

# 6

## Overviews

Ten-Year Summary .....	280
Trademarks .....	284
Glossary .....	285

# Ten-Year Summary

Million €

	2009	2010	2011	2012 <sup>2</sup>	2013 <sup>3</sup>	2014	2015	2016	2017	2018
<b>Sales and earnings</b>										
Sales	50,693	63,873	73,497	72,129	73,973	74,326	70,449	57,550	61,223 <sup>1</sup>	62,675
Income from operations (EBIT)	3,677	7,761	8,586	6,742	7,160	7,626	6,248	6,275	7,587 <sup>1</sup>	6,033
Income before income taxes	3,079	7,373	8,970	5,977	6,600	7,203	5,548	5,395	6,882 <sup>1</sup>	5,288
Income after taxes from continuing operations	-	-	-	-	-	-	-	-	5,592	4,150
Income after taxes from discontinued operations	-	-	-	-	-	-	-	-	760	829
Income after taxes	1,655	5,074	6,603	5,067	5,113	5,492	4,301	4,255	6,352	4,979
Net income	1,410	4,557	6,188	4,819	4,792	5,155	3,987	4,056	6,078	4,707
Income from operations before depreciation and amortization (EBITDA)	7,388	11,131	11,993	10,009	10,432	11,043	10,649	10,526	10,765 <sup>1</sup>	9,166
EBIT before special items	4,852	8,138	8,447	6,647	7,077	7,357	6,739	6,309	7,645 <sup>1</sup>	6,353
EBIT after cost of capital	(226)	3,500	2,551	1,164	1,768	1,368	194	1,136	2,902 <sup>1</sup>	825
<b>Capital expenditures, depreciation and amortization</b>										
Additions to property, plant and equipment and intangible assets	5,972	5,304	3,646	5,263	7,726	7,285	6,013	7,258	4,364	10,735
of which property, plant and equipment	4,126	3,294	3,199	4,084	6,428	6,369	5,742	4,377	4,028	5,040
Depreciation and amortization of property, plant and equipment and intangible assets	3,711	3,370	3,407	3,267	3,272	3,417	4,401	4,251	4,202	3,750
of which property, plant and equipment	2,614	2,667	2,618	2,594	2,631	2,770	3,600	3,691	3,586	3,155
<b>Number of employees</b>										
At year-end	104,779	109,140	111,141	110,782	112,206	113,292	112,435	113,830	115,490	122,404
Annual average	103,612	104,043	110,403	109,969	111,844	112,644	113,249	111,975	114,333	118,371
<b>Personnel expenses</b>	<b>7,107</b>	<b>8,228</b>	<b>8,576</b>	<b>8,963</b>	<b>9,285</b>	<b>9,224</b>	<b>9,982</b>	<b>10,165</b>	<b>10,610</b>	<b>10,659</b>
<b>Research and development expenses</b>	<b>1,398</b>	<b>1,492</b>	<b>1,605</b>	<b>1,732</b>	<b>1,849</b>	<b>1,884</b>	<b>1,953</b>	<b>1,863</b>	<b>1,843<sup>1</sup></b>	<b>2,028</b>

<sup>1</sup> Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations. For more information, see the Consolidated Financial Statements from page 200 onward.

<sup>2</sup> 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.

<sup>3</sup> Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

Million €

		2009	2010	2011	2012 <sup>2</sup>	2013 <sup>3</sup>	2014	2015	2016	2017	2018
<b>Key data</b>											
Earnings per share	€	1.54	4.96	6.74	5.25	5.22	5.61	4.34	4.42	6.62	5.12
Adjusted earnings per share	€	3.01	5.73	6.26	5.64	5.31	5.44	5.00	4.83	6.44	5.87
Cash flows from operating activities		5,693	6,460	7,105	6,602	8,100	6,958	9,446	7,717	8,785	7,939
EBITDA margin	%	14.6	17.4	16.3	13.9	14.1	14.9	15.1	18.3	17.6 <sup>1</sup>	14.6
Return on assets	%	7.5	14.7	16.1	11.0	11.5	11.7	8.7	8.2	9.5 <sup>1</sup>	7.1
Return on equity after tax	%	8.9	24.6	27.5	19.9	19.2	19.7	14.4	13.3	18.9	14.1
Return on capital employed (ROCE)	%	-	-	-	-	-	-	-	-	15.4	11.4
<b>Appropriation of profits</b>											
Net income of BASF SE <sup>4</sup>		2,176	3,737	3,506	2,880	2,826	5,853	2,158	2,808	3,130	2,982
Dividend		1,561	2,021	2,296	2,388	2,480	2,572	2,664	2,755	2,847	2,939
Dividend per share	€	1.70	2.20	2.50	2.60	2.70	2.80	2.90	3.00	3.10	3.20
<b>Number of shares as of December 31</b>	<b>million</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>

<sup>1</sup> Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations. For more information, see the Consolidated Financial Statements from page 200 onward.

<sup>2</sup> 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.

<sup>3</sup> Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

<sup>4</sup> Calculated in accordance with German GAAP

**Balance sheet (IFRS)**

Million €	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015	2016	2017	2018
Intangible assets	10,449	12,245	11,919	12,193	12,324	12,967	12,537	15,162	13,594	16,554
Property, plant and equipment	16,285	17,241	17,966	16,610	19,229	23,496	25,260	26,413	25,258	20,780
Investments accounted for using the equity method	1,340	1,328	1,852	3,459	4,174	3,245	4,436	4,647	4,715	2,203
Other financial assets	1,619	1,953	848	613	643	540	526	605	606	570
Deferred taxes	1,042	1,112	941	1,473	1,006	2,193	1,791	2,513	2,118	2,342
Other receivables and miscellaneous noncurrent assets	946	653	561	911	877	1,498	1,720	1,210	1,332	886
<b>Noncurrent assets</b>	<b>31,681</b>	<b>34,532</b>	<b>34,087</b>	<b>35,259</b>	<b>38,253</b>	<b>43,939</b>	<b>46,270</b>	<b>50,550</b>	<b>47,623</b>	<b>43,335</b>
Inventories	6,776	8,688	10,059	9,581	10,160	11,266	9,693	10,005	10,303	12,166
Accounts receivable, trade	7,738	10,167	10,886	9,506	10,233	10,385	9,516	10,952	10,801 <sup>3</sup>	10,665
Other receivables and miscellaneous current assets	3,223	3,883	3,781	3,455	3,714	4,032	3,095	3,078	3,494 <sup>3</sup>	3,139
Marketable securities	15	16	19	14	17	19	21	536	52	344
Cash and cash equivalents	1,835	1,493	2,048	1,647	1,827	1,718	2,241	1,375	6,495	2,300
Assets of disposal groups	–	614	295	3,264	–	–	–	–	–	14,607
<b>Current assets</b>	<b>19,587</b>	<b>24,861</b>	<b>27,088</b>	<b>27,467</b>	<b>25,951</b>	<b>27,420</b>	<b>24,566</b>	<b>25,946</b>	<b>31,145</b>	<b>43,221</b>
<b>Total assets</b>	<b>51,268</b>	<b>59,393</b>	<b>61,175</b>	<b>62,726</b>	<b>64,204</b>	<b>71,359</b>	<b>70,836</b>	<b>76,496</b>	<b>78,768</b>	<b>86,556</b>

<sup>1</sup> 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.

<sup>2</sup> Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group

<sup>3</sup> As of January 1, 2018, receivables from bank acceptance drafts are no longer reported under trade accounts receivable, but under the item other receivables and other assets. The 2017 figures have been restated accordingly.

## Balance sheet (IFRS)

Million €	2009	2010	2011	2012 <sup>1</sup>	2013 <sup>2</sup>	2014	2015	2016	2017	2018
Subscribed capital	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Capital reserves	3,229	3,216	3,203	3,188	3,165	3,143	3,141	3,130	3,117	3,118
Retained earnings	12,916	15,817	19,446	23,708	26,102	28,777	30,120	31,515	34,826	36,699
Other comprehensive income	156	1,195	314	(3,461)	(3,400)	(5,482)	(3,521)	(4,014)	(5,282)	(5,939)
Noncontrolling interests	1,132	1,253	1,246	1,010	630	581	629	761	919	1,055
<b>Equity</b>	<b>18,609</b>	<b>22,657</b>	<b>25,385</b>	<b>25,621</b>	<b>27,673</b>	<b>28,195</b>	<b>31,545</b>	<b>32,568</b>	<b>34,756</b>	<b>36,109</b>
Provisions for pensions and similar obligations	2,255	2,778	3,189	5,421	3,727	7,313	6,313	8,209	6,293	7,434
Other provisions	3,289	3,352	3,335	2,925	3,226	3,502	3,369	3,667	3,478	1,860
Deferred taxes	2,093	2,467	2,628	2,234	2,894	3,420	3,381	3,317	2,731	1,787
Financial indebtedness	12,444	11,670	9,019	8,704	11,151	11,839	11,123	12,545	15,535	15,332
Other liabilities	898	901	1,142	1,111	1,194	1,197	869	873	1,095	705
<b>Noncurrent liabilities</b>	<b>20,979</b>	<b>21,168</b>	<b>19,313</b>	<b>20,395</b>	<b>22,192</b>	<b>27,271</b>	<b>25,055</b>	<b>28,611</b>	<b>29,132</b>	<b>27,118</b>
Accounts payable, trade	2,786	4,738	5,121	4,502	5,153	4,861	4,020	4,610	4,971	5,122
Provisions	3,276	3,324	3,210	2,628	2,670	2,844	2,540	2,802	3,229	3,252
Tax liabilities	1,003	1,140	1,038	870	968	1,079	1,082	1,288	1,119	695
Financial indebtedness	2,375	3,369	3,985	4,094	3,256	3,545	4,074	3,767	2,497	5,509
Other liabilities	2,240	2,802	3,036	2,623	2,292	3,564	2,520	2,850	3,064	2,998
Liabilities of disposal groups	–	195	87	1,993	–	–	–	–	–	5,753
<b>Current liabilities</b>	<b>11,680</b>	<b>15,568</b>	<b>16,477</b>	<b>16,710</b>	<b>14,339</b>	<b>15,893</b>	<b>14,236</b>	<b>15,317</b>	<b>14,880</b>	<b>23,329</b>
<b>Total equity and liabilities</b>	<b>51,268</b>	<b>59,393</b>	<b>61,175</b>	<b>62,726</b>	<b>64,204</b>	<b>71,359</b>	<b>70,836</b>	<b>76,496</b>	<b>78,768</b>	<b>86,556</b>

<sup>1</sup> 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.

<sup>2</sup> Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group

# Trademarks<sup>1</sup>

acForm®	reg. trademark of BASF Group	LIMUS®	reg. trademark of BASF Group
AgCelence®	reg. trademark of BASF Group	LUCANTIN® NXT	reg. trademark of BASF Group
AUROOM®	reg. trademark of BASF Group	LUPRANAT®	reg. trademark of BASF Group
Basta®	reg. trademark of BASF Group	LUPRO-GRAIN®	reg. trademark of BASF Group
CELLASTO®	reg. trademark of BASF Group	LUPROSIL®	reg. trademark of BASF Group
CERESIT®	reg. trademark of Henkel AG	LUXIMO®	reg. trademark of BASF Group
CHOVATEK®	reg. trademark of BASF Group	NAFTOSEAL®	reg. trademark of BASF Group
CLEARFIELD®	reg. trademark of BASF Group	NEALTA®	reg. trademark of BASF Group
COPEO®	reg. trademark of BASF Group	NODULATOR®	reg. trademark of BASF Group
CREDENZ®	reg. trademark of BASF Group	NUNHEMS®	reg. trademark of BASF Group
ENGENIA®	reg. trademark of BASF Group	PolyTHF®	reg. trademark of BASF Group
Euperlan® OP White	reg. trademark of BASF Group	PONCHO®	reg. trademark of BASF Group
F 500®	reg. trademark of BASF Group	Responsible Care®	reg. trademark of Conseil Européen de l'Industrie Chimique
FIBERMAX®	reg. trademark of BASF Group	REVYSOL®	reg. trademark of BASF Group
FINALE®	reg. trademark of BASF Group	SEEBALANCE®	reg. trademark of BASF Group
FLO RITE®	reg. trademark of BASF Group	SERIFEL®	reg. trademark of BASF Group
FSC®	reg. trademark of Forest Stewardship Council	STONEVILLE®	reg. trademark of BASF Group
HEPAXA™	trademark of BASF Group	SYSTIVA®	reg. trademark of BASF Group
ILEVO®	reg. trademark of BASF Group	TERMIDOR®	reg. trademark of BASF Group
INITIUM®	reg. trademark of BASF Group	THERMOTEK®	reg. trademark of BASF Group
INSCALIS®	reg. trademark of BASF Group	THOMSIT®	reg. trademark of BASF Group
INTEGRAL®	reg. trademark of BASF Group	TIREXOR®	reg. trademark of BASF Group
INTERCEPTOR®	reg. trademark of BASF Group	ULTRAFORM®	reg. trademark of BASF Group
INVIGOR®	reg. trademark of BASF Group	ULTRASIM®	reg. trademark of BASF Group
IRGANOX®	reg. trademark of BASF Group	ULTRASON®	reg. trademark of BASF Group
KAURANAT®	reg. trademark of BASF Group	VELONDIS®	reg. trademark of BASF Group
KAURIT®	reg. trademark of BASF Group	VIZURA®	reg. trademark of BASF Group
KEROJET® Aquarius	reg. trademark of BASF Group	VAULT® HP	reg. trademark of BASF Group
KIXOR®	reg. trademark of BASF Group	VOTIVO®	reg. trademark of BASF Group
LIBERTY®	reg. trademark of BASF Group	XARVIO®	reg. trademark of BASF Group
LIBERTY LINK®	reg. trademark of BASF Group	XEMIUM®	reg. trademark of BASF Group

<sup>1</sup> Trademarks are not registered in all countries.

# Glossary

## A

### Associated companies

Associated companies are entities in which significant influence can be exercised over their operating and financial policies and which are not subsidiaries, joint ventures or joint operations. In general, this applies to companies in which BASF has an investment of between 20% and 50%.

## B

### Barrel of oil equivalent (BOE)

A barrel of oil equivalent (BOE) is an international unit of measurement for comparing the energy content of different fuels. It is equal to one barrel of crude oil, or 6,000 cubic feet (169 cubic meters) of natural gas.

### Biotechnology

Biotechnology includes all processes and products that make use of living organisms, such as bacteria and yeasts, or their cellular constituents.

### Breakthrough innovations

Breakthrough innovations are radically new products, applications, processes, services or business models that have a significant potential competitive advantage and a disruptive effect on the market. They can also be achieved by combining individual innovations and existing technologies to create a new, complex system. Breakthrough innovations open up new high-tech fields, markets or industries, generating value added and benefits for society.

## C

### Capital expenditures (capex)

We define capex as additions to property, plant and equipment excluding additions from acquisitions, IT investments, capitalized exploration, restoration obligations and right-of-use assets arising from leases.

### CDP

The international nonprofit organization CDP (formerly the Carbon Disclosure Project) analyzes environmental data of companies. The CDP's indexes serve as assessment tools for investors.

### CO<sub>2</sub> equivalents

CO<sub>2</sub> equivalents are units for measuring the impact of greenhouse gas emissions on the greenhouse effect. A factor known as the global warming potential (GWP) shows the impact of the individual gases compared with CO<sub>2</sub> as the reference value.

### Commercial paper program

The commercial paper program is a framework agreement between BASF and banks regarding the issuing of debt obligations on the financial market (commercial paper). The commercial paper is issued under a rolling program for which the terms can be determined individually. This requires a good rating.

### Competency Model

BASF's Competency Model is derived from our corporate strategy and our values, and translates these into specific day-to-day behavioral standards. It is applicable worldwide, creating a common framework for the conduct of all BASF employees and leaders to enable us to reach our shared goals. The eight competencies are: Drive Innovation, Collaborate for Achievement, Embrace Diversity, Communicate Effectively, Drive Sustainable Solutions, Develop Self and Others, Act with Entrepreneurial Drive, Demonstrate Customer Focus.

## Compliance

Compliance is an important element of corporate governance. It refers to the company's behavior in accordance with laws, guidelines and voluntary codices.

## D

### Dodd-Frank Act

The Dodd-Frank Act issued in 2010 comprises accounting and disclosure obligations for publicly listed U.S. companies regarding the use of certain raw materials that come from the Democratic Republic of the Congo or its bordering countries. The companies must prove that the materials they use do not come from mines in these conflict areas. The definition of conflict minerals as per the Dodd-Frank Act includes the following materials and their derivatives: Columbitetantalite (coltan), cassiterite, wolframite and gold.

## E

### EBIT

Earnings before interest and taxes (EBIT): At BASF, EBIT corresponds to income from operations.

### EBIT after cost of capital

EBIT after cost of capital is calculated by deducting the cost of capital from the EBIT of the segments. The cost of capital thereby reflects the shareholders' expectations regarding return (in the form of dividends or share price increases) and interest payable to creditors. If the EBIT after cost of capital has a positive value, we have earned a premium on our cost of capital.

### EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA): At BASF, EBITDA corresponds to income from operations before depreciation and amortization (impairments and reversals of impairments).

### EBITDA margin

The EBITDA margin is the margin that we earn on sales from our operating activities before depreciation and amortization as a percentage of EBITDA. It is calculated as income from operations before depreciation, amortization and valuation allowances as a percentage of sales.

### Eco-Efficiency Analysis

The Eco-Efficiency Analysis is a method developed by BASF for assessing the economic and environmental aspects of products and processes. The aim is to compare products with regard to profitability and environmental compatibility.

### Enhanced Oil Recovery (EOR)

Enhanced oil recovery (EOR) methods, also called tertiary recovery or tertiary production methods, are used to increase the recovery factor from oil reservoirs. Different technologies are employed depending on reservoir conditions; a distinction is generally made between thermal and chemical EOR and miscible gas flooding, which makes use of gases such as carbon dioxide.

### Emerging markets

We define the emerging markets as Greater China, the ASEAN countries (Brunei, Indonesia, Malaysia, Myanmar, Cambodia, Laos, the Philippines, Singapore, Thailand, Vietnam), India, Pakistan and Bangladesh; Central and South America; eastern Europe; the Middle East, Turkey and Africa.

### Equity method

The equity method is used to account for shareholdings in joint ventures and associated companies. Based on the acquisition costs of the shareholding as of the acquisition date, the carrying amount is continuously adjusted to the changes in equity of the company in which the share is held.

### European Water Stewardship (EWS) Standard

The European Water Stewardship (EWS) Standard enables businesses and agriculture to assess the sustainability of their water management practices. The criteria are water abstraction volumes, water quality, conservation of biodiversity and water governance. The Europe-wide standard came into force at the end of 2011 and was developed by nongovernmental organizations, governments and businesses under the direction of the independent organization European Water Partnership (EWP).

### Exploration

Exploration refers to the search for mineral resources, such as crude oil or natural gas, in the Earth's crust. The exploration process involves using suitable geophysical methods to find structures that may contain oil and gas, then proving a possible discovery by means of exploratory drilling.

### F

#### Field development

Field development is the term for the installation of production facilities and the drilling of production wells for the commercial exploitation of oil and natural gas deposits.

#### Formulation

Formulation describes the combination of one or more active substances with excipients like emulsifiers, stabilizers and other inactive components in order to improve the applicability and effectiveness of various products, such as cosmetics, pharmaceuticals, agricultural chemicals, paints and coatings.

#### Free cash flow

Free cash flow is cash provided by operating activities less payments made for property, plant and equipment and intangible assets.

### G

#### Global Compact

In the United Nations Global Compact network, nongovernmental organizations, companies, international business and employee representatives, scientists and politicians work on aligning global business with the principles of sustainable development.

#### Global Product Strategy (GPS)

The Global Product Strategy aims to establish global product stewardship standards and practices for companies. The program, initiated by the International Council of Chemical Associations, strives to ensure the safe handling of chemicals by reducing existing differences in risk assessment.

#### Global Reporting Initiative (GRI)

The Global Reporting Initiative is a multistakeholder organization. It was established in 1997 with the aim of developing a guideline for companies' and organizations' voluntary reporting on their economic, environmental and social activities. The GRI Guidelines became global GRI Standards in 2016.

#### Greenhouse Gas Protocol (GHG Protocol)

The Greenhouse Gas Protocol, used by many companies in different sectors as well as nongovernmental organizations and governments, is a globally recognized standard to quantify and manage greenhouse gas emissions. The reporting standards and recommendations for implementing projects to reduce emissions are jointly developed by companies, nongovernmental organizations and governments under the guidance of the World Resources Institute and the World Business Council for Sustainable Development.

### H

#### Health Performance Index (HPI)

The Health Performance Index is an indicator developed by BASF to provide more detailed insight into our approach to health manage-



ment. It comprises five components: confirmed occupational diseases, medical emergency drills, first aid, preventive medicine and health promotion.

## IAS

IAS stands for International Accounting Standards (see also IFRS).

## IFRS

The International Financial Reporting Standards (until 2001: International Accounting Standards, IAS) are developed and published by the International Accounting Standards Board, headquartered in London, England. The "IAS Regulation" made the application of IFRSs mandatory for listed companies headquartered in the European Union starting in 2005.

## ILO Core Labor Standards

The ILO Core Labor Standards are set out in a declaration of the International Labor Organization (ILO), comprising eight conventions that set minimum requirements for decent working conditions.

## ISO 9001

ISO 9001 is an international standard developed by the International Organization for Standardization (ISO) that determines minimum requirements for a quality management system for voluntary certification.

## ISO 14001

ISO 14001 is an international standard developed by the International Organization for Standardization (ISO) that determines the general requirements for an environmental management system for voluntary certification.

## ISO 19011

ISO 19011 is an international standard developed by the International Organization for Standardization (ISO) that also serves as a

guide for auditing management systems, for example for occupational health and safety, energy, quality and environmental management.

## ISO 50001

ISO 50001 is an international standard developed by the International Organization for Standardization (ISO) that determines the general requirements for an energy management system for voluntary certification.

## J

### Joint Arrangement

A joint arrangement refers to joint ventures and joint operations, and describes a jointly controlled arrangement of two or more parties. This arrangement exists if decisions about relevant activities require the unanimous consent of all parties sharing control.

### Joint Operation

A joint operation is a joint arrangement in which the parties that share control have direct rights to the assets and liabilities relating to the arrangement. For joint operations, the proportional share of assets, liabilities, income and expenses are reported in the BASF Group Consolidated Financial Statements.

### Joint Venture

A joint venture is a joint arrangement in which the parties that have joint control of a legally independent entity have rights to the net assets of that arrangement. Joint ventures are accounted for using the equity method in the BASF Group Consolidated Financial Statements.

## L

### Long-term incentive program (LTI)

The long-term incentive program is a share price-based compensation program primarily for senior executives of the BASF Group and

members of the Board of Executive Directors. The program aims to tie a portion of the participants' annual variable compensation to the long-term, absolute and relative performance of BASF shares by making an individual investment in the company's stock.

## M

### Materiality analysis/material aspects

BASF uses the materiality analysis to determine the significance of sustainability topics based on internal analyses and the expectations of external stakeholders.

### MDI

MDI stands for diphenylmethane diisocyanate and is one of the most important raw materials for the production of polyurethane. This plastic is used for applications ranging from the soles of high-tech running shoes and shock absorbers for vehicle engines to insulation for refrigerators and buildings.

### Million British thermal unit (mmBtu)

The British thermal unit (Btu) is a unit of energy observed in the Anglo-American measuring system. It is used for indicating values such as the energy content of gas. One mmBtu (million British thermal units) is equal to approximately 1,003 cubic feet of gas or 28 cubic meters of gas.

### Monitoring system

Monitoring systems and tools serve to measure and ensure the adherence to standards. One area that is monitored is our voluntary commitments, such as the adherence to human rights and internationally recognized labor standards.

### MSCI World Chemicals Index

The MSCI World Chemicals Index is a stock index that includes the world's biggest chemical companies. It measures the performance of the companies in the index in their respective national currencies, thus considerably reducing currency effects.

**N****Nanomaterials**

The International Organization for Standardization defines nanomaterials as materials with one or more external dimensions on a nanoscale or with internal structure or surface structure on a nanoscale. For regulatory purposes, there are additional definitions for nanomaterials worldwide.

**Naphtha**

Naphtha is petroleum that is produced during oil refining. Heavy naphtha is the starting point for gasoline production. Light naphtha is the most important feedstock for steam crackers.

**NM VOC (Nonmethane Volatile Organic Compounds)**

VOCs (volatile organic compounds) are organic substances that are present in the air as gas at low temperatures. These include some hydrocarbons, alcohols, aldehydes and organic acids. NM VOCs are VOCs from which methane is excluded.

**O****OHSAS 18001**

The Occupational Health and Safety Assessment Series (OHSAS) includes the standard OHSAS 18001, which contains a framework for an occupational safety management system. This system can be integrated into an existing quality and environmental protection management system and certified accordingly.

**P****Peak sales potential**

The peak sales potential of the Agricultural Solutions pipeline describes the total peak sales generated for individual products in the research and development pipeline. Peak sales are the highest sales value to be expected from one year. The pipeline comprises

innovative products that have been on the market since 2018 or will be launched on the market by 2028.

**Process safety incidents (PSI)**

Process safety incidents (PSI) is a worldwide harmonized industry metric used to report events involving the release of a substance or energy where this exceeds defined thresholds. BASF has used the criteria and reporting thresholds developed by the International Council of Chemical Associations (ICCA) since 2018.

**Propylene oxide (PO)**

Propylene oxide (PO), a very reactive compound, is generated by the oxidation of propylene and is used as basic chemical for further processing in the chemical industry.

**R****REACH**

REACH is a European Union regulatory framework for the registration, evaluation, authorization and restriction of chemicals, and was implemented gradually by 2018. Companies are obligated to collect data on the properties and uses of produced and imported substances and to assess any risks.

**Renewable resources**

The term renewable resources refers to components from biomass used for industrial purposes that originate from different sources, for example, plants and microorganisms. Among other applications, renewable resources are used as feedstock for manufacturing numerous products.

**Responsible Care®**

Responsible Care® refers to a worldwide initiative by the chemical industry to continuously improve its performance in the areas of environmental protection, health and safety.

**Retention**

Profits generated can be used in two ways: distribution to shareholders or retention within the company.

**Return on assets**

Return on assets describes the return we make on the average assets employed during the year and reflects this return independent of the capital structure. It is calculated as income before taxes and noncontrolling interests plus interest expenses as a percentage of average assets.

**ROCE**

Return on capital employed (ROCE) is a measure of the profitability of our operations. This is calculated as the EBIT generated by the segments as a percentage of the average cost of capital basis. The average cost of capital basis corresponds to the operating assets of the segments plus the customer and supplier financing not included there and is calculated using the month-end figures.

**S****SEEBalance®**

SEEBalance® is the SocioEcoEfficiency analysis developed by BASF. It can be used to evaluate and compare the environmental impact, costs and social aspects of products and manufacturing processes. SEEBalance® makes sustainable development measurable and manageable for companies by combining the three dimensions of sustainability – economy, environment and society – in an integrated product assessment tool.

**Special items**

Special items arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and sales of shareholdings, and other expenses and income that arise outside of ordinary business activities.

**Spot market (cash market)**

A spot market is a market where an agreed-upon deal, including delivery, acceptance and payment, occurs immediately, as opposed to forward contracts, where the delivery, acceptance and payment occurs at a point in time after the conclusion of the deal.

**Steam cracker**

A steam cracker is a plant in which steam is used to “crack” naphtha (petroleum) or natural gas. The resulting petrochemicals are the raw materials used to produce most of BASF's products.

**Sustainable Solution Steering**

We use Sustainable Solution Steering to review and guide our portfolio in terms of sustainability. The four categories – Accelerators, Performers, Transitioners and Challenged – indicate how our products and solutions already comply with sustainability requirements and how we can increase their contribution.

**T****TDI**

TDI stands for toluene diisocyanate and is a raw material for the production of polyurethane. It is used primarily in the automotive industry (for example, in seat cushions and interiors) and the furniture industry (for example, for flexible foams for mattresses or cushioning, or in wood coating).

**Tier 1 suppliers**

“Tier” is used in combination with a number (Tier 1, Tier 2, etc.) and indicates a supplier's position in the supply chain. Tier 1 suppliers are suppliers that deliver directly to producing companies. Suppliers usually work together with other suppliers, which are categorized as Tier 2, Tier 3, etc. based on their role in the value chain.

**Traits**

Traits are commercial plant characteristics, such as an inherent resistance to certain herbicides or an inherent defense against certain insects.

**TUIS**

TUIS is a German transport accident information and emergency response system jointly operated by around 130 company fire departments within the chemical industry and specialists. The member companies can be reached by the public authorities at any time and provide assistance over the telephone, expert on-site advice or special technical equipment.

**V****Value chain**

A value chain describes the successive steps in a production process: from raw materials through various intermediate steps, such as transportation and production, to the finished product.

**Verbund**

In the BASF Verbund, production facilities and technologies are intelligently networked, with high-output chemical processes that use energy and resources efficiently. The by-products of one plant serve as feedstock elsewhere, creating efficient value chains – from basic chemicals to high value-added solutions such as coatings or crop protection products. Our Verbund concept – realized in production, technologies, the market and digitalization – enables innovative solutions for a sustainable future.

**W****Water stress areas**

We previously defined water stress areas as areas in which water represents a scarce resource, and where people use 60% or more of the water available. The most important factors leading to water scarcity are: low precipitation, high temperatures, low air humidity, unfavorable soil properties and high water abstraction rates. From 2019 onward, we will expand our definition of water stress areas and report on regions in which 40% or more of available water is used by industry, household and agriculture.

Quarterly Statement, Q1 2019 / Annual Shareholders' Meeting 2019

# May 3, 2019

---

Half-Year Financial Report 2019

# July 25, 2019

---

Quarterly Statement, Q3 2019

# October 24, 2019

---

BASF Report 2019

# February 28, 2020

---

Quarterly Statement, Q1 2020 / Annual Shareholders' Meeting 2020

# April 30, 2020

---

## Further information

**Published on February 26, 2019**

You can find this and other BASF publications online at [basf.com](http://basf.com)

## Contact

### General inquiries

Phone: +49 621 60-0, email: [global.info@basf.com](mailto:global.info@basf.com)

### Media Relations

Jens Fey, phone: +49 621 60-99123

### Sustainability Relations

Thorsten Pinkepank, phone: +49 621 60-41976

### Investor Relations

Dr. Stefanie Wettberg, phone: +49 621 60-48002

### Internet

[basf.com](http://basf.com)



BASF supports the chemical industry's global Responsible Care initiative.



COMC 1902 E