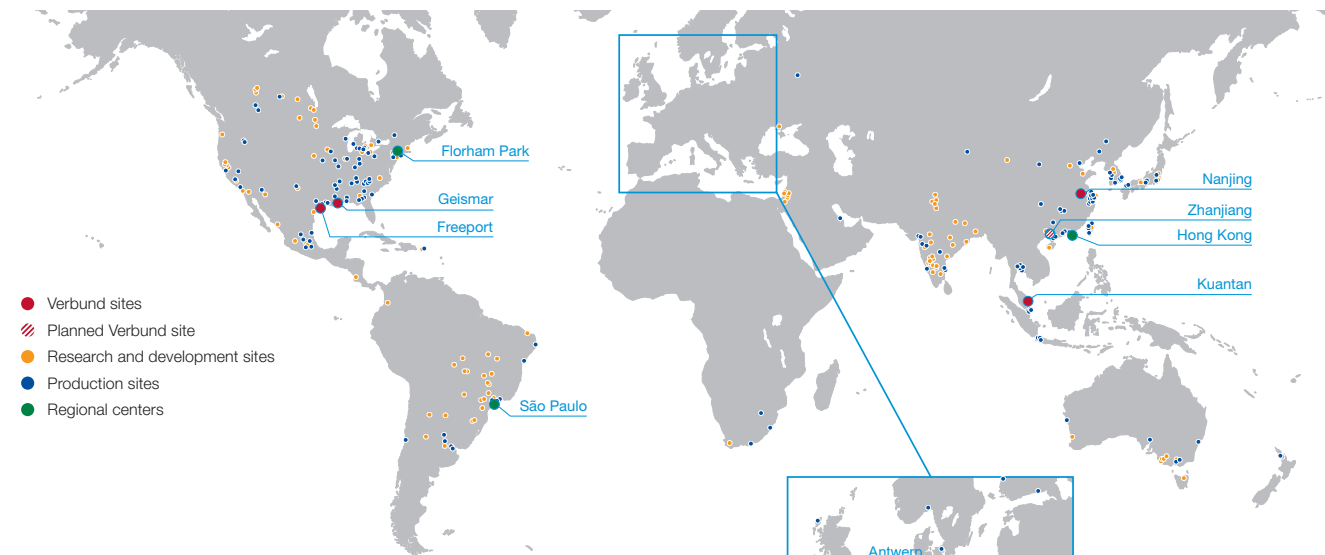
Share of total sales in 2021 **11%**

BASF sales by industry 2021

Direct customers

>20%	Chemicals and plastics Transportation
10%–20%	Agriculture Consumer goods
<10%	Construction Electronics Energy and resources Health and nutrition

BASF sites¹



¹ The map shows sites of the BASF Group according to the scope of consolidation for the BASF Report 2021.

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 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, embedded in our corporate purpose: We create chemistry for a sustainable future.

The world is changing at a rapid pace – more and more urgently than ever, solutions are needed for a more sustainable future. Chemistry plays a key role here. In almost all areas of life, it can help overcome pressing global challenges with innovative products and technologies – from climate change and using resources more sparingly to feeding the world’s population. This belief is expressed in our corporate purpose and is what motivates us day in and day out: 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’s solutions contribute to climate protection and help to prevent or recycle waste, produce healthy and affordable food, and enable climate-smart mobility.

At the same time, as an energy and resource-intensive company, we are facing the biggest transformation in our over 150-year history: The shift toward a carbon-neutral and circular economy and the associated landmarks such as the European Green Deal demand from us new concepts and approaches – for the way we produce, for our raw material base and for our energy supply.

We also see these disruptive changes as an opportunity. As the world’s largest chemical company, we want to lead the way and actively and responsibly shape the change. That is why we are gradually switching our energy and raw material supplies to renewable sources. We are strengthening our Verbund structure as the basis for resource-efficient, safe and reliable production. We are developing pioneering low-carbon production processes for our products. We are accelerating our innovation processes and deepening cooperation with partners to develop high-performance products that also require fewer resources and have a lower carbon footprint. We are harnessing the many opportunities of digitalization. We are systematically aligning our portfolio with growth areas and future technologies, and are integrating sustainability into our value chains even more strongly. We create a working environment in which our employees can thrive and contribute to BASF’s long-term success. This is how we live our corporate purpose.

The following six strategic focus areas enable us to focus on our customers while strengthening our leading position in an increasingly volatile and competitive environment.

Innovation is the bedrock of our success. BASF is a leader in the chemical industry with around 10,000 employees in research and development and R&D spending of around €2.2 billion. We are expanding this position by strengthening our research activities, bringing research and development even closer together, and fostering cooperation.

We pledged our commitment to **sustainability** in 1994 and since then, have systematically aligned our activities with the principles of sustainability. We see sustainability as an integral part of our strategy as well as our targets, steering processes and business models. Our approach covers the entire value chain – from responsible procurement and safety and resource efficiency in production to sustainable solutions for our customers.

Our core business is the **production** and processing of chemicals. Our strength here lies – both now and in the future – in the Verbund and its integrated value chains. The Verbund offers us many technological, market, production-related and digital advantages. That is why we will continue to invest in the creation and optimization of Verbund structures and drive forward the consolidation of production at highly efficient sites.

We want to leverage the diverse growth potential of **digitalization** and seize the associated opportunities to the benefit of our customers. To achieve this, we promote 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. To further strengthen our position in the dynamic growth market of Asia, we are building a new Verbund site in the southern Chinese province of Guangdong.

Our **employees** are key to BASF’s success. That is why we believe that it is important to have an inspiring working environment that fosters and develops employees’ individual talents and enables them and their teams to perform at their best. We are pursuing three action areas to make our high-performance organization even more so: empowerment, differentiation and simplification.

Good to know

How we act is critical to the successful implementation of our strategy and how our stakeholders perceive us. This is what our four corporate values represent. They provide the framework for responsible conduct and define how we want to work together as a team and with our stakeholders:

- Creative
- Responsible
- Open
- Entrepreneurial

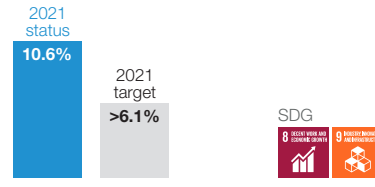
Our Targets

Profitable growth



Most important key performance indicator

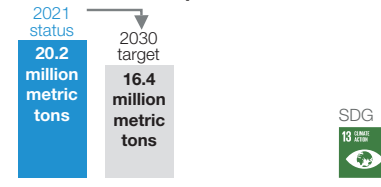
Achieve a **return on capital employed (ROCE)** considerably above the cost of capital percentage every year



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



Effective climate protection

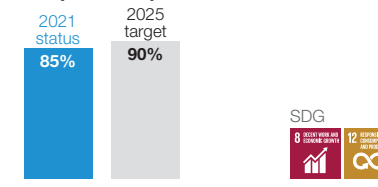


Most important key performance indicator

Reduce our absolute **CO₂ emissions²** by 25% by 2030



Responsible procurement²

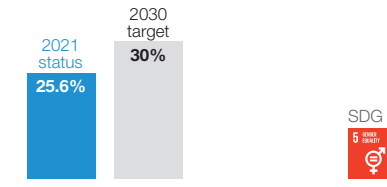


Limited assurance

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

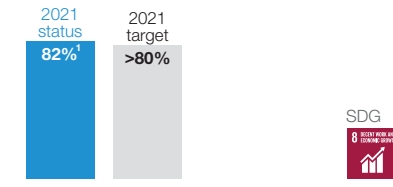


Employee engagement and diversity



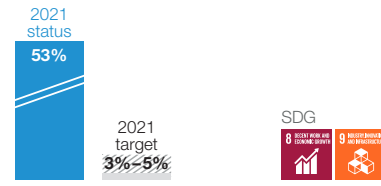
Limited assurance

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



Limited assurance

More than 80% of our **employees** feel that at BASF, they can thrive and perform at their best



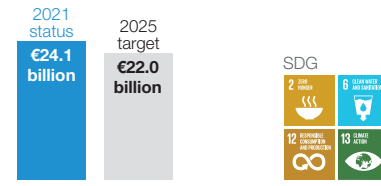
Increase **EBITDA before special items** by 3%–5% per year



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



Sustainable product portfolio

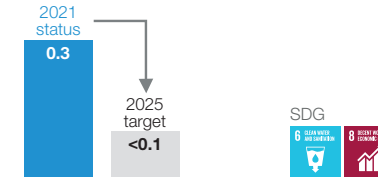


Most important key performance indicator

Achieve €22 billion in **Accelerator sales** by 2025³

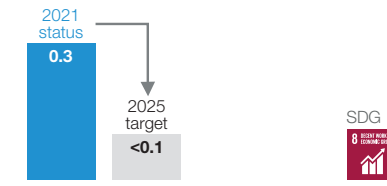


Resource efficiency and safe production



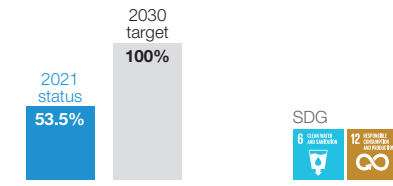
Limited assurance

Reduce worldwide **process safety incidents** per 200,000 working hours to ≤0.1 by 2025



Limited assurance

Reduce the worldwide **lost-time injury rate** per 200,000 working hours to ≤0.1 by 2025



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



¹ Dividend proposed by the Board of Executive Directors
² Includes Scope 1 and Scope 2 emissions
³ Following early target achievement in 2021, we will update our product portfolio steering target in the course of 2022.

¹ We regularly determine the employee engagement level. The most recent survey was conducted in 2020. The next survey is planned for spring 2022.
² Our responsible procurement targets also include a supplier development metric (see page 23 and report.basf.com).

Sustainability

We want to contribute to a better world with enhanced quality of life for everyone. That is why we firmly anchored sustainability in our corporate purpose, our strategy, our targets and our operating business. It is at the core of what we do, a driver for growth and an element of our risk management.

We contribute to a sustainable development and to the United Nations' Sustainable Development Goals (SDGs) in many ways. For instance, our innovations, products and technologies help to use natural resources more efficiently, meet the demand for food, enable climate-smart mobility, reduce emissions and waste, and increase the capabilities of renewable energy. Alongside these positive contributions, our business activities also have negative impacts. For example, we create CO₂ emissions, use water and procure raw materials from suppliers, which may involve a potential risk of human rights violations. This is why we are constantly working to broaden our positive contributions to key sustainability topics along our value chains and reduce the negative impacts.

We are committed to doing business in a responsible, safe, resource-efficient and respectful way. Our actions are guided by our corporate values and our global Code of Conduct. We want to ensure that we act in line with the applicable laws and uphold our responsibility to the environment and society with our comprehensive management and monitoring systems.

Our business partners are also expected to comply with prevailing laws and regulations and to align their actions with internationally recognized principles.

We seek dialog with our stakeholders to discuss critical issues and, if necessary, develop solutions together. We are involved in numerous sustainability initiatives to drive forward sustainability in general and, specifically, as this relates to our value chains. These include the World Business Council for Sustainable Development (WBCSD) as well as networks with thematic focus like the Alliance to End Plastic Waste (AEPW) or the Global Battery Alliance (GBA).

We value people and treat them with respect

SUPPLIERS

BASF

CUSTOMERS

We source responsibly

We produce safely and efficiently

We drive sustainable solutions



Shaping the future of e-mobility

BASF is conducting research globally on innovative battery materials. Kathrin Michel's team, for example, is looking at how charging times can be shortened, ranges increased and battery life improved.

Find out more about how BASF is contributing to climate-smart mobility at report.basf.com and weloveevs.basf.com



Rethinking our energy supply

Renewable energy is a central building block on BASF's journey to climate neutrality. To enable us to meet our growing demand in the future, we are gradually switching our supply agreements to green power and investing in our own plants. One example is our share in Vattenfall's Hollandse Kust Zuid (HKZ) offshore wind farm. Once fully operational, expected in 2023, HKZ will be the largest offshore wind farm in the world with 140 wind turbines and a total installed capacity of 1.5 gigawatts.

Find out more about how we are driving forward the transformation of our energy supply at report.basf.com.

Sustainability in Focus: Our Journey to Climate Neutrality

Climate change is the greatest challenge of the 21st century. Swift and resolute action is needed to ensure that the targets agreed in the Paris Climate Agreement can be achieved. We stand by this responsibility.

Our target: net zero emissions by 2050. We have set ourselves an ambitious milestone on this path. By 2030, we want to reduce the greenhouse gas emissions from our production sites and our energy purchases by 25% compared with 2018 – while growing production volumes. This corresponds to a decrease of around 60% compared with 1990.

We are intensely pursuing our climate protection targets with investments of up to €4 billion by 2030. The focus of our carbon management is on five strategic levers:

- **Gray-to-green:** We are increasingly meeting our energy needs from renewable sources.
- **Power-to-steam:** We are increasingly relying on energy recovery to produce steam.
- **Continuous opex:** We are working to further improve the energy and process efficiency of our plants.
- **Bio-based feedstocks:** We are increasingly replacing fossil resources with bio-based raw materials.
- **New technologies:** And together with partners, we are pioneering nearly carbon-free production processes, especially for emission-intensive basic chemicals.

We want to play an active and responsible role in shaping the transition toward a climate-neutral society. This calls for new ways of thinking and working together. And it needs a political and regulatory environment that promotes innovation in climate protection, makes it possible to develop new, climate-smart processes that are competitive internationally and, above all, resolutely drives forward the expansion of renewable energies.

One thing is clear: The transformation will require significantly more energy from renewable sources. Initial estimates suggest that at the Ludwigshafen site in Germany alone, we would need to roughly triple or quadruple our current electricity use (2021: 6.0 TWh) to fully implement new, low-carbon electricity-based production processes. Consequently, there is an urgent need to expand supply, to reduce the levies and fees on electricity prices, and introduce globally comparable carbon pricing.

[For more information on carbon management, see \[basf.com/carbon-management\]\(https://report.basf.com/carbon-management\)](https://report.basf.com/carbon-management)

Our global climate protection targets

–25%

Reduction in our greenhouse gas emissions by 2030 compared with 2018 (Scope 1 and 2)

Net zero

Greenhouse gas emissions by 2050 (Scope 1 and 2)

Sustainability in Focus: Thinking and Acting Circular

As the world's population grows, so does demand for limited natural resources. At the same time, many recyclable materials end up in landfill or in waste incineration. New concepts are needed to decouple growth from resource consumption. Reduce, reuse and recycle are the keywords of this transition to a system of more sustainable product cycles with less resource consumption and lower carbon emissions.

For BASF, the concept of a circular economy is not new. As early as 1865, it underpinned the foundation of our company: At that time, Friedrich Engelhorn pursued the idea of producing synthetic dyes from coal tar – a waste product – and organizing production efficiently in an integrated Verbund structure. We are still committed to this tradition today and are aligning our actions more strongly than ever with circularity.

For example, we already use bio-based and renewable raw materials in our production. To further reduce the resource and carbon footprints of our products and solutions, we will align our raw material base even more strongly toward recycled and renewable raw materials. For instance, we aim to process 250,000 metric tons of recycled and waste-based raw materials in our production plants annually from 2025. Together with partners, we are analyzing waste streams and raw material sources to find the best solution and develop suitable, innovative processes.

This is the case, for example, in the chemical recycling of used tires and different types of plastics, where we can feed recovered raw materials such as pyrolysis oil or monomers back into our Verbund structure at different points. Another example is the recovery of valuable metals from spent batteries and catalytic converters.

In addition, we are developing innovative products and technologies in many areas that will increase the service life of materials or their recyclability and compostability. One example is additives for the mechanical recycling of plastics. A Group-wide co-funding program supports our employees in developing new business models for the circular economy – from the initial idea to market launch. Our target: By 2030, we want to double our sales of solutions for the circular economy to €17 billion.

For more information on circular economy, see [basf.com/circular-economy](https://www.basf.com/circular-economy)

Our circular economy targets

250,000 metric tons

Recycled and waste-based raw materials processed every year from 2025

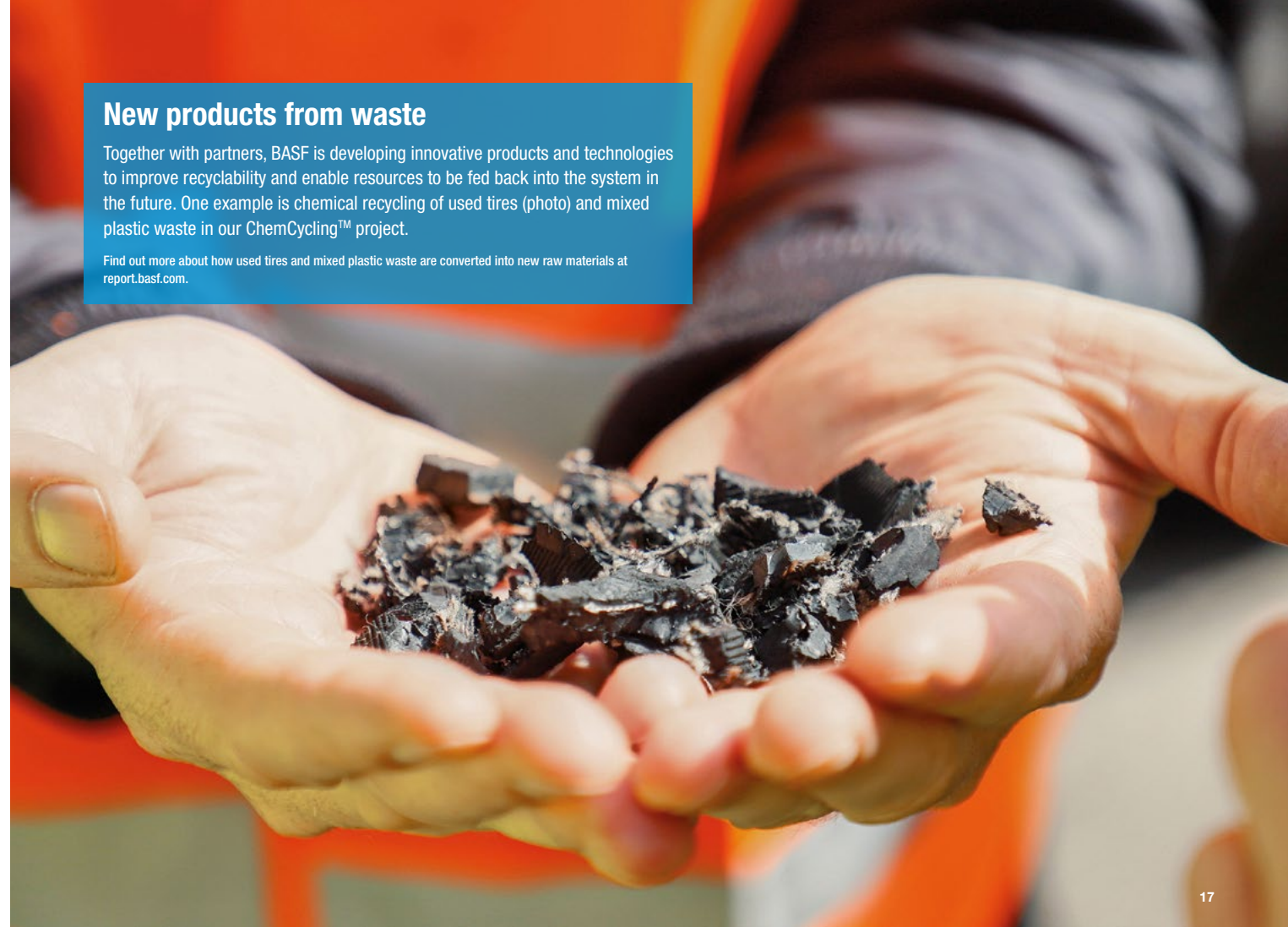
€17 billion

Sales of solutions for the circular economy by 2030

New products from waste

Together with partners, BASF is developing innovative products and technologies to improve recyclability and enable resources to be fed back into the system in the future. One example is chemical recycling of used tires (photo) and mixed plastic waste in our ChemCycling™ project.

Find out more about how used tires and mixed plastic waste are converted into new raw materials at report.basf.com.





Sustainable solutions

One Accelerator product from BASF's extensive portfolio is Haptex®. The water-soluble polyurethane solution is used in the production of synthetic leather. Among other things, Haptex's solvent-free production process cuts greenhouse gas emissions by around 50%. BASF aims to achieve annual growth of more than 50% with the product by 2025.

Discover Haptex® at basf.com/haptex

Sustainability in Focus: Steering Our Product Portfolio

We want to further increase our products' contribution to sustainability. A significant steering tool for the product portfolio, based on the sustainability performance of our products, is the Sustainable Solution Steering method. It considers our products' applications in various markets and customer industries. Transparently classifying our products on the basis of their contribution to sustainability enables us to systematically improve them.

Our Accelerator products make a substantial sustainability contribution in the value chain. These include catalysts that reduce emissions, biodegradable mulch films for agricultural applications, and high-performance insulation materials for higher energy savings and reduced material use in building construction.

For more information on Sustainable Solution Steering, see basf.com/en/sustainable-solution-steering

Classification of assessed portfolio according to the Sustainable Solution Steering method

Accelerator

Substantial sustainability contribution in the value chain

Performer

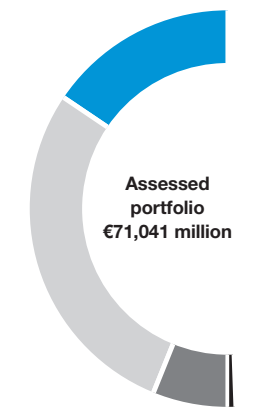
Meets basic sustainability standards on the market

Transitioner

Specific sustainability issues which are being actively addressed

Challenged

Significant sustainability concern identified and action plan in development or implementation



Accelerator sales

2021: €24,103 million
2020: €16,740 million

Performer sales

2021: €39,033 million
2020: €30,519 million

Transitioner sales

2021: €7,879 million
2020: €6,799 million

Challenged sales

2021: €26 million
2020: €72 million



Low-carbon production processes

Hydrogen is a key element on the journey to climate neutrality. BASF is developing a process – methane pyrolysis – that significantly reduces carbon emissions in the production of hydrogen.

Find out more about BASF's innovative low-carbon production processes at report.basf.com

Innovation

Innovation has always been the key to BASF's success. The knowledge and skills of our highly qualified employees is our most valuable resource here and the source of our innovative strength. We had approximately 10,000 employees involved in research and development worldwide in 2021.

Our research and development expenses amounted to €2,216 million in 2021 (2020: €2,086 million). Research and development activities in our operating divisions, which is mainly application and customer-related, accounted for 83% of this figure. Corporate research, in which we bundle cross-divisional and long-term topics, was responsible for 17% of these expenses.

Our innovation focus is on developing sustainable solutions for our customers. We ensure our long-term competitiveness by helping our customers reduce their carbon footprint, use resources more efficiently, or manufacture products in a more environmentally friendly way and to recycle them, to name a few examples. In 2021, we generated sales of over €11 billion with products launched on the market in the past five years that stemmed from research and development activities. In the long term, we aim to continue significantly increasing sales and earnings with new and improved products – especially with products that make a substantial sustainability contribution in the value chain.

The number and quality of our patents also attest to our power of innovation and long-term competitiveness. In 2021, we filed around 820 new patents worldwide. The Patent Asset Index, a method that compares patent portfolios, once again ranked us among the leading companies in the chemical industry in 2021.

In addition to effectiveness, the global presence of our research and development and a close global network with top universities, research institutes and companies are vital to our long-term success. Both enable us to respond to the needs and requirements of the regional markets in a differentiated way and leverage growth potential.

For more information on innovation, see basf.com/innovations

Good to know

~10,000

Employees in research and development

~€2.2 billion

Research and development expenses

- Eight academic research alliances
- Cooperation with around 280 research partners
- Around 820 new patents filed in 2021

Natural active ingredients

Our bioactives for cosmetics are based on plants. Through sustainable sourcing practices, we aim to preserve ecosystems and enable sustainable management for those who depend on them. To this end, we have set up various programs that unite economic, ecological and social aspects in holistic approaches. One example is the rambutan program we are implementing in Dong Nai province in southeastern Vietnam with a network of local smallholders.

For more information on our rambutan program, see carecreations.basf.com/sustainability



Responsible Procurement

Our partnerships with suppliers are based on mutual value creation, as well as a reliable supply of raw materials, precursors, technical goods and services at competitive prices. In doing so, we want to generate long-term benefits for both sides.

Together with our suppliers, we want to improve sustainability in the supply chain. Consequently, we expect our suppliers to comply with the applicable laws in full and to adhere to internationally recognized environmental, social and corporate governance (ESG) standards. We also expect our suppliers to make an effort to enforce these standards at their suppliers.

Our global Supplier Code of Conduct is founded on internationally recognized guidelines, such as the principles of the United Nations' Global Compact. Topics covered by the Code of Conduct include compliance with human rights, the exclusion of child and forced labor, safeguarding labor and social standards, antidiscrimination and anticorruption policies, and protecting the environment. We revised our Supplier Code of Conduct in 2021 and added our expectations around the procurement of conflict minerals (tin, tantalum, tungsten, their ores and gold).

We take a closer look at suppliers in critical supply chains, for example mineral raw materials, renewable resources, a number of pigments and highly toxic substances. Upstream stages of the value chain are assessed for serious sustainability risks and, if necessary, suitable remedial measures are identified and implemented.

In addition, we develop and test approaches to make the supply of raw materials more sustainable in joint initiatives with suppliers and other partners. Examples include our joint activities on certified sustainable supply chains for renewable raw materials such as palm, palm kernel and castor oil. To promote the responsible sourcing of mineral raw materials, for example, we have been involved in the cross-industry Cobalt for Development initiative since 2018. It aims to improve working and living conditions for artisanal miners in the Democratic Republic of Congo.

For more information on responsible procurement, see basf.com/suppliers

Our responsible procurement targets

90%

Share of relevant spend covered by sustainability evaluations

80%

Percentage of suppliers with improved sustainability performance upon re-evaluation



Aid in the coronavirus pandemic

In April 2021, BASF opened the first accredited corporate coronavirus vaccination center in Germany at its Ludwigshafen site. More than 22,000 primary vaccinations and more than 21,000 secondary vaccinations were administered there from April to August and more than 10,000 booster vaccinations were administered there in December to BASF employees, contractors and site partners. As part of BASF's interdisciplinary team at the coronavirus vaccination center, Dr. Sung Min Pyo, a pharmacist in the Nutrition & Health division, ensured that the vaccines were used as required.

For more information on the Helping Hands aid campaign, see basf.com/en/helping-hands

Societal Engagement

Through our societal engagement, we want to help disadvantaged groups tackle their specific challenges – whether through initiatives in our immediate communities or around the world in cooperation with global organizations. We support projects that aim to have a lasting impact on specific target groups and offer learning opportunities for participating cooperation partners and for BASF. The focus is on health, skills and resources. In this way, societal engagement is an important part of our corporate social responsibility.

We work with partners worldwide to promote public health, for example, to combat malaria. Through our New Nets project in cooperation with The Global Fund, Unitaid and other financial partners, approximately 25 million of our Interceptor® G2 mosquito nets had been distributed in African countries as of December 2021. These were specially developed to counter insecticide resistance in the fight against malaria. The project goal is to distribute a total of around 35 million nets by the end of 2022.

At the U.N. Food Systems Summit 2021, BASF signed the Zero Hunger Private Sector Pledge and announced that it would invest \$11 million in initiatives in Africa, Asia, Central and South America, such as for seed production, malaria prevention and food fortification as well as smallholder projects.

In the area of international development cooperation, we also support the independent charitable BASF Stiftung with donations for its project work in cooperation with various organizations. In 2021, for

example, BASF doubled the donations made by employees of participating German Group companies to a total of around €600,000 for the benefit of the United Nations Children's Fund UNICEF.

Another focus in 2021 was on aid for those affected by natural disasters. In July, for example, BASF donated €1 million in Germany to help cope with the flood disaster, which hit the states of North Rhine-Westphalia and Rhineland-Palatinate particularly hard. In the United States, BASF donated \$500,000 in September for emergency relief after Hurricane Ida and for long-term recovery efforts in Louisiana.

For more information on our engagement in the Rhine-Neckar region, see ludwigshafen.basf.de
For more information on our social engagement around the world, see basf.com/en/engagement

Good to know

~€30 million

BASF Group expenses for societal engagement activities

BASF – An Attractive Investment

With more than 800,000 shareholders, BASF is one of the largest publicly owned companies with a high free float. An analysis of the shareholder structure carried out at the end of 2021 showed that, at around 19% of share capital, the United States and Canada made up the largest regional group of institutional investors. Institutional investors from Germany accounted for around 9%. Institutional investors from the United Kingdom and Ireland hold 6% of BASF shares, while investors from the rest of Europe hold a further 13% of capital. Approximately 39% of the company's share capital is held by private investors, nearly all of whom reside in Germany. BASF is therefore one of the DAX companies with the largest percentage of private shareholders.

BASF is committed to a reliable and ambitious dividend policy: Based on a strong free cash flow, we want to increase the dividend per share annually. The Board of Executive Directors and the Supervisory Board will propose a dividend payment of €3.40 per share to the Annual Shareholders' Meeting in April 2022. Based on the year-end share price for 2021, BASF shares offer a high dividend yield of around 5.5%. BASF is part of the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 40.

BASF shares are also 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 integrated sustainability reporting, business ethics and the development of sustainable

products. For example, in the latest assessments by the nonprofit organization CDP, BASF was ranked A– in all three categories “Climate Change,” “Forests” and “Water” and thus once again achieved Leadership status.

- For more information about BASF stock, see basf.com/share
- For more information on key sustainability indexes, see basf.com/sustainabilityindexes
- For more information on the latest analyst recommendations, see basf.com/analystestimates

Good to know

€3.40

Dividend
per share (proposal)

5.5%

Dividend yield based on the
year-end share price for 2021

- Unique Verbund concept
- Industry-leading innovation platform
- Strategy focused on participating in fast-growing Asian markets
- Creating value for society and contributing to a sustainable development
- Long-term value creation and attractive dividend policy

Ready for the future

Covering an area of around 10 square kilometers, our Verbund site in Ludwigshafen, Germany, is the world's largest integrated chemical complex owned by a single company. It was here that back in 1865, Friedrich Engelhorn laid the foundation for a unique success story. Today, BASF is the world's largest chemical company. And our corporate purpose guides the way into the coming decades: We create chemistry for a sustainable future.



The BASF Group in Figures

Million €	2021	2020	2019	2018	2017
Statement of income					
Sales	78,598	59,149	59,316	60,220 ^a	61,223 ^b
Income from operations (EBIT)	7,677	-191	4,201	5,974 ^a	7,587 ^b
Income before income taxes	7,448	-1,562	3,302	5,233 ^a	6,882 ^b
Income after taxes from continuing operations	6,018	-1,471	2,546	4,116 ^a	5,592
Income after taxes from discontinued operations	-36	396	5,945	863 ^a	760
Income after taxes	5,982	-1,075	8,491	4,979	6,352
Net income	5,523	-1,060	8,421	4,707	6,078
Income from operations before depreciation and amortization (EBITDA)	11,355	6,494	8,185	8,970 ^a	10,765 ^b
Income from operations (EBIT) before special items	7,768	3,560	4,643	6,281 ^a	7,645 ^b
Key data					
Earnings per share	€ 6.01	-1.15	9.17	5.12	6.62 ^b
Adjusted earnings per share	€ 6.76	3.21	4.00	5.87	6.44 ^b
Dividend per share	€ 3.40	3.30	3.30	3.20	3.10
Dividend yield ^c	% 5.50	5.10	4.90	5.30	3.38
Cash flows from operating activities	7,245	5,413	7,474	7,939	8,785
Payout ratio	% 57	.	36	63	47
Price-earnings ratio (P/E ratio) ^c	10.3	.	7.3	11.8	13.9
Return on capital employed (ROCE)	% 13.5	1.7	7.7	12.0 ^a	15.4

a Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations.
b Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations.
c Based on year-end share price

Million €	2021	2020	2019	2018	2017
Balance sheet (IFRS)					
Total assets	87,383	80,292	86,950	86,556	78,768
Noncurrent assets	52,332	50,424	55,960	43,335	47,623
of which intangible assets	13,499	13,145	14,525	16,554	13,594
of which property, plant and equipment	21,553	19,647	21,792	20,780	25,258
Current assets	35,051	29,868	30,990	43,221	31,145
of which inventories	13,868	10,010	11,223	12,166	10,303
of which accounts receivable, trade	11,942	9,466	9,093	10,665	10,801
of which cash and cash equivalents	2,624	4,330	2,427	2,300	6,495
Equity	42,081	34,398	42,350	36,109	34,756
Total liabilities	45,301	45,894	44,600	50,447	44,012
of which financial indebtedness	17,184	19,214	18,377	20,841	18,032
Capital expenditures, depreciation and amortization					
Additions to property, plant and equipment and intangible assets	4,881	4,869	4,097	10,735	4,364
of which property, plant and equipment	4,410	4,075	3,842	5,040	4,028
Depreciation and amortization of property, plant and equipment and intangible assets	3,678	6,685	4,146	3,750 ^a	4,202
of which property, plant and equipment	3,064	5,189	3,408	3,155 ^a	3,586
Research and development expenses	2,216	2,086	2,158	1,994 ^a	1,843 ^b

a Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations.
b Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations.

Continued from page 29

	2021	2020	2019	2018	2017
Employees at year-end	111,047	110,302	117,628	122,404	115,490
of which women %	26.1	25.5	25.1	25.1	24.6
of which men %	73.9	74.5	74.9	74.9	75.4
of which up to and including 25 years	8,207	7,635	8,227	8,584	8,151
of which 26–39 years	38,798	37,715	40,614	41,910	38,412
of which 40–54 years	42,531	43,322	46,509	48,826	47,478
of which 55 years and up	21,511	21,630	22,278	23,084	21,449
Personnel expenses (million €)	11,097	10,576	10,924	10,659	10,610
Occupational and process safety					
Lost-time injury rate per 200,000 working hours	0.3	0.3	0.3	0.3	0.3
Process safety incidents per 200,000 working hours	0.3	0.3	0.3	0.3	0.4
Energy supply and emissions to air					
Electricity million MWh	15.3	14.7	14.8	15.1	15.1
Steam million MWh	45.0	40.3	40.3	39.4	39.7
Greenhouse gas emissions (CO ₂ , N ₂ O, CH ₄ , HFC, SF ₆) million metric tons CO ₂ equivalents	20.2	20.8	20.1	21.9	21.5
Air pollutants (CO, NO _x , NMVOC, SO _x , Dust, NH ₃ and other inorganic substances) metric tons	26,358	24,496	25,130	26,866	25,853

	2021	2020	2019	2018	2017
Water					
Emissions to water: organic substances metric tons	12,500	11,500	12,100	12,600	13,200
Emissions to water: nitrogen metric tons	3,000	2,900	3,000	3,100	2,800
Emissions to water: heavy metals metric tons	17	22	25	23	25
Emissions to water: phosphorus metric tons	340	270	260	220	420
Water supply million cubic meters	1,695	1,728	1,717	1,743	1,816
Water used for production %	13	13	14	13	13
Water used for cooling %	87	87	86	87	87
Waste (million metric tons)					
Total waste generation	2.47	2.21	2.34	2.19	2.12
Waste recovered (recycled or thermally recovered)	1.16	0.96	0.99	0.80	0.79
Waste disposed of	1.31	1.25	1.35	1.39	1.34

For more facts and figures on the BASF Group and an interactive key figures comparison, see report.basf.com

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Around 111,000 employees in the BASF Group contribute to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €78.6 billion in 2021.

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Further information at [basf.com](https://www.basf.com) and in the
BASF Report 2021 at [basf.com/report](https://www.basf.com/report)