



BASF in Korea Report 2020

 **BASF**

We create chemistry



Cover photo:

A technical engineer at BASF Electronic Materials R&D Center in Asia Pacific located in Suwon, Korea, inspecting semiconductor materials

On this page:

Yeosu site engineer team conducting regular safety inspection



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About this report

The “BASF in Korea - Report” is published annually as a concise document about the performance of our activities across the three dimensions of sustainability - economy, environment, and society - in Korea. The reporting period for this publication is the financial year 2020. This report also carries an overview of BASF Group along 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 (GAS). The emissions, waste, energy and water use of fully consolidated joint ventures are reported on a proportional basis, while those accounted according to the equity method are not included. However, work-related accidents at all sites of BASF Group and its subsidiaries as well as joint operations and joint ventures in which we have sufficient authority in terms of safety management, are compiled regardless of our stake, and reported in full. The employee numbers refer to employees within the BASF Group scope of consolidation as of December 31, 2020.

BASF Group 2020 at a glance

Key data

		2020	2019	+/-
Sales	million €	59,149	59,316	-0.3%
EBITDA before special items ^a	million €	7,435	8,324	-10.7%
EBITDA ^a	million €	6,494	8,185	-20.7%
EBIT before special items ^a	million €	3,560	4,643	-23.3%
EBIT ^a	million €	-191	4,201	.
Net income	million €	-1,060	8,421	.
ROCE	%	1.7	7.7	-
Earnings per share	€	-1.15	9.17	.
Total assets	million €	80,292	86,950	-7.7%
Investments including acquisitions ^b	million €	4,869	4,097	18.8%
Employees at year-end		110,302	117,628	-6.2%
Personnel expenses	million €	10,576	10,924	-3.2%
Research and development expenses	million €	2,086	2,158	-3.3%
Greenhouse gas emissions ^c	million metric tons of CO ₂ equivalents	20.8	20.1	3.5%
Energy efficiency in production processes	kilograms of sales product/MWh	540	598	-9.7%
Accelerator sales	million €	16,740	15,017	11.5%
Number of on-site sustainability audits of raw material suppliers		50	81	-38.3%

a Restated figures 2020; for more information, see [basf.com/report](https://www.basf.com/report)
b Additions to property, plant and equipment and intangible assets
c Excluding sale of energy to third parties

Segment data



Chemicals

		Million €	
Sales	2020	8,071	
	2019	9,532	
EBIT before special items	2020	445	
	2019	791	



Materials

		Million €	
Sales	2020	10,736	
	2019	11,466	
EBIT before special items	2020	835	
	2019	1,003	



Industrial Solutions

		Million €	
Sales	2020	7,644	
	2019	8,389	
EBIT before special items	2020	822	
	2019	820	



Surface Technologies

		Million €	
Sales	2020	16,659	
	2019	13,142	
EBIT before special items	2020	484	
	2019	722	



Nutrition & Care

		Million €	
Sales	2020	6,019	
	2019	6,075	
EBIT before special items	2020	773	
	2019	793	



Agricultural Solutions

		Million €	
Sales	2020	7,660	
	2019	7,814	
EBIT before special items	2020	970	
	2019	1,095	



Welcome

Letter from the Representative Director

Dear Stakeholders and supporters
of BASF in Korea,

It is my pleasure to share BASF's performance in 2020 with you all who have shown great affection and support for us.

2020 was a year full of rapid changes and global challenges due to the unprecedented coronavirus pandemic. Despite uncertainties in the business environment – including the global economic slowdown, interruptions in import and export, and climate change – everyone at BASF put in their best efforts to achieve solid performance by leveraging this crisis as a catalyst for change.

As a result, BASF was able to overcome the difficulties of the first half of 2020, and increase year-on-year sales for all regions and business divisions in the fourth quarter. There is no doubt that this was a result of BASF's comprehensive performance by securing high value-added product lines and an optimized portfolio. Specifically, Materials, Chemicals and Industrial Solutions segments yielded high profit, while growth in Surface Technologies, Agricultural Solutions, and Materials as well as portfolio adjustments based on the acquisition of Solvay's polyamide business contributed to the positive performance.

In addition to this, BASF ceaselessly strived to offer innovative products and cutting-edge material solutions to become a more customer centric company in 2020. In Korea, the Engineering Plastic Innovation Center (EPIC) Korea and the Onsan site – which became a part of BASF through the acquisition of Solvay's polyamide business – were converged to provide customers in Korea and the Asia-Pacific region with advanced engineering plastic solutions.

BASF's corporate purpose is to create a sustainable future. Likewise, BASF Korea is continually communicating with customers, providing them with innovative and sustainable solutions, as well as internally solidifying its foundation by promoting diversification and restructuring the company in a more efficient manner for growth. Notably, under the goal of increasing the proportion of female leadership positions in the group to 30% by 2030, BASF is conducting the WIB (Women in BASF) initiative which BASF Korea is also actively partaking in to promote

women leadership. Through such initiatives, BASF Korea aims to become a desirable workplace where employees are valued while contributing to society. We at BASF are doing our best for the safety of employees, partners and local communities with a policy that puts the health and safety of people above all else. As a result, Ulsan site achieved zero-lost time injuries for 20 years in a row as of June 2020, demonstrating its thorough safety management.

BASF Korea has also been proceeding a variety of social contribution programs to help the development of local communities which serve as a basis for the continued growth of BASF Korea. For the last 18 years BASF has been implementing the Kids' Lab program, a global chemistry experiment class for kids, at various locations including Ulsan, Yeosu, and Suwon where BASF sites and R&D centers are located. Last year, amid coronavirus pandemic, BASF developed science experiment kits and online education programs to assist remote science education for elementary school children and donated them to Ulsan, Yeosu and Daejeon.

In March 2021, BASF has announced an ambitious new target for achieving climate neutrality by 2050 based on its low-emission and CO₂-free technologies in order to address the biggest challenges of the 21st century: climate change. As such, we set an example as a leading global chemical company and continue to pursue organic growth with our customers, partners, and employees to keep our commitment to "create chemistry for a sustainable future." Thank you for your much expectations and support.

A handwritten signature in black ink, appearing to read 'Yoonsoon Im', written in a cursive style.

Dr. David(YoonSoon) Im
Representative Director, BASF Company Ltd.

BASF in Korea - Executive Committee



“Ensuring sustainability with Chemistry, We will reshape as ‘New BASF’ in Korea to get closer to the customers.”

Dr. David(YoonSoon) Im
Representative Director, BASF Company Ltd.

“In BASF we use the expertise and experience of our service units to create a highly valuable contribution for our customers and a sustainable future”

Mark Bueltel-Herz
Vice President, Business Services Korea, CFO



“As the frontrunner in sustainability we will support our customers in a rapidly changing environment through our corporate initiatives as well as local offerings and innovative products.”

Dr. Dschun Song
Vice President, Business Management Specialties





“BASF is steering its global Semiconductor Materials Business out of Korea – the cutting edge of the electronic industry. I am proud to be part of it!”

Jens Liebermann

Vice President, Global Semiconductors Materials Business

“Sustainability is at the core of what we do, a driver for growth as well as an element of our risk management. This year, with the enhanced Polyamide portfolio, we will make even more firm base line of sustainable development.”

Byoung Yeon Kim

Vice President, Technology & Operation Monomers Asia Pacific



“Our employees make a significant contribution to BASF’s long-term success.”

Sam Lyul Kwon

Head of HR and Administration Korea



The BASF Group

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 110,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is divided into the Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions segments.

Organization of the BASF Group

We have 11 divisions grouped into six segments:

- **Chemicals:** Petrochemicals, Intermediates
- **Materials:** Performance Materials, Monomers
- **Industrial Solutions:** Dispersions & Pigments, Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings
- **Nutrition & Care:** Care Chemicals, Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

We take a differentiated approach to steering our businesses according to market-specific requirements and the competitive environment. We provide a high level of transparency around the results of our segments and show the importance of the Verbund and value chains to our business success. 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.

In line with BASF's corporate strategy, the operating divisions, service units, the regions and a Corporate Center have formed the cornerstones of the BASF organization since January 1, 2020. We have streamlined our administration, sharpened the roles of services and regions, and simplified procedures and processes. These organizational changes have created the conditions for greater customer proximity, increased competitiveness and profitable growth.

Our divisions bear operational responsibility here and are organized according to sectors or products. They manage our 52 global and regional business units and develop strategies for the 75 strategic business units.

The regional and country units represent BASF locally and support the growth of business units with local proximity to customers. For financial reporting purposes, we organize the regional divisions into four regions: Europe; North America; Asia Pacific; South America / Africa / Middle East.

Together with the development units in our operating divisions, the three global research divisions – Process Research & Chemical Engineering, Advanced Materials & Systems Research and Bioscience Research – safeguard our innovative capacity and competitiveness.

Five service units provide competitive services for the operating divisions and sites: Global Engineering Services; Global Digital Services; Global Procurement; European Site & Verbund Management; Global Business Services (finance; human resources; environmental protection, health and safety; intellectual property; communications; procurement, supply chain and inhouse consulting services).

Following the bundling of services and resources and the implementation of a wide-ranging digitalization strategy, the number of employees in the Global Business Services unit worldwide will decline by up to 2,000 (from 8,000 currently) by the end of 2022. From 2023 onward, the division expects to achieve annual cost savings of over €200 million.

The Corporate Center units support the Board of Executive Directors in steering the company as a whole. These include central tasks from the following areas: strategy; finance; law, compliance and tax; environmental protection, health and safety; human resources; communications; investor relations and internal audit.

The ongoing Excellence Program is expected to contribute €2 billion to EBITDA annually from the end of 2021 onward compared with baseline 2018, including from the reduction of around 6,000 positions worldwide until the end of 2021. This decrease results from the organizational simplification and from efficiency gains in administration, the service units and the operating divisions. In addition, central, functional and regional structures are being streamlined in connection with portfolio changes.

To increase reporting transparency, the figures for investments accounted for using the equity method were restated in the first quarter of 2020. Some investments are not an integral part of the BASF Group. These include, in particular, the shares in Wintershall Dea GmbH, Kassel/Hamburg, Germany, and Solenis UK International Ltd., London, United Kingdom. Since the first quarter of 2020, these have been classified as purely financial investments and reported separately from the shareholdings that are integral to the main business activities of the BASF Group. One material equity-accounted interest that has been classified as integral is BASF-YPC Company Ltd., Nanjing, China. Income from non-integral companies accounted for using the equity method is no longer presented in the BASF Group's EBIT and EBIT before special items, but under net income from shareholdings. Due to its increased significance, this will be presented as a separate subtotal within income before income taxes and is no longer part of the financial result. Integral and non-integral investments accounted for using the equity method are also presented separately in the balance sheet. The statement of income for 2019 has been restated accordingly.

On September 30, 2020, BASF completed the divestiture of its construction chemicals business to an affiliate of Lone Star, a global private equity firm, as agreed in December 2019.¹ The purchase price on a cash and debt-free basis was €3.17 billion. The Construction Chemicals division was previously reported under the Surface

¹ The construction chemicals business was transferred in two steps, on September 30, 2020, and on November 30, 2020.

Technologies segment. The divested construction chemicals business had around 7,500 employees and operated production sites and sales offices in more than 60 countries. It generated sales of around €2.6 billion in 2019. The disposal gain and the income after taxes of the construction chemicals business until closing are presented in the income after taxes of BASF Group as a separate item (“Income after taxes from discontinued operations”).

Sites and Verbund

BASF has companies in around 90 countries. We operate six Verbund sites and 241 additional production sites worldwide. Our Verbund site in Ludwigshafen, Germany, is the world’s largest chemical complex owned by a single company that was developed as an integrated network. This was where the Verbund principle was originally established and continuously optimized. We then implemented it at additional sites. In 2020, we started construction of the first plants at the planned integrated Verbund site in Zhanjiang, China.

The Verbund system is one of BASF’s great strengths. We add value by using our resources efficiently. The Production Verbund intelligently links production units and their energy supply so that, for example, the waste heat of one plant provides energy to others. Furthermore, one facility’s by-products can serve as feedstocks elsewhere. This not only saves us raw materials and energy, it also avoids emissions, lowers logistics costs and leverages synergies.

We also make use of the Verbund principle for more than production, applying it for technologies, the market and digitalization as well. Expert knowledge is pooled in our global research divisions.

Procurement and sales markets

BASF supplies products and services to around 90,000 customers¹ from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and small and medium-sized enterprises to end consumers.

We work with over 70,000 Tier 1 suppliers² from different sectors worldwide. They supply us with important raw materials, chemicals, investment 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.

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 environment
- Legal and political requirements (such as European Union regulations)
- International trade agreements

- Industry standards
- Environmental agreements (such as the E.U. Emissions Trading System)
- Social aspects (such as the U.N. Universal Declaration of Human Rights)

BASF holds one of the top three market positions in around 70% 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, Sinopec, 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 gain increasing significance in the years ahead.

Corporate legal structure

As the publicly traded 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. The majority of Group companies cover a broad spectrum of our business. In the BASF Group Consolidated Financial Statements, 273 companies including BASF SE are fully consolidated. We consolidate nine joint operations on a proportional basis, and account for 25 companies using the equity method.

¹ The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which 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

Corporate Strategy

At BASF, we are passionate about chemistry and our customers. We want to be the world's leading chemical company for our customers, grow profitably and create value for society. Thanks to our expertise, our innovative and entrepreneurial spirit, and the power of our Verbund integration, we make a decisive contribution to changing the world for the better. This is our goal. This is what drives us and what we do best: We create chemistry for a sustainable future.

The world is facing major challenges. Climate change is advancing, the world's population is growing and so is its need for food. More and more people live in cities and the demand for individual mobility is rising. At the same time, natural resources are limited. More than ever before, we need solutions that make sustainable growth possible. Chemistry plays a key role here. It can help to overcome global challenges in almost all areas of life. By combining our expertise with our customers' competence, we can together develop sustainable and profitable solutions.

Our innovations, products and technologies help to use natural resources more efficiently, produce enough food for everyone, reduce emissions, enable climate-smart mobility, improve the capabilities of renewable energy, and make buildings more energy efficient, among other things. Our purpose reflects what we do and why we do it: We create chemistry for a sustainable future.

Our corporate purpose

We create chemistry for a sustainable future

We want to continue to grow profitably and make a positive contribution to society and the environment. We see disruptive changes in the chemical industry – like the advance of digitalization, the development of circular economy models or the transformation to climate-neutral production – as an opportunity. We have set ourselves ambitious targets along the entire value chain.

Our customers and their needs are at the core of our strategy. We want to maintain our leading position in an increasingly competitive environment. To achieve this, we are accelerating our innovation processes and deepening cooperation with our customers. We are systematically aligning our portfolio with growth areas and integrating sustainability into our value chains even more strongly. Our Verbund structure is the basis for efficient, safe and reliable production both now and in the future. We leverage digital technologies to continuously improve processes and customer relationships, for example. We create a working environment that best enables our employees to contribute to BASF's success.

Customer focus

Our customers are our number one priority. BASF supplies products and services to around 90,000 customers¹ from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and small and medium-sized enterprises to end consumers. Our comprehensive product portfolio means that we are active in many value chains and value creation networks. We use various business strategies, which we adapt to the needs of individual industries and markets. These range from cost leadership in basic chemicals to tailored, customer-specific system solutions.

We want to be our customers' most attractive partner for all challenges that can be solved with chemistry. This is why we continue to drive forward our focus on customers and their needs. We are refining our organizational structure so that our operating divisions can flexibly address specific market requirements and differentiate themselves from the competition. In addition, we are simplifying and digitalizing our processes to make the way we work more effective, more efficient and more agile.



Ultrasim®: Shorter development times thanks to virtual simulation

Technical progress requires innovative materials. This is why engineering plastics are being used in more and more sectors and applications. They are often significantly lighter than conventional materials, are usually easier to process and offer advantages such as heat and impact resistance or mechanical strength. As a leading manufacturer, BASF not only offers a comprehensive portfolio of high-performance plastics, but also has extensive expertise in computer-aided engineering (CAE). Ultrasim, our virtual simulation tool, covers the entire process chain – from the selection of suitable materials and the development of virtual prototypes to the optimal production process for the component. Our customers find out quickly, precisely and reliably how our materials behave in specific applications. This reduces development times and saves costs for complex tests.

For more information on Ultrasim, see basf.com/en/ultrasim

¹ The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.

We are continuously increasing transparency for our customers and improving our customer service with a range of measures. For instance, we have used the Net Promoter System® since 2019. We are constantly improving our problem-solving skills, product quality and delivery reliability based on customer feedback. In 2020, we also started the global rollout of Salesforce, a new, integrated IT-based customer relationship management system. The user-friendly application helps sales employees deliver even better customer support and simplifies their work.

Innovations and tailored solutions

in close partnership with our customers

Above and beyond this, we want to intensify cooperation with our customers and leverage growth potential together with them. For instance, we have created interdisciplinary teams in our business units to even better and more quickly address the needs of our most important customers. Cooperation and innovation are also the focus at our Creation Centers in Ludwigshafen, Germany; Mumbai, India; Shanghai, China; and Yokohama, Japan. These creative centers bring together our comprehensive materials, design, and digital development expertise in high-performance plastics using the latest visualization and collaboration technologies. This enables us to transform our customers' ideas into tailored products and applications even more quickly – everything in one place, from initial inspiration to solution.

Customer awards

We again received awards from a number of satisfied customers in 2020. In North America, for example, BASF was recognized by General Motors (GM) in June as a 2019 Supplier of the Year for the fifteenth time since 2002. The award is presented to suppliers who exceed GM's expectations around quality, execution, innovation and total enterprise cost. GM also honored us with the Overdrive Award for our sustainable construction solutions. BASF products help GM to meet key sustainability targets – such as a smaller carbon footprint and water and energy savings – at two of its plants.

In Europe, the global surface treatments business in our Coatings division, which operates under the Chemetall brand, received the Airbus Supply Chain & Quality Improvement award in February 2020 for the sixth time. It acknowledges Chemetall's performance, strong continuous improvement and customer-oriented approach in line with Airbus' targets and expectations.

In Asia Pacific, we received an award from Godrej Interio, India's leading home and commercial furniture brand, in the category "Best Overall Performance" in July. BASF has supplied Godrej with Elastoflex and Ultramid products since 2008. The award particularly recognizes delivery reliability and innovation. In September, this was followed by the CIIF New Materials Award, presented by the organizers of the China International Industry Fair in Shanghai. The award recognizes BASF for its modification of the intermediate PolyTHF,

which is used to produce elastic spandex textile fibers. The next generation offers our customers easier processing and products with improved stretch characteristics.

In Brazil, we received several awards in 2020. BASF's Coatings division markets a broad portfolio of decorative paints here under the Suvinil brand. The national association of construction material traders (Associação Nacional dos Comerciantes de Material de Construção) selected Suvinil as the most popular brand for wall, ceiling and exterior paints with the Anamaco award in the wholesale category. The award was based on a survey of more than 1,600 traders conducted by the industry association. The market research institute Instituto Melhores Empresas em Satisfação do Cliente (MESCI) also confirmed that Suvinil customers are satisfied customers. According to a poll of over 250 companies and 41,000 customers conducted by the institute, Suvinil is one of the brands with the highest customer satisfaction ratings in the construction and decorative materials segment.

Quality management

Our customers' satisfaction is the basis for our success, which is why quality management is of vital significance for BASF. We strive to continually improve processes and products. This is also reflected in our Global Quality Policy. The majority of our production sites and business units are certified according to ISO 90011. In addition, we also meet industry and customer-specific quality requirements such as IATF 16949 certification for the automotive industry.

Our strategic action areas

We have defined six strategic action areas through which we will sharpen our customer focus and achieve our goals.

Innovation

Innovation is the bedrock of our success. BASF is an innovation leader in the chemical industry, with around 10,000 employees in research and development and R&D spending of around €2.1 billion. We continue to build on these strengths by bringing research and development closer together and making our customers' demands a greater part of our innovation process. We involve them at an earlier stage and are expanding our partnerships with customers and external partners.

Sustainability

A key driver is sustainability. We want to create value for the environment, society and business with our products, solutions and technologies. Therefore, we are increasing the relevance of sustainability in our steering processes and business models. This establishes us as a key partner supporting our customers, opens up new growth areas and secures the long-term success of our company.

Operations

Our core business is the production and processing of chemicals. The Verbund offers us many technological, market, production-related and digital advantages. Our comprehensive product portfolio, which ranges from basic chemicals to custom system solutions, enables us to meet the increasingly diverse needs of our customers with a differentiated offering.

Digitalization

Digitalization is an integral part of our business. We want to significantly improve the availability and quality of our process data. To achieve this, we will digitalize processes at more than 420 plants worldwide by 2022. We will systematically analyze this data to further automate processes and in this way, increase efficiency. Combining internal and external data provides many new opportunities to manage our businesses more efficiently, improve processes and create value added for our customers.



Portfolio

With our acquisitions and divestitures, we have oriented our portfolio toward innovation-driven growth areas. The acquisition of the integrated polyamide business from Solvay and the purchase of various businesses from Bayer further strengthened our position in engineering plastics and in the agricultural sector. The Asian market will play a key role in our future growth. Our strong innovation, production and sales base in China enables us to respond to the needs of our customers in a differentiated way. To further strengthen our position in this dynamic growth market, we plan to build an integrated Verbund site in Zhanjiang.

Employees

Our employees are key to BASF's success. That is why we believe that it is important to have a working environment that fosters employees' individual talents and enables them and their teams to perform at their best. We are giving our employees more individual freedom. At the same time, we encourage and promote a leadership culture that empowers our employees to respond to customer needs quickly and efficiently with a solution orientation.

Corporate values

guide our conduct and actions

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.

Open: We value diversity, in people, opinions and experience. This is why we foster feedback based on honesty, respect and mutual trust. We learn from setbacks.

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.

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 targets

Business success tomorrow means creating value for the environment, society and business. That is why we have set ourselves ambitious global targets along our entire value chain and the three dimensions of sustainability. We report transparently on our target achievement so that our stakeholders can track our progress.

We want to grow faster than the market, further increase our profitability, achieve a return on capital employed (ROCE) considerably above the cost of capital percentage and increase the dividend per share every year based on a strong free cash flow. In addition to these financial targets, we pursue broad sustainability targets. For example, our new 2030 goal is to reduce greenhouse gas emissions from our

production sites and our energy purchases worldwide by 25 percent compared with 2018 while growing production volumes. We want to strengthen the sustainability focus of our product portfolio and significantly increase sales of Accelerator products. We also strive to strengthen sustainability in our supply chains and use natural resources responsibly. We want to further improve safety in production. In addition, we aim to promote diversity within the company and create a working environment in which our employees 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).

Status of Target Achievement in 2020

Profitable growth	SDG ¹	Target	2020 status	Responsible procurement	SDG ¹	Target	2020 status
Achieve a return on capital employed (ROCE) considerably above the cost of capital percentage every year	 	>9%	1.7%	Cover 90% of our relevant spend with sustainability evaluations by 2025	 	90%	80%
Grow sales volumes faster than global chemical production every year	 	>-0.4%	-0.5%	Have 80% of our suppliers improve their sustainability performance upon re-evaluation	 	80%	68%
Increase EBITDA before special items by 3%–5% per year	 	3%–5%	-10.7%	Resource efficiency and safety		Target	2020 status
Increase the dividend per share every year based on a strong free cash flow	 	>€3.30	€3.30 ²	Reduce worldwide process safety incidents per 200,000 working hours to ≤0.1 by 2025	 	≤0.1	0.3
Effective climate protection³		Target	2020 status	Reduce the worldwide lost-time injury rate per 200,000 working hours to ≤0.1 by 2025		≤0.1	0.3
Reduce our absolute CO ₂ emissions by 25 percent by 2030 (Development of carbon emissions compared with baseline 2018)		≤16.4 MMT	20.8 MMT	Introduce sustainable water management at our production sites in water stress areas and at our Verbund sites by 2030	 	100%	46.2%
Sustainable product portfolio		Target	2020 status	Employee engagement and diversity		Target	2020 status
Achieve €22 billion in Accelerator sales by 2025	   	€22.0 billion	€16.7 billion	Increase the proportion of women in leadership positions with disciplinary responsibility to 30% by 2030		30%	24.3%
				More than 80% of our employees feel that at BASF, they can thrive and perform at their best		>80%	82%

Most important key performance indicators

¹ For more information on the Sustainable Development Goals (SDGs), see sustainabledevelopment.un.org
² Dividend proposed by the Board of Executive Directors
³ New target as of March 2021

BASF in the regions

BASF Group sales 2020: €59,149 million;
EBIT 2020: -€191 million



North America



16,440
Sales¹ (in million €)

-201
EBIT (in million €)

16,948
Employees²

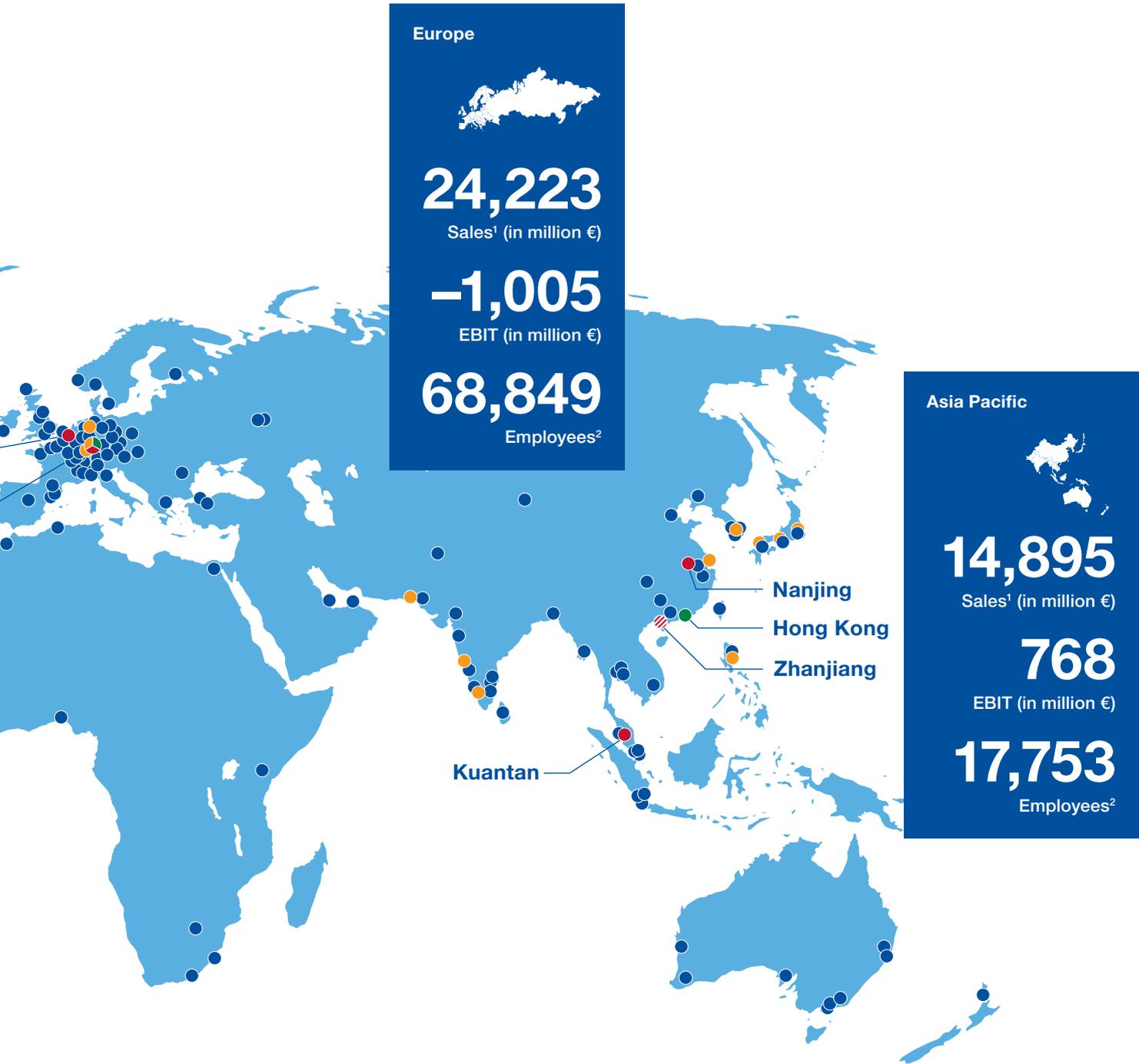
South America,
Africa, Middle East



3,591
Sales¹ (in million €)

247
EBIT (in million €)

6,752
Employees²



Europe

24,223
Sales¹ (in million €)

-1,005
EBIT (in million €)

68,849
Employees²

Asia Pacific

14,895
Sales¹ (in million €)

768
EBIT (in million €)

17,753
Employees²

Nanjing
Hong Kong
Zhanjiang

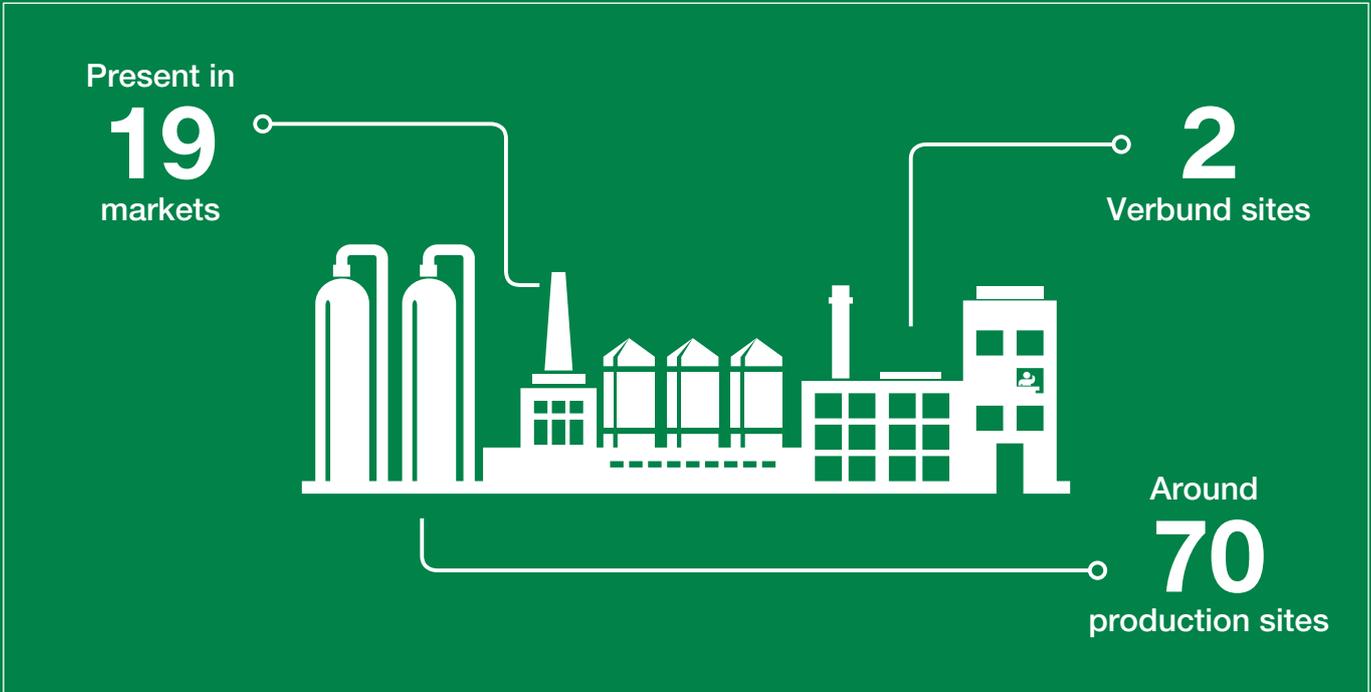
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- Regional centers
- Selected sites
- Verbund sites
- ▨ Planned Verbund site
- Selected research and development sites

¹ In 2020, by location of company
² At year-end 2020

BASF in Asia Pacific

At a glance





Semiconductor material under development at BASF Electronic Materials R&D Center in Asia Pacific located in Suwon, Korea

BASF in Korea

At a glance

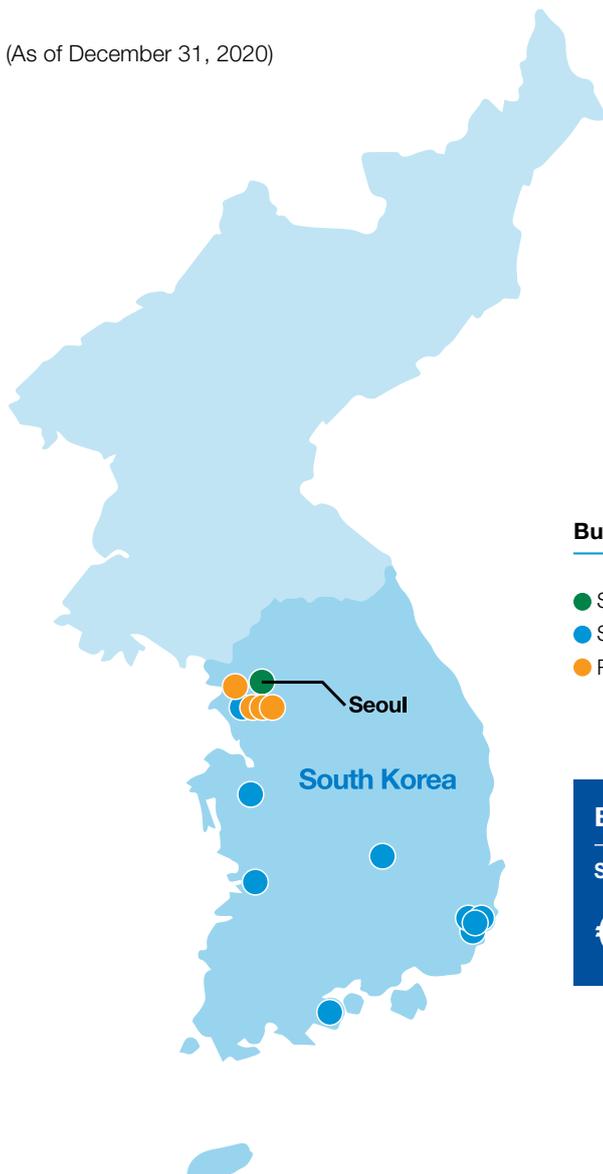
BASF has been a committed partner to Korea since 1954. As a leading foreign investor in the chemical industry in Korea, BASF operates nine world-scale production sites in the country. The company also maintains the regional headquarters of its Electronic Materials business and the Electronic Materials R&D Center Asia Pacific in Suwon. In addition, one R&D center for advanced material solutions and three technical development centers are located across Korea. In 2020, BASF posted sales of approximately €1.4 billion to customers in Korea, and employed 1,370 employees as of the end of the year.

meet the needs of domestic customers. In 2020, the company not only generated high profits in the Korean market in the midst of a global economic downturn but also made remarkable achievements in terms of environmental protection and social contributions. BASF has enhanced its market competitiveness and local business flexibility through a variety of cooperation with customers. For example, BASF's SLENTEX® high-performance insulation material solution has been applied to the Ministry of Environment's pilot project for cold chain solutions aimed to reduce packaging waste. In addition, BASF's compostable plastic ecovio® has been utilized as a substitute for conventional plastic mulch films that had been considered as a source of soil pollution in agricultural production.

BASF in Korea provides innovative and sustainable solutions to

Our sites

(As of December 31, 2020)



Business development

- Sub-regional headquarters
- Selected sites
- R&D/Technical centers

BASF in Korea	
Sales in 2020 (by location of customer)	Employees (as of December 31, 2020)
€1,357 million	1,370

BASF Sites in Korea

Seoul Office

- First activities in 1954
- Provides marketing, sales, human resources and other functions for BASF in Korea
- BASF Colors & Effects Korea (a wholly-owned company of BASF) located in Seoul office

BASF Electronic Materials R&D Center Asia (Suwon)

- Established in 2014
- BASF Asia Pacific Electronic Materials Headquarters located in Suwon R&D center
- Conducts regional research and development on electronic materials

Engineering Plastic Innovation Center(EPIC) Korea

- Established in 2000
- Acquired in 2020 from Solvay Chemicals Korea
- Product development for engineering plastics : PBT (polybutylene terephthalate), Polyamide
- Supporting transportation, consumer and industrial industries

BASF Korea Technology Development Center (Dongtan)

- Established in 2015
- Consolidated polyurethane research center and research site for care chemicals and cosmetics
- Develops application systems and provides customer support
- Cellasto® testing lab established in 2016

Ansan CAE Technology Center

- Established in 2006
- Develops automotive engineering plastic parts using CAE (Computer Aided Engineering) technology

Ansan Coatings Technology Center

- Established in 2010
- Develops environmentally friendly water-based coatings and coating methods for automotive applications

Ansan Engineering Plastics Site

- Engineering plastics compounding site acquired from Honeywell in 2003
- Produces engineering plastics
- Supports automotive and electronics sector
- Produces polyoxymethylene compounding (Global Compounding Hub)

Yeosu Site

- First plants established in 1991 by Hanyang BASF Urethane Co., Ltd.
- Produces raw materials for polyurethanes: MDI (methylene diphenyl diisocyanate), TDI (toluene diisocyanate), CCD (carbonyl chloride derivatives)
- Ultrason® polyarylsulfone plant completed in 2014, first of its kind outside Germany
- Ultra-pure NH₄OH (electronic-grade ammonia water) plant completed in 2017

Ulsan Site

Chemicals Site

- Established in 1998 to produce PolyTHF®, polyol, and polyurethane system A

Plastics Site

- Established in 1980 by Hyosung BASF Co., Ltd. to produce expandable polystyrene

Pigments Site

- Acquired in 2010 from Daihan Swiss Chemical; produces organic pigments
- Operated by BASF Colors & Effects Korea since 2016

Gunsan Site

- Established in 2003
- Produces Vitamin B2

Yesan Site

- Established in 2015
- Produces engineering plastics for automotive and consumer products

Onsan Site

- Acquired in 2020 from Solvay Chemicals Korea, operated by BASF Performance Polyamide Korea
- Produces Adipic Acid, Polyamide 6.6, Engineering Plastics

Gimcheon Site (Joint Venture)

- Established in 2016
- Joint venture (50:50) with Kolon Plastics
- Produces polyoxymethylene engineering plastics

Products and Solutions of BASF in Korea

BASF works together with its customers through science and innovation, promoting multi-faceted growth strategies to develop new products and solutions. BASF in Korea also continues to optimize its organization to meet the demand from domestic markets while striving to build cooperative relationships with its customers, explore new markets and find business opportunities. BASF's activities in Korea include those from all global business segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. With this broad business portfolio, BASF in Korea provides products and solutions to a variety of industries, including automotive, construction, pharmaceutical, electronics, electric, and agriculture.

Automotive Solutions

BASF is the world's largest automotive supplier in the global chemical industry, which strives to provide more efficient solutions for designing and manufacturing vehicles. BASF offers innovative solutions for developing light-weight vehicles and electric vehicles (EV), thereby contributing to environmental protection. BASF is also strengthening its global leadership in the EV battery materials market. Moreover, BASF provides customers in Korea with a diverse set of solutions, from engine components to in / exterior parts, by utilizing its advanced engineering plastic solution.



Products & Solutions: Catalysts, coatings, plastics, battery materials, automotive fluids including coolants (Glysantin®) and brake fluids (Hydraulan®).

Construction Solutions

BASF has worked closely with its customers to support sustainable construction projects. Such efforts resulted in innovative construction solutions which are currently being utilized in various applications in Korea. Our eco-friendly insulation materials with improved

flame retardant and thermal properties enhance the energy efficiency of buildings, reduce resources required for maintenance and help to reduce carbon dioxide emissions from buildings. BASF's construction solutions are also applied to structures designed to prevent erosion of natural embankments along the coast and rivers, water-permeable surfaces designed to prevent puddle formation and promote road safety, as well as many other areas.

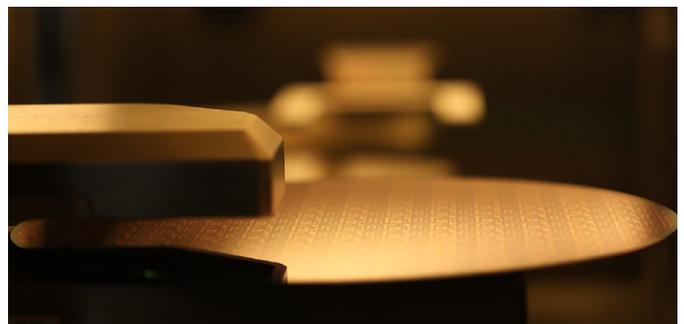


BASF's plastic additives package protects the roof at Incheon Airport's Terminal 2

Products & Solutions: Neopor®, Elastocoast®, Elastopave®, SLENTEX®, acoustic absorbent, high-performance polyamide, plastic additives (antioxidants, light stabilizers and etc.), wetting agent, dispersion, etc.

Electronic & Electric Solutions

BASF bridges its technological innovation and customer needs by providing the most advanced chemical products and electronic materials across the world's electronic and electric industries. In order to meet the high standards of customers in Korea, a semiconductor and display powerhouse, BASF is operating its Asia Pacific Electronic Materials R&D Center in Suwon. We have also been heavily focused on localization. For example, BASF produces ultra-pure NH₄OH (electronic-grade ammonia water) and advanced performance materials required for the semiconductor manufacturing process at the Yeosu site.



Products & Solutions: Cleaning, selective etchant, and Co, Cu electroplating materials for Semiconductor, photo initiators, UV absorbers, films and functional materials for display optics; metal feedstock for mobile and wearable device.

Consumer & Furniture Solutions

BASF's consumer solutions allow for materials with outstanding mechanical properties such as tensile strength, tear strength, wear resistance, all of which ensure high durability for various applications. Moreover, the solutions have been applied to different consumer electronics made in Korea (e.g. microwave, refrigerator) and a wide range of industry sectors. Meanwhile, BASF has an intelligent portfolio consisting of a broad range of furniture solutions for customers in furniture and processing industries looking for reduced costs and increased production efficiency as well as high quality and performance.



Products & Solutions: <Consumer> Industrial sheet, screen protection film, sanitary cutting board and automotive ABS brake sensor cable, etc. <Furniture> Adhesives, binders, processing machinery, paints, pigment manufacturing materials, plastics for furniture manufacturing, foaming agents for chair covers, etc.

Personal, Home & Industry Care Solutions

A wide range of personal care products used by consumers all around the world on a daily basis, such as detergents, shampoos, toothpastes, cosmetics and sunscreens, feature BASF's innovative materials and technologies. In addition, BASF's home and industry care solutions provide materials for a variety of applications including home care products (e.g. detergents, performance additives), industrial-use cleansers, pesticide inserts, industrial additives (e.g. emulsion polymerization and coating additives, adhesives, synthetic rubbers), textile assistants, metal surface treatments.



Products & Solutions: Sunscreen raw materials, emollients, surfactants, emulsifiers, polymers, functional raw materials (Beauty Creations), water-soluble polymer, metal ion sequestering agent (Chelate), Methanesulfonic Acid, plating chemical, biocide, etc.

Nutrition & Health Solutions

BASF provides products and solutions for food, pharmaceutical, animal feed and flavor industries. BASF's wide-ranging portfolio contributes to building a healthier society. Moreover, BASF works together with its customers to find ways to create a more sustainable value chain. In particular, BASF's vitamin B2 products manufactured at the Gunsan site serve the health of customers all around the world as well as those in Korea.



Products & Solutions: <Human Nutrition> Synthetic vitamins, beta-carotene, Omega-3, Conjugated linoleic acid, Lutein, Emulsifier, etc. <Pharmaceutical> Pharmaceutical excipients, API and Additives for biologics manufacturing. <Animal Nutrition> Vitamins, Carotenoids, Organic acids, Conjugated Linoleic acid, Mono-glyceride, Minerals, Enzymes and Mycotoxin binder, etc.

Packaging Solutions

BASF provides a range of packaging materials and relevant solutions required by packaging and printing industries. Packaging solutions constitute multiple packaging portfolios, from foods and beverages to cosmetics and medicine. These solutions involve the entire manufacturing process, from processing chemicals for optimizing printing costs and increasing the efficiency of machinery to surface-coating chemicals for improving the exterior and performance of packagings. In Korea, BASF's eco-friendly compostable plastics are used not only for food packaging but also for agricultural mulch films.



Products & Solutions: High value-added packaging material, such as high-strength polyamides for nylon films, UV absorber for PET bottles, and coloring and pearl pigments, as well as materials for recyclable and compostable packaging, such as compostable plastic (ecovio®) and internal coating agents to replace laminates, etc.

Agricultural Solutions

As the leader in Korea's agricultural industries, BASF offers a variety of products regarding fungicides, insecticides, herbicides, and seed management. BASF also provides advanced digital solutions which support farmers in continuously increasing crop yields and improving their quality. This helps monitor the conditions of soil and crops, recommend the most suitable pesticide solution for a particular blight or insect, and consequently create an optimum environment for crop cultivation.



Products & Solutions: Fungicides, insecticides, herbicides and digital farming solutions "xarvio®" for agriculture and etc.

For more information on products and solutions, visit the BASF Korea website

<https://www.basf.com/kr/ko.html>

Key data 2020

		2020	2019	2018
Financial Results				
Sales	million €	1,357	1,255	1,366 ¹
Employees (as of December 31)				
Number of employees		1,370	1,142	1,182
Number of apprentices		-	-	-
Employee age structure				
Up to and including 25 years	%	2.0	1.7	1.9
Between 26 and 39 years	%	29.9	32.0	34.4
Between 40 and 54 years	%	52.8	52.6	52.4
55 years and older	%	15.3	13.7	11.3
Gender				
Women	%	13.4	12.6	-
Men	%	87.0	87.4	-
Donations and Sponsoring				
Total spend	million €	275,059	133,409	-
Of which Donations	%	-	56.5	-
Occupational and Process Safety				
Lost-time injury rate (BASF employees, leased personnel and contractors)	per 200,000 working hours	0.19	0.19	0.12
Fatalities (total)		1	0	0
Process Safety Incidents (PSIs)	per 200,000 working hours	0.11	0.06	0.06
Environment				
Energy				
Electricity consumption	MWh	431,705	447,642	462,846
Steam consumption	metric tons	1,557,812	1,734,961	1,906,442
Fuel consumption (central powerplants and boilers)	MWh	905,641	933,400	957,007
Emissions to air				
Greenhouse gas emissions	metric tons of CO ₂ equivalents	569,035	620,229	661,319
Air pollutants (without CH ₄)	metric tons	600.80	646.50	622
Water				
Emissions to water: Organic substances (COD)	metric tons	292	245	290
Emissions to water: Nitrogen	metric tons	98	157	187
Emissions to water: Heavy metals	metric tons	0.15	0.52	0.48
Water supply	million cubic meters	5.7	5.6	5.9
Water used for production	million cubic meters	5.6	3.4	3.5
Water used for cooling	million cubic meters	312	314	321
Waste				
Waste (total amount)	metric tons	36,925	41,596	43,058
Recycling and thermal recovery	%	46	51	52

¹ The sales data for 2018 has been restated.

Ten-Year-Summary

Million €

	2011	2012 ^a	2013 ^b	2014	2015	2016	2017	2018	2019	2020
Statement of income										
Sales	73,497	72,129	73,973	74,326	70,449	57,550	61,223 ^c	60,220 ^d	59,316	59,149
Income from operations (EBIT)	8,586	6,742	7,160	7,626	6,248	6,275	7,587 ^c	5,974 ^d	4,201	-191
Income before income taxes	8,970	5,977	6,600	7,203	5,548	5,395	6,882 ^e	5,233 ^d	3,302	-1,562
Income after taxes from continuing operations	-	-	-	-	-	-	5,592	4,116 ^d	2,546	-1,471
Income after taxes from discontinued operations	-	-	-	-	-	-	760	863 ^d	5,945	396
Income after taxes	6,603	5,067	5,113	5,492	4,301	4,255	6,352	4,979	8,491	-1,075
Net income	6,188	4,819	4,792	5,155	3,987	4,056	6,078	4,707	8,421	-1,060
Income from operations before depreciation and amortization (EBITDA)	11,993	10,009	10,432	11,043	10,649	10,526	10,765 ^c	8,970 ^d	8,185	6,494
EBIT before special items	8,447	6,647	7,077	7,357	6,739	6,309	7,645 ^c	6,281 ^d	4,643	3,560
Capital expenditures, depreciation and amortization										
Additions to property, plant and equipment and intangible assets	3,646	5,263	7,726	7,285	6,013	7,258	4,364	10,735	4,097	4,869
of which property, plant and equipment	3,199	4,084	6,428	6,369	5,742	4,377	4,028	5,040	3,842	4,075
Depreciation and amortization of property, plant and equipment and intangible assets	3,407	3,267	3,272	3,417	4,401	4,251	4,202	3,750 ^d	4,146	6,685
of which property, plant and equipment	2,618	2,594	2,631	2,770	3,600	3,691	3,586	3,155 ^d	3,408	5,189
Number of employees										
At year-end	111,141	110,782	112,206	113,292	112,435	113,830	115,490	122,404	117,628	110,302
Annual average	110,403	109,969	111,844	112,644	113,249	111,975	114,333	118,371	119,200	115,973
Personnel expenses										
	8,576	8,963	9,285	9,224	9,982	10,165	10,610	10,659	10,924	10,576
Research and development expenses										
	1,605	1,732	1,849	1,884	1,953	1,863	1,843^c	1,994^d	2,158	2,086
Key data										
Earnings per share	€ 6.74	5.25	5.22	5.61	4.34	4.42	6.62 ^e	5.12	9.17	-1.15
Adjusted earnings per share	€ 6.26	5.64	5.31	5.44	5.00	4.83	6.44 ^c	5.87	4.00	3.21
Cash flows from operating activities	7,105	6,602	8,100	6,958	9,446	7,717	8,785	7,939	7,474	5,413
EBITDA margin	% 16.3	13.9	14.1	14.9	15.1	18.3	17.6 ^e	14.9 ^d	13.8	11.0
Return on assets	% 16.1	11.0	11.5	11.7	8.7	8.2	9.5 ^e	7.1	4.5	-1.2
Return on equity after tax	% 27.5	19.9	19.2	19.7	14.4	13.3	18.9	14.1	21.6	-2.8
Return on capital employed (ROCE)	% -	-	-	-	-	-	15.4	12.0 ^d	7.7	1.7
Appropriation of profits										
Net income of BASF SE ^a	3,506	2,880	2,826	5,853	2,158	2,808	3,130	2,982	3,899	3,946
Dividend	2,296	2,388	2,480	2,572	2,664	2,755	2,847	2,939	3,031	3,031
Dividend per share	€ 2.50	2.60	2.70	2.80	2.90	3.00	3.10	3.20	3.30	3.30
Number of shares as of December 31	million	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5

a We have applied International Reporting Standards IFRS 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

b Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

c Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations.

d Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations.

e Calculated in accordance with German GAAP

Further information

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