

## How We Create Value

ESRS 2 SBM-1

The following overview shows how we create value for our stakeholders.



### Inputs<sup>1</sup>

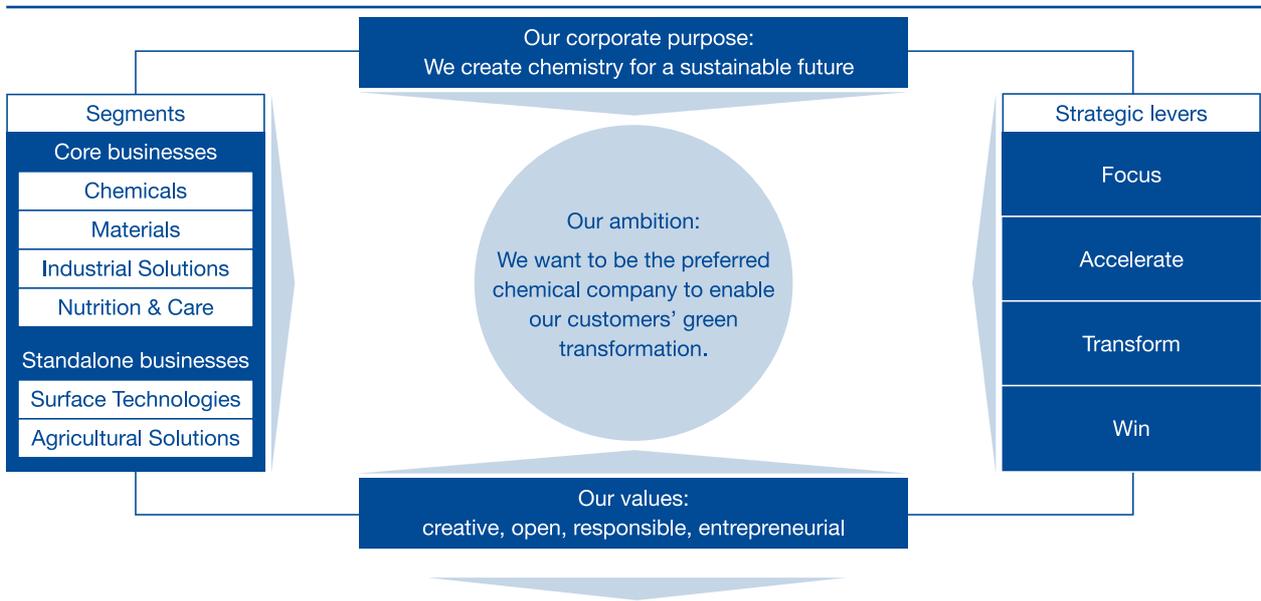
Financial	Innovations	Production
<p>Our aim is to increase profitability and the ability to generate cash, optimize our cost of capital and limit financial risks.</p>	<p>We develop innovative and more sustainable solutions with our customers and suppliers in order to enter new markets and further increase our productivity.</p>	<p>Safety, quality and reliability as well as environmental protection are the key to our excellence in production.</p>
<p>45.1% Equity ratio</p>	<p>~9,000 R&amp;D employees</p>	<p>€4.0 billion Capital expenditures (capex)</p>
<p>3 single A ratings From credit rating agencies Fitch, Moody's and Standard &amp; Poor's</p>	<p>€2.0 billion R&amp;D expenses</p>	<p>36% Electricity from renewable sources<sup>2</sup></p>
Environment	Employees	Partnerships
<p>We use renewable resources, among other things, to manufacture products and solutions with high value added for our customers.</p>	<p>Everything we do is based on the expertise, knowledge and engagement of our employees.</p>	<p>Trust-based relationships are crucial to our license to operate and our reputation.</p>
<p>1.1 million metric tons Renewable resources<sup>2</sup></p>	<p>108,251 Employees around the world</p>	<p>&gt;70,000 Suppliers</p>
<p>1,521 million m<sup>3</sup> Total water withdrawal<sup>2</sup></p>	<p>€12.3 billion Personnel expenses</p>	<p>~75,000 Customers</p>

<sup>1</sup> In October 2025, BASF completed the divestiture of its Brazilian decorative paints business from its Coatings division and signed a binding transaction agreement with Carlyle on the sale of the automotive OEM coatings, automotive refinish coatings and surface treatment business units. In accordance with IFRS<sup>®</sup> Accounting Standards, the discontinued coatings business is not included in the key figure R&D expenses. See also page 148.

<sup>2</sup> The sustainability-related key figures shown in this graphic are – unlike the financial key figures shown – not part of the statutory audit but are part of a separate audit with limited assurance.



## Business model



## Outputs<sup>3</sup>

Financial	Innovations	Production
€6.6 billion EBITDA before special items	898 New patents worldwide	~40,000 Products evaluated with TripleS (Sustainable Solution Steering) <sup>4,5</sup>
€2.4 billion For dividend payments and share buybacks <sup>6</sup>	~€11 billion Sales of products launched in the past five years <sup>7</sup>	5.2 million metric tons Amount of CO <sub>2</sub> avoided by the Verbund and combined heat and power generation <sup>4</sup>
Environment	Employees	Partnerships
>1,900 Mass balance products based on alternative raw materials <sup>4</sup>	77% Engagement Index according to our annual employee survey <sup>4</sup>	357 Evaluations of BASF suppliers as part of Together for Sustainability <sup>4</sup>
81% Water demand recirculated <sup>4</sup>	29.9% Global share of women in leadership positions <sup>4</sup>	269 Collaborations with universities and research institutes <sup>4</sup>

<sup>3</sup> The discontinued coatings business is not included in the following key figures shown in this graphic: EBITDA before special items, patents, sales of innovations, products evaluated with TripleS, collaborations with universities and research institutes. See also page 148.

<sup>4</sup> The sustainability-related key figures shown in this graphic are – unlike the financial key figures shown – not part of the statutory audit but are part of a separate audit with limited assurance.

<sup>5</sup> The definition of the relevant portfolio and further information on TripleS can be found on page 157.

<sup>6</sup> In 2025, around €2 billion in dividends for the 2024 business year was paid out to the shareholders of BASF SE and shares were repurchased for €355 million.

<sup>7</sup> This is voluntary, unaudited information, which was critically read by the auditor.



## Outcomes<sup>8</sup>

Relevant external impact factors for our company's success as well as positive and negative impacts of our business activities<sup>9</sup>:

Economic

Environmental

Social



### Selected relevant external impact factors

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>▪ Customer demand and requirements</li> <li>▪ Investment readiness</li> <li>▪ Capital market trends</li> <li>▪ State of the economy, competitive conditions, investment climate</li> </ul> | <ul style="list-style-type: none"> <li>▪ Climate change</li> <li>▪ Energy transformation</li> <li>▪ Availability of/access to renewable resources</li> <li>▪ Climate-related legislation</li> <li>▪ Regulations on product safety</li> <li>▪ Sustainability targets of our customers</li> </ul> | <ul style="list-style-type: none"> <li>▪ Demand for more sustainable products, willingness to pay</li> <li>▪ Labor, environmental and social standards</li> <li>▪ Stakeholder trust</li> <li>▪ Interest of qualified personnel and leaders</li> <li>▪ Demographic change</li> </ul> |
|---|---|---|

### Selected impacts of our business activities

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>+ Growth, progress and value creation for the state, customers, investors and employees</li> <li>+ Our customers' competitiveness and innovative strength</li> <li>+ Digital transformation of the industry</li> <li>+ Attractive dividend and share buyback payments to shareholders</li> <li>+ Market development through more climate-smart products</li> </ul> | <ul style="list-style-type: none"> <li>+ Contribution to climate protection/ climate change adaptation</li> <li>+ Innovation as a lever for climate protection</li> <li>+ Contribution to the circular economy</li> <li>+ More environmentally friendly and safer products</li> <li>- Greenhouse gas emissions</li> <li>- Emissions to air and water</li> <li>- Land use</li> <li>- Resource consumption and nonrecyclable waste</li> <li>- Potential misuse or spillage of products</li> </ul> | <ul style="list-style-type: none"> <li>+ Taxes and competitive wages and salaries</li> <li>+ Attractive jobs</li> <li>+ Integration, help to overcome social challenges</li> <li>+ Global compliance systems and codes of conduct</li> <li>- Procurement of raw materials with risk of violation of, for example, social and environmental standards</li> <li>- Health and occupational safety risks</li> <li>- Restructuring measures such as personnel adjustments</li> </ul> |
|---|---|---|



**BASF**

**We address positive and negative impacts through:**

<ul style="list-style-type: none"> <li>▪ Corporate strategy</li> <li>▪ Portfolio management</li> <li>▪ Cost management, cost of capital optimization and efficient capital allocation</li> <li>▪ Differentiated Steering</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate protection and circular economy initiatives</li> <li>▪ Water and energy management</li> <li>▪ Actions to protect biodiversity</li> <li>▪ Responsible Care Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supplier management</li> <li>▪ Sustainability projects in the supply chains</li> <li>▪ Compliance Program and Code of Conduct</li> <li>▪ Employee training programs</li> <li>▪ Performance management system</li> </ul>
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**In providing our customers with solutions to enable their green transformation, we want to grow profitably and create value.**

<sup>8</sup> Outcomes shows examples of impacts on our business and impacts that our activities may have on others, the environment and our business environment as well as the associated measures we take.

<sup>9</sup> The results of our double materiality assessment are included in the presentation of external factors and impacts of our business activities. These are not shown in full here. A comprehensive explanation of the impacts, risks and opportunities identified as part of our double materiality assessment can be found from page 163 onward.