General Disclosures

ESRS 2 BP-1 ESRS 2 BP-2

The general bases of preparation for the Sustainability Statement are described in About This Report (see page 6). Information about corporate governance disclosures relating to sustainability (Disclosure Requirements GOV-1, GOV-2 and GOV-3 of the ESRSs) is provided in the Corporate Governance Report from page 111 onward.

Material topics along the value chain form the focal points of our reporting and define the reporting boundaries. In identifying, prioritizing and validating material sustainability-related topics, we follow the principle of double materiality, taking into consideration financial materiality and impact materiality. The following chapters deal with the topics, subtopics and sub-subtopics that were found to be material within the meaning of the ESRSs upon performing the double materiality assessment. For more information on the materiality assessment, see page 167 onward.

In some cases, we have made use of incorporation by reference to minimize redundancies. An overview of the data points incorporated by reference can be found on page 147. As permitted by ESRS 1 paragraph 7.7, we have opted not to disclose information relating to research and development (R&D), know-how or the results of innovation that has commercial value and whose publication would result in a competitive disadvantage for BASF. Time horizons specified in our Sustainability Statement are used in accordance with the ESRS definitions.

We discuss the impacts, risks and opportunities identified in our double materiality assessment in the sections concerning the respective topics. The section on opportunity and risk management also includes risk pursuant to Disclosure Requirement GOV-5 and presents disclosures on our opportunity and risk management system and internal controls of sustainability reporting (from page 87 onward).

When individual sustainability metrics have been estimated based on indirect sources, such as sector-average data or other proxies, we provide more information in the respective chapters. This is also the case when metrics have been adjusted compared with prior reporting periods or when they are subject to measurement uncertainty. Due to rounding, individual figures may not add up exactly to the totals shown and percentages may not correspond exactly to the figures shown. As the calculations of our Scope 3 emissions (reported in E1 Climate Change from page 195 onward) are largely based on models and statistics, they are subject to a high degree of uncertainty.

Our data on environmental protection and safety is collected based on the recommendations of the International Council of Chemical Associations (ICCA) and the European Chemical Industry Council (CEFIC). Data relating to the environment, health and safety (EHS) and to human resources (HR) is recorded in a central database. The EHS data is captured for each site and company based at the respective site; the HR data is captured for each company. Environmental data (on emissions or water volumes, for example) is determined by measurements, calculations or estimations according to the regulatory requirements or legal obligations. The data collection method selected depends on technical limitations (high temperatures do not always allow the use of sensors for direct measurement), the ability to derive data from data already collected, and the proportionality of efforts to take measurements in relation to the emission in question (such as volume flow, operating hours). To increase the robustness of our data, we apply a two-step process in which sustainability data is first recorded and then validated in accordance with the principle of dual control. Additional plausibility checks are carried out by the responsible Corporate Center units, after which the data is evaluated based on the respective consolidation criteria and aggregated in the database.

The reporting period is the 2024 business year. We include relevant data made available up to preparation of this report by the Board of Executive Directors at the accounts meeting on March 17, 2025 (editorial deadline). We have explained any changes to calculations of metrics or targets compared

with the previous year, or any changes we have made to correct calculation errors, in the respective context. Whenever metrics, or their methods of measuring or calibrations are additionally validated by external sources, we indicate this in the respective chapter. In the absence of any such indication, the metrics or methods were not subjected to external validation beyond the voluntary audit of this report. In general, the targets reported are selected voluntarily. Whenever targets are mandatory under a specific piece of legislation, this has been noted in the respective context. If stakeholders were involved in defining a target, we indicate this in the respective context. In the absence of any such indication, this means that no stakeholders were involved in the target definition process.

The scope of consolidation applicable to financial reporting also applies to sustainability reporting. We present general disclosures on the consolidation principles applied to sustainability reporting and additional disclosures on the content and structure of this report and the forward-looking statements and forecasts made in Overview – About This Report and the Combined Management's Report on page 6. The figures reported on employees in S1 Own Workforce include all individuals working at an entity included in the scope of consolidation of the BASF Group as of December 31, 2024. Any deviations of specific metrics from that reference framework have been noted. We report all data concerning the worldwide production sites of BASF SE, its fully consolidated subsidiaries and its proportionately consolidated joint operations on a topic-specific basis in the sections covering environmental and social topics. Subsidiaries that are fully consolidated in the Group Financial Statements in which BASF SE holds an interest of less than 100% are included in full in environmental reporting. In the case of proportionally consolidated joint operations and equity-accounted joint ventures over which BASF has operating control, the ESRS data points collected on the basis of operating control are taken into account in full, regardless of BASF's equity interest. Data on work-related injuries at all sites of BASF SE and its subsidiaries as well as joint operations and joint ventures in which we have authority in terms of safety management is compiled worldwide, regardless of our equity interest, and reported in full. Unless otherwise indicated, data on social responsibility and transportation safety refers to the BASF Group's scope of consolidation.

In accordance with the EU Taxonomy Regulation and the supplementary delegated acts, the Sustainability Statement includes the proportion of the Group's taxonomy-eligible and taxonomy-aligned sales revenue, capital expenditures (including acquisitions and excluding goodwill in accordance with the EU taxonomy) and operating expenditures for the 2024 business year for the six climate targets ("climate change mitigation," "climate change adaptation," "sustainable use and protection of water and marine resources," "transition to a circular economy," "pollution prevention and control" and "protection and restoration of biodiversity and ecosystems").

Policies are adopted by the Board of Executive Directors and define the principles surrounding a topic; requirements govern how a policy is implemented. Information on how we monitor compliance with policies and requirements is provided in the context of the respective chapters. The table below provides an overview of the general disclosures concerning application of BASF policies, which are mentioned in multiple parts of the Sustainability Statement. When developing and implementing policies, we only involve stakeholders in exceptional cases. In the case of standards dealing with codetermination-relevant topics, employee representatives are involved in accordance with local conditions. We have explained any such occurrences in the context of the respective chapter. If no such explanation is made, then stakeholders have not been engaged regarding the development or execution of the policy. Our policies are accessible to employees via an internal platform. We make the relevant requirements and policies available to external target groups via our website.

Our sustainability management is based on centrally defined global targets and policies and often decentralized actions, projects or initiatives that we implement in order to drive continuous optimization and development in the respective areas. Actions in accordance with ESRS requirements are designated as such in the respective chapters. For projects or initiatives which do not fall under the definition of the ESRSs, we have opted to not make the minimum disclosures.

General disclosures on key policies

Requirement/policy	Scope of application	Accountable entity	Impact on the value chain	Applicability
BASF Policy Statement on Human Rights	BASF's voluntary commitment to respect internationally recognized human rights in its own activities and to reinforce such commitment in its relationships with business partners. The BASF Group's Policy Statement on Human Rights defines how BASF fulfills its responsibility in cooperation with the relevant stakeholder groups.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
BASF Code of Conduct	BASF's Code of Conduct lays out the framework to which all employees worldwide must adhere in order to comply with applicable laws and internal requirements as well as ethical business practices.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
Compliance management system (CMS)	The CMS policy supplements the Code of Conduct and describes the actions BASF takes to prevent noncompliant behavior.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
BASF Human Rights Management Policy	The policy regulates the overarching human rights management at BASF and its overall structure, including roles, responsibilities and obligations.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
Human Rights Due Diligence for Third-Party Workers	The requirement sets forth a multilevel approach to ensuring human rights due diligence with regard to employees of third-party companies.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
BASF's Position on Water Protection	This voluntary commitment by BASF defines how we protect water when purchasing raw materials, operating our sites and when our products are used.	Corporate Environmental Protection, Health, Safety & Quality	Entire value chain	Global
BASF's Position on Forest Protection	This voluntary commitment by BASF defines how we protect forests when procuring raw materials, operating our sites and when our products are used.	Corporate Sustainability	Entire value chain	Global
Responsible Care Management System[a]	BASF's Responsible Care Management System consists of several policies that regulate health, safety and environmental protection in accordance with the Responsible Care® Global Charter.	Board of Executive Directors of BASF SE	Own production	Global
Global standards on CO_2 emissions and energy data, energy efficiency and energy concepts (part of the Responsible Care Management System)	The standards govern BASF's treatment of CO_2 emissions and energy data plus the aspects of energy efficiency and energy policies.	Corporate Environmental Protection, Health, Safety & Quality	Own production	Global
Global standards on environmental protection (part of the Responsible Care Management System)	The global standards define BASF's approach to emissions to air and water, to waste and to the introduction of sustainable water management.	Corporate Environmental Protection, Health, Safety & Quality	Own production	Global

General disclosures on key policies

Requirement/policy	Scope of application	Accountable entity	Impact on the value chain	Applicability
Global standards on process safety, emergency management and crisis management (part of the Responsible Care Management System)	The global standards govern the operation of our sites, emergency preparedness and emergency response.	Corporate Environmental Protection, Health, Safety & Quality	Own production	Global
Global standards on product, transportation and distribution safety (part of the Responsible Care Management System)	The global standards govern the safe use of our products.	Corporate Environmental Protection, Health, Safety & Quality	Entire value chain	Global
Procurement requirement	The requirement governs BASF's procurement process.	Corporate Development	Upstream value chain	Global
Risk-based sustainability management (part of the procurement requirement)	As part of our procurement requirement, risk-based sustainability management defines how BASF deals with risks in the procurement process.	Corporate Development	Upstream value chain	Global
Supplier Code of Conduct (part of risk-based sustainability management)	In the Supplier Code of Conduct, BASF defines its expectations regarding environmental, labor and social standards in the supply chain.	Global Procurement; any units with purchasing activities	Upstream value chain	Global
Principles for the responsible procurement of renewable raw materials	These principles describe how BASF sources renewable raw materials responsibly.	Corporate Development	Upstream value chain	Global
BASF Palm Sourcing Policy	The policy defines the process of purchasing palm-based raw materials in BASF's Care Chemicals division.	Care Chemicals	Upstream value chain	Global
Requirements for Product Carbon Footprints and eco-efficiency analyses	These requirements stipulate how Product Carbon Footprints are calculated and how eco-efficiency analyses should be performed, thereby laying out the framework for the control and measurement of sustainability factors at BASF.	Corporate Development	Upstream and downstream value chain	Global
Third-Party Compliance Due Diligence	This policy governs compliance requirements for our business partners.	Corporate Compliance	Downstream value chain	Global

[a] The core of our Responsible Care Management System is our Environmental Protection, Health, Safety & Quality (EHSQ) Policy, for which BASF's Board of Executive Directors is accountable. The Corporate Environmental Protection, Health, Safety & Quality unit in the Corporate Center is responsible for specific monitoring activities and for handling corporate governance tasks.

Corporate due diligence

ESRS 2 GOV-4

We are committed to doing business in a responsible and respectful manner, as exemplified by our corporate values and our global standards. Our actions are guided by applicable laws and regulations; in some cases, our voluntary commitments go beyond what is required. We also adhere to internationally recognized principles.

We respect and promote

- The Universal Declaration of Human Rights of the United Nations (U.N.) and the two U.N. Human Rights Covenants
- The Ten Principles of the U.N. Global Compact
- The core labor standards of the International Labour Organization (ILO) and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy
- The U.N. Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The International Council of Chemical Associations' Responsible Care® Global Charter
- The German Corporate Governance Code

We stipulate binding rules for our employees with our standards and requirements that apply throughout the Group. Our aim is to prevent compliance violations from the outset through compulsory training for all employees and additional offerings for leaders. The Corporate Audit unit continuously monitors compliance with these requirements. The head of our Corporate Legal, Compliance & Insurance unit also acts as Chief Human Rights Officer and oversees the overarching risk management system with regard to human rights issues.

We fulfill our responsibility to behave in accordance with international and social standards largely in three ways: through our Compliance Program, including our Code of Conduct and Compliance Hotline; through close dialog with stakeholders; and through the global management process to respect international labor and social standards.

We regularly assess our performance in environmental protection, health and safety as part of our Responsible Care Management System, which also covers audits, for example.

We expect our business partners to comply with prevailing laws, regulations and internationally recognized principles. We have clearly defined our expectations in our Supplier Code of Conduct. We monitor our business partners in the area of sales for potential compliance risks based on our global Business Partner Due Diligence requirements using a checklist, a questionnaire and an internet-based analysis. The results are then documented. If business partners are not prepared to answer the questionnaire, we do not enter into a business relationship with them. We have established control mechanisms accordingly.

More information on our due diligence requirements is provided in the chapters of this Sustainability Statement specified below (see the following table):

Additional information on corporate due diligence in this report

Corporate Governance	From page 111 onward
E1 Climate Change	From page 178 onward
E2 Pollution Prevention	From page 205 onward
E3 Water	From page 221 onward
E4 Biodiversity and Ecosystems	From page 231 onward
E5 Resource Use and Circular Economy	From page 246 onward
S1 Own Workforce	From page 270 onward
S2 Workers in the Value Chain	From page 292 onward
S3 Affected Communities	From page 303 onward
G1 Business Conduct	From page 317 onward

ESRS 2 IRO-2

Our double materiality assessment (see page 167) evaluated the topic category S4 Consumers and End Users – as not material given that only a very small portion of our products are sold directly to end users. We provide material information on product safety and product stewardship in E2 Pollution Prevention.

Internal control processes in relation to sustainability reporting

ESRS 2 GOV-5

Topic-specific opportunities and risks (gross risks) are explained in the subchapters of the Sustainability Statement. The opportunities and risks relevant to our opportunity and risk management processes (net risks) are reported on in Opportunities and Risks (from page 87 onward).

Our internal control system (ICS) for sustainability reporting also covers the Nonfinancial Statement pursuant to section 315b of the German Commercial Code (HGB). The ICS was designed to reflect the COSO Internal Control – Integrated Framework (ICIF-2013) from the Committee of Sponsoring Organizations of the Treadway Commission (COSO). That document is an integral part of another framework published by COSO upon which our risk management system is based: Enterprise Risk Management – Integrated Framework (ERMIF-2004).

The main components of BASF's internal control system for sustainability reporting are thus:

- Internal control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring activities regarding the appropriateness and effectiveness of the internal control system

The components are reflected to varying degrees depending on the topic and the risk assigned to that topic.

We also apply the method used in financial reporting to monitor how Scope 1 and Scope 2 CO_2 emissions – which are among the most important key performance indicators used in managing the BASF Group – are recorded and reported, including with regard to the appropriateness and effectiveness of the performance indicators (for more information, see page 92).

Compared with the control system used in financial reporting, the control systems used in other areas of sustainability reporting have a lower degree of formalization. As a rule, they include organizational

security precautions such as compliance with basic principles of transparency, dual control and segregation of duties as well as limited access to information based on the principle of necessity, deployment of sufficiently qualified employees and adequate IT systems. The design of the internal control system depends on the topic at hand and is the responsibility of the units involved in data collection, data preparation and reporting. The controls operate at both management and process level.

The responsible Corporate Center units monitor the appropriateness and effectiveness of the internal control systems designed for specific topics. To this end, the individual units choose different approaches depending on the subject area, such as evaluating questionnaires on the effectiveness of the internal control system, conducting sample tests to validate the implementation and effectiveness of internal controls or monitoring compliance-related key indicators.

The appropriateness and effectiveness of the financial reporting process are communicated to the Board of Executive Directors and the Audit Committee (as the responsible organ of the Supervisory Board) to inform them of any control deficiencies with respect to reporting on Scope 1 or Scope 2 CO_2 emissions.

This communication includes the control deficiencies identified with respect to other sustainability topics that we report on as well as the actions taken to compensate for or eliminate the deficiencies.

We have begun compiling a central risk register to enable risk to be accounted for consistently in the internal control systems of all relevant BASF Group entities and to ensure proper sustainability reporting. The register contains a list of generic risks that could arise from incorrect collection or preparation of the necessary information and reporting with regard to ESRS guidelines. The following risks are included:

- Incomplete or incorrect implementation of methods for performing the double materiality assessment as required by ESRS 1 paragraph 3 for the purpose of identifying, selecting and prioritizing the sustainability topics to be reported on
- Incorrect calculation of reporting boundaries under the ESRSs, which in the case of operational control may deviate from the reporting thresholds used in financial reporting as determined by concept of financial control
- Insufficient or untimely availability of data on the upstream or downstream value chain
- With respect to the collection and processing of information, the risk of the information being incomplete, inaccurate or invalid or being intentionally or unintentionally manipulated due to having allowed unrestricted access to information collection devices (such as measuring equipment) or IT systems
- General risk associated with operating and managing access to the IT systems used to prepare the Sustainability Statement
- Risk associated with failing to include in the Combined Management's Report the qualitative data points required by ESRS for proper sustainability reporting as listed in ESRS 2, Appendix B.

If the materialization of risk cannot be avoided, the risks are addressed as part of the internal control system. In this context, the risk register serves as the basis for performing a systematic analysis of the existing internal control system with the aim of identifying potential gaps in the ICS for sustainability reporting and taking compensatory measures to hedge the risks until they can be eliminated. The units that collect or process the reporting data are responsible for designing and implementing the controls put in place to minimize risk.

We are currently developing a concept aimed at enabling uniform, systematic, Group-wide assessment of the appropriateness and effectiveness of the internal control system with respect to all sustainability topics on which we report. The concept is expected to be implemented gradually from 2025 onward.

Controls are also in place. Critical reviews are held at various management levels during the draft stage of preparing the BASF Report, including the Board of Executive Directors. In addition, BASF's Sustainability Reporting and Controlling Committee acts as a central decision-maker with regard to financial and management accounting issues arising in relation to sustainability reporting. In 2024, the Corporate Audit unit of the Corporate Center additionally audited the implementation of ESRS guidelines in BASF's reporting process.

Strategy

ESRS 2 SBM-1

Our business

Our ambition is to be the preferred chemical company for enabling our customers' green transformation. We aim to grow profitably and create value for our shareholders with our broad portfolio as well as our product and process innovations. Simultaneously, we are driving the change toward a stronger performance culture. We have incorporated sustainability topics into our strategy and business as well as into our assessment, steering and compensation systems. This principle is also embedded in our corporate purpose: We create chemistry for a sustainable future.

BASF supplies products and services to around 74,000 customers from various sectors in almost every country in the world. The majority of our customer portfolio spans the spectrum from large multinationals to medium-sized enterprises. Only a few of our products are marketed to end users directly. However, we focus on a business-to-business model and on being a partner for a wide range of downstream industries throughout the world. Our operating divisions are grouped into the Chemicals, Materials, Industrial Solutions, Nutrition & Care, Surface Technologies and Agricultural Solutions segments (see page 61).

The Chemicals segment supplies BASF's other segments and customers with basic chemicals and intermediates. In the Materials segment, we produce advanced materials and their precursors for the plastics and plastics processing industries. The Industrial Solutions segment develops and markets ingredients and additives for industrial applications. The Nutrition & Care segment produces ingredients and solutions for consumer applications such as human and animal nutrition, cleaning agents and personal care. In the Surface Technologies segment, we produced automotive OEM and refinish coatings, surface treatments, battery materials and catalysts until the end of 2024 (for more information on the future composition of the segment, see page 12). The Agricultural Solutions segment is an integrated solutions provider of seeds, traits, crop protection products and digital solutions for the agricultural sector.

Our business operations focus on the chemical industry. The table on page 158 lists our sales revenue by sector. Taxonomy-aligned sales revenue is presented separately under EU Taxonomy from page 257 onward. None of our activities involve controversial weapons. We supply individual solutions for tobacco cultivation via the general product portfolio of our Agricultural Solutions segment. We are involved in the fossil fuel sector through our shareholdings in Wintershall Dea GmbH and Harbour Energy plc, London, United Kingdom. On September 3, 2024, the sale of Wintershall Dea's exploration and production (E&P) business, excluding Russia-related activities, to Harbour Energy, agreed in December 2023, was completed. The E&P business consists of production and development assets, exploration rights and Wintershall Dea's carbon storage licenses. In exchange, Wintershall Dea shareholders – BASF (72.7%) and LetterOne (27.3%) – received a cash consideration totaling $1.78 billion (BASF share: $1.29 billion), including a purchase price adjustment, and new shares issued by Harbour Energy equating to a total

shareholding of 54.5% in the enlarged Harbour company (BASF share: 39.6%). With this divestiture, BASF took the decisive step toward achieving final separation from the oil and gas business (see page 33). Wintershall Dea contributed €729 million to net income from shareholdings in 2024 (2023: €130 million) (see page 344).

We generated sales revenue of €65,260 million in the 2024 business year (see page 46). The following table shows the distribution of sales revenue among our customers' sectors:

BASF sales revenue in 2024 by sector

>20%	Chemicals and plastics
10–20%	Transportation and automotive
10–20%	Agriculture
10–20%	Consumer goods
<10%	Construction industry
<10%	Electronics
<10%	Energy and raw materials
<10%	Health and nutrition

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. More information on our supplier relationships is provided in S2 Workers in the Value Chain from page 292 onward. An overview of our workforce by region can be found in S1 Own Workforce on page 288. An overview of our business model and inputs, outputs and impacts on our most important stakeholders, as well as of our value chain, is described in a visual representation (How We Create Value) from page 15 onward.

Our sustainability strategy

In September 2024, we communicated our "Winning Ways" strategy both internally and externally. The strategy revolves around our ambition to be the preferred chemical company to enable our customers' green transformation (see page 18). To support this ambition, we supply our customers with products that contribute to sustainability, either through their use by the customer or through their reduced carbon footprint (see page 194). Many of our customers have set their own sustainability-related targets and are in the process of adapting their business models to reduce their emissions. They are doing so at various speeds and with varying priorities. Our customers also differ in terms of their willingness to pay higher prices for more sustainable products. Against this backdrop, we have adjusted our transformation approach: We want to prioritize projects where we already see rising demand among customers and a willingness to pay for more sustainable products (see page 22). We are also focusing on selected transformation projects that impact our license to operate (see page 160). In line with these principles, we plan to steadily advance our initiatives aimed at transitioning BASF to climate neutrality. We have increasingly invested in renewable energies to operate our plants. Our next step will be to focus on using more bio-based and recycled feedstocks in our existing plants. This will enable us to develop an increasing number of products with a reduced carbon footprint for our customers. As the markets for more sustainable solutions continue to grow, we intend to scale up and apply new technologies that we are currently piloting.

We continue to adhere to our global sustainability-related targets, which include using our TripleS method (Sustainable-Solution Steering) to streamline our portfolio. We have defined a new circular economy target: By 2030, we want to achieve €10 billion in sales revenue from products that contribute to the transition to a circular economy. The sustainability targets reported by BASF apply worldwide and refer to the BASF Group as a whole (for additional information, see page 31 onward). Our strategic approach covers the entire value chain, from responsible procurement of our raw materials to safety and resource efficiency in production all the way to more sustainable solutions for our customers.

As part of our new strategy, we are channeling our efforts into high-growth markets. We want to expand our organizational structure, our production sites and other research and development activities in the following seven countries: China, India, Indonesia, Malaysia, Singapore, Thailand and Vietnam. We are continuously optimizing our organizational structures, our production sites and our R&D activities worldwide.

Our Verbund concept involves using smart technology to link and control our plants. It creates more efficient value chains – ranging from basic chemicals to high value-added products – while enabling a more resource-efficient, carbon-optimized and reliably controllable production process. By-products from one facility are used as feedstocks elsewhere, for example. This saves raw materials and energy, avoids emissions, lowers logistics costs and leverages synergies.

We use a Differentiated Steering concept to control our operations, relying on industry-specific financial performance indicators (for more information, see page 28), adapted governance structures, customized processes and independent Enterprise Resource Planning (ERP) systems. These measures create a more decentralized ownership and increase transparency regarding the divisions' performance.

The green transformation of our global value chain

Selected projects in the 2024 reporting year

BASF and ENGIE: long-term biomethane purchase agreement in Europe
(see E1 Climate Change)

Funding approval for the world's largest industrial heat pump for emission-free steam generation
(see E1 Climate Change)

Market launch of loopamid®, the first circular solution for apparel made from polyamide 6
(see E5 Resource Use and Circular Economy)

Our ambition:

We want to be the preferred chemical company to enable our customers' green transformation.

Upstream value chain

Procurement of bio-based and recycled raw materials

Renewable energy

Supplier management

- Code of Conduct
- Sustainability-related assessments
- Supplier CO_2 Management Program

Own production

Gradual implementation of new processes

- Feed-in of bio-based and recycled raw materials
- Emission reduction

Secure, efficient processes

- Operational excellence
- Integrated Verbund structure
- Smart technology and automation

Downstream value chain

Steering the product portfolio with the TripleS method

- More products with sustainability benefits: Sustainable-Future Solutions
- More products that close or extend loops: Loop Solutions

Our foundation:

Societal acceptance of our business activities (license to operate)

Sustainable steering of our product portfolio

Our product portfolio also changed in 2024 based on acquisitions and divestitures. The main changes are listed from page 33 onward. The development of our product portfolio toward more sustainability is a critical lever in assisting our customers with their green transformation. We particularly rely on our **TripleS method (Sustainable Solution Steering)** which allows us to evaluate our product portfolio's contribution to categories such as climate change mitigation, energy and resource efficiency and transitioning to a circular economy. As part of the TripleS method, we categorize our product portfolio into five segments, taking sustainability-related aspects into account: Pioneer, Contributor, Standard, Monitored and Challenged (see graphic). Initially, we review all products to identify any current or possible future negative impacts on sustainability topics. We consider minimum standards such as the BASF Code of Conduct, hazards and chemical exposure over the entire life cycle, expected regulatory trends and reputational risks for BASF. If our portfolio assessment identifies products with sustainability concerns, we classify them either as Monitored, or in case of significant concerns, as Challenged. Products identified as having no negative impacts are reviewed to determine whether they contribute to at least one of the following sustainability categories: climate change and energy, resource efficiency, circular economy, pollution reduction, water protection, biodiversity, zero hunger and poverty, health and safety. At the same time, the product should not negatively impact any of the other sustainability categories in a significant way. Products where neither a positive contribution to nor a negative impact on sustainability has been identified are classified as Standard. Products where a positive contribution has been identified are classified as either Contributor or Pioneer depending on their contribution level compared with the market standard.

Share of sales revenue generated by each TripleS segment in the 2024 business year

TripleS segment	Product performance	Sales revenue (billion €)
Pioneer	Adequate profitability and positive contribution to sustainability above market standard	13.2 Percentage share in sales revenue: 24.2%
Contributor	Adequate profitability with contribution to sustainability in line with the market standard with respect to climate change and energy, resource efficiency or circular economy	12.1 Percentage share in sales revenue: 22.1%
Standard	In line with the market standard with no dedicated contribution to climate change and energy, resource efficiency or circular economy	23.7 Percentage share in sales revenue: 43.5%
Monitored	Impacted by specific regulatory or customer-specific challenges arising in the medium term (2–5 years) or posing a regional reputational risk	3.9 Percentage share in sales revenue: 7.1%
Challenged	Impacted by substantial regulatory or customer-specific challenges arising in the short term (≤2 years), containing substances of very high concern (SVHC) when used in the end consumer market, in violation of the BASF Code of Conduct or posing a global reputational risk	0.7 Percentage share in sales revenue: 1.3%

Taken together, the Pioneer and Contributor products make up our Sustainable-Future Solutions. Products allocated to these segments make a positive sustainability contribution in the value chain. They include, for example, bio-based and biodegradable polymers, which can be used as alternatives to synthetic polymers in personal care products, and high-performance insulating materials that save energy in their ultimate application. We are continuing our efforts to steer our portfolio even more toward sustainability with our "Winning Ways" strategy. By 2030, more than 50% of BASF's sales in the scope of TripleS are to be attributable to Sustainable-Future Solutions. This target was adopted by the Board of Executive Directors in 2023 based on an analysis of BASF's portfolio and our growth forecasts. When setting the target, we considered the startup of our Verbund site in Zhanjiang, China, for example. Our TripleS method and the associated target are based on clearly defined, transparent criteria concerning the respective sustainability topics (Environmental, Social and Governance, ESG), as described in our methodology manual. There is currently no general quantitative scientific framework for the steering of a product portfolio based on business performance and sustainability contribution that companies could use as a guide when setting targets.

In 2024, BASF sales revenue[1] from Sustainable-Future Solutions products came to 46.3% (2023: 41.4%, our base year). We remain well on our way to achieving the target set. Together with the operating divisions, our Corporate Sustainability unit in the Corporate Center continuously tracks progress toward meeting the target based on our monthly reports of sale revenue. Any trends that are identified are recorded and documented as part of the annual operational planning process carried out by Corporate Finance. When collecting our TripleS data, we work on the assumption that we have taken all the latest relevant regulatory developments and all market developments into account. We are limited in the extent to which we are able to differentiate the contribution made by our products from the contribution made by competing products because the assessment is made on a qualitative basis and not on the basis of market studies. We use TripleS to review our product portfolio at least once every four years. The TripleS method was applied in 2023 and 2024 to more than 50,000 products from the relevant portfolio,[2] which were assessed in terms of their applications as well as regional aspects. The portfolio relevant to TripleS comprises BASF Group's sales revenue from sales products sold to third parties in the business year concerned. This excludes business that is not product-related, such as licenses or services.

We have integrated TripleS into the assessment of our research and development processes so as to incorporate the requirements formulated by the European Commission in its Safe and Sustainable by Design framework, among other things. Our use of TripleS creates transparency regarding the contribution to sustainability made by our product portfolio and future products developed by R&D. We are reviewing the sustainability-related challenges facing our products and steering our portfolio in the direction of more sustainable solutions. According to our methodology, in 2024, around €0.9 billion of our annual expenditure on research and development contributed to potential Sustainable-Future Solutions (2023: around €1 billion).

In the case of Challenged products, we develop action plans. These include research projects and reformulations to optimize products or replace them with alternatives. We are generally phasing out all Challenged products within five years of their initial classification. BASF has implemented global processes to ensure that products are only sold in markets where they have been approved. If a product is affected by a marketing ban or loses its approval in a particular market, the product is immediately reviewed and withdrawn from the market in accordance with local legal requirements. In general, products are phased out based on our voluntary commitments before they are impacted by bans. No products of significance for BASF were impacted by bans in the 2024 business year.

» For more information on TripleS, see basf.com/en/sustainable-solution-steering

[1] Of BASF's €65.3 billion in sales in 2024, €54.5 billion is relevant for the TripleS evaluation. By the end of the 2024 business year, we had evaluated 98.3% of the relevant portfolio.
[2] The definition of the relevant portfolio and further information can be found in the TripleS method manual at basf.com/en/sustainable-solution-steering.

Interests and views of our stakeholders

ESRS 2 SBM-2

The acceptance and support of our stakeholders is crucial for our business success. Through continuous dialog, we leverage the expertise of our stakeholders in global networks, worldwide initiatives and our own advisory bodies and actively contribute our expertise.

For more than 25 years, we at BASF have engaged in continuous dialog with other companies, nongovernmental organizations, international organizations and multistakeholder initiatives to better understand different perspectives and address conflicting goals. Our stakeholders' expectations are taken into account when deciding on the company's strategic direction, discussing targets and making business decisions, thereby determining the company's sustainability strategy to a significant extent. A stakeholder dialog takes place regularly, for example with representatives from civil society, employees and shareholders. The Corporate Development Corporate Center unit is responsible for all formal communication with societal representatives, while the Corporate Human Resources is the Corporate Center unit in charge of all communication with employees. Investor Relations is the Corporate Center unit tasked with engaging with shareholders. The aforementioned Corporate Center units report to the Chairman of the Board of Executive Directors.

Sustainability topics are discussed and managed by the Board of Executive Directors. Stakeholder expectations are taken into account in these discussions. The Board of Executive Directors also engages with stakeholders directly in discussions as part of our stakeholder engagement activities. When making its decisions, the Board of Executive Directors considers the results and recommendations from sustainability evaluations of business processes. It makes decisions with strategic relevance for the Group and monitors the implementation of strategic plans and target achievement. The CFO and the heads of Group Reporting & Performance Management, Corporate Audit and Corporate Compliance regularly report in detail to the Audit Committee on sustainability-related topics. Moreover, the Supervisory Board is briefed by the Board of Executive Directors on the progress of sustainability topics on an ongoing basis.

An overview of our most important stakeholder expectations and the platforms we use to engage them is provided in the following:

Stakeholder expectations

Customers

Stakeholder expectations	Engagement platforms	Exemplary outcomes and milestones reached
– Attractive price-performance ratio – Innovative and sustainable solutions – Reliable partner	– ~40 strategic customer networks – Customer-specific business models based on our TripleS method, for example	– Carbon footprint calculated for more than 40,000 of our sales products to create transparency for us and our customers alike – Innovative products and solutions that help our customers achieve their sustainability goals – Quality management system that focuses on customer satisfaction – Decentralized certification approach for our business units and Group companies based on international quality management standards such as ISO 9001 and GMP, taking into account our customers' requirements

Suppliers		
– Fair and reliable business relationships – Support in complying with our Supplier Code of Conduct	– Supplier CO_2 Management Program – Supplier Code of Conduct – Assessments and training courses – Joint initiatives with suppliers and partners – Sustainability-oriented due diligence management in the supply chain – Regional supplier diversity programs	– BASF Supplier Days to reduce Scope 3.1 emissions held in Ludwigshafen, Germany, for the Europe region and in São Paulo, Brazil, for the South America region – 446 suppliers reviewed by BASF under the Together for Sustainability (TfS) initiative; 990 participants at TfS training courses – Cobalt for Development initiative to improve working and living conditions for artisanal miners in the Democratic Republic of the Congo – Responsible Lithium Partnership with BMW, Mercedes-Benz, Volkswagen, Daimler Truck, Fairphone and GIZ – Responsibly Active program aimed at bundling activities in the area of plant-based active ingredients (such as argan and moringa supply chains) – Collaboration within TfS on standardizing the calculation of Scope 3 greenhouse gas emissions in the supply chain and on a digital platform for sharing Product Carbon Footprint data
Investors		
– Attractive distributions – Strong long-term share price performance – Transparency and risk minimization	– Events with institutional investors, rating agencies and private investors (one-on-one meetings, roadshows, conferences, informational events) – Active participation in ratings	– Capital Markets Day to communicate the new corporate strategy held on September 26 and 27, 2024 – Distributions to shareholders via dividends and share buybacks are expected to total at least €12 billion between 2025 and 2028 with an annual minimum dividend of €2.25 per share. – BASF has good credit ratings and aims to maintain its single A rating. – BASF has also scored well in key ESG ratings (CDP, ISS, Morningstar Sustainalytics, MSCI) compared with its competitors in the chemical industry.
Employees		
– Attractive and fair employer – Health protection – Opportunities for employee development	– Employee engagement: Global employee surveys – Regular feedback for leaders – Continuous meaningful conversations between leaders and employees, annual employee dialog – Cooperation with employee representatives based on mutual trust – Initiatives and networks for health and occupational safety	– Employee engagement target: More than 80% of our employees feel that at BASF, they can thrive and perform at their best. Employee engagement index of 79% in 2024 – Health Performance Index: 0.97 (see page 287) – Regular reviews of security concepts, emergency systems and crisis management structures – 68 internal audits on adherence to our compliance standards – >120,000 participants in compliance training courses

Communities		
– Safe, disruption-free operations – Attractive jobs – Support for local communities	– Societal engagement – Community advisory panels	– €32 million in societal engagement spending at BASF sites around the world to support health, skills and resources for a sustainable future – For 27 years, children and young people in 45 countries have been able to take part in experiments in BASF Kids' Labs. – Five new Starting Ventures programs were initiated in 2024 to help people from low-income areas improve their economic opportunities and their quality of life. – The BASF Stiftung focuses on disaster management in the area of international development cooperation. It promotes forward-looking actions, emergency aid and reconstruction. One example is an employee fundraising campaign to support the U.N. Refugee Agency. The approximately €370,000 collected will enable basic supplies to be provided for refugees from Sudan. – Community advisory panels provide an ongoing platform for conducting open dialog with local communities at our sites. – More than 1,500 young people from seven countries, supported by around 50 BASF employees, have participated in our Young Voices for a Sustainable Future project, where they were able to contribute their ideas for addressing the impacts of climate change on their communities.
Societal stakeholders		
– Jobs and taxes – Responsible and trustworthy partner – Production of safe products in compliance with environmental and social standards	– Sustainability Lab – Advisory councils – Multistakeholder initiatives – Sustainability networks	– Active participation in sustainability networks (U.N. Global Compact, World Business Council for Sustainable Development, Alliance to End Plastic Waste) – Cofounder of the Global Battery Alliance (GBA) for the development of standards and tools to ensure a sustainable value chain for batteries – Systematic interaction with NGOs and civil society – Political dialog: representation of political interests based on transparent requirements and our publicly stated positions – Regular information sharing with government offices, members of parliament and other interest groups in numerous countries

We have been a member of the U.N. Global Compact since its establishment in 2000. BASF consistently supports the Ten Principles of the U.N. Global Compact for responsible business conduct and the Sustainable Development Goals. We are active around the world in local Global Compact networks, in some cases in a leadership role. BASF has been an active member of the World Business Council for Sustainable Development (WBCSD) since 1999. We cofounded the Global Battery Alliance (GBA) in 2017. The aim of the GBA is to develop standards and tools to steer a sustainable value chain for batteries. In 2019, we cofounded the Alliance to End Plastic Waste (AEPW) to drive forward solutions that reduce and avoid the disposal of plastic waste in the environment, in particular in the ocean.

If our transition to climate neutrality were to result in structural changes or have other significant social impacts on employees (for example, organizational restructuring or other issues relevant to codetermination), we would consult with employee representatives to find socially responsible solutions in accordance with existing participation rights. Together with other companies and the European CSR Europe network, we have worked on the topic of responsible social transition to climate neutrality (just transition). We have contributed to both the development of a European road map and an associated toolbox.

In order to involve our stakeholders more intensively and to dive deeper into specific sustainability topics, we use our own independent advisory bodies. In 2023, we introduced a new stakeholder engagement format with our Sustainability Lab, where around 100 external and internal experts discuss, among other things, the complex challenges of climate change. Our intention with the Sustainability Lab is to shed light on particular topics and issues related to sustainability from different perspectives. Furthermore, we are expanding the circle of external and internal experts with whom we want to discuss and think through the ever more complex topics. This external input helps us to critically examine and continuously develop our sustainability approach. Our employees were able to follow the Sustainability Lab discussions virtually. The idea is to involve our employees more actively in the topic of sustainability. We plan to continue conducting the Sustainability Lab format on an event-driven basis in the future.

Additionally, it is important for us to further strengthen our dialog with civil society to gain a better understanding of public opinions on potentially controversial topics. Not only do we invite members of civil society to participate in formats such as the Sustainability Lab, but we also founded the BASF Civil Society Forum in 2024. The forum permits us to discuss sustainability topics with representatives of nongovernmental organizations and the trade union spectrum in a confidential setting.

We address current and important issues regarding specific topics with councils. The trustful exchange within the Human Rights Advisory Council helps us to appropriately fulfill our roles and responsibilities, particularly in challenging human rights situations. The Nature Advisory Council focuses on exchanging information on topics relating to the protection of biodiversity and ecosystems. We discussed the findings from our double materiality assessment with both councils in 2024. For more information on how we take advantage of these councils and other formats in the context of affected communities, see page 309 onward.

We use the information obtained through stakeholder engagement to critically evaluate and enhance BASF's sustainability strategy, including its targets. For instance, we rely on discussions in our councils to identify areas for improvement with regard to human rights due diligence and the consideration of biodiversity in new investment projects.

We bear a particular responsibility toward our sites' neighbors. We promote continuous dialog between residents and our site management and strengthen trust in our activities with community advisory panels. Our globally binding guidelines for community advisory panels are based on the grievance mechanism standards in the U.N. Guiding Principles on Business and Human Rights.

Our political advocacy is conducted in accordance with transparent requirements and our publicly stated positions. The same applies to our activities in associations. Our Industry Associations Review compares the energy and climate protection positions of BASF and the most important associations of which we are a member, with explanations on our approach. BASF does not financially support political parties, for example, through donations in cash or in kind. This is codified in global requirements. In the United States, employees at BASF Corporation have exercised their right to establish a Political Action Committee (PAC). The BASF Corporation Employee PAC is an independent, federally registered employee association founded in 1998. It collects donations from employees for political purposes and independently decides how these are used, in accordance with U.S. law.

» For more information on our requirements for responsible lobbying, see basf.com/responsible-lobbying

» For more information on the Industry Associations Review, see basf.com/corporategovernance