

BASF SE

Financial Statements 2022 and Management's Report

 **BASF**

We create chemistry

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Note:

Individual values in this report may not add to the totals presented and percentages may not add exactly to the values presented due to rounding.

Management's Report of BASF SE¹

Corporate structure

As the publicly listed parent company in 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 Board of Executive Directors of BASF SE manages the BASF Group.

Organization of the BASF Group

The BASF Group consists of eleven operating divisions, which are grouped into six segments as follows:

- **Chemicals:** Petrochemicals, Intermediates
- **Materials:** Performance Materials, Monomers
- **Industrial Solutions:** Dispersions & Resins, Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings
- **Nutrition & Care:** Care Chemicals, Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The divisions bear strategic and operational responsibility and are organized according to sectors or products. They manage the 52 global and regional business units and develop strategies for 72 strategic business units. As one of the world's largest chemical companies, BASF is present in 91 countries. We operate 239 production sites worldwide.

The operating business of BASF SE represents a portion of the BASF Group's global business and is managed by the respective divisions and business units based on the performance indicators of the BASF Group. The cornerstones of the BASF organization are the operating divisions, the service units, the regions and the Corporate Center. Five service units provide competitive services for the operating divisions and sites in the areas of finance; human resources; environmental protection; health; safety and quality; intellectual property; communications; procurement; supply chain and inhouse consulting. 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, law and compliance, tax, environmental protection, health, safety and quality, human resources, communications, investor relations, corporate audit and the Net Zero Accelerator unit.

Ten of the 11 operating divisions have production plants at the BASF SE site in Ludwigshafen, Germany. This underscores the importance of this Verbund site for the BASF Group. From Ludwigshafen, BASF SE supplies products and services to around 6,500 customers from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and medium-sized businesses to end consumers.

Our over 9,000 suppliers also come from many different sectors. They supply us with important raw materials, chemicals investment goods and consumables, and perform a range of services. Some of

the most important raw materials are naphtha, natural gas, methanol, benzene and sodium chloride.

BASF SE had 34,705 employees on December 31, 2022, of which 4,229 in research and development.

BASF holds one of the top three market positions in around 80% of the business areas in which it is active.² Our most important global competitors include Arkema, Bayer, Clariant, Corteva, Covestro, Dow, Dupont, DSM, Evonik, Huntsman, Lanxess, SABIC, Sinopec, Solvay, Sumitomo Chemical, Syngenta, Wanhua and many hundreds of local and regional competitors.

A complete overview of BASF SE's operating business is provided by the Consolidated Financial Statements of the BASF Group. To assess the operations of BASF SE, a distinction must be made between sales and income from operations from BASF SE's own production and from the sale of products of other BASF Group companies. In addition, due to its Group management function, central tasks that also have an effect on income from operations are allocated to BASF SE.

BASF SE's most important financial key performance indicators are sales and income from operations. BASF SE's function as the parent company of the BASF Group is primarily reflected in the financial result.

Accounting principles

The Financial Statements of BASF SE are prepared in accordance with the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) and the applicable regulations for public limited-liability companies in the Member State in which it has its registered office, i.e., in accordance with the accounting regulations for the fiscal year ending December 31, 2022, in particular the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The Consolidated Financial Statements of the BASF Group, however, take into account the Financial Statements of BASF SE, which are prepared in accordance with International Financial Reporting Standards (IFRS).

¹ Links and additional content on BASF's websites referenced in this report are not part of the information audited by KPMG.
² The content of this section is voluntary, unaudited information, which was critically read by the auditor.

Nonfinancial statement (NFS) in accordance with sections 289b to 289e of the German Commercial Code (HGB)

The nonfinancial statement in accordance with sections 289b to 289e HGB can be found on pages 8 to 41 and are a part of the Management's Report. Within the scope of the audit of the annual financial statements, KPMG checked pursuant to section 317(2) sentence 4 HGB that the NFS was presented in accordance with the statutory requirements. KPMG also conducted a limited assurance of the NFS. An assurance statement of the limited assurance can be found online at [basf.com/nfs-audit-2022/basf-se](https://www.basf.com/nfs-audit-2022/basf-se). The audit was conducted in accordance with ISAE 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and ISAE 3410 (Assurance Engagements on Greenhouse Gas Statements), the relevant international auditing standards for sustainability reporting.

Corporate Governance Statement Pursuant to Section 289f of the German Commercial Code (HGB)

The Corporate Governance Statement in accordance with section 289f HGB, printed on pages 52 to 63 (Corporate Governance Report, Compliance, Declaration of Conformity), is an element of the Management's Report. The audit of the disclosures required by section 289f(2) and (5) HGB pursuant to section 317(2) sentence 6 HGB is limited to whether the disclosures have been made.

Compensation Report

The Compensation Report is not a component of the Management's Report. The Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) and the assurance statement of the substantive and formal audit issued by the auditor have been made publicly available on the BASF website at [basf.com/compensationreport](https://www.basf.com/compensationreport).

Challenging market conditions in Europe

On February 24, 2022, Russia launched a war against Ukraine. BASF strongly condemns the Russian attack on Ukraine. As a consequence, the company announced on April 27, 2022, that it would wind down its existing business activities in Russia in accordance with international law. Exempt from this decision is business to support food production, as the war risks triggering a global food crisis.

The war in Ukraine has significantly changed the economic environment in Europe. Above all, reduced gas supplies from Russia led to much higher and volatile commodity and energy prices and exceptionally high uncertainty, especially surrounding the gas supply. As a result, the European gas price peaked at a monthly average of €235.94 per MWh (\$69.84 per mmBtu) in August 2022. In December 2022, it was significantly lower, averaging €118.25 per

MWh (\$36.74 per mmBtu), but still more than five times the U.S. gas price (Henry Hub). European gas prices averaged €124.16 per MWh (\$38.01 per mmBtu) for the year, more than double the prior-year level and more than ten times the 2020 level. The consequences of the gas price increase are manifold: In addition to strong cost pressure, it is driving inflation, weakening the economy and slowing demand from our customer industries. This development made production adjustments necessary in Europe's energy-intensive industries. BASF took a variety of measures here. For example, ammonia production was temporarily scaled back and partly offset by higher plant utilization at non-European sites and through procurement. BASF also reduced its consumption of natural gas in European production by switching to alternative fuels wherever technically possible and economically viable. Even though European gas prices were already higher than U.S. prices before the outbreak of the war in Ukraine, they are expected to decline again with the targeted substitution and diversification of gas procurement sources and the shift to other energy sources, but to remain well above pre-crisis levels.

Another factor leading to generally challenging conditions for the European chemical industry includes planned regulations under the European Green Deal. These will have far-reaching consequences for the regulation of chemicals in Europe. All of these headwinds are weakening the competitiveness of European chemical production.

Against this background and given the significant decline in earnings in our European market, we have announced a cost-cutting program focusing on Europe and above all Germany. Concrete measures are currently being developed. The program will be implemented in 2023 and 2024 and is expected to generate annual savings of €500 million in non-production areas upon completion. In parallel, we are developing further measures to structurally adjust BASF's Production Verbund in Europe.

Economic Environment¹

Global economic growth in 2022 was impacted by the outbreak of the war in Ukraine and rising inflation and interest rates worldwide. Increasing energy and raw materials prices made many products more expensive and dampened consumers' purchasing power. European chemical production fell sharply due to drastic increases in regional gas prices. Global gross domestic product (GDP) grew by 3.0% compared with the previous year (2021: +6.1%). Global industrial production added 2.5% (2021: +6.2%), while global chemical production expanded by only 2.2% (2021: +6.1%). The average price for a barrel of Brent crude oil increased to \$101 per barrel (2021: \$71 per barrel). Gas prices in Europe averaged €124.16 per MWh (\$38.01 per mmBtu) for the year, more than double the prior-year level and more than ten times the 2020 level.

Disruptions in global supply chains gradually eased in 2022. However, due to the zero-COVID policy in China and the lockdowns there in the second quarter of 2022, supply bottlenecks remained in global supply chains, for example, in the automotive and electronics industries. At the same time, demand for consumer durables in particular weakened over the course of the year. Industries such as furniture had seen frontloading effects here in recent years due to the coronavirus pandemic. In addition, declining purchasing power caused by inflation reduced demand from end consumers. In the construction sector, the continued dynamic upturn in construction costs and rising interest rates had a negative impact.

Global industrial production expanded by only 2.5% overall in 2022 (2021: +6.2%). At 0.9%, growth in the advanced economies was significantly weaker than in the emerging markets, which recorded growth of 3.8%. Despite the generally subdued economic environment in Asia, more than 60% of the growth in global industrial value added was generated there. Over 40% of growth came from China in 2022. Industrial growth was 3.2% in Asia as a whole and 3.8% in the emerging Asian economies. In the E.U., by contrast, industrial growth was slightly lower than the global average at 2.0% (2021: +7.0%) and in North America, it was even considerably lower at 1.2% (2021: +2.1%), mainly due to the weak construction sector.

Global growth in the chemical industry lagged behind the industry as a whole in 2022 and at 2.2%, was significantly weaker than in the previous year (+6.1%). In the E.U., production fell considerably by 5.8% due to the sharp rise in natural gas prices. In Germany, this even dropped by around 12% as a result of shutdowns in the production of gas-intensive basic chemicals. The United Kingdom also saw a strong decrease in chemical production.

By contrast, chemical production in the United States increased by 2.3%. However, base effects due to weather-related production losses in 2021 played a major role here (2021: +1.7%). In South America, production grew by 2.6%, slightly slower than in the previous year (+3.6%).

Chemical production in Asia expanded by 4.2% overall. However, this varied widely by country. In China, the world's largest chemical market, production grew by a very volatile 6.6% overall. Production also increased significantly in India (+4.6%). By contrast, in Japan, South Korea and Taiwan, production fell by 3.0%, 7.4% and 12.9%, respectively.

Chemical production in the Middle East increased by 4.0%, slower than in 2021. Growth was stronger in Saudi Arabia and the United Arab Emirates but declined significantly in Iran and especially in Turkey.

¹ All information relating to past years in this section can deviate from the previous year's report due to statistic revisions. Where available, macroeconomic growth rates are adjusted for calendar effects. Figures for 2022 not yet available in full are estimated.

Business Development

Results of operations

Million €

	2022	2021
Sales revenue	30,558	25,041
Gross profit on sales	3,034	3,982
Income from operations (EBIT)	-1,996	-517
Income from shareholdings	7,205	3,909
Interest result	-832	24
Other financial result	176	79
Financial result	6,549	4,012
Income before income taxes	4,553	3,495
Net income	3,849	3,928

Sales revenue

Million €

Regions	2022	2021
Europe	22,016	18,049
of which Germany	8,032	6,598
North America	2,875	1,932
Asia Pacific	3,228	2,897
South America, Africa, Middle East	2,439	1,803
	30,558	25,041

Sales revenue and gross profit on sales

BASF SE's sales rose by 22.0% year on year to €30,558 million in 2022, exceeding our forecast of a slight increase in sales. Sales rose in the operating business due mainly to higher sales prices. The war in Ukraine and price increases for gas and energy, as well as the rising inflation rate, pose extraordinary challenges for the chemical industry. Against this backdrop, and in addition to negative earning contributions from lower plant capacity utilization, effects from increased prices for raw materials and energy, and inventory valuation, all this had an impact on BASF SE's profit in 2022. Gross profit on sales, which was additionally impacted by impairments of €195 million on property, plant and equipment, decreased overall by €948 million to €3,034 million.

Income from operations

Contrary to our prediction of a significant increase, income from operations decreased by €1,479 million to -€1,996 million. In the reporting year, income from operations was also negatively impacted by the effects of an increase in inflation on pension obligations. In contrast, expenses for variable compensation decreased. Selling expenses increased by €215 million, due in particular to higher freight and shipping costs. Administrative costs were €72 million above the prior-year level. In addition, research expenses rose by €101 million as a result of higher spending in the

operating divisions, among other things. The balance of other operating income and expenses changed by -€143 million year-on-year to -€737 million. Foreign currency results decreased by €47 million in the reporting year. In addition, higher expenses of €53 million were recognized due to disposals of inventories. Income relating to other periods decreased by €23 million, due mainly to lower release of provisions. Furthermore, income from portfolio measures decreased by €71 million year on year to €1 million. In contrast, contributions to provisions for share price-based variable compensation (LTI programs) decreased by €25 million compared with the previous year. In addition, expenses for restructuring measures were €6 million lower in the reporting year in connection with the further implementation of the corporate strategy.

Financial result

The financial result rose by €2,537 million compared with the previous year to €6,549 million. The increase in income from shareholdings was mainly due to higher profit transfers. The profit transfer from a German subsidiary of BASF SE also included income from the distribution of retained earnings from a Belgian Group company in the amount of €4,500 million. Lower dividends had a counteracting effect. The lower interest result was mainly due to the decline in income from plan assets for pensions. The increase in other financial result was primarily due to higher interest income from income taxes and higher gains from commercial paper borrowings.

Income before income taxes

Income before income taxes increased by €1,058 million year on year to €4,553 million. Income tax expense increased by €1,137 million in the reporting year. The change in deferred tax assets and liabilities, mainly due to devaluations, resulted in an increase in expenses by €1,447 million in the reporting year.

Net income

Net income declined by €79 million compared with the previous year to €3,849 million in 2022.

Net assets and financial position

	2022		2021	
	Million €	%	Million €	%
Fixed assets	27,660	44.2	27,783	44.6
Current assets and other assets	34,977	55.8	34,457	55.4
Total assets	62,637	100.0	62,240	100.0
Equity	19,562	31.2	20,111	32.3
Provisions	3,152	5.0	2,085	3.4
Liabilities and other items	39,923	63.8	40,044	64.3
Total equity and liabilities	62,637	100.0	62,240	100.0

Net assets

At €62,637 million, total assets were at the same level as in the previous year.

Fixed assets decreased by €123 million. Intangible assets decreased by €231 million, mainly as a result of scheduled amortization. Property, plant and equipment decreased by €166 million due to impairments, primarily attributable to the devaluation of a plant complex as a result of higher gas prices, among other things. Overall, investments were slightly higher than scheduled depreciation. In contrast, financial assets increased by €274 million, mainly due to capital increases at BASF Integrated Site (Guangdong) Co. Ltd., China.

Current assets and other assets increased by €520 million. Receivables from affiliated companies rose by €1,651 million, mainly due to higher profit transfers. Mainly price-related, inventories increased by €257 million. By contrast, deferred taxes decreased by €1,036 million. Furthermore, liquid funds decreased by €357 million and trade accounts receivable by €115 million. The excess of plan assets over obligations decreased by €94 million to zero. This was mainly due to the decline in fair value of plan assets and an increase in pension obligations owing to inflation. Overall, this resulted in a liability surplus, triggering an increase in the provisions for pensions.

Equity decreased by €548 million. The net income of €3,849 million was offset by the dividend of €3,072 million paid for reporting year 2021, and effects amounting to €1,325 million from the share buyback.

Provisions rose by €1,067 million, mainly due to an increase in pension obligations of €1,299 million. The €27 million decrease

in provisions for taxes and the €205 million decrease in other provisions had an offsetting effect.

Liabilities and other items decreased by €121 million. Within this item, liabilities to affiliated companies decreased by €2,012 million, mainly due to the repayment of intragroup borrowings. In addition, trade accounts payable decreased by €51 million. By contrast, financial debt increased by €1,829 million, mainly due to the issuance of bonds and commercial paper.

Financial position

Operating activities generated cash of €903 million in the 2022 reporting year (previous year: €3,077 million). While net income of €3,849 million was slightly lower than in the previous year (previous year: €3,928 million), this decrease resulted mainly from higher profit transfers, which will not be cash-effective until the next reporting year. This was offset by non-cash expenses for pensions and deferred taxes.

Investing activities generated €3,319 million (previous year: utilization of €6,769 million). Repayments of intragroup cash investments exceeded investments in financial assets and property, plant and equipment in the reporting year. Investments in financial assets mainly related to capital increases at BASF Integrated Site (Guangdong) Co. Ltd., China.

Financing activities resulted in a cash outflow of €4,576 million (previous year: cash inflow of €1,760 million). Dividend payment, share buybacks and repayment of intragroup borrowing exceeded the increase in financial debt.

In total, liquid funds declined by €354 million to €183 million. These comprise cash on hand and balances with banks.

Principles and objectives of our financial management

Our financing policy aims to ensure our solvency at all times, limiting the risks associated with financing and optimizing our cost of capital. We preferably meet our external financing needs on the international capital markets.

We strive to maintain a solid A rating, which ensures unrestricted access to financial and capital markets. Financing measures are based on planning for the operating business and the company's strategic alignment, and also aim to ensure financial flexibility for the use of strategic options.

BASF enjoys good credit ratings, especially compared with competitors in the chemical industry. Moody's most recently confirmed its rating of A3/P-2/outlook stable on January 18, 2023. Standard & Poor's confirmed its rating of A/A-1/outlook negative on December 8, 2022. Fitch's rating of A/F1/outlook stable remained unchanged on November 30, 2022.

We have solid financing, both for ongoing business and for investment projects initiated or planned. Corporate bonds form the basis of our medium to long-term debt financing. These are issued in euros and other currencies with different maturities as part of our €20 billion debt issuance program. The goal is to create a balanced maturity profile, diversify our financing and optimize our debt capital financing conditions.

For short-term financing, we use BASF SE's global commercial paper program, which has an issuing volume of up to \$12.5 billion. As of

December 31, 2022, commercial paper with a carrying amount of €653 million was outstanding under this program. A firmly committed, syndicated credit line of €6 billion with a term until 2026 covers the repayment of outstanding commercial paper. It can also be used for general company purposes. Neither this credit line nor the €3 billion short-term credit line, taken out April 2022, were used at any point in 2022. Our external financing is therefore largely independent of short-term fluctuations in the credit markets.

Digitalization and Innovation

Digitalization¹

We want to leverage the diverse growth potential of digitalization, seize the associated opportunities to the benefit of our customers and strengthen our competitiveness. To achieve this, we promote digital skills among our employees, cooperate with partners and make digital technologies and ways of working an integral part of our business. Digitalizing our plants and systematically analyzing data enables us to further automate processes and in this way, manage the capacity, availability and efficiency of our plants in line with market conditions, for example, by simulating value streams within our Verbund structure or through predictive maintenance. Linking data from different sources and using artificial intelligence for smart data analysis opens up numerous opportunities for us to manage our business more efficiently and improve our processes, for example, in logistics. The combination of products, services and digital offerings also creates new business models and advantages for our customers, such as in agriculture or the personal care industry. In addition, digitalization enables us to further strengthen our innovative power. BASF has one of the most powerful supercomputers in the chemical industry – Curiosity. We use it to accelerate complex computing processes such as the simulation of molecules, for example. At the same time, we are working on groundbreaking technologies such as quantum computing, for instance as a founding member of the Quantum Technology and Application Consortium (QUTAC). We are also involved in other digitalization initiatives such as the Catena-X network, where we are working with partners to develop a system for standardized data exchange in the automotive value chain.

Innovation

Innovations based on chemistry play a pivotal role in overcoming the greatest challenges of our time. Our activities are aimed at developing new products, entering new markets and further increasing our productivity. That is why we are working together with our customers on innovative processes, technologies and products for a sustainable future.

Innovation has always been the key to BASF's success. The knowledge and skills of our highly qualified employees is our most valuable resource here and the source of our innovative strength. BASF SE had 4,229 employees in research and development in 2022. Expenses for research and development amounted to €1,375 million.

Our innovation focus is on developing new products and solutions that help our customers achieve their sustainability goals. By helping them reduce their carbon footprint, use resources more efficiently, or manufacture products in a more environmentally friendly way and recycle them, we ensure our long-term competitiveness and at the same time, play a role in decoupling growth from the consumption of limited resources.

We reorganized our research activities in 2022 to further strengthen our innovation performance and respond to our customers' industry-specific requirements even better and more quickly. Business and application-driven units that were previously part of the research divisions were integrated into the operating divisions, aligning them even more closely with the needs of our customers. This further shortens the time to market new products and accelerates BASF's growth.

We have bundled research activities relevant to several divisions in a central research division, Group Research. This new research division supports all operating divisions and drives forward projects that address major sustainability topics like reducing emissions from chemical processes and products, energy efficiency or recycling technologies. The unit is globally positioned with research centers in Europe, North America and Asia Pacific. Together with the research and development units in our operating divisions, Group Research forms the core of our global Know-How Verbund. We strengthen existing research focus areas and develop new technologies that are of central significance for our business units and their customers, such as digital tools, polymer technologies, catalyst processes or biotechnological methods. We promote creative research approaches and drive forward the development of new business areas.

The largest and most important site in our research network is Ludwigshafen in Germany. Investments there include a combined laboratory building for cleanroom and elemental analysis. The new building's modern digitalization and automation solutions set new standards in safety and efficiency. The state-of-the-art laboratory building took three years to build and was put into operation in October 2022. In addition, we will build a new Catalyst Development and Solids Processing Center in Ludwigshafen, Germany, by 2024 to bring process innovations and new chemical catalysts to market faster.

The number and quality of our patents also attest to our power of innovation and long-term competitiveness. In 2022, we filed 1,013 new patents worldwide, of which 39.2% were for innovations with a particular focus on sustainability. The Patent Asset Index, a method that compares patent portfolios, once again ranked us among the leading companies in the chemical industry in 2022.

Our global network of top universities, research institutes and companies forms an important part of our know-how Verbund. It gives us direct access to external scientific expertise, talented minds from various disciplines as well as new technologies.

¹ The content of this section is voluntary, unaudited information, which was critically read by the auditor.

Nonfinancial Statement in Accordance with Sections 289b to 289e of the German Commercial Code (HGB)

The nonfinancial statement (NFS) of BASF SE in the following is based on the requirements of sections 289b to 289e HGB. One of these requirements is to provide a brief description of BASF SE's business model. Others relate to specific disclosures on nonfinancial matters – environmental matters,

employee-related matters, social matters, respect for human rights as well as anti-corruption and bribery matters – to the extent that they are required to understand the development and performance of the business, BASF SE's position and the impact of business development on these matters.

Business model

BASF SE's business model is presented under "Corporate structure" on page 1 of this Management's Report.

E.U. Taxonomy

E.U. taxonomy disclosures in accordance with the E.U. Taxonomy Regulation and the supplementary delegated acts are presented in the consolidated nonfinancial statement in the Management's Report for the BASF Group.

 The BASF Report 2022 is available at report.basf.com

Our Sustainability Concept

We implement our corporate purpose – We create chemistry for a sustainable future – by systematically incorporating sustainability into our strategy, our business, and into our assessment, steering and compensation systems. We secure our long-term success with products, solutions and technologies that create value added for the environment, society and the economy.

Our strategic approach

Sustainability is at the core of what we do and a driver for growth and value. Analyzing our contributions to sustainability also enables us to manage risks effectively. We pursue a holistic sustainability approach that covers the entire value chain – from our suppliers and our own activities to our customers. We have formulated commitments for our conduct along the value chain and underpinned these with corresponding targets and measures.

Based on our corporate strategy, we steer the global sustainability target for climate protection via the most important key performance indicator (KPI) “absolute CO₂ emissions”¹. To this end, we have established the necessary steering mechanisms and control systems at Group level, for example, by intensifying training and providing further support for decentralized implementation. Our activities to reduce greenhouse gas emissions include using renewable energies for both electricity and steam production, developing and applying new low-carbon production processes, using renewable raw materials, and ongoing measures to further increase energy and resource efficiency in our production. We have also set up a project organization to achieve our climate protection targets. The Net Zero Accelerator unit concentrates on implementing and accelerating projects on low-carbon production technologies, the circular economy and renewable energies.

In addition to this climate protection target, we have set further sustainability targets, for example, on responsible procurement, resource-efficient and safe production, engaged employees and diversity.

We want to offer our customers innovative products and solutions that support their sustainability goals. That is why we ensure that the business units continuously monitor and evaluate relevant sustainability aspects. These evaluations are taken into account in strategies, in the implementation of research projects and in innovation processes, among other things.

A significant steering tool for the product portfolio, based on the sustainability performance of our products, is the Sustainable Solution Steering method. This rates our products’ applications in the relevant markets and customer industries. If, during reassessment of our portfolio, we identify products with significant sustainability concerns, we classify these as “challenged.” We develop and systematically implement action plans for all products in this category. These include research projects and reformulations to

optimize products, or even replacing the product with an alternative. To rigorously align our portfolio with contributions to sustainability, in 2018 we started phasing out all Challenged products within five years of their initial classification as “challenged” at the latest. A particular focus in the continued development of our product portfolio is on products that make a substantial sustainability contribution in the value chain. These include products that make positive contributions to areas such as health and safety, reducing emissions and the circular economy.

Our target of generating €22 billion in Accelerator sales² by 2025, which was based on our corporate strategy, was already achieved in 2021 with sales of €24.1 billion. In order to address the growing sustainability requirements in our markets with innovative solutions, we want to align our product portfolio even more strongly with climate protection, climate neutrality and the circular economy going forward. That is why we are updating our methodology and our product portfolio steering target and will introduce a revised method in 2023.

As a co-founder of the U.N. Global Compact, we contribute to the implementation of the United Nations’ (U.N.) Agenda 2030. Our products, solutions and technologies help to achieve the U.N. Sustainable Development Goals (SDGs), especially SDG 2 (Zero hunger), SDG 5 (Gender equality), SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action). To prioritize the SDGs relevant to BASF, in 2022 internal experts again assessed the impacts and positive contributions of our products, our corporate targets and strategic action areas.

In 2022, we carried out an improved materiality analysis that already focuses on the double materiality required by future regulations. This identified both sustainability topics on which we have a potentially positive or negative impact through our business activities along the value chain, and those topics that have or could have a positive or negative impact on the company’s performance.

In the first step, external developments and data were evaluated in order to prioritize topics. These included competitor and customer activities, relevant standards and regulations, and other trends relating to sustainability. The 48 topics identified in this step were then evaluated based on their importance for the chemical industry and the requirements and expectations of our stakeholders (such as customers, suppliers, competitors, investors and NGOs) using big data tools and further prioritized as the next step.

The core topics identified were then assessed in terms of their double materiality for BASF. Each sustainability aspect was considered from two perspectives: To assess sustainability relevance (“impact materiality”), both the actual and the potential positive and negative impacts of our company’s activities were considered along three stages of the value chain (upstream, own operations, down-stream). Here, we assessed the scale of impact, its scope and likelihood of occurrence. The individual topics were

¹ The target includes Scope 1 and Scope 2 emissions. Other greenhouse gases are converted into CO₂ equivalents in accordance with the Greenhouse Gas Protocol.
² Accelerator products make a substantial sustainability contribution in the value chain.

classified based on their potential financial impacts on BASF as part of the financial materiality analysis. Specifically, we analyzed how each sustainability aspect affects us geographically, for example, whether a local business unit or entire regions are affected, whether it impacts our production, our employees, meeting the targets we have set for the BASF Group, or our reputation. The results help us to better understand the complex and sometimes diverging requirements and expectations that our stakeholders have of us and to define strategically relevant topics for our long-term business success.

A sustainability aspect is considered material in the sense of double materiality if it has been classified as material both at the level of sustainability relevance and at the level of financial relevance. Under the Global Reporting Initiative, a sustainability aspect is additionally already considered material if it has only been classified as material at the level of sustainability relevance. On this basis, the following 12 topics were identified as material¹ and confirmed by the Corporate Sustainability Board: waste, climate change adaptation, biodiversity, business ethics, occupational health & safety, climate change mitigation, circularity and resource efficiency, plastic waste, human rights and labor rights, product stewardship, diversity, inclusion & equal work, and water & wastewater.

Our organizational and management structures

We are constantly working to broaden our contributions to key sustainability topics and to reduce the negative impact of our business activities. Together with decentrally organized specialists, the Corporate Strategy & Sustainability unit in the Corporate Center is responsible for integrating sustainability into core business activities and decision-making processes. The unit is responsible for the global steering of climate-related matters. Since January 2022, the Net Zero Accelerator unit has been driving forward new and existing projects, focusing on further acceleration and implementation to achieve CO₂ reduction targets worldwide. Both units report to the Chairman of the Board of Executive Directors.

The Board of Executive Directors and the Supervisory Board are regularly briefed on the development of individual sustainability topics. The Board of Executive Directors incorporates the results and recommendations from sustainability evaluations of business processes into its decisions, for example, on proposed investments and acquisitions. It makes decisions with strategic relevance for the Group and monitors the implementation of strategic plans and target achievement. The global climate protection target is linked to the compensation of the entire Board of Executive Directors and senior executives via the most important KPI “absolute CO₂ emissions.” The Corporate Sustainability Board, which is composed of heads of business and Corporate Center units and regions, supports the Board of Executive Directors on sustainability topics and discusses operational matters. It is chaired by Board of Executive Directors member Saori Dubourg.

In 2022, BASF appointed a Chief Human Rights Officer to further embed human rights aspects in decision-making processes. He reports directly to the Chairman of the Board of Executive Directors (see page 11).

We systematically evaluate sustainability criteria, including the effects of climate change, as an integral part of decisions on acquisitions and investments in property, plant and equipment or financial assets. In this way, we not only assess economic dimensions, but also the potential impacts on areas such as the environment, human rights or the local community. We evaluate both the potential impacts of our activities here as well as which effects we are exposed to.

If we identify potential negative impacts or previously untapped opportunities to make a greater contribution, for example in planned investments, these are presented transparently in the internal decision-making process and possible mitigation measures, such as changes in water management, are proposed.

In our Sustainable Finance Roundtable, we discuss topics relating to sustainable finance. Here, experts from departments such as Finance, Corporate Strategy, and Investor Relations and Communications discuss new legal or capital market-driven requirements. The interdisciplinary group analyzes the steadily growing requirements, assesses the impacts on BASF and drives forward the necessary change processes as well as the concrete implementation of measures.

 For more information on our risk management, see page 42 onward

 For more information on our financial and sustainability targets, see basf.com/strategy

For more information on our material topics, see basf.com/materiality

For more information on the organization of our sustainability management, see basf.com/sustainabilitymanagement

Global standards

Our standards are based on, and in some cases, exceed existing laws and regulations and take internationally recognized principles into account. We respect and promote:

- The 10 principles of the U. N. Global Compact
- The Universal Declaration of Human Rights and the two U.N. Human Rights Covenants
- The core labor standards of the ILO and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The OECD Guidelines for Multinational Enterprises
- The Responsible Care® Global Charter
- The German Corporate Governance Code

Our nonfinancial reporting is based on Global Reporting Initiative (GRI) standards.

¹ Material within the meaning of section 289c HGB or relevant within the meaning of the Global Reporting Initiative

Measuring sustainable value added

We are aware that our business activities can have both positive and negative impacts on the environment and society. We aim to increase our positive contributions and minimize the negative impacts of our business activities. To achieve this, we need to measure how our actions and our products impact society and the environment.

We already have many years of experience in this area from evaluating our products and processes using methods such as Eco-Efficiency Analyses, the SEEbalance® Socio-Eco-Efficiency Analysis, our Sustainable Solution Steering portfolio analysis, BASF's corporate carbon footprint or the calculation of Product Carbon Footprints.

For more information on our sustainability tools, see basf.com/en/measurement-methods

Our stakeholder management

Our stakeholders include customers, employees, investors, suppliers, the communities surrounding our sites, and representatives from industry, academia, politics and society. Parts of our business activities, such as the use of certain new technologies or our environmental impacts, are often viewed by stakeholders with a critical eye. We take these questions seriously, initiate dialogs and participate in discussions. We are in ongoing exchange with our stakeholders through a variety of formats. This helps us to even better understand what matters to groups of society, what they expect of us and which measures we can pursue in order to establish and maintain trust, build partnerships, and increase societal acceptance for and the sustainability of our business activities. In doing so, we want to harness potential for mutual value creation and strengthen societal acceptance of our business activities. For important topics, we systematically identify key stakeholders at an early stage to discuss critical questions with them. Relevant considerations here include their topic-specific expertise and willingness to engage in constructive dialog.

We already established an external, independent Stakeholder Advisory Council (SAC) in 2013 and the Human Rights Advisory Council (HRAC) in 2020. In the SAC, which is led by the Chairman of the Board of Executive Directors, international experts from academia and society contribute their perspectives to discussions with BASF's Board of Executive Directors. Focus topics in 2022 were climate protection and the energy transformation, as well as the significance and aspects of the societal dimension of sustainable development. The HRAC is an advisory body comprising external human rights specialists and internal experts. It helps us critically reflect on our positions and address potential for improvement.

We have a particular responsibility toward our sites' neighbors. We promote open exchange between residents and our site management and strengthen trust in our activities with established community advisory panels. Our globally binding requirements for community advisory panels are based on the grievance mechanism standards in the United Nations' Guiding Principles on Business and

Human Rights. We keep track of their implementation through the existing global database of the Responsible Care Management System.

Our political advocacy is conducted in accordance with transparent guidelines 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 a global guideline. 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 guidelines for responsible lobbying, see basf.com/guidelines_political_communication

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

For more information on the Human Rights Advisory Council, see basf.com/human-rights-council

For more information on the Stakeholder Advisory Council, see basf.com/en/stakeholder-advisory-council

Responsibility for Human Rights

BASF acknowledges its responsibility to respect internationally recognized human rights. For many years now, we have engaged in constructive dialog on human rights with other companies, nongovernmental organizations, international organizations and multi-stakeholder initiatives to better understand different perspectives and address conflicting goals. BASF is a founding member of the U.N. Global Compact and a member of the Global Business Initiative on Human Rights (GBI).

We see human rights due diligence as an important, all-encompassing task that we can only perform by working together as a team throughout the entire organization. That is why we have embedded our responsibility for human rights into our Code of Conduct and set this out in our Policy Statement on Human Rights. We uphold our standards worldwide, including where they exceed local legal requirements. All employees and leaders are responsible for ensuring that we act in accordance with our Code of Conduct and our Policy Statement on Human Rights. In everything we do, are committed to complying with international labor and social standards.

We rely on a systematic, integrated, risk-based approach and established monitoring and management systems. BASF is also active in initiatives such as Together for Sustainability (TfS) and Responsible Care®, which promote sustainability in the supply chain. Our measures and criteria for monitoring and respecting human

rights are integrated into supplier assessment processes and our global monitoring systems for environmental protection, safety and security, health protection and product stewardship. They are also part of the evaluation of investment, acquisition and divestiture projects, assessments along the entire product life cycle, and systems to monitor labor and social standards. In addition, aspects of human rights topics are part of the global qualification requirements for security personnel and are incorporated into standard agreements with contractors.

Our compliance unit is responsible for steering human rights topics and coordinates cross-unit collaboration. As Chief Human Rights Officer, the head of our legal and compliance organization is responsible for overseeing human rights risk management. In our Human Rights Expert Working Group, representatives from various areas of our company work closely together to holistically assess and refine our approach to human rights governance. It includes employees from specialist departments – Corporate Compliance (coordination), Global Procurement, Corporate Legal, Corporate Human Resources, Environmental Protection, Health, Safety and Quality, Corporate Strategy & Sustainability, Corporate Security, Digital and Procurement Governance, Corporate Communications and Governmental Relations – and our operating divisions. The expert working group provides support and advice in challenging and critical situations, on the development of internal processes, and on the creation of information and training offerings, among other things. In this way, we want to ensure that we approach our human rights responsibility holistically and that we can continually improve our performance.

As an international company, we are a part of society in the countries in which we operate and have business relationships with partners around the world. We are confronted by the fact that there are states that do not honor their obligation to protect human rights. People are particularly at risk in such countries, and companies' ability to act is often very limited. Here, too, we are committed to our values and contribute to the respect of human rights.

We have trustful working relationships with our partners (customers, suppliers, joint venture partners, contractors), expect them to comply with internationally recognized human rights standards and to expect the same of their partners further along the value chain. We work to ensure that our partners meet their respective responsibilities.

We can only achieve our goal of strengthening respect for human rights along our value chains if we work together. We have clearly defined our expectations in our Supplier Code of Conduct. We are in close contact with our business partners, especially in higher-risk areas and regions, and monitor the implementation of relevant standards and necessary measures for improvement. We use recognized assessments and audits to verify this. In 2022, we continued our work with our upstream supply chain, where we usually have no direct contractual relationships, less transparency and less influence. Here, we seek to increase our influence through collaboration with partners and stakeholders, and place importance

on certifications such as the LBMA certificate for gold, the LPPM certificate for platinum group metals, and the Responsible Minerals Initiative's Responsible Minerals Assurance Process.

We work together with partners, civil society and in cross-sector initiatives. These include the Global Battery Alliance and the Roundtable on Sustainable Palm Oil. Projects often start on the ground to build specific expertise for sustainable and responsible supply-chains. Examples include the Sustainable Castor Initiative – Pragati in India, the Responsible Lithium Partnership Initiative in Chile, the Responsible Mica Initiative in India and the Cobalt for Development pilot mining project in the Democratic Republic of Congo. In 2022, BASF, Syngenta and Arisa also worked together on a multi-stakeholder initiative in the vegetable seeds business in India. The initiative, WISH (Wage Improvements in Seed Hybrids), addresses the issue of child labor and compliance with minimum wage.

We again initiated various measures to further strengthen our organization and processes in 2022. These measures are also important against the background of new regulations, especially the German Supply Chain Due Diligence Act (SCA). These include the appointment of BASF's Chief Human Rights Officer and the further development of our Policy Statement on Human Rights, including further explanations of our approach to human rights due diligence and priority risks for our company. Both of these measures were approved by the Board of Executive Directors in November 2022.

To strengthen due diligence in the supply chain, we have also enhanced and refined a range of measures, including supplier risk analysis as well as preventive measures such as the systematic business partner due diligence for new suppliers, our Supplier Code of Conduct, and the requirements to be embedded in suppliers' contracts. We continue to expect our suppliers to enforce our standards at their suppliers and subcontractors, too. Furthermore, the rights of third-party workers in high-risk countries will be even better protected in the future through additional due diligence steps. These include risk-based controls and measures that promote transparency and awareness of human rights issues.

We have also been able to analyze and confirm BASF's compliance with the specific environmental treaties covered by the SCA (Minamata, Stockholm, Basel) in countries that have not yet ratified these conventions.

Promoting awareness of human rights was again a focus topic in 2022. Workshop programs on this were held in our operating divisions. In addition, employees in all regions were informed about and sensitized to human rights topics through presentations and discussion formats for specific target groups.

Our grievance mechanisms, which we already improved in 2021 with the introduction of a standardized global hotline and reporting system, were also used in 2022. A total of 151 human rights-related complaints were received by phone as well as by post and e-mail (2021: 206). All complaints were reviewed and forwarded to the rele-

vant departments for in-depth investigation. If justified, appropriate measures were taken. The 65 closed and justified cases were primarily harassment cases, followed by cases of discrimination. Our grievance channels did not identify any instances of child labor or forced labor.

We report on our global targets, monitoring systems and measures to integrate human rights topics into our business activities in publications such as this report and online.

🔗 For more information on standards in our supply chain, see page 14 onward

For more information on raw materials, see page 16

For more information on our production standards, see page 18 onward

For more information on systems for monitoring labor and social standards, see page 41

For more information on corporate governance and compliance, see page 52 onward

📄 See basf.com/humanrights for more information on the Policy Statement on Human Rights and a comprehensive report on the implementation of due diligence in accordance with the requirements of the National Action Plan developed by the German government, and in accordance with the U.N. Guiding Principles on Business and Human Rights

For more information on the Human Rights Advisory Council, see basf.com/human-rights-council

Our societal engagement approach

Our societal engagement is an important part of the implementation of our sustainability strategy and our corporate social responsibility. Our activities are concentrated in three key areas. We strive to improve people's quality of life by preventing and combating disease (health), promoting educational equality, employability and economic participation (skills) as well as the protection of natural resources (resources). Based on our competencies and portfolio, we aim to foster societal cohesion. In accordance with our societal engagement policy, our actions are in line with our compliance policy, BASF's strategy and our sustainability commitments.

📄 For more information on our societal engagement around the world, see basf.com/en/engagement

Supplier Management

BASF sources many raw materials, precursors, technical goods and services. Our suppliers are an important part of our value chain. Our objective is to create competitive advantages through our professional procurement structures, to establish stable and reliable supply chains, and at the same time, meet high ethical and environmental standards. Together with our suppliers, we want to improve sustainability in the supply chain and minimize risks.

Strategy

Our procurement organization ensures a reliable supply of raw materials, energy, precursors, technical goods and services to BASF. Alongside economic and qualitative criteria, we also take environmental, social and ethical aspects into account in cooperating with our suppliers.¹ Our sustainability-oriented supply chain management is an integral part of our risk management. We have defined our standards in a global guideline. We are continually refining and optimizing this guideline and our structures and processes in response to changing conditions, such as the new obligations arising from the **German Supply Chain Due Diligence Act (SCA)**, which requires large companies to conduct due diligence on human rights and certain environmental standards in their supply chains from January 1, 2023. In principle, this applies both to our own business operations and to direct and indirect suppliers. Based on a gap analysis of the new statutory due diligence obligations, we have further strengthened existing structures and processes and summarized our human rights positions in a policy statement. The head of the legal and compliance organization was appointed Chief Human Rights Officer in 2022 and is responsible in this capacity for overseeing the supply chain risk management system. Our established supply chain management tools, such as our Supplier Code of Conduct or the systematic risk-oriented assessment and auditing of suppliers, remain important elements and have been updated accordingly.

Procurement guidelines and targets are set centrally by the responsible Corporate Center unit and are binding for all employees with procurement responsibility worldwide. We use a multi-stage control process to ensure compliance with these requirements. Our risk-based approach aims to identify and evaluate sustainability matters in our value chains as best possible to improve sustainability performance together with our suppliers. We regularly review and document progress based on the risk level. Procurement employees receive regular training in sustainability-oriented supplier management and responsible procurement. In 2022, around 1,400 employees received such training, covering the requirements arising from the SCA.

We depend on reliable and long-term supply relationships. Our expectations of our suppliers are laid down in the global Supplier Code of Conduct. We support suppliers in improving their sustainability performance, for example, through joint projects or by helping them to address shortcomings. Another example is our Supplier CO₂ Management Program launched in 2021, with which we aim to increase the transparency of upstream greenhouse gas emissions (Scope 3) and reduce the carbon footprint of our value chain together with our suppliers.

For more information on suppliers, see [bast.com/suppliers](https://www.basf.com/suppliers)

Global targets

We actively promote sustainability in the supply chain and have set ourselves ambitious targets for this: By 2025, we aim to have conducted sustainability evaluations for 90% of the BASF Group's relevant spend.² In addition, we aim to have 80% of suppliers improve their sustainability performance upon re-evaluation by 2025. In 2022, 85% of the relevant spend had been evaluated. Of the suppliers re-evaluated in 2022, 76% had improved. Both global targets are embedded in the target agreements of persons responsible for procurement.

Worldwide procurement

BASF SE's more than 9,000 suppliers make an important contribution to our value creation. They supply us with raw materials, energy, precursors, investment goods and consumables, perform a range of services and are innovation partners. BASF SE acquired raw materials, goods and services for our own production worth approximately €11.5 billion in 2022. There were no substantial changes to our supplier structure.

What we expect from our suppliers

Together with our suppliers, we want to improve sustainability in the supply chain. Consequently, we require our suppliers to comply with the applicable laws in full and to adhere to internationally recognized environmental, social and governance (ESG) standards. We also expect our suppliers to make an effort to enforce these standards at their suppliers. In addition, we ask our suppliers to support and comply with our Supplier Code of Conduct – or to demonstrate and ensure their commitment to the principles specified in the Code of Conduct, for example in their own code of conduct.

Our global **Supplier Code of Conduct** is founded on internationally recognized guidelines, such as the principles of the United Nations' Global Compact, the U.N. Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) conven-

¹ BASF considers all direct suppliers of BASF SE 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.

² We understand relevant spend as procurement volumes with relevant suppliers. We define relevant suppliers as Tier 1 suppliers showing an elevated sustainability risk potential as identified by our risk matrices, our purchasers' assessments or other sources.

tions, and the topic areas of the Responsible Care initiative. Topics covered by the Code of Conduct include compliance with human rights, the exclusion of child and forced labor, safeguarding labor and social standards, antidiscrimination and anticorruption policies, and protecting the environment. The Code of Conduct is available in the most relevant languages for our suppliers and integrated into electronic ordering systems and purchasing conditions across the Group. In 2022, we expanded our Supplier Code of Conduct to include requirements from the German Supply Chain Due Diligence Act. Around 5,400 new suppliers committed to the Code of Conduct in 2022.

BASF conducts audits and assessments to ensure that suppliers comply with the applicable laws, rules and standards. BASF reserves the right to discontinue business relationships for non-adherence to international principles. The same applies to failure to correct violations, or for displaying patterns of non-compliance with these standards. Our Code of Conduct expressly points out that potential violations of laws, rules or standards can be reported – including anonymously – to our compliance hotlines. Each case is documented and investigated, and appropriate measures are taken as necessary.

Selection and evaluation of our suppliers

New suppliers are selected and existing suppliers are evaluated not only on the basis of economic criteria, but also ESG standards. As such, selection, evaluation and auditing is an important part of our sustainable supply chain and risk management. Processes and responsibilities are defined in a global guideline. Due to the large number of suppliers, they are evaluated based on risk. We take into account both country and industry-specific risks and the materiality of the supply relationship. We also use observations from our employees in procurement and information from internal and external databases, such as Together for Sustainability (TfS) assessments.

We have suppliers with a high potential sustainability risk evaluated by third parties, either through sustainability evaluations or on-site audits. The list of suppliers to be assessed is updated every year. Sustainability evaluations and on-site audits are mainly conducted according to the TfS framework. A total of 79 raw materials supplier sites were audited on sustainability standards on our behalf in 2022. We received sustainability evaluations for 963 suppliers. We also take into account other certification systems and external audits, such as the Roundtable on Sustainable Palm Oil, when assessing our suppliers. Depending on business requirements, we additionally conduct our own Responsible Care audits at selected suppliers (see page 18).

 For more information on Together for Sustainability, see [basf.com/en/together-for-sustainability](https://www.basf.com/en/together-for-sustainability)

Audit results

We carefully analyze the results of our assessments and document them in a central database. Over the past few years, we have identified some need for adjustment at our suppliers with respect to

environmental, social and governance standards, for example in waste management, or deviations in occupational health and safety measures and standards under labor law. Follow-up audits performed in 2022 identified improvements in these areas. Again in 2022, none of our audits identified any instances of forced labor, child labor or dangerous work and overtime performed by persons under 18.

Supplier development

If supplier assessments identify deviations from standards, we ask suppliers to develop and implement corrective measures within a reasonable time frame in a clearly defined follow-up process. We support them in their efforts.

An important part of supplier development in 2022 was also the sustainability webinars held by TfS together with EcoVadis in various languages, with a total of over 1,900 participants. In addition, the new TfS Academy online learning platform is aimed at buyers and suppliers. It covers the entire spectrum of ESG topics. There are currently over 335 courses available in 10 different languages. We review our suppliers' progress according to a defined time frame based on the sustainability risk identified, or after five years at the latest. In the case of serious violations of the standards defined in our Supplier Code of Conduct or international principles, we reserve the right to impose commercial sanctions. These can go as far as termination of the business relationship. In 2022, this happened in one case.

Raw Materials

Using resources as efficiently and responsibly as possible and the concept of the circular economy are firmly embedded in our strategy and our actions, for example, by our Verbund structure and the increased use of renewable and recycled feedstocks. We expect our suppliers to source and produce raw materials responsibly.

Strategy

Our strategy covers the entire value chain – from responsible procurement and the efficient use of raw materials in our own processes and recycling by-products to developing resource-saving solutions for our customers. We want to decouple growth from resource consumption with process and product innovations and to accelerate the shift toward closed-loop systems.

Alongside economic, environmental and social criteria, we also consider aspects such as product safety and supply security when selecting suppliers and raw materials. Our expectations of our suppliers are laid down in our Supplier Code of Conduct (see page 14). We take a closer look at suppliers in critical supply chains, for example, mineral raw materials and renewable resources, a number of pigments and highly toxic substances. Upstream stages of the value chain are assessed for serious sustainability risks and, if necessary, suitable remedial measures are identified. In addition, we develop and test approaches to make the supply of raw materials more sustainable in joint initiatives with suppliers and other partners. Examples include our cooperative ventures and investments for recycling lithium-ion batteries and our joint activities on certified sustainable supply chains for renewable raw materials such as palm, palm kernel and castor oil.

BASF's Verbund concept is key to making the use of raw materials in our own processes as efficient as possible: Intelligently linking and steering our plants and processes creates efficient value chains. By-products from one facility are used as feedstocks elsewhere. This saves raw materials and energy. At the same time, the Verbund offers many opportunities to use renewable and recycled raw materials. We want to better leverage this potential going forward and gradually replace fossil resources with renewable energies and alternative feedstocks, both in our energy supply and in our production.

Resource efficiency and stewardship are also becoming increasingly important for our customers. That is why we are constantly working to reduce the resources consumed in the manufacturing of our products, for example through more efficient processes and innovative technologies. This enables us to offer our customers solutions that make a greater contribution to sustainability, like a smaller carbon footprint or better biodegradability. Our products also improve resource efficiency and sustainability at many points along the value chain. For example, BASF additives increase the service life and mechanical recyclability of plastics, which saves fossil resources, reduces CO₂ emissions and enables a circular economy.

BASF's natural gas supply in Europe

Natural gas is one of BASF SE's most important feedstocks. We use it as a fuel for energy supply as well as a raw material for the production of basic chemicals. BASF's natural gas demand in Europe was 32 terawatt hours in 2022. The Ludwigshafen site in Germany accounted for around 24 terawatt hours, with around 50% used for central electricity and steam generation.

The supply situation for natural gas in Europe has changed significantly with the war in Ukraine and the progressive loss of Russian gas supplies. Although our site in Ludwigshafen could be supplied from our Western European suppliers in line with demand in 2022, this was at significantly higher and volatile prices. Compared with 2021, the additional cost of natural gas for BASF's European sites totaled €2 billion; compared with 2020, the increase was as much as €3.4 billion.

Since March 2022, we have reduced our natural gas demand at the Ludwigshafen site through various measures. These include technical optimizations in BASF's production network and switching to other fuels wherever possible. In addition, we reduced production volumes at some plants with a high natural gas demand and purchased raw materials such as ammonia.

We are continuously monitoring the market and political environment and will decide what adjustments we may have to make in supply and production depending on the situation. The same applies in the event of a potential gas shortage, which would result in national gas allocation in Germany. If this were to occur, we currently assume that BASF would receive sufficient natural gas to maintain operations at the Ludwigshafen site at a reduced load.

We are doing everything we can to reduce our dependence on fossil energy, especially natural gas, even faster. Our focus here is on further increasing energy efficiency, a rapid switch to renewable energies in the power supply, and new electricity-based production technologies.

Circular economy

Circularity and climate action are a particular focus in the continued development of our product portfolio. This enables us to help our customers achieve their sustainability goals and adhere to changing regulatory requirements. At the same time, we are improving our own resource and carbon footprint and open up new growth areas.

By 2030, the BASF Group aims to generate sales of €17 billion with solutions for the circular economy. These include products based on renewable or recycled raw materials, products that close material cycles ("close the loop") and products that increase the resource efficiency or life of materials ("extend the loop").

We want to further reduce our resource and carbon footprint, which is why we are aligning our feedstock base even more strongly with non-fossil alternatives such as bio-based or renewable raw materials. To expand our supply base, we are also developing additional waste-based sources of raw materials and suitable recycling processes, often with partners. Our target here is to process 250,000 metric tons of recycled and waste-based raw materials – such as pyrolysis oil from mixed plastic waste or used tires – in our production plants annually from 2025.

One of the steps we have taken to meet our targets and accelerate the transformation is establishing a company-wide Circular Economy Program. As part of this program, BASF teams are currently developing new approaches within three main action areas and over 45 initiatives: alternative raw materials pathways, innovative material cycles and new business models for the circular economy – which also include digital and service-based concepts. We also cooperate with partners along the value chain and are involved in numerous networks, such as the Ellen MacArthur Foundation, the World Business Council for Sustainable Development, the Global Battery Alliance and the Alliance to End Plastic Waste.

 For more information on the circular economy, see [basf.com/circular-economy](https://www.basf.com/circular-economy)

Environmental Protection, Health and Safety

Our Management Systems

Safety and quality are our top priorities. That is why we have established comprehensive management and control systems. Our Responsible Care Management System comprises the global directives, standards and procedures for environmental protection, health and safety (EHS). Our Quality Management System aims to ensure the high quality of our products, processes and services and enable our employees to best meet our customers' needs.

Responsible Care Management System

BASF is actively involved in the International Council of Chemical Associations' global Responsible Care® initiative. Our Responsible Care Management System covers the environmental protection, health and safety aspects that we have identified as material at different stages of our value chain – from the transportation of raw materials to production at our plants, activities at our sites and warehouses, and distribution of our products down to our customers' application of our products. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center defines Groupwide management and control systems and monitors compliance with internal requirements and legal regulations, while BASF SE implements these requirements locally at the Ludwigshafen site in Germany. Our global network enables information and insights to be shared across the BASF Group on an ongoing basis.

Our policies and requirements are continuously updated. We also maintain dialog with government institutions, associations and international organizations for this reason. We set ourselves ambitious goals for environmental protection, health and safety. We regularly review our performance and progress with audits. We assess the potential risks and weaknesses of all our major activities – from research and development and production to logistics – and the potential effects of these on the safety and security of our employees, plants, the environment and our surroundings. We use databases to record accidents, near misses and safety-related incidents at our sites as well as along our transportation routes. This documentation helps us to continuously improve. Appropriate measures are derived according to specific cause analyses.

For more information on Responsible Care®, see basf.com/en/responsible-care

Quality Management System

Our Quality Management System comprises our EHSQ policy as well as further standards, guidelines and processes for quality management along the value chain. Our Quality Management System is risk-based, process-oriented and focused on customer satisfaction. Its mandatory elements are set out in a Corporate Requirement. These include core processes such as nonconformance management, the procedure for product recalls, change management and the performance of internal audits.

BASF SE takes responsibility for the local implementation of central requirements defined by the Environmental Protection, Health, Safety and Quality unit in the Corporate Center.

Responsible Care audits

Regular audits help ensure that our safety, security, health and environmental protection policies and standards are met. We take a risk-based approach here. An audit database ensures that all BASF SE plants are regularly audited. We have defined our regulations for Responsible Care audits in a global Corporate Requirement. The Board of Executive Directors is regularly informed about the results of the audits.

During our audits, we create a safety and environmental profile that shows if we are properly addressing the hazard potential. If this is not the case, we agree on corrective measures to be implemented within a certain time frame depending on the identified hazard potential. We monitor this in follow-up audits, among other things.

In 2022, 127 environmental and safety audits were carried out at BASF SE plants (2021: 143 audits).

For more information on occupational health and safety, see page 19 onward

Costs and provisions

We continually invest in reducing the impact of our actions on the environment. We also establish appropriate provisions for environmental protection measures and the remediation of active and former sites.

Costs and provisions for environmental protection at BASF SE

Million €

	2022	2021
Operating costs for environmental protection	674	580
Investments in new and improved environmental protection plants and facilities ¹	157	135
Environmental protection and remediation costs ²	334	268

¹ Investments comprise end-of-pipe measures as well as integrated environmental protection measures.

² Values shown refer to December 31 of the respective year.

For more information, see the Notes on pages 77 and 88

Occupational Safety, Process Safety and Health Protection

For occupational and process safety as well as health protection, we rely on comprehensive preventive measures. We count on the active involvement of all employees and contractors here. Our safety concepts are designed to provide the best possible protection for employees, contractors and our sites' neighbors, and to prevent damage to property and the environment.

Strategy

The safety of our employees, contractors and neighbors, and protecting the environment is our top priority. This is why we have set ourselves ambitious goals for occupational and process safety as well as health protection. BASF SE is subject to the mandatory Group-wide standards for occupational and process safety as well as health protection. Internal policies are adapted to local conditions to ensure legal requirements are implemented and complied with. A local unit responsible for safety advises BASF SE's units operating onsite on safety matters. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center performs regular audits to ensure compliance with the requirements.

We pursue ambitious targets for occupational and process safety as well as for health protection. As part of our continuous improvement process, we regularly monitor progress toward our goals. We critically reviewed our occupational and process safety targets and key performance indicators in 2022. As a result, BASF SE will update targets and report according to a new system in 2023. This will set focus on high-severity work-related accidents and incidents and provide greater transparency. Our reporting continues to be based on established industry standards, with a stronger focus on people and our plants.

As a whole, our leadership culture shapes BASF's safety culture. Safety goals are therefore also included in the target agreements of senior executives at BASF SE.

Our Environment, Health and Safety program and targets at the Ludwigshafen site are further developed every year. As an initiative on the subject of safety, site management introduced the "5 Steps Towards Greater Safety" program at the site in 2021 comprising: more focus on hotspots; more employee attentiveness; more visible leadership; more consistent implementation; fewer ineffective regulations. In this way, the levers identified as particularly important for improvements in safety were also addressed in 2022. We analyze and document accidents and incidents as well as their causes and consequences in detail to learn from these. We understand the hazard assessments and the risk minimization measures derived from them as an important prevention tool. On the basis of a targeted analysis of high-risk events, we can identify areas prone to accidents and implement precise preventive measures.

With a culture of dealing openly with mistakes, systematic hazard assessments, division and site-specific safety activities, ongoing qualification measures and dialog across BASF's global network, we want to strengthen risk awareness among our employees and contractors, share examples of good practice and in this way, continually develop our safety culture. This includes activities such as site-wide safety days which enable an intensive exchange of information and thus contribute towards establishing a common safety culture.

Other events and initiatives in 2022 also focused on the high relevance of safety topics and dialog among our leaders, such as leadership workshops which focused in particular on the joint achievement of safety targets and were based on the key topics from the "5 Steps Towards Greater Safety" program. These activities will be continued in 2023.

Occupational safety

To prevent work-related accidents, we encourage and promote risk-conscious behavior and safe working practices, high-quality risk assessments, processing and learning from incidents, as well as regular dialog. We achieve this in particular by taking a close look at high-risk events and deriving appropriate measures. By focusing on key issues, all units onsite work on identifying the causes of incidents in order to actively counteract them.

Insights from incidents are incorporated into assessment templates for hazards, which are provided uniformly for BASF SE. These ensure that a high-quality standard is set, while they can be easily adapted to company-specific requirements.

In order to sustainably improve our safety culture and behavior in the long term, we are promoting the implementation of the behaviorally-based "Consistently Safe!" project on-site as part of the "5 Steps Towards Greater Safety" program.

In addition to the legally required briefings, BASF SE requires employees and contractors to complete compulsory health and safety training. Employees from production at the site in Ludwigshafen also receive regular training on the safe handling of chemicals and the correct use of personal protective equipment.

BASF SE has offered continuous further training at our own training center on diverse safety topics for employees and contractors since 2010. This includes for example the correct use of equipment for height safety, seals, ladders and steps, as well as the topic of ergonomics. Some 10,000 participants received training there in 2022. Despite the pandemic, general safety training continued in 2022, with nearly all of the 800 trainings available both virtually and in person.

Leaders are important role models for employees. Senior executives with a particular responsibility for safety, for example, in production, also receive specific further training to meet their responsibilities.

As a reporting indicator, we use the number of lost-time injuries per 200,000 working hours (Lost Time Injury Rate, LTI). In 2022, BASF SE recorded 0.5 work-related accidents per 200,000 working hours (2021: 0.6). The share of chemical-related accidents increased to 7% (2021: 3%). There were no fatal work-related accidents at BASF SE in 2022 (2021: 0).

We actively share insights, also with parties outside the company, to further increase occupational safety and continually improve our processes and methods. For example, we evaluate general trends from available data, analyze accidents and potential incidents, and share knowledge and best practices within our global network of experts and as part of safety initiatives. We also seek dialog with government institutions and are actively involved in external occupational safety initiatives and networks led, for example, by national associations such as the German Chemical Industry Association. This also includes advising the Federal Ministry of Labor and Social Affairs in connection with the new Safety and Health Committee established in 2021.

For more information on occupational safety, see [basf.com/occupational_safety](https://www.basf.com/occupational_safety)

Process safety

Process safety is a core part of safe, efficient and thus sustainable production. We meet high safety standards in the planning, construction and operation of our plants around the world. These meet and, in some cases, go beyond local legal requirements.

BASF SE's guidelines provide the framework for the safe construction and operation of our plants as well as the protection of people and the environment. Our experts develop a safety concept for every plant that considers the key aspects of safety, health and environmental protection – from plant design to the end of the production phase – and that sets out specific safety measures.

In order to maintain the highest level of safety at our plants across their entire life cycles, we verify that our protection concepts, safety reviews and resulting safety measures have been carried out in all our plants at timely intervals based on risk potential. When regularly updating the plants' safety and security concepts, we consider new findings, technological opportunities and regulatory developments.

We use the number of process safety incidents (PSI) per 200,000 working hours as a reporting indicator. We have set ourselves the goal of reducing process safety incidents to a rate of no more than 0.1 per 200,000 working hours by 2025.¹ In 2022, BASF SE recorded 0.4 process safety incidents per 200,000 working hours (2021: 0.5). We investigate every incident, analyze causes and use the findings to derive suitable measures. We also share the findings in our global network in the interest of continuous improvement.

To reduce process safety incidents, we focus in particular on technical measures and on a leadership culture that places emphasis on process safety and dealing openly with mistakes. To this end, representatives of site management conducted in-depth discussions on accidents and their causes at plants with high accident rates. Another focus was on plant-specific initiatives to improve behavior-based safety. In 2022, the main causes of incidents on-site were analyzed by plant management. Measures specifically adapted to the circumstances were then initiated. The so-called PSI Reduction Initiative Reloaded supports these activities by framing the workplace as a systemic environment in which processes, people and technology all interact. It fosters the exchange of knowledge between plants.

To strengthen risk awareness and safety culture as well as plant safety, we are continually refining and expanding our training methods and offerings. In 2022, we were able to offer both virtual and in-person training.

For more information on process safety, see [basf.com/process_safety](https://www.basf.com/process_safety)

Health protection

The Corporate Health Management department is responsible for occupational health and emergency medical treatment for BASF employees at the Ludwigshafen site in Germany, as well as global coordination and auditing of occupational health activities at BASF Group companies worldwide. It has been recognized by the employers' liability insurance association as a training facility for occupational first aiders.

BASF's global corporate health management serves to promote and maintain the health and productivity of our employees. The BASF health checks form the foundation of our global health promotion program and are offered to employees at regular intervals. We also raise employee awareness of health topics with offerings tailored to specific target groups. One example of this is the annual Global Health Campaign, which in 2022 was dedicated to the motto "Good morning – regeneration through sleep." The program included a wide range of virtual and in-person seminars and interactive events on the different factors that influence restful sleep. Site Ludwigshafen also participated with activities such as workshops, courses, lectures and exercises.

To practice collaboration between the various BASF emergency response teams, one mass casualty incident drill was conducted in 2022 (2021: 1), involving physicians, paramedics and other experts from the medical department participated. In addition, more than 2,900 participants (2021: 1,900) received first aid or refresher

¹ Hours worked by BASF employees, temporary employees and contractors. In 2023, we will update this target and report according to a new system.

training from certified instructors from the site emergency services team in 2022.

We measure our performance in health protection using the Health Performance Index (HPI). This has five components: recognized occupational diseases, medical emergency drills, first aid, preventive medicine and health promotion. Each component contributes a maximum of 0.2 to the total score, meaning that the highest possible score is 1.0. BASF Group aims to reach a value of more than 0.9 every year. With an HPI of 0.96, we once again reached this in 2022 (2021: 0.96).

We successfully continued our proven activities to combat the coronavirus pandemic in 2022, adapted in each case to local infection rates and the on-site risk. Measures included, among other things, vaccination services, for example with our own vaccination center at our largest site in Ludwigshafen, Germany. Seasonal influenza vaccinations were also provided there in October and November, with over 6,200 people taking advantage of this offer.

For more information on occupational medicine, health campaigns and the HPI, see basf.com/health

Emergency response, corporate and cyber security

We aim to avoid safety-related incidents as far as possible with comprehensive preventive measures and clearly defined responsibilities. Should an emergency nevertheless arise, we have established structures and processes that enable effective crisis management.

Strategy

We want to be as prepared as possible for crisis situations at global, regional and local level – from process safety incidents and goods spillages to pandemics and cyber attacks – through extensive emergency preparedness and emergency response regulations and measures. That is why our emergency and crisis management focuses on the protection of our employees, contractors and neighbors, the safety of our plants and sites, and the protection of our intellectual property. To ensure rapid and effective crisis management, we have defined appropriate structures and processes and laid them down in binding Group-wide guidelines. Our sites and Group companies are responsible for implementing and complying with these internal guidelines and the legal requirements. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center conducts regular audits to monitor this.

Unusual incidents are recorded and reported centrally in accordance with a standard Group-wide procedure (e-Rapid Incident Report). This enables us to identify risks at an early stage and, if necessary, initiate appropriate relief and communication measures. All incidents are carefully followed up on to identify potential for improvement, which is integrated into existing concepts as needed.

Emergency response

Incidents are initially handled by the local crisis organization or local emergency response team. At Ludwigshafen site, we have implemented precautionary organizational measures with clearly defined responsibilities and procedures for this purpose. The responsible persons receive regular training. This includes safety and emergency drills, which vary in scope and the number of people involved. Depending on the situation, we also involve business partners and our sites' communities, such as local authorities or neighboring companies, both in drills and in the event of an emergency additional teams may be called in for emergencies, depending on the extent of the damage and how it develops. In 2022, BASF SE conducted 224 drills and simulations to instruct participants on our emergency response measures according to their specific roles (2021: 217).

We are actively involved in external networks, which quickly provide information and assistance in emergencies. These include the International Chemical and Environmental (ICE) initiative and the German Transport Accident Information and Emergency Response System (TUIS), in which BASF plays a coordinating role. In 2022, we provided assistance to public emergency response agencies and other companies in 111 cases (2021: 123). This included information on chemicals and their proper disposal, on-site operational support for transportation accidents involving hazardous goods, or information on human biomonitoring. We apply the experience we have gathered to improve our own processes.

For more information on emergency response, see basf.com/emergency_response

Corporate and cyber security

Corporate security at BASF has the mission to protect all employees, tangible and intangible corporate assets, and the company's reputation against harmful interference and to minimize associated security risks.

As part of the tasks assigned to it by the Board of Executive Directors, BASF SE's corporate security department prepares safety standards, regulations and best practices, for example in the areas of site safety, investigation activities and the dealing with precious metal catalysts. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center transforms these into mandatory Group-wide requirements and monitors their compliance through regularly occurring audits.

Another cornerstone of corporate security is the protection of our sites. The tasks performed by our security teams range from access and authorization management, and interventions at our sites to the use of security technology and defense against sabotage and industrial espionage. Aspects of human rights relevant to site security are a component of the global code of conduct and qualification requirements for our internal and external security personnel.

In the event of criminal offences or serious violations of regulations directed against the company or our employees, the investigation service analyzes facts, conducts internal investigations and takes

appropriate preventive measures in close cooperation with other internal organizational units and security authorities. The complete clarification and processing of these matters is planned, carried out and controlled in a structured manner. In many cases, investigations are conducted by an interdisciplinary team from corporate and cyber security, corporate compliance and corporate audit. In addition, the focus of the investigation service is on creating preventive concepts to prevent criminal acts as well as on background checks, threat management and internal employee training.

The service portfolio of corporate security also includes global situation monitoring, in which we constantly assess and process risks for BASF and communicate them to both BASF management and other internal stakeholders. We constantly exchange information with security authorities, associations and other companies about the current security situation and adapt our level of protection to new risks and threat scenarios. This also applies to protective measures at major events, which are planned and realized by corporate security.

For investment projects and strategic plans, we analyze the potential safety and security risks, and define appropriate safety and security concepts. Our guiding principle is to identify risks for the company at an early stage, assess them properly and derive appropriate safeguards.

Within the scope of our corporate duty of care, we inform business travelers and transferees about appropriate protection measures prior to and during travel in countries with medium and elevated security risks. In the case of travel to high-risk countries, corporate security initiates appropriate protection concepts. We continuously adjust our travel recommendations, for example as a result of the Corona pandemic. With a globally standardized travel search system, we are able to locate and contact employees in affected areas following serious incidents. Travelers also have the option of receiving assistance at any time from the operations and situation center, which operates day and night. The center receives inquiries from areas of safety, health, travel booking and insurance and forwards them to relevant experts.

Cyber security and information security plays an increasingly important role. BASF applies the "security by design" principle to critically review and optimize IT applications from a cybersecurity perspective as early as the design phase. We are continually improving our ability to prevent, detect and react to security incidents with various measures and training programs. Our global cyber security team is tasked with protecting BASF SE's IT systems and the handled data and business processes. Our IT security management system is certified according to DIN EN ISO/IEC 27001:2017. It also supports, in particular, our critical infrastructures in meeting additional compliance requirements such as DIN EN ISO/IEC 27019:2020, IT security catalog and corresponding industry-specific standards (B3S).

We work to sensitize our employees about protecting information and know-how. In 2022, we continued to raise employees' risk awareness with mandatory, regular online training for all employees and complementary offerings such as seminars, case studies and interactive training. These increasingly addressed aspects of working practices that have changed as a result of the coronavirus pandemic, such as cybersecurity when working from home.

Product Safety

We see product safety as an integral part of all business processes, as an element of our risk management, and as an important pillar of our commitment to Responsible Care®. We continuously work to ensure that our products pose no risk to people or the environment when they are used responsibly and in the manner intended.

Strategy

We are committed to continuously minimizing the negative effects of our products on the environment, health and safety and to the ongoing optimization of our products. This commitment to product safety is enshrined in our Responsible Care® charter and the initiatives of the International Council of Chemical Associations (ICCA). Our products should not pose any risk to humans or the environment when used responsibly and in the manner intended. We aim to comply with all relevant national and international laws and regulations.

BASF SE applies all rules, processes and responsibilities, for example, to ensure uniformly high product safety standards worldwide, defined by our global requirements. Our sites and Group companies are responsible for implementing and complying with internal guidelines and legal requirements. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center conducts regular audits to monitor this. BASF's global network of experts shares information, insights and best practices around product safety on an ongoing basis.

Before our products are launched on the market, they undergo various tests and assessments – depending on legal requirements and their application profile. Our aim here is to identify potential hazard characteristics as well as health and environmental risks at an early stage. Based on these results, we derive precautionary and protective measures and develop recommendations for safe handling – from production to application and disposal.

We maintain and evaluate environmental, health and safety data for all of our substances and products in a global database. This information is continuously updated. The database forms the basis for communicating this information in our safety data sheets, which we make available to our customers in around 40 languages. These include information on the physical/chemical, toxicological and ecotoxicological properties of products, potential hazards, first aid measures, measures to be taken in the case of accidental release, and disposal. Our global emergency hotline network enables us to provide information around the clock. To ensure that people who buy, sell, use, transport or dispose of our products can quickly find out about our products and the risks associated with them, we use the Globally Harmonized System (GHS) to classify and label our products around the world, provided this is legally permissible in the country concerned. We take into account any national or regional modifications within the GHS framework, such as the E.U.'s regula-

tion on the classification, labeling and packaging of substances and mixtures (CLP Regulation).

If necessary, we advise our customers on product safety. We set guidelines on the safe transport of dangerous goods for our logistics service providers worldwide (see page 26). We also train our employees worldwide on the proper handling and use of selected products with particular hazard potential.

In associations and together with other manufacturers, BASF supports the establishment of voluntary global commitments to prevent the misuse of chemicals. We are also involved at national and international level in various initiatives to further develop risk assessments, such as that of the European Centre for Ecotoxicology and Toxicology of Chemicals (ECETOC).

Global chemicals regulations

Most of the products we manufacture are subject to statutory chemicals regulations. We are bound by the relevant regional and national chemicals regulations, which continue to grow in number worldwide. Examples include REACH in the E.U., UK REACH in the United Kingdom, KKDİK in Turkey, K-REACH in South Korea and TSCA in the United States.

In Europe, the European Commission has developed a roadmap that will bring about far-reaching changes to the regulation of chemicals in Europe in the coming years: the European Green Deal and, as a part of this, the Chemicals Strategy for Sustainability (CSS). BASF supports the objectives of the Green Deal in principle but sees a need for adjustment, greater clarity and predictability, particularly in regulatory matters, to strike a balance between achieving the ambitions of the CSS and safeguarding the long-term competitiveness and future viability of the European chemical industry. As part of the ongoing clarification process, we are therefore seeking dialog with all relevant stakeholders and are advocating for a science-based and innovation-driven development of the regulatory framework.

Animal welfare in environmental and toxicological testing

Before launching products on the market, we subject them to a variety of tests, including environmental and toxicological tests using state-of-the-art knowledge and technology. If these tests include animal studies, this is generally required by law and necessary to reliably evaluate the safety and efficacy of our products. If we employ animal studies, we adhere to the specifications laid down by the German Animal Welfare Act as well as the requirements of the Association for Assessment and Accreditation of Laboratory Animal Care – the highest standard for laboratory animals in the world. We develop and are continuously optimizing alternative methods to experimentally assess the safety and tolerance of our products without animal studies.

Our aim is to replace, reduce or refine animal studies to minimize the impact on them. For example, we use an OECD-certified alternative testing strategy developed jointly with Givaudan for animal-free testing of allergic skin reactions. We also use other alternative

methods. In 2022, BASF SE's Experimental Toxicology and Ecology became the first institute in the world to be certified for Good In Vitro Method Practices (GIVIMP). GIVIMP is a standard published by the OECD. It increases the quality of data generated by in vitro test methods and confidence in newly developed non-animal test methods.

Management of nano- and biotechnology

Nanotechnology and biotechnology offer solutions for key societal challenges – such as environmental and climate protection and health and nutrition. For example, nanomaterials can improve battery performance and biocatalytic methods can improve process resource efficiency. We want to harness the potential of both technologies. Using them safely and responsibly is our top priority. Safe handling of nanomaterials is stipulated in our Nanotechnology Code of Conduct, for instance. Two European Union-sponsored projects on assessing nano safety – GRACIOUS and PATROLS – were completed with BASF's assistance. The results were documented and communicated in 2022 in numerous publications with BASF's involvement.

For more information on the GRACIOUS project, see h2020gracious.eu

For more information on the PATROLS project, see patrols-h2020.eu

Product stewardship for crop protection products and seeds

We are continuously improving our farming solutions. Alongside aspects such as efficacy and productivity, this also includes safe application by our customers and impact on the environment.

Crop protection products and seeds are highly regulated at national and international level, which brings with it strict requirements for registering and re-registering active ingredients and crop systems. Regulatory approval is only granted when extensive documentation can be provided showing that our products are safe for people, animals and the environment when used in the manner intended.

As a member of the "Crop Life International" industry association, we are committed to complying with the standards on the research, registration and distribution of crop protection products set out in the International Code of Conduct on Pesticide Management issued by the Food and Agriculture Organization (FAO). In our use of biotechnology, we are guided by the code of conduct set out by EuropaBio, the European biotechnology association, and adhere to the relevant standards and legal regulations governing production and marketing.

Potential risks of our products are assessed and minimized throughout the research, development and registration process, and on an ongoing basis following market registration. We regularly conduct scientific studies and tests, including on modes of action, (eco) toxicological properties and possible residues. This ensures that, as far as possible, our registration dossiers address all questions on potential environmental and health effects.

We adapt our portfolio to the specific requirements of regional markets as customer requirements, crops, soils, climate conditions, plant diseases and farming practices vary around the world. Consequently, product approvals differ from country to country. Distribution generally requires registration and approval of our products in accordance with the respective national regulations.

Crop protection

BASF adheres to the International Code of Conduct issued by the World Health Organization (WHO) and the Food and Agriculture Organization (FAO) for the distribution of crop protection products. These are only marketed once they have been approved by the relevant authorities. We no longer sell WHO Class 1A or 1B products (high acute oral and dermal toxicity), even if formal approvals exist. Depending on availability, we offer our customers alternatives.

All of BASF's crop protection products can be used safely under local farming conditions if the information and directions on the label are followed. If they have any questions, complaints or issues, our customers can contact us through various channels, for example, by calling the telephone number printed on all product labels, using the contact forms on our websites or by approaching our sales employees directly. We record all product incidents relating to health or the environment that come to our attention in a global data base. If necessary, we take appropriate measures on the basis of this information to minimize preventable incidents. These include updating the instructions for use on product labels. We communicate these changes and general recommendations on the safe use of our products through channels such as our Farmer Field School initiatives in Asia and in training programs such as the On Target Application Academy in the United States.

One of the ways we meet our commitment to product stewardship is by offering a wide range of courses and training on the safe storage, handling, use and disposal of our products. This ranges from on-site events to handouts and digital offerings and is aimed at farmers, retailers, consultants and other users. In India, for example, BASF launched the Suraksha Hamesha program. Suraksha Hamesha means "safety all the time." The program creates a platform for educating farmers and other users of crop protection products about the nine steps of responsible use of crop protection products and personal protection. Through Suraksha Hamesha, BASF has trained over 189,000 agricultural workers and around 39,000 users across India since 2016. BASF also involves government agencies and the central government's farm extension teams in these meetings to support and promote farm safety. In addition, digital initiatives reached around 17 million farmers in India and informed them about "safety in agriculture".

BASF also promotes new application technologies: In China, for example, more than 1,000 drone pilots were trained in the safe use of crop protection products as part of the "Fly with BASF" program in 2022.

We also work closely together with associations such as “Crop Life International” and “Crop Life Europe” to promote the safe and proper use of crop protection products. For example, we support stewardship initiatives of both associations and various programs on the proper disposal and recycling of product containers. Technological innovations developed together with industry partners also help to make using crop protection products easier and safer. Examples include the closed transfer systems easy connect in Europe and the “Wisdom” system in South America.

Seeds

Our biotechnology activities and our research and development capabilities comprise advanced breeding techniques, analytics, technology platforms and trait validation. To offer tailor-made, more sustainable crop solutions, our gene identification work focuses on those plant characteristics that enable higher yield and better quality, disease resistance and tolerance of environmental factors such as drought. We apply state-of-the-art scientific methods here such as genetic engineering and selective genome editing.

BASF is a member of Excellence Through Stewardship (ETS), a global industry initiative for seeds. This initiative promotes the adoption of quality management systems for seeds and product stewardship programs covering the entire life cycle. It also has independent auditors verify compliance with its guidelines. In 2022, BASF successfully passed ETS audits on laboratory operations, contained biotech facilities, general stewardship, incident response management and product handling at the Research Triangle Park and Pikevill sites in the United States, Trindade and Primavera do Leste in Brazil, and Bogotá in Colombia.

 For more information on biodiversity, see page 30 onward

Transportation Safety

Our regulations and measures for transportation safety are part of our Responsible Care Management System. These cover the delivery of raw materials, the handling and distribution of chemical products between BASF sites, warehouses and customers, and the transportation of waste.

Strategy

Whether by road, rail, ship or air, we want to ensure that our products are loaded, transported and handled in accordance with the relevant regulations and their hazard potential. That is why we depend on global standards, an effective organization, training and reliable logistics partners. Our goal is to minimize risks along the entire transportation chain.

All BASF products intended for transport must be clearly identifiable, classified, securely packaged and labeled. The transportation of dangerous goods is subject to mandatory national and international dangerous goods regulations as well as local guidelines for the Ludwigshafen site in Germany. The dangerous goods safety advisor regularly monitors compliance with transportation safety regulations and guidelines at BASF SE using globally standardized transportation safety reviews. External logistics partners are evaluated based on risk either through assessments or on-site audits. BASF's global network of experts ensures that information, insights and best practices are shared on an ongoing basis.

Preventive safety measures

National and international dangerous goods regulations are based on an assessment of transportation risks and define rules and measures for safely transporting dangerous goods. We use various tools to minimize transportation risks. For example, for every dangerous good to be transported, we check in each case whether the packaging has been approved for that product and is suitable for the type of transport. We conduct digital dangerous goods checks before shipping orders are released. In addition, vehicles are subjected to a thorough dangerous goods check prior to loading and rejected if there are any issues.

Above and beyond this, we use our global requirement to specifically assess the safety and environmental risks of transporting and handling raw materials and sales products with high hazard potential. This is based on the Guidance on Safety Risk Assessment for Chemical Transport Operations published by the European Chemical Industry Council (CEFIC).

We stipulate worldwide requirements for our logistics service providers and assess them in terms of safety and quality. Our experts use our own tools as well as internationally approved schemes for evaluation and monitoring.

Transportation incidents

To evaluate transportation safety, we systematically record transportation incidents according to defined criteria. We use the number of transportation incidents¹ as a reporting indicator. In 2022, we recorded four transportation incidents at BASF SE (2021: 4).

A particular focus is incidents involving goods spillages that could lead to significant environmental impacts. These include dangerous goods leaks in excess of 200 kilograms on public traffic routes, provided transport was arranged by BASF. We recorded one incident at BASF SE in 2022 with spillage of more than 200 kilograms of dangerous goods² (2021: 2). This incident did not have a significant impact on the environment (2021: 0).

For more information on transportation safety, see [basf.com/distribution_safety](https://www.basf.com/distribution_safety)

¹ Data is collected based on the International Council of Chemical Association's (ICCA) Guidance for Reporting Performance and includes road, rail and container shipping incidents.
² Hazardous goods are classified in accordance with national and international hazardous goods regulations.

Energy and Climate Protection

As an energy-intensive company, we take responsibility for the efficient use of energy and global climate protection. We are committed to the Paris Climate Agreement. Our innovative products enable a reduction in greenhouse gas emissions in many areas. At the same time, we are working to significantly reduce our own carbon footprint with our carbon management.

Strategy

Climate protection is very important to us and is an important part of our corporate strategy. Our activities to reduce greenhouse gas emissions are part of the BASF Group's global carbon management. This has five levers: using renewable energies for both electricity and steam production (gray-to-green and power-to-steam levers), developing and applying new carbon-free and low-carbon production processes (new technologies lever), using alternative raw materials (bio-based feedstocks lever), and ongoing measures to further increase energy and process efficiency in our production (continuous opex lever). We only consider external offsetting measures as a temporary stopgap if our activities do not make the desired contribution to reducing emissions.

Most of our greenhouse gas emissions are from the use of fossil fuels to generate energy. At the Ludwigshafen site in Germany, we primarily rely on highly efficient combined heat and power plants with gas and steam turbines, and on the use of heat released by production processes. Furthermore, we are committed to energy management that helps us analyze and further improve the energy efficiency of our plants on an ongoing basis. We continuously analyze potential risks to our business operations arising in connection with the topics of energy and climate protection and derive appropriate measures.

Targets and measures

The BASF Group has set itself the goal of reducing total greenhouse gas emissions from its production sites and energy purchases by 25% by 2030 compared with 2018.¹

By 2050, the BASF Group aims to achieve net zero emissions from its production sites and energy purchases. BASF SE will play a significant part in reaching this goal. However, no separate site target has been set for greenhouse gas emissions, as changes to plant capacity utilization and the portfolio can have a great impact on target achievement at individual site level, but can usually be offset at Group level.

Energy use and greenhouse gas emissions are closely linked to capacity utilization at our plants and its product portfolio. Groupwide, specific greenhouse gas emissions in 2022 amounted to 0.577 metric tons of CO₂ equivalents per metric ton of sales product,² an increase of 2.3% compared with the previous year (2021: 0.564 metric tons of CO₂ equivalents per metric ton of sales product). This was mainly due to lower and inconsistent capacity utilization at our plants, which resulted in a decline in plant efficiency. In contrast, the increased use of renewable energy had a positive impact on specific greenhouse gas emissions.

We aim to make our plants and processes even more efficient and resource saving. An important component of this is the introduction and ongoing maintenance of certified energy management systems according to DIN EN ISO 50001. BASF SE's Ludwigshafen site has been certified according to ISO 50001 since 2014. We continuously analyze and implement measures to increase energy efficiency.

¹ For more information on climate protection, see basf.com/climate_protection

² For more information on carbon management, see basf.com/en/carbon-management

Energy demand of BASF SE

	2022	2021
Electricity (MWh)	5,314,071	5,998,140
Steam (metric tons)	16,739,680	19,510,149
Fossil fuels in power plants (MWh)	14,000,999	17,802,367

¹ Scope 1 and Scope 2 (excluding the sale of energy to third parties, including offsetting). The goal includes greenhouse gases according to the Greenhouse Gas Protocol, which are converted into CO₂ equivalents (CO₂e).

² Sales product volumes include sales between BASF Group companies; merchandise is not taken into account.

Emissions to Air, Waste and Remediation

We want to continuously reduce emissions to air, prevent waste and protect the soil. That is why we are committed to operating our plants safely and efficiently, and to using resources responsibly. We are consistently reducing the environmental impact of our plants and processes with our Operational Excellence Program.

Strategy

The safe and efficient operation of our plants and the responsible management of resources and waste are core elements of our Responsible Care Management system. The standards for emissions to air, waste and contaminated sites defined in Groupwide guidelines are also implemented at BASF SE. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center conducts regular audits to monitor compliance with legal requirements and internal guidelines. BASF's global network of experts shares information, insights and best practices on an ongoing basis to further reduce our emissions to air, manage waste and responsibly handle contaminated sites.

Continuous documentation and monitoring of emissions to air, waste streams and contaminated sites as well as the implementation of measures for improvement are an integral part of our environmental management. In addition to greenhouse gases (see page 27), we also measure and analyze other air pollutants to prevent the emission of potentially harmful substances.

Our waste management is based on the systematic tracking of our material flows and follows a clear hierarchy: We aim to avoid waste as far as possible, for example, by continuously optimizing our processes or developing new production methods. BASF's Verbund structure with its networked plants and value chains is key here: The by-products of one plant serve as feedstock elsewhere in the BASF Verbund, avoiding waste and enabling us to use raw materials as efficiently as possible.

If these cannot be used within BASF's Verbund structures, we assess whether they can be recycled or thermally recovered.

We have established processes for the safe, proper and environmentally responsible disposal of materials that we cannot recycle or where recycling is not legally permitted. If we use external waste disposal companies, we conduct regular audits to verify that waste is disposed of properly. In this way, we also contribute to preventive soil protection and keep today's waste from becoming tomorrow's contamination. If soil and groundwater contamination occur at active, acquired or former BASF SE sites, we review and implement appropriate remediation measures.

Waste

BASF SE generated 711,871 metric tons of waste in 2022 (2021: 777,130 metric tons). Of this, 43.2% was recovered and 56.8% was disposed of. Hazardous waste accounted for 98.5% of the total disposed waste. Mineral waste generated by BASF SE that can no longer be recovered is generally deposited at landfill sites such as Flotzgrün.

Contaminated sites

We have binding global standards for managing contaminated sites. A worldwide network of experts ensures these are implemented. We develop remediation measures designed to balance nature conservation, climate protection concerns, costs and social responsibility. These solutions take into account the legal framework and current technological standards. Contaminated sites are documented in a database. Ongoing remediation work around the world continued on schedule in 2022 and planning was concluded for further measures. In 2022, for example, BASF SE successfully completed the soil re-aeration of the Maudach landfill after achieving the remediation target.

Emissions to air by BASF SE

	2022	2021
Emissions of air pollutants (excluding CH ₄): CO, NO _x , NMVOC, SO _x , Dust, NH ₃ / other inorganic substances (metric tons)	6,662	8,288
Greenhouse gas emissions: CO ₂ , N ₂ O, CH ₄ , HFC, PFC, SF ₆ (million metric tons of CO ₂ equivalents)	6.27	7.20

Waste generated by BASF SE

	2022	2021
Total waste generation (metric tons) ¹	711,871	777,130

¹ Comprises all production waste and waste from construction activities.

Water

Water is of fundamental importance in chemical production. It is used as a coolant, solvent and cleaning agent, and to make our products. Waterways are used to transport goods. At the same time, water is a scarce commodity in an increasing number of regions. That is why we promote the responsible use of this resource with sustainable water management.

Strategy

The responsible use of water as a resource is a core element of our Responsible Care Management System and our risk management, as well as an important part of our commitment to the United Nations' Sustainable Development Goals (SDGs). This is also reflected in our position paper on water protection, which was published by BASF Group in 2021.

Our global standards and requirements for water are defined in Group-wide guidelines. Among other things, these stipulate that water protection concepts must be implemented at all production sites. The guidelines also cover aspects such as process and transportation safety (see pages 20 and 26) in order to prevent production and transportation-related product spillages into water bodies as far as possible. BASF SE plants are advised by the local environmental protection and safety unit on issues relating to sustainable water management and the handling of wastewater in production processes. The Environmental Protection, Health, Safety and Quality unit in the Corporate Center conducts regular audits to monitor this. BASF's global network of experts shares information, insights and best practices around the responsible use of water on an ongoing basis.

Targets and measures

By 2030, the BASF Group wants to have introduced sustainable water management at the Verbund sites and at all production sites

in water stress areas,¹ covering 89% of the BASF Group's entire water abstraction.

We pursue our goal by applying the European Water Stewardship standard, which rests on four principles: sustainable water abstraction, maintaining good water quality, preserving conservation areas, and ensuring continuous improvement processes.

BASF SE's Verbund site in Ludwigshafen, Germany, was audited with respect to sustainable water management as early as 2014. The aim of sustainable water management is to ensure that the company does not have any relevant negative impact on water supply in the surrounding environment. This includes the efficient use of abstracted water and an effective water protection concept like the one implemented in Ludwigshafen. To conserve water resources even at high temperatures during the summer and as part of the project "Climate Resilience", an advanced cooling water system was developed to keep water withdrawals from the Rhine stable.

[For more information, see basf.com/water](https://www.basf.com/water)

Water balance of BASF SE

	2022	2021
Water abstraction (million cubic meters)	1,142	1,186
Water use (million cubic meters)	2,142	2,228
Water discharge (million cubic meters)	1,020	1,060
Emissions of organic substances to water (metric tons)	4,231	5,088
Emissions of nitrogen to water (metric tons)	1,321	1,313
Emissions of heavy metals to water (metric tons)	7	8
Emissions of phosphorus to water (metric tons)	65	62

¹ We define water stress areas as regions in which 40% or more of available water is used by industry, households and agriculture.

Biodiversity

Biodiversity describes the variety of life forms on Earth. The loss of this diversity weakens ecosystems' ability to withstand changes such as climate change and poses a global challenge. As a chemical company, we depend on ecosystem services like the availability of renewable resources and high air, water and soil quality, while also influencing them. Protecting biodiversity is a key element of our commitment to sustainability.

Strategy

Our specific measures along the entire value chain help to preserve biodiversity and meet our responsibility to the environment and society. Our corporate sustainability goals on climate protection, the circular economy, water management and responsible procurement also help to protect biodiversity. The United Nations' Convention on Biological Diversity and the Sustainable Development Goals (SDGs) – including Life below water (SDG 14) and Life on land (SDG 15) – serve as important orientation and reference frameworks for BASF.

We align our biodiversity measures with the impact of our business activities along the value chain. Our focus here is on three areas: sites and production, product impact and supply chains. The five drivers of biodiversity loss defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services are land-use change, climate change, pollution, overexploitation and invasive species. We counteract climate change – and in this way, help to preserve biodiversity – with our climate protection measures (see page 27). We are committed to combating habitat loss, over-exploitation and environmental pollution with activities along various value chains, including palm and palm kernel oil.

To be able to take the right measures, we need to understand how our actions affect the biodiversity of the affected ecosystems. Measuring biodiversity is a challenge, as a global indicator – like greenhouse gas emissions for climate change – does not yet exist. This is because the local context also has to be taken into account when assessing impact.

We use various methods to measure our sustainability performance that implicitly and explicitly consider relevant risks and opportunities for biodiversity. These include the Eco-Efficiency Analysis, SEEBalance®, Sustainable Solution Steering as well as AgBalance® with its biodiversity calculator. We use indicators such as nitrogen emissions to water to measure drivers of biodiversity loss, and indicators such as species occurrence to assess the status of ecosystems. In addition, we regularly test various analysis tools available on the market. Newly developed assessment methods help us to understand further influences on biodiversity. On the basis of this understanding, we seek dialog with partners and enter into strategic partnerships, through which we drive forward measures to protect biodiversity around the world.

An internal working group addresses company-wide governance and the systematic identification of risks and opportunities arising from biodiversity.

Responsibility to our sites and production

Preservation of biodiversity is taken into consideration in the management of our sites. We strive to operate our facilities in a responsible manner and minimize negative effects on the environment (driver of biodiversity loss: pollution) by keeping air, water and soil emissions as low as possible and reducing and avoiding waste (see page 28 for more information).

Conservation areas play a valuable role in preserving biodiversity and natural habitats. In 2021, we added an indicator to our environmental database: proximity of production site to internationally recognized protected areas. We use databases such as the Integrated Biodiversity Assessment Tool (IBAT) here. This allows us to raise awareness of biodiversity at local level and assess and, if necessary, reduce potential impacts of our sites on these areas. In 2022, 5% of our production sites were adjacent to a Ramsar site¹ and 1% were adjacent to a category I, II or III protected area as defined by the International Union for Conservation of Nature.² None of our production sites were adjacent to a UNESCO protected area.

We have adopted biodiversity as a criterion in processes such as our risk management. In addition, we systematically consider sustainability aspects when deciding whether to invest in the construction of new sites or expand existing ones. Aspects assessed include the potential impacts on forests and biodiversity.

We are also implementing local measures to protect biodiversity at a number of sites. For example, at 13 sites in North America, biodiversity projects are regularly audited and certified by the NGO Wildlife Habitat Council (WHC). At the former Rensselaer production site in New York state, for example, BASF has been investing in sustainable land use for over 10 years. The 90-hectare site on the Hudson River includes a LEED Platinum-certified environmental education classroom, a combined heat and power plant and a 10-hectare wildlife habitat. The wildlife habitat was created as part of the Hudson River legacy remediation and ecological restoration project, for which BASF received the Environmental Excellence Award for Environmental Dredging from Western Dredging Association in 2021. The biodiversity project improves site ecology, providing space for indigenous plants, foraging and nesting areas for a variety of animals, a waystation for migratory birds, and a habitat for aquatic species, amphibians and reptiles. For example, the aquatic turtle population in the freshwater wetland area could be restored.

We also take biodiversity conservation into account in our production. In addition, we are committed to complying with the provisions of international environmental agreements such as the Nagoya Protocol. The supplementary agreement to the U.N.'s Convention on Biological Diversity regulates access to genetic resources and benefit sharing. It sets out obligations (for example, compensation payments) for the users of genetic resources such as plant-based

¹ Wetland of international importance in accordance with the Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention)
² We have defined "adjacent" as the area within a 3 km radius.

raw materials. We use internal control mechanisms to monitor compliance with these standards.

Management of our product impact

BASF offers products and solutions for a wide range of industries. We want to ensure that our products meet our customers' standards in quality and, through appropriate use, pose no risk to humans, animals or the environment. Our commitment to the objectives set forth by the Responsible Care® charter of the International Council of Chemical Associations (ICCA) obligates us to continuously minimize the negative effects of our products on the environment, health and safety and to optimize our products on an ongoing basis. It is important to consider the potential impacts of product use on biodiversity, for example, with regard to pollution.

For example, we evaluate our products and solutions in crop protection and seeds throughout the entire research, development and registration process. After they have been approved for the market, we continue assessing them regularly for potential risks and impact to the ecosystems in which they are used. We have initiated various projects and offer training to prevent misuse of our products (see page 24).

All types of land development, such as agriculture and forestry, play a role in changing biodiversity (driver of biodiversity loss: land-use change). Activities such as tillage, drainage, fertilization and the use of crop protection products can affect flora and fauna, for example, by influencing food sources. Minimizing these impacts while ensuring the necessary productivity is one of the biggest challenges farmers are facing.

Our Agricultural Solutions segment focuses on four areas to help farmers to find the right balance between productivity and sustainability. Focus areas are climate-smart farming, sustainable solutions, digital farming and smart stewardship. In this context, we work with farmers to create balanced agricultural systems which enable productive and efficient farming of high-quality food products and at the same time promote bio-diversity in the field. For example, we advise them on soil cultivation practices and look for suitable ways to improve biodiversity in farmlands. Our many years of experience in sustainability measurement and evaluation in agriculture are particularly useful here. Our modern seed solutions also enable better yield on existing farmlands and thus help protect natural habitats.

Our AgBalance® method and the biodiversity calculator enable a scientifically sound assessment of the impact of agricultural practices on biodiversity. Based on these assessments, we issue recommendations for measures such as planting flower strips or establishing nesting places to benefit pollinators like wild bees and farmland birds.

In 2021, BASF initiated the approval process for a new, more environmentally friendly insecticidal active ingredient and has since submitted registration dossiers in all major markets. The active ingredient, Axalion™, enables farmers to control a wide range of piercing and sucking pests that are harmful to crops. At the same

time, it is highly compatible with beneficial insects such as pollinators. This supports farmers in managing the challenges they face around productivity, protecting the environment and societal demands.

Animal farming is essential to meeting growing global demand for products of animal origin such as meat, eggs and milk. This in turn leads to high demand for agricultural land for growing feed, which has implications for the share of forest areas and biodiversity. BASF offers a range of feed additives such as enzymes, vitamins, glycinates and organic acids that improve nutrient utilization from feed. Better feed conversion and more sustainable livestock production mean that less land is needed, preserving natural ecosystems.

Responsibility to our supply chains

Some of the business activities of our raw materials suppliers involve land uses that can influence biodiversity (driver of biodiversity loss: land-use change). We have laid down our expectations of our suppliers with regard to environmental, labor and social standards in the supply chain as well as our commitment to preserving biodiversity in the Supplier Code of Conduct (see page 14).

BASF procures various renewable raw materials. As for fossil raw materials, we also consider how renewable resources impact aspects of sustainability along the value chain. Alongside positive effects like avoiding greenhouse gas emissions, these can also have negative effects on areas such as biodiversity or land use, depending on the raw material.

For palm and palm kernel oil in particular, there is an elevated risk of deforestation to create farmland. To improve sustainability in procurement, we established the BASF Palm Commitment in 2011, which was updated in 2015 and is implemented with our Palm Sourcing Policy. Third-party certification with standards such as the Roundtable on Sustainable Palm Oil (RSPO) standard enables us to take biodiversity criteria into account when purchasing raw materials.

Our position on forest protection sets out our commitment to preserving biodiversity in areas of High Conservation Value such as High Carbon Stock forest areas and peatlands in the procurement of renewable raw materials. BASF again participated in the "Forests" assessment conducted by the international organization CDP in 2022 and achieved a score of A-, once more giving it Leadership status. The assessment is conducted based on detailed insights into the palm value chain and activities that impact ecosystems and natural habitats.

We are also committed to the environmental sustainability of other supply chains through our own, targeted initiatives. One example is our rambutan program. This was launched in 2014 in close collaboration with partners in Vietnam to source botanical ingredients for cosmetic products from certified organic rambutan gardens. In cooperation with local farmers and NGOs, BASF's program

promotes the preservation of biodiverse habitats, as well as good agricultural practices, gender equity and fair working conditions.

 For more information on the CDP forests questionnaire, see basf.com/en/cdp

Strategic partnerships to promote biodiversity

Engaging in ongoing dialog with a variety of stakeholders is important to BASF. That is why we seek out partnerships with relevant interest groups and organizations worldwide to raise awareness of biodiversity and drive forward the action needed to preserve natural habitats. This enables us to firstly share the knowledge gained from our biodiversity activities and secondly learn from others to improve our own practices.

We cooperate with a number of organizations including the Roundtable on Sustainable Palm Oil, the Sustainable Palm Oil Forum, the Brazilian Coalition on Climate, Forests and Agriculture and the High Carbon Stock Approach Steering Group. The Taskforce on Nature-related Financial Disclosures (TNFD) is working to provide a framework for reporting on nature-related risks and related activities. In 2021, BASF joined the newly established TNFD Forum, a consultative network, to support this development. Our involvement in organizations such as the Alliance to End Plastic Waste and the Alliance for Water Stewardship help to preserve biodiversity in bodies of water.

Together with international partners and based on dialog with stakeholders in the food value chain, we are driving forward measures to promote sustainable agriculture. In the United States, for example, BASF is a member of the Honey Bee Health Coalition, which aims to achieve healthy honey bee populations and support healthy populations of native and managed pollinators in productive agricultural systems and thriving ecosystems. BASF France is part of the Entreprises pour l'Environnement (EpE) network, which launched the Act4nature campaign with the main objective of protecting and enhancing biodiversity.

Since 2013, we have also been working with different farmers and experts from the BASF FarmNetwork Sustainability, an association of farms in Europe, to integrate more connected biodiversity areas into agricultural production. By creating and maintaining new habitats and linking habitats for living, breeding and feeding with each other, biodiversity can be sustainably promoted in a modern, conventional agriculture. Based on the insights gained from working together, an advisory board of experts from agriculture, nature conservation and environmental protection developed a biodiversity checklist and published it in 2021. This summarizes 10 ecologically effective measures to promote biodiversity. Since 2021, BASF has supported farmers participating in its #wirzahlenBiodiversität ("We pay biodiversity") program financially and with professional advice.

 For more information on our commitment to biodiversity, see basf.com/biodiversity

For more information on our position on forest protection, see basf.com/forestprotection

Stakeholder and Societal Engagement

We want to foster societal cohesion by improving people's quality of life and health, promoting educational equality, employability, economic participation and conserving natural resources. In addition, we are in ongoing exchange with our stakeholders through a variety of formats. This helps us to even better understand what matters to groups of society, what they expect of us and which measures we can pursue in order to establish and maintain trust.

Stakeholder engagement

We leverage the expertise of our stakeholders in our own advisory bodies, global networks and worldwide initiatives and actively engage in dialog, contributing our expertise.

For instance, we have been a member of the U.N. Global Compact since its establishment in 2000. BASF consistently supports the U.N. Global Compact's 10 principles of responsible business conduct and the Sustainable Development Goals. In addition, we are participating in the pilot phase of the U.N. Global Compact's new reporting format and are active in 13 local Global Compact networks.

In 2022, we again discussed relevant sustainability topics with our Stakeholder Advisory Council (SAC). Based on this joint dialog, BASF's sustainability management is critically reviewed and systematically enhanced and refined. The tenth meeting focused on the significance and aspects of the societal dimension of sustainable development. Topics discussed by the Human Rights Advisory Council included particular challenges in the battery materials value chain.

BASF SE's Ludwigshafen site is located in the immediate vicinity of surrounding residential areas. This is why having a relationship of trust with our community is particularly important to us. We therefore established regular community advisory panels and meetings with local council members and representatives from the districts of Ludwigshafen, Mannheim and Frankenthal surrounding the Ludwigshafen site as dialog forums to promote exchange between the public, politics and site management. These meetings were again held in 2022. We also hold information stands at certain events and invite our neighbors to tour our sites.

We are also continuing our exchange with local leaders and city councils on the topic of housing for fitters in the Oppau district of Ludwigshafen. Since November 2022, BASF is offering a certain contingent of accommodations specifically for fitters contracted at BASF Ludwigshafen as one initiative measure.

For more information on stakeholder engagement, see basf.com/en/stakeholder-engagement

For more information on BASF as a good neighbor, see ludwigshafen.bast.de/en

Societal engagement

Societal engagement is a cornerstone of our corporate social responsibility. Through our activities, we aim to strengthen the communities surrounding our sites worldwide, help achieve the SDGs and have a long-term positive impact on the environment and society. Based on our business model and our competencies, we want to support and protect health, skills and resources and thus contribute to a sustainable future for all individuals and society.

Education is the key to personal success and contentment. Furthermore, quality education in STEM (science, technology, engineering, mathematics) enables participation and ensures the future of our society. At numerous sites, BASF therefore cooperates with partners to offer STEM education that is inspiring and tangible. With special programs, we ensure greater educational equality. With BASF's laboratories for students, we have been contributing towards explorative learning for 25 years now, and thus fostering curiosity and enthusiasm for science. The experimentation programs have since reached approximately 1.2 million children in 45 countries. Since 2005, they have been complemented by other programs of Wissensfabrik – Unternehmen für Deutschland e.V. and since 2011, the Virtual Lab offers virtual learning opportunities. Around half a million children have experimented online in the Virtual Lab to date. The Kids' Labs and Teens' Labs in Ludwigshafen offer age-appropriate, independent research and experiments to up to 19,000 children and young students from first grade to high school graduation from schools in the Rhine-Neckar region under expert guidance.

Good educational opportunities are an important prerequisite for participation and integration in society. BASF wants to increase opportunities for educational equality, especially for children and young people, and is involved in the Offensive Bildung initiative together with partners in all areas along the education chain. Regardless of their social background, children and young people are supported in daycare centers and schools in the Rhine-Neckar metropolitan region. In social crisis situations, such as the Corona pandemic or the war in Ukraine, acute and long-term support programs are developed to mitigate the impact on children and young people. The focus is set on mentoring, language and media education, tutoring, the topic of sustainability, and strengthening resilience at schools in Ludwigshafen and Mannheim.

BASF aims to contribute to more education for sustainable development with the Young Voices for a Sustainable Future project. More than 1,000 young people across eight countries were empowered to recognize and address the consequences of climate change in their communities. With their project proposals, participants used their potential to draw attention to challenges and help to eliminate them. The young people were supported by more than 80 BASF employees.

We aim to create long-term value for BASF and society with new business models and cross-sector partnerships. Our Starting Ventures program helps people from low-income areas to improve their economic opportunities and their quality of life. The program also provides access to new markets and partners, and contributes to reaching the SDGs. In December 2022, eight new projects of the Starting Ventures program were selected for realization. With entrepreneurial ideas, technical know-how and temporal resources, BASF is tackling local challenges together with local partners and contributes to the SDGs. One project under our Starting Ventures program is the Waste-2-Chemicals project in Lagos, Nigeria. In the project, plastic waste is collected by local residents, sorted and then converted into pyrolysis oil. This pyrolysis oil is available as feedstock for the production of high-quality chemical products. In cooperation with nonprofit organizations, this enables local waste collectors and their families to earn a regular income.

In the area of international development cooperation, we support the independent charitable BASF Stiftung with donations for its projects in cooperation with various organizations. The 2022 year-end donation campaign in favor of BASF Stiftung supported the United Nations Children's Fund, UNICEF, to provide children and their families in the Horn of Africa with access to food and water. BASF topped up the donations made by employees of participating German Group companies to a total of around €458,000.

In 2022, BASF also made donations to support people affected by the Russian attack on Ukraine. To this end, BASF initially provided €1 million in emergency aid to the German Red Cross in February 2022. In April, BASF additionally doubled the amount donated as part of the global employee fundraising campaign "#Colleagues For-Ukraine" (€2,110,156 in total) to around €4.2 million. The donations benefited BASF employees from Ukraine through BASF Stiftung and Ukrainian refugees through the U.N. Refugee Agency.

In addition, BASF supported those affected by natural disasters. For example, we support the National Disaster Management Authority in Pakistan with mosquito nets and pest control products to protect the population in flooded areas.

 For more information on Starting Ventures, see basf.com/en/starting-ventures

For more information on societal engagement at our sites, see ludwigshafen.basf.de

For more information on our societal engagement around the world, see basf.com/en/engagement

Employees

Our employees make a significant contribution to BASF's success. We want to attract and retain talented people for our company and support them in their development. To do so, we strive to cultivate a working environment that inspires and connects people. It is founded on inclusive leadership based on mutual trust, respect and dedication to top performance.

Strategy

Our employees are key to the successful implementation of BASF's strategy. That is why we rely on our employees and leaders. We give them the tools and skills necessary to be able to offer our customers products and services tailored to their needs. We promote a working atmosphere based on mutual trust with attractive working conditions, in which employees can develop their individual skills and potential.

We want to further strengthen our innovative power through the inclusion of diversity. This also positions us to meet the challenges of an increasingly rapidly changing environment, demographic change and the digital workplace. Continuous learning and individual employee development lay the foundation for this. Compensation and benefits as well as our commitment to supporting a balance between personal and professional life complete our comprehensive package. In order to continue to attract and retain talented people for our company in the future, we work continuously on BASF's attractiveness as an employer. Our employees play an important role here as ambassadors for BASF.

Number of employees

At the end of 2022, BASF SE had 34,705 employees (2021: 34,405); of these, 2,104 were apprentices (2021: 2,076). The increase in the number of employees mainly affected operating divisions where we increased the number of positions in technical areas in particular, whereas the number of employees in the service units decreased.

Employee engagement

BASF can rely on the engagement of its employees. This is shown by a passion for the job, a dedication to top performance and a strong commitment to BASF. Employee surveys and pulse checks are used as feedback tools to actively involve employees in shaping their working environment. The results are communicated to employees, the Board of Executive Directors and the Supervisory Board, among others. We have performed regular global employee surveys since 2008. We aim to keep the high level of employee engagement determined by these surveys. As part of the BASF strategy, we therefore set ourselves the following goal in 2018: More

than 80% of our employees feel that at BASF, they can thrive and perform at their best. We regularly calculate the employee engagement level as an index score based on five questions on set topics in our employee surveys.

Overall, more than 75,900 employees worldwide participated in the 2022 survey (participation rate: 68%¹). The survey revealed an engagement index of 81%, which can be seen as stabilization at a high level (2020: 82%). Our aim is to keep this score above 80%. We support our leaders with a range of measures to decentrally address individual action areas and in this way, help to further strengthen employee engagement together with their employees.

What we expect from our leaders

Our leaders and their teams should contribute to BASF's success. This is why we promote high-quality leadership and regularly measure its impact. We understand impactful leadership as leaders that serve as role models by having a positive influence on the engagement and development of their employees, and by developing and implementing business strategies in line with our corporate values. These aspects are part of the standard global nomination criteria for leadership positions.

Our leadership culture is based on BASF's corporate values: creative, open, responsible and entrepreneurial – CORE. Our specific expectations of leaders' conduct are derived from these: The CORE Leadership Values serve as the guiding principles for all leaders and set out our expectations of leadership conduct. They are aligned with BASF's strategic goals and reflect our company's leadership vision.

We offer our leaders a wide variety of learning and development opportunities for each phase of their career as well as various formats that enable them to learn from one another and external experts. Global and local offerings are optimally coordinated. We aim to develop leaders who lead their teams with professional competence, optimism, empathy and trust, and in this way, create a competitive advantage for BASF.

In order to further anchor the CORE Leadership Values in day-to-day life, two focus topics were defined for our leadership training in 2022: Continuous Meaningful Conversations and Inclusive Leadership. These virtual training courses comprised a series of modules that provided senior executives with opportunities for self-reflection, global exchange, practicing and consolidating competencies and skills. Since summer 2022, we have also offered other management levels training and information on Continuous Meaningful Conversations and a deep dive into the CORE Leadership Values.

Regular feedback also plays an important role in leadership development. In order to better reflect the anchoring of leadership values in daily leadership conduct, we have enhanced and refined our global feedback tool, FEEDback&forward. In 2022, more than 69,700

¹ Scope of employees surveyed goes beyond the scope of consolidation. However, there are exceptions for companies that represent joint ventures and joint operations, as well as companies held for sale.

employees took advantage of the opportunity to provide feedback to their leader on topics such as trust, empathy, empowerment, innovation and priority setting. Employees were also able to give feedback to their supervisors on the type of leadership behavior they would like to see in the future. In 2022, the majority of our leaders again received positive feedback, which shows that they also meet the high standards BASF requires from them in their day-to-day leadership behavior. The fact that 70% of our leaders have, in the eyes of their employees, further improved their leadership over the past year also points to a clear positive trend. In this way, FEEDback&forward promotes regular and open dialog between employees and leaders and encourages them to reflect on themselves and their own performance. This enables teams to drive forward change together.

Inclusion of diversity

BASF strives to foster a working environment based on mutual respect, trust and appreciation. Promoting and valuing diversity across all hierarchical levels is an integral part of our strategy and is also embedded in our corporate values.

For us, diversity means, among other things, having people from different backgrounds working at our company who can draw on their individual perspectives and skills to grow our business. As a global company, we serve many different customer needs. We also want to reflect this diversity in our workforce. By valuing and promoting employee diversity, we boost our teams' performance and power of innovation, and increase creativity, motivation and employees' identification with the company.

We expect inclusive conduct from all employees. By this, we mean creating an environment in which different aspects of diversity and individual strengths are valued. That is why in 2022, we focused on the topics of inclusion and our employees' sense of belonging at BASF.

Our leaders play an important role in promoting diversity and creating an inclusive work environment. We support them with various offerings, for example as part of leadership development. In 2022, our leaders had the opportunity to deep dive into inclusive leadership in a training series on the CORE Leadership Values. The training supported our leaders in what they can specifically do to make the work environment more inclusive for all employees and how they can live up to their role model function and develop further.

Since 2022, we have also been using the inclusion index to measure our employees' sense of belonging as part of the regular employee survey.

Integrating different perspectives is very important to BASF and we want to create a greater awareness of diversity in our organization. For instance, we have created a digital learning format on unconscious bias for all employees. There are also a number of Employee

Resource Groups around the world dedicated to different aspects of diversity. For example, the LGBTQ+ network in Ludwigshafen, Germany, celebrated its tenth anniversary in 2022.

As a signatory to the United Nations' Women's Empowerment Principles (WEPIs), we are committed to promoting gender equality. We are also involved in other external initiatives to promote inclusion of diversity and equal opportunities in the workplace, such as the Business for Inclusive Growth (B4IG) initiative.

 For more information on diversity and inclusion, see basf.com/diversity

Demographic management

Increasing age-related departures, the loss of know-how in relation to this and a long-term securing of skilled workers – especially in the production and technical areas – are key challenges for BASF SE.

We want to ensure the availability of qualified employees and safeguard existing knowledge today and in the years to come. We perform demographic analyses to make the demographic situation for different operational job profiles transparent for the responsible leaders. For plants and job profiles with a particularly critical age structure, we derive specific measures such as offerings for succession planning or knowledge transfer and assisted knowledge handover.

We also meet the high demand for skilled workers by taking various actions. These include marketing and recruitment activities, the evaluation of immigration programs, cooperation with personnel service providers and specific qualification programs. In addition to our apprenticeship program, in 2022 we were able to fill around 120 positions in BASF Jobmarkt GmbH's four-year lateral entry program to fill vacancies in production and thus increased the number by around 20. In this program, experienced workers from other professions obtain further qualifications for working as a chemical technician. By recruiting young apprentices and experienced career changers, we ensure a balanced age structure among our junior specialists.

In the context of BASF SE's demographic management, we are not only addressing the shortage of skilled workers. We also manage longer working lives and the aging workforce with a variety of approaches, including flexible working time models, age-appropriate workplaces, and health and sports programs. Our aim is to leverage our employees' many years of experience as best possible, to offer them an adequate working environment and in this way, enable them to contribute to BASF SE in all stages of life. Teams with members of mixed-age contribute diversity to the company at all levels and can benefit from the combination of different competencies and perspectives.

We see digitalization as an opportunity to proactively shape the effects of demographic change here.

🔗 For more information on health protection, see page 20 onward

Competition for talent

Attracting and retaining the best employees is crucial to our success. Having an attractive and compelling total offer package for employees is becoming increasingly important considering the strong global competition for the best qualified employees and leaders. This is why we are constantly working on measures to increase BASF's attractiveness in the global labor markets and are increasingly using digital platforms such as our country-specific career websites as well as global and regional social networks. This enables us to appropriately address different target groups.

Our talent search activities in 2022 were based on a mix of face-to-face events as well as digital offerings. We are continually enhancing and refining our digital offerings to be able to respond to current developments and the changing needs of applicants, and additionally, to be able to provide the best possible information about BASF as an employer virtually. For example, we are represented at digital trade fairs and conferences. This virtual contact enables a demand-oriented, flexible and location-independent approach. As a result, we were able to continue to attract and recruit talented employees.

We also consistently take part in specific career events to directly reach and attract talent from various disciplines, especially female candidates. We focus in particular on our female employees as role models with various initiatives such as career fairs and networking events aimed specifically at women, or on our social media channels.

In addition, we are working on implementing a digital onboarding process for new employees and their leaders in the period up to the first day of work and beyond. The plan is to roll out the "Enboarder" digital tool globally in 2023.

We used targeted local advertising to draw attention from production and engineering specialists to career prospects at our Ludwigshafen site. Those interested in our qualification programs were given individual advice at an applicants' day and were immediately invited for interviews or recruitment tests. We have collected and clearly presented all information and offers on a website for skilled workers. We cooperate closely with the German employment agency to highlight entry-level opportunities.

We once again achieved high scores in a number of employer rankings in 2022. For example, in a study conducted by Universum, young scientists ranked BASF as the seventh most attractive employer in Germany (2021: second).

Vocational training

The heart of BASF's efforts to secure skilled labor is its training program, which combines future orientation and innovation with reliability and a long tradition. Training skilled workers is a key investment in BASF's competitiveness and future. This is why we have been relying on our own young skilled workers for many years and will maintain our training commitment in the future. Together with our partners, we provide individual support for our apprentices and prepare them for modern working life. We enable our apprentices to apply future-oriented technologies, working practices and methods, and we prepare them for the challenges of lifelong and independent learning. To continue to attract suitable candidates for apprenticeships at BASF in the future, we give school students insights into different training paths in their career orientation phase. While the total number of applicants for dual vocational training in Germany reached a historic low in 2022, interest in vocational training at BASF remains high: BASF received around 9,200 applications for the start of vocational training in 2022 at its Ludwigshafen site.

BASF places an emphasis on a wide range of opportunities for young people from 8th grade onwards. Over the past twelve months following the interruption due to the pandemic, around 1,000 young students took advantage of the career orientation internships to gain insight into the working environment of a chemical company. School classes could once again inform themselves about training professions at the BASF's Career Orientation Center at the Ludwigshafen site. Virtual formats added to the offerings at plant and job fairs: On BASF's Instagram channel for example, trainees regularly reported on their everyday working lives and answered questions in live chats from those interested. For practical training on-site, we were able to ensure the greatest possible protection for trainees and employees with the help of our infection protection measures.

Digitalization is changing vocational training at BASF. Digital learning modules and methods are playing an increasingly important role in fostering individual learning. These proved especially useful during the coronavirus pandemic, when apprentices increasingly studied from home. It is the task of BASF vocational training to show them how to use new technologies and explore new ways of communicating knowledge. The vocational career path "industrial commercial specialist plus" (IK plus) was also enhanced and refined. Since 2022, under the IK plus pathway, prospective industrial commercial specialists are able to specialize as European commercial specialists with extended foreign language skills or choose digitalization as a specialization. The focus here is increasingly on virtual learning and working, digital technologies and business processes.

In August 2018, the Ministry of Education of the State of Rhineland-Palatinate and BASF SE signed a cooperation agreement to support STEM education (science, technology, engineering and mathematics). One focus of the agreement was to promote digitization in vocational training and dual education. At DidA – Digitization in dual training, the Ministry of Education, BASF SE's training depart-

ment, the vocational schools in Ludwigshafen, the city of Ludwigshafen and the pedagogical state institute are jointly working on the changes in the working world in the context of Industry 4.0. They also aim to strengthen learning cooperation. This digitization project was successfully completed in mid-2022 with a scientific evaluation by the University of Mannheim.

Alongside traditional dual vocational training, our Start program contributes to the social integration of low-achieving young people. For instance, 89 young people in the BASF Training Verbund participated in the program Start in den Beruf in 2022, in cooperation with partner companies in the Rhine-Neckar metropolitan region. The goal of the program is to prepare participants for a subsequent apprenticeship within one year, and ultimately secure the long-term supply of qualified employees for BASF SE and in the region as a whole.

The commitment to training and the investment in high quality training are paying off. BASF continues to provide high-level training at the Ludwigshafen site in Germany. In 2022, despite a challenging economic environment, BASF succeeded in keeping the total number of apprenticeships at the Ludwigshafen site constant and filling all available vocational program slots. Around 88% of apprentices at BASF SE received a job offer. We spent around €2.6 million on the BASF Training Verbund in 2022.

Learning and development

Learning and development are essential success factors for a strong and future oriented company culture. The skills and competencies of our employees are critical for profitable growth and lasting success. We therefore see the training of our employees as an investment in BASF's future, in which both we as a company and all employees themselves must play a part. The framework for future-proof learning in a modern working environment was regulated in the 2025 site agreement and in a works agreement between the company and the Works Council.

Our training programs are based on the principle of lifelong learning and thus support, above all, autonomous and job regulated learning. In the employee appraisal, managers and employees jointly define the development and training requirements of all employees on a yearly basis. Continuous Meaningful Conversations provide a complementary opportunity for regular consultation on the subject of training and development and to take account of changes. It also includes topics such as feedback, reflection, development, performance, collaboration or well-being.

In addition to in-person seminars and workshops, we are increasingly offering a comprehensive portfolio for independent learning via digital learning formats (e-learning, learning and explanatory videos,

web-based training, etc.). The development of competencies in the area of digitization follows three guiding principles: Digitization must be made tangible for the workforce. Empirical values and practical reports play a decisive role. The focus is on solutions that achieve a sustainable effect and generate long-term benefits.

In 2022, for the second time already, the "Digital Conference – by makers for makers" took place. Employees from various companies and specialist units presented almost 50 different digitization topics from their field of work. More than 1,600 participants came together at the virtual event for production and technical services, discussed, exchanged views on trends and developments, and discovered new digital solutions. In the experimentation room of BASF SE in Ludwigshafen, MakerSpace, for digital skills development, employees can find advice from our learning campus specialists. Among other things, advice is given on software and hardware, their functions, ideas for methodical and didactic implementation, and guidance and support for projects such as video shoots and e-learning. In addition, it is possible to borrow hardware such as cameras and sound equipment. Global offerings such as the Ways of Working portal with the event formats Collaboration Week and Open House Events are also available to employees.

Numerous academies in the business and service units offer training on specific technical subjects. This also applies to the Production and Technical Academy Ludwigshafen, the academy for qualification, development and knowledge for employees from production, technology and plant laboratories. This includes, for example, the employee qualification program to become a company manager in the chemical and technical sectors as a contribution to securing BASF's internal skilled workforce, as well as the topic of knowledge management, which is of particular importance in view of the aging workforce, longer working lives and increasing technological complexity. We provide tools for identifying and securing knowledge in the units and support self-directed, moderated and subject-oriented knowledge transfer. These and other topics are also part of the initiative "Zukunftsbild Werk Ludwigshafen".

In addition to the right learning opportunities, learning also requires an adequate learning atmosphere and a suitable study location with ergonomic workstations and technical equipment. This includes, for example, internal and external co-working opportunities that can be used by employees, as well as study rooms, workstations in the office or learning in the context of mobile working.

Compensation and benefits

We want to attract and retain engaged and qualified employees, and motivate them to achieve top performance with a total offer package that includes market-oriented compensation, individual development opportunities and a good working environment so that they contribute to the company's long-term success. Our employees'

compensation is based on global compensation principles according to position, market and performance. As a rule, compensation comprises fixed and variable components as well as benefits that often exceed legal requirements. In many countries, these benefits include company pension benefits, supplementary health insurance and share programs. We regularly review our compensation systems at the global and local levels.

Representative analyses for BASF SE have shown that for comparable qualifications and positions, there is no systematic pay gap between men and women.

We want our employees to contribute to the company's success. This is why the compensation granted to the vast majority of our employees includes variable compensation components, with which they participate in the success of the BASF Group as a whole and are recognized for their individual performance. The same principles essentially apply for all employees worldwide. The amount of the variable component is determined by economic success as well as the employee's individual performance. We use the BASF Group's return on capital employed (ROCE) to measure economic success for the purposes of variable compensation. This links variable compensation to our ROCE target.¹ Individual performance is assessed as part of a globally consistent performance management process. In numerous Group companies, our "plus" share program ensures employees' long-term participation in the company's success through incentive shares. In 2022, for example, around 20,450 BASF SE employees (2021: around 17,300) participated in the "plus" share program.

BASF offers senior executives the opportunity to participate in a long-term incentive (LTI) program² in the form of a performance share plan. The LTI program has a term of four years and takes into account the development of the total shareholder return. It incentivizes the achievement of strategic growth, profitability and sustainability targets. To take part in this program, participants must hold BASF shares, the amount of which is based on their individual fixed compensation. In 2022, around 94% of the people eligible to participate in the LTI around the world did so, holding between 30% and 70% of their fixed annual compensation in BASF shares. The share price-based compensation program (BASF Option Program, BOP), which had existed since 1999, was offered for the last time in 2020.

[For more information, see the Notes on page 77](#)

Personnel expenses

BASF SE spent €4,607 million on wages and salaries, social security contributions and expenses for pensions and assistance in 2022 (2021: €4,014 million). Personnel expenses thus rose by €593 million (+14.8%). The increase in pension expenses in the reporting year is mainly attributable to additions to pension provisions.

Personnel expenses BASF SE

Million €

	2022	2021
Wages and salaries	3,082	3,130
Social security contributions and expenses for pensions and assistance	1,525	884
of which for pension benefits	1,035	392
Total personnel expenses	4,607	4,014

[For more information, see the Notes on page 81](#)

Balancing personal and professional life

Our identity as an employer includes our belief in supporting our employees in balancing their personal and professional lives. We want to strengthen their identification with the company and our position in the global competition for qualified personnel. To achieve this, we have a wide range of offerings aimed at employees in different phases of life that accommodate – as far as the job allows – the growing demand for flexibility in when and where they work. These include flexible working hours, part-time employment, remote working, and time off options that provide the necessary flexibility to care for children or family members, for example. We are continually working to expand these options and increasingly support the effective use of digital solutions here.

We have formulated guidelines for more flexibility in where, when and how employees work. These opportunities have become an integral part of our employees' day-to-day work, job permitting.

At the Ludwigshafen site in Germany, for example, teams can draw on many tools to live more flexibility and at the same time, strengthen teamwork. Many BASF units have hybrid work models, working partly on-site and partly remotely. Desk-sharing concepts support the new form of collaboration and create areas to withdraw as well as new interaction spaces for sharing ideas and being creative together. There are also external and internal co-working opportunities that employees can take advantage of.

¹ In calculating compensation-relevant ROCE, adjustments are made for negative and positive special items resulting from acquisitions and divestitures (for example, integration costs in connection with acquisitions and gains or losses from the divestiture of businesses) when these exceed a corridor of +/-1% of the average cost of capital basis. An adjustment of the compensation-relevant ROCE (in the first 12 months after closing) therefore only occurs in cases of exceptionally high special items resulting from acquisitions and divestitures.

² The LTI program referred to here is aimed at management levels 2 to 4 as well as individual employees who have attained senior executive status by virtue of special expertise.

Our Work-Life Management employee center in Ludwigshafen, Germany, (LuMit) offers a number of services under one roof: child-care, fitness and health, and the Employee Assistance Program with social counseling services offered by BASF Stiftung.

The Employee Assistance Program with social counseling services has been offered for 100 years under the organizational umbrella of BASF Stiftung: It provides an anchor and supports people in difficult life situations in Ludwigshafen and at three other German locations. In addition, BASF Stiftung promotes projects around the world to permanently improve the living conditions of people in need and to help people affected by emergencies and natural disasters. Examples include the year-end donation campaign “#HornOfAfrica – Children need water and food” and the major donation campaign “#ColleaguesForUkraine”.

For more information on BASF Stiftung, see basf-stiftung.org

Mutual respect and open dialog

Openness is one of BASF's corporate values. That is why our stakeholder dialog is based on honesty, respect and mutual trust. This also applies to dialog with our employees.

All employees have the opportunity to form, join and support legally recognized trade unions or employee representatives. These are entitled to represent employees and their interests in collective bargaining. BASF upholds these rights and has anchored this in the Group-wide guideline on compliance with international labor norms.

Trust-based cooperation with employee representatives is an important component of our corporate culture. Our open and continual dialog lays the foundation for balancing the interests of the company and its employees, even in challenging situations. In 2022, this underpinned our efforts to manage the effects of the war in Ukraine and the coronavirus pandemic, for example. In the case of organizational changes or if restructuring leads to staff downsizing, for example, or in the case of other codetermination-relevant topics, we involve employee representatives at an early stage to develop socially responsible implementation measures. Our actions are aligned with the respective legal regulations and the agreements reached, as well as operational conditions.

By focusing our discussions on the local and regional situations, we aim to find tailored solutions to the different challenges and legal conditions for each site.

For more information, see basf.com/employeerepresentation

International labor and social standards

Our aim of acting responsibly toward our employees is embedded in our global Code of Conduct through our voluntary commitment to respecting international labor and social standards. This encompasses internationally recognized labor norms as stipulated in the United Nations' Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO). In order to meet the requirement to comply with these standards worldwide, we mainly approach our adherence to international labor and social standards using three elements: the Compliance Program (including compliance hotlines), close dialog with our stakeholders (such as with employee representatives or international organizations) and the BASF guideline on compliance with international labor norms, which applies Group-wide. This guideline concretizes the topics in our global Code of Conduct under “Human rights, labor and social standards” as these relate to our employees. In 2022, an additional guideline specified that these topics must also be considered and applied when working with temporary employees and freelancers.

It forms the basis for our global, risk-based management process: We regularly monitor changes to the national law of all the countries in which BASF operates and evaluate our adherence to international labor and social standards. If the national law contains no or lower requirements, action plans are drawn up to successively close these gaps in a reasonable time frame. If conflicts with national law or practices arise, we strive to act in accordance with our values and internationally recognized principles without violating the law of the country concerned. As part of the management process, we regularly follow up on and document the results of the comparison between national law and our guideline, as well as measures to implement the guideline. This is part of our central due diligence system.

We monitor our voluntary commitment to international labor and social standards as part of our management process. As before, individual elements of the guideline are also reviewed as part of internal control processes such as Responsible Care audits at BASF Group companies. In addition to these quality assurance measures, compliance with international labor and social standards is an integral part of the standard questionnaire in the compliance management audits conducted by the Corporate Audit department.

For more information on our responsibility for human rights, see page 11 onward

For more information on labor and social standards, see basf.com/labor_social_standards

Compliance

Compliance topics relevant to BASF SE are presented on pages 61 and 62 of this Management's Report.

Opportunities and Risks

The goal of BASF's risk management is to identify and evaluate opportunities and risks as early as possible and to take appropriate measures in order to seize opportunities and limit risks. The aim is to avoid risks that pose a threat to BASF's continued existence and to make improved managerial decisions to create value. We define opportunities as potential successes that exceed our defined goals. We understand risk to be any event that can negatively impact the achievement of our short-term operational or long-term strategic goals.

Where appropriate, we measure and manage opportunities and risks in terms of probability and economic impact in the event they occur. Where possible, we use statistical methods to aggregate opportunities and risks into risk factors. In addition, we use a qualitative evaluation scale for opportunities and risks to assess both business and sustainability aspects that cannot be quantified. In this way, we achieve an overall view of opportunities and risks allowing us to aggregate risks at Group level and take effective risk management measures.

Overall assessment

For 2023, we expect global economic growth to weaken as a result of high energy prices and inflation rates, rising interest rates and the phasing out of catch-up effects from the coronavirus pandemic. General economic uncertainty will remain exceptionally high. A further escalation of geopolitical conflicts, for example in China, could lead to disruptions in global supply chains and greater restrictions on the supply of energy, industrial raw materials and intermediates. The war in Ukraine poses significant risks for market development in Europe. Weaker growth in China as a result of ongoing pandemic-related disruptions may give rise to risks for supply chains as well as the development of global demand. In addition, there is considerable uncertainty surrounding consumers' reaction to the sharp rise in energy prices, inflation and the resulting loss of purchasing power. Opportunities will arise in particular from stronger growth in demand resulting from an improved overall economic environment. Due to the exceptionally volatile markets, especially in Europe, the risks arising from European gas price developments and the availability of natural gas cannot currently be reliably estimated. The assumptions in our planning for 2023 are based on European gas prices that significantly exceed the 2019–2021 average. The overall assessment therefore does not include any additional opportunities or risks that could arise from the volatility of European gas prices. The gas price brake in Germany and measures taken by other E.U. countries mean that these risks are partially mitigated by the state. Furthermore, BASF will take internal measures, such as adjustments to production processes, if energy prices remain high. We are also responding to structurally higher energy costs with cost reduction measures.

We are continually monitoring the further development of natural gas prices. In the event of regulatory changes or changes in the market environment, we will adjust the overall assessment of opportunities and risks accordingly.

According to our assessment, there continue to be no significant individual risks that pose a threat to the continued existence of the BASF SE. The same applies to the sum of individual risks, even in the case of a global economic crisis.

Ultimately, however, residual risks (net risks) remain in all entrepreneurial activities that cannot be ruled out, even by comprehensive risk management.

Risk management process

The BASF Group's risk management process is based on the international risk management standard, COSO II Enterprise Risk Management – Integrated Framework and comprises the risk management system, internal control systems and compliance management. Its key features are as follows:

Organization and responsibilities

- Risk management and the internal control system is the responsibility of the Board of Executive Directors. It defines the basic requirements and processes as well as the organization of the risk management system. It also determines the processes for approving investments, acquisitions and divestitures.
- The Board of Executive Directors is supported by the Corporate Center. Corporate Finance and Corporate Development, which are units within the Corporate Center, and the Chief Compliance Officer (CCO) coordinate the risk management process at a Group level, examine financial and sustainability-related opportunities and risks, and provide the structure and appropriate methodology. Opportunity and risk management is thus integrated into the strategy, planning and budgeting processes.
- BASF's risk committee reviews the BASF Group's risk portfolio at least twice a year to evaluate any adjustments to risk management measures and informs the Board of Executive Directors of these. Members of the risk committee are the president of Corporate Finance (chair), the president of Corporate Development, the president of Corporate Legal, Compliance & Insurance and the heads of the Corporate Audit, Corporate Environmental Protection, Health, Safety & Quality, Corporate Treasury, and Group Reporting & Performance Management departments.
- The management and control of specific opportunities and risks is largely delegated to the divisions, the service and research units and the regions, and is steered at a regional or local level. This also applies to sustainability-related topics relevant to BASF including the impact of climate change on BASF. A network of risk managers in the divisions, service and research units as well as in the regions advances the implementation of appropriate risk management practices in daily operations. Financial risks are an exception. The management of liquidity, currency and interest rate risks is conducted in the Corporate Finance department. The management of commodity price risks takes place in the Global Procurement unit or in authorized Group companies.
- The BASF Group's management is informed of short-term operational opportunities and risks that fall within an observation period of up to one year in the monthly management report produced by

Corporate Finance. In addition, Corporate Finance provides information twice a year on the aggregated opportunity/risk exposure of the BASF Group. Furthermore, any arising individual risks which have an impact of more than €10 million on earnings or risks qualitatively evaluated to have a material impact, such as reputational risks, must be reported immediately.

- As part of strategy development, the Corporate Development department additionally conducts strategic opportunity/risk analyses with a 10-year assessment period. These analyses are annually reviewed as part of strategic controlling and are adapted if necessary. Scenarios were also developed to map possible impacts beyond the ten-year horizon, for example from climate-related developments.
- We also regularly consider exceptional situations at global, regional and local level – from process safety incidents and goods spillages to pandemics and cyberattacks – which occur very rarely but can have a fundamental impact. In addition, a crisis organization exists to proactively create contingency plans where necessary and appropriate. The crisis management organization is activated in the event of a sudden crisis.
- BASF's CCO manages the implementation of our Compliance Management System, supported by additional compliance officers worldwide. The CCO regularly reports to the Board of Executive Directors on the status of implementation as well as on any significant results and provides a status report to the Supervisory Board's Audit Committee at least once a year, including any major developments. The Board of Executive Directors immediately informs the Audit Committee about significant incidents.
- Risk-specific monitoring and control systems, some of which are decentralized, have been set up for each area identified in the risk portfolio.¹ The results of the monitoring processes are incorporated into regular risk reporting to the Risk Committee and the Board of Executive Directors.¹ Compared with internal control systems in financial reporting, these monitoring systems have a lower degree of formalization.¹
- The Corporate Audit department is responsible for regularly auditing the effectiveness and appropriateness of the risk management system, internal control systems and the compliance management system. In addition, the Supervisory Board's Audit Committee addresses the effectiveness and appropriateness of these systems as part of its monitoring activities. The suitability of the early risk detection system set up by the Board of Executive Directors in accordance with section 91(2) of the German Stock Corporation Act is assessed and evaluated by the auditors.

Tools

- The Governance, Risk Management, Compliance (GRC) Policy, applicable throughout the Group, forms the framework for risk management and is implemented by the operating divisions, the service and research units and the regions according to their specific business conditions.
- A catalog of opportunity and risk categories helps identify all relevant financial and sustainability-related opportunities and risks relating to our targets as comprehensively as possible. Here, we take into account topics identified by the materiality analysis that we

have an impact on and that have an impact on us, in line with the principle of double materiality.

- We also systematically assess opportunities and risks with effects that cannot yet be measured in monetary terms, such as climate and reputational risks. To reflect these, risks for companies in connection with the transition to a low-carbon economy (transition risks) as well as physical risks as defined by the Task Force on Climate-related Financial Disclosures (TCFD), among others, were added to this catalog.
- Because global climate policy ambitions and the implementation of the relevant measures play a decisive role in the ongoing growth of the chemical industry and its customer industries, we defined and quantified global long-term scenarios (up to 2050) with various global warming paths. To assess the impact of different global climate policy approaches on our business units, the scenarios were discussed by the business units in workshops. Feedback was incorporated into the ongoing development of the scenarios. A dataset of scenario-specific macroeconomic parameters will be provided to test the economic feasibility of investments and business strategies.
- We use standardized evaluation and reporting tools for the identification and assessment of risks. The aggregation of opportunities, risks and sensitivities at division and Group level using a Monte Carlo simulation helps us to identify effects and trends across the Group. We also aggregate qualitatively assessed risks at Group level using a risk portfolio.
- Our Group-wide Compliance Program aims to ensure adherence to legal regulations and the company's internal guidelines. Our global employee Code of Conduct firmly embeds these mandatory standards into everyday business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.

Based on the reviews and findings of the risk management process, the Board of Executive Directors has no indication that BASF's risk management system, including the internal control system, is not adequate or effective in its entirety.¹

Significant features of the internal control and risk management system with regard to the financial reporting process (section 289(4) HGB)

The Financial Statements and Management's Report are prepared by a unit in the Global Business Services division. BASF SE's accounting process is based on a uniform accounting guideline that sets out accounting policies and the significant processes and deadlines on a Group-wide basis. There are binding directives for the internal reconciliations and other accounting operations within the Group. Standard software is used to carry out the accounting processes, and there are clear rules for the access rights of each participant in these processes.

Employees involved in the accounting and reporting process meet the qualitative requirements and participate in training on a regular basis. There is a clear assignment of responsibilities between the specialist

¹ The contents of this sentence are unaudited voluntary contents that have been critically read by the auditor.

units, companies and service units involved. We strictly adhere to the principles of segregation of duties and dual control, or the “four-eyes principle.” Complex actuarial reports and evaluations are produced by specialized service providers or specially qualified employees.

An internal control system for financial reporting continuously monitors these principles. To this end, methods are provided to ensure that evaluation of the internal control system in financial reporting is structured and uniform across the BASF Group. They also work in accordance with the international risk management standard, COSO II Enterprise Risk Management – Integrated Framework.

The material risks for BASF SE regarding a reliable control environment for proper financial reporting are reviewed and updated on an annual basis. Risks are compiled into a central risk catalog.

Moreover, a centralized selection process identifies areas that are exposed to particular risks, that are material to the Financial Statements of BASF SE, or that provide service processes. The most significant opportunities and risks for BASF SE include market growth and margin development. The selection process is conducted annually. Persons responsible for implementing the requirements for an effective control system in financial reporting are appointed at the relevant areas.

The process for identifying, evaluating, managing and controlling risks related to preparing the Financial Statements as well as monitoring these processes comprises the following steps:

– **Evaluation of the control environment**

Adherence to internal and external guidelines that are relevant to the maintenance of a reliable control environment is checked by means of a standardized questionnaire.

– **Identification and documentation of control activities**

In order to mitigate the risks to the financial reporting processes listed in our central risk catalog, critical processes and control activities are documented.

– **Assessment of control activities**

After documentation, a review is performed to verify whether the described controls are capable of adequately covering the risks. In the subsequent test phase, spot checks are carried out to test whether, in practice, the controls were executed as described and effective.

– **Monitoring of control weaknesses**

The responsible managers receive reports on any control weaknesses identified and their resolution, and an interdisciplinary committee investigates their relevance for BASF SE. The Board of Executive Directors and the Audit Committee are informed if control weaknesses with a considerable impact on financial reporting are identified. Only after material control weaknesses have been resolved does the company’s managing director confirm the effectiveness of the internal control system.

– **Internal confirmation of the internal control system**

All managing directors and chief financial officers of each consolidated Group company must confirm to the Board of Executive Directors of BASF SE every half-year and at the end of the annual

cycle, in writing, that the internal control system is effective with regard to accounting and reporting.

Operational opportunities and risks

Market growth

The development of our sales markets is one of the strongest sources of opportunities and risks. Macroeconomic opportunities arise from an easing of geopolitical conflicts and the resulting reduction in bottlenecks in the supply of energy, industrial raw materials and other intermediate goods. The complete reversal of restrictions to contain the coronavirus pandemic in China and the rapid opening up of the country may also boost global demand more than assumed in our baseline forecast. Conversely, a significant macroeconomic risk arises from prolonged lockdowns again being imposed to contain the coronavirus, impacting global supply chains and supply and demand. Further increases in energy prices caused, for example, by the war in Ukraine, and the even higher inflation rates resulting from this for manufacturer and consumer prices also pose a risk to the economy. Additional macroeconomic risks result from the escalation of geopolitical conflicts and a further intensification of the trade conflict between the United States and China.

Margins

Opportunities and risks primarily result from higher or lower margins in the Chemicals and Materials segments in particular. Further increases in energy and raw materials prices and raw materials shortages for a number of products and value chains, mainly due to the war in Ukraine, could further increase pressure on margins. This would have a negative effect on our EBIT.

The year’s average oil price for Brent crude was \$101 per barrel in 2022, compared with \$71 per barrel in the previous year. For 2023, we anticipate an average oil price of \$90 per barrel. There is high uncertainty, especially surrounding the development of gas prices and the availability of natural gas in Europe in particular. The overall assessment therefore does not include any opportunities and risks that could arise from the volatility of European gas prices (see “Overall assessment”).

Competition

We continuously enhance our products and solutions in order to remain competitive. We monitor the market and the competition, and try to take targeted advantage of opportunities and counter emerging risks with suitable measures. Aside from innovation, key components of our competitiveness are our ongoing cost management and continuous process optimization.

Regulation/policy

Risks for us can arise from intensified geopolitical tensions, new trade sanctions, stricter emissions limits for plants, and stricter energy and chemicals legislation in the E.U. Political measures could also give rise to opportunities. For example, we view measures around the world to increase energy efficiency and reduce greenhouse gas emissions as a strategic opportunity for increased demand for products such as

¹ The content of this sentence is voluntary, unaudited information, which was critically read by the auditor.

our insulation foams for buildings, catalysts, battery materials for electromobility, or our solutions for wind turbines.

Procurement

We minimize procurement risks through our broad portfolio, global purchasing activities and the purchase of raw materials on spot markets. We avoid sourcing raw materials from a single supplier wherever possible by creating and leveraging competition. We continually monitor all risks on the procurement markets, for example, the risk of default by important business partners. We take measures to avoid risks or minimize their effects.

Supply chain

We address the risk of supply interruptions on the procurement and sales side caused, for example, by extreme weather conditions (such as high/low water levels on rivers, heat/cold waves and hurricanes), the frequency and intensity of which are increasing as a result of climate change, by switching to alternative transportation solutions and the possibility of falling back on other sites within our global Verbund.

Investments/production

We try to prevent unscheduled plant shutdowns by adhering to high technical standards and by continuously improving our plants.

In the event of a production outage – caused by an accident, for example – our global, regional or local emergency response plans and crisis management structures are engaged, depending on the scope of impact. Every region has crisis management teams on a local and regional level. They not only coordinate the necessary emergency response measures, they also initiate immediate measures for damage control and resumption of normal operations as quickly as possible.

Crisis management also includes dealing with extreme weather conditions such as significantly elevated water temperatures in rivers due to extended heat waves, which limit the available cooling capacity. Appropriate precautions are taken at the sites in the case of a potential change in risk associated with climate change. For example, due to an increase in heat waves, we have implemented several measures at the Verbund site in Ludwigshafen, Germany, in recent years to increase cooling capacity, such as expanding and optimizing the central recooling plants and optimizing cooling water flows. These optimization measures are designed to prevent production outages due to extreme heat waves.

Short-term risks from investments can result from, for example, technical malfunctions or schedule and budget overruns. We counter these risks with stringent project management and controlling.

Acquisitions/divestitures/cooperations

We constantly monitor the market in order to identify possible acquisition targets and develop our portfolio appropriately. In addition, we collaborate with customers and partners to jointly develop new, competitive products and applications.

Acquisitions and divestments entail both opportunities and risks. These arise in connection with the conclusion of a transaction, or it being completed earlier or later than expected. They relate to the regular earnings contributions gained or lost as well as the realization of gains or losses from divestitures if these deviate from our planning assumptions.

Personnel

Due to BASF's worldwide compensation principles, the development of personnel expenses is partly dependent on the amount of variable compensation, which is linked to the company's success, among other factors. The correlation between variable compensation and the success of the company has the effect of minimizing risk. Another factor is the development of interest rates for discounting pension obligations.

Information technology

BASF employs a large number of IT systems. We use technologies such as big data and the Internet of Things to develop new business models, corporate concepts and strategies and to respond appropriately to changing customer behavior. The global cyber security team is tasked with protecting these IT systems and the data and business processes they handle. In a connected, ever-evolving world, the challenge of protecting BASF against attackers is becoming ever greater and more complex.

The threat environment has changed in recent years, as attackers have become better organized, use more sophisticated technology and have far more resources available. This development reflects the fact that internet-based cyberattacks are extremely lucrative: A variety of vulnerabilities in software and hardware products constantly provide new incentives to develop malware, and anonymization technologies make it almost impossible to trace and punish attacks.

A successful attack can, for example, negatively affect plant availability, delivery quality or the accuracy of our financial reporting. Unauthorized access to sensitive data, such as personnel records or customer data, competition-related information or research results, can result in legal consequences or jeopardize our competitive position. This could also cause monetary losses, a potential loss of reputation and even a loss of customers' and partners' confidence in the security of our products and services.

To minimize such risks, BASF uses globally uniform processes and systems to ensure IT availability and IT security. These include stable and redundantly designed IT systems, backup processes, virus and access protection, encryption systems, and integrated and standardized IT infrastructure and applications. The systems used for information security are constantly tested, continuously updated, and expanded if necessary. In addition, our employees receive regular training on information and data protection. IT-related risk management is conducted using Group-wide regulations for organization and application, as well as an internal control system based on these regulations.

We employ modern security concepts to keep pace with advanced attackers. These range from efficient detection and professional response to defense against attacks and minimizing their potential impact. Strong cyber security alliances are also crucial here. BASF works closely with security authorities and security associations, for example as a founding member of the German Cyber Security Organization (DCSO) and the Cyber Security Sharing and Analytics (CSSA) platform in Berlin, Germany.

BASF has also established an information security management system and is internationally certified according to DIN EN ISO/IEC 27001:2017.

Legal

We constantly monitor current and potential legal disputes and proceedings, and regularly report on these to the Board of Executive Directors and Supervisory Board. In order to assess the risks from current legal disputes and proceedings and any potential need to recognize provisions, we prepare our own analyses and assessments of the circumstances and claims considered. In addition, in individual cases, we consider the results of comparable proceedings and, if needed, independent legal opinions. Risk assessment is particularly based on estimates as to the probability of occurrence and the range of possible claims. These estimates are the result of close cooperation between the relevant operating and service units together with Corporate Legal and Corporate Finance. If sufficient probability of occurrence is identified, we recognize a provision for the proceeding concerned. Should a provision be unnecessary, we continue to assess whether these litigations nevertheless represent a risk for the EBIT as part of general risk management.

We use our internal control system to limit risks from potential infringements of rights or laws. For example, we try to avoid patent and licensing disputes whenever possible through extensive clearance research. As part of our Group-wide Compliance Program, our employees receive regular training.

Tax

The recognized tax-related opportunities and risks only concern taxes that impact the BASF SE's EBIT in the short term. These arise when BASF has taken a position that differs from the opinion of a competent administrative authority. If a tax payment has already been made and could be reclaimed, we present this as an opportunity. If, on the other hand, a potential payment is outstanding in accordance with the administrative opinion, this is a risk. We primarily evaluate opportunities and risks with regard to their probability of occurrence and, if necessary, set up a provision for the relevant risk. If a provision is not necessary, we take this into account in determining EBIT-relevant risks for the BASF Group.

Financial opportunities and risks

Detailed guidelines and procedures exist for dealing with financial risks. Among other things, they provide for the segregation of financial instrument trading and back office functions. We continuously

monitor activities in countries with transfer restrictions as a part of risk management.

This includes, for example, regular analysis of the macroeconomic and legal environment, shareholders' equity and the business models of the operating units. The chief aim is the management of counterparty, transfer and currency risks for BASF SE.

Exchange rate volatility

Our competitiveness on global markets is influenced by fluctuations in exchange rates. For BASF's sales, opportunities and risks arise in particular when the U.S. dollar exchange rate fluctuates. A full-year appreciation of the U.S. dollar against the euro by \$0.01 would increase the BASF SE's EBIT, assuming other conditions remain the same.

We incorporate planned purchase and sales transactions in foreign currencies into our financial foreign currency risk management. If necessary, we hedge these risks using derivative instruments.

Interest rate risks

Interest rate risks result from potential changes in prevailing market interest rates. These can cause a change in the fair value of fixed-rate instruments and fluctuations in the interest payments for variable-rate financial instruments, which would positively or negatively affect earnings. To hedge these risks, we use interest rate swaps and combined interest rate and currency derivatives in individual cases.

In addition to market interest rates, BASF's financing costs are determined by the credit risk premiums to be paid. These are mainly influenced by our credit rating and the market conditions at the time of issue. In the short to medium term, BASF is largely protected from the possible effects on its interest result thanks to the balanced maturity profile of its financial indebtedness.

Liquidity risks

Risks from fluctuating cash flows are recognized in a timely manner as part of our liquidity planning. We have access to extensive liquidity at any time thanks to our good ratings, our unrestricted access to the commercial paper market and committed bank credit lines. In the short to medium term, BASF is largely protected against potential refinancing risks by the balanced maturity profile of its financial indebtedness as well as through diversification in various financial markets.

Risk of asset losses

We limit country-specific risks with measures based on country ratings, which are continuously updated to reflect changing environmental conditions. We selectively use investment guarantees to limit specific country-related risks. We lower credit risks for our financial investments by engaging in transactions only with banks with good credit ratings and by adhering to fixed limits. We continuously monitor creditworthiness and adjust limits accordingly. We reduce the risk of default on receivables by continuously monitoring the creditworthiness and payment behavior of our customers

and by setting appropriate credit limits. Risks are also limited through the use of credit insurance and individual hedging strategies, such as guarantees. Due to the global activities and diversified customer structure of the BASF Group, there are no major concentrations of credit default risk.

Impairment risks

Asset impairment risk arises if the assumed interest rate in an impairment test increases, the predicted cash flows decline, or investment projects are suspended. We currently consider the risk of further impairment for assets such as property shareholdings, plant and equipment, goodwill, technologies and trademarks to be immaterial. This could change if European gas prices remain at a high level in the longer term.

We are resolutely pursuing our path to climate neutrality. This includes the construction of one of the world's largest heat pumps in Ludwigshafen, Germany, the increased use of green electricity and investments in offshore wind energy. For this reason, current developments and measures relating to sustainability do not lead to fundamentally changed expectations with regard to useful lives or recoverability of our assets.

Climate policies are also causing fundamental changes in the automotive industry, one of BASF's key customer industries. Other BASF businesses will benefit from this transformation; for example, demand for innovative lightweight components and battery materials will grow.

Long-term incentive program for senior executives

Since 2020, BASF has offered its leaders the opportunity to participate in a long-term incentive program (LTI program) in the form of a performance share plan. The LTI plan incentivizes the achievement of strategic growth, profitability and sustainability targets and takes into account the development of the BASF share price and the dividend. The need for provisions for this program varies according to assumptions on the degree of strategic target achievement, the development of the BASF share price and the dividend. This leads to a corresponding increase or decrease in personnel costs.

Until 2020, BASF offered leaders the opportunity to participate in a share price-based compensation program. The need for provisions for this program varies according to the development of the BASF share price and the MSCI World Chemicals Index; this leads to a corresponding increase or decrease in personnel costs.

Risks from pension obligations

BASF grants most employees company pension benefits from either defined contribution or defined benefit plans. We predominantly finance company pension obligations externally through separate plan assets. This particularly includes BASF Pensionskasse VVaG and BASF Pensionstreuhand e.V. in Germany. To address the risk of underfunding due to market-related fluctuations in plan assets, we have investment strategies that align return and risk optimization to the structure of the pension obligations. Stress scenarios are also

simulated regularly by means of portfolio analyses. Adjustments to the interest rates used in discounting pension obligations leads immediately to changes in earnings. To limit the risks of changing financial market conditions as well as demographic developments, BASF has, for a number of years now, offered its employees almost exclusively defined contribution plans for future years of service. Some of these contribution plans include minimum interest guarantees. If the pension fund cannot generate this, it must be provided by the employer. A sustained low interest rate environment could make it necessary to recognize pension obligations and plan assets for these plans as well.

Strategic opportunities and risks

Long-term demand development

We assume that growth in chemical production (excluding pharmaceuticals) will be higher than that of the global gross domestic product over the next five years and about as strong as the five-year average prior to the coronavirus pandemic. Through our market-oriented and broad portfolio, which we will continue to strengthen in the years ahead, for example, through investments in new production capacities, research and development activities or acquisitions, we aim to achieve volume growth that slightly exceeds this market growth. Should global economic growth see unexpected, considerable deceleration, for example, because of prolonged restrictions due to the coronavirus pandemic, an ongoing weak period in the emerging markets, protectionist tendencies, geopolitical conflicts or bottlenecks in the energy markets leading to permanently elevated energy prices (particularly for natural gas in Europe), the expected growth rates could prove too ambitious.

Moreover, the ambitions of global climate policy and its implementation will significantly impact the structure of demand from our customer industries. This is shown by a comparison of a climate policy scenario (global warming of no more than two degrees Celsius in 2100 compared with pre-industrial times) with an alternative scenario that allows for more warming. In an ambitious climate policy scenario, the structure of demand changes due to the use of alternative energy sources and raw materials, high investment in resource-conserving technologies, and changing customer preferences. By contrast, macroeconomic growth rates typically vary little compared with a scenario with a higher warming path.

Market opportunities in such a scenario include, for example, additives that make plastics easier to recycle, alternative surface coatings for wind and solar modules, stronger demand for insulation materials for buildings, increased electromobility with changed demand for plastics, insulation materials, coolants and battery materials, and more alternative proteins in agriculture. By contrast, fossil feedstocks and the production technologies and product segments based on fossil feedstocks will become less important.

Development of competitive and customer landscape

We expect competitors from Asia, North America and the Middle East in particular to gain increasing significance in the years ahead, specially as a result of advantageous raw materials and energy prices. Furthermore, we predict that many producers in countries rich in raw materials will expand their value chains in consumer-oriented sectors. In addition, the proliferation of large-scale digital marketplaces for chemicals could impact existing customer and supplier relationships.

We expect a continuous rise in customer demand for sustainable solutions, for example, products with a low carbon footprint, made from recycled, circular, or bio-based raw materials that are biodegradable, or products with other measurable sustainability benefits. However, an increase in customer demand for sustainable solutions is also highly dependent on regulation. Companies with a proven track record of providing more sustainable solutions will be able to achieve higher growth and profitability as a result. The expansion of sharing economy business models could have a long-term impact on demand in individual customer industries. At the same time, higher demands on product features can also create opportunities for innovation. We are therefore addressing these topics in research and investment programs for the sustainable transformation of BASF.

To strengthen our competitiveness, we are continuously improving our production processes, streamlining our administration and simplifying workflows and processes. Our research and business focus is on highly innovative businesses and differentiation through sustainability advantages to make our customers and BASF more successful.

Regulation/policy

We expect continued regulatory and societal pressure to achieve climate-neutral energy production, climate-neutral energy consumption, and a climate-neutral resource and raw material base. The political approaches to address these issues will vary greatly from region to region. However, particularly in Europe, we expect measures with a continuously high level of detailed regulation, including changes to chemical and industry-related regulations, that have the potential to significantly impact the competitiveness of BASF's operations and product portfolio as well as that of our customers.

We see the risk of the current geopolitical shift in balance of power leading to the establishment of uncoordinated or divergent global legislative standards and regulatory systems, not just in relation to chemicals or the regulatory framework for digitalization, but also to environmental, social and corporate governance criteria. We also see risks, but also opportunities, in the setting of international standards for specific product categories or technologies.

We explain our strategy in meetings with political decision-makers and social stakeholders. In doing so, we also inform ourselves of the changes we must undergo and advocate for a favorable and stable regulatory framework at both the national and international

levels. We consider BASF to be in a strong position to contribute solutions toward achieving U.N. development goals, particularly regarding climate neutrality, through new technologies, innovative products and processes and our broad product portfolio.

Innovation

We expect the trend toward increased sustainability requirements in our customer industries to continue. Our aim is to leverage the resulting opportunities in a growing market with even more sustainable innovations. The key areas are products with a lower carbon footprint or even a carbon footprint of net zero, circular economy solutions, and safe and sustainable products. To be successful in these fields, we have launched specific research and investment programs for the sustainable transformation of BASF. Furthermore, in order to steer our innovation portfolio toward increased sustainability, we began applying the Sustainable Solution Steering method to the evaluation of innovation projects and integrated it at an early stage of our research and development processes.

There are technical and commercial risks of failure associated with every single research and development project. We also address this by maintaining a balanced and comprehensive project portfolio as well as through professional, milestone-based project management. Further risks may arise from increasing state protectionism and the demand for localization of intellectual property in order to achieve technological independence. Through our Know-how Verbund in research and development, we ensure that critical intellectual property is generated and protected in countries with high intellectual property standards.

We expect that the digital disruption of established processes will lead to a sharp increase in efficiency and effectiveness in some fields. BASF is therefore committed to taking a leading role in the digital transformation of the chemical industry. Possible applications of digital technologies and solutions are evaluated along the entire value chain and implemented throughout the company, for example, in production, logistics, research and development, business models and corporate governance.

Procurement and supply chain

Supply security for raw materials, energy and services is increasingly affected by trade disputes, protectionism, sanctions and geopolitical conflict. As far as the current energy price level in Europe is concerned, we expect the supply situation to ease in the mid- to long term. Furthermore, our accelerated transformation toward renewable energy will make the company less dependent on fossil energy sources. In addition, supply chains are increasingly threatened by disruptions such as suppliers' production bottlenecks, interrupted logistics chains, extreme weather events and longer-lasting effects from the coronavirus pandemic. Climate change and extreme weather events are impacting the availability of renewable resources. Transportation is significantly affected by structural capacity constraints (for example, a lack of truck drivers, traffic jams due to inadequate logistics infrastructure, worker shortages at ports) and increased transportation costs.

We are seeing an ongoing expansion of the regulatory framework affecting us and our suppliers (for example, the German Supply Chain Due Diligence Act). Potential non-compliance by our suppliers may lead to a reduced supplier base. Moreover, the use of renewable energies depends largely on favorable prices and framework conditions.

All risks are continuously analyzed and appropriate strategies and measures developed to avert risks or minimize the impact on BASF.

Investments/production/infrastructure

Decisions on the type, scope and location of our investment projects are made on the basis of established comprehensive assessment processes. They take into account long-term forecasts for the market, margin and cost development, and raw materials availability, as well as country, currency, sustainability and technology risks. Opportunities and risks arise from potential deviations in actual developments from our assumptions. Mitigation plans are in place where risks are substantial. Investments in more sustainable technologies represent a long-term opportunity, even though they may not be competitive or profitable in the short term, depending on the market and the prevailing regulatory framework.

To assess the changing risks for our sites from climate change, climate data based on the latest scenarios of the Intergovernmental Panel on Climate Change (IPCC) were compiled for our sites in cooperation with an external partner. This enables the sites to assess the potential impact of climate change in the coming decades. Here, we focus on a climate protection scenario, supplemented by two scenarios with medium and high levels of global warming.¹ The most common potential impact is an increase in heat and drought. The sites are supported by this information in the development of their strategies. The availability of our production plants and infrastructure can be negatively affected by system downtime, confidentiality breaches or manipulation of data in critical IT systems and applications. The threat environment has changed in recent years, as attackers have become better organized, use more sophisticated technology and have far more resources available.

Acquisitions/divestitures/cooperations

In the future, we will continue to expand and refine our portfolio through smaller, bolt-on acquisitions that promise above-average profitable growth, are innovation-driven or offer a technological differentiation and help achieve a relevant market position, and make new, sustainable business models possible. The evaluation of opportunities and risks plays a significant role during the assessment of acquisition targets. A detailed analysis and quantification is conducted as part of due diligence. Examples of risks include increased staff turnover, delayed realization of synergies, or the assumption of obligations that were not precisely quantifiable in advance. If our expectations in this regard are not met, risks could arise, such as a need for impairment. Opportunities could also arise, for example, from additional synergies. Furthermore, business carve-outs and divestitures play a key role in the development and optimization of our portfolio. In this context, risks could arise as a result of potential warranty claims or other contractual obligations, such as long-term supply agreements.

Personnel

BASF anticipates growing challenges in attracting qualified employees in the medium and long term due to demographic change, especially in Europe. As a result, there is an increased risk that job vacancies may not be filled or only after a delay. We address these risks with measures to integrate diversity, employee and leadership development, and intensified employer branding. At local level, demographic management includes succession planning, knowledge management and offerings to improve the balance between personal and professional life, and promote healthy living. This increases BASF's appeal as an employer and retains our employees in the long term.

Sustainability

The positive contributions and negative impacts of our business activities on sustainability topics along the value chain, and the impact of sustainability topics on our business were assessed in a new materiality analysis carried out in 2022. Opportunities and risks for our business activities that could arise from material sustainability topics, or for sustainability topics that could arise from our business activities, can only rarely be measured in specific financial terms and mainly have a medium to long-term impact. We are already seizing business opportunities, for example, through products with specific sustainability attributes (such as raw materials based on biomass or recycled content) or intensified customer relations based on common sustainability ambitions. Relevant sustainability topics are systematically integrated into our strategic risk management.

We reduce potential risks in the areas of environmental protection, safety and security, health protection, product stewardship, compliance, supplier relationships and human rights (including labor, social and quality standards) by setting ourselves globally uniform requirements. These sometimes go beyond local legal requirements. Our globally applicable Code of Conduct defines a binding framework for the activities of all BASF employees, leaders and members of the Board of Executive Directors. To ensure compliance with our internal and external standards, we have global management systems in place and monitor their implementation internally by means such as global surveys and audits. These also cover human rights topics in line with statutory regulations such as the German Supply Chain Due Diligence Act. Our measures are regularly reviewed and adapted as necessary to ensure the protection of human rights in our value chains and consequently, the continuity of our business relationships.

Expectations of suppliers are laid down in our global Supplier Code of Conduct. We have suppliers with a high potential sustainability risk evaluated by third parties, either through sustainability evaluations or on-site audits. The monitoring systems are complemented by grievance mechanisms that are open to all stakeholders, such as our compliance hotlines.

Ongoing climate change also poses opportunities and risks for BASF. As an energy-intensive company, climate-related risks arise particularly from regulatory changes, such as in carbon prices through emissions trading systems, taxes or energy legislation. In addition, BASF's emissions footprint and intensity could lead to a negative perception and reduced appeal among external stakeholders such as customers or investors. We counter these risks with our carbon management measures and by transparently disclosing our positions on

¹ The assessment model was based on the IPCC climate change scenario SSP1-2.6, supplemented by SSP2-4.5 (medium global warming scenario) and SSP5-8.5 (high global warming scenario).

and contributions to climate protection, for example, in the form of political demands or through progress in the implementation of our climate strategy, in publicly accessible sources such as this annual report or on the BASF website, and in direct dialog with external stakeholders.

In addition to climate-related risks, there are also opportunities. Our broad product portfolio includes solutions for the circular economy and climate protection (such as insulation foams for buildings, materials for electromobility and bio-based products). Increased social awareness offers additional market opportunities for these products. We are working with numerous scientific and public organizations and initiatives on solutions for sustainable agriculture that meet economic, environmental and social demands over the long term.

Our decentralized specialists use a central decision tree to document reportable sustainability risks within the meaning of section 289b et seq. of the German Commercial Code. No reportable residual net risks within the meaning of section 289b et seq. of the German Commercial Code were identified for 2022.

Outlook

Global Economic Environment¹

We expect the global economy to grow only weakly by 1.6% in 2023 (2022: +3.0%). High raw materials costs, rising consumer prices and higher interest rates will depress demand worldwide. We are also assuming that the positive post-pandemic effects have already run their course.

We assume the following conditions for 2023:

- We expect GDP to stagnate in the European Union (E.U.) (2023: +0.1%, 2022: +3.6%). The support measures taken by many E.U. countries to mitigate the impact of the sharp rise in gas and electricity prices on households and small and medium-sized enterprises will help to prevent a stronger decline. The E.U. countries with a comparatively high industrial share of value added and a high share of natural gas in energy supply are likely to suffer further losses. As a result, we expect gross domestic product to decrease by 0.7% in Germany and by 0.4% in Italy. French GDP will presumably stagnate. The only major E.U. country expected to see slight growth is Spain (+1.0%). Average GDP in the Eastern E.U. countries will probably stagnate (+0.3%). In the United Kingdom, we expect GDP to decline by 1.2% (2022: +4.1%) due to sharp increases in the cost of living and interest rates, which will depress private consumption and investment.
- GDP in the United States is expected to stagnate in 2023. In the emerging markets of Asia, we expect growth to be slightly higher overall (+4.4%) than in 2022 (+3.8%). In Japan, growth is also expected to slow due to weaker export demand from Western trading partners and the weaker yen, which will make imports more expensive. In South America, growth is expected to weaken significantly in 2023.
- Overall, we anticipate growth of 1.8% (2022: +2.5%) in global industrial production.
- Global chemical production (excluding pharmaceuticals) is expected to grow by 2.0% in 2023, slower than in the previous year (2022: +2.2%).
- Our planning assumes an average oil price of \$90 for a barrel of Brent crude and an exchange rate of \$1.05 per euro.
- We anticipate elevated and very volatile gas prices in Europe.

For the years from 2023 to 2025, we expect the global economy to grow at an average annual rate of 2.3%.

Sales and earnings forecast²

Considering the assumptions described above for the development of the global economic environment, we expect a significant year-on-year decline in sales in 2023 – excluding the effects of acquisitions and divestments. Income from operations in 2023 should be significantly above the level of the reporting year. In 2022, in addition to negative earnings contributions from lower plant utilization and impairment charges on property, plant and equipment, income from operations was impacted by higher raw material and energy prices and inventory write-downs. In addition, the increase in inflation in particular led to high expenses for pension obligations.

Forward-looking statements and forecasts

These forecasts contain forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Potential opportunities and risks are presented on pages 42 to 50.

Dividend

We have an ambitious dividend policy and offer our shareholders an attractive dividend yield. We aim to increase our per-share dividend each year.

¹ Our assumptions account for current estimates by external institutions, including economic research institutes, banks, multinational organizations and consulting firms.

² For sales, "slight" represents a change of 0.1%–5.0%, while "considerable" applies to changes of 5.1% and higher. "At prior-year level" indicates no change (+/–0.0%). For earnings, "slight" means a change of 0.1%–10.0%, while "considerable" is used for changes of 10.1% and higher. "At prior-year level" indicates no change (+/–0.0%).

Corporate Governance Statement Pursuant to Section 289f of the German Commercial Code (HGB)

Corporate Governance Report

Corporate governance refers to the entire system for managing and supervising a company. This includes its organization, values, corporate principles and guidelines as well as internal and external control and monitoring mechanisms. Effective and transparent corporate governance ensures that BASF is managed and supervised responsibly with a focus on value creation and sustainability. It fosters the confidence of our investors, the financial markets, our customers and other business partners, employees, other groups affiliated with our company (stakeholders) as well as the public in BASF.

The fundamental elements of BASF SE's corporate governance system are: its two-tier management system, with a transparent and effective separation of company management and supervision between BASF's Board of Executive Directors and the Supervisory Board; the equal representation of shareholders and employee representatives on the Supervisory Board; and the shareholders' rights of co-administration and supervision at the Annual Shareholders' Meeting.

Direction and management by the Board of Executive Directors

The Board of Executive Directors is responsible for managing the company and represents BASF SE in business undertakings with third parties. BASF's Board of Executive Directors is strictly separated from the Supervisory Board, which monitors the Board of Executive Directors' activities and decides on its composition. A member of the Board of Executive Directors cannot simultaneously be a member of the Supervisory Board. As the central duty of company management, the Board of Executive Directors defines the corporate goals and strategic direction of the BASF Group as well as its individual business areas, including the sustainability strategy. In doing so, the Board ensures that the risks and opportunities associated with social and environmental factors for our company as well as the ecological and societal impacts of BASF's activities are systematically identified and evaluated. In addition to long-term economic goals, the corporate strategy appropriately takes environmental and social objectives into account, too. The corporate planning defined on this basis comprises financial and sustainability-related goals.

Furthermore, the Board of Executive Directors determines the company's internal organization and decides on the composition of management positions on the levels below the Board. It also manages and monitors BASF Group business by planning and setting the corporate budget, allocating resources and management capacities, monitoring and making decisions on significant individual measures, and supervising operational management.

The Board's actions and decisions are geared toward the company's best interests. It is committed to the goal of sustainably increasing the company's value and developing the company over the long term, taking into account environmental and social goals as well as

economic targets. The Board's responsibilities include the preparation of the Consolidated and Separate Financial Statements of BASF SE and reporting on the company's financial and nonfinancial performance as well as half-year and quarterly reporting. It must also ensure that the company's activities comply with the applicable legislation and regulatory requirements, as well as internal corporate directives (compliance). This includes the establishment of appropriate systems for control, compliance and risk management as well as embedding a company-wide compliance culture with undisputed standards.

Decisions that are reserved for the Board as a whole by law, through the Board of Executive Directors' Rules of Procedure or through resolutions adopted by the Board, are made and all important matters of the company are discussed at regularly held Board meetings called by the chair of the Board of Executive Directors. Board decisions are based on detailed information and analyses provided by the business areas and specialist units, and, if deemed necessary, by external consultants. The chair of the Board of Executive Directors leads the Board meetings. Board decisions can generally be made via a simple majority. In the case of a tied vote, the chair of the Board of Executive Directors gives the casting vote. However, the chair of the Board of Executive Directors cannot enforce a decision against the Board of Executive Directors' majority vote. The chair of the Board also does not have the right to veto. Outside of matters that are assigned to the entire Board for consultation and decision-making, all members of the Board of Executive Directors are authorized to make decisions individually in their designated areas of responsibility.

The Board of Executive Directors can set up Board committees to consult and decide on individual issues such as proposed material acquisition or divestiture projects or to prepare decisions to be made by the entire Board. These must include at least three members of the Board of Executive Directors. For the preparation of important decisions, such as those on acquisitions, divestitures, investments and personnel, the Board has various commissions at the level below the Board. Independently of the affected business area, these committees thoroughly assess the planned measures and evaluate the associated opportunities and risks. Based on this information, they report and make recommendations to the Board.

The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to planning, business development, risk situation, risk management and compliance. Furthermore, the Board of Executive Directors coordinates the company's strategic orientation with the Supervisory Board.

The Statutes of BASF SE and the Supervisory Board have defined certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases that require approval include the acquisition and disposal of enterprises and parts of enterprises, as well as the issue of bonds or comparable financial instruments. However, this is only

necessary if the acquisition or disposal price or the amount of the issue in an individual case exceeds 3% of the equity reported in the most recent approved Consolidated Financial Statements of the BASF Group.

Competence profile, diversity concept and succession planning for the Board of Executive Directors

The Supervisory Board works hand in hand with the Board of Executive Directors to ensure long-term succession planning for the composition of the Board of Executive Directors. BASF aims to fill most Board positions with leaders from within the company. It is the task of the Board of Executive Directors to propose a sufficient number of suitable individuals to the Supervisory Board.

BASF's long-term succession planning is guided by the corporate strategy. It is based on systematic management development characterized by the following:

- Early identification of suitable leaders of different professional backgrounds, nationalities and genders
- Systematic development of leaders through the successful assumption of tasks with increasing responsibility, where possible in different business areas, regions and functions
- Desire to shape strategic and operational decisions and proven success in doing so, as well as leadership skills, especially under challenging business conditions
- Role model function in putting corporate values into practice

The aim is to enable the Supervisory Board to ensure a reasonable level of diversity with respect to education and professional experience, cultural background, international representation, gender and age when appointing members of the Board of Executive Directors. Irrespective of these individual criteria, a holistic approach will ultimately determine a person's suitability for appointment to the Board of Executive Directors of BASF SE. Both systematic succession planning and the selection process aim to ensure that the Board of Executive Directors as a whole has the following profile, which serves as a diversity concept:

- Many years of leadership experience in scientific, technical and commercial fields
- International experience based on background and/or professional experience
- At least one female Board member
- A balanced age distribution to ensure the continuity of the Board's work and enable seamless succession planning

The first appointment of members of the Board of Executive Directors is for a term of no more than three years. The standard age limit for members of the Board of Executive Directors is 63. The Supervisory Board determines the number of members on the Board of Executive Directors. It is guided by insights gained by BASF as a company with an integrated leadership culture and is determined by the needs arising from cooperation within the Board of Executive

Directors. The Supervisory Board considers six to be an appropriate number of Board members given the current business composition, future responsibilities associated with development and the fundamental organizational structure of the BASF Group.

The current composition of the Board of Executive Directors meets the competence profile and the requirements of the diversity concept in full.

Supervision of company management by the Supervisory Board

The Supervisory Board appoints the members of the Board of Executive Directors and supervises and advises the Board of Executive Directors on management issues. It must also be involved in making decisions that are of key importance for the company. This also includes the Board of Executive Directors' consideration of sustainability issues with regard to corporate governance. The Supervisory Board is also responsible for auditing BASF SE's and the Group's Annual Financial Statements. As members of the Supervisory Board may not simultaneously be on the Board of Executive Directors, a high level of autonomy is already structurally ensured with regard to the supervision of the Board of Executive Directors.

In addition to the SE Regulation, the relevant legal basis for the size and composition of the Supervisory Board is provided by the Statutes of BASF SE and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement). The latter also includes the regulations applicable to BASF for implementing the statutory gender quota for the Supervisory Board. The German Codetermination Act does not apply to BASF SE as a European stock corporation (*Societas Europaea*, SE).

The Supervisory Board of BASF SE comprises 12 members. Six members are elected by the shareholders at the Annual Shareholders' Meeting via a simple majority. Six members are elected by the BASF Europa Betriebsrat (BASF Works Council Europe), the European employee representation body of the BASF Group. In accordance with the resolution of the Annual Shareholders' Meeting on June 18, 2020, the period of appointment for newly elected members of the Supervisory Board was reduced from five to four years; and the Statutes were amended accordingly. This ensures that the maximum membership duration of 12 years up to which a Supervisory Board member can be classified as independent corresponds to a total of three election terms in accordance with the German Corporate Governance Code.

Meetings of the Supervisory Board and its four committees are called by their respective chairs and independently, at the request of one of their members or the Board of Executive Directors. The shareholder and employee representatives of the Supervisory Board prepare for Supervisory Board meetings in separate preliminary discussions in each case. Resolutions of the Supervisory Board are passed by a simple majority vote of the participating Supervisory

Board members. In the event of a tie, the vote of the chair of the Supervisory Board, who must always be a shareholder representative, shall be the casting vote. This resolution process is also applicable for the appointment and dismissal of members of the Board of Executive Directors by the Supervisory Board. Resolutions can, as needed, also be made in writing or through electronic communication outside of the meetings, as long as no Supervisory Board member objects to this form of passing a resolution. The Supervisory Board meets regularly even without the Board of Executive Directors.

The Board of Executive Directors regularly informs the Supervisory Board about matters such as the course of business and expected developments, the financial position and results of operations, corporate planning, the implementation of the corporate strategy, including the sustainability strategy, business opportunities and risks, as well as risk and compliance management. The Supervisory Board has embedded the main reporting requirements in an information policy. The chair of the Supervisory Board is in regular contact with the Board of Executive Directors, especially with its chair, outside of meetings as well.

Personnel Committee

Members

Dr. Kurt Bock* (chair)
 Prof. Dr. Stefan Asenkerschbaumer* (since April 29, 2022)
 Franz Fehrenbach (until April 29, 2022)
 Sinischa Horvat*
 Michael Vassiliadis

Duties

- Prepares the appointment of members to the Board of Executive Directors by the Supervisory Board as well as the service contracts to be entered into with members of the Board of Executive Directors
- When making recommendations for appointments to the Board of Executive Directors, considers professional qualifications, international experience and leadership skills as well as long-term succession planning, diversity, and especially the appropriate consideration of women
- Prepares the resolutions made by the Supervisory Board with regard to the system and amount of compensation

Audit Committee

Members

Dame Alison Carnwath DBE* (chair)
 Tatjana Diether*
 Alessandra Genco* (since April 29, 2022)
 Anke Schäferkordt* (until April 29, 2022)
 Michael Vassiliadis

Duties

- Prepares the negotiations and resolutions of the Supervisory Board for the approval of the Financial Statements, the Consolidated Financial Statements and the Management's Reports, including the Nonfinancial Statements and sustainability reporting, and discusses the quarterly statements and the half-year financial report with the Board of Executive Directors prior to their publication
- Deals with monitoring the accounting process, the annual audit, including sustainability reporting and its audit, the appropriateness and effectiveness of the internal control system, the risk management system, the internal auditing system and compliance management system as well as compliance issues
- Is responsible for business relations with the company's auditor: prepares the Supervisory Board's proposal to the Annual Shareholders' Meeting regarding the selection of an auditor, monitors the auditor's independence, defines the focus areas of the audit together with the auditor, discusses the audit risk, audit strategy and audit plan with the auditor, negotiates auditing fees, evaluates the quality of the annual audit, and establishes the conditions for the provision of the auditor's non-audit services; the chair of the Audit Committee regularly discusses this with the auditor outside of meetings as well and reports to the Committee on such discussions; the Audit Committee regularly consults with the auditor, even without the Chief Financial Officer or another member of the Board of Executive Directors
- Deals with follow-up assessments of key acquisition and investment projects
- Is responsible for monitoring the internal process of identifying related party transactions and ensuring adherence to statutory approval and disclosure requirements; grants approval of related party transactions
- Is authorized to request any information that it deems necessary from the auditor or from the Board of Executive Directors and has a direct right to information from the heads of central departments such as Corporate Audit or Compliance; can also view all of BASF's business documents and examine these and all other assets belonging to BASF. The Audit Committee can also engage experts such as auditors or lawyers to carry out these inspections

Special expertise in the areas of the annual audit and accounting

The Audit Committee is comprised of two members with special knowledge and experience within the meaning of the German Corporate Governance Code (special expertise) in the areas of accounting and the annual audit. The chair of the Audit Committee, Dame Alison Carnwath DBE, has special expertise in the field of

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 57 for the criteria used to determine independence)

auditing, including sustainability reporting, and accounting expertise due to her studies in economics, her professional activities as an auditor and many years of work on audit committees of publicly listed and non-listed companies. Alessandra Genco, who has been a member of the Audit Committee since April 29, 2022, has deep expertise in accounting, including sustainability reporting, due to her studies in economics, her professional experience working for financial institutions and her current role as chief financial officer of a publicly listed international company. Both closely monitor current developments in the sustainability reporting and auditing sector and actively contribute this expertise to the Supervisory Board and Audit Committee.

Nomination Committee

Members

Dr. Kurt Bock* (chair)
 Prof. Dr. Stefan Asenkerschbaumer* (since April 29, 2022)
 Prof. Dr. Thomas Carell*
 Dame Alison Carnwath DBE*
 Liming Chen*
 Franz Fehrenbach (until April 29, 2022)
 Alessandra Genco* (since April 29, 2022)
 Anke Schäferkordt* (until April 29, 2022)

Duties

- Identifies suitable individuals for the Supervisory Board based on objectives for the composition decided on by the Supervisory Board
- Prepares the recommendations made by the Supervisory Board for the election of Supervisory Board members representing the shareholders by the Annual Shareholders' Meeting

Strategy Committee

Members

Dr. Kurt Bock* (chair)
 Prof. Dr. Stefan Asenkerschbaumer* (since April 29, 2022)
 Dame Alison Carnwath DBE*
 Tatjana Diether* (since April 29, 2022)
 Franz Fehrenbach (until April 29, 2022)
 Waldemar Helber* (until April 29, 2022)
 Sinischa Horvat*
 Michael Vassiliadis

Duties

- Handles the further development of the company's strategy
- Prepares resolutions of the Supervisory Board on the company's major acquisitions and divestitures

The Supervisory Board has not established a separate Sustainability Committee. The sustainability topic is of such pivotal importance to BASF with its economic success, environment and social-related aspects that the entire Supervisory Board regularly discusses it in

detail as a cross-cutting issue. This also applies to the significant issue of reducing CO₂ emissions and the targeted conversion of business activities to CO₂-free energy supply and production processes with a lower emission rate.

Meetings and meeting attendance

In the 2022 business year, meetings were held as follows:

- The Supervisory Board met five times.
- The Personnel Committee met four times.
- The Audit Committee met five times.
- The Nomination Committee did not meet.
- The Strategy Committee did not meet.

All members attended all meetings of the Supervisory Board. The meetings of the Supervisory Board committees were also attended by all respective committee members. During the 2022 business year, the meetings of the Supervisory Board and its committees were held almost entirely as in-person meetings in compliance with appropriate safety measures with the additional option of virtual attendance via electronic communication. Only the Audit Committee held two of its five meetings as completely virtual meetings.

Competence profile, diversity concept and objectives for the composition of the Supervisory Board

One important concern of good corporate governance is to ensure that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board, are appropriately filled. In December 2017, the Supervisory Board agreed for the first time on objectives for the composition, the competence profile and the diversity concept of the Supervisory Board. These objectives and the competence profile have since been continuously updated in the implementation of legal requirements and further developed, taking into account the recommendations of the German Corporate Governance Code. The guiding principle for the composition of the Supervisory Board is to ensure qualified supervision and guidance for the Board of Executive Directors of BASF SE. For the election of shareholder representatives to the Supervisory Board, individuals shall be nominated to the Annual Shareholders' Meeting who can, based on their professional knowledge and experience, integrity, commitment, independence and character, successfully perform the work of a supervisory board member at an international chemical company.

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 57 for the criteria used to determine independence)

Competence profile

The following requirements and objectives (as amended in December 2022) are considered essential to the composition of the Supervisory Board as a collective body:

- Leadership experience in managing companies, associations and networks
- Members' collective knowledge of the chemical sector and the related value chains
- Appropriate knowledge within the body as a whole of finance, accounting, financial reporting, risk management, law and compliance
- Appropriate expertise within the body as a whole on sustainability issues that are of key importance for BASF
- At least one member with special knowledge and experience (special expertise) in accounting, including sustainability reporting
- At least one member with special knowledge and experience (special expertise) in the annual audit, including the audit of sustainability reporting
- At least one member with in-depth experience in innovation, research & development and technology
- At least one member with in-depth experience in the areas of digitalization, information technology, business models and start-ups
- At least one member with in-depth experience in the areas of human resources, society, communications and the media
- Specialist knowledge and experience in sectors outside of the chemical industry

The status of implementation of the Supervisory Board's competence profile is shown in the following qualifications matrix below.

Diversity concept

The Supervisory Board strives to achieve a reasonable level of diversity with respect to character, gender, international representation, professional background, specialist knowledge and experience as well as age distribution. It takes the following composition criteria into account:

- At least 30% women and 30% men
- At least 30% of members have international experience based on their background or professional experience
- At least 50% of members have different educational backgrounds and professional experience
- At least 30% under the age of 60

Further composition objectives

- **Character and integrity:** Members of the Supervisory Board must be personally reliable and have the knowledge and experience required to diligently and independently perform the work of a supervisory board member.
- **Availability:** Each member of the Supervisory Board ensures that they invest the time needed to properly perform their role as a member of the Supervisory Board of BASF SE. The statutory limits on appointments and the recommendations of the German Corporate Governance Code must be complied with when accepting further appointments.

The Supervisory Board's competence profile

	Leadership experience in managing companies, associations and networks	Chemical sector and related value chains	Finance, accounting, financial reporting, risk management, law and compliance	Sustainability topics	Accounting and auditing, including sustainability reporting	Innovation, research & development and technology	Digitalization, IT, business models and start-ups	Human resources, society, communications and the media	Economic sectors other than the chemical industry
Dr. Kurt Bock	■	■	■	■	■		■	■	■
Prof. Dr. Stefan Asenkerschbaumer	■	■	■	■	■		■	■	■
Prof. Dr. Thomas Carell		■		■		■	■	■	■
Dame Alison Carnwath DBE	■	■	■	■	■ ¹		■	■	■
Liming Chen	■	■		■		■	■	■	■
Alessandra Genco	■		■	■	■ ²	■	■		■
Sinisch Horvat	■	■				■	■	■	
Tatjana Diether	■	■			■	■		■	
André Matta	■	■					■	■	
Natalie Mühlenfeld	■	■	■					■	■
Michael Vassiliadis	■	■	■	■	■		■	■	■
Peter Zaman		■						■	

¹ Member with special knowledge of and experience in auditing, including sustainability auditing

² Member with special knowledge of and experience in accounting and reporting, including sustainability reporting

- **Age limit and period of membership:** Persons who have reached the age of 72 on the day of election by the Annual Shareholders' Meeting should generally not be nominated for election. Membership on the Supervisory Board should generally not exceed three regular statutory periods in office, which corresponds to 12 years.
- **Independence:** To ensure the independent monitoring and consultation of the Board of Executive Directors, the Supervisory Board should have an appropriate number of independent members on the board as a whole and an appropriate number of independent shareholder representatives. The Supervisory Board deems this to be the case if more than half of the shareholder representatives and at least eight members of the Supervisory Board as a whole can be considered independent. The Supervisory Board's assessment of independence is based on the assessment criteria in the current respective version of the German Corporate Governance Code. Among other things, this means that members of the Supervisory Board are no longer considered independent if they have been a member of the board for 12 years or longer. The Supervisory Board has additionally defined the following principles to clarify the meaning of independence: The independence of employee representatives is not compromised by their role as an employee representative or employment by BASF SE or a Group company. Prior membership of the Board of Executive Directors of BASF SE does not preclude independence following the expiry of the statutory cooling-off period of two years. Material transactions between a Supervisory Board member or a related party or undertaking of the Supervisory Board member on the one hand, and BASF SE or a BASF Group company on the other, exclude a member of the Supervisory Board from being qualified as independent. A material transaction is defined as one or more transactions in a single calendar year with a total volume of 1% or more of the sales of the companies involved in each case. In the same way, if a Supervisory Board member or a related party or undertaking of a Supervisory Board member has a personal service or consulting agreement with BASF SE or one of its Group companies with an annual compensation of over 50% of the Supervisory Board compensation, they do not qualify as independent. Furthermore, if a Supervisory Board member or a related party of a Supervisory Board member holds more than 20% of the shares in a company in which BASF SE is indirectly or directly the majority shareholder, the necessary independence is also not met.

Status of implementation

According to the Supervisory Board's own assessment, its current composition meets all of the requirements of the competence profile: 11 of the 12 current members, of which six are shareholder representatives and five are employee representatives, are considered independent based on the above criteria.

Only the employee representative Michael Vassiliadis is no longer considered independent as he has been a member of the Supervisory Board since August 2004, and therefore for over 12 years.

Compensation of the Board of Executive Directors and the Supervisory Board

The Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) and the assurance statement of the substantive and formal audit issued by the auditor, the effective compensation system for the Board of Executive Directors in accordance with section 87a AktG, as well as the most recent resolution of the Annual Shareholders' Meeting on the compensation of the Supervisory Board in accordance with section 113(3) AktG have been made publicly available on the BASF website at [basf.com/compensationreport](https://www.basf.com/compensationreport).

Commitments to promote the participation of women in leadership positions at BASF SE

The supervisory board of a publicly listed European stock corporation (SE) that is composed of the same number of shareholder and employee representatives must, according to section 17(2) of the SE Implementation Act, consist of at least 30% women and 30% men. Since the 2018 Annual Shareholders' Meeting, the Supervisory Board of BASF SE comprises four women, of whom two are shareholder representatives and two are employee representatives, and eight men. The Supervisory Board's composition meets the statutory requirements.

Following the entry into force of the Act to Supplement and Amend the Regulations on Equal Participation of Women and Men in Management Positions in the Private and Public Sector (FüPoG) on August 12, 2021, if the management board of a listed company consists of more than three persons, at least one woman and one man must be members of the management board (section 76 (3a) AktG). BASF met this requirement in the reporting year. There have been two female Board members since the appointment of Dr. Melanie Maas-Brunner to the Board of Executive Directors, effective as of February 1, 2021. With six members of the Board of Executive Directors, this corresponds to a 33.3 percentage of women.

In compliance with legal requirements of the FüPoG, the Board of Executive Directors decided on target figures for the proportion of women at the two management levels below the Board of Executive Directors of BASF SE. For the target-attainment period from January 1, 2022, to December 31, 2026, the Board of Executive Directors resolved as targets the quotas achieved as of December 31, 2021: 20.0% for the proportion of women in the management level directly below the Board and 23.2% for the level below that.

BASF views the further development and promotion of women as a global duty independent of individual Group companies. For this purpose, it has committed to ambitious targets on a worldwide scale. The new target is to increase the proportion of women in leadership positions worldwide to 30% by 2030. BASF will continue to work systematically on expanding the percentage of women in its leadership team. To achieve this, global measures will be implemented and enhanced continuously.

Shareholders' rights

Shareholders exercise their rights of co-administration and supervision at the Annual Shareholders' Meeting, which usually takes place within the first five months of the business year. The Annual Shareholders' Meeting elects half of the members of the Supervisory Board (shareholder representatives) and, in particular, resolves on the formal discharge of the Board of Executive Directors and the Supervisory Board, the distribution of profits, capital measures, the authorization of share buybacks, changes to the Statutes and the selection of the auditor.

Each BASF SE share represents one vote. All of BASF SE's shares are registered shares. Shareholders are obliged to have themselves entered with their shares into the company share register and to provide the information necessary for registration in the share register according to the German Stock Corporation Act. There are no registration restrictions and there is no limit to the number of shares that can be registered to one shareholder. Only the persons listed in the share register are entitled to vote as shareholders. Listed shareholders may exercise their voting rights at the Annual Shareholders' Meeting either personally, through a representative of their choice or through a company-appointed proxy authorized by the shareholders to vote according to their instructions. Individual instructions are only forwarded to the company on the morning of the day of the Annual Shareholders' Meeting. Voting rights can be exercised according to shareholders' instructions by company-appointed proxies until the beginning of the voting process during the Annual Shareholders' Meeting. There are neither voting caps to limit the number of votes a shareholder may cast nor special voting rights. BASF has fully implemented the principle of "one share, one vote." All shareholders entered in the share register are entitled to participate in the Annual Shareholders' Meetings, to have their say concerning any item on the agenda and to request information about company issues insofar as this is necessary to make an informed judgment about the item on the agenda under discussion. Registered shareholders are also entitled to file motions pertaining to proposals for resolutions made by the Board of Executive Directors and Supervisory Board at the Annual Shareholders' Meeting and to contest resolutions of the Meeting and have them evaluated for their lawfulness in court. Shareholders who hold at least €500,000 of the company's share capital, a quota corresponding to 390,625 shares, are furthermore entitled to request that additional items be added to the agenda of the Annual Shareholders' Meeting.

Given the particular circumstances of the COVID-19 pandemic, the 2022 Annual Shareholders' Meeting was again held as a virtual event without the physical presence of shareholders in accordance with the specific legal framework of the statutory provisions on the holding of a virtual Annual Shareholders' Meeting pursuant to Article 2 Section 1(1) and (2) of the COVID-19 Act in the version amended by the Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens und zur Anpassung pandemiebedingter Vorschriften im Gesellschafts-, Genossenschafts-, Vereins- und Stiftungsrecht sowie im Miet- und Pachtrecht ["Act to further shorten the residual debt

discharge process and to adapt pandemic-related provisions in corporate, cooperative, association and foundation legislation as well as in tenancy and lease legislation"] of December 22, 2020. To ensure legally compliant execution of this special Annual Shareholders' Meeting format, whereby shareholders participated solely via electronic communication, some of the aforementioned shareholder rights and options for action were limited or handled in an exceptional manner at this virtual meeting. In contrast, the 2023 Annual Shareholders' Meeting is planned to be held again as an in-person meeting, i.e., with the shareholders physically present at the meeting venue.

Implementation of the German Corporate Governance Code (GCGC)

BASF advocates responsible corporate governance that focuses on sustainably increasing the value of the company. BASF SE follows all of the recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (Code 2022), the version in force at the time of submitting the Declaration of Conformity on December 15, 2022. Until then, BASF has complied with all recommendations of the German Corporate Governance Code in the version dated December 16, 2019 (Code 2020). In the same manner, BASF follows all of the nonobligatory suggestions of the German Corporate Governance Code.

For more information on the Declaration of Conformity 2022, the implementation of the Code's suggestions and the German Corporate Governance Code, see basf.com/en/corporategovernance

Disclosures according to section 289a of the German Commercial Code (HGB) and explanatory report of the Board of Executive Directors according to section 176(1) sentence 1 of the German Stock Corporation Act (AktG)

Share capital and shares

As of December 31, 2022, BASF SE's subscribed capital was €1,144,134,309.12 after the redemption of 24,623,765 repurchased own company shares in December 2022 (December 31, 2021: €1,175,652,728.23), divided into 893,854,929 registered shares with no par value (December 31, 2021: 918,478,694). Each share entitles the holder to one vote at the Annual Shareholders' Meeting. Restrictions on the right to vote or transfer shares do not exist. The same rights and duties apply to all shares. According to the Statutes, shareholders are not entitled to receive share certificates (issuance of share certificates). There are neither different classes of share nor shares with preferential voting rights.

Appointment and dismissal of members of the Board of Executive Directors

The appointment and dismissal of members of the Board of Executive Directors is legally governed by the regulations in Article 39 of the SE Council Regulation, section 16 of the SE Implementation Act and sections 84 and 85 AktG as well as Article 7 of the Statutes of BASF SE. Accordingly, the Supervisory Board determines the number of members of the Board of Executive Directors (at least two), appoints the members of the Board of Executive Directors, and can nominate a chair, as well as one or more vice chairs. The members of the Board of Executive Directors are appointed for a maximum of five years. The maximum initial term of appointment is three years. Reappointments are permissible. The Supervisory Board can dismiss a member of the Board of Executive Directors if there is serious cause to do so. Serious cause includes, in particular, a gross breach of the duties pertaining to the Board of Executive Directors and a vote of no confidence by the Annual Shareholders' Meeting. The Supervisory Board decides on appointments and dismissals according to its own best judgment.

Amendments to the Statutes

According to Article 59(1) of the SE Council Regulation, amendments to the Statutes of BASF SE require a resolution of the Annual Shareholders' Meeting adopted with at least a two-thirds majority of the votes cast, provided that the legal provisions applicable to German stock corporations under the German Stock Corporation Act do not stipulate or allow for larger majority requirements. In the case of amendments to the Statutes, section 179(2) of the German Stock Corporation Act requires a majority of at least three-quarters of the subscribed capital represented. Pursuant to Article 12(6) of the Statutes of BASF SE, the Supervisory Board is authorized to resolve on amendments to the Statutes that merely concern their wording. This applies in particular to the adjustment of the share capital and the number of shares after the redemption of repurchased BASF shares and after an issue of shares from authorized capital.

Authorized capital

By way of a resolution of the Annual Shareholders' Meeting on May 3, 2019, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to increase, until May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470 million by issuing new shares against contributions in cash or in kind (authorized capital). A right to subscribe to the new shares shall be granted to shareholders. This can also be achieved by a credit institution acquiring the new shares with the obligation to offer these to shareholders (indirect subscription right). The Board of Executive Directors is authorized to exclude the statutory subscription right of shareholders to a maximum amount of a total of 10% of share capital in certain exceptional cases that are defined in Article 5(8) of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization does not exceed 10% of the shares currently in issue or, in eligible individual cases, to acquire companies or shares in companies in exchange for surrendering BASF shares.

Conditional capital

By way of a resolution of the Annual Shareholders' Meeting on April 29, 2022, the share capital was increased conditionally by up to €117,565,184 by issuing up to 91,847,800 new shares. The contingent capital increase serves to grant shares to the holders of convertible bonds or warrants attached to bonds with warrants of BASF SE or a subsidiary, which the Board of Executive Directors is authorized to issue up to April 28, 2027, by way of a resolution of the Annual Shareholders' Meeting on April 29, 2022. A right to subscribe to the bonds shall be granted to shareholders. The Board of Executive Directors is authorized to exclude the shareholders' subscription right in certain exceptional cases – as defined in Article 5(9) of the BASF SE Statutes.

Authorization of share buybacks

At the Annual Shareholders' Meeting on April 29, 2022, the Board of Executive Directors was authorized to purchase up to 10% of the shares in issue at the time of the resolution (10% of the company's share capital) until April 28, 2027. At the discretion of the Board of Executive Directors, the shares can be bought back via the stock exchange, via a public purchase offer addressed to all shareholders, via a public request to shareholders for the submission of offers to sell or by other means in accordance with section 53a AktG. The Board of Executive Directors is authorized to sell the repurchased company shares again (a) on a stock exchange, (b) through an offer directed to all shareholders, (c) with approval of the Supervisory Board, to third parties by means other than via the stock exchange or through an offer addressed to all shareholders in return for cash payment at a price that is not significantly lower than the stock exchange price of a BASF share at the time of the sale, or (d) with approval of the Supervisory Board, to third parties for contributions in kind, particularly in connection with the acquisition of companies, parts of companies or shares in companies (including increases in

shareholdings) or within the scope of corporate mergers. In the cases specified under (c) and (d), the shareholders' subscription right is excluded. The Board of Executive Directors is furthermore authorized to retire the shares bought back and to reduce the share capital by the proportion of the share capital accounted for by the retired shares.

Share buyback program 2022/2023

On January 4, 2022, BASF SE's Board of Executive Directors resolved on a share buyback program with a volume of up to €3 billion and with the company's own shares to be repurchased in the period from January 2022 until the end of 2023 (share buyback program). Based on the authorizations granted by the Annual Shareholders' Meetings on May 12, 2017 and April 29, 2022, altogether 24,623,765 treasury shares were acquired in the period from January 11, 2022 to November 30, 2022 in connection with the share buyback program. The purchase price for these own shares, including compensation payments to the respective banks, totaled €1,325,486,177.80. All own shares repurchased in connection with this share buyback program in 2022 were canceled, and the company's share capital was reduced pro rata by the amount attributable to the canceled shares. No own shares were acquired in December 2022 due to the intended redemption of shares.

Rights during a change of control

Bonds issued by BASF SE and its subsidiaries grant the bearer the right to request early repayment of the bonds at nominal value if, after the date of issue of the bond, one person – or several persons acting together – hold or acquire a volume of BASF SE shares that corresponds to more than 50% of the voting rights (change of control), and one of the rating agencies named in the bond's terms and conditions withdraws its rating of BASF SE or the bond, or reduces it to a noninvestment grade rating within 120 days of the change of control event.

An exceptional change of control compensation awarded to outgoing members of the Board of Executive Directors has not existed since January 1, 2020, as of the introduction of the amended compensation system for the Board of Executive Directors, which was approved by the Annual Shareholders' Meeting on June 18, 2020. The general rule for severance payments granted for premature terminations of appointments to the Board of Executive Directors applies, which states that the maximum severance payment may not exceed the amount of two years' compensation; however, this may not exceed the compensation for the remaining period of the contract.

By contrast, employees of BASF SE and its subsidiaries who are classified as senior executives will still receive a severance payment if their contract of employment is terminated by BASF within 18 months of a change of control event, provided the employee has not given cause for the termination. The employee whose service contract has been terminated in such a case will receive a maximum severance payment of 1.5 times the annual salary (fixed component) depending on the number of months that have passed since the change of control event. A change of control is assumed when a shareholder informs BASF of a shareholding of at least 25% of the BASF shares or the increase of such a holding.

The remaining specifications stipulated in section 289a HGB refer to situations that are not applicable to BASF SE.

For more information on bonds issued by BASF SE, see basf.com/bonds

Directors' and officers' liability insurance

BASF SE has taken out liability insurance that covers the activities of members of the Board of Executive Directors and the Supervisory Board (directors' and officers' liability insurance). This insurance policy provides for the level of deductibles of 10% of damages up to 1.5 times the fixed annual compensation for the Board of Executive Directors as prescribed by section 93(2) sentence 3 AktG.

Share ownership by members of the Board of Executive Directors and the Supervisory Board

No member of the Board of Executive Directors or the Supervisory Board owns shares in BASF SE and related options or other derivatives that account for 1% or more of the share capital. Furthermore, the total volume of BASF SE shares and related financial instruments held by members of the Board of Executive Directors and the Supervisory Board accounts for less than 1% of the shares issued by the company.

Share dealings of the Board of Executive Directors and Supervisory Board

(Obligatory reportable and publishable directors' dealings under Article 19(1) of the E.U. Market Abuse Regulation 596/2014 (MAR))

As legally stipulated by Article 19(1) MAR, all members of the Board of Executive Directors and the Supervisory Board as well as certain members of their families are required to disclose the purchase or sale of financial instruments of BASF SE (for example, shares, bonds, options, forward contracts, swaps) to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and to the company if transactions within the calendar year exceed the threshold of €20,000. In 2022, a total of 20 purchases by members of the Board of Executive Directors and the Supervisory Board and members of their families subject to disclosure were reported as directors' dealings, involving between 2 and 2,618 BASF shares or BASF ADRs (American Depositary Receipts). The price per share was between €47.50 and €57.85. The volume of the individual transactions was between €105.45 and €124,987.51. The disclosed securities transactions are published on BASF SE's website.

Compliance

Our Group-wide Compliance Program aims to ensure adherence to legal regulations, the company's internal guidelines and ethical business practices. Our Code of Conduct firmly embeds these mandatory standards into our employees' day-to-day business. Members of the Board of Executive Directors are also expressly obligated to follow these principles.

Compliance Program and Code of Conduct

BASF's Compliance Program is based on our corporate values and voluntary commitments, as well as international standards. It describes our commitment to responsible conduct and expectations around how all BASF employees interact with business partners, officials, coworkers and the community. At the core of our Compliance Program is the global, standardized Code of Conduct. All employees and leaders are obligated to adhere to its guidelines, which cover topics ranging from corruption and antitrust laws to human rights, labor and social standards, conflicts of interest and trade control, and protection of data privacy.

The online version of our Code of Conduct is aimed at our employees and also offers user-friendly features such as case studies, FAQs and additional references. The internal online platform and the corresponding app provide our employees worldwide with up-to-date content such as videos and links to specialist units and guidelines as well as direct contact to subject specialists.

Other binding governance documents (policies, corporate requirements) are published on a digital platform that offers our employees an effective search function and context-based links to further information. The managing directors of BASF Group companies can find important information and assistance on ensuring compliance in their Group companies on an intranet page set up especially for them.

Abiding by compliance standards is the foundation of responsible leadership. This has also been embedded in our values. We are convinced that compliance with these standards will play a key role in securing our company's long-term success. Our efforts are principally aimed at preventing violations from the outset.

We perform a systematic risk assessment to identify the risk of compliance violations, including corruption risks. These are conducted at divisional and Group company level. The regular compliance audits performed by the Corporate Audit department are another source of information for the systematic identification of risks. These risks are documented in the relevant risk or audit report. The same applies to specific risk minimization measures as well as the time frame for their implementation.

One key element in violation prevention is compulsory training and workshops held as classroom or online courses. All employees are required within a prescribed time frame to take part in basic training, refresher courses and special tutorials dealing with, for example,

antitrust legislation, taxes or trade control regulations. Newly appointed senior executives also receive special training on leading with integrity. Course materials and formats are constantly updated, taking into account the specific risks of individual target groups and business areas. In total, more than 30,000 participants worldwide received over 50,000 hours of compliance training in 2022.

 For more information on the BASF Code of Conduct, see [basf.com/code-of-conduct](https://www.basf.com/code-of-conduct)

Compliance culture at BASF

For corporate compliance to be a success, there must be an active culture of living these values and commitments within the company. The principles embedded in our Code of Conduct are established and recognized in our day-to-day business. We expect all employees to act in line with these principles. Our leaders play a key role here – they serve as an example of and communicate our values and culture both internally and externally. That is why special workshops on integrity as a leadership task were again held in 2022 for newly appointed senior executives.

Monitoring adherence to our compliance principles

BASF's Chief Compliance Officer (CCO) reports directly to the Chairman of the Board of Executive Directors and manages the further development of our global compliance organization and our Compliance Management System. The CCO is supported in this task by the Corporate Compliance department and more than 100 compliance officers worldwide in the regions and countries as well as in the divisions, service units and in the Corporate Center. Material compliance topics are regularly discussed in the compliance committees established at global and regional level. The compliance organization reports to the Supervisory Board's Audit Committee in at least one of its meetings each year on the status of the Compliance Program as well as any major developments. In the event of significant incidents, the Audit Committee is immediately informed by the Board of Executive Directors.

We particularly encourage our employees to actively and promptly seek guidance if in doubt. They can consult their supervisors, specialist departments, such as the Legal department, and company compliance officers. The internal platform and the corresponding app also help employees to access advice by enabling direct contact. In addition, our employees can contact our compliance hotline – including anonymously – to report potential violations of laws or company guidelines. An independent external company has been contracted to manage this global hotline so that reported cases are recorded and processed worldwide through one system. The central point of contact is a website that informs all employees worldwide about the hotline and the grievance procedure in their national language. In addition to local phone numbers, the website also offers an online contact option, which is available via PC or smartphone. The website is also available to the public. Each concern is documented according to specific criteria, properly investigated in line with standard internal procedures and answered

as quickly as possible. The outcome of the investigation as well as any measures taken are documented accordingly and included in internal reports.

In 2022, 453 reports were received by our external hotlines (2021: 277). The information received related to all categories of our Code of Conduct, including respect in the workplace, corruption, handling of company property and environmental, health and safety issues. We carefully investigated all cases of suspected misconduct that came to our attention and, when necessary, took countermeasures on a case-by-case basis. These included, for example, improved control mechanisms, additional informational and training measures, clarification and expansion of the relevant internal regulations, as well as disciplinary measures as appropriate. Most of the justified cases related to violations of our principles on respect in the workplace and personal misconduct in connection with the protection of company property or inappropriate handling of conflicts of interests. In such isolated cases, we took disciplinary measures in accordance with uniform internal standards and also pursued claims for damages where there were sufficient prospects of success. In 2022, violations of our Code of Conduct led to termination of employment in a total of 34 cases (2021: 32). This relates to diverse employee groups, including executives.

BASF's Corporate Audit department monitors adherence to compliance principles, covering all areas in which compliance violations could occur. They check that employees uphold regulations and make sure that the established processes, procedures and monitoring tools are appropriate and sufficient to minimize potential risks or preclude violations in the first place. In 2022, 47 audits of this kind were performed Group-wide (2021: 77). Our compliance management system itself is also regularly audited by the internal Corporate Audit department, most recently in December 2022. Overall, the audit results speak for the effectiveness of the compliance management system. As part of the comprehensive action plan developed last year for the continuous, systematic optimization of our compliance management system, we worked on strengthening key processes in 2022 and described the principles, core processes and roles in our system in detail in a revised internal policy, Compliance Management System (CMS), which was approved by the Board of Executive Directors in August 2022. A particular focus of our compliance activities in 2022 was the further development of our internal systems and processes in light of changes to supply chain law, including the German Supply Chain Due Diligence Act (SCA) (see page 13).

We monitor our business partners in sales for potential compliance risks based on the global Guideline on Business Partner Due Diligence 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. A dedicated global Supplier Code of Conduct applies to our suppliers, which covers compliance with environmental, social and corporate governance standards, among other requirements. As part of our trade control processes, we also check whether persons, companies or organizations appear on

sanction lists due to suspicious or illegal activities and whether there are business processes with business partners from or in countries under embargo. One focus of our activities in 2022 was on the continuous monitoring and implementation of the dynamically evolving sanctions law requirements in light of the war in Ukraine.

We support the United Nations' Guiding Principles on Business and Human Rights and are constantly working to enhance our internal guidelines and processes in keeping with these principles. For example, there is an internal guideline to respect international labor and social standards that is applicable throughout the Group. Outside of our company, too, we support respect for human rights and the fight against corruption. We are a founding member of the United Nations Global Compact. As a member of Transparency International Deutschland and the Partnering Against Corruption Initiative (PACI) of the World Economic Forum, we assist in the implementation of these organizations' objectives.

We are committed to adhering to uniformly high standards and integrity regarding tax-related issues, as embedded in BASF's Code of Conduct and corporate values. To aid in the achievement of the U.N. SDGs and to meet our own standards for the creation of economic and social value, we contribute to public finances in accordance with legal requirements and our corporate values. In 2020, we developed and published the BASF tax principles, which are binding for all Group entities.

 For more information on human rights and labor and social standards, see basf.com/human_rights
For more information on tax principles, see basf.com/en/corporategovernance

Declaration of Conformity

Declaration of Conformity 2022 of the Board of Executive Directors and the Supervisory Board of BASF SE

The Board of Executive Directors and the Supervisory Board of BASF SE hereby declare pursuant to section 161 of the German Stock Corporation Act (AktG)

- The recommendations of the Government Commission on the German Corporate Governance Code as amended on December 16, 2019, published by the Federal Ministry of Justice on March 20, 2020, in the official section of the Federal Gazette have been complied with since the submission of the last Declaration of Conformity of December 2021.
- The recommendations of the Government Commission on the German Corporate Governance Code as amended on April 28, 2022, published by the Federal Ministry of Justice on June 27, 2022, in the official section of the Federal Gazette are complied with.

Ludwigshafen, December 2022

The Supervisory Board
of BASF SE

The Board of Executive Directors
of BASF SE

Management and Supervisory Boards

Board of Executive Directors

There were six members on the Board of Executive Directors of BASF SE as of December 31, 2022. On October 20, 2022, the Supervisory Board of BASF SE extended the appointment of Dr. Martin Bruder Müller as BASF's Chairman of the Board of Executive Directors until the end of the 2024 Annual Shareholders' Meeting; Bruder Müller's appointment was originally scheduled to end in 2023. In addition, the Supervisory Board has appointed Dr. Dirk Elvermann as the new Chief Financial Officer and Chief Digital Officer within the framework of long-term succession planning. He succeeds Dr. Hans-Ulrich Engel, whose mandate ends at the closing of the 2023 Annual Shareholders' Meeting. In addition, some of the responsibilities within the Board departments of Saori Dubourg and Michael Heinz were reallocated effective March 1, 2022.

The composition of the Board of Executive Directors and the responsibilities of individual members are as follows (as of February 20, 2023):

Dr. Martin Bruder Müller

Chairman of the Board of Executive Directors

Degree: Chemistry, 61 years old, 35 years at BASF

Responsibilities: Corporate Legal, Compliance & Insurance; Corporate Development; Corporate Communications & Government Relations; Corporate Human Resources; Corporate Investor Relations; Senior Project Net Zero Accelerator
First appointed: 2006 / **term expires:** 2024

Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act:

Mercedes-Benz Group AG¹ (member of the Supervisory Board)

Mercedes-Benz AG (Mercedes-Benz Group AG group company) (member of the Supervisory Board)

Dr. Hans-Ulrich Engel

Vice Chairman of the Board of Executive Directors

Degree: Law, 63 years old, 35 years at BASF

Responsibilities: Corporate Finance; Corporate Audit; Corporate Taxes & Duties; Global Business Services; Global Digital Services; Global Procurement

First appointed: 2008 / **term expires:** 2023

Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act:

Wintershall Dea AG (Chairman of the Supervisory Board)²

Wintershall AG (Chairman of the Supervisory Board)²

Comparable German and non-German supervisory bodies:

Nord Stream AG (member of the Shareholders' Committee)

Saori Dubourg

Degree: Business, 51 years old, 26 years at BASF

Responsibilities: Monomers; Performance Materials; Petrochemicals; Intermediates; Europe

First appointed: 2017 / **term expires:** 2025

Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act:

Wintershall Dea AG (member of the Supervisory Board)²

Michael Heinz

Degree: MBA, 58 years old, 39 years at BASF

Responsibilities: Agricultural Solutions; Nutrition & Health; Care Chemicals; North America; South America

First appointed: 2011 / **term expires:** 2024

Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act:

Wintershall Dea AG (member of the Supervisory Board)²

Dr. Markus Kamieth

Degree: Chemistry, 52 years old, 24 years at BASF

Responsibilities: Catalysts; Coatings; Dispersions & Resins; Performance Chemicals; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia

First appointed: 2017 / **term expires:** 2025

Dr. Melanie Maas-Brunner

Degree: Chemistry, 54 years old, 26 years at BASF

Responsibilities: Corporate Environmental Protection, Health, Safety & Quality; European Site & Verbund Management; Global Engineering Services; Group Research; BASF New Business

First appointed: 2021 / **term expires:** 2024

Comparable German and non-German supervisory bodies:

BASF Antwerpen NV (Chairwoman of the Administrative Council)

¹ Publicly listed

² Internal membership within the meaning of section 100(2) sentence 2 of the German Stock Corporation Act

Supervisory Board

In accordance with the Statutes, the Supervisory Board of BASF SE comprises 12 members. The term of office of the Supervisory Board commenced following the Annual Shareholders' Meeting on May 3, 2019, in which the shareholder representatives on the Supervisory Board were elected. In accordance with the applicable article of the Statutes as of the date of election, it terminates upon conclusion of the Annual Shareholders' Meeting that resolves on the discharge of members of the Supervisory Board for the fourth complete business year after the term of office commenced; this is the Annual Shareholders' Meeting on April 25, 2024.

The Supervisory Board comprises the following members (as of February 20, 2023):

Dr. Kurt Bock, Heidelberg, Germany*¹

Chairman of the Supervisory Board of BASF SE
Former Chairman of the Board of Executive Directors of BASF SE (until May 2018)

Member of the Supervisory Board since: June 18, 2020

Memberships of statutory supervisory boards in Germany:

Bayerische Motoren Werke Aktiengesellschaft³ (member)
Fuchs Petrolub SE³ (until May 3, 2022) (chair)

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Prof. Dr. Stefan Asenkerschbaumer, Stuttgart, Germany*¹

Vice Chairman of the Supervisory Board of BASF SE
Managing Partner, Robert Bosch Industrietreuhand KG (RBIK)
Chairman of the Supervisory Board of Robert Bosch GmbH

Member of the Supervisory Board since: April 29, 2022

Memberships of statutory supervisory boards in Germany:

Robert Bosch GmbH⁴ (chair)

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises:

Stadler Rail AG³ (independent, non-executive member of the Board of Directors since May 5, 2022)

Sinisca Horvat, Limburgerhof, Germany*²

Vice Chairman of the Supervisory Board of BASF SE
Chairman of the Works Council of BASF SE, Ludwigshafen Site;
Chairman of BASF Group Works Council and of the BASF Works Council Europe

Member of the Supervisory Board since: May 12, 2017

Memberships of statutory supervisory boards in Germany: none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Prof. Dr. Thomas Carell, Munich, Germany*¹

Professor of Organic Chemistry at Ludwig-Maximilians-University Munich

Member of the Supervisory Board since: May 3, 2019

Memberships of statutory supervisory boards in Germany: none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Dame Alison Carnwath DBE, Exeter, England*¹

Senior Advisor Evercore Partners

Member of the Supervisory Board since: May 2, 2014

Memberships of statutory supervisory boards in Germany: none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises:

Zurich Insurance Group AG³ (independent, non-executive member of the Board of Directors)

Zürich Versicherungs-Gesellschaft AG⁴ (Zurich Insurance Group AG group company) (independent, non-executive member of the Board of Directors)

PACCAR Inc.³ (independent member of the Board of Directors)

Coller Capital Ltd.⁴ (non-executive member Board of Directors)

Broadwell Capital Limited⁴ (non-executive member of the Board of Directors until June 6, 2022)

Asda Group Limited⁴ (non-executive member Board of Directors)

EG Group Holdings Limited⁴ (non-executive member of the Board of Directors and chair of the audit committee)

Liming Chen, Beijing, China*¹

World Economic Forum Greater China Chair

Member of the Supervisory Board since: October 8, 2020

Memberships of statutory supervisory boards in Germany: none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none; the following mandates each until July 1, 2022:

IBM China Investment Company Ltd.⁴ (Chairman)

IBM (China) Company Ltd.⁴ (Chairman)

IBM Global Services (DaLian) Company Limited⁴ (Chairman)

IBM Solution and Services (ShenZhen) Company Ltd.⁴ (Chairman)

IBM Financing and Leasing Company Ltd.⁴ (Chairman)

IBM Factoring (China) Company Ltd.⁴ (Chairman)

Inspur Power Commercial Systems Company Ltd.⁴ (Chairman)

Tatjana Diether, Limburgerhof, Germany*²

Deputy Chairwoman of the Works Council of BASF SE, Ludwigshafen Site, and member of the BASF Works Council Europe

Member of the Supervisory Board since: May 4, 2018

Memberships of statutory supervisory boards in Germany: none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 57 for the criteria used to determine independence)

¹ Shareholder representative

² Employee representative

³ Publicly listed

⁴ Not publicly listed

Alessandra Genco, Rome, Italy*¹

Chief Financial Officer of Leonardo SpA

Member of the Supervisory Board since: April 29, 2022

Memberships of statutory supervisory boards in Germany:

none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises:

Elettronica SpA⁴ (controlled interest of Leonardo SpA)

André Matta, Großkarlbach, Germany*²

Member of the Works Council of BASF SE, Ludwigshafen Site, and member of the BASF Works Council Europe

Member of the Supervisory Board since: April 29, 2022

Memberships of statutory supervisory boards in Germany:

none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Natalie Mühlenfeld, Düsseldorf, Germany*²

District Manager of the Mining, Chemical and Energy Industries Union for the Düsseldorf district

Member of the Supervisory Board since: April 29, 2022

Memberships of statutory supervisory boards in Germany:

3M Deutschland GmbH⁴ (member)

Axalta Coating Systems Germany GmbH & Co. KG⁴ (vice chair)

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Michael Vassiliadis, Hannover, Germany²

Chairman of the Mining, Chemical and Energy Industries Union

Member of the Supervisory Board since: August 1, 2004

Memberships of statutory supervisory boards in Germany:

Steag GmbH⁴ (member)

RAG Aktiengesellschaft⁴ (vice chair)

Henkel AG & Co. KGaA³ (member)

Vivawest GmbH⁴ (member)

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Peter Zaman, Antwerp, Belgium*²

Deputy Secretary of the Works Council of BASF Antwerpen NV

Member of the Supervisory Board since: April 29, 2022

Memberships of statutory supervisory boards in Germany:

none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Members of the Supervisory Board in the 2022 business year who stepped down from the Supervisory Board on April 29, 2022:

Franz Fehrenbach, Stuttgart, Germany¹

Vice Chairman of the Supervisory Board of BASF SE

Former Chairman of the Supervisory Board of Robert Bosch GmbH (until December 31, 2021)

Member of the Supervisory Board since: January 14, 2008

Memberships of statutory supervisory boards in Germany:

Robert Bosch GmbH⁴ (chair until December 31, 2021)

Stihl AG (Stihl Holding AG & Co. KG group company)³ (vice chair)

Memberships of comparable domestic and foreign

supervisory bodies of commercial enterprises:

Stihl Holding AG & Co. KG⁴ (member of the Advisory Board)

Linde plc³ (member of the Board of Directors until March 1, 2022)

Waldemar Helber, Otterbach, Germany*²

Member of the Works Council of BASF SE, Ludwigshafen Site

Member of the Supervisory Board since: April 29, 2016

Memberships of statutory supervisory boards in Germany:

none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Anke Schäferkordt, Berlin, Germany*¹

Member of the Supervisory Board

Member of the Supervisory Board since: December 17, 2010

Memberships of statutory supervisory boards in Germany:

Serviceplan Group Management SE,⁴ partner with unlimited liability of Serviceplan Group SE & Co. KG (member)

Bayerische Motoren Werke Aktiengesellschaft³ (member)

Memberships of comparable domestic and foreign

supervisory bodies of commercial enterprises:

Wayfair Inc.³ (non-executive director)

Denise Schellemans, Brecht, Belgium²

Full-time trade union delegate

Member of the Supervisory Board since: January 14, 2008

Memberships of statutory supervisory boards in Germany:

none

Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises: none

Roland Strasser, Riedstadt, Germany*²

Regional Manager of the Rhineland-Palatinate/Saarland branch of IG BCE

Member of the Supervisory Board since: May 4, 2018

Memberships of statutory supervisory boards in Germany:

AbbVie Komplementär GmbH⁴ (member)

V & B Fliesen GmbH⁴ (member)

Villeroy & Boch AG³ (member)

Memberships of comparable domestic and foreign

supervisory bodies of commercial enterprises: none

* Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 57 for the criteria used to determine independence)

¹ Shareholder representative

² Employee representative

³ Publicly listed

⁴ Not publicly listed

Report of the Supervisory Board

Dear Shareholders,

BASF faced exceptional and unexpected challenges last year. Russia's invasion of Ukraine fundamentally and permanently changed the playing field for the European chemicals business, but especially for the shareholding in Wintershall Dea.

After a good start to the business year, general economic uncertainty, concerns about the availability of key raw materials and extreme increases in energy prices all led to a disappointing sales and earnings performance in the second half of the year. Despite this, we still achieved the targeted operating result. A number of less energy-intensive businesses performed very well overall. The bottom line – income after taxes – was negative due to the necessary impairments on the shareholding in Wintershall Dea resulting from its de facto expropriation in Russia.

At its meetings, the Supervisory Board addressed in depth the impact of the turmoil on the raw materials and energy markets on the operational business and on the short and long-term competitiveness of important businesses and sites, as well as their value. The measures immediately taken by the Board of Executive Directors to reduce gas dependency and maintain Verbund production, especially at the Ludwigshafen site in Germany, deserve special recognition. This includes public statements on the importance of a secure and competitive gas supply for the chemical industry as well as for Germany as a business location. Our discussions also focused on the further development of the BASF Group in light of increasing geopolitical risks, changes in the regulatory environment and the path taken by the Board of Executive Directors toward climate neutrality. Last but not least, the foundation was laid for the further development of the Board of Executive Directors in terms of personnel.

Seamless and solution-oriented collaboration between the Supervisory Board and the Board of Executive Directors is particularly important in challenging times. The Supervisory Board would like to thank the Board of Executive Directors for their extraordinary performance in light of the fundamentally new challenges. Our thanks also go out to our employees around the world for their impressive commitment in times of great uncertainty and insecurity.

For the Supervisory Board, 2022 was a year of change in personnel. Five new members have joined since the end of the Annual Shareholders' Meeting. This means that seven of the twelve members have joined the Supervisory Board since its regular election in 2019. The Supervisory Board meets all of the objectives it has set with regard to its composition and competencies.

The Supervisory Board welcomes the fact that the upcoming Annual Shareholders' Meeting can finally be held in person again. Especially in difficult times, direct dialog with you – our shareholders – is even more important than ever before.

Monitoring and consultation in an ongoing dialog with the Board of Executive Directors


In 2022, the Supervisory Board of BASF SE exercised its duties as required by law and the Statutes with the utmost care. It regularly monitored the management of the Board of Executive Directors and provided advice on the company's strategic development and important individual measures, about which the Supervisory Board was regularly and thoroughly informed by the Board of Executive Directors. This occurred both during and outside of the meetings of the Supervisory Board and its committees in the form of written and oral reports on, for example, business developments including the major financial key performance indicators (KPIs) of the BASF Group and its segments, macroeconomic developments and the economic situation in the main sales and procurement markets, and on deviations in business developments from original plans. Furthermore, the Supervisory Board tackled fundamental questions of corporate planning, including financial, investment, sales volumes and personnel planning, as well as measures for designing the future of research and development. Regular topics of discussion were occupational and process safety, matters relating to sustainability, the environmental and social impact of the company's activities and the challenges of climate change for the future development of BASF's business. The Supervisory Board discussed in detail the reports from the Board of Executive Directors and also deliberated on prospects for the company and its individual business areas with the Board of Executive Directors. It was convinced of the lawfulness, expediency and propriety of the Board of Executive Directors' company leadership.

The Chairman of the Supervisory Board and the Chairman of the Board of Executive Directors were also in regular contact outside of Supervisory Board meetings. The Chairman of the Supervisory Board was always promptly and comprehensively informed of current developments and significant individual issues. The Supervisory Board was involved at an early stage in decisions of major importance. The Supervisory Board passed resolutions on all of those individual measures taken by the Board of Executive Directors which by law or the Statutes required the approval of the Supervisory Board.

Supervisory Board meetings

The Supervisory Board held five meetings in the 2022 business year, each of which was attended by all members. The meetings were held in person with the Supervisory Board members physically present. Two members of the Supervisory Board participated in three of these meetings, and three members of the Supervisory Board participated in one meeting by means of electronic video communication. The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions in each case, which were also attended by members of the Board of Executive Directors.

All members of the Board of Executive Directors attended the Supervisory Board meetings unless it was deemed appropriate that the Supervisory Board discuss individual topics – such as personnel matters relating to the Board of Executive Directors – without them being present. In addition, each Supervisory Board meeting includes an agenda item that provides an opportunity for discussion without the Board of Executive Directors (executive session).

 An overview of the format of each meeting and members' personal attendance at meetings of the Supervisory Board and its committees will be made available on the company website at basf.com/supervisoryboard/meetings

A significant component of all Supervisory Board meetings was the Board of Executive Directors' reports on the current business situation with detailed information on sales and earnings development, opportunities and risks for business development, the status of important investment projects (current and planned), important aspects of economic, environmental and social sustainability, developments in the regulatory environment, developments on the capital markets, significant managerial measures taken by the Board of Executive Directors, and innovation projects.

In all meetings held in 2022, the Supervisory Board also discussed the progress of major investments and ongoing portfolio projects, such as investments to establish a new Verbund site in southern China.

An important agenda item at all meetings of the Supervisory Board since March 2022 has been the impact of the war in Ukraine on the BASF Group's business activities. Strict compliance with the sanctions regulations of the European Union and other Western countries forms the basis for BASF's actions. The main focus of the Board of Executive Directors' reporting and the discussion in the Supervisory Board here was on the supply of natural gas, which is particularly critical for BASF's business, and the upturn in energy prices. The possible consequences for BASF's competitiveness in the short, medium and long term, particularly in Europe and at the Ludwigshafen site in Germany, and the impact on Wintershall Dea AG's until now important business in gas production in Russia and in gas transportation, were discussed in depth, and the measures taken by the Board of Executive Directors were supported.

About the meetings in detail: On February 23, 2022, the Supervisory Board reviewed the financial statements of BASF SE and the BASF Group for the 2021 business year that were submitted by the Board of Executive Directors, the corresponding management's reports, including the nonfinancial statements as well as the dividend proposal, and approved the financial statements. In preparation, the auditor had explained the process and results in detail the previous day and discussed them with the Supervisory Board. In addition, the Supervisory Board discussed and approved the Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG). It also discussed the agenda for the Annual Shareholders' Meeting on April 29, 2022, and adopted proposals for resolutions. Since the Supervisory Board considered it impossible to hold a physical meeting due to the continuing effects of the coronavirus pandemic, it agreed to again hold the Annual

Shareholders' Meeting as a virtual event without the physical presence of shareholders. Other topics discussed at the meeting were the development of business, opportunities and challenges in the Materials segment.

The Supervisory Board met on April 28, 2022, one day before the virtual Annual Shareholders' Meeting, to prepare for the Annual Shareholders' Meeting. The impact of the outbreak of war in Ukraine was also discussed.

The meeting on July 18/19, 2022, focused on the status of the implementation of BASF's corporate strategy and the further development of the BASF Group. Key individual topics here were:

- The implementation of BASF's corporate strategy, external challenges and measures to increase earnings
- The competitiveness of the Ludwigshafen site against a background of high energy prices and intensifying regulation
- The future development of the oil and gas business and the shareholding in Wintershall Dea AG
- The further development, opportunities and risks of the business in China; approval of the investment in a Verbund site in southern China
- The status, development and prospects of selected future business areas

At its meeting on October 20, 2022, the Supervisory Board discussed the composition of the Board of Executive Directors and passed a resolution to extend the appointment of the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, until the Annual Shareholders' Meeting 2024 and to appoint Dr. Dirk Elvermann as the successor to Chief Financial Officer Dr. Hans-Ulrich Engel, who will retire at the end of the Annual Shareholders' Meeting on April 27, 2023. Other key topics included the tender for the auditor's mandate from the 2024 business year with the resolution to propose Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the future auditor to the Annual Shareholders' Meeting 2024, as well as the implementation of the new recommendations of the amended German Corporate Governance Code.

At its meeting on December 15, 2022, the Supervisory Board discussed and approved the Board of Executive Directors' operational and financial planning, including the investment budget for 2023, and, as in previous years, authorized the Board of Executive Directors to procure the necessary financing in 2023 within a set limit. The Supervisory Board also addressed the topics of increasing the competitiveness of the Ludwigshafen site in Germany, expanding BASF's renewable energy portfolio in Europe, compliance management in the BASF Group and fulfilling due diligence obligations in supply chains.

Compensation and composition of the Board of Executive Directors

In several meetings over the 2022 business year, the Supervisory Board discussed and passed resolutions on the compensation of the Board of Executive Directors. In addition, two decisions on the composition of the Board of Executive Directors had to be taken.

At its meeting on February 23, 2022, the Supervisory Board deliberated and agreed on the 2022 targets for the Board of Executive Directors based on the preparations of the Personnel Committee. It also discussed and resolved on the final performance factors for the Board of Executive Directors' short-term and long-term incentives for 2021. At its meeting on October 20, 2022, the Supervisory Board discussed the appointment of a successor for the Chief Financial Officer Dr. Hans-Ulrich Engel, who will retire from the Board of Executive Directors as of April 27, 2023, and, in line with the recommendation made by the Personnel Committee, appointed Dr. Dirk Elvermann as a member of the Board of Executive Directors from this date. Also following the recommendation by the Personnel Committee, it was resolved to extend the appointment of the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, by one year until the end of the 2024 Annual Shareholders' Meeting. At its meeting on December 15, 2022, the Supervisory Board evaluated, based on the discussions and the corresponding recommendation of the Personnel Committee, the Board of Executive Directors' performance in 2022 and set the performance factor for the short-term incentive 2022 and the strategic performance factors for the deferral compensation components for 2019–2022.

For more information on the compensation of the Board of Executive Directors and the Supervisory Board, see the Compensation Report, which has been made publicly available on the company's website at basf.com/compensationreport

Committees

The Supervisory Board of BASF SE has four committees: 1. the committee for personnel matters of the Board of Executive Directors and the granting of loans in accordance with section 89(4) of the German Stock Corporation Act (Personnel Committee); 2. the Audit Committee; 3. the Nomination Committee; and 4. the Strategy Committee. Following each Committee meeting, the chairs of the Committees reported in detail about the meetings and the activities of the Committees at the subsequent meeting of the Supervisory Board. The Supervisory Board has not established a special sustainability committee: In the Supervisory Board's opinion, sustainability is a material crosscutting issue that affects all aspects of the Supervisory Board's supervision activities and is therefore considered in depth by the entire Supervisory Board. Sustainability expertise is broadly embedded in the Supervisory Board and has long been a very important requirement for its work.

For information on the composition of the committees and the tasks assigned to them by the Supervisory Board, see the Corporate Governance Report on pages 54 to 55

The **Personnel Committee** met four times during the reporting period. All meetings were conducted in person. All committee members attended all meetings. At its meeting on February 22, 2022, the Personnel Committee discussed the target agreement for the Board of Executive Directors for 2022 and the targets for the long-term compensation to be granted in 2022 for the Board of Executive Directors for the period 2022–2025, as well as the 2021 Compensation Report. At its meeting on July 18, 2022, the Personnel Committee focused on the development of leadership at BASF's top levels of management below the Board of Executive Directors and long-term succession planning for the Board of Executive Directors, including potential successor candidates. A key topic here was the process for deciding on the successor for the Chief Financial Officer, Dr. Hans-Ulrich Engel, who will retire from the Board of Executive Directors at the end of the Annual Shareholders' Meeting on April 27, 2023. The main agenda item at the meeting on October 19, 2022, was the review of the appropriateness of the compensation of the Board of Executive Directors. For this purpose, the Personnel Committee had also obtained an appropriateness study from an independent external consultant, based on which the Personnel Committee currently does not see any need to adjust the compensation. The agenda also included the discussion of proposed resolutions for the Supervisory Board to extend the appointment of the Chairman of the Board of Executive Directors, Dr. Martin Bruder Müller, which ends with the Annual Shareholders' Meeting on April 27, 2023, and to appoint a new Board of Executive Directors member to succeed the departing Chief Financial Officer. At its meeting on December 14, 2022, the Personnel Committee discussed the assessment of the Board's performance in 2022, a proposal for the performance-related variable compensation and the further development of the Board of Executive Directors.

The **Audit Committee** met five times during the reporting period. Three meetings were conducted as in-person meetings and two meetings were conducted as video conferences. All committee members attended all meetings. Part of December's meeting was held without the Board of Executive Directors present (executive session). The Audit Committee is responsible for all the tasks listed in section 107(3) sentence 2 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code. The Audit Committee is also responsible for monitoring the internal process for identifying related party transactions and adopting resolutions to approve related party transactions. The chair of the Audit Committee also maintains regular contact with the auditor between meetings, in particular regarding the progress of the annual audit. During the Audit Committee meetings attended by the auditor, the Audit Committee also discusses matters with the auditor in a separate part of the meeting without a member of the Board of Executive Directors present.

At the meeting on February 22, 2022, the auditor reported in detail on its audits of BASF SE's Separate and Consolidated Financial Statements for the 2021 business year, including the corresponding management's reports, and discussed the results of its audit with

the Audit Committee. The committee's audit also included the Non financial Statements of BASF SE and the BASF Group, sustainability reporting as well as the Compensation Report of BASF SE in accordance with section 162 AktG, which had been audited by the external auditor. In preparation for the audit of the Nonfinancial Statements, the Audit Committee had, following a corresponding resolution by the Supervisory Board, additionally engaged KPMG to perform a limited assurance and issue an assurance report on it. KPMG also reported in detail on the focus, the procedure and the key findings of this audit.

At its meeting on April 28, 2022, the Audit Committee addressed the BASF Group's quarterly statement for the first quarter of 2022, which was due for publication, risk management in the BASF Group, and the organization and results of further environmental, health and safety audits and controls.

Focus topics at the meeting on July 22, 2022, were the BASF Group's Half-Year Financial Report and the internal audit system, on which the head of the Corporate Audit department reported.

At the meeting on July 22, 2022, the Audit Committee also engaged KPMG AG Wirtschaftsprüfungsgesellschaft – the auditor elected by the Annual Shareholders' Meeting on April 29, 2022 – with the audit for the 2022 reporting year and agreed upon the auditing fees. The focus areas and scope of the annual audit were discussed and defined together with the auditor.

At its meeting on October 19, 2022, the Audit Committee discussed the BASF Group's Quarterly Statement for the third quarter of 2022 and addressed the topics of compliance with and follow-up on major acquisitions and divestitures. The head of the Corporate Compliance unit reported on compliance topics. In continuation of its consultations in previous meetings, the Audit Committee also addressed at length the tender for the audit of the Annual Financial Statements and the Consolidated Financial Statements of BASF SE from the 2024 business year, discussed the results of the tender process and, based on this result, recommended that the Supervisory Board propose to the Annual Shareholders' Meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be appointed as auditor from the 2024 business year. The Audit Committee was regularly involved in the tender and application process through its chair. The meeting also addressed the Committee's annual self-assessment of the effectiveness and efficiency of its work.

At the meeting on December 14, 2022, the auditors responsible reported on the status of the annual audit, as well as the focus areas of the audit and the most important individual items. This also included possible impairments on individual assets and the carrying amount of the shareholding in Wintershall Dea AG.

At all meetings, the Audit Committee addressed the main pending accounting issues and risks arising from litigation.

The **Nomination Committee** is responsible for preparing candidate proposals for the Supervisory Board members to be elected by the Annual Shareholders' Meeting. The Nomination Committee is guided by the objectives for the composition of the Supervisory Board adopted by the Supervisory Board as well as the competence profile and diversity concept for the Supervisory Board. The Nomination Committee did not meet in 2022 as there were no further changes to the Supervisory Board members to be elected by the Annual Shareholders' Meeting beyond the new appointments resolved at the Annual Shareholders' Meeting on April 29, 2022, which the Nomination Committee had already prepared intensively in 2021.

□ For the objectives for the composition of the Supervisory Board as well as the competence profile and diversity concept for the Supervisory Board, see the Corporate Governance Report on pages 55 to 57

The **Strategy Committee**, which was established to discuss strategic options for the further development of the BASF Group, did not meet in 2022.

Corporate governance and Declaration of Conformity


The Supervisory Board places great value on ensuring good corporate governance: In 2022, it was therefore once again intensely occupied with the corporate governance standards practiced in the company and the implementation of the recommendations and suggestions of the German Corporate Governance Code, both in the version dated December 16, 2019, and in the amended version dated April 28, 2022 (GCGC 2022), which forms the basis for the forward-looking section of the company's Declaration of Conformity dated December 2022. Discussions concentrated on the implementation of the new recommendations of GCGC 2022 and its focus areas: integrating sustainability into company management and the Supervisory Board's supervision activities, the Audit Committee's special expertise in accounting and auditing, and cooperation with the auditor.

In accordance with the recommendations of the German Corporate Governance Code and the guiding principles for the dialog between investors and German supervisory boards, the Chairman of the Supervisory Board again sought dialog with investors where appropriate in 2022.

Special onboarding events were held for the new members of the Supervisory Board to familiarize them with the basics of corporate governance at BASF, the organization and internal structures of the BASF Group, and the composition of its businesses and their strategies. Above and beyond this, the company also supports the members of the Supervisory Board with training for their activities on the Supervisory Board, whether through external offerings such as topic-specific seminars or internal information offerings such as site and plant visits.

At its meeting of December 15, 2022, the Supervisory Board approved the joint Declaration of Conformity by the Supervisory

Board and the Board of Executive Directors in accordance with section 161 of the German Stock Corporation Act (AktG). BASF had complied with all recommendations of the German Corporate Governance Code in the version dated December 16, 2019, until this date and has since complied with all of the recommendations of the GCGC 2022. The Corporate Governance Report provides extensive information on the BASF Group's corporate governance.

 The full Declaration of Conformity is rendered on page 63 and is available to shareholders on the company website at basf.com/en/corporategovernance

Independence and efficiency review

An important aspect of good corporate governance is the independence of Supervisory Board members and their freedom from conflicts of interest. The Supervisory Board based the assessment of the independence of its members on the recommendations of the German Corporate Governance Code and the additional criteria for assessing the independence of Supervisory Board members contained in the Rules of Procedure of the Supervisory Board, which were revised in the Supervisory Board meeting on December 19, 2019. The criteria used to assess independence are presented in the Corporate Governance Report on page 57. Based on these criteria, the Supervisory Board came to the conclusion that all of the six shareholder representatives and five of the six employee representatives – 11 of the 12 members of the Supervisory Board in total – are considered to be independent as of the end of 2022. Michael Vassiliadis was classified as non-independent due to the length of his membership on the Supervisory Board, which exceeds 12 years. Above and beyond this, the Supervisory Board does not see any indications that the Supervisory Board role is not performed completely independently. In cases where Supervisory Board members hold supervisory or management positions at companies with which BASF has business relations, we see no impairment of their independence. The scope of these businesses is marginal and furthermore, they are conducted at arm's length.

The Supervisory Board reviews the efficiency of its activities every year in the form of a self-assessment. To this end, the Chairman of the Supervisory Board again conducted a written survey of all Supervisory Board members in the fourth quarter of 2022 on the basis of a detailed questionnaire covering the entire range of relevant Supervisory Board topics, supplemented by individual discussions. These included, in particular, the preparation and conduct of Supervisory Board meetings, the content and topics of the meetings, cooperation within the Supervisory Board and cooperation with the Board of Executive Directors and the auditor. The results of these dialogs, including suggestions to further improve the Supervisory Board's work, were presented by the Chairman of the Supervisory Board at the Supervisory Board meeting on December 15, 2022, and thoroughly discussed by the members of the Supervisory Board. Overall, its members again rated the Supervisory Board's activity as efficient.

Independent of the efficiency review of the Supervisory Board, the Audit Committee also conducted a self-assessment of its activities in 2022 based on individual discussions between the chair of the Audit Committee and all members of the Audit Committee. Material subjects were the organization and content of meetings, meeting documents and reports, participants and quality of discussions at meetings, and the implementation of the recommendations of the 2021 efficiency review. The Audit Committee discussed the results of the questionnaire and detailed suggestions at its meeting on October 19, 2022. On this basis, the members judged the Audit Committee's work to be efficient and appropriate.

Separate and Consolidated Financial Statements; Compensation Report

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditor elected by the Annual Shareholders' Meeting for the 2022 reporting year, has audited the Financial Statements of BASF SE and the BASF Group Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the additional requirements that must be applied in accordance with section 315e(1) of the German Commercial Code (HGB), including the Management's Report and the accounting records from which they were prepared, and have approved them free of qualification. Furthermore, the auditor certified that the Board of Executive Directors had taken the measures incumbent on it under section 91(2) of the German Stock Corporation Act (AktG) in an appropriate manner. In particular, it had instituted an appropriate early risk detection system that fulfilled the requirements of the company and is suitable for the early identification of developments that could pose a risk to the continued existence of the BASF Group. The results of the audit as well as the procedure and material findings of the audit of the financial statements are presented in the Auditor's Report.

 The Auditor's Report is rendered from page 111 onward

Beyond the statutory audit of the Financial Statements, KPMG also conducted, on behalf of the Supervisory Board, a limited assurance of the Nonfinancial Statements (NFSs) for BASF SE and the BASF Group, which are integral parts of the respective management's reports. On the basis of its audit, KPMG did not raise any objections to reporting and the satisfaction of the relevant statutory requirements. The auditor also audited the Compensation Report for the 2022 reporting year established in accordance with section 162 AktG, including the related disclosures.

 The assurance report issued by KPMG on the substantive audit of the NFS can be found at basf.com/nfs-audit-2022/basf-se

The assurance report issued by KPMG on the audit of the Compensation Report can be found at basf.com/compensationreport

The auditor's reports were sent in a timely manner to every member of the Supervisory Board. The auditor attended the accounts review meeting of the Audit Committee on February 21, 2023, as well as the accounts meeting of the Supervisory Board on February 22, 2023, and reported on the procedure and material findings of its

audit, including the key audit matters described in the Auditor's Report. The auditor also provided the Supervisory Board with detailed explanations of the reports on the day before the accounts meeting.

The Audit Committee reviewed the Financial Statements, the Management's Report and the Compensation Report at its meeting on February 21, 2023, including the reports prepared by the auditor and the key audit matters specified in the Auditor's Report, and discussed them in detail with the auditor. The chair of the Audit Committee gave a detailed account of the preliminary review at the Supervisory Board meeting on February 22, 2023. On this basis, the Supervisory Board examined the Financial Statements and Management's Report of BASF SE for 2022, the proposal by the Board of Executive Directors for the appropriation of profit, and the Consolidated Financial Statements and Management's Report for 2022. The results of the preliminary review by the Audit Committee and the results of the Supervisory Board's own examination fully concur with those of the audit. The Supervisory Board sees no grounds for objection to the management or the reports submitted.

At its accounts meeting on February 22, 2023, the Supervisory Board approved the Financial Statements of BASF SE and the Consolidated Financial Statements of the BASF Group prepared by the Board of Executive Directors, making the 2022 Financial Statements final. The Supervisory Board concurred with the proposal of the Board of Executive Directors regarding the appropriation of profit and the payment of a dividend of €3.40 per share.

Also at the meeting on February 22, 2023, the Supervisory Board discussed with the Board of Executive Directors the joint Compensation Report of the Board of Executive Directors and the Supervisory Board in accordance with section 162 AktG and approved it.

□ The Compensation Report is publicly available on the company's website at basf.com/compensationreport

Composition of the Supervisory Board

The composition of the Supervisory Board changed significantly in 2022. Altogether, five Supervisory Board members stepped down at the end of the Annual Shareholders' Meeting on April 29, 2022, two shareholder representatives and three employee representatives. The retired shareholder representatives are Anke Schäferkordt and Franz Fehrenbach, and the employee representatives are Denise Schellemans, Waldemar Helber and Roland Strasser. The Annual Shareholders' Meeting on April 29, 2022, elected Alessandra Genco and Prof. Dr. Stefan Asenkerschbaumer to the Supervisory Board as new shareholder representatives. On the employee representative side, Denise Schellemans and Waldemar Helber retired and were succeeded by Peter Zaman and André Matta, the substitute members elected by the competent election body in the 2019 Supervisory Board elections. The Ludwigshafen am Rhein District Court also appointed Natalie Mühlenfeld as an employee representative on the Supervisory Board by court order dated April 12, 2022. The BASF Europa Betriebsrat (European Works

Council) confirmed the appointment as the competent election body for the employees by resolution dated June 23, 2022. The mandates of all newly appointed Supervisory Board members run until the end of the current Supervisory Board period, i.e., until the Annual Shareholders' Meeting 2024. Following the new appointments, the Supervisory Board continues to consist of four women and eight men.

According to the Supervisory Board's assessment, the current members meet in full the objectives for the composition of the Supervisory Board with respect to the competence profile and the diversity concept. This also applies to the expertise on the sustainability topics important to BASF, which the Supervisory Board has recently included in the competence profile as a further competence requirement.

The Supervisory Board would like to thank its retired members – Anke Schäferkordt, Franz Fehrenbach, Denise Schellemans, Waldemar Helber and Roland Strasser – for their dedicated and exceptionally competent service to BASF's Supervisory Board.

Ludwigshafen, February 22, 2023

The Supervisory Board



Kurt Bock

Chairman of the Supervisory Board

Financial Statements of BASF SE

Statement of Income

Statement of income

Million €

	Explanations in Note	2022	2021
Sales revenue	(2)	30,558	25,041
Cost of sales		27,524	21,059
Gross profit on sales		3,034	3,982
Selling expenses		2,217	2,002
General administrative expenses		618	546
Research expenses		1,458	1,357
Other operating income	(3)	274	330
Other operating expenses	(4)	1,011	924
Income from operations		-1,996	-517
Income from shareholdings		7,205	3,909
Interest result		-832	24
Other financial result		176	79
Financial result	(5)	6,549	4,012
Income before income taxes		4,553	3,495
Income taxes	(6)	704	-433
Net income		3,849	3,928

Balance Sheet

Assets			
Million €			
	Explanations in Note	December 31, 2022	December 31, 2021
Intangible assets	(8)	1,652	1,883
Property, plant and equipment	(9)	3,365	3,531
Financial assets	(10)	22,643	22,369
Fixed assets		27,660	27,783
Inventories	(11)	3,197	2,940
Accounts receivable, trade		1,142	1,257
Receivables from affiliated companies		28,441	26,790
Miscellaneous receivables and other assets		966	752
Receivables and other assets	(12)	30,549	28,799
Marketable securities		197	200
Cash at bank and on hand		183	537
Liquid funds	(13)	380	737
Current assets		34,126	32,476
Prepaid expenses	(14)	156	156
Deferred tax assets	(6)	695	1,731
Excess of plan assets over obligations	(17)	–	94
Total assets		62,637	62,240

Equity and liabilities			
Million €			
	Explanations in Note	December 31, 2022	December 31, 2021
Subscribed capital	(15)	1,144	1,176
Capital surplus	(15)	3,170	3,139
Retained earnings	(16)	11,399	11,868
Retained profits	(16)	3,849	3,928
Equity		19,562	20,111
Special reserves		54	56
Provisions for pensions and similar obligations	(17)	1,386	87
Provisions for taxes		165	192
Other provisions	(18)	1,601	1,806
Provisions		3,152	2,085
Financial indebtedness		17,247	15,418
Accounts payable, trade		1,469	1,519
Liabilities to affiliated companies		20,027	22,039
Miscellaneous liabilities		882	761
Liabilities	(19)	39,625	39,737
Prepaid expenses		244	251
Total equity and liabilities		62,637	62,240

Notes

Corporate legal data: The company BASF SE, headquartered in Ludwigshafen am Rhein, Germany, is registered at the Ludwigshafen district trade register (*Amtsgericht*) under the number HRB 6000.

Accounting principles: The Financial Statements of BASF SE are prepared in accordance with section 61 of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) and the applicable regulations for public limited-liability companies in the Member State in which it has its registered office, i.e., in accordance with the accounting regulations for the fiscal year ending December 31, 2022, in particular the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

1 – Accounting and valuation methods

Revenue recognition: Revenues from goods or services are recognized upon the transfer of benefits and risks to the buyer or when the services are rendered. Allowances are made for rebates and other trade discounts. Provisions are recognized to cover probable risks from the return of products, future warranty obligations and other claims, taking into account the individual circumstances.

Intangible assets: These are valued at cost less straightline amortization. In 2022, the weighted average amortization period was 12 years and was based on the following useful lives:

	2022	2021
Goodwill	10 years	10 years
Software	5 years	4 years
Patents, licenses, know-how, other rights	14 years	14 years

The useful lives of individual goodwill items are determined by the expected economic use of the acquired businesses or are based on expert opinions of the useful lives of patents, licenses, know-how and other rights purchased as part of the acquisition.

Write-downs are recognized if impairment is expected to be permanent. If the reason for the impairment no longer exists in subsequent years, the impairment is reversed up to an amount that may not exceed the amortized cost. For goodwill, the lower carrying amount is retained.

BASF SE does not make use of the optional right to capitalize internally generated intangible assets forming part of fixed assets.

Property, plant and equipment: These are measured at acquisition or production cost less depreciation over their estimated useful lives. Additions that cost more than €250 but not more than €800 are depreciated immediately in the year of purchase. Items that cost less than €250 are recognized directly as expenses. Movable depreciable fixed assets that are functionally integrated are treated as a single asset item.

The cost of self-constructed plants includes direct costs, appropriate allocations of material and manufacturing costs, depreciation of fixed assets provided this is necessitated by production, and a share of the general and administrative costs of the divisions associated

with the construction of the plants. Financing costs, costs for social services, costs for voluntary social benefits and pension costs are not capitalized.

Both movable and immovable fixed assets are depreciated using the straight-line method. Declining-balance depreciation of additions from previous years is continued. For declining-balance depreciation, a systematic transition to straight-line depreciation takes place if this results in higher depreciation amounts.

The weighted average depreciation periods were as follows:

	2022	2021
Buildings and structural installations	25 years	24 years
Machinery and technical equipment	10 years	10 years
Factory and office equipment and other facilities	10 years	10 years

Write-downs to the lower fair value are recognized if impairment is expected to be permanent. If the reason for the impairment no longer exists in subsequent years, the impairment is reversed up to an amount that may not exceed the amortized cost.

Financial assets: In accordance with the principle of individual valuation, shareholdings and loans are carried at cost. Interest-bearing loans are recognized at cost; loans bearing no interest or below market interest rates are recognized at present value. In the case of permanent impairment, existing risks are recognized through an impairment loss based on the estimated fair value of the loan and shareholding. If the reason for the impairment no longer exists in subsequent years, the impairment is reversed up to an amount that may not exceed the acquisition cost.

Financial activities are shown in the statement of income under income from shareholdings, interest result and other financial result.

Inventories: Inventories are carried at cost. They are recognized at quoted, market or fair values if these are lower than cost. For raw materials and factory supplies, fair values constitute the replacement costs. Merchandise is recognized at the expected sales proceeds less costs to be incurred prior to sale or lower replacement costs. Work in process and finished goods are recognized at the expected sales proceeds less costs to be incurred prior to sale or lower

reproduction cost. The acquisition or production costs of raw materials as well as work in process, finished goods and merchandise are determined by the last-in, first-out (LIFO) method. Factory supplies are carried predominantly at average cost. To cover storage risks, valuations are adjusted downward based on coverage and turnover analyses.

In addition to direct costs, production costs include an appropriate allocation of overhead production costs – including the general administrative expenses of each production unit – using normal capacity utilization rates for the production plants. Furthermore, depreciation of fixed assets is reported in cost of sales provided this is necessitated by production. Financing costs, social services, voluntary social benefits and pensions are not included in production costs.

Construction in progress pertains especially to chemical plants under construction for BASF Group companies. Profits are recognized upon the final invoicing of a project or the invoicing of part of a project. Expected losses are recognized by write-downs to the lower fair values.

Advance payments on inventories are measured at cost.

Receivables and other assets: These are generally carried at their nominal value. Loan receivables generating no or low interest are discounted to their present values. For risks of collectability, country-specific risks and general credit risks, appropriate valuation allowances and write-downs are carried out to take into account lower fair values. Valuation allowances on trade accounts receivable are recognized using customer-specific discount rates calculated by BASF, which are linked to a percentage rate for probability of default and country-specific risk.

Liquid funds: This item includes marketable securities, cash at banks and cash on hand. Marketable securities are measured at cost. They are recognized at quoted, market or fair values if these are lower than cost. Cash on hand and bank balances are measured at nominal costs.

Deferred taxes: Deferred taxes are recorded for temporary differences between the carrying amount of assets and liabilities in the financial statements and the carrying amounts for tax purposes. Deferred tax assets are recognized if the net temporary difference is an asset balance that is expected to be recovered in future years. Additionally, deferred taxes from subsidiaries of BASF SE are recognized in the Financial Statements of BASF SE. Furthermore, deferred taxes for tax loss carryforwards are recognized if it is expected that they will be used within the next 5 years.

Offsetting of assets as well as income and expenses:

Assets that cannot be accessed by any other creditors and that only serve to meet debts allocated to these assets arising from obligations related to pensions and working-time accounts are measured at fair value and offset with these debts.

The fair value of the plan assets generally corresponds to the market price. If there is no active market, the fair value is calculated using generally recognized measurement methods. The measurement methods should determine a fair value that reasonably approximates

a market price that would have prevailed between independent business partners under normal business conditions. Should a reliable determination of fair value not be possible using recognized measurement methods, amortized cost is to be applied following the strict lower of cost or market principle. In the case of plan assets of working-time accounts, amortized cost corresponds to the budgeted actuarial reserves of the insurance contract plus irrevocably distributed profit shares.

If the obligation is found to exceed the plan assets, the remaining difference is reported under provisions. If the plan assets exceed the corresponding obligation, the difference is reported as an excess of plan assets over obligations.

For pensions and working-time accounts, income and expenses from plan assets are offset with the income and expenses of the corresponding obligation. These balances are reported under the interest result.

Special reserves: The special reserves were maintained pursuant to section 67(3) sentence 1 of the Introductory Law to the German Commercial Code (EGHGB), as these were established before the year in which the conversion to the provisions of the Act to Modernize Accounting Law (BilMoG) took place. This referred primarily to transmissions of revealed inner reserves in accordance with section 6b of the German Income Tax Act (EStG). Since January 1, 2010, no new special reserves have been established.

Provisions: Provisions for pensions are determined on the basis of actuarial assumptions made according to the internationally accepted projected unit credit method. The obligations are valued using assumptions regarding future pay and pension increases. The valuation is based on the 2018 G mortality tables by Prof. Dr. Klaus Heubeck, modified by the mortality and invalidity expectations for the BASF population. Age-dependent and gender-specific fluctuation probabilities are also used. In accordance with the German law on implementing the guideline for residential real estate mortgage loans and on amended commercial regulations, the discount rate is determined as the average market interest rate of the past 10 years as published by Deutsche Bundesbank, with an assumed residual period of 15 years. The obligations as of December 31, 2022, were valued using a discount rate of 1.78% (previous year: 1.87%). Indirect pension obligations are not recognized as liabilities, pursuant to the optional right under section 28(1) sentence 2 EGHGB.

Provisions for taxes are determined for German trade income tax and German corporate income tax based on the expected trade earnings and the expected taxable corporate income.

Other provisions are recognized for the expected amounts of contingent liabilities and probable losses from pending transactions, as well as to cover omitted maintenance procedures as of the end of the year, which will be incurred within the first three months of the following year. The amounts provided are based on reasonable commercial judgment of the amount necessary to meet obligations, while taking into consideration expected future price and cost increases. Provisions with a maturity of more than one year are discounted in accordance with their maturity with the average market interest rate of the past seven business years, as published by Deutsche Bundesbank.

Provisions are established for environmental protection measures or risks if it is likely that the measures are necessary to comply with legal or regulatory obligations, provided these measures do not lead to costs that must be capitalized.

Provisions for recultivation obligations associated with the operation of landfill sites are built up in installments over the expected service lives.

Provisions for long-service bonuses are calculated based on actuarial principles corresponding to the projected unit credit method taking into account the rate of compensation increase and the adequate periodical interest rate pursuant to section 253(2) HGB.

The provisions for share price-based variable compensation (LTI program allocated until 2020) are measured at the fair values of existing options as of the balance sheet date. These are based on the arbitrage-free valuation model according to Black-Scholes. The amounts are accrued proportionally as provisions over the respective vesting period.

The provision for share price-based variable compensation in the form of a performance share plan (LTI program granted from 2020 onward) is measured at fair value and discounted in line with the remaining term in accordance with section 253(2) HGB.

Liabilities: Liabilities are recognized in the amount required for settlement.

Translation of foreign currency items: The cost of assets acquired in foreign currencies and revenues from sales in foreign currencies are recorded at the exchange rate on the date of the transaction.

Current foreign currency receivables and liabilities are valued at the average spot currency exchange rate on the balance sheet date. Noncurrent foreign currency receivables are recorded at the rate prevailing on the acquisition date or at the rate on the balance sheet date if lower. Noncurrent foreign currency liabilities are recorded at the rate prevailing on the acquisition date or at the rate on the balance sheet date if higher. Foreign currency receivables or liabilities that are hedged are carried at hedge rates.

Derivative financial instruments: Derivative financial instruments are treated as pending transactions and are generally not recorded as assets or liabilities. The associated underlying transactions and derivatives are combined into valuation units. Profits from hedging transactions that cannot be to a particular underlying transaction are only realized upon maturity. Unrealized losses from derivative financial instruments are recognized through profit or loss and included in provisions, provided they are not combined into valuation units and the unrealized losses are not offset by changes in value of the underlying transactions. The use of derivative financial instruments to hedge against foreign currency, interest rate, share price and other price risks is described in detail in Note 23 – Derivative instruments.

Use of estimates and assumptions in the preparation of the Financial Statements: The carrying amounts of assets, liabilities and provisions, contingent liabilities and other financial obligations in the Financial Statements depend on the use of estimates and assumptions. They are based on the circumstances and estimates on the balance sheet date and affect the reported amounts of income and expense during the reporting periods. In the preparation of these Financial Statements, such estimates are used in the determination of the useful lives of property, plant and equipment and intangible assets, the measurement of provisions, the carrying amount of investments, deferred tax assets, and other similar evaluations of assets and obligations, among other things. Although uncertainty is properly incorporated into the valuation factors, actual results can differ from these estimates.

Customer facilities: The energy facilities operated by BASF SE to produce electricity and gas are customer facilities for internal supply in accordance with section 3 no. 24b of the German Energy Act (EnWG). BASF SE is therefore not subject to the regulations imposed upon grid operators by the EnWG.

2 – Sales revenue

Sales revenue by segment

Million €	2022	2021
Chemicals	7,934	6,791
Materials	6,019	4,640
Industrial Solutions	4,969	4,220
Surface Technologies	608	447
Nutrition & Care	5,438	4,446
Agricultural Solutions	4,171	3,222
Other	1,419	1,275
	30,558	25,041

Sales revenue by region

Million €	2022	2021
Europe	22,016	18,409
of which Germany	8,032	6,598
North America	2,875	1,932
Asia Pacific	3,228	2,897
South America, Africa, Middle East	2,439	1,803
	30,558	25,041

3 – Other operating income

Other operating income declined by €56 million year on year to €274 million. Out-of-period income amounted to €151 million (previous year: €178 million) and included income from the release of provisions of €87 million (previous year: €136 million) and reimbursements of costs for previous years in the amount of €45 million (previous year: €0 million).

Furthermore, income from portfolio measures declined by €71 million compared with the previous year to €1 million. By contrast, gains from foreign currency transactions rose by €7 million to €26 million in the reporting year. In addition, income from agreed compensation payments of €18 million (previous year: €0 million) was recognized.

4 – Other operating expenses

Other operating expenses rose by €87 million year on year to €1,011 million. Losses from foreign currency transactions totaled €75 million (previous year: €21 million) and primarily resulted from balances and hedging transactions in U.S. dollars and Russian rubles. In addition, €53 million higher expenses from the disposal of inventories were recognized.

By contrast, additions to provisions for share price-based variable compensation (LTI programs) decreased year on year by €25 million. Expenses for restructuring measures of around €68 million (previous year: around €74 million) were recognized in the reporting year in connection with the further implementation of the corporate strategy. Expenses relating to other periods amounted to €6 million (previous year: €10 million).

5 – Financial result

Financial result

Million €

	2022	2021
Income from shareholdings and similar income	692	2,916
of which from affiliated companies	574	2,841
Income from profit transfers	6,602	1,085
Expenses from loss transfer agreements	81	68
Write-downs of, and losses from, the disposal of shareholdings	8	24
Income from shareholdings	7,205	3,909
Income from other securities and the loan of financial assets	3	5
of which from affiliated companies	1	1
Interest and similar income	224	348
of which from affiliated companies	98	7
Interest and similar expenses	1,059	329
of which to affiliated companies	143	8
Interest result	-832	24
Write-downs of, and losses from, the disposal of loans and marketable securities	2	.
Miscellaneous other financial result	178	79
Other financial result	176	79
Financial result	6,549	4,012

The financial result rose by €2,537 million to €6,549 million. The increase in income from shareholdings was mainly due to higher profit transfers. The profit transfer from a German subsidiary of BASF SE also included income resulting from the distribution of retained earnings from a Belgian Group company amounting to €4,500 million. Lower dividends had an offsetting impact.

The interest result contained the balance of income and expenses from plan assets for pensions and working-time accounts as offset against the income and expenses of the corresponding obligations. Interest expenses from pension-related obligations amounted to €210 million (previous year: €501 million) and income from pension plan assets decreased from €732 million to -€278 million. This led to a considerable decrease in the interest result.

Expenses from the unwinding of the discount on other provisions amounted to €6 million (previous year: €12 million) and are included in interest and similar expenses.

The miscellaneous other financial result rose by €99 million to €178 million, primarily due to the increase mainly resulted from higher interest income on income taxes and higher gains on commercial paper hedging.

6 – Income taxes

Tax expense

Million €

	2022	2021
Current income tax expenses	-332	-22
Deferred tax assets and liabilities	1,036	-411
Income taxes	704	-433
Other taxes	43	40
Tax expense (previous year tax income)	747	-393

Current income tax expenses declined by €310 million to –€332 million in the reporting year, largely attributable to the increase in income relating to other periods to €348 million. This resulted mainly from tax receivables and tax refunds for prior years.

The expense arising from the change in deferred taxes resulted in particular from the identification and measurement of deferred tax assets.

Deferred tax assets

Million €

	2022	2021
Fixed assets	191	248
Inventories, accounts receivable and other assets	-26	-61
Pension provisions	973	755
Other provisions and miscellaneous liabilities	47	52
Temporary differences between valuations in the Financial Statements and valuations for tax purposes	1,185	994
Assumption of deferred taxes from tax group companies	313	265
Tax loss carryforwards	791	472
Deferred tax assets before valuation allowances	2,289	1,731
Less valuation allowances	1,594	–
Deferred tax assets	695	1,731

A tax rate of 30% was applied in the calculation of deferred taxes for 2022, as in the previous year.

Deferred taxes for the difference in assets, which affects assets under contractual trust arrangements, are calculated using only the

corporate tax rate including the solidarity surcharge (15.825%), since these assets are held by an independent partnership with its own trade tax obligation.

7 – Other disclosures

Cost of materials

Million €

	2022	2021
Cost of raw materials, plant supplies and purchased merchandise	22,292	16,946
Cost of purchased services	3,460	3,166
	25,752	20,112

Personnel expenses

Million €

	2022	2021
Wages and salaries	3,082	3,130
Social security contributions and expenses for pensions and assistance	1,525	884
of which for pension benefits	1,035	392
	4,607	4,014

The increase in expenses for pension benefits in the reporting year is mainly attributable to additions to provisions for pensions.

Average number of employees

	2022	2021
Nonexempt employees	23,472	23,493
Exempt employees	8,826	8,640
Apprentices	1,934	1,919
Temporary staff	230	239
	34,462	34,291

Compensation for the Board of Executive Directors and Supervisory Board

Million €

	2022	2021
Performance-related and fixed cash payments to the Board of Executive Directors	18.5	31.1
Market value of options and performance share units allocated to the Board of Executive Directors as of the date of allocation	9.6	11.7
Total compensation for the Board of Executive Directors	28.1	42.8
Service cost for members of the Board of Executive Directors	3.7	3.6
Compensation for the Supervisory Board	3.3	3.3
Total compensation of former members of the Board of Executive Directors and their surviving dependents ¹	11.6	10.7
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	191.9	175.2
Contingent liabilities in favor of members of the Board of Executive Directors and the Supervisory Board	–	–

¹ Adjusted for the accounting valuation of option rights and other benefits, this would have amounted to €8.5 million in 2022 (previous year: €14.3 million).

The STI (short-term incentive) performance bonus is based on the performance of the Board of Executive Directors as a whole and the return on capital employed (ROCE) of the BASF Group. Under certain conditions, ROCE is adjusted for special items resulting from acquisitions and divestitures. The conditions for a ROCE adjustment were not met in 2022.

Market valuation of the option rights of active and former members of the Board of Executive Directors resulted in income totaling €2.3 million in 2022 (previous year: €0.8 million).

In 2022, the members of the Board of Executive Directors were allocated 166,001 performance share units (PSUs) under the LTI performance share plan (previous year: 187,618 PSUs). Market valuation of the PSUs of active and former members of the Board of Executive Directors resulted in an expense totaling €7.0 million in 2022 (previous year: €9.3 million).

For more information, see basf.com/compensationreport

Declaration of Conformity: The Declaration of Conformity with the German Corporate Governance Code (see page 63) in accordance with section 161 AktG was signed by the Board of Executive Directors and the Supervisory Board of BASF SE in December 2022.

For more information, see basf.com/en/corporategovernance

8 – Intangible assets

Development 2022

Million €

	Purchased industrial property rights and similar rights and values ¹	Goodwill	Advance payments	Total
Cost				
As of January 1, 2022	1,473	1,901	39	3,413
Additions	7	–	2	9
Disposals	54	–	–	54
Transfers	3	–	–3	–
As of December 31, 2022	1,429	1,901	38	3,368
Amortization and write-downs				
As of January 1, 2022	453	1,077	–	1,530
Additions	114 ²	124	2 ³	240
Disposals	54	–	–	54
As of December 31, 2022	513	1,201	2	1,716
Net carrying amount as of December 31, 2022	916	700	36	1,652
Net carrying amount as of December 31, 2021	1,020	824	39	1,883

¹ Including licenses to such rights and values

² Of which €1 million in impairments

³ Of which €2 million in impairments

9 – Property, plant and equipment

Development 2022

Million €

	Land, land rights and buildings ¹	Machinery and technical equipment	Other facilities, factory and office equipment	Advance payments and construction in progress	Total
Cost					
As of January 1, 2022	3,373	14,566	1,850	600	20,389
Additions	37	94	57	403	591
Disposals	12	78	60	2	152
Transfers	64	254	23	-341	-
As of December 31, 2022	3,462	14,836	1,870	660	20,828
Depreciation and write-downs					
As of January 1, 2022	2,596	12,711	1,532	19	16,858
Additions	60	597	92	2	751
Disposals	13	75	56	2	146
Transfers	-	2	-	-2	-
Reversals of impairments	-	-	-	-	-
As of December 31, 2022	2,643	13,235	1,568	17	17,463
Net carrying amount as of December 31, 2022	819	1,601	302	643	3,365
Net carrying amount as of December 31, 2021	777	1,855	318	581	3,531

¹ Including structures on third-party properties

The war in Ukraine and price increases for gas and energy, as well as the rising inflation rate, constitute exceptional challenges for the chemical industry.

Impairments on property, plant and equipment at the Ludwigshafen site amounted to €200 million this reporting year and relate to technical equipment in the amount of €198 million and construction in progress in the amount of €2 million. They are recognized as cost of sales in the amount of €195 million and as other operating expenses in the amount of €5 million.

Impairments on property, plant and equipment mainly relate to the Chemicals segment in the amount of 195 million and the Materials segment in the amount of €3 million. In the Chemicals segment, the impairments relate to a plant complex as a result of changes in the price of natural gas, among other things. The change in the results of operations for the plant impaired is considered to be long-term. The calculation of impairment losses on property, plant and equipment was based on the capitalized earnings method.

10 – Financial assets

Development 2022

Shareholdings and securities held as fixed assets

Million €

	Shares in affiliated companies	Shares in other companies	Shareholdings	Securities held as fixed assets
			Total	Total
Cost				
As of January 1, 2022	21,994	476	22,470	.
Additions	522	20	542	1
Disposals	242	2	244	–
Transfers	–	–	–	–
As of December 31, 2022	22,274	494	22,768	1
Depreciation and write-downs				
As of January 1, 2022	270	28	298	–
Additions	–	–	–	–
Disposals	–	–	–	–
Transfers	–	–	–	–
Reversals of impairments	–	–	–	–
As of December 31, 2022	270	28	298	–
Net carrying amount as of December 31, 2022	22,004	466	22,470	1
Net carrying amount as of December 31, 2021	21,724	448	22,172	–

Development 2022

Loans and other financial assets

Million €

	Loans to affiliated companies	Loans to other shareholdings	Miscellaneous loans and other financial assets	Loans and other financial assets	Financial assets
				Total	Total
Cost					
As of January 1, 2022	151	44	80	275	22,745
Additions	–	–	–	–	543
Disposals	18	7	–	25	269
Transfers	–	–	–	–	–
As of December 31, 2022	133	37	80	250	23,019
Depreciation and write-downs					
As of January 1, 2022	78	–	–	78	376
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Transfers	–	–	–	–	–
Reversals of impairments	–	–	–	–	–
As of December 31, 2022	78	–	–	78	376
Net carrying amount as of December 31, 2022	55	37	80	172	22,643
Net carrying amount as of December 31, 2021	73	44	80	197	22,369

11 – Inventories

Million €

	2022	2021
Raw materials and factory supplies	885	759
Work in progress, finished goods and merchandise ¹	2,265	2,131
Services in progress	37	25
Advance payments on inventories	10	25
	3,197	2,940

¹ Work in progress, finished goods and merchandise are combined into one item due to production conditions in the chemical industry.

For inventories measured using the LIFO method, LIFO reserves (the difference between LIFO valuation and valuation at average cost or lower quoted or market prices) were €97 million for raw materials (previous year: €65 million), and €637 million for finished goods and merchandise (previous year: €314 million).

12 – Receivables and other assets

Million €

	2022		2021	
		Of which remaining term over 1 year		Of which remaining term over 1 year
Accounts receivable, trade	1,142	.	1,257	.
Receivables from affiliated companies	28,441	9	26,790	2
of which from trade accounts receivable	3,670	–	3,435	–
Receivables from participating interests	135	100	134	100
Other assets	831	14	618	67
	30,549	123	28,799	169

Valuation allowances on trade accounts receivable are recognized using customer-specific discount rates calculated by BASF, which are linked to a percentage rate for probability of default and country-specific risk. Valuation allowances of €4 million were calculated on the basis of these customer-specific discount rates in the reporting year (previous year: €4 million).

Receivables from affiliated companies increased, mainly due to higher profit transfers.

In 2022, accrued items totaled €31 million (previous year: €41 million).

13 – Liquid funds

Marketable securities amounted to €197 million in the reporting year. Cash on hand and credit institution balances declined by €354 million to €183 million.

14 – Prepaid expenses

Million €

	2022	2021
Discounts	50	60
Other	106	96
	156	156

Discounts from the issuance of bonds (Note 19 – Liabilities: Financial indebtedness) are capitalized and amortized over the term of the

obligations. Other accruals and deferrals include prepayments related to ongoing business activities.

15 – Subscribed capital and capital reserves

Subscribed capital

The share capital (subscribed capital) of BASF SE is €1,144,134,309.12 and is divided into 893,854,929 registered shares with no par value. The share capital and the number of shares decreased in 2022 due to the redemption of 24,623,765 of acquired treasury shares in connection with the share buyback program.

Announcements pursuant to section 33, 34, 38 of the German Securities Trading Act (WpHG)

As the parent company of the BlackRock group, BlackRock, Inc., Wilmington, Delaware, informed us on December 27, 2022, that its share of voting rights pursuant to section 33(1) WpHG amounted to 5.14% on December 21, 2022, and that its share of total voting rights pursuant to section 33, 34 WpHG and financial instruments to section 38 WpHG amounted to 5.49%. All voting rights of the BlackRock group are accorded to BlackRock, Inc. in accordance with section 34(1) sentence 1 no. 1 WpHG.

As the parent company of the Goldman Sachs Group, The Goldman Sachs Group, Inc., Wilmington, Delaware, informed us on December 23, 2022, that its share of voting rights based on financial instruments with binding share acquisition rights pursuant to section 38 WpHG amounted to 5.44% on December 19, 2022, and that its total share of voting rights pursuant to sections 33, 34 WpHG and financial instruments pursuant to section 38 WpHG amounted to 5.64%. All voting rights of the Goldman Sachs Group are accorded to The Goldman Sachs Group, Inc. in accordance with section 34(1) sentence 1 no. WpHG.

Share buyback/treasury shares

By way of a resolution of the Annual Shareholders' Meeting of May 12, 2017, the Board of Executive Directors was authorized to buy back shares until May 11, 2022, in accordance with section 71(1) no. 8 of the German Stock Corporation Act (AktG). On April 29, 2022, the Annual Shareholders' Meeting approved a renewal of the authorization to purchase treasury shares until April 28, 2027.

The buyback may not exceed 10% of the company's share capital at the time the resolution was passed and can take place via the stock exchange, a public purchase offer addressed to all shareholders, or a public invitation to the shareholders to submit sales offers.

The Board of Executive Directors is authorized to redeem the shares bought back without a further resolution of the Annual Shareholders' Meeting and to reduce the share capital by the proportion of the share capital accounted for by the redeemed shares. The Board of Executive Directors can also redeem the shares without reducing the share capital so that the proportion of the other shares in relation to the share capital is increased through the redemption. In that event, the Board of Executive Directors is authorized to adjust the number of shares in the Statutes.

In 2022, BASF purchased a total of 24,623,765 shares or 2.68% of the share capital through the buyback authorizations at an average price €53.83 per share. All repurchased shares were redeemed and the share capital was reduced accordingly. BASF did not hold any treasury shares as of the balance sheet date.

BASF's expenditure in 2022 for the share buyback totaled €1,325 million. The amount was taken from other retained earnings and also reduced subscribed capital by €31,518,419.20. This reduction was reclassified to capital reserves. The share buyback authorization was not utilized in 2021.

Conditional capital

By way of a resolution of the Annual Shareholders' Meeting on April 29, 2022, the share capital was increased conditionally by up to €117,565,184 by issuing up to 91,847,800 new registered shares in BASF. The contingent capital increase serves to grant shares to the holders of convertible bonds or warrants attached to bonds with warrants issued by the company or a subsidiary up to April 28, 2027, in accordance with the applicable bond conditions on the basis of the authorization of the Board of Executive Directors resolved by the Annual Shareholders' Meeting on April 29, 2022.

Authorized capital

The Annual Shareholders' Meeting of May 3, 2019, authorized the Board of Executive Directors, with the approval of the Supervisory Board, to increase share capital by issuing new shares in an amount up to €470 million against cash or noncash contributions until May 2, 2024. The Board of Executive Directors can, following the approval of the Supervisory Board, decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. To date, this option has not been exercised and no new shares have been issued.

Capital reserves

The proportion of share capital accounted for by the redeemed treasury shares in 2022 was reclassified to capital reserves.

16 – Retained earnings and retained profits

Million €

Other retained earnings	2022
As of January 1, 2022	11,868
Distribution of share buybacks	-1,325
Appropriated retained earnings (as per resolution of Annual Shareholders' Meeting 2022)	856
Other changes	-
As of December 31, 2022	11,399
Retained profits	
Net income	3,849
Profits carried forward	-
Transfer to / withdrawal from other retained earnings	-
As of December 31, 2022	3,849

Disclosures on amounts subject to dividend payout restrictions

The difference between acquisition costs and asset plans measured at fair value from pensions obligations resulted – after subtracting deferred tax liabilities – in €494 million subject to dividend payout restrictions.

The excess of deferred tax assets over deferred tax liabilities plus deferred tax liabilities from the measurement of plan assets at fair value amounted to €749 million.

A valuation of pension obligations based on the average market interest rate of the last 10 years and a valuation based on the average market interest rate of the last seven years results in a difference of €356 million, subject to dividend payout restrictions.

The amounts subject to dividend payout restrictions were €1,599 million, while freely available reserves amounted to €11,500 million. There is therefore no dividend payout restriction for retained profits.

Proposal for appropriation of profit

The Board of Executive Directors and the Supervisory Board propose to use the €3,848,723,499.63 in profit retained by BASF SE in the 2022 fiscal year to pay a dividend of €3.40 per qualifying share and to transfer the amount attributable to non-qualifying shares from retained profits to retained earnings.

17 – Provisions for pensions and similar obligations

BASF SE employees are granted basic benefits by BASF Pensionskasse WaG, a legally independent BASF pension fund that is financed from the return on its financial assets, from members' contributions and by the company. BASF SE will ensure the necessary contributions to adequately finance the benefits promised by BASF Pensionskasse WaG. Occupational pension promises that exceed this are financed under a contractual trust arrangement by BASF Pensions-treuhand e.V.

BASF SE approved a 1.0% per year increase in pensions from BASF Pensionskasse WaG.

Amounts offset in the balance sheet as of December 31 of the respective year:

Million €	2022	2021
Fair value of pension plan assets	6,037	6,617
Pension obligations with plan assets	7,311	6,523
Net total 2022: Provisions (2021: excess of plan assets over obligations)	-1,274	94
Historical acquisition costs for pension plan assets	5,486	5,572

The valuation of the pension obligations is based on the following assumptions:

In percent	2022	2021
Projected pension increase	2.20	1.60
Projected increase in wages and salaries	3.00	2.50
Interest rate (section 253(2) sent. 2 HGB)	1.78	1.87

As of December 31, 2022, pension obligations excluding plan assets amounted to €112 million (previous year: €87 million).

Income and expenses from plan assets are offset with expenses from unwinding the discount on corresponding obligations in the interest result. Amounts offset in the interest result are as follows:

Million €	2022	2021
Income from pension plan assets	468	755
Expenses from pension plan assets	-746	-23
Expenses from unwinding the discount	-210	-501
Net interest result	-488	231

18 – Other provisions

Million €	2022		2021	
		Of which current		Of which current
Environmental protection and remediation costs	334	84	268	42
Employee obligations	862	694	1,110	926
Sales and purchase risks	72	66	63	52
Maintenance and repair	23	23	23	23
Other	310	197	342	169
	1,601	1,064	1,806	1,212

In the reporting year, provisions in the amount of €87 million were reversed in the income statement and reported under other operating income (previous year: €136 million).

The item other primarily consists of provisions for interest on income taxes, outstanding invoices and onerous contracts. Obligations of €876 million from working-time accounts were offset by assets in the form of claims against an insurance company in the same

amount. The interest result contains income of €10 million from working-time accounts, offset by expenses also amounting to €10 million.

19 – Liabilities

Financial indebtedness

Million €

	2022	2021
Commercial Paper	653	248
2.500% USD bond 2017/2022	–	472
1.375% GBP bond 2018/2022	–	283
2.000% EUR bond 2012/2022	–	1,250
0.925% USD bond 2017/2023	782	782
0.101% EUR bond 2020/2023	1,000	1,000
0.875% GBP bond 2016/2023	291	291
2.500% EUR bond 2014/2024	500	500
1.750% GBP bond 2017/2025	353	353
0.875% EUR bond 2018/2025	750	750
3.675% NOK bond 2013/2025	189	189
0.750% EUR bond 2022/2026	1,000	–
0.250% EUR bond 2020/2027	1,000	1,000
0.875% EUR bond 2017/2027	1,000	1,000
3.125% EUR bond 2022/2028	750	–
2.670% NOK bond 2017/2029	177	177
0.875% EUR bond 2019/2029	250	250
1.500% EUR bond 2018/2030	500	500
1.500% EUR bond 2016/2031	200	200
1.500% EUR bond 2022/2031	1,000	–
0.875% EUR bond 2016/2031	500	500
2.370% HKD bond 2016/2031	153	153
3.750% EUR bond 2022/2032	750	–
1.450% EUR bond 2017/2032	300	300
3.000% EUR bond 2013/2033	500	500
2.875% EUR bond 2013/2033	200	200
4.000% AUD bond 2018/2033	101	101
1.625% EUR bond 2017/2037	750	750
3.250% EUR bond 2013/2043	200	200
1.025% JPY bond 2018/2048	77	77
3.890% US private placement series A 2013/2025	184	184
4.090% US private placement series B 2013/2028	515	515
4.430% US private placement series C 2013/2034	221	221
Bonds and other liabilities to the capital market	14,846	12,946
Liabilities to credit institutions	2,401	2,472
	17,247	15,418

Liabilities to affiliated companies

Million €

	2022	2021
Accounts payable, trade	2,245	2,356
Miscellaneous liabilities	17,782	19,683
	20,027	22,039

Other liabilities

Million €

	2022	2021
Advances received on orders	19	10
Liabilities to participating interests	272	108
Miscellaneous liabilities	591	643
of which from taxes	60	56
of which related to social security	.	.
	882	761

Maturities of liabilities

Million €

	2022			2021		
	Less than 1 year	1 – 5 years	More than 5 years	Less than 1 year	1 – 5 years	More than 5 years
Financial indebtedness	3,122	6,982	7,143	2,629	5,766	7,023
Accounts payable, trade	1,469	.	–	1,517	2	.
Liabilities to affiliated companies	20,026	1	–	22,038	1	–
Advances received on orders	19	–	–	10	–	–
Liabilities to participating interests	272	–	–	108	–	–
Miscellaneous liabilities	589	2	–	565	77	1
	25,497	6,985	7,143	26,867	5,846	7,024

20 – Shares in investment assets

As of December 31, 2022, the following shares in excess of 10% were held in special assets within the meaning of section 1(10) of the German Capital Investment Code (KAGB) or in comparable foreign investment assets:

Million €

	Fair value / carrying amount as of December 31, 2022	Dividend payment 2022	Returnable daily
Fixed income funds	2,563	99	yes
Equity funds	4	8	yes
Mixed funds	1,691	–	yes

The shares serve as plan assets for obligations from pensions.

21 – Contingent liabilities and other financial obligations

The following contingent liabilities and other financial obligations are shown at nominal value.

Contingent liabilities

Million €

	2022	2021
Bills of exchange	5	3
of which to affiliated companies	–	–
Guarantees	1,583	1,492
of which to affiliated companies	1,579	1,488
Warranties	89	140
of which to affiliated companies	72	123
	1,677	1,635

Contingent liabilities are entered into only after careful consideration of risks and only in connection with the business activities of BASF SE or its affiliated companies. The risk of claims against contingent liabilities was assessed as low on the basis of the existing knowledge about the net assets, financial position and results of operations of the subsidiaries. Reasonably concrete risks at the time the balance sheet was prepared were recognized through corresponding provisions in the balance sheet.

Most of the contingent liabilities relate to guarantees for bonds issued by BASF Finance Europe N.V., based in Arnhem, Netherlands, for the purpose of corporate financing.

BASF SE provides a guarantee to Abu Dhabi National Oil Company covering all obligations of Wintershall Dea Middle East GmbH related to the Ghasha concession in the United Arab Emirates. Furthermore, BASF SE assumed guarantees to the Danish Energy Agency covering all obligations of Wintershall Dea International GmbH and Wintershall Noordzee B.V. related to licenses for exploration and production of hydrocarbons in the Danish concession area. In addition, BASF SE guarantees certain liabilities of BASF Schwarzhede GmbH. The guarantees do not stipulate a maximum amount. The risk of a claim being exercised against the guarantees was classified as low.

Other financial obligations

Million €

	2022	2021
Payment obligations	350	833
of which to affiliated companies	349	832
Rental and lease obligations	773	736
of which to affiliated companies	63	64
Purchase commitments	636	332
Pension benefits	2,474	904
Initial fund loan to BASF Pensionskasse WaG (not drawn down)	240	140
Miscellaneous other financial obligations	17	18
	4,490	2,963

This increase in other financial obligations from higher pension benefits mainly relates to the development of financial markets and the rise in inflation.

Long-term purchase obligations

Million €

	2022	2021
Long-term purchase obligations	5,070	5,062
of which to affiliated companies	-	-

Long-term purchase obligations especially pertain to raw materials. BASF SE purchases raw materials worldwide through long-term contracts and on spot markets. From 2024, there is a long-term

supply agreement for energy from renewable sources in the amount of €1,165 million.

22 – Related party transactions

BASF SE granted BASF Pensionskasse WaG an initial fund loan with a value of €220 million in 2021. The initial fund loan was increased to a value of €320 million in 2022, of which €80 million has been utilized to date.

23 – Derivative instruments**Use of derivative instruments**

BASF SE is exposed to foreign currency, interest rate, share price and commodity price risks in the course of its business. These risks are hedged through a centrally determined strategy employing derivative instruments. Hedging is only employed for underlying transactions from the operating business, cash investments and financing as well as for planned sales and purchases.

Where derivatives have a positive market value, BASF SE is exposed to credit risks in the event of nonperformance of the contractual partner. This credit risk for positive market values is minimized by trading contracts exclusively with creditworthy banks and partners within predefined credit limits and by the use of collateral.

To ensure efficient risk management, risk positions are centralized at BASF SE and certain Group companies. Contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines, and are subject to strict control mechanisms.

The risks arising from the underlying transactions and the derivative transactions concluded to hedge them are monitored constantly. The same is true of the derivative instruments used for hedging purposes. For this purpose, market quotations or computer or mathematical models are used to determine the current market values not only of the underlying transactions but also of the derivative transactions, and these are compared with each other.

Fair value and nominal value of derivative financial instruments

Million €

	Fair value		Nominal value	
	2022	2021	2022	2021
Foreign currency forward contracts	11	33	7,545	8,962
Foreign currency option contracts	18	.	795	508
Combined interest and cross-currency swaps	240	85	3,596	4,352
Stock options	-	-	1,613	1,613
Commodity derivatives	33	25	167	42
	302	143	13,716	15,477

The fair values correspond to the difference between the cost and redemption value, which is determined from market quotations or by the use of options pricing models such as the Black-Scholes model. They are based on the current spot rates and the applicable market interest rates and volatilities based on the remaining term to maturity. In the case of unlisted contracts, fair value corresponds to the redemption value in the event of premature cancellation. The nominal values are the totals of the purchases and sales of the particular derivatives on a gross basis.

Foreign currency derivatives are primarily aimed at hedging the exchange rate risk against the U.S. dollar. Commodity derivatives are used to hedge purchase and sales market price risks.

Acquisition costs of €97 million for derivatives were capitalized in other assets. Provisions amounting to €38 million were recognized for expected losses from currency fluctuations. Losses of €77 million were recognized as liabilities under miscellaneous liabilities.

To hedge risks from cash flow and changes in fair value for certain underlying positions in and off the balance sheet, these are combined with hedging transactions as micro hedges, as they have similar significant risk parameters. Portfolio hedges are used to hedge planned sales and purchases. Accounting treatment follows the net hedge presentation method. The retrospective and prospective effectiveness was determined using the critical terms match method; no material ineffectiveness was found.

Valuation units

Million €

Underlying transactions 2022	Hedging transactions 2022	Nominal value	Positive fair value	Negative fair value
Balance sheet item	Type of hedging transaction			
Hedged assets	Derivatives to hedge assets	37		–
Loans to other shareholdings	Foreign currency forward contracts	37		–
Hedged liabilities	Derivatives to hedge liabilities	3,922	330	–83
Liabilities to affiliated companies	Hedging transactions for liabilities to affiliated companies			
– In foreign currencies	– Foreign currency forward contracts	196	8	–1
Financial indebtedness	Hedging transactions for financial indebtedness			
– Commercial Paper	– Foreign currency forward contracts	468		
– Foreign currency bonds	– Combined interest and cross-currency swaps	3,043	294	–82
– Foreign currency loans	– Combined interest and cross-currency swaps	215	28	–
Planned transactions	Type of hedging transaction	747	17	–
Future sales and purchases	Foreign currency option contracts	747	17	–
Derivatives	Type of hedging transaction	1,581	31	–3
Foreign currency forward contracts	Foreign currency forward contracts	606	6	–3
Stock options	Stock options	806	–	–
Interest and cross-currency swaps	Interest and cross-currency swaps	169	25	–

The receivables and liabilities hedged with foreign currency forward contracts are generally due within one year. The term of the currency option contracts for hedging highly probable future sales and purchases is less than one year. Financial indebtedness in foreign currencies was hedged using combined interest and cross-currency swaps. These have a maximum term of 26 years.

The stock options mature in 2023. Foreign currency forward contracts concluded with subsidiaries that are also inversely concluded with external contractual partners generally have a term of less than one year.

24 – Services provided by the external auditor

The services provided by KPMG AG Wirtschaftsprüfungsgesellschaft to BASF SE mainly include services for the annual audit, and to a lesser extent, confirmation services. These can be found in Note 32 to the Consolidated Financial Statements of the BASF Group.

25 – Events after the reporting period

There have been no significant changes in the company's situation or market environment since the beginning of the 2023 business year.

26 - BASF SE list of shares held 2022 pursuant to section 285 no. 11, 11a and 11b of the German Commercial Code

The earnings of companies acquired in 2022 are reported as of the date of acquisition. The list of shares held contains all of BASF SE's direct and indirect shareholdings as well as affiliated companies accounted for in the Consolidated Financial Statements. In the Separate Financial Statements of BASF SE, financial assets only include direct shareholdings. Information on the values of equity and earnings after taxes generally refers to IFRS values.

I. Companies included in the Consolidated Financial Statements on a full or proportional basis, or accounted for using the equity method

Fully consolidated subsidiaries

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
Germany						
BASF Agricultural Solutions GmbH	Ludwigshafen (Rhein)	100.00	0.00	-632.2	²	EUR
BASF Agro Trademarks GmbH	Ludwigshafen (Rhein)	100.00	0.00	20.2	²	EUR
BASF Akquisitions GmbH	Ludwigshafen (Rhein)	100.00	0.00	432.2	0.9	EUR
BASF Battery Technology Investment GmbH & Co. KG	Ludwigshafen (Rhein)	100.00	0.00	2.1	-0.5	EUR
BASF Beteiligungsgesellschaft mbH	Ludwigshafen (Rhein)	100.00	100.00	291.2	²	EUR
BASF Catalysts Germany GmbH	Hannover	100.00	0.00	312.9	²	EUR
BASF Coatings GmbH	Münster	100.00	10.00	312.5	²	EUR
BASF Construction Additives GmbH	Trostberg	100.00	0.00	-82.2	²	EUR
BASF Digital Solutions GmbH	Ludwigshafen (Rhein)	100.00	0.00	87.7	²	EUR
BASF Finance Malta GmbH	Monheim	100.00	100.00	16.7	16.6	EUR
BASF Grenzach GmbH	Grenzach-Wyhlen	100.00	0.00	111.0	²	EUR
BASF Handels- und Exportgesellschaft mbH	Ludwigshafen (Rhein)	100.00	100.00	4,048.8	²	EUR
BASF IP Licensing GmbH	Monheim	100.00	0.00	5.6	²	EUR
BASF Isocyanate China Investment GmbH	Ludwigshafen (Rhein)	100.00	0.00	0.0	²	EUR
BASF Lampertheim GmbH	Lampertheim	100.00	0.00	206.8	²	EUR
BASF Leuna GmbH	Leuna	100.00	0.00	11.8	²	EUR
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhein)	100.00	99.99	10.5	0.9	EUR
BASF Stationary Energy Storage GmbH	Ludwigshafen (Rhein)	100.00	0.00	68.7	²	EUR
BASF Niedersächsische Grundbesitz GmbH	Ludwigshafen (Rhein)	100.00	0.00	10.0	²	EUR
BASF Performance Polymers GmbH	Rudolstadt	100.00	0.00	42.7	²	EUR
BASF Personal Care and Nutrition GmbH	Monheim	100.00	0.00	274.5	²	EUR
BASF Plant Science Company GmbH	Ludwigshafen (Rhein)	100.00	0.00	210.0	²	EUR
BASF Plant Science GmbH	Ludwigshafen (Rhein)	100.00	0.00	3.1	²	EUR
BASF Polyurethanes GmbH	Lemförde	100.00	10.00	153.4	²	EUR
BASF Renewable Energy GmbH	Ludwigshafen (Rhein)	100.00	0.00	0.5	²	EUR
BASF Schwarzheide GmbH	Schwarzheide	100.00	10.00	300.1	²	EUR
BASF Services Europe GmbH	Berlin	100.00	0.00	4.1	²	EUR
BASF Trostberger Grundbesitz GmbH	Ludwigshafen (Rhein)	100.00	6.00	19.8	²	EUR
BASF US Verwaltung GmbH	Ludwigshafen (Rhein)	100.00	0.00	214.1	²	EUR
BASF Wohnen + Bauen GmbH	Ludwigshafen (Rhein)	100.00	10.00	179.6	²	EUR
BTC Europe GmbH	Monheim	100.00	0.00	13.2	²	EUR
Chemetall GmbH	Frankfurt (Main)	100.00	0.00	230.3	²	EUR
Cognis Holding GmbH	Ludwigshafen (Rhein)	100.00	0.00	261.6	²	EUR
Cognis International GmbH	Monheim	100.00	0.00	485.2	²	EUR
Cognis IP Management GmbH	Monheim	100.00	0.00	309.1	²	EUR

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

² Profit and loss transfer agreement

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
Grünau Illertissen GmbH	Illertissen	100.00	0.00	49.1	²	EUR
Guano-Werke GmbH & Co. KG	Ludwigshafen (Rhein)	100.00	0.00	15.0	-0.2	EUR
hte GmbH the high throughput experimentation company	Heidelberg	100.00	0.00	34.8	²	EUR
Lucura Versicherungs AG	Ludwigshafen (Rhein)	100.00	0.00	482.7	-23.7	EUR
Nunhems Germany GmbH	Marbach	100.00	0.00	13.6	²	EUR
Performance Polyamides GmbH	Freiburg	100.00	0.00	4.2	²	EUR
Rockwood Specialties Group GmbH	Frankfurt (Main)	100.00	0.00	-210.9	-47.5	EUR
trinamiX GmbH	Ludwigshafen (Rhein)	100.00	0.00	1.7	²	EUR
Rest of Europe						
BASF A/S	Copenhagen (Denmark)	100.00	100.00	1,065.0	21.4	DKK
BASF AB	Gothenburg (Sweden)	100.00	100.00	182.7	49.7	SEK
BASF Agricultural Specialities Limited	Stockport (United Kingdom)	100.00	0.00	43.9	2.8	GBP
BASF Agri-Production S.A.S.	Écully (France)	100.00	0.00	104.5	16.3	EUR
BASF Agro B.V.	Arnhem (Netherlands)	100.00	0.00	1,859.9	269.3	EUR
BASF Agrochemical Products B.V.	Arnhem (Netherlands)	100.00	0.00	585.3	314.7	USD
BASF Antwerpen NV	Antwerp (Belgium)	100.00	0.00	5,979.9	854.1	EUR
BASF AS	Oslo (Norway)	100.00	100.00	3,226.3	270.5	NOK
BASF Battery Integration B.V.	Arnhem (Netherlands)	100.00	0.00	7.8	-0.0	EUR
BASF Battery Materials Finland Oy	Helsinki (Finland)	100.00	0.00	12.6	-21.7	EUR
BASF Battery Materials Holding B.V.	Arnhem (Netherlands)	100.00	0.00	41.9	-0.0	EUR
BASF Beauty Care Solutions France S.A.S.	Lyon (France)	100.00	0.00	114.7	15.7	EUR
BASF Belgium Coordination Center CommV	Antwerp (Belgium)	100.00	0.00	1,031.6	26.6	EUR
BASF Catalysts Asia B.V.	Arnhem (Netherlands)	100.00	0.00	332.0	30.1	EUR
BASF Catalysts UK Holdings Limited	London (United Kingdom)	100.00	0.00	28.1	51.5	GBP
BASF Construction Chemicals Europe AG	Kaisten (Switzerland)	100.00	0.00	28.3	-0.0	CHF
BASF Espanola S.L.	Barcelona (Spain)	100.00	100.00	873.7	29.5	EUR
BASF Finance Europe N.V.	Arnhem (Netherlands)	100.00	100.00	6.2	0.1	EUR
BASF France S.A.S.	Levallois-Perret Cedex (France)	100.00	100.00	728.4	51.8	EUR
BASF Health and Care Products France S.A.S.	Levallois-Perret Cedex (France)	100.00	0.00	48.9	20.2	EUR
BASF Hellas Single Member S.A.	Marousi (Greece)	100.00	100.00	17.2	4.6	EUR
BASF Hungária Kft.	Budapest (Hungary)	100.00	100.00	8,034.3	3,385.9	HUF
BASF Intertrade AG	Zug (Switzerland)	100.00	100.00	148.4	95.1	USD
BASF IP Management C.V.	Arnhem (Netherlands)	100.00	0.00	36.7	4.7	EUR
BASF Ireland Ltd.	Dublin (Ireland)	100.00	0.00	13,448.9	14.3	EUR
BASF Italia S.p.A.	Cesano Maderno (Italy)	100.00	100.00	709.3	32.1	EUR
BASF Metal Forwards Ltd.	London (United Kingdom)	100.00	0.00	53.4	-0.5	USD
BASF Metals GmbH	Zug (Switzerland)	100.00	0.00	25.1	-0.1	USD
BASF Metals Ltd.	London (United Kingdom)	100.00	0.00	152.4	33.9	USD
BASF Metals Recycling Ltd.	Cinderford (United Kingdom)	100.00	0.00	8.9	1.7	GBP
BASF Nederland B.V.	Arnhem (Netherlands)	100.00	100.00	15,407.1	1,855.5	EUR
BASF Operations B.V.	Arnhem (Netherlands)	100.00	0.00	32.0	7.8	EUR
BASF Österreich GmbH	Vienna (Austria)	100.00	1.00	38.4	2.3	EUR
BASF Oy	Helsinki (Finland)	100.00	100.00	40.8	-0.6	EUR
BASF Pharma (Callanish) Ltd.	Stockport (United Kingdom)	100.00	0.00	-28.4	4.3	GBP
BASF Pharma Belgium NV	Antwerp (Belgium)	100.00	0.00	10.8	-0.3	EUR

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

² Profit and loss transfer agreement

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
BASF plc	Stockport (United Kingdom)	100.00	0.00	105.6	10.3	GBP
BASF Polska Sp. z o.o.	Warsaw (Poland)	100.00	100.00	424.0	112.4	PLN
BASF Portuguesa. S.A.	Prior Velho (Portugal)	100.00	0.00	9.5	3.1	EUR
BASF S.R.L.	Bucharest (Romania)	100.00	100.00	110.7	35.0	RON
BASF Schweiz AG	Basel (Switzerland)	100.00	0.00	633.4	26.7	CHF
BASF Slovensko spol s.r.o.	Bratislava (Slovakia)	100.00	100.00	15.3	3.6	EUR
BASF spol s.r.o.	Prague (Czech Republic)	100.00	100.00	292.9	180.4	CZK
BASF T.O.V. LLC	Kyiv (Ukraine)	100.00	0.00	1,569.3	293.3	UAH
BASF Taiwan B.V.	Arnhem (Netherlands)	100.00	0.00	130.1	32.1	EUR
BASF Tuerk Kimya Sanayi ve Ticaret Ltd. Sti.	Istanbul (Turkey)	100.00	0.00	1,326.4	760.3	TRY
BASF UK Holdings Ltd.	Stockport (United Kingdom)	100.00	100.00	30.8	0.0	GBP
Becker Underwood (UK) Limited	Stockport (United Kingdom)	100.00	0.00	74.1	1.9	GBP
BU International Holding Company Ltd.	Stockport (United Kingdom)	100.00	0.00	63.2	1.8	GBP
Chemetall AB	Hisings Backa (Sweden)	100.00	0.00	134.8	20.9	SEK
Chemetall B.V.	Oss (Netherlands)	100.00	0.00	21.5	9.4	EUR
Chemetall Hungária Vegyiparagoktat Forgalmazó Korlátolt Felelősségű Társaság	Budapest (Hungary)	100.00	0.00	636.5	145.8	HUF
Chemetall India Company Ltd.	Bletchley (United Kingdom)	100.00	0.00	3.3	1.0	GBP
Chemetall Italia S.r.l.	Giussano (Italy)	100.00	0.00	36.4	2.3	EUR
Chemetall Ltd.	Bletchley (United Kingdom)	100.00	0.00	118.2	3.2	GBP
Chemetall Polska Sp. z o.o.	Warsaw (Poland)	100.00	0.00	73.1	24.3	PLN
Chemetall S.A. Unipersonal	Canovelles (Spain)	100.00	0.00	51.5	0.2	EUR
Chemetall S.A.S.	Gennevilliers (France)	100.00	0.00	224.3	3.3	EUR
Chemetall S.R.L.	Giussano (Italy)	100.00	0.00	-7.7	2.5	EUR
Chemetall Sanayi Kimyasallari Ticaret ve Sanayi A.S.	Kocaeli (Turkey)	100.00	0.00	144.5	26.2	TRY
Ciba Specialty Chemicals Water Treatments Ltd.	Stockport (United Kingdom)	100.00	0.00	0.0	0.0	GBP
Ciba UK Investment Ltd.	Stockport (United Kingdom)	100.00	0.00	0.1	0.0	GBP
Cognis B.V.	Arnhem (Netherlands)	100.00	0.00	880.7	1.8	EUR
Esuco Beheer B.V.	Arnhem (Netherlands)	100.00	0.00	0.0	-0.0	EUR
Isobionics B.V.	Geleen (Netherlands)	100.00	0.00	41.3	-0.5	EUR
KENDELL S.r.l.	Roveredo in Piano (Italy)	100.00	0.00	0.9	0.3	EUR
Knight Chimiques de Spécialité S.A.S.	Gennevilliers (France)	100.00	0.00	7.4	-0.0	EUR
MicroBio Canada Limited	Stockport (United Kingdom)	100.00	0.00	29.3	-0.0	GBP
Nunhems B.V.	Nunhem (Netherlands)	100.00	0.00	199.6	1.8	EUR
Nunhems France S.A.S.	Beaucouzé Cedex (France)	100.00	0.00	4.7	0.4	EUR
Nunhems Hungary Kft	Budapest (Hungary)	100.00	0.00	263.6	66.7	HUF
Nunhems Italy S.r.l.	Sant'Agata Bolognese (Italy)	100.00	0.00	18.1	1.1	EUR
Nunhems Netherlands B.V.	Nunhem (Netherlands)	100.00	0.00	685.8	-35.9	EUR
Nunhems Poland sp z.o.o.	Warsaw (Poland)	100.00	0.00	5.5	0.2	PLN
Nunhems Spain S.A.	Paterna (Spain)	100.00	0.00	60.5	3.3	EUR
Nunhems Tohumculuk AS	Antalya (Turkey)	100.00	0.00	248.1	90.3	TRY
Nunhems UK Ltd	Stockport (United Kingdom)	100.00	0.00	1.0	0.2	GBP
NUNHEMS UKRAINE LLC	Kyiv (Ukraine)	100.00	0.00	93.0	4.4	UAH
OOO BASF	Moscow (Russian Federation)	100.00	0.01	8,279.1	3,554.9	RUB
OOO BASF Yug	Moscow (Russian Federation)	100.00	0.00	97.9	60.9	RUB
Rolic Technologies Ltd.	Allschwil (Switzerland)	100.00	0.00	69.5	2.2	CHF
Société Foncière et Industrielle S.A.S.	Clermont de l'Oise (France)	92.90	0.00	9.4	0.2	EUR

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
North America						
BASF Agricultural Solutions Puerto Rico LLC	San Juan (Puerto Rico)	100.00	0.00	16.9	0.2	USD
BASF Agricultural Solutions Seed US LLC	Research Triangle Park, North Carolina (USA)	100.00	0.00	2,966.5	-131.5	USD
BASF Agricultural Specialties Ltd.	Saskatoon, Saskatchewan (Canada)	100.00	0.00	50.5	-5.9	CAD
BASF California Inc.	Iselin, New York (USA)	100.00	0.00	368.4	30.4	USD
BASF Canada Inc.	Mississauga, Ontario (Canada)	100.00	100.00	899.9	182.1	CAD
BASF Catalysts Holding China LLC	Iselin, New York (USA)	96.25	0.00	-2.4	-1.3	USD
BASF Catalysts Holding LLC	Iselin, New York (USA)	100.00	0.00	754.2	54.8	USD
BASF Catalysts LLC	Iselin, New York (USA)	100.00	0.00	33.9	45.2	USD
BASF Corporation	Florham Park, New Jersey (USA)	100.00	0.00	10,752.2	1,578.6	USD
BASF de Costa Rica, S.A.	San Jose (Costa Rica)	100.00	0.00	23.3	0.4	CRC
BASF de Mexico, S.A. de C.V.	Mexico City (Mexico)	100.00	99.99	146.1	16.5	MXN
BASF Enzymes LLC	San Diego, California (USA)	100.00	0.00	-96.0	-7.9	USD
BASF Intertrade Corporation	Houston, Texas (USA)	100.00	0.00	76.8	30.9	USD
BASF Investments Canada Inc.	New Westminster, British Columbia (Canada)	100.00	0.00	438.3	9.3	USD
BASF Mexicana, S.A. de C.V.	Mexico City (Mexico)	100.00	0.00	517.6	76.6	MXN
BASF Pipeline Holdings LLC	Houston, Texas (USA)	100.00	0.00	19.9	1.5	USD
BASF Plant Science LP	Research Triangle Park, North Carolina (USA)	100.00	0.00	158.0	2.5	USD
BASF TODA America LLC	Southfield, Michigan (USA)	100.00	0.00	67.9	11.5	USD
BASF TotalEnergies Petrochemicals LLC	Houston, Texas (USA)	60.00	0.00	645.2	91.4	USD
BASF UK Finance LLC	Wilmington, Delaware (USA)	100.00	0.00	4,931.0	243.7	USD
BASF USA Holding LLC	Florham Park, New Jersey (USA)	100.00	0.00	4,628.0	968.5	USD
Becker Underwood UK Inc.	Florham Park, New Jersey (USA)	100.00	0.00	159.4	2.1	USD
Chemetall Canada Limited	Mississauga, Ontario (Canada)	100.00	0.00	15.3	0.4	CAD
Chemetall Mexicana, S.A. de C.V.	El Marques (Mexico)	100.00	0.00	36.3	4.4	MXN
Chemetall U.S., Inc.	New Providence, New Jersey (USA)	100.00	0.00	711.0	15.7	USD
Cognis USA LLC	Florham Park, New Jersey (USA)	100.00	0.00	771.6	-31.8	USD
Engelhard Asia-Pacific LLC	Iselin, New York (USA)	100.00	0.00	191.8	67.0	USD
Lumerica Insurance Company	Morristown, New Jersey (USA)	100.00	0.00	294.9	-30.0	USD
Nunhems México, S.A. de C.V.	Leon Guanajuato (Mexico)	100.00	0.00	246.4	36.8	MXN
Nunhems USA, Inc.	Parma, Idaho (USA)	100.00	0.00	59.9	7.8	USD
ProCat Testing LLC	Wixom, Michigan (USA)	100.00	0.00	20.4	-0.2	USD
TRADEWINDS Chemicals Corporation	Florham Park, New Jersey (USA)	100.00	0.00	21.7	117.7	USD
ZedX, Inc.	State College, Pennsylvania (USA)	100.00	0.00	1.5	-1.3	USD
Asia Pacific						
BASF (China) Company Ltd.	Shanghai (China)	100.00	100.00	6,290.3	772.0	CNY
BASF (Malaysia) Sdn. Bhd.	Petaling Jaya (Malaysia)	100.00	0.00	401.2	44.9	MYR
BASF (Thai) Ltd.	Bangkok (Thailand)	100.00	100.00	3,350.4	830.7	THB
BASF Advanced Chemicals Co., Ltd.	Shanghai (China)	100.00	0.00	4,004.9	459.6	CNY
BASF Asia-Pacific Service Centre Sdn. Bhd.	Kuala Lumpur (Malaysia)	100.00	0.00	48.6	9.1	MYR
BASF Australia Ltd.	Southbank (Australia)	100.00	0.00	118.7	11.7	AUD

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.
³ Administrative headquarters in Stockport, Cheshire (United Kingdom)

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
BASF Care Chemicals (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	2,558.3	96.5	CNY
BASF Catalysts (Guilin) Co., Ltd.	Guilin (China)	100.00	0.00	669.8	87.3	CNY
BASF Catalysts (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	5,593.0	357.8	CNY
BASF Catalysts India Private Ltd.	Mumbai (India)	95.00	0.00	6,675.3	2,572.7	INR
BASF Central Asia LLP	Almaty (Kazakhstan)	100.00	0.00	7,275.9	2,056.6	KZT
BASF Chemcat (Thailand) Ltd.	Rayong (Thailand)	80.00	0.00	378.8	-165.3	THB
BASF Chemicals Company Ltd.	Shanghai (China)	100.00	0.00	1,471.1	665.5	CNY
BASF Chemicals India Pvt. Ltd.	Mumbai (India)	100.00	0.00	2,272.0	111.4	INR
BASF Coatings (Guangdong) Co., Limited	Jiangmen (China)	100.00	0.00	98.3	-28.0	CNY
BASF Company Ltd.	Seoul (South Korea)	100.00	0.00	996,996.0	170,005.0	KRW
BASF Crop Protection (JiangSu) Co., Ltd.	Rudong County (China)	100.00	0.00	484.3	122.5	CNY
BASF East Asia Regional Headquarters Ltd.	Hong Kong (China)	100.00	0.00	572.8	1,555.0	HKD
BASF Electronic Materials (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	97.5	60.3	CNY
BASF Engineering Plastics (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	647.0	33.8	CNY
BASF Environmental Technologies (Shanghai) Co., Ltd.	Shanghai (China)	96.25	0.00	533.9	42.3	CNY
BASF Gao-Qiao Performance Chemicals (Shanghai) Co., Ltd.	Shanghai (China)	75.00	0.00	535.2	-24.4	CNY
BASF High Purity Electronic Chemicals Production (Jiaxing) Company Limited	Jiaxing (China)	100.00	0.00	258.8	36.0	CNY
BASF Hong Kong Ltd.	Hong Kong (China)	100.00	0.00	131.7	81.4	USD
BASF India Limited	Mumbai (India)	73.33	52.75	27,145.0	4,763.1	INR
BASF Integrated Site (Guangdong) Co., Ltd.	Zhanjiang (China)	100.00	50.00	9,537.2	-567.6	CNY
BASF International Trading (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	11.8	8.6	USD
BASF Intertrade (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	183.3	11.1	CNY
BASF Japan Ltd.	Tokyo (Japan)	100.00	0.00	33,590.0	7,392.0	JPY
BASF Markor Chemical Manufacturing (Xinjiang) Company Limited	Korla (China)	51.00	0.00	440.0	143.0	CNY
BASF Metals (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00	1,126.1	129.0	CNY
BASF Metals Japan Ltd.	Tokyo (Japan)	100.00	100.00	8,975.0	2,639.0	JPY
BASF New Zealand Ltd.	Auckland (New Zealand)	100.00	100.00	15.7	4.7	NZD
BASF Paper Chemicals (Huizhou) Co., Ltd.	Huizhou City (China)	100.00	0.00	-54.0	21.0	CNY
BASF Paper Chemicals (Jiangsu) Co., Ltd.	Jiangsu (China)	100.00	0.00	563.6	87.4	CNY
BASF Performance Polyamides Korea Co., Ltd.	Ulsan (South Korea)	100.00	0.00	144,368.0	20,339.0	KRW
BASF Performance Products Ltd.	Shanghai (China)	100.00	0.00	1,246.8	11.0	CNY
BASF PETRONAS Chemicals Sdn. Bhd.	Kuala Lumpur (Malaysia)	60.00	0.00	575.7	53.9	MYR
BASF Polyurethane Specialties (China) Co., Ltd.	Shanghai (China)	100.00	7.00	1,441.1	169.6	CNY
BASF Polyurethanes (China) Co., Ltd.	Guangzhou (China)	100.00	0.00	276.7	43.9	CNY
BASF Polyurethanes (Chongqing) Co., Ltd.	Chongqing (China)	100.00	100.00	6,121.7	1,224.0	CNY
BASF Polyurethanes (Tianjin) Co., Ltd.	Tianjin (China)	100.00	0.00	117.9	19.8	CNY
BASF Services (Malaysia) Sdn. Bhd.	Kuala Lumpur (Malaysia)	100.00	100.00	198.2	-0.1	MYR
BASF Shanghai Coatings Co., Ltd.	Shanghai (China)	60.00	0.00	1,900.5	244.9	CNY
BASF Shanshan Battery Materials (Ningxia) Co., Ltd.	Shizuishan (China)	100.00	0.00	1,405.0	611.0	CNY
BASF Shanshan Battery Materials (Ningxiang) Co., Ltd.	Changsha (China)	100.00	0.00	1,753.1	535.8	CNY
BASF Shanshan Battery Materials Co., Ltd.	Changsha (China)	51.00	51.00	3,082.8	14.9	CNY
BASF South East Asia Pte. Ltd.	Singapore (Singapore)	100.00	0.00	244.4	52.4	USD
BASF Specialty Chemicals (Nanjing) Co., Ltd.	Nanjing (China)	100.00	0.00	638.7	138.8	CNY
BASF Taiwan Ltd.	Taipeh (Taiwan)	100.00	0.00	6,991.1	1,821.9	TWD
BASF TODA Battery Materials, LLC	Yamaguchi (Japan)	66.00	0.00	15,513.0	3,336.0	JPY

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
BASF Vietnam Co., Ltd.	Ben Nghe Ward (Vietnam)	100.00	0.00	630,610.0	117,955.0	VND
BASF Vitamins Company Ltd.	Shenyang (China)	100.00	60.00	525.4	-75.4	CNY
Chemetall (Australasia) Pty. Ltd.	Melbourne (Australia)	100.00	0.00	28.7	1.1	AUD
Chemetall (Thailand) Co., Ltd.	Bangkok (Thailand)	100.00	0.00	72.4	14.7	THB
Chemetall Asia Pte. Ltd.	Singapore (Singapore)	100.00	0.00	86.7	-3.9	SGD
Chemetall India Private Ltd.	Pune (India)	100.00	0.00	3,803.9	112.1	INR
Chemetall New Zealand Ltd.	Avondale (New Zealand)	100.00	0.00	17.6	0.1	NZD
Chemetall Surface Treatment Holding Co., Ltd.	Bangkok (Thailand)	49.33 ⁴	0.00	-5.7	-1.2	THB
Nunhems Australia Pty Ltd	Northgate (Australia)	100.00	0.00	3.6	0.7	AUD
Nunhems Beijing Seeds Company Ltd.	Beijing (China)	80.00	0.00	16.6	10.2	CNY
NUNHEMS INDIA PRIVATE LIMITED	Kandlakoya (India)	99.99	0.00	5,797.2	-436.6	INR
PT BASF Care Chemicals Indonesia	Jakarta (Indonesia)	84.70	0.00	647,272.0	-4,977.0	IDR
PT BASF Distribution Indonesia	Jakarta (Indonesia)	100.00	0.00	747,875.0	195,850.0	IDR
PT BASF Indonesia	Jakarta (Indonesia)	99.99	99.99	825,619.0	186,135.0	IDR
Shanghai BASF Polyurethane Company Ltd.	Shanghai (China)	70.00	0.00	3,249.9	1,252.5	CNY
Shanghai Chemetall Chemicals Co., Ltd.	Shanghai (China)	100.00	0.00	3,069.8	17.2	CNY
Zhejiang Chemetall Surface Treatment Materials Co., Ltd.	Jiaxing (China)	100.00	0.00	242.9	26.8	CNY
South America, Africa, Middle East						
BASF Argentina S.A.	Buenos Aires (Argentina)	100.00	0.00	9,993.0	3,573.9	ARS
BASF Chile S.A.	Santiago de Chile (Chile)	100.00	0.00	48,701.0	12,769.0	CLP
BASF Coatings Services (Pty.) Ltd.	Midrand (South Africa)	100.00	0.00	123.5	0.6	ZAR
BASF Corporate Services Chile S.A.	Santiago de Chile (Chile)	100.00	99.93	16,887.0	7,301.0	CLP
BASF FZE	Dubai (United Arab Emirates)	100.00	100.00	77.0	19.5	AED
BASF Holdings South Africa (Pty.) Ltd.	Midrand (South Africa)	100.00	0.00	103.6	325.3	ZAR
BASF Plastic Additives Middle East W.L.L.	Al Hidd (Bahrain)	100.00	0.00	5.0	3.0	BHD
BASF Poliuretanos Ltda.	Maua (Brazil)	100.00	0.00	120.8	-13.4	BRL
BASF Química Colombiana S.A.	Bogota (Colombia)	99.99	0.00	104,787.0	27,738.0	COP
BASF S.A.	São Paulo (Brazil)	100.00	0.00	7,241.0	1,436.9	BRL
BASF Services Americas S.R.L.	Montevideo (Uruguay)	100.00	0.00	35.5	89.7	UYU
BASF South Africa (Pty.) Ltd.	Midrand (South Africa)	100.00	0.00	2,768.1	219.5	ZAR
Bioseeds S.A.	Buenos Aires (Argentina)	100.00	0.00	424.4	174.1	ARS
CA Pesquisa e Comercio de Sementes Ltda.	Campinas (Brazil)	100.00	0.00	24.8	-5.5	BRL
Chemetall (Proprietary) Ltd.	Boksburg (South Africa)	100.00	0.00	330.4	1.1	ZAR
Chemetall do Brasil Ltda.	Jundiai (Brazil)	100.00	0.00	56.5	11.1	BRL
Chemetall S.R.L.	Buenos Aires (Argentina)	100.00	0.00	43.1	-81.9	ARS
Nunhems Chile SpA	Santiago de Chile (Chile)	100.00	0.00	11,780.0	714.0	CLP
NUNHEMS ISRAEL SEEDS 2018 LTD	Hod Hasharon (Israel)	100.00	0.00	1.6	0.0	ILS
Nunhems Maroc SARL	Casablanca (Morocco)	100.00	100.00	41.2	-0.0	MAD
The BASF South Africa Trust	Johannesburg (South Africa)	0.00 ⁴	0.00	39.8	35.7	ZAR

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

⁴ Control in accordance with IFRS 10

Proportionally consolidated joint operations

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
Rest of Europe						
Alsachimie S.A.S.	Chalampé (France)	51.00	51.00	77.2	1.5	EUR
BASF DOW HPPO Holding B.V.	Arnhem (Netherlands)	50.00	0.00	21.7	7.5	EUR
BASF DOW HPPO Production BV	Antwerp (Belgium)	50.00	0.00	55.8	16.1	EUR
Butachimie SNC	Chalampé (France)	50.00	50.00	187.2	17.1	EUR
Eilba C.V.	Rotterdam (Netherlands)	50.00	0.00	49.2	-29.3	EUR
HPPO Holding and Finance C.V.	Arnhem (Netherlands)	50.00	0.00	21.7	7.4	EUR
Zandvliet Power NV	Antwerp (Belgium)	50.00	0.00	18.0	1.0	EUR
Asia Pacific						
KOLON BASF innoPOM Inc.	Gimcheon (South Korea)	50.00	0.00	55.7	1.9	USD
Toray BASF PBT Resin Sdn. Bhd.	Kuala Lumpur (Malaysia)	50.00	50.00	44.1	8.2	MYR

Joint ventures accounted for using the equity method

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
Rest of Europe						
BASF Interox H2O2 Production NV	Brussels (Belgium)	50.00	0.00	0.0	49.5	EUR
BASF Sonatrach Propanchem S.A.	Tarragona (Spanien)	51.00	0.00	47.4	10.9	EUR
HKZ Investor Holding B.V.	Arnhem (Netherlands)	49.00	0.00	746.1	-0.6	EUR
North America						
Poliolos, S.A. de C.V.	Lerma (Mexico)	50.00	0.00	38.7	10.4	USD
Southeast Texas Pipelines LLC	Houston, Texas (USA)	60.00	0.00	47.3	44.0	USD
Asia Pacific						
BASF INOAC Polyurethanes Ltd.	Shinshiro (Japan)	50.00	0.00	7,079.0	1,525.0	JPY
BASF MPCC Company Limited	Guangdong (China)	50.00	0.00	939.5	40.5	CNY
BASF PJPC Neopentylglycol Co., Ltd.	Jilin City (China)	60.00	50.00	137.3	-28.1	CNY
BASF-YPC Company Ltd.	Nanjing (China)	50.00	10.00	13,789.3	3,016.8	CNY
Changchun Chemetall Chemicals Co., Ltd.	Changchun (China)	57.00	0.00	48.3	2.8	CNY
Heesung Catalysts Corporation	Seoul (South Korea)	50.00	0.00	920,066.0	188,127.0	KRW
Heesung PMTech Corporation	Seoul (South Korea)	40.05	0.00	920,066.0 ⁵	188,127.0 ⁵	KRW
N.E. Chemcat Corporation	Tokyo (Japan)	50.00	0.00	50,232.0	5,893.0	JPY
Thai Ethoxylate Co., Ltd.	Bangkok (Thailand)	50.00	0.00	1,367.8	255.5	THB

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

⁵ Figures relate to the group company (Heesung Catalysts Corporation)

Associated companies accounted for using the equity method

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
Germany						
ARG mbH & Co. KG	Oberhausen	24.89	24.89	7.8 ⁶	28.4	EUR
Wintershall Dea AG	Kassel/Hamburg	72.70	0.00	3,540.8 ⁷	-4,803.3 ⁷	EUR
Rest of Europe						
BASF Huntsman Shanghai Isocyanate Investment B.V.	Arnhem (Netherlands)	50.00	0.00	154.7	10.1	EUR
CI MO Compagnie industrielle de Monthey S.A.	Monthey (Switzerland)	15.00 ⁸	0.00	226.2	-1.0	CHF
Quantafuel ASA	Oslo (Norway)	9.51 ⁸	0.00	1,244.9	-215.6	NOK
Stahl Lux 2 S.A.	Luxembourg (Luxembourg)	16.32 ⁸	0.00	520.7	77.9	EUR
North America						
Yara Freeport LLC	Freeport, Texas (USA)	32.00	0.00	282.5	0.3	USD
Asia Pacific						
Markor Meiou Chemical (Xinjiang) Co., Ltd.	Koria (China)	49.00	0.00	949.8	449.5	CNY
Shanghai Lianheng Isocyanate Co., Ltd.	Shanghai (China)	35.00	0.00	1,898.2	129.8	CNY

II. Shareholdings not consolidated due to immateriality
Subsidiaries not consolidated due to immateriality

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
Germany			
Aachener Chemische Werke Gesellschaft für glastechnische Produkte und Verfahren mbH	Mönchengladbach	100.00	0.00
baseclick GmbH	Neuried	67.23	0.00
BASF 3D Printing Solutions GmbH	Heidelberg	100.00	0.00
BASF Battery Materials & Recycling GmbH	Mannheim	100.00	0.00
BASF Biorenewable Beteiligungs GmbH & Co. KG	Ludwigshafen (Rhein)	100.00	0.00
BASF Coatings Services GmbH	Dortmund	100.00	0.00
BASF Deutsche Grundbesitz GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Digital Farming GmbH	Köln	100.00	0.00
BASF Fuel Cell GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Fuel Cell Pensionsverwaltung GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Gastronomie GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Immobilien-Gesellschaft mbH	Ludwigshafen (Rhein)	100.00	100.00
BASF Innovationsfonds GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Jobmarkt GmbH	Ludwigshafen (Rhein)	100.00	100.00
BASF Lizenz GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Logistics GmbH	Frankenthal	100.00	0.00
BASF Metabolome Solutions GmbH	Berlin	100.00	0.00
BASF Mobilienleasing GmbH & Co. KG	Monheim	100.00	0.00

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

⁶ Financial statements for the 2020 fiscal year

⁷ Figures for the Wintershall Dea group excluding the fair value adjustments recognized on initial consolidation of Wintershall Dea

⁸ BASF exercises significant influence over financial and corporate policy.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
BASF Process Catalysts GmbH	Nienburg	100.00	0.00
BASF VC Beteiligungs- und Managementgesellschaft mbH	Ludwigshafen (Rhein)	100.00	0.00
BASF Venture Capital GmbH	Ludwigshafen (Rhein)	100.00	0.00
BASF watertechnologies Beteiligungs GmbH	Schwarzeide	100.00	100.00
BASF watertechnologies GmbH & Co. KG	Ludwigshafen (Rhein)	100.00	0.00
BFC Research GmbH	Ludwigshafen (Rhein)	100.00	0.00
CHEMOVATOR GmbH	Mannheim	100.00	0.00
CM-Hilfe GmbH Unterstützungskasse	Frankfurt (Main)	100.00	0.00
Cognis Trust Management GmbH	Düsseldorf	100.00	0.00
FSB Flugplatz Beteiligungsgesellschaft mbH	Ludwigshafen (Rhein)	100.00	0.00
Gesellschaft zur Förderung der Lackkunst mbH	Münster	100.00	0.00
Gewerkschaft des konsolidierten Steinkohlebergwerks Breitenbach GmbH	Ludwigshafen (Rhein)	100.00	100.00
Guano-Werke Pensionsverwaltung GmbH	Ludwigshafen (Rhein)	100.00	0.00
Guano-Werke Verwaltungs GmbH	Ludwigshafen (Rhein)	100.00	0.00
LUCARA Immobilienverwaltungs-GmbH	Ludwigshafen (Rhein)	100.00	100.00
Projektentwicklungs-GmbH Friesenheimer Insel	Ludwigshafen (Rhein)	100.00	100.00
RepairFix GmbH	Münster	100.00	0.00
SGS - Schwarzeider Gastronomie und Service GmbH	Schwarzeide	100.00	0.00
SunGene GmbH	Ludwigshafen (Rhein)	100.00	0.00
Rest of Europe			
A.M. Craig Limited	Bletchley (United Kingdom)	100.00	0.00
Allied Colloids Group Limited	Stockport (United Kingdom)	100.00	0.00
Ardrox Ltd.	Bletchley (United Kingdom)	100.00	0.00
Argestes Holding C.V.	Arnhem (Netherlands)	100.00	0.00
Argestes Investment Beheer B.V.	Arnhem (Netherlands)	100.00	0.00
BASF 3D Printing Solutions B.V.	Emmen (Netherlands)	100.00	0.00
BASF ALPHA LIMITED	Stockport (United Kingdom)	100.00	0.00
BASF Catalysts Canada B.V.	Arnhem (Netherlands)	100.00	0.00
BASF Catalysts France S.A.S.	Levallois Perret (France)	100.00	0.00
BASF Catalysts Polska Sp. z o.o.	Swiete (Poland)	100.00	100.00
BASF Coatings Services AB	Hisings Kärra (Sweden)	100.00	0.00
BASF Coatings Services AG	Pfäffikon (Switzerland)	100.00	0.00
BASF Coatings Services B.V.	Maarsse (Netherlands)	100.00	0.00
BASF Coatings Services GmbH	Eugendorf (Austria)	100.00	0.00
BASF Coatings Services Italy Srl	Cesano Maderno (Italy)	100.00	0.00
BASF Coatings Services S.A.	Prior Velho (Portugal)	100.00	0.00
BASF Coatings Services S.A.S.	Compans (France)	100.00	0.00
BASF Coatings Services S.A.U.	Cornellà de Llobregat (Spain)	100.00	0.00
BASF Coatings Services S.R.L.	Bucharest (Rumania)	100.00	99.99
BASF Coatings Services SA	Bornem (Belgium)	100.00	0.00
BASF Coatings Services Sp. z o.o.	Warsaw (Poland)	100.00	0.00
BASF Croatia d.o.o.	Zagreb (Croatia)	100.00	100.00
BASF Digital Solutions S.L.	Madrid (Spain)	100.00	0.00
BASF EOOD	Sofia (Bulgaria)	100.00	100.00
BASF Industrial Metals LLC	Moscow (Russian Federation)	100.00	0.00
BASF IP Management B.V.	Arnhem (Netherlands)	100.00	0.00
BASF Inovasyon Teknoloji Merkezi Limited Şirketi	Istanbul (Turkey)	100.00	0.00

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
BASF Pensions Trustee Limited	Stockport (United Kingdom)	100.00	0.00
BASF Performance Products Ltd.	Stockport (United Kingdom)	100.00	0.00
BASF SIA	Marupe (Lettland)	100.00	0.00
BASF Slovenija d.o.o.	Ljubljana (Slovenia)	100.00	100.00
BASF Srbija d.o.o.	Belgrade (Serbia)	100.00	100.00
BASF UAB	Vilnius (Lithuania)	100.00	100.00
BCI PENSIONS TRUSTEE LIMITED	Bletchley (United Kingdom)	100.00	0.00
Brent Europe Ltd.	Bletchley (United Kingdom)	100.00	0.00
Brent International B.V.	Bletchley (United Kingdom)	100.00	0.00
Chem2U AG	Basel (Switzerland)	100.00	0.00
Chemserve Ltd.	Bletchley (United Kingdom)	100.00	0.00
Cloudfarms a.s.	Bratislava (Slovakia)	100.00	0.00
Cloudfarms ApS	Horsens (Denmark)	100.00	0.00
Cognis Holdings UK Ltd.	Stockport (United Kingdom)	100.00	0.00
Engelhard Arganda S.L.	Tarragona (Spain)	100.00	100.00
FLLC BASF	Minsk (Belarus)	100.00	0.00
Horta S.R.L.	Piacenza (Italy)	100.00	0.00
Inca Bronze Powders Ltd.	Stockport (United Kingdom)	100.00	0.00
Interlates Ltd.	Stockport (United Kingdom)	100.00	0.00
Low Moor Securities Ltd.	Stockport (United Kingdom)	100.00	0.00
OOO BASF Wostok	Pawlowski Possad (Russian Federation)	100.00	0.00
OOO Chemetall	Moscow (Russian Federation)	100.00	0.00
Sculpteo SAS	Villejuif (France)	100.00	0.00
SETUP Performance SAS	Frontonas (France)	100.00	0.00
The Brent Manufacturing Company Ltd.	Bletchley (United Kingdom)	100.00	0.00
The MicroBio Group Limited	Stockport (United Kingdom)	100.00	0.00
The Sheffield Smelting Co. Ltd.	Stockport (United Kingdom)	100.00	0.00
UBench BV	Turnhout (Belgium)	100.00	0.00
UBench International NV	Turnhout (Belgium)	100.00	0.00
Zephyr I B.V.	Arnhem (Netherlands)	100.00	0.00
Zephyr II B.V.	Arnhem (Netherlands)	100.00	0.00
Zephyr III B.V.	Arnhem (Netherlands)	100.00	0.00
North America			
Automotive Refinish Technologies Inc.	Mississauga, Ontario (Canada)	100.00	0.00
Automotive Refinish Technologies, LLC	Southfield, Michigan (USA)	100.00	0.00
AutoSpot LLC	Southfield, Michigan (USA)	100.00	0.00
BASF de El Salvador, S.A. de C.V.	San Salvador (El Salvador)	100.00	99.95
BASF de Guatemala S.A.	Guatemala City (Guatemala)	100.00	99.34
BASF Dominicana S.A.	Santo Domingo (Dominican Republic)	100.00	100.00
BASF Metals LLC	Iselin, New Jersey (USA)	100.00	0.00
BASF Properties Inc.	Mississauga, Ontario (Canada)	100.00	0.00
BASF Venture Capital America Inc.	Florham Park, New Jersey (USA)	100.00	0.00
Ciba S.A. (ACC)	Guatemala City (Guatemala)	100.00	0.00
Ovonic Battery Company Inc.	Iselin, New Jersey (USA)	100.00	0.00
Sculpteo Inc.	Lewes, Delaware (USA)	100.00	0.00

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
SkyBit Inc.	State College, Pennsylvania (USA)	100.00	0.00
Thousand Springs Trout Farms, Inc.	Florham Park, New Jersey (USA)	100.00	0.00
Asia Pacific			
BASF (Cambodia) Co., Ltd.	Phnom Penh (Cambodia)	100.00	0.00
BASF (Shanghai) Management Co. Ltd.	Shanghai (China)	100.00	0.00
BASF Azerbaijan LLC	Baku (Azerbaijan)	100.00	0.00
BASF Bangladesh Ltd.	Dhaka (Bangladesh)	76.41	76.41
BASF Chem Products FC LLC	Taschkent (Uzbekistan)	100.00	0.00
BASF China Limited	Hong Kong (China)	100.00	0.00
BASF Coatings + Inks Philippines Inc.	Makati (Philippines)	100.00	0.00
BASF Grameen Ltd.	Dhaka (Bangladesh)	99.50	99.50
BASF Lanka (Private) Limited	Colombo (Sri Lanka)	100.00	99.99
BASF Myanmar Ltd.	Yangon (Myanmar)	100.00	0.00
BASF Pakistan (Pvt.) Limited	Karatschi (Pakistan)	100.00	100.00
BASF Philippines, Inc.	Taguig (Philippines)	100.00	100.00
BASF See Sen Sdn. Bhd.	Kemaman (Malaysia)	70.00	70.00
BASF Venture Capital (Shanghai) Co., Ltd.	Shanghai (China)	100.00	0.00
BNC Color Techno Co., Ltd.	Kanagawa (Japan)	100.00	0.00
Chemetall (Shanghai) International Trading Co., Ltd.	Shanghai (China)	100.00	0.00
Chemetall Philippines Co. Ltd., Inc.	Taguig (Philippines)	99.95	0.00
Doobon Fine Chemical Co., Ltd.	Cheongju (South Korea)	63.00	0.00
Foshan Chemetall Surface Treatment Co., Ltd.	Foshan (China)	57.00	0.00
PT BASF Catalysts Distribution Indonesia	Jakarta (Indonesia)	100.00	0.00
South America, Africa, Middle East			
BASF Agricultural Specialities (PTY) Ltd.	Durban (South Africa)	100.00	0.00
BASF Bolivia S.R.L.	Santa Cruz de la Sierra (Bolivia)	100.00	99.00
BASF Catalisadores Ltda.	Indaiatuba (Brazil)	100.00	0.00
BASF Catalysts South Africa (Pty) Ltd	Port Elizabeth (South Africa)	100.00	0.00
BASF Chemicals Pars Co.	Teheran (Iran)	100.00	0.00
BASF Coatings (Pty.) Ltd.	Johannesburg (South Africa)	100.00	0.00
BASF DJIBOUTI FREE TRADE ZONE OPERATION FZE	Djibouti (Djibouti)	100.00	0.00
BASF East Africa Ltd.	Nairobi (Kenya)	100.00	100.00
BASF Ecuatoriana S.A.	Quito (Ecuador)	100.00	99.97
BASF Egypt LLC	Cairo (Egypt)	100.00	49.00
BASF Iran (PJS) Company	Teheran (Iran)	100.00	0.00
BASF Ivory Coast	Abidjan (Ivory Coast)	100.00	0.00
BASF Limited LLC	Cairo (Egypt)	100.00	99.18
BASF Maroc S.A.	Casablanca (Morocco)	100.00	99.96
BASF Middle East Chemicals LLC	Abu Dhabi (United Arab Emirates)	75.00	0.00
BASF OPERATIONS LFTZ ENTERPRISE	Lagos (Nigeria)	100.00	0.00
BASF Paraguay S.A.	Asunción (Paraguay)	100.00	99.99
BASF Peruana S.A.	Lima (Peru)	100.00	99.79
BASF Saudi Arabia Limited Company	Al Dammam (Saudi Arabia)	75.00	0.00
BASF SpA	Algiers (Algeria)	100.00	100.00
BASF Uruguay S.A.	Montevideo (Uruguay)	100.00	100.00

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
BASF Venezolana S.A.	Caracas (Venezuela)	100.00	100.00
BASF West Africa Ltd.	Lagos (Nigeria)	100.00	0.00
BASF Zambia Limited	Lusaka (Zambia)	100.00	0.00
Engelhard (South Africa) (Pty.) Ltd.	Port Elizabeth (South Africa)	100.00	0.00
Medag Indústria de Soluções Químicas Ltda.	Manaus (Brazil)	100.00	0.00
Nunhems Ethiopia PLC	Addis Abeba (Ethiopia)	100.00	0.00
Wilhelm Rosenstein Ltd.	Ra'anana (Israel)	100.00	0.00
Wintershall BM-C-10 Ltda.	Rio de Janeiro (Brazil)	99.99	0.00

Associated companies not accounted for using the equity method due to immateriality

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
Germany			
1000 Satellites GmbH	Mannheim	24.91	0.00
ARG Verwaltungs GmbH	Duisburg	25.00	25.00
baseclick Vaccine GmbH	Neuried	76.50	0.00
BigRep GmbH	Berlin	26.59	0.00
Boxlab Services GmbH	Ludwigshafen (Rhein)	40.00	0.00
Computomics GmbH	Tübingen	18.18 ⁸	0.00
Corbiota GmbH	Düsseldorf	24.90	0.00
DCSO Deutsche Cyber-Sicherheitsorganisation GmbH	Berlin	25.00	25.00
faCellitate GmbH	Mannheim	23.72	0.00
FSL Flugplatz Speyer/Ludwigshafen GmbH	Speyer	49.80	7.94
GAG Ludwigshafen am Rhein AG für Wohnungs-, Gewerbe- und Städtebau	Ludwigshafen (Rhein)	30.00	0.00
Infra Leuna Beteiligungs GmbH	Leuna	27.00	0.00
InnovationLab GmbH	Heidelberg	24.71	24.71
KTL Kombi-Terminal Ludwigshafen GmbH	Ludwigshafen (Rhein)	40.00	40.00
Pyrum Innovations AG	Dillingen	7.90 ⁸	0.00
Rest of Europe			
ARA Kaisten AG	Kaisten (Switzerland)	25.00	0.00
B2B Cosmetics	La Seyne-Sur-Mer (France)	43.80	0.00
bci Betriebs-AG	Basel (Switzerland)	42.54	0.00
Brightlands Campus Greenport Venlo B.V.	Venlo (Netherlands)	33.30	0.00
Combi Terminal Catalonia Sociedad Limitada	Tarragona (Spain)	12.00 ⁸	0.00
Combinant NV	Antwerp (Belgium)	45.00	0.00
CSEBER Nonprofit Közhasznú Kft.	Budapest (Hungary)	22.72	0.00
ecoRobotix SA	Yverdon-les-Bains (Switzerland)	13.10 ⁸	0.00
Industriefeuerwehr Regio Basel AG (IFRB)	Muttenz (Switzerland)	25.00	0.00
siHealth Ltd.	Oxfordshire (United Kingdom)	24.90	0.00
Sparta I International Limited	Bradford (United Kingdom)	49.00	0.00
Vattenfall Hollandse Kust West VI Beheer B.V.	Amsterdam (Netherlands)	49.00	0.00
Vattenfall Hollandse Kust West VI C.V.	Amsterdam (Netherlands)	49.49	0.00

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.
⁸ BASF exercises significant influence over financial and corporate policy.

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
North America			
Buckeye Products Pipeline LP	Houston, Texas (USA)	22.00	0.00
Gulf Coast Pipeline LP	Houston, Texas (USA)	22.00	0.00
Sion Power Corporation	Tucson, Arizona (USA)	18.00 ⁸	0.00
Asia Pacific			
Allied Carbon Solutions Co., Ltd.	Tokyo (Japan)	32.97	32.97
Ingredi Biotech Co., Ltd.	Kunming (China)	18.05 ⁸	18.05 ⁸
Fujian Evergreen New Energy Technology Co., Ltd.	Longyan (China)	30.00	0.00
Santoku BASF Pte. Ltd.	Singapore (Singapore)	49.00	49.00
South America, Africa, Middle East			
BASF Tunisie S.A.	Tunis (Tunisia)	49.00	48.56
FortePhest Ltd.	Ness Ziona (Israel)	5.90 ⁸	0.00

Joint ventures not accounted for using the equity method due to immateriality

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)
Germany			
BASF enviaM Solarpark Schwarzheide GmbH	Schwarzheide	51.00	0.00
Bosch BASF Smart Farming GmbH	Köln	50.00	0.00
Rest of Europe			
BASF DOW HPPO B.V.	Hoek (Netherlands)	50.00	0.00
BASF DOW HPPO Technology B.V.	Hoek (Netherlands)	50.00	0.00
Eilba B.V.	Arnhem (Netherlands)	50.00	0.00
TAPP A.I.E. Terminal de Atraque de Productos Petroquimicos	Tarragona (Spain)	50.00	0.00
North America			
Fort Amanda Specialties LLC	Lima, Ohio (USA)	50.00	0.00
Asia Pacific			
Pigment Manufacturers of Australia Ltd.	Laverton (Australia)	50.00	0.00
BASF HERAEUS (China) Metal Resource Co., Ltd.	Pinghu (China)	50.00	50.00
South America, Africa, Middle East			
BASF Middle East LLC	Dubai (United Arab Emirates)	75.00	75.00

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.
⁸ BASF exercises significant influence over financial and corporate policy.

Participating interests between 5% and 20% in major corporations

Company	Headquarters	Participating interest (%) ¹	Of which BASF SE (%)	Equity (million)	Net income (million)	Currency (ISO code)
Asia Pacific						
Chemipro Kasei Kaisha, Ltd.	Kobe (Japan)	7.73	0.00	4,574.6 ⁹	179.2 ⁹	JPY
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Zhuhai (China)	10.00	0.00	639.6 ⁹	144.4 ⁹	CNY
Hunan Yongshan Lithium Co., Ltd	Changsha (China)	10.00	0.00	296.7 ⁹	1.7 ⁹	CNY

III. Information on subsidiaries

The German subsidiaries listed below, which have the legal form of either a corporation or a partnership, make use of the exemptions provided by section 264(3) or section 264b of the German Commercial Code (HGB):

Company	Headquarters
BASF Agricultural Solutions GmbH	Ludwigshafen (Rhein)
BASF Agro Trademarks GmbH	Ludwigshafen (Rhein)
BASF Battery Technology Investment GmbH & Co. KG	Ludwigshafen (Rhein)
BASF Beteiligungsgesellschaft mbH	Ludwigshafen (Rhein)
BASF Catalysts Germany GmbH	Hannover
BASF Coatings GmbH	Münster
BASF Construction Additives GmbH	Trostberg
BASF Digital Solutions GmbH	Ludwigshafen (Rhein)
BASF Grenzach GmbH	Grenzach-Wyhlen
BASF Handels- und Exportgesellschaft mbH	Ludwigshafen (Rhein)
BASF IP Licensing GmbH	Monheim
BASF Isocyanate China Investment GmbH	Ludwigshafen (Rhein)
BASF Lampertheim GmbH	Lampertheim
BASF Leuna GmbH	Leuna
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhein)
BASF Niedersächsische Grundbesitz GmbH	Ludwigshafen (Rhein)
BASF Performance Polymers GmbH	Rudolstadt
BASF Personal Care and Nutrition GmbH	Monheim
BASF Plant Science Company GmbH	Ludwigshafen (Rhein)
BASF Plant Science GmbH	Ludwigshafen (Rhein)
BASF Polyurethanes GmbH	Lemförde
BASF Renewable Energy GmbH	Ludwigshafen (Rhein)
BASF Services Europe GmbH	Berlin
BASF Stationary Energy Storage GmbH	Ludwigshafen (Rhein)
BASF Trostberger Grundbesitz GmbH	Ludwigshafen (Rhein)
BASF Wohnen + Bauen GmbH	Ludwigshafen (Rhein)
BTC Europe GmbH	Monheim
Chemetall GmbH	Frankfurt (Main)
Cognis Holding GmbH	Ludwigshafen (Rhein)
Cognis International GmbH	Monheim
Cognis IP Management GmbH	Monheim

¹ Corresponds, in accordance with section 16 of the German Stock Corporation Act, to the interest of the BASF company with a direct shareholding in the company concerned.
⁹ Financial statements for the 2021 fiscal year

Company	Headquarters
Grünau Illertissen GmbH	Illertissen
Guano-Werke GmbH & Co. KG	Ludwigshafen (Rhein)
hte GmbH the high throughput experimentation company	Heidelberg
Nunhems Germany GmbH	Marbach
Performance Polyamides GmbH	Freiburg
trinamiX GmbH	Ludwigshafen (Rhein)

Disclosures on BASF SE's position as a shareholder with unlimited liability pursuant to section 285 no. 11a HGB

Company	Headquarters
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhein)

In accordance with the requirements of section 357 of the Republic of Ireland Companies Act of 2014, BASF SE provides irrevocable guarantees for all amounts shown as liabilities in the financial statements of the subsidiary shown below. This subsidiary is thereby exempted from disclosure obligations as per section 347 of the Companies Act of 2014.

Company	Headquarters
BASF Ireland Limited	Dublin (Ireland)

Ludwigshafen am Rhein, February 21, 2023

The Board of Executive Directors

Assurance Pursuant to Sections 264(2) and 289(1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting rules, the Financial Statements of BASF SE give a true and fair view of the assets, liabilities, financial position and profit situation of BASF SE, and Management's Report of BASF SE includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of BASF SE.

Ludwigshafen am Rhein, February 22, 2023

Dr. Martin Brudermüller

Chairman of the Board of Executive Directors

Michael Heinz

Dr. Hans-Ulrich Engel

Vice Chairman of the Board of Executive Directors and
Chief Financial Officer

Dr. Markus Kamieth

Saori Dubourg

Dr. Melanie Maas-Brunner

Independent Auditor's Report

To BASF SE, Ludwigshafen am Rhein

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of BASF SE, Ludwigshafen am Rhein, which comprise the balance sheet as of December 31, 2022, and the statement of income for the financial year from January 1 to December 31, 2022, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of BASF SE for the financial year from January 1 to December 31, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the "Other Information" section of our auditor's report.

The management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of those components of the management report specified in the "Other Information" section of the auditor's report. The management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as

"EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment losses on property, plant and equipment in the Chemicals segment

The accounting policies applied for property, plant and equipment are described in Note 1 to the financial statements. For information on the development of property, plant and equipment in the financial year ended December 31, 2022, including the reference to impairment losses on property, plant and equipment in the Chemicals segment, please refer to Note 9 in the notes to the financial statements.

The Financial Statement Risk

Property, plant and equipment of €3,365 million is presented in the annual financial statements of BASF SE as of December 31, 2022. Impairment losses of €195 million on a plant complex were recorded in the Chemicals segment, partly due to the development of natural gas prices. These impairment losses on property, plant and equipment had a material impact on the assets, liabilities and financial performance of the Company in the financial year ending December 31, 2022.

Property, plant and equipment, as depreciable fixed assets, is to be recognized in the financial statements in accordance with German commercial law (HGB) at cost less depreciation. An impairment loss to fair value of assets under property, plant and equipment is required if impairment is expected to be permanent. This involves testing whether the amortized costs are still covered by the actual expected earnings of the property, plant and equipment.

The calculation of the fair value of property, plant and equipment – and by extension the determination of impairment losses – is complex, and the assumptions made are based largely on the Company's estimates and assessments. Among other things, this applies to plant-specific assumptions about production volumes, price and demand developments as well as the expected remaining useful life.

This results in a risk for the financial statements that the impairment losses in the Chemicals segment are inaccurately determined.

Our Audit Approach

First, we evaluated the design and setup of the controls established by BASF SE to measure property, plant and equipment. In discussions with representatives of the Company from management, accounting and controlling as well as representatives from the Chemicals segment, we obtained an understanding of the specific impairment risks identified by the Company and critically analyzed the Company's approach to determining impairment losses.

With regard to determining impairment, we assessed the measurement and the mathematical accuracy of the measurement. With the involvement of our valuation experts, we satisfied ourselves of the appropriateness of specific measurement parameters used. For selected measurement parameters, we determined our own expected values and compared these with the assumptions and parameters used.

In addition, we evaluated whether the measurements were made on the basis of appropriate and reasonable assumptions. To this end, we obtained clarification from the Company regarding these assumptions and the impact of operating and technical measures on the projections. We also compared the assumptions with industry data and macroeconomic studies. Finally, we discussed the determined measurements with BASF and verified the accounting entry of the measurements derived from this.

Our Observations

The methodology used by BASF SE for determining impairment losses on property, plant and equipment in the Chemicals segment is appropriate and in line with the accounting policies. The assumptions used by the Company are appropriate.

Measurement of pension obligations and plan assets

For information on the accounting policies applied, please refer to Note 1 to the financial statements. The underlying assumptions used in the measurement of pension obligations are described in Note 17.

The Financial Statement Risk

As of December 31, 2022, BASF SE's pension obligations amounted to €7,311 million. The fair value of the plan assets amounted to €6,037 million. For the pension obligations covered by assets as of

December 31, 2022, there is a net financing deficit of €1,274 million, which is recognized as a provision for pensions and similar obligations. In addition, obligations not covered by assets amounting to €112 million are recognized as a provision for pensions and similar obligations.

Provisions for pensions are stated at the settlement amount deemed necessary according to prudent commercial judgment.

To determine the settlement amount deemed necessary according to prudent commercial judgment, BASF SE uses the internationally accepted projected unit credit method as actuarial method. For this purpose the Company makes use of an external actuary. The assumptions used in this method are determined by BASF SE. The Company used a salary growth rate of 3.00% and a pension growth of 2.20% as the basis for the calculation as of December 31, 2022. With regard to mortality and invalidity expectations, BASF used the modified 2018 G mortality tables of Prof. Klaus Heubeck.

Assets that serve as plan assets are required to be measured at fair value. The fair values of plan assets correspond in general with the stock exchange or market price. Where there is no active market, there are uncertainties and/or judgments for the measurement of plan assets.

The actuarial calculations of the pension obligations are subject to estimation uncertainties with respect to the assumptions made.

There is the risk for the financial statements that the pension obligations or plan assets have been measured inaccurately. In addition, there is the risk that the notes to the financial statements do not contain the necessary information on assumptions underlying the measurement.

Our Audit Approach

First, we evaluated the design, setup and effectiveness of the internal controls established by the Company to determine future pension growth and to communicate to the actuary measurement-relevant information, in particular the numerical data from the HR management system.

We evaluated whether the actuarial method of calculation is permissible. For the evaluation of the assumptions and the calculation method used, we enlisted the support of our own actuaries in the audit team. Further, our actuaries satisfied themselves of the competence, expertise and objectivity of the actuary engaged by BASF SE and evaluated the results of the actuary's work. Our audit procedures included, among others, the evaluation of the appropriateness of the assumptions used and a comparison of the discount rate used with the interest rate published by Deutsche Bundesbank. In addition, we verified the computational accuracy of the resulting obligations based on a deliberate selection of pension commitments.

For the audit of the fair value of plan assets, we were provided especially with bank confirmations and statements of assets and liabilities of the fund-managing banks. For non-listed investments, we additionally evaluated the design, implementation and effectiveness of the internal controls established by the Company to assess the evaluation process for these investments.

Furthermore, we assessed whether the notes to the financial statements contained the required disclosures on the assumptions underlying the valuation.

Our Observations

The valuation method used by BASF for the pension obligations is appropriate and consistent with the HGB accounting policies to be applied. The assumptions underlying the measurement of the pension obligations and the plan assets are appropriate overall. The notes to the financial statements contain the required disclosures on the assumptions underlying the valuation.

Other Information

The Board of Executive Directors and/or the Supervisory Board is responsible for the other information. The other information comprises the following components of the management report, whose content was not audited:

- the non-financial statement, which is contained in the separate section “Nonfinancial statement (NFS) in accordance with Section 289b to 289e HGB” of the management report,
- the corporate governance statement, which is contained in the separate section “Corporate governance statement pursuant to Section 289f HGB” of the management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the annual financial statements, the management report information audited for content and our auditor’s report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

- In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information
- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
 - otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

Responsibilities of the Board of Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report. The Board of Executive Directors is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the Board of Executive Directors is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the Board of Executive Directors is responsible for assessing the Company’s ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Board of Executive Directors is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the Board of Executive Directors is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Executive Directors and the reasonableness of estimates made by the Board of Executive Directors and related disclosures.
- Conclude on the appropriateness of the Board of Executive Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.

– Perform audit procedures on the prospective information presented by the Board of Executive Directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Executive Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file „basf.seJA.zip“ (SHA256-Hashvalue: 2C1CDE6A22E-E7835E7B3817158AA357DA063AD2D18B21DD4C7A3216D-A3BAF5FA) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from January 1 to December 31, 2022, contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements and the management report, contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Board of Executive Directors is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's Board of Executive Directors is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material

intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the annual general meeting on April 29, 2022. We were engaged by the Chairperson of the Audit Committee on November 16, 2022. We have been the auditor of BASF SE without interruption since financial year 2006.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the examined ESEF documents. The annual financial statements and the management report converted into ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is
Dr. Stephan Kaiser.

Frankfurt am Main, February 21, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

gez. Sailer
Wirtschaftsprüfer
[German Public Auditor]

gez. Dr. Kaiser
Wirtschaftsprüfer
[German Public Auditor]

Further information

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