At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Around 111,000 employees contribute 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.

Sites and Verbund

BASF has companies in 90 countries. We operate six Verbund sites and 232 additional production sites worldwide. Our Verbund site in Ludwigshafen, Germany, is the world’s largest integrated chemical complex owned by a single company. The Verbund concept was developed and optimized here and later applied to other sites around the world. Construction of the first plants continued at our planned new smart 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.

For more information on the Verbund concept, see basf.com/en/verbund

The BASF Group’s segments in 2021

- **Chemicals**
  - The Chemicals segment consists of the Petrochemicals and Intermediates divisions. The segment supplies BASF’s other segments and third-party customers with basic chemicals and intermediates.
  - Share of sales: 17%
  - R&D expenses: €97 million
  - Investments including acquisitions¹: €1,157 million

- **Materials**
  - The Materials segment is composed of the Performance Materials and Monomers divisions. The segment offers advanced materials and their precursors for the plastics and plastics processing industries.
  - Share of sales: 19%
  - R&D expenses: €193 million
  - Investments including acquisitions¹: €709 million

- **Industrial Solutions**
  - The Industrial Solutions segment consists of the Dispersions & Resins and the Performance Chemicals divisions. The segment develops and markets ingredients and additives for industrial applications.
  - Share of sales: 11%
  - R&D expenses: €175 million
  - Investments including acquisitions¹: €361 million

- **Surface Technologies**
  - The Surface Technologies segment comprises the Catalysts and Coatings divisions. The segment offers chemical solutions for surfaces such as battery materials and automotive coatings.
  - Share of sales: 29%
  - R&D expenses: €296 million
  - Investments including acquisitions¹: €1,469 million

- **Nutrition & Care**
  - The Nutrition & Care segment comprises the Care Chemicals division and the Nutrition & Health division. The segment produces ingredients and solutions for consumer applications such as nutrition and personal care.
  - Share of sales: 8%
  - R&D expenses: €172 million
  - Investments including acquisitions¹: €654 million

- **Agricultural Solutions**
  - The Agricultural Solutions segment is an integrated provider of seeds, crop protection and digital technologies and solutions.
  - Share of sales: 11%
  - R&D expenses: €904 million
  - Investments including acquisitions¹: €347 million

¹ Additions to property, plant and equipment and intangible assets
Organization of the BASF Group

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.

The operating divisions, the service units, the regions and the corporate center form the cornerstones of the BASF organization, in line with the corporate strategy. As part of the implementation of our strategy, we streamlined our administration, sharpened the roles of services and regions, and simplified procedures and processes. The organizational realignment created the conditions for greater customer proximity, increased competitiveness and profitable growth.

The divisions bear strategic and operational responsibility here and are organized according to sectors or products. They manage the 50 global and regional business units and develop strategies for 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, and South America, Africa and Middle East.

Our research is currently divided into three global divisions: Process Research & Chemical Engineering, Advanced Materials & Systems Research and Bioscience Research. To strengthen our innovation capabilities, we will reorganize our global research activities in 2022 and align them even more closely with the needs of our customers. To this end, we will integrate downstream research into the divisions and bundle activities with broad relevance in a research unit. This unit will continue to be globally positioned with research centers in Europe, North America and Asia Pacific.

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 by the end of 2022 compared with baseline 2019. From 2023 onward, the division expects to achieve annual cost savings of over €200 million.

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

Our Excellence Program aimed to contribute €2 billion to EBITDA annually until the end of 2021 onward compared with baseline 2018. We met this target in 2021. As planned, this was partly due to the reduction of more than 6,000 positions worldwide until the end of 2021. This decrease resulted from the organizational simplification and from efficiency gains in administration, the service units and the operating divisions.
The map shows the production sites and research and development sites of the BASF Group according to the scope of consolidation for this report. Sites not shown on the map include office and warehouse locations as well as sites of companies outside the scope of consolidation.

- ** Verbund sites / planned Verbund site
- ** Research and development sites
- ** Production sites
- ** Regional centers
Procurement and sales markets

BASF supplies products and services to around 90,000 customers 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 suppliers 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.

BASF sales by region 2021

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales Share</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>South America, Africa, Middle East</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>€78,598 million</td>
<td></td>
</tr>
</tbody>
</table>

BASF sales by industry 2021

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sales Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 20%</td>
<td>Chemicals and plastics</td>
</tr>
<tr>
<td>10%–20%</td>
<td>Agriculture</td>
</tr>
<tr>
<td>&lt; 10%</td>
<td>Construction</td>
</tr>
</tbody>
</table>

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 80% of the business areas in which it is active. Our most important global competitors include Arkema, Bayer, Clariant, 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 continue to grow in significance in the years ahead.

Corporate legal structure

As the publicly listed 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, 258 companies including BASF SE are fully consolidated. We consolidate nine joint operations on a proportional basis and account for 27 companies using the equity method.

For more information, see Note 2 to the Consolidated Financial Statements from page 205 onward

For more information on customers, see page 28 onward; for more information on suppliers, see page 169 onward

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.