

BASF Green Bond Allocation Report

as of December 31, 2022

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 <u>Including</u>: 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>For a full list of indicators for the contributions in the value chain see Appendix in BASF's Green Finance Framework</p>
<p>Renewable Energy</p>	<p>Provision of capital for the planning, construction, development and installation of renewable energy production and storage units</p>	  

Allocation report as of year-end 2022

Eligible Projects	Amount allocated (€ million)		Green funding	Amount (€ million)
	2021	2022		
Eco-efficient and circular economy adapted products, production technologies and processes	11	288	ISIN: DE000A289DC9 (June 2020)	1,000
Renewable Energy	245			
Eligible Project expenditures	256	288		
Total Eligible Projects		544	Green funding total	1,000

In 2022, based on the permitted lookback period of maximum 3 years, €544 million was newly assigned to Eligible Projects, leaving €456 million unallocated. Thereof, €256 million was allocated to 2021 and the remaining €288 million to 2022. Funding for new projects accounted for 53% and refinancing for existing projects accounted for 47%.

In 2021, €245 million was allocated to the Renewable Energy category to refinance BASF's final share in Vattenfall's wind farm Hollandse Kust Zuid (HKZ) in the Netherlands. It will be the largest offshore wind farm in the world with 139 turbines and a total installed capacity of 1.5 gigawatts. The remaining €11 million allocated in 2021 was used to finance expenditures in the carbon management category.

Of the €288 million allocated in 2022, €161 million was allocated to the electric vehicle battery materials and plants category and was used to finance, among other things, the construction and further expansion of production plants in Germany, Finland and China. The remaining €127 million was allocated to R&D, operational excellence measures⁴ and capital expenditures as part of BASF's Carbon Management. This aims to continuously improve BASF's energy efficiency, reduce CO₂ emissions and develop new innovative CO₂-free processes, such as the electrification of steam generation or processes to produce clean hydrogen on the path to climate neutrality in 2050.

The auditing firm KPMG has conducted an external verification of the allocation report according to ISAE 3000 ("limited assurance") and confirmed the allocation of issuance proceeds to Eligible Projects (please click on the following link to get the certificate: https://kpmg.bryter.io/s/wEstKqupRqOpUAW27LPLHw/atlas_automation_report_service_01_en?id=58588bc9-9f4e-4ad6-b788-055dd555dba3&var=b&m=a).

This report constitutes the first 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

Disclaimer

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY BASF AND ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY BASF AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD LOOKING STATEMENTS. NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THE DOCUMENT. BASF HAS AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE.

THE INFORMATION AND OPINIONS CONTAINED IN THIS DOCUMENT ARE PROVIDED AS AT THE DATE OF THIS DOCUMENT AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. THIS DOCUMENT SHALL NOT BE DEEMED AN INDICATION OF THE CURRENT STATE OF AFFAIRS OF BASF'S BUSINESS NOR SHALL IT CONSTITUTE AN INDICATION THAT THERE HAS BEEN NO CHANGE IN BASF'S BUSINESS SINCE THE DATES THAT ARE REFERENCED IN THIS DOCUMENT. BASF DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE DOCUMENT OR PROVIDE ACCESS TO ANY ADDITIONAL INFORMATION.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL OR FINANCIAL ADVICE. INVESTORS ARE REQUIRED TO MAKE THEIR OWN INDEPENDENT INVESTIGATIONS AND APPRAISALS PRIOR TO ANY INVESTMENT DECISIONS. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER TO SELL, OR THE SOLICITATION OR INVITATION OF ANY OFFER TO BUY OR SUBSCRIBE FOR, ANY SECURITIES, NOTES OR OTHER FINANCIAL INSTRUMENTS IN ANY JURISDICTION OR AN INDUCEMENT TO ENTER INTO INVESTMENT ACTIVITY. NEITHER THIS DOCUMENT, NOR THE FACT OF ITS DISTRIBUTION, SHOULD

FORM THE BASIS OF, OR BE RELIED ON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT OR INVESTMENT DECISION WHATSOEVER. THIS DOCUMENT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT OF LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE INFORMATION IN THIS DOCUMENT WAS NOT REVIEWED IN-DEPTH BY AN INDEPENDENT THIRD PARTY.

NO RELIANCE SHOULD BE PLACED ON THE TRUTH, FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR THE OPINIONS CONTAINED IN THIS DOCUMENT OR OMISSIONS THEREOF. THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND BASF SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM THE USE OF THIS DOCUMENT BY THE ADDRESSEE OR THE FAILURE TO IMPLEMENT OR COMPLY WITH OR ACHIEVE THE GOALS, AMBITIONS OR INTENTIONS SET OUT IN THIS DOCUMENT.