Ten-Year Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>63,873</td>
<td>73,497</td>
<td>72,129</td>
<td>73,973</td>
<td>74,326</td>
<td>70,449</td>
<td>57,550</td>
<td>61,223</td>
<td>60,220</td>
<td>59,316</td>
</tr>
<tr>
<td>Income from operations (EBIT)</td>
<td>7,761</td>
<td>8,586</td>
<td>6,742</td>
<td>7,160</td>
<td>7,626</td>
<td>6,248</td>
<td>6,275</td>
<td>7,587</td>
<td>5,974</td>
<td>4,052</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>7,373</td>
<td>8,970</td>
<td>5,977</td>
<td>6,600</td>
<td>7,203</td>
<td>5,548</td>
<td>5,396</td>
<td>6,882</td>
<td>5,233</td>
<td>3,302</td>
</tr>
<tr>
<td>Income after taxes from continuing operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Income after taxes from discontinued operations</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5,592</td>
<td>4,116</td>
<td>2,546</td>
</tr>
<tr>
<td>Income after taxes</td>
<td>5,074</td>
<td>6,603</td>
<td>5,067</td>
<td>5,113</td>
<td>5,492</td>
<td>4,301</td>
<td>4,255</td>
<td>6,352</td>
<td>4,979</td>
<td>8,491</td>
</tr>
<tr>
<td>Net income</td>
<td>4,557</td>
<td>6,188</td>
<td>4,819</td>
<td>4,792</td>
<td>5,155</td>
<td>3,967</td>
<td>4,056</td>
<td>6,078</td>
<td>4,707</td>
<td>8,421</td>
</tr>
<tr>
<td>Income from operations before depreciation and amortization (EBITDA)</td>
<td>11,131</td>
<td>11,993</td>
<td>10,030</td>
<td>10,432</td>
<td>11,043</td>
<td>10,649</td>
<td>10,526</td>
<td>10,765</td>
<td>8,970</td>
<td>8,036</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>8,138</td>
<td>8,447</td>
<td>6,647</td>
<td>7,077</td>
<td>7,357</td>
<td>6,739</td>
<td>6,309</td>
<td>7,645</td>
<td>6,281</td>
<td>4,536</td>
</tr>
</tbody>
</table>

Capital expenditures, depreciation and amortization

| Additions to property, plant and equipment and intangible assets | 5,304 | 3,646 | 5,263 | 7,726 | 7,285 | 6,013 | 7,258 | 4,364 | 10,735 | 4,097 |
| of which property, plant and equipment | 3,294 | 3,199 | 4,084 | 6,428 | 6,369 | 5,742 | 4,377 | 4,028 | 5,040 | 3,842 |
| Depreciation and amortization of property, plant and equipment and intangible assets | 3,370 | 3,407 | 3,267 | 3,272 | 3,417 | 3,441 | 4,251 | 4,202 | 3,750 | 4,146 |
| of which property, plant and equipment | 2,667 | 2,618 | 2,594 | 2,631 | 2,770 | 3,600 | 3,691 | 3,586 | 3,155 | 3,408 |

Number of employees

| At year-end | 109,140 | 111,141 | 110,782 | 112,206 | 113,292 | 112,435 | 113,830 | 115,490 | 122,404 | 117,628 |
| Annual average | 104,043 | 110,403 | 109,969 | 111,844 | 112,644 | 113,249 | 111,975 | 114,333 | 118,371 | 119,200 |

Personnel expenses

| 8,228 | 8,576 | 8,963 | 9,285 | 9,224 | 9,962 | 10,165 | 10,610 | 10,659 | 10,924 |

Research and development expenses

| 1,482 | 1,605 | 1,732 | 1,849 | 1,884 | 1,953 | 1,863 | 1,843 | 1,994 | 2,158 |

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- 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. For more information, see the Notes to the Consolidated Financial Statements from page 204 onward.
- d Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations. For more information, see the Notes to the Consolidated Financial Statements from page 204 onward.
## About This Report

### To Our Shareholders

### Management's Report

### Corporate Governance

### Consolidated Financial Statements

## 5 Overviews

### Ten-Year Summary

<table>
<thead>
<tr>
<th>Million €</th>
<th>2010</th>
<th>2011</th>
<th>2012&lt;sup&gt;a&lt;/sup&gt;</th>
<th>2013&lt;sup&gt;b&lt;/sup&gt;</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017&lt;sup&gt;c&lt;/sup&gt;</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key data</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share €</td>
<td>4.96</td>
<td>6.74</td>
<td>5.25</td>
<td>5.22</td>
<td>5.61</td>
<td>4.34</td>
<td>4.42</td>
<td>6.62</td>
<td>5.12</td>
<td>9.17</td>
</tr>
<tr>
<td>Adjusted earnings per share €</td>
<td>5.73</td>
<td>6.26</td>
<td>5.64</td>
<td>5.31</td>
<td>5.44</td>
<td>5.00</td>
<td>4.83</td>
<td>6.44</td>
<td>5.87</td>
<td>4.00</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>6,460</td>
<td>7,105</td>
<td>6,602</td>
<td>8,100</td>
<td>6,958</td>
<td>9,446</td>
<td>7,717</td>
<td>8,765</td>
<td>7,939</td>
<td>7,474</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>17.4</td>
<td>16.3</td>
<td>13.9</td>
<td>14.1</td>
<td>14.9</td>
<td>15.1</td>
<td>18.3</td>
<td>15.1</td>
<td>17.6</td>
<td>14.9&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
<tr>
<td>Return on assets %</td>
<td>14.7</td>
<td>16.1</td>
<td>11.0</td>
<td>11.5</td>
<td>11.7</td>
<td>8.7</td>
<td>8.2</td>
<td>9.5</td>
<td>7.1</td>
<td>4.5</td>
</tr>
<tr>
<td>Return on equity after tax %</td>
<td>24.6</td>
<td>27.5</td>
<td>19.9</td>
<td>19.2</td>
<td>19.7</td>
<td>14.4</td>
<td>13.3</td>
<td>18.9</td>
<td>14.1</td>
<td>21.6</td>
</tr>
<tr>
<td>Return on capital employed (ROCE) %</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15.4</td>
<td>12.0&lt;sup&gt;e&lt;/sup&gt;</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Appropriation of profits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income of BASF SE&lt;sup&gt;e&lt;/sup&gt;</td>
<td>3,737</td>
<td>3,506</td>
<td>2,880</td>
<td>2,826</td>
<td>5,853</td>
<td>2,158</td>
<td>2,808</td>
<td>3,130</td>
<td>2,982</td>
<td>3,899</td>
</tr>
<tr>
<td>Dividend</td>
<td>2,021</td>
<td>2,296</td>
<td>2,388</td>
<td>2,480</td>
<td>2,572</td>
<td>2,664</td>
<td>2,755</td>
<td>2,847</td>
<td>2,939</td>
<td>3,030</td>
</tr>
<tr>
<td>Dividend per share €</td>
<td>2.20</td>
<td>2.50</td>
<td>2.60</td>
<td>2.70</td>
<td>2.80</td>
<td>2.90</td>
<td>3.00</td>
<td>3.10</td>
<td>3.20</td>
<td>3.30</td>
</tr>
<tr>
<td><strong>Number of shares as of December 31</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>million</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
<td>918.5</td>
</tr>
</tbody>
</table>

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

<sup>c</sup> Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations. For more information, see the Notes to the Consolidated Financial Statements from page 204 onward.

<sup>d</sup> Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations. For more information, see the Notes to the Consolidated Financial Statements from page 204 onward.

<sup>e</sup> Calculated in accordance with German GAAP.
### Balance sheet (IFRS)

<table>
<thead>
<tr>
<th>Million €</th>
<th>2010</th>
<th>2011</th>
<th>2012(^a)</th>
<th>2013(^b)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017(^c)</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>12,245</td>
<td>11,919</td>
<td>12,193</td>
<td>12,324</td>
<td>12,967</td>
<td>15,162</td>
<td>13,594</td>
<td>16,554</td>
<td>14,525</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>17,241</td>
<td>17,966</td>
<td>16,610</td>
<td>19,229</td>
<td>23,496</td>
<td>25,260</td>
<td>26,413</td>
<td>25,258</td>
<td>20,780</td>
<td>21,792</td>
</tr>
<tr>
<td>Investments accounted for using the equity method</td>
<td>1,328</td>
<td>1,852</td>
<td>3,459</td>
<td>4,174</td>
<td>3,245</td>
<td>4,436</td>
<td>4,647</td>
<td>4,715</td>
<td>2,203</td>
<td>15,008</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>1,953</td>
<td>848</td>
<td>613</td>
<td>643</td>
<td>540</td>
<td>526</td>
<td>605</td>
<td>606</td>
<td>570</td>
<td>636</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>1,112</td>
<td>941</td>
<td>1,473</td>
<td>1,006</td>
<td>2,193</td>
<td>1,791</td>
<td>2,513</td>
<td>2,118</td>
<td>2,342</td>
<td>2,887</td>
</tr>
<tr>
<td>Other receivables and miscellaneous assets</td>
<td>653</td>
<td>561</td>
<td>911</td>
<td>877</td>
<td>1,498</td>
<td>1,720</td>
<td>1,322</td>
<td>1,112</td>
<td>886</td>
<td>1,112</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>34,532</td>
<td>34,087</td>
<td>35,259</td>
<td>38,253</td>
<td>43,939</td>
<td>46,270</td>
<td>50,550</td>
<td>47,623</td>
<td>43,335</td>
<td>55,960</td>
</tr>
<tr>
<td>Inventories</td>
<td>8,688</td>
<td>10,059</td>
<td>9,581</td>
<td>10,160</td>
<td>11,266</td>
<td>9,693</td>
<td>10,005</td>
<td>10,303</td>
<td>12,166</td>
<td>11,223</td>
</tr>
<tr>
<td>Accounts receivable, trade</td>
<td>10,167</td>
<td>10,886</td>
<td>9,506</td>
<td>10,233</td>
<td>10,385</td>
<td>9,516</td>
<td>10,952</td>
<td>10,801</td>
<td>10,665</td>
<td>9,093</td>
</tr>
<tr>
<td>Other receivables and miscellaneous assets</td>
<td>3,883</td>
<td>3,781</td>
<td>3,455</td>
<td>3,714</td>
<td>4,032</td>
<td>3,095</td>
<td>3,078</td>
<td>3,494</td>
<td>3,139</td>
<td>3,790</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>16</td>
<td>19</td>
<td>14</td>
<td>17</td>
<td>19</td>
<td>21</td>
<td>53</td>
<td>52</td>
<td>344</td>
<td>444</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,493</td>
<td>2,048</td>
<td>1,647</td>
<td>1,827</td>
<td>1,718</td>
<td>2,241</td>
<td>1,375</td>
<td>6,495</td>
<td>2,300</td>
<td>2,427</td>
</tr>
<tr>
<td>Assets of disposal groups</td>
<td>614</td>
<td>295</td>
<td>3,264</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>14,607</td>
<td>4,013</td>
<td>4,013</td>
</tr>
<tr>
<td>Current assets</td>
<td>24,861</td>
<td>27,088</td>
<td>27,467</td>
<td>25,951</td>
<td>27,420</td>
<td>24,566</td>
<td>25,946</td>
<td>31,145</td>
<td>43,221</td>
<td>30,990</td>
</tr>
<tr>
<td>Assets</td>
<td>59,393</td>
<td>61,175</td>
<td>62,726</td>
<td>64,204</td>
<td>71,359</td>
<td>70,836</td>
<td>76,496</td>
<td>78,768</td>
<td>86,556</td>
<td>86,950</td>
</tr>
</tbody>
</table>

\(a\) We have applied International Reporting Standards IFRS 10 and 11 as well as International Accounting Standard 19 (travled) 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.

\(c\) 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.
### Ten-Year Summary

#### Balance sheet (IFRS)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscribed capital</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
<td>1,176</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>15,817</td>
<td>19,446</td>
<td>23,708</td>
<td>26,102</td>
<td>28,777</td>
<td>30,120</td>
<td>31,515</td>
<td>34,826</td>
<td>36,699</td>
<td>42,056</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>1,195</td>
<td>314</td>
<td>(3,461)</td>
<td>(3,400)</td>
<td>(5,482)</td>
<td>(3,521)</td>
<td>(4,014)</td>
<td>(5,282)</td>
<td>(5,999)</td>
<td>(4,850)</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>1,253</td>
<td>1,246</td>
<td>1,010</td>
<td>630</td>
<td>581</td>
<td>629</td>
<td>761</td>
<td>761</td>
<td>1,055</td>
<td>853</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>22,657</td>
<td>25,385</td>
<td>25,621</td>
<td>27,673</td>
<td>28,195</td>
<td>31,545</td>
<td>32,568</td>
<td>34,756</td>
<td>36,109</td>
<td>42,350</td>
</tr>
<tr>
<td>Provisions for pensions and similar obligations</td>
<td>2,778</td>
<td>3,189</td>
<td>5,421</td>
<td>3,727</td>
<td>7,313</td>
<td>6,313</td>
<td>8,209</td>
<td>6,293</td>
<td>7,434</td>
<td>7,683</td>
</tr>
<tr>
<td>Tax provisions and deferred tax liabilities(^c)</td>
<td>2,467</td>
<td>2,628</td>
<td>2,234</td>
<td>2,894</td>
<td>3,420</td>
<td>3,381</td>
<td>3,317</td>
<td>2,731</td>
<td>2,346</td>
<td>2,280</td>
</tr>
<tr>
<td>Other provisions(^c)</td>
<td>3,352</td>
<td>3,335</td>
<td>2,925</td>
<td>3,226</td>
<td>3,502</td>
<td>3,369</td>
<td>3,667</td>
<td>3,478</td>
<td>1,301</td>
<td>1,340</td>
</tr>
<tr>
<td>Financial indebtedness</td>
<td>11,670</td>
<td>9,019</td>
<td>8,704</td>
<td>11,151</td>
<td>11,139</td>
<td>11,123</td>
<td>12,545</td>
<td>15,535</td>
<td>15,332</td>
<td>15,015</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>901</td>
<td>1,142</td>
<td>1,111</td>
<td>1,194</td>
<td>1,197</td>
<td>869</td>
<td>873</td>
<td>1,095</td>
<td>705</td>
<td>1,678</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities</strong></td>
<td>21,168</td>
<td>19,313</td>
<td>20,395</td>
<td>22,192</td>
<td>27,271</td>
<td>25,055</td>
<td>28,611</td>
<td>29,132</td>
<td>27,118</td>
<td>27,996</td>
</tr>
<tr>
<td>Accounts payable, trade</td>
<td>4,738</td>
<td>5,121</td>
<td>4,502</td>
<td>5,153</td>
<td>4,861</td>
<td>4,020</td>
<td>4,610</td>
<td>4,971</td>
<td>5,122</td>
<td>5,087</td>
</tr>
<tr>
<td>Provisions</td>
<td>3,324</td>
<td>3,210</td>
<td>2,628</td>
<td>2,670</td>
<td>2,844</td>
<td>2,540</td>
<td>2,802</td>
<td>3,223</td>
<td>3,252</td>
<td>2,938</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>1,140</td>
<td>1,038</td>
<td>870</td>
<td>968</td>
<td>1,079</td>
<td>1,082</td>
<td>1,288</td>
<td>1,119</td>
<td>695</td>
<td>756</td>
</tr>
<tr>
<td>Financial indebtedness</td>
<td>3,369</td>
<td>3,985</td>
<td>4,094</td>
<td>3,256</td>
<td>3,545</td>
<td>4,074</td>
<td>3,767</td>
<td>2,497</td>
<td>5,509</td>
<td>3,362</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>2,802</td>
<td>3,036</td>
<td>2,623</td>
<td>2,292</td>
<td>3,564</td>
<td>2,520</td>
<td>2,850</td>
<td>3,064</td>
<td>2,998</td>
<td>3,427</td>
</tr>
<tr>
<td>Liabilities of disposal groups</td>
<td>195</td>
<td>87</td>
<td>1,993</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,753</td>
<td>1,034</td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>15,568</td>
<td>16,477</td>
<td>16,710</td>
<td>14,339</td>
<td>15,893</td>
<td>14,236</td>
<td>15,317</td>
<td>14,860</td>
<td>23,329</td>
<td>16,604</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td>59,393</td>
<td>61,175</td>
<td>62,726</td>
<td>64,204</td>
<td>71,359</td>
<td>70,836</td>
<td>76,496</td>
<td>78,768</td>
<td>86,556</td>
<td>86,950</td>
</tr>
</tbody>
</table>

\(^a\) 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.

\(^c\) As of January 1, 2019, tax provisions are no longer reported under other provisions, but under tax provisions and deferred tax liabilities. Figures for 2018 have been restated; no restatement was made for 2017 and earlier.
Glossary and Trademarks

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, restoration obligations and right-of-use assets arising from leases.

Carbon management
Carbon management bundles our global activities and a long-term research and development program to reduce our greenhouse gas emissions. The objective is to achieve our climate protection target and set the course for low-carbon chemical production.

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.

Circular economy
The circular economy concept describes the transition away from a linear model of "take-make-dispose" to a system of closed loops powered by renewable energy. Core elements include re-using resources, avoiding waste, using products efficiently, and recycling products at the end of their service life.

CO₂ equivalents
CO₂ 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 CO₂ 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.

Customers
We understand customers as all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.

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: columbite-tantalite (coltan), cassiterite, wolframite and gold.

Due diligence
An ongoing risk management process to identify and avoid negative impacts on and by a company (for example, through human rights violations in the supply chain).
EBIT
Earnings before interest and taxes (EBIT): At BASF, EBIT corresponds to income from operations.

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, impairments and reversals of impairments 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.

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 sustainable water abstraction, maintaining good water quality, preserving conservation areas, and ensuring continuous improvement processes. The EWS 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.

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 the cash flows from operating activities less payments made for property, plant and equipment and intangible assets.

Genome editing
Genome editing refers to a series of new molecular biological methods to make specific changes in the genome. Naturally occurring processes are used to make small changes to an organism’s genes to modify a specific characteristic. Such techniques have great potential for innovative solutions in healthcare, agriculture and industrial applications, for example.

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 aims to improve the safety management of chemical substances and to support governments in the introduction of local chemical regulations.

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.
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.

Health Performance Index (HPI)
The Health Performance Index is an indicator developed by BASF to provide more detailed insight into our approach to health management. It comprises five components: confirmed occupational diseases, medical emergency drills, first aid, preventive medicine and health promotion.

IAS
IAS stands for International Accounting Standards.

IFRS

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 27001
ISO 27001 is an international standard developed by the International Organization for Standardization (ISO) that determines the general requirements for an information security management system for voluntary certification.

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.

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.

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.
Materiality analysis
BASF uses a materiality analysis to identify and assess sustainability topics. This takes into account the expectations and demands of external stakeholders, as well as the expertise of members of the Stakeholder Advisory Council and the assessments of our employees from various units. An analysis of various data sources expands on and verifies these findings.

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.

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.

NMVOC (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. NMVOCs are VOCs from which methane is excluded.

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.

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 2019 or will be launched on the market by 2029.

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.

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
Renewable raw materials are products made from biomass such as sugars, starches and vegetable oils that are not used as food or feed, but as feedstock or to generate warmth, electricity or fuels.
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.

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.

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 product 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.

Tier 1 suppliers
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. Suppliers usually work together with other suppliers, which are categorized as Tier 2, Tier 3, etc., based on their role in the value chain.

Together for Sustainability (TfS)
Global initiative of various companies from the chemical industry for the global standardization of supplier evaluations to improve sustainability in the supply 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.

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.
Value to Society

The Value to Society approach was developed by BASF in cooperation with external experts to measure and assess in monetary terms the economic, ecological, and social impacts of its business activities along the entire value chain.

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.

Water consumption

We calculate the water consumption of the BASF Group as the sum of evaporation in cooling processes, water content in sales products, and other water use at the sites.

Water stress areas

The most important factors leading to water scarcity are low precipitation and high water abstraction rates. We previously defined water stress areas as areas in which 60% or more of the water available is used by industry, household and agriculture. From 2019 onward, we will expand our definition of water stress areas in accordance with the new Global Reporting Initiative (GRI) standards. In the future, we will report on water stress areas as regions in which 40% or more of available water is used. Our assessment is based on Aqueduct 3.0 (WRI, 2019). Our sustainable water management goal also takes into account all sites that we defined prior to 2019 as sites in water stress areas in accordance with Pfister et al. (2009), as well as the Verbund sites.