How We Create Value

The following overview provides examples of how we create value for our stakeholders. It is modeled on the framework of the International Integrated Reporting Council (IIRC). The content of the graphic has been audited within the scope of the relevant sections of the Management’s Report in which they appear.

Inputs

- **Financial**: Our aim is to ensure solvency, limit financial risks and optimize the cost of capital.
  - €87.4 billion Total assets
  - 48.2% Equity ratio

- **Innovation**: We develop innovative solutions for and with our customers to expand our leading position.
  - ~10,000 R&D employees
  - €3.4 billion Capex

- **Operations**: Safety, quality, and reliability are key to excellence in our production and plant operations.
  - 1.3 million metric tons Renewable raw materials
  - ~60 million MWh Electricity and steam demand

- **Environment**: We use natural resources to manufacture products and solutions with high value added for our customers.
  - 111,047 Employees around the world
  - 1,695 million m³ Total water usage

- **Employees**: Everything we do is based on the expertise, knowledge, motivation and conduct of our employees.
  - €11.1 billion Personnel expenses

- **Partnerships**: Trust-based relationships are crucial to our license to operate and our reputation.
  - ~280 Research collaborations
  - >70,000 Suppliers

Business model

- **Corporate purpose**: We create chemistry for a sustainable future
- **Our targets**: Profitable growth, Effective climate protection, Product portfolio geared to innovation and sustainability, Responsible procurement, Resource-efficient and safe production, Employee engagement and diversity
- **How we operate**: Our customers are at the core of our strategy, Sustainability and innovation is at the center of everything we do and a driver for growth and value, Safety is always our number one priority, BASF’s Verbund structure is the backbone of our efficient and reliable production, Our six segments are aligned with value chains and address customer needs with differentiated solutions and business strategies, We have a global, customer-focused presence, Effective corporate governance ensures responsible conduct, We value our stakeholders and treat them with respect.
We aim to increase our positive contributions, minimize negative impacts and carefully assess conflicting goals. We make positive contributions by:

- Driving forward growth, progress and value creation
- Strengthening our customers’ competitiveness and innovative strength
- Accelerating the digital transformation of the industry
- Offering our investors an attractive dividend yield
- Offering products that improve people’s quality of life
- Providing attractive jobs and promoting diversity
- Paying taxes and competitive wages and salaries
- Promoting integration and helping overcome social challenges
- Contributing to climate protection
- Conserving resources, avoiding waste and strengthening circularity
- Paving the way for climate-friendly mobility
- Being environmentally friendly and safe to use

Potential negative impacts:

- Weaker growth stimulus due to the coronavirus pandemic, the ongoing trade conflict between the United States and China, and an escalation of geopolitical conflicts
- Lower demand for employees in some areas
- Emission of CO₂ and other gases that affect the climate
- Resource consumption and non-recyclable waste
- Potential misuse or spillage of products

Our countermeasures:

- Careful selection, evaluation and development of suppliers
- Projects to improve sustainability in the supply chains
- Compliance Program and Code of Conduct
- Employee training program

We achieve long-term business success by creating value for our shareholders, our company, the environment and society (see page 47 and basf.com/en/value-to-society).