«E.U. Taxonomy»

In accordance with the E.U. Taxonomy Regulation and the supplementary delegated acts, the Nonfinancial Statement includes, for the first time, the share of the Group’s taxonomy-eligible sales, investments and operating expenses for the 2021 business year relating to the environmental objectives of “climate change mitigation” and “adaptation to climate change.” BASF activities that are not currently covered by the E.U. taxonomy, and as such, are not relevant from a taxonomy perspective are generally reported as taxonomy-non-eligible in accordance with the delegated acts. These include large parts of BASF’s activities that may nevertheless be in line with the E.U.’s environmental objectives.

To determine taxonomy eligibility, we first identified the activities relevant to BASF. The entire portfolio of products manufactured by BASF as well as production plants and investment projects were then reviewed to determine whether they belong to one of the following activities in the manufacturing sector that had been identified as relevant:

- Manufacture of hydrogen
- Manufacture of carbon black
- Manufacture of soda ash
- Manufacture of chlorine
- Manufacture of organic basic chemicals
- Manufacture of anhydrous ammonia
- Manufacture of nitric acid
- Manufacture of plastics in primary form

We additionally assessed the following enabling activities in the E.U. taxonomy to take into account solutions that contribute to climate change mitigation at our customers: “manufacture of batteries” and “manufacture of energy efficiency equipment for buildings.” To avoid double counting, assignment to an enabling activity is only made if a taxonomy-eligible product or project had not already been included under another activity. BASF also contributes solutions used to produce technologies for renewable energy or low-carbon mobility. Since the E.U. taxonomy focuses on the manufacture of technologies and thus excludes precursors, we have classified these as taxonomy-non-eligible.

In addition to our core business, the production of chemical products, we have identified further BASF activities that can be allocated to the following activities presented in the E.U. taxonomy:

- Afforestation
- Electricity generation using solar photovoltaic technology
- Production of heat/cool from bioenergy
- Production of heat/cool using waste heat
- Close to market research, development and innovation

These activities made no material contribution to our overall taxonomy eligibility and were generally classified as taxonomy-non-eligible.¹

Buildings constructed and operated by BASF, traffic facilities and central water supply and wastewater management systems, i.e., the infrastructure that supports our core activities, may also fall under the E.U. taxonomy’s description of activities in the areas “Water supply, sewerage, waste management and remediation,” “Transport,” and “Construction and real estate activities.” In assessing taxonomy eligibility, we focused in 2021 on activities in the manufacturing sector and closely related activities in the energy and research and development sectors. We generally classified potential contributions from infrastructure-related activities as taxonomy-non-eligible.

We assessed the taxonomy eligibility of our sales based on sales revenue as defined and reported in the Consolidated Financial Statements of the BASF Group. Taxonomy-eligible sales revenue accounted for 11% of total sales revenue in 2021. The largest contributions were from the activities “manufacture of plastics in primary form” and “manufacture of organic basic chemicals.” Taxonomy-eligible investments (including acquisitions and excluding goodwill in accordance with the E.U. taxonomy) accounted for 29% of the total investments reported in the Consolidated Financial Statements. Investments in the “manufacture of organic basic chemicals” and in the “manufacture of batteries” made the greatest contribution. Operating expenses include non-capitalized costs that relate to research and development,² and maintenance and repair. They are not reported in the Consolidated Financial Statements in this form. All of the investments and operating expenses of a production facility with a taxonomy-eligible activity are counted as taxonomy-eligible. Taxonomy-eligible operating expenses accounted for 11% of total operating expenses. The largest contributions were from the activities “manufacture of organic basic chemicals” and “manufacture of plastics in primary form.”

BASF entered into several partnerships to transform energy supply in 2021 (see page 128). The resulting investments are not included in the analysis of taxonomy eligibility, as investments in joint ventures and associated companies do not have to be reported under the taxonomy.

¹ For more information on sales revenue, see Note 7 to the Consolidated Financial Statements from page 221 onward
² For more information on investments, see Notes 14 and 15 to the Consolidated Financial Statements from page 236 onward

### Sales, investments and operating expenses in 2021

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Taxonomy-eligible %</th>
<th>Taxonomy-non-eligible %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>76,598</td>
<td>8,861</td>
<td>69,737</td>
</tr>
<tr>
<td>Investments</td>
<td>4,627</td>
<td>1,340</td>
<td>3,287</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4,424</td>
<td>504</td>
<td>3,920</td>
</tr>
</tbody>
</table>