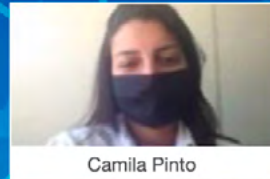




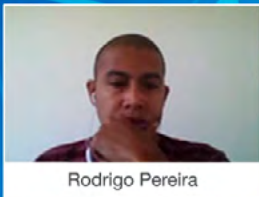
Egidio Batista Junior



Ornella Nitardi



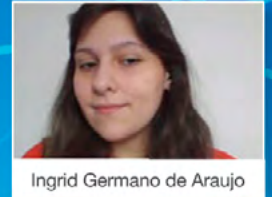
Camila Pinto



Rodrigo Pereira



Manfredo Rübens

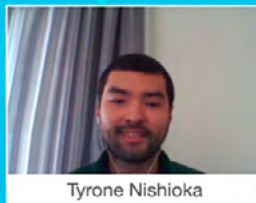


Ingrid Germano de Araujo

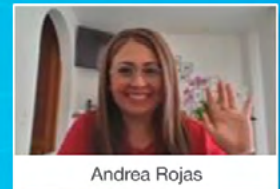
# We create chemistry for a sustainable future



Estefanía Greco



Tyrone Nishioka



Andrea Rojas



Daniel Waki



Karina Kikudome



Emy Yanagizawa

## BASF in South America

Report 2020

 **BASF**  
We create chemistry

# Key facts 2020

One of the top three global market positions in around **70%** of the business areas in which BASF is active



90,000+ customers in the world and 70,000 suppliers



Around **110,000** employees worldwide

**€59,149 million** sales for the BASF Group



€16.7 billion of sales with Accelerator products, which significantly contribute to sustainability in the value chain



**€2.1 billion** Research & Development expenses



**10,000** employees in Research and Development (R&D) worldwide

**€3,590 million** sales by location of customer, group consolidated, sales to third parties



**5,850** employees in South America



30.6%

women employed in South America



women in leadership in South America<sup>1</sup>

32.2%



<sup>1</sup>Includes all consolidated BASF Group companies and management, directorship and vice-chairmanship positions



## Mata Viva®:

144 hectares of green area reforested with trees of different ages in the Chemical Complex in Guaratingueta (SP, Brazil), since 1984



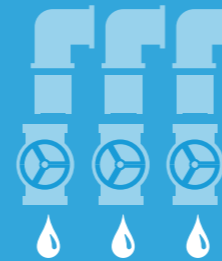
**33,500** tons of CO<sub>2</sub> removed from the atmosphere

**83.4%** Waste recycled from chemical production of BASF in South America



2002-2020

**42%** increase in absolute production volume in tons per year



A reduction of **58%** specific water consumption per ton of chemicals produced in South America

specific water consumption per ton of chemicals produced in South America



**1.7 million** people favored in South America by social engagement actions in the fight against COVID-19



We held **115 actions** aimed at minimizing the impacts of the pandemic on society

We donated more than **700** tons of products in partnership with our customers in South America



# Index

1 – About this report	4
2 – Message from President	5
3 – BASF Group 2020 at a glance	6
3.1 – The BASF Group	7
3.2 – BASF in the regions	13
3.3 – BASF on the capital market	15
4 – BASF in South America	17
4.1 – Implementation on our corporate strategy	19
4.2 – 2020 Situation	20
4.3 – People build our success	24
4.4 – Sustainability	30
4.5 – Innovation	38
4.6 – Digitalization	41
4.7 – Portfolio	44
4.8 – Operations	46
5 – Ten years overview – BASF Global	48
6 – Additional information	49



## Strong virtual connections

In 2020, we experienced a substantial commitment of our teams in South America, those who maintained our business working from home, as well as those who maintained our operations by working in the units. Together, they have contributed to fighting the impacts of the COVID-19 pandemic.

We have used virtual media to be more united. We have worked with our customers and partners to overcome challenges. We have created new ways of doing business, with creativity, agility and quality.

Connection, innovation and commitment: this way, we create chemistry for a sustainable future.

## About this report

The “BASF in South America” Report is published annually as a document on the performance of our activities in the three pillars of sustainability — economy, environment and society. The reference period for this publication is the fiscal year 2020. This report also provides an overview of the BASF Group, together with its financial performance, prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and, where applicable, the German Commercial Code as well as the German Accounting Standards (DRSC). Emissions, waste, energy and water use from consolidated joint operations are included, based proportionally on our participation. The number of employees refer to employees employed by the BASF Group as of December 31, 2020. The scope of this review and the main focus points of our reports are defined based on the topics along the value chain, which we identified in internal strategic discussion processes, ongoing global data analysis and dialog with shareholders.

[For more information on our selection of sustainability topics, see from page 33 onwards and \[basf.com/materiality\]\(https://www.basf.com/materiality\)](#)

<sup>1</sup> The people depicted in this report complied with the regulations in place at the time the photos were taken – before or during the coronavirus pandemic. The photos in which people appear without wearing a mask were taken before March 12, 2020.

<sup>2</sup> BASF is committed to promoting gender equity, which also involves attention to the use of language. Some words have only the masculine form in Portuguese because of its specificity. If they do not explicitly address the male gender, they are referring to all people in general.

<sup>3</sup> Hyperlinks direct to complementary content in Spanish.



## Message from president BASF for South America

*“We connect people and organizations, because we believe that only together we can succeed in creating chemistry for a sustainable future.”*

The year 2020 was marked by the effects of an unprecedented health and humanitarian crisis that affected healthcare systems and the economy worldwide. Our operations were also globally and regionally affected by this crisis.

United by our purpose to create chemistry for a sustainable future, our activities are aimed at three fronts: health and safety of our employees, service to our customers, and support to society.

With the commitment of our employees and the partnership with communities, governments, customers, and suppliers, we have reacted quickly to the crisis, keeping our activities in operation, with teams working from home office and also in our production plants.

The pandemic highlighted the importance of raw materials and solutions developed by the chemical industry, as we develop products that became essential for the pharmaceutical, hygiene, sanitation, household cleaning and packaging segments, among others. Our presence in different segments has enabled us to contribute to reduce the impacts of the health emergency and to safely deliver products to our customers. Moreover, we have reinforced our sustainability actions with significant impacts on society, as for example with the social engagement actions in the fight against COVID-19, which served more than 1.7 million people throughout South America. With different technologies, we have been close to our customers and we have strengthened our digital presence and our sustainable performance.

Even with the numerous challenges imposed on us during the year, we were able to grow in volume in South America in most segments. However, we were affected by the strong devaluation of local currencies, especially in Brazil and Argentina. As a result, the company's 2020 sales in South America decreased 6% compared to 2019, totaling €3.6 billion<sup>1</sup>.

We challenge ourselves day after day, setting and pursuing ambitious goals throughout the value chain, which you will learn about in this report. Therefore, we effectively live our purpose.

I would like to express my solidarity with all the people who have been directly impacted by the pandemic in their families.

Sincerely,

**Manfredo Rübens**  
President BASF for South America

<sup>1</sup> Regions: location of customer, group consolidated, sales to third parties; Sites: by legal entity, including sales to BASF group companies.

# BASF Group 2020 at a glance

## Key data

		2020	2019	+/-
Sales	million €	59,149	59,316	-0.3%
EBITDA before special items <sup>a</sup>	million €	7,435	8,324	-10.7%
EBITDA <sup>a</sup>	million €	6,494	8,185	-20.7%
EBIT before special items <sup>a</sup>	million €	3,560	4,643	-23.3%
EBIT <sup>a</sup>	million €	-191	4,201	.
Net income	million €	-1,060	8,421	.
ROCE	%	1.7	7.7	-
Earnings per share	€	-1.15	9.17	.
Total assets	million €	80,292	86,950	-7.7%
Investments including acquisitions <sup>b</sup>	million €	4,869	4,097	18.8%
		2020	2019	+/-
Employees at year-end		110,302	117,628	-6.2%
Personnel expenses	million €	10,576	10,924	-3.2%
Research and development expenses	million €	2,086	2,158	-3.3%
Greenhouse gas emissions <sup>c</sup>	million metric tons of CO <sub>2</sub> equivalents	20.8	20.1	3.5%
Energy efficiency in production processes	kilograms of sales product/MWh	540	598	-9.7%
Accelerator sales	million €	16,740	15,017	11.5%
Number of on-site sustainability audits of raw material suppliers		50	81	-38.3%

a Restated figures 2019; for more information, see [basf.com/report](https://www.basf.com/report)  
b Additions to property, plant and equipment and intangible assets  
c Excluding sale of energy to third parties

## Segment data



### Chemicals

		2020	2019	Million €
Sales		8,071	9,532	
EBIT before special items		445	791	



### Materials

		2020	2019	Million €
Sales		10,736	11,466	
EBIT before special items		835	1,003	



### Industrial Solutions

		2020	2019	Million €
Sales		7,644	8,389	
EBIT before special items		822	820	



### Surface Technologies

		2020	2019	Million €
Sales		16,659	13,142	
EBIT before special items		484	722	



### Nutrition & Care

		2020	2019	Million €
Sales		6,019	6,075	
EBIT before special items		773	793	



### Agricultural Solutions

		2020	2019	Million €
Sales		7,660	7,814	
EBIT before special items		970	1,095	

# The BASF Group

**At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 110,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is divided into Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions segments.**

## Organization of the BASF Group

We have 11 divisions grouped into six segments:

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

We take a differentiated approach to steering our businesses according to market-specific requirements and the competitive environment. We provide a high level of transparency around the results of our segments and show the importance of the Verbund and value chains to our business success. BASF aims to differentiate its businesses from their competitors and establish a high-performance organization to enable BASF to be successful in an increasingly competitive market environment.

In line with BASF's corporate strategy, the operating divisions, service units, the regions and a Corporate Center have formed the cornerstones of the BASF organization since January 1, 2020. We have streamlined our administration, sharpened the roles of services and regions, and simplified procedures and processes. These organizational changes have created the conditions for greater customer proximity, increased competitiveness and profitable growth.

Our divisions bear operational responsibility and are organized according to sectors or products. They manage our 52 global and regional business units and develop strategies for the 75 strategic business units.

The regional and country units represent BASF locally and support the growth of business units with local proximity to customers. For financial reporting purposes, we organize the regional divisions into four regions: Europe; North America; Asia Pacific; South America / Africa / Middle East.

Together with the development units in our operating divisions, the three global research divisions – Process Research & Chemical

Engineering, Advanced Materials & Systems Research and Bioscience Research – safeguard our innovative capacity and competitiveness.

Five service units provide competitive services for the operating divisions and sites: Global Engineering Services; Global Digital Services; Global Procurement; European Site & Verbund Management; Global Business Services (finance; human resources; environmental protection, health and safety; intellectual property; communications; procurement, supply chain and inhouse consulting services).

Following the bundling of services and resources and the implementation of a wide-ranging digitalization strategy, the number of employees in the Global Business Services unit worldwide will decrease by up to 2,000 (from 8,000 currently) by the end of 2022. From 2023 onward, the division expects to achieve annual cost savings of over €200 million.

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

The ongoing Excellence Program is expected to contribute €2 billion to EBITDA annually from the end of 2021 onward compared with baseline 2018, including from the reduction of around 6,000 positions worldwide until the end of 2021. This decrease results from the organizational simplification and from efficiency gains in administration, the service units and the operating divisions. In addition, central, functional and regional structures are being streamlined in connection with portfolio changes.

To increase reporting transparency, the figures for investments accounted for using the equity method were restated in the first quarter of 2020. Some investments are not an integral part of the BASF Group. These include, in particular, the shares in Wintershall Dea GmbH, Kassel/Hamburg, Germany, and Solenis UK International Ltd., London, United Kingdom. Since the first quarter of 2020, these have been classified as purely financial investments and reported separately from the shareholdings that are integral to the main business activities of the BASF Group. One material equity-accounted interest that has been classified as integral is BASF-YPC Company Ltd., Nanjing, China. Income from non-integral companies accounted for using the equity method is no longer presented in the BASF Group's EBIT and EBIT before special items, but under net income from shareholdings. Due to its increased significance, this will be presented as a separate subtotal within income before income taxes and is no longer part of the financial result. Integral and non-integral investments accounted for using the equity method are also presented separately in the balance sheet. The statement of income for 2019 has been restated accordingly.

On September 30, 2020, BASF completed the divestiture of its construction chemicals business to an affiliate of Lone Star, a global private equity firm, as agreed in December 2019.<sup>1</sup> The purchase price on a cash and debt-free basis was €3.17 billion. The Construction Chemicals division was previously reported under the Surface Technologies segment. The divested construction chemicals business had around 7,500 employees and operated production sites and sales offices in more than 60 countries. It generated sales of around €2.6 billion in 2019. The disposal gain and the income after taxes of the construction chemicals business until closing are presented in the income after taxes of BASF Group as a separate item (“Income after taxes from discontinued operations”).

### Sites and Verbund

---

BASF has companies in around 90 countries. We operate six Verbund sites and 241 additional production sites worldwide. Our Verbund site in Ludwigshafen, Germany, is the world’s largest chemical complex owned by a single company that was developed as an integrated network. This was where the Verbund principle was originally established and continuously optimized. We then implemented it at additional sites. In 2020, we started the construction of the first plants at the planned integrated Verbund site in Zhanjiang, China.

The Verbund system is one of BASF’s great strengths. We add value by using our resources efficiently. The Production Verbund intelligently links production units and their energy supply so that, for example, the waste heat of one plant provides energy to others. Furthermore, one facility’s by-products can serve as feedstocks elsewhere. This not only saves us raw materials and energy, it also avoids emissions, lowers logistics costs and leverages synergies.

We also make use of the Verbund principle for more than production, applying it for technologies, the market and digitalization as well. Expert knowledge is pooled in our global research divisions.

### Procurement and sales markets

---

BASF supplies products and services to around 90,000 customers<sup>2</sup> from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and small and medium-sized enterprises to end consumers.

We work with over 70,000 Tier 1 suppliers<sup>3</sup> from different sectors worldwide. They supply us with important raw materials, chemicals, investment goods and consumables, and perform a range of services. Important raw materials (based on volume) include naphtha, liquid gas, natural gas, benzene and caustic soda.

### Business and competitive environment

---

BASF’s global presence means that it operates in the context of local, regional and global developments and a wide range of conditions. These include:

- Global economic environment
- Legal and political requirements (such as European Union regulations)
- International trade agreements
- Industry standards
- Environmental agreements (such as the E.U. Emissions Trading System)
- Social aspects (such as the U.N. Universal Declaration of Human Rights)

BASF holds one of the top three market positions in around 70% of the business areas in which it is active. 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. We expect competitors from Asia and the Middle East in particular to gain increasing significance in the years ahead.

### Corporate legal structure

---

As the publicly traded parent company of the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group, and is also one of the largest operating companies. The majority of Group companies cover a broad spectrum of our business. In the BASF Group Consolidated Financial Statements, 273 companies including BASF SE are fully consolidated. We consolidate nine joint operations on a proportional basis, and account for 25 companies using the equity method.

<sup>1</sup> The construction chemicals business was transferred in two steps, on September 30, 2020, and on November 30, 2020.

<sup>2</sup> The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.

<sup>3</sup> BASF considers all direct suppliers of the BASF Group in the business year concerned as Tier 1 suppliers. These are suppliers that provide us with raw materials, investment goods, consumables and services. Suppliers can be natural persons, companies or legal persons under public law.

# Our Strategy

## Corporate Strategy

**At BASF, we are passionate about chemistry and our customers. We want to be the world's leading chemical company for our customers, grow profitably and create value for society. Thanks to our expertise, our innovative and entrepreneurial spirit, and the power of our Verbund integration, we make a decisive contribution to changing the world for the better. This is our goal. This is what drives us and what we do best: We create chemistry for a sustainable future.**

The world is facing major challenges. Climate change is advancing, the world's population is growing and so is its need for food. More and more people live in cities and the demand for individual mobility is rising. At the same time, natural resources are limited. More than ever before, we need solutions that make sustainable growth possible. Chemistry plays a key role here. It can help to overcome global challenges in almost all areas of life. By combining our expertise with our customers' competence, we can together develop sustainable and profitable solutions.

Our innovations, products and technologies help to use natural resources more efficiently, produce enough food for everyone, reduce emissions, enable climate-smart mobility, improve the capabilities of renewable energy, and make buildings more energy efficient, among other things. Our purpose reflects what we do and why we do it: We create chemistry for a sustainable future.

### Our corporate purpose

We create chemistry for a sustainable future

We want to continue to grow profitably and make a positive contribution to society and the environment. We see disruptive changes in the chemical industry – like the advance of digitalization, the development of circular economy models or the transformation to climate-neutral production – as an opportunity. We have set ourselves ambitious targets along the entire value chain.

Our customers and their needs are at the core of our strategy. We want to maintain our leading position in an increasingly competitive environment. To achieve this, we are accelerating our innovation processes and deepening cooperation with our customers. We are systematically aligning our portfolio with growth areas and integrating sustainability into our value chains even more strongly. Our Verbund structure is the basis for efficient, safe and reliable production both now and in the future. We leverage digital technologies to continuously improve processes and customer relationships, for example. We create a working environment that best enables our employees to contribute to BASF's success.

## Customer focus

Our customers are our number one priority. BASF supplies products and services to around 90,000 customers<sup>1</sup> from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and small and medium-sized enterprises to end consumers. Our comprehensive product portfolio means that we are active in many value chains and value creation networks. We use various business strategies, which we adapt to the needs of individual industries and markets. These range from cost leadership in basic chemicals to tailored, customer-specific system solutions.

We want to be our customers' most attractive partner for all challenges that can be solved with chemistry. This is why we continue to drive forward our focus on customers and their needs. We are refining our organizational structure so that our operating divisions can flexibly address specific market requirements and differentiate themselves from the competition. In addition, we are simplifying and digitalizing our processes to make the way we work more effective, more efficient and more agile.



### Ultrasim®: Shorter development times thanks to virtual simulation

Technical progress requires innovative materials. This is why engineering plastics are being used in more and more sectors and applications. They are often significantly lighter than conventional materials, are usually easier to process and offer advantages such as heat and impact resistance or mechanical strength. As a leading manufacturer, BASF not only offers a comprehensive portfolio of high-performance plastics, but also has extensive expertise in computer-aided engineering (CAE). Ultrasim, our virtual simulation tool, covers the entire process chain – from the selection of suitable materials and the development of virtual prototypes to the optimal production process for the component. Our customers find out quickly, precisely and reliably how our materials behave in specific applications. This reduces development times and saves costs for complex tests.

For more information on Ultrasim, see [basf.com/en/ultrasim](https://www.basf.com/en/ultrasim)

<sup>1</sup> The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.



We are continuously increasing transparency for our customers and improving our customer service with a range of measures. For instance, we have used the Net Promoter System® since 2019. We are constantly improving our problem-solving skills, product quality and delivery reliability based on customer feedback. In 2020, we also started the global rollout of Salesforce, a new, integrated IT-based customer relationship management system. The user-friendly application helps sales employees deliver even better customer support and simplifies their work.

## Innovations and tailored solutions

in close partnership with our customers

Above and beyond this, we want to intensify cooperation with our customers and leverage growth potential together with them. For instance, we have created interdisciplinary teams in our business units to better and more quickly address the needs of our most important customers. Cooperation and innovation are also the focus at our Creation Centers in Ludwigshafen, Germany; Mumbai, India; Shanghai, China; and Yokohama, Japan. These creative centers bring together our comprehensive materials, design, and digital development expertise in high-performance plastics using the latest visualization and collaboration technologies. This enables us to transform our customers' ideas into tailored products and applications even more quickly – everything in one place, from initial inspiration to solution.

### Customer awards

We again received awards from a number of satisfied customers in 2020. In North America, for example, BASF was recognized by General Motors (GM) in June as a 2019 Supplier of the Year for the fifteenth time since 2002. The award is presented to suppliers who exceed GM's expectations around quality, execution, innovation and total enterprise cost. GM also honored us with the Overdrive Award for our sustainable construction solutions. BASF products help GM to meet key sustainability targets – such as a smaller carbon footprint and water and energy savings – at two of its plants.

In Europe, the global surface treatments business in our Coatings division, which operates under the Chemetall brand, received the Airbus Supply Chain & Quality Improvement award in February 2020 for the sixth time. It acknowledges Chemetall's performance, strong continuous improvement and customer-oriented approach in line with Airbus' targets and expectations.

In Asia Pacific, we received an award from Godrej Interio, India's leading home and commercial furniture brand, in the category Best Overall Performance in July. BASF has supplied Godrej with Elastoflex and Ultramid products since 2008. The award particularly recognizes delivery reliability and innovation. In September, this was followed by the CIIF New Materials Award, presented by the organizers of the China International Industry Fair in Shanghai. The award recognizes BASF for its modification of the intermediate

PolyTHF, which is used to produce elastic spandex textile fibers. The next generation offers our customers easier processing and products with improved stretch characteristics.

In Brazil, we received several awards in 2020. BASF's Coatings division markets a broad portfolio of decorative paints under the Suvinil brand. The national association of construction material traders (*Associação Nacional dos Comerciantes de Material de Construção*) elected Suvinil as the best company in the category of coatings for walls, ceilings, and facades, in the category of large customers. The award was based on a survey of more than 1,600 traders conducted by the industry association. Suvinil was also acknowledged as the most remembered paint brand in the country, according to the Folha de S. Paulo newspaper's Top of Mind Award, one of the most acknowledged awards in the marketing universe. Winning in the Top Wall Paint category for the 18<sup>th</sup> consecutive time and adding its 20<sup>th</sup> achievement in the award overall. These achievements also earned it the award in the Top Performance category, which had already been won in 2013 and now reaffirms the brand as the highlight and the only one acknowledged on this front in the 2020 edition.

### Quality management

Our customers' satisfaction is the basis for our success, which is why quality management is of vital significance for BASF. We strive to continually improve processes and products. This is also reflected in our Global Quality Policy. The majority of our production sites and business units are certified according to ISO 9001. In addition, we also meet industry and customer-specific quality requirements such as IATF 16949 certification for the automotive industry.

## Our strategic action areas

We have defined six strategic action areas through which we will sharpen our customer focus and achieve our goals.

### Innovation

Innovation is the bedrock of our success. BASF is an innovation leader in the chemical industry, with around 10,000 employees in research and development and R&D spending of around €2.1 billion. We continue to build on these strengths by bringing research and development closer together and making our customers' demands a greater part of our innovation process. We involve them at an earlier stage and are expanding our partnerships with customers and external partners.

### Sustainability

A key driver is sustainability. We want to create value for the environment, society and business with our products, solutions and technologies. Therefore, we are increasing the relevance of sustainability in our steering processes and business models. This establishes us as a key partner supporting our customers, opens up new growth areas and secures the long-term success of our company.

### Operations

Our core business is the production and processing of chemicals. The Verbund offers us many technological, market, production-related and digital advantages. Our comprehensive product portfolio, which ranges from basic chemicals to custom system solutions, enables us to meet the increasingly diverse needs of our customers with a differentiated offering.

### Digitalization

Digitalization is an integral part of our business. We want to significantly improve the availability and quality of our process data. To achieve this, we will digitalize processes at more than 420 plants worldwide by 2022. We will systematically analyze this data to further automate processes and in this way, increase efficiency. Combining internal and external data provides many new opportunities to manage our businesses more efficiently, improve processes and create value added for our customers.



### Portfolio

With our acquisitions and divestitures, we have oriented our portfolio toward innovation-driven growth areas. The acquisition of the integrated polyamide business from Solvay and the purchase of various businesses from Bayer further strengthened our position in engineering plastics and in the agricultural sector. The Asian market will play a key role in our future growth. Our strong innovation, production and sales base in China enables us to respond to the needs of our customers in a differentiated way. To further strengthen our position in this dynamic growth market, we plan to build an integrated Verbund site in Zhanjiang.

### Employees

Our employees are key to BASF's success. That is why we believe that it is important to have a working environment that fosters employees' individual talents and enables them and their teams to perform at their best. We are giving our employees more individual freedom. At the same time, we encourage and promote a leadership culture that empowers our employees to respond to customer needs quickly and efficiently with a solution orientation.

## Corporate values

guide our conduct and actions

**Creative:** We make great products and solutions for our customers. This is why we embrace bold ideas and give them space to grow. We act with optimism and inspire one another.

**Open:** We value diversity, in people, opinions and experience. This is why we foster feedback based on honesty, respect and mutual trust. We learn from setbacks.

**Responsible:** We value the health and safety of people above all else. We make sustainability part of every decision. We are committed to strict compliance and environmental standards.

**Entrepreneurial:** We focus on our customers, as individuals and as a company. We seize opportunities and think ahead. We take ownership and embrace personal accountability.

## Our targets














Business success tomorrow means creating value for the environment, society and business. That is why we have set ourselves ambitious global targets along our entire value chain and the three dimensions of sustainability. We report transparently on our target achievement so that our stakeholders can track our progress.

We want to grow faster than the market, further increase our profitability, achieve a return on capital employed (ROCE) considerably above the cost of capital percentage and increase the dividend per share every year based on a strong free cash flow. In addition to these financial targets, we pursue broad sustainability targets.

BASF is setting itself even more ambitious goals on its journey to climate neutrality and wants to achieve net zero emissions by 2050. In addition, we want to reduce greenhouse gas emissions globally by 25% by 2030 compared to 2018. We also strive to strengthen sustainability in our supply chains and use natural resources responsibly. We want to further improve safety in production. In addition, we aim to promote diversity within the company and create a working environment in which our employees can thrive and perform at their best.

The objective of these targets is to steer our business into a sustainable future, and at the same time, contribute to the implementation of the United Nations' Sustainable Development Goals (SDGs).

## 2020 Target Achievement Status

Profitable growth	SDG <sup>1</sup>	Target	2020 status
Achieve a return on capital employed (ROCE) considerably above the cost of capital percentage every year	 	>9%	1.7%
Grow sales volume faster than global chemical production every year	 	>-0.4%	-0.5%
Increase EBITDA before special items by 3%–5% per year	 	3%–5%	-10.7%
Increase the dividend per share every year based on a strong free cash flow	 	>€3.30	€3.30
Climate protection <sup>2</sup>		Target	2020 status
25% reduction in CO <sub>2</sub> from 2018 to 2030 (Scope 1 and 2)		≤16.4 MMT	20.8 MMT
Sustainable product portfolio		Target	2020 status
Achieve €22 billion in Accelerator sales by 2025	   	€22.0 billion	€16.7 billion

 Most important key performance indicators

<sup>1</sup> For more information on the Sustainable Development Goals (SDGs), see [sustainabledevelopment.un.org](https://sustainabledevelopment.un.org)  
<sup>2</sup> New target as of March 2021

Responsible procurement	SDG <sup>1</sup>	Target	2020 status
Cover 90% of our relevant spending with sustainability evaluations by 2025	 	90%	80%
Have 80% of our suppliers improve their sustainability performance upon re-evaluation	 	80%	68%
Resource efficiency and safety		Target	2020 status
Reduce worldwide process safety incidents per 200,000 working hours to ≤0.1 by 2025	 	≤0.1	0.3
Reduce worldwide Lost Time Injury rate per 200,000 working hours to ≤0.1 by 2025		≤0.1	0.3
Introduce sustainable water management at our production sites in water stress areas and at our Verbund sites by 2030	 	100%	46.2%
Employee engagement and diversity		Target	2020 status
Increase the proportion of women in leadership positions with disciplinary responsibility to 30% by 2030		30%	24.3%
More than 80% of our employees feel that at BASF, they can thrive and perform at their best		>80%	82%

# BASF in the regions

BASF Group sales 2020: €59,149 million  
 EBIT 2020: -€191 million

**North America**



**16,440**  
Sales<sup>1</sup> (in million €)

**-201**  
EBIT (in million €)

**16,948**  
Employees<sup>2</sup>

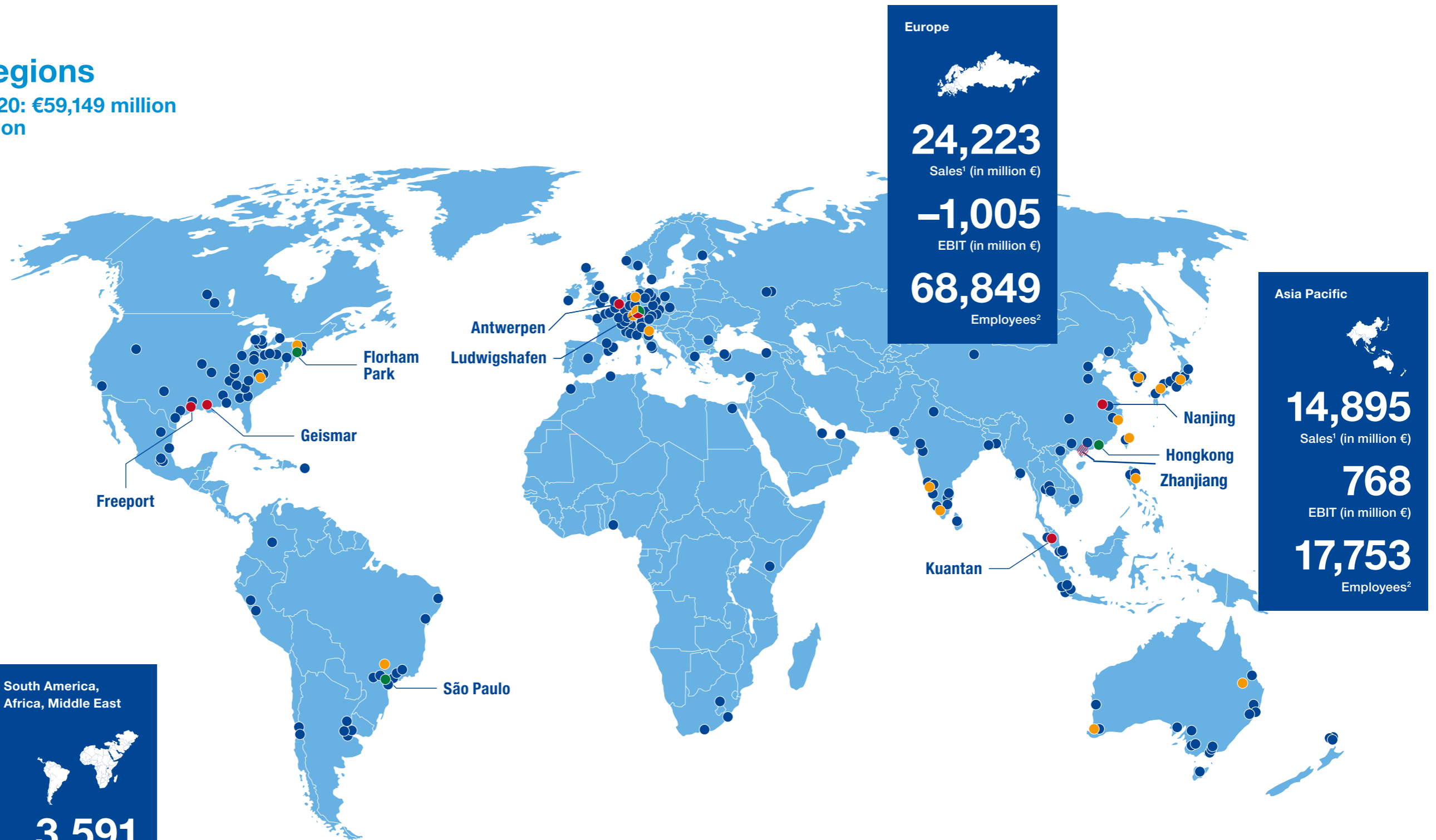
**South America, Africa, Middle East**




**3,591**  
Sales<sup>1</sup> (in million €)

**247**  
EBIT (in million €)

**6,752**  
Employees<sup>2</sup>



**Europe**




**24,223**  
Sales<sup>1</sup> (in million €)

**-1,005**  
EBIT (in million €)

**68,849**  
Employees<sup>2</sup>

**Asia Pacific**



**14,895**  
Sales<sup>1</sup> (in million €)

**768**  
EBIT (in million €)

**17,753**  
Employees<sup>2</sup>

- Regional centers
- Selected sites
- Verbund sites
- ▨ Planned Verbund sites
- Selected research and development sites

<sup>1</sup> In 2020, by location of company  
<sup>2</sup> At year-end 2020

# BASF on the Capital Market

In 2020, the stock markets were dominated by the spread of the coronavirus and the resulting social and economic effects. Despite the exceptionally high economic burden caused by the coronavirus pandemic, a dividend of €3.30 per share has been granted, as in the previous year. Based on the year-end share price for 2020, BASF shares continue to offer an attractive dividend yield of around 5.1%.

## BASF share performance

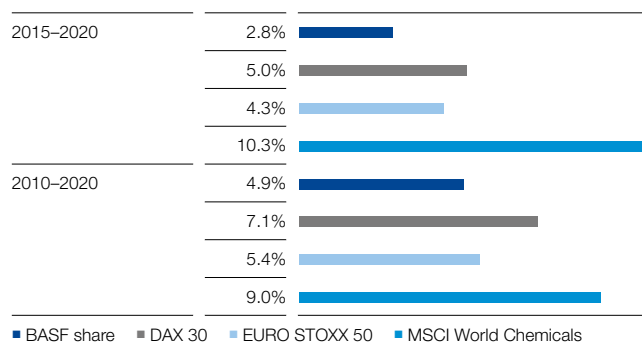
- BASF share price declines 3.9% in 2020
- Assuming that dividends were reinvested, BASF's share performance rose by 2.3%

BASF share closed the 2020 stock market year at €64.72, a decrease of 3.9% compared with the previous year's closing price (€67.35). After the significant downturn in share prices caused by the pandemic in the first half of 2020, BASF's share price recovered and stabilized over the second half of the year but remained slightly below the prior-year closing price.

Assuming that dividends were reinvested, BASF's share performance rose by 2.3% in 2020. The DAX 30, the benchmark index of the German stock market, rose by 3.5% over the same period, while the European EURO STOXX 50 index decreased 3.2%. The global industry index MSCI World Chemicals increased 14.8%. The assets of an investor who invested €1,000 in BASF shares at the end of 2010 and reinvested the dividends in additional BASF shares would have increased to €1,614 by the end of 2020. This represents an annual yield of 4.9%.

## Long-term performance of BASF shares compared with indexes

Average annual increase with dividends reinvested



## Weighting of BASF shares in important indexes as of December 31, 2020

DAX 30	5.5%
EURO STOXX 50	2.3%
MSCI World Chemicals	6.0%

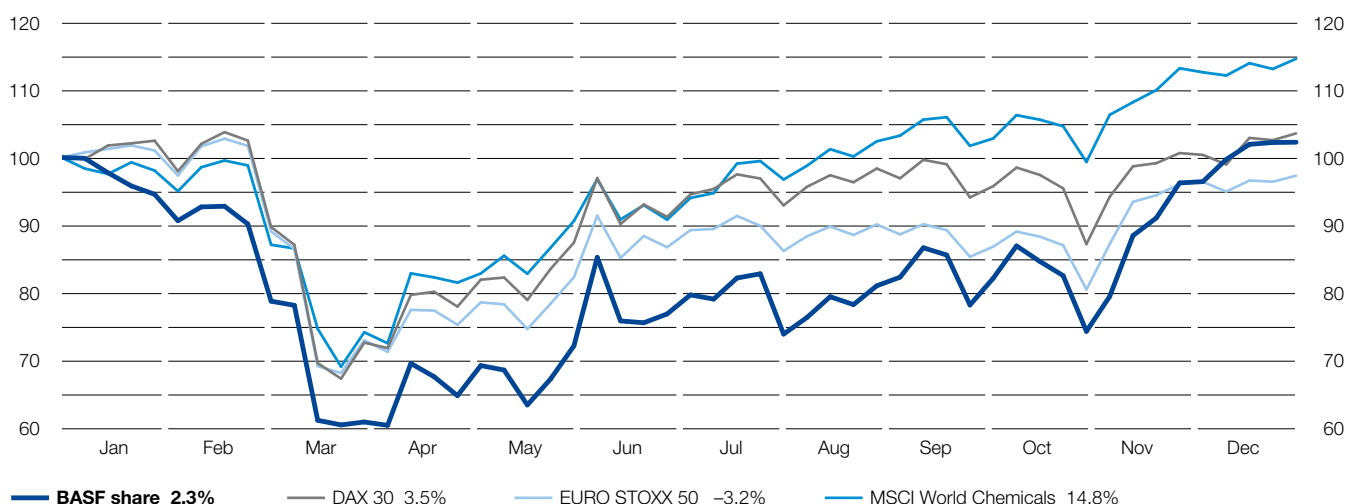
## Dividend of €3.30 per share

As in the previous year, a dividend of €3.30 per share has been granted, resulting in a payment of €3.0 billion to shareholders. Due to the exceptionally high economic burden caused by the coronavirus pandemic, which also impacted the BASF Group's free cash flow, the dividend per share has not been increased for the first time since the 2009 business year.

Based on the year-end share price for 2020, BASF shares offer a high dividend yield of around 5.1%. BASF is part of the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30.

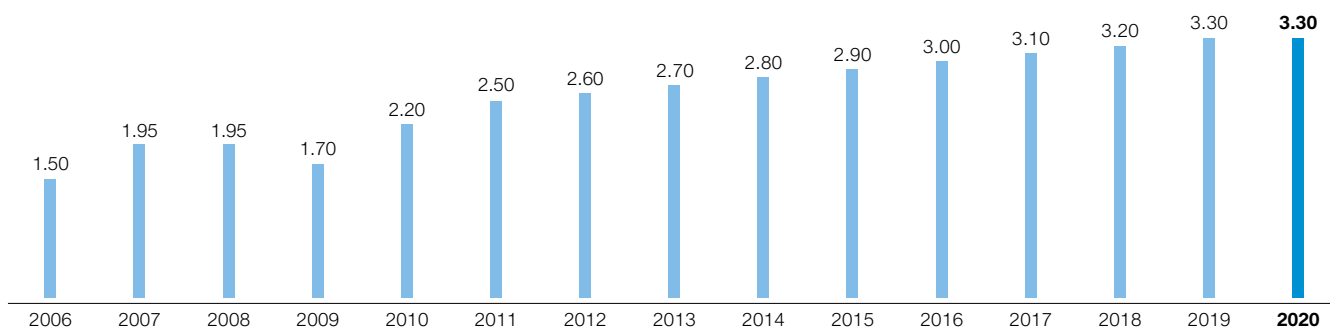
## Change in value of an investment in BASF shares in 2020

With dividends reinvested; indexed



### Dividend per share

€ per share



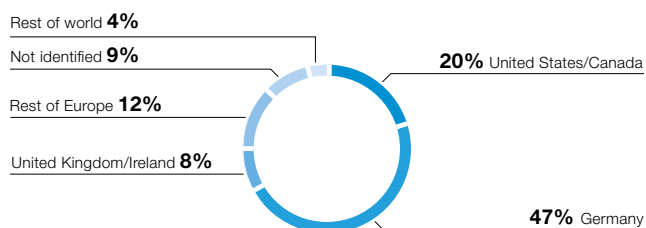
### Broad base of international shareholders

With over 700,000 shareholders, BASF is one of the largest publicly owned companies with a high free float. An analysis of the shareholder structure carried out at the end of 2020 showed that, at around 20% of share capital, the United States and Canada made up the largest regional group of institutional investors. Institutional investors from Germany accounted for around 11%. Shareholders from the United Kingdom and Ireland hold 8% of BASF shares, while investors from the rest of Europe hold a further 12% of capital. Approximately 36% of the company's share capital is held by private investors, nearly all of whom reside in Germany. BASF is therefore one of the DAX 30 companies with the largest percentage of private shareholders.

#### Shareholder structure

By region, rounded

By region, rounded



### Employees becoming shareholders

In many countries, we offer share purchase programs that turn our employees into BASF shareholders. In 2020, for example, around 27,600 employees (2019: around 25,400) purchased employee shares worth €61.1 million (2019: €70.5 million).

### BASF – a sustainable investment

BASF has participated in the program established by the international organization CDP (formerly the Carbon Disclosure Project) for reporting on data relevant to climate protection since 2004. CDP is an international organization representing around 515 investors with over \$106 trillion in assets and more than 150 major organizations with \$4 trillion in purchasing power. In 2020, BASF again scored an A– on CDP's Climate List, giving it Leadership status. In the scoring framework used by CDP in 2020, BASF was ranked among the best 25% of the participating chemical companies. In the CDP assessment for sustainable water management, BASF again achieved the top grade of A and thus Leadership status. In 2020, BASF participated in the CDP's "Forest" assessment for the first time and was ranked A–. As a participant in various value chains, BASF is committed to ending deforestation in these supply chains. One of BASF's measures to protect the forests is its voluntary commitment to source 100% of its palm oil and palm kernel oil from certified sustainable sources by 2020. We met this target in 2020.

BASF continued to be included in the MSCI ESG Ratings in 2020 with the second-highest score of AA. The analysts highlighted BASF's Verbund system as a key competitive advantage for resource-efficient processes. BASF's emissions intensity for greenhouse gases and air pollutants – one of the lowest compared with competitors in the chemical industry – was also assessed positively.

### Analysts' recommendations

Around 30 financial analysts regularly publish studies on BASF. The latest analyst recommendations for our shares as well as the average target share price ascribed to BASF by analysts can be found online at [basf.com/analystestimates](https://www.basf.com/analystestimates).

# BASF in South America – Local Report

## Executive Committee

**Luciana Amaro**  
Vice President of  
People Services

**Andrés Jose  
Monroy Trujillo**  
Vice President of  
Country Cluster  
South

**André Oliveira**  
Legal Director,  
Insurances,  
Intellectual  
Property and Chief  
Compliance Officer

**Marcos Allemann**  
Vice President of  
Decorative Paints

**André Wehrmann**  
Senior Vice President  
of Chemicals, Surface  
Technologies, Services  
and Chief Financial  
Officer



**Alberto Jose  
Zuñiga Sanchez**  
Vice President of  
Country Cluster  
Andes

**Manfredo Rübens**  
President

**Antonio Lacerda**  
Senior Vice President  
of Nutrition & Care,  
Industrial Solutions  
and Materials

**Cristiana Brito**  
Director of  
Corporate Affairs  
and Sustainability

**Sergi Vizoso**  
Senior  
Vice President  
of Agricultural  
Solutions

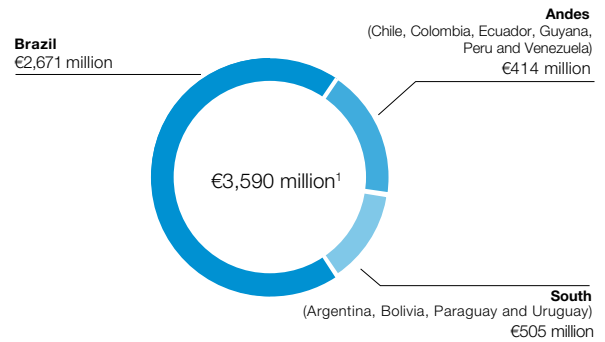
**Vera Felbermayer**  
Vice President of  
Site Management,  
Operations & Digital  
Support

# BASF in South America

## Overview

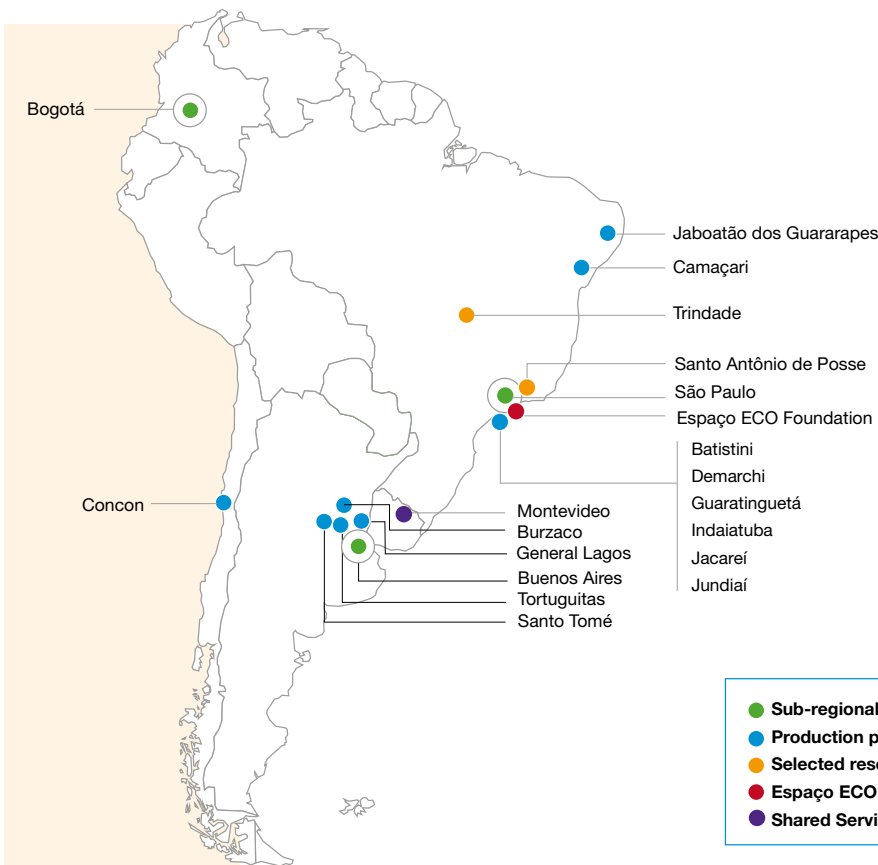
**At BASF, we create chemistry for a sustainable future, while combining economic success with environmental protection and social responsibility. Our purpose guides our portfolio of solutions, which contribute to the preservation of natural resources, enable the production, ensure the quality of the food and help to improve the quality of life.**

We believe in South America in a long-term operation. We create business opportunities as a strategic partner for our customers, contributing to their sustainable performance and business results. We invest in the development and research of solutions and new technologies in our production sites, and we create value for our customers through our solutions. Sales in South America in 2020 totaled €3,590 million<sup>1</sup>.



Since the establishment of BASF in Brazil, in 1911, and the installation of the first production site in Guaratinguetá (SP, Brazil), in 1959, we have been committed to growing profitably and generating value for society, to be “the world’s leading chemical company for our customers”.

### Production and Selected Sites



**In South America**  
 Head Office São Paulo, Brazil  
 13 production plant and 42 agricultural research and innovation centers.

The 11 business units are supported by regional corporate service units. They are organized by geographic location:

- Brazil
- Country Cluster Andes: Chile, Colombia, Ecuador, Guyana, Peru and Venezuela
- Country Cluster South: Argentina, Bolivia, Paraguay and Uruguay

- Sub-regional head offices
- Production plant
- Selected research and development sites
- Espaço ECO Foundation, established and maintained by BASF
- Shared Service Center

BASF in South America Sales by location of customer in 2020<sup>1</sup>

# €3,590 million

Employees, as of December 31, 2020

# 5,850

<sup>1</sup> Location of customer, group consolidated, sales to third parties. Results include CCM – Precious Metals



# Implementation of our corporate strategy

**We are inspired by our purpose to “create chemistry for a sustainable future” and guided by our global corporate strategy, we have faced the challenges of 2020. In order to be the world’s leading chemical company for our customers, we will grow profitably and create value for society by protecting the environment.**

In 2020, we had to overcome extraordinary challenges due to the Coronavirus pandemic. Our corporate strategy – which puts customers at the very heart of our actions – was essential for this. We are committed to being the most attractive partner for our customers whenever they face challenges that can be overcome with chemistry.

In 2020, digitalization has accelerated because of this scenario. The pandemic has shown us that there are different ways to interact with our customers, it is a matter of adapting to make things happen.

We have developed several initiatives to maintain the connection and satisfaction of customers in times of social distancing.

Customers have shown us that we are on the right track: we have increased the satisfaction index by six points (2019: 64 to 2020: 70), through Net Promoter System (NPS)<sup>®</sup> feedback.

In addition, we were recognized by different institutions and the press with 37 recognitions and awards, 26 of them focused on sustainability and innovation.

Our work in South America, as you will see in this report, is supported by the pillars of the corporate strategy of the BASF Group – sustainability, innovation, digitalization, portfolio, operations and people.

 [Recognitions and awards](#)

## Strengthened by our corporate governance

Effective and transparent corporate governance ensures that BASF is managed and supervised responsibly and with a focus on creating value. It establishes trust with our investors, financial markets, suppliers, customers, employees and other interested parties.

Our governance standards are the same around the world. Therefore, we have updated the global Code of Conduct, which guides decisions and sets limits on which our employees must act to comply with internal laws and policies. It also converts our values into behaviours we expect from everyone, helping us to be accountable and to act with integrity, honesty, respect and safety.

 [Code of Conduct](#)

### Compliance


---


To support the governance model, based on the new corporate strategy, we have set ambitious Compliance goals for 2020 and 2021. Besides training, we have intensified risk evaluations of all business and service sectors. This new model supports us in effectively placing the customer in the core: with a solid governance structure that allows employees to be close to the customer and agile, without giving up on our principles and values.

### Ethics channel

---


Through the Ethics channel, anyone has the possibility to report their concerns or suggestions by phone, website, email or application. We want to be a reference for our employees and for society, operating consistently and in line with our discourse. Wondering how Compliance is expressing this ambition and what progress has been made in 2020?

 [Find out more, here](#)

 0800 600 5863

 [www.contatoseguro.com.br/basf](http://www.contatoseguro.com.br/basf)

 [eticabasf@contatoseguro.com](mailto:eticabasf@contatoseguro.com)

 app Contato Seguro (available on Apple Store and Google Play).



## Driven by chemistry

The coronavirus pandemic was unexpected, but we were able to adapt quickly to fight it, always focusing on the safety of our employees, while meeting the needs of our customers and supporting society.

## 2020 Situation

**When confronted with a new pandemic situation, we acted promptly to fight the spread of the coronavirus among employees, ensuring their health and well-being. We have co-created and met customer needs without interrupting operations. We have supported society through several social actions in times of vulnerability and need.**

Through chemistry, we make an important contribution to stand up against the health and economic crisis by supplying inputs to fight the pandemic in key segments such as personal care, health, hygiene and food. Our knowledge contributed to supporting customers, the value chain, and society by minimizing the impacts of this moment. We strengthen chemistry and our connections; we review processes and break paradigms. We have collaborated on different fronts since the beginning of the pandemic, supporting employees, suppliers, customers, partners and society.

We have formed teams in South America to coordinate all protective measures, considering the particularities of each country and city. We mobilized volunteer committees in Argentina (General Lagos, República and Tortuguitas); Brazil (Camaçari, Demarchi, Guaratinguetá, Indaiatuba, Jaboatão dos Guararapes, Jacareí, Morumbi, and Santo Antônio de Posse); Colombia (Bogotá); Ecuador (Guayaquil and Quito); Chile (Concón, Pudahuel and Quinta Normal), Peru (Lima), and Uruguay (Montevideo).

### We deliver value to the society

**We donated BRL 1 million (€160,000)** in food baskets in South America countries. With the support of BASF volunteers, we selected institutions and distributed more than 20,000 food baskets, delivered to people in need in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, and Uruguay.

In addition, around 800 BASF employees in South America mobilized and joined efforts to collect donations that were sent to institutions, hospital centers, and people in situations of social vulnerability. Through this action, which is part of the BASF Volunteer Program, employees collected food baskets, hygiene kits, and food, that were donated to different entities among other actions of social impact.

Our employees made a difference in South America through volunteer actions:

[Click here to learn more](#)



Food basket donation in Jacareí (SP, Brazil)

## How we minimized the negative impacts of COVID-19 in 2020:

- We conducted 115 actions aimed at society.
- We benefited more than 1.7 million people.
- We donated more than 700 tons of products, in partnership with our customers.
- We donated more than 20,000 food baskets.
- About 800 employees in Argentina, Brazil, Chile, Colombia, and Peru mobilized to different voluntary actions.

Throughout South America, we collaborated on several fronts by providing our solutions, as diapers donation and production of alcohol gel; and through strategic partnerships, such as the ones we have established with the Volkswagen Group Foundation and Suvinil's support *Pintar o Bem* (Painting for Good) program, for painters.

 [Learn about all actions](#)



## Let's hear it from our partners

“ Partnership with Suvinil made clear that we were not isolated but just socially distant. They have been very close to us in this period, really embracing the market, especially our stores. In addition to breakfasts with the executive board and employees, we had the opportunity to take the team to several events and technical training sessions, always presenting very rich content. The brand certainly comes out of all this even stronger, showing its leading role in any situation.

**Renato Sá**  
Strategy Director of Tintas MC network

“ The continuation of our partnership with Suvinil reinforces the importance of team work because at a challenging time like 2020 we can be even more certain that together we will go further, and we are better. A colorful Christmas comes to inspire Fortaleza (CE, Brazil), showing how we can take this moment to change our behavior, the various relationships, and even our connection with the business, bringing to the environment colors full of energy so that we remain firm with our optimistic perspective.

**Pablo Guterres**  
Director at Desconexo Design

“ We thank everyone who were part of this initiative<sup>1</sup>. Through this partnership with BASF, we were able to reach the communities that are really needed and affected by the pandemic and, in this way, we demonstrate that teamwork and collaboration are the way to build stronger social ties.

**Martin Bollati**  
Product Development and Marketing Manager at Algabo

“ In current circumstances, we know that everyone has an important role in stopping the infection and preventing more people from being infected by COVID-19. Therefore, initiatives like this one, carried out in partnership with BASF for the donation of items that help with hygiene as a way to prevent the disease, are fundamental. It is rewarding and meets Natura & Co's greatest goal, which is to take care of everyone, including our relationship network that involves consultants, representatives, consumers, employees and partners.

**Angela Pinhati**  
Manufacturing Director of Natura

“ We appreciate the commitment of BASF and of all the people involved in the productive and business sector for making this project<sup>2</sup> happen. This was possible thanks to the talent and innovation of Inventu and the commitment of national and public universities. This is a joint and collective work between the public and private sectors to support solidarity in the face of this unusual situation. A process of synergy that we highlight and want to improve in the future.

**Franco Bartolacci**  
Dean of the Universidade Nacional de Rosário (National University of Rosario)

“ When BASF informed us of its intention to donate a surface cleaning agent with sanitizing effect, we promptly made ourselves available to collaborate. We have always done a small amount of work in the communities close to the company, but we had never participated in an operation like this that was very significant at a time of such importance for our population.

**Luiz França**  
Co-owner of the chemical distributor Royal Marck

<sup>1</sup> Alcohol gel production by Algabo, using Luviset®360.

<sup>2</sup> Creation of artificial intensive care respirators that can be used globally, at a cost of 20% to 25% of the total value of respirators currently available on the market.



## About us

We value and respect people. Our success is built by people and our work is focused on them – that is why "people" is one of the pillars of our strategy.

# People build our success

**During 2020, we strongly experienced our purpose of creating chemistry for a sustainable future. To contribute to our customers and society, in these challenging times, our people reinvented themselves and innovated, in a very committed way.**

As a preventive measure to reduce people circulation and preserve the health of our employees, the administrative staff has been working remotely since March 2020.

Regarding activities that requires the physical presence such as in factories, laboratories and field team, we have continued operating enforcing all the safety measures, as well as guidelines on social distancing procedures, contamination, and transmission prevention methods, provision of hand sanitizers, masks, and extra cleaning in the environments.

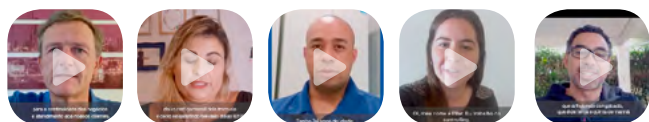
Our activities and teams supported essential industries to fight COVID-19: we did not stop our operations and we developed solutions for the many demands that arose.

With respect and empathy, we have strengthened each other. We have taken care of the physical health and well-being of our people.

Aiming to act in a proactive and responsive way to ensure customer service and business continuity in the face of the pandemic, we have carried out several actions that strengthened our transparency in definition and disclosure our next steps as a company.

We have disseminated information regarding health, new guidelines and rules for remote and on-site work; we have provided guidance and support for the physical and emotional health of our employees. The actions included holding dozens of live informative webinars, the creation of specific bulletins for the subject, and regular direct messages from BASF's President in South America to the employees.

We conducted a series entitled *Diário BASF* (BASF Diary), with testimonials from employees in South America, how they managed the daily challenges of the pandemic.



Click on the images to access the videos

## Well-being

We take care of our people and believe that well-being is a resource for sustainable productivity and emotional connection between the employee and BASF. Therefore, in 2020, we created an area called Well-Being, which aims at offering experiences and services that facilitate the quality of life and integral health of our employees and their families.

As a way to support the challenges arising from the pandemic, we created the *Estar-Bem* Movement. It is an initiative that offers remote solutions structured in four pillars: physical, emotional and social well-being, in addition to development. Addressing current topics, defined through internal surveys with the employees, more than 600 sessions have already been held in South America and much of the content produced in Brazil is available online for everyone on the website ([plus.onono.com.br](https://plus.onono.com.br)).



We also launched the **Sempre Bem Channel**, which provides free and confidential psychological, legal, financial and social assistance to employees and dependents over the phone.

## Our commitment to safety

For us, safety is a non-negotiable value. We are committed to the safety of our employees and contractors and, also, of the communities where we are located.

In 2020, faced with the challenges presented by the pandemic, we implemented and communicated health and safety protocols to prevent contagion by coronavirus at all sites in the region. During the safety week, topics related to COVID-19 were addressed with a focus on prevention and behavior, as well as initiatives to prevent work incidents and to promote process safety, safe operation of forklifts and equipment, among others. We had more than 5,400 participants in online and in-person lectures, following all health and safety procedures.

Through our commitment to strengthen the Zero Loss of Containment attitude in our operations, in-person and virtual seminars and dialogues on safety in the field were promoted at a regional level, involving our own employees and contractors.

We also highlight the initiatives for the development and implementation of digitalization in important processes in the safety sector, simplifying and optimizing the work permit system and performing an integrated management of contractors in legal and safety issues.

**Lost Time Injury rate 2020 – South America<sup>1</sup>**

**0.16**

**BASF employees, temporary employees and contractors**

<sup>1</sup> The Lost Time Injury (LTI) is calculated considering the sum of accidents and fatalities involving BASF employees, temporary employees and contractors for 200,000 hours worked.

## Our people

We have 5,850 employees in South America with different ethnicities, ages, knowledge and experiences. These are people with diverse characteristics and backgrounds who work aligned with our purpose of creating chemistry for a sustainable future, guided by our global strategy that puts the customer at the center of all our actions.

“People” is one of the six pillars of our global strategy, meaning it is a driver and goal for everyone. And, among our main principles is the empowerment of our employees, so they can swiftly and consistently provide a better offer to the customers.

### Demographics data

#### Total number of employees by Group of Countries<sup>1</sup>

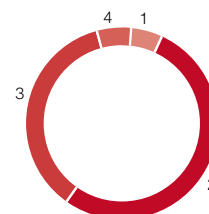
<b>2020</b>	Brazil	4,215		72%
Total	South <sup>2</sup>	1,146		19.6%
5,850	Andes <sup>3</sup>	489		8.4%
<b>2019</b>	Brazil	4,155		69.7%
Total	South <sup>2</sup>	1,144		19.2%
5,957	Andes <sup>3</sup>	658		11.0%

<sup>2</sup> Consolidated BASF Group companies in Argentina and Uruguay

<sup>3</sup> Consolidated BASF Group companies in Chile, Colombia and Peru

#### Employees by age group – Brazil

1	Up to 25 years old	4.8%
2	Between 26 and 39 years old	53.3%
3	Between 40 and 54 years old	36.7%
4	55 years old or older	5.1%



**Women employed in South America** **30.6%**

**Women in leadership positions in South America<sup>1</sup>** **32.2%**

<sup>1</sup> Includes all consolidated BASF Group companies.



## Health

The implementation of the global health, safety and environment policy is based on our Responsible Care® Management System and counts on the active participation of all employees. They receive extensive training and are part of intensive health and safety programs.

Our occupational health standards are globally specified by a network of experts.

We measure our health protection performance using the Health Performance Index (HPI), which comprises five components: recognized occupational diseases, medical emergency preparedness, first aid, preventive medicine and health promotion. Each component contributes a maximum of 0.2 to the total score (maximum: 1.0). Our overall goal is to reach a value of more than 0.9 each year. In 2020, we reached a global HPI of 0.92 (2019: 0.97).

The figure is slightly lower than in previous years due to the coronavirus pandemic. As a result of which a number of criteria crucial to the HPI could not be held on the usual scale, for instance: activities that required physical participation such as emergency drills, examinations or first aider training.

The coronavirus pandemic also made many health protection measures necessary in 2020.

We have strongly operated in the fight against the pandemic through the development of internal prevention and care protocols. Among our initiatives are:

- Development of an application to facilitate early diagnosis of COVID-19.
- Expansion of the health team to better serve employees and third parties.
- Active participation in all crisis committees related to the COVID-19 pandemic.
- Technical meetings and individualized assessment of all suspected and confirmed cases of COVID-19.
- Disciplinary measures aimed at compliance with the COVID-19 prevention protocol.
- Implementation of preventive measures necessary to face the pandemic (anticipating legal requirements).

In addition, we have developed a continuing education plan for our employees about the importance of preventive measures and early diagnosis.

In 2020, we innovated with the influenza vaccination campaign (carried out in advance) by means of a “drive-thru”, with home care and by telemedicine. This campaign was carried out in all units in South America, except Ecuador.

## Recognition and appreciation

To achieve the best from each person, we seek to provide employees with a work environment that inspires and connects people, supported by inclusive leadership based on mutual trust, respect, and dedication to achieve superior performance.

The reformulation of the internal recruitment policy was one of the outstanding projects in 2020, expanding the possibilities for the different career plans. It is based on a solid culture of selection and internal moves. This new version provides for more flexible movements, allowing career transitions and nonlinear movements, which ensure employee satisfaction and efficient selection. It also enables employees to participate in temporary project opportunities, helping them to connect with different segments and relevant knowledge. In 2020, we had four high impact projects with 20 internal opportunities available – with regional action.

Our global engagement survey, as well as pulse check surveys conducted throughout the year, showed that the people management actions were perceived as positive and that the team was committed in helping us achieve our strategy.

### Strategic goal:

More than **80%**  
of our employees feel that at BASF, they can thrive and perform at their best.

## Eureka

We value and stimulate creative culture and innovation for excellence. For 40 years, employees in South America have been contributing with ideas, projects and solutions to their daily lives through the Eureka program. Most of the 2020 suggestions focused on simplification and automation of processes.



## Continuous learning

The pandemic and the new remote work situation required new skills from our employees. In March, we adapted our entire training portfolio to a virtual format, making it more effective and interactive. Therefore, we facilitate the exchange of experiences and debates, encourage the relevance of employees, and provide what is necessary for the challenges of the moment. The number of participants exceeded our expectations, motivating us to make extra training courses available.

We also designed the training and content according to the specific need of each sector/business, such as Emotional Intelligence, Impact Communication & Crucial Conversations (with Non-Violent Communication), and Time Management. In this way, we provide more flexibility and customization for participants.

## Knowledge in practice

- **800 participants** in virtual and interactive webinars on Employee Development (EED) – BASF’s annual employee development cycle – and Individual Development Plan
- **12 informative live webinars**, specific to support the emotional health of employees
- **7 webinars** aimed at leadership, totaling about **500 participants**, to discuss and share your challenges about virtual team management
- **190 trainings** in behavioral skills and compliance

## Diversity & Inclusion

Valuing diversity and promoting inclusion are part of our strategy, and guide our relationship with our employees, customers, suppliers, communities and partners.

It is not only the right thing to do, but we also believe that different teams, operating in an inclusive environment and in a culture of openness and respect, create more valuable interactions, generate innovation and creative solutions for our employees, customers and society.

As part of the governance of the subject in the company, we have a dedicated area: the D&I Management. It is part of the HR leadership team for South America and also operates to integrate concepts of the subject as a key pillar for all the various HR subsystems and processes.

We also have the South American Diversity & Inclusion Network (SA D&I Network), composed of the company’s senior executives from different sectors, countries and businesses, as well as its HR partners (business partners). This Network’s mission is to operate as an ambassador of the D&I strategy, ensuring that this subject is transversal to the company and expanding the positive impact on the relationship with our stakeholders (employees, customers, partners, suppliers and communities).

Since the beginning of our Diversity & Inclusion journey, we have fostered the creation of affinity group, made up of volunteer employees. Thanks to the collaboration between the leadership and the affinity groups, we were able to take the subject to all our employees through educational actions, internal marketing campaigns, debates, events, and round-table discussions.

Gender equity, inclusion of LGBTI+ and inclusion of people with disabilities are the priority subjects for all countries in the region. In Brazil, we also focus on racial groups and in Chile, generations and immigrants – to reflect additional country particularities.

We have worked on these subjects based on the countries' characteristics, difficulties faced in local labor markets, legislation and legitimate demands of society. Priority does not mean that we do not consider other subjects, such as religion, styles, origin, among others. It means that we prioritize the development of affirmative actions. In other words, they are structured actions to accelerate the transformation process that we aim to implement. Therefore, we are always looking for ways to transform accordingly on basis of our corporate values and are always searching for ways to proceed with these transformations.

After all, we recognize that Diversity & Inclusion are key elements for the success of our businesses and our people. Consequently, we have developed actions and policies to foster an inclusive culture, contributing to a respectful environment so that all people feel valued for being who they are and the way they are and, accordingly, they can embrace their potential.

**Our global and local commitments:**

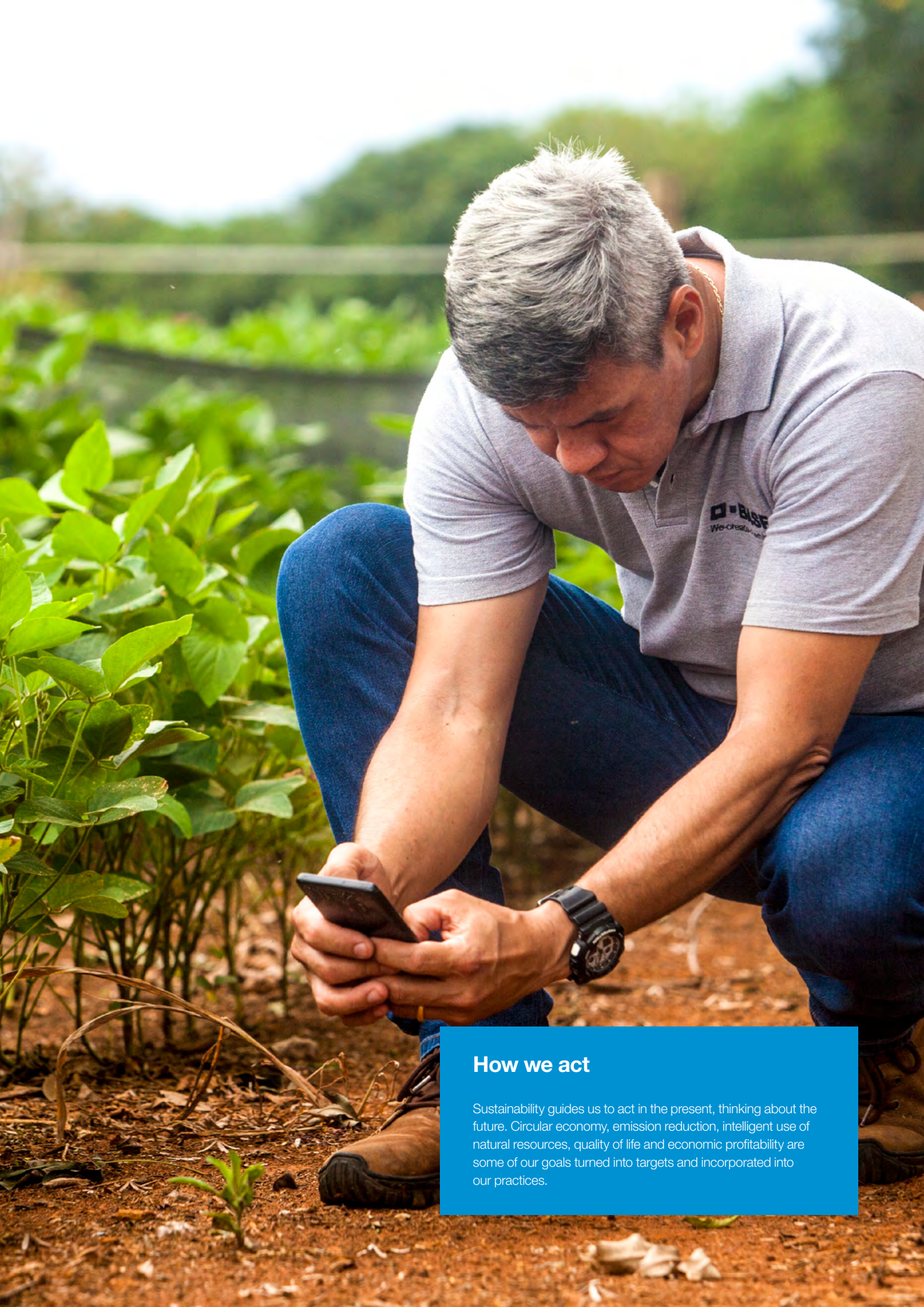
- Subscriber to the WEPs | UN Women (Principles of Female Empowerment)
- Subscriber to the LGBTI+ Business and Rights Forum
- Part of the MM360 (Movimento Mulheres 360) (Women 360 Movement)
- Seal of Human Rights and Diversity of the City of Sao Paulo, Brazil | racial equality category

**Suvinil**

In 2020, Suvinil announced to revise of the names of nine paint colors that alluded to skin tones. Realizing that the names were not adequate, Suvinil promoted the change in order to make everyone feel welcome and represented. This is yet another initiative of the brand, which has been transforming itself and developing initiatives to be increasingly diverse.



Diversity & Inclusion are key elements to our business success



## How we act

Sustainability guides us to act in the present, thinking about the future. Circular economy, emission reduction, intelligent use of natural resources, quality of life and economic profitability are some of our goals turned into targets and incorporated into our practices.

# Sustainability

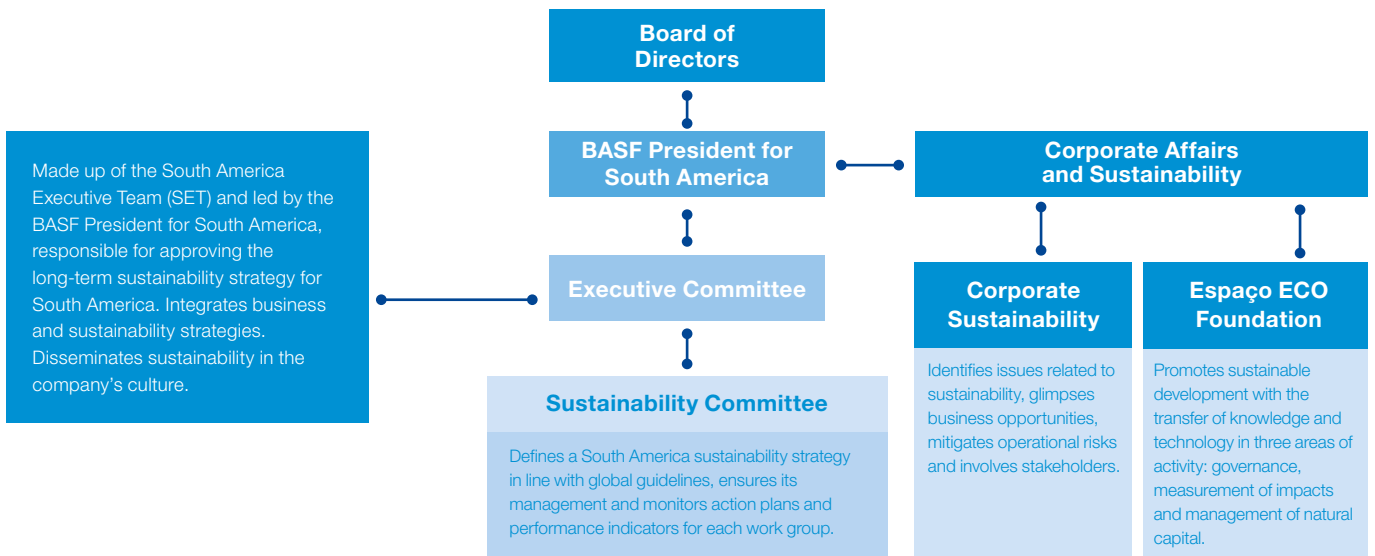
**To succeed in the long-term, we understand that it is necessary to create value for the environment, society and the economy. For this, we make corporate commitments in our operations and throughout the value chain.**

## Sustainability governance

BASF President for South America, Manfredo Rübens, leads the subject and the governance of sustainability in South America. The Sustainability Committee is the body responsible for applying governance and reporting to the Executive Committee of the region. It defines and monitors sustainability goals, projects and results. It is composed of executives representing several business sectors and service segments of BASF South America.



## Learn more about our sustainability governance



## Sustainability in practice

We want to be a leader in ideas and actions for sustainability. Find out more about how we help our customers to be more sustainable in South America.

 [Zidua® Pack \(Argentina\)](#)

 [Análise do Ciclo de Vida \(Brasil\)](#)

 [Pescado \(Colômbia\)](#)

 [Embalagem biodegradável e compostável \(Brasil\)](#)

 [Pintura de caminhões \(Chile\)](#)



### Sustainability in Agriculture

Our sustainability commitments are strengthened with the implementation of the global strategy for the Agriculture Solutions Division, launched in 2019, which focuses on providing the best experience for our customers. We put farmers even closer and at the center of our business decisions. We are driven by the aspiration to provide the world's population with access to sufficient, healthy and affordable food. At the same time, we aim to reduce the impact on the earth for future generations.

#### Our targets (by 2030)

- Reduce CO<sub>2</sub> emissions per ton of crop by 30%.
- Annually increase sales share of solutions with substantial sustainability<sup>1</sup> contribution by 7%.
- Bring digital technologies to more than 400 million hectares of farmland.
- Ensure safe use of BASF's products with right stewardship.

### Product carbon footprint

In order to provide transparency, we will be the first chemical company worldwide to disclose information regarding the CO<sub>2</sub> emissions of every product in our portfolio of about 45,000 items by the end of 2021. That is the Product Carbon Footprint (PCF), which comprises all related greenhouse gas emissions that occur until the product is sent to the customer: from the raw materials purchased to the use of energy in the production processes.

This will allow our customers to measure, manage and reduce the CO<sub>2</sub> footprint of their activities and end products. And we can develop plans together with our customers to reduce CO<sub>2</sub> emissions along the value chain until the product reaches the end customer. Learn more about our [Carbon Footprint](#).

### Sustainability in the value chain

When analyzing our suppliers, we consider economic aspects and technical capabilities. We also assess their practices related to environmental protection, compliance with human rights, labor and social standards, as well as anti-discrimination and anti-corruption policies. All must comply with applicable laws and follow internationally recognized corporate, environmental and social governance (ESG) standards. Ensuring the principles of sustainable development in our value chain is a priority for us. Our goal by 2025 is to ensure that 80% of our suppliers improve their sustainability performance.

Our relationship with suppliers is governed by the [Supplier Code of Conduct](#) and by our commitment to people and the environment.

**Together for Sustainability (TfS):** Since 2011, the TfS initiative currently brings together 29 members. TfS strengthens supply chain sustainability by evaluating and promoting good practices to improve the environmental, social and governance performance of chemical industry suppliers. Evaluations are conducted through questionnaires or standardized audits among the TfS members.

When necessary, an action plan is established for improving the suppliers' skills in management, environment, health and safety, ethics, working conditions and human rights, as well as governance.

TfS follows the guidelines of the UN Global Compact and the principles of Responsible Care®. In 2020, 106 evaluations and three audits of our suppliers were conducted in South America. From our suppliers that have been re-evaluated, 60% of them have improved their sustainability performance.



[Click on the image to access the videos](#)

<sup>1</sup> according to the "Sustainable Solution Steering" methodology (page 45, Portfolio)

In addition, the Webinar “**We Source Responsibly**” was realized in 2020 to engage and challenge suppliers to promote circular economy projects in partnership with BASF.

Through the **Integrare Integration and Business Center**, we bring diversity to the supply chain in Brazil. It helps to bring micro and small businesses led by black, disabled or indigenous people closer to large corporations. We made purchases worth € 2.2 million with 17 companies. In addition, two online events on Diversity & Inclusion were promoted in 2020. One of them focused on the importance and value generation of diversity and inclusion in the supply chain. In the second event, we promoted the services and products offered by Integrare suppliers, which enabled the generation of new business for these suppliers.

## Social engagement

We connect people, social organizations, public authority and companies to, together, overcome the challenges of the future, without losing sight of business opportunities. Thus, we adopt a strategy of social engagement focused on employability, scientific education and environmental education, protection of natural resources and biodiversity. The strategy is based on two pillars: shared value, to contribute to socio-environmental development and, at the same time, to carry out profitable business; and corporate citizenship, in order to participate in the social development of the communities where we operate.

**BASF donations, sponsorship and own projects in South America in 2020\***

**€2,800,000**

\* It includes actions to support society to minimize the impacts of the COVID-19 pandemic in Argentina, Brazil, Bolivia, Chile, Paraguay, Peru and Uruguay.







Community Advisory Panels (CAP) are channels of conversations focused on health, safety and environment

## Shared Value

Shared Value Projects contribute to social development, while promoting profitable businesses in the value chain.

### Learn more about some projects carried out in South America:

-  [ReciChain \(Brazil\)](#)
-  [Espacio Inclusivo \(Chile\)](#)
-  [Allin Kawsay / Limpiando el Campo \(Peru\)](#)
-  [Algodón Fibras del Corazón \(Colômbia\)](#)
-  [SumoTECH \(Colômbia\)](#)

## Corporate Citizenship

**Community:** The Community Advisory Panel (CAP), present in Guaratinguetá (SP, Brazil) and in São Bernardo do Campo (SP, Brazil), promotes dialogue and seeks solutions for issues of common interest related to health, safety and environment. In 2020, we completed 20 years of relationship with communities through this important channel. These groups are formed by BASF professionals and by representatives of different segments of society, such as public entities, neighborhood associations, non-governmental organizations (NGOs), class entities, schools and health clinics.

**Social and environmental projects:** Annually, through the **BASF Conectar para Transformar Open Call**, we hold a call for proposals for selection and support of projects carried out in Brazil (Guaratinguetá and São Bernardo do Campo); in Chile (Quinta Normal and Quintero); and in Argentina (Tortuguitas, in Malvinas Argentinas). Selected projects are sponsored and supported for one year.

 [Learn more about the projects supported in 2020](#)

At the request of the responsible institutions, some projects<sup>1</sup> approved in 2020 notice had their deadline extended for 2021 and will continue when there is an improvement in health conditions.

**Projects with tax incentives:** During 2020, we participated in 17 projects through fiscal incentive laws, involving investments of BRL5.3 million (€777,000).

 [Learn more about the projects supported in 2020](#)

## Espaço ECO Foundation

**Espaço ECO Foundation** was founded in 2005, based on the pioneering and innovative vision and on the recognition and investment of BASF to promote sustainable development in Brazil. Since then, it continues with autonomy and impartiality. The foundation is qualified as an OSCIP (Civil Society Organization for Public Interest), thus, reinvests the resources obtained through commercial projects in studies, research and actions centered in sustainable initiatives that benefit society.

It operates through consulting, in partnership with companies and committed to the needs of society. It develops customized projects so that organizations understand the environmental impacts of their products and processes, contributing to sustainable development in the business environment and society. It uses scientific methodologies, based on life cycle, quantifying and materializing aspects of sustainability, including the consumption of resources, emissions generation and wastes. It guides sustainable journeys through measurable projects, fostering avant-garde and innovative knowledge.



In 2020, the foundation celebrated 15 years of contribution to companies and society: by stimulating public reflections, valuing sustainability, acting in partnership with customers – co-creating solutions today to the challenges of tomorrow. To celebrate this date, the foundation promoted webinars on topics of the future, such as Value Chain, Circular Economy, Bioeconomy and Natural Capital.

### In 15 years, Espaço ECO Foundation:

- Developed about 250 studies and projects.
- Became an expert in the concept of Life Cycle Assessment: measurement of impacts under the environmental, social and economic aspects of products and services throughout the entire value chain.
- Planted more than 1.2 million Atlantic Forest native seedlings, reforesting about 73 hectares of land, through the Mata Viva program (including Floresta Mata Viva, initiatives with rural producers and emission compensation).

<sup>1</sup> ASABEN Conecta (Brazil); Carreta Literária (Argentina); Ciência en las escuelas (Argentina); Ecotransformadores (Brazil); Empoderar, Prototipar e Inovar (Brazil); Mares Limpos (Brazil); Sustentabilidade também se aprende (Brazil); and Plástico (Chile).



## Environmental protection

We are committed to the principles of the Responsible Care® Program, a voluntary initiative of the chemical industry. For continuous improvement in health, safety and environmental protection areas, which represent the central element of our management.

We have mapped indicators and defined concrete targets for each manufacturing unit. With an open and transparent dialogue with our stakeholders to present developments and results, ratifying our commitment to sustainability and to the safety of the operation.

### Energy

We offer our customers solutions that help prevent and reduce greenhouse gas emissions and improve energy and resource efficiency. More than 40% of our annual research and development spending goes towards developing these products and optimizing our processes, as well as towards research projects to make our processes more energy and resource-efficient and to prevent greenhouse gas emissions.

We have a regional goal to increase the energy efficiency in South America production units by 7% until 2025 (base year: 2016).

 Demarchi+Eficiente

 Excelência em Eficiência Energética (TripleE)



BASF's Industrial Paints and Varnishes Complex in São Bernardo do Campo (SP, Brazil)



Chemical Complex in Guaratingueta (SP, Brazil)

#### Total electricity consumption (Brazil, MWh)

Year	Consumption (MWh)
2020	284.130 <sup>1</sup>
2019	271.340
2018 <sup>2</sup>	270.254

<sup>1</sup> Including Batistini (SP, Brasil)

<sup>2</sup> The comparative figure for 2018 has been adjusted to reflect updated data.

#### Steam consumption (Brazil, metric tons)

Year	Consumption (metric tons)
2020	440.990 <sup>1</sup>
2019	458.863
2018 <sup>2</sup>	457.232

<sup>1</sup> The steam consumed considers the sum of the purchased and internally generated steam and subtracts the exported steam. Including Batistini (SP, Brazil)

<sup>2</sup> The comparative figure for 2018 has been adjusted to reflect updated data.

### Emissions and carbon management

At present, climate protection is extremely relevant to society and is a priority for BASF. We support the Paris Agreement, to limit global warming to less than 2 degrees Celsius, and the UN Sustainable Development Goal (SDG) number 13 – Action on Global Climate Change. We strive to contribute to climate protection through our solutions, our operations and through our collaboration with the government, the society and the market.

BASF is setting itself even more ambitious goals on its journey to climate neutrality and wants to achieve net zero emissions by 2050. Additionally, we want to reduce its greenhouse gas emissions worldwide by 25% until 2030 compared with 2018.

Our guideline is the Carbon Management Program, implemented globally since 2018. To achieve the climate goal, we take a three-step approach: increase production and process efficiency, purchase electricity from renewable (low carbon) sources and develop low-emission technologies and processes. In addition, the expected increases considering new acquisitions will be progressively compensated.

In 2020, we had a meaningful improvement in the total volume of CO<sub>2</sub> emissions in South America. The impact occurred mainly on account of the Heat Recovery Unit (HRU) of the Camaçari Acrylic Complex (BA, Brazil), one of the main sources of generation. We made improvements to optimize processes that reduced natural gas consumption by 23%.



\*Brazil 2020 (Scope 1 and 2)



Camaçari Acrylic Complex (BA, Brazil)

Learn about our project that contributes to the reduction of emissions:



**Emissions of pollutants<sup>1</sup> to the atmosphere per year** (Brazil, tons of pollutants per year)

2020	193	
2019	219	
2018	216	

<sup>1</sup> Pollutants: CO, NOx, NMVOC, SOX, Particulate Matter, NH<sub>3</sub>/other inorganic

**Greenhouse gas (GHG) emissions** (Brazil, tons of equivalent CO<sub>2</sub> per year)

2020	108.841 <sup>1</sup>	
2019	111.135	
2018	114.606 <sup>2</sup>	

<sup>1</sup> Including Batistini (SP, Brazil)

<sup>2</sup> The 2018 figure was adjusted according to BASF's global Baseline.

**Total fuel consumption** (Brazil, MWh)

2020	195.159 <sup>1</sup>	
2019	185.935 <sup>2</sup>	
2018	193.482 <sup>2</sup>	

<sup>1</sup> Including Batistini (SP, Brazil)

<sup>2</sup> The comparative figures for 2018 and 2019 have been adjusted to reflect updated data.

**Emissions of organic substances to water** (Brazil, tons COD<sup>1</sup> per year)

2020	224	
2019	170	
2018	254	

<sup>1</sup> COD= Chemical Oxygen Demand

**Metal Emissions<sup>1</sup> to water** (Brazil, tons of metals per year)

2020	0,3	
2019	0,6	
2018	1,1	

<sup>1</sup> Metals = As, Cd, Cr, Cu, Hg, Ni, Pb, Zn

**Nitrogen emissions to water** (Brazil, tons of nitrogen per year)

2020	12,8	
2019	12,6	
2018	18,5	

**Water**

We are committed to the responsible use of water throughout the entire value chain and, especially, in our production sites' water catchment areas. We set global targets for sustainable resource management in areas susceptible to water scarcity by 2030.

The sustainable use of water includes supply, use and reuse and return to the environment, as well as the continuous reduction of impacts. Our goal is to reduce by 25% the consumption in cubic meters of water supplied per ton produced in South America by 2025 (base year: 2016). We are on the right track considering that between 2002 and 2020, while we increased the absolute volume of production by 42%, we reduced the specific water consumption per ton of chemicals produced in South America by 58%.

In Brazil, practices carried out for years have brought significant results. In Guaratinguetá (SP, Brazil), the specific volume of water used from the Paraíba do Sul River decreased 82,9% in the period from 2002 to 2020.

In 2020, the Indaiatuba site (SP, Brazil) implemented the Smart Reuse project with the aim of reusing washing water and reducing consumption in production, reaching a 17% reduction in absolute water consumption from 2019 to 2020.

Another example comes from the General Lagos plant in Argentina, which managed to reduce specific water consumption by 18% compared to 2019, thanks to the implementation of an optimization project in the reactor cooling system.

**Total Water Supply** (Brazil, millions of cubic meters/year)

2020	2,6	
2019	2,7	
2018	2,8	

The volume of collected water considers what is taken from surface water sources (rivers), underground sources or public network.

**Water used for cooling** (Brazil, millions of cubic meters/year)

2020	121,6	
2019	128,0	
2018	134,2	

**Water used for production** (Brazil, millions of cubic meters/year)

2020	1,85	
2019	1,88	
2018	1,89	

**Incentivo ao Produtor de Água** (Water Producer Incentive): Water management of BASF also goes beyond the gates of the company. In Guaratinguetá (SP, Brazil), for instance, the Incentive Program for Water Producers aims at conservation and better use of water. The Program was implemented in the city in partnership with the local government, Espaço ECO Foundation and other partners. It proposes to increase the availability of water in the drainage basin of Ribeirão Guaratinguetá through practices and management of soil conservation, recovery of riparian forests and protection of the remnants of native vegetation and headwaters, encouraging rural producers to take care of permanent protection areas existing in their properties. Eight years since the start of this initiative, the Program annually achieves the reduction of 3.4% of surface water runoff and 18.9% of soil erosion, according to a study performed by Espaço ECO Foundation.



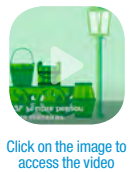
[Water Producer Program promotes better use of water and its conservation](#)

**Circular economy**

For us, the circular economy is much more than waste management. Our goal is to close cycles and to use products and resources in the best possible way throughout the entire value chain, reaching and generating value for customers and society. Globally, we want to increase our sales generated from circular economy solutions to €17 billion by 2030 – which is double the current value.



The model requires substantial changes in terms of technology and, especially, of everybody's behavior. We maintain continuous efforts to increase efficiency within our own production processes; in the production processes of our customers, and for the end-user in order to avoid the generation of waste. This is the simplest and most direct strategy to reduce the waste of natural resources – once its action extends to the entire value chain – and generate new business opportunities.



In 2020, BASF launched the Global Fund for Circular Economy Projects, reinforcing the relevance we give to this model. The investment is directed towards integrated projects (in the development of products, production processes, use and reuse of systems) that propose economic opportunities for businesses together with environmental and social benefits.

Projects can be proposed by employees all over the world and are evaluated by a specialized committee. The Silobag project was the first to be approved in South America from this contribution. It consists of a proposal for circularity of the plastic used in silo bags, a mobile grain storage system present in agriculture.

In partnership with Espaço ECO Foundation, we launched reciChain in 2020, a blockchain-based platform to scale circular economy solutions with information sharing between links in the packaging chain: packaging manufacturers, suppliers and recyclers, as well as civil society and government entities.

[Click here to learn more.](#)

In partnership with the startup Residuall, Suvinil created the pilot reverse logistics program for the disposal of packaging and paint scraps. Through this program, we can make the disposal of packaging easier, providing the correct disposal of waste.

The pilot project, carried out in 2020, consists in the installation of packaging and scraps collection points at 12 Suvinil stores in the metropolitan regions of the cities of São Paulo (SP, Brazil) and Belo Horizonte (MG, Brazil).

**Waste recycling rate** (Brazil, %)

2020	85	
2019	83	
2018	82	



## Connections to innovate

Based on a strategy of connecting, experimenting and developing technologies through co-creation, we encourage and promote the proximity to ecosystems, providing innovation and promptness to solutions for our customers.

# Innovation

**We are motivated to develop innovative solutions to the most important challenges of our time: limited natural resources, climate change and the demands of a growing world population.**

In addition to offering solutions to the demands of society (and the new consumer profile), innovation also contributes to building effective solutions for customers, creating products that bring us closer to our purpose, achieving efficiency in operation. It is also by means of innovation that we advance in our commitment to governance and sustainable development, strengthening our responsibility and our relationship with investors.

We develop integral innovation strategies to systematically address process, product and business model innovation.

## Onono, Center for Scientific and Digital Experiences

Onono, Center for Scientific and Digital Experiences, played an essential role in promoting virtual connection in times of social distancing and remote work. The **platform** was created in 2019 to connect the ecosystem through innovation to transform business. In 2020, it connected BASF, customers and partners to co-create, present solutions and innovate.

The partnership with Escola Superior de Propaganda e Marketing (ESPM), in São Paulo (SP, Brazil), was strengthened. For three months, in addition to the networking possibility, students learned in practice tools to stimulate creativity, collaboration, project management, and entrepreneurship. The program has already reached more than 250 students between 2019 and 2020 and resulted in the completion of 12 projects for the company, five of which have already been partially implemented.



Onono Platform shares knowledge

## AgroStart

Founded in 2016 and known for the acceleration of agribusiness startups, AgroStart has expanded its operating area, becoming a complete platform for entrepreneurship and open innovation. The initiative has already interacted with more than 500 startups and performed nine acceleration processes.

### AgroStart is focused on four pillars:

- Acceleration of startups (external to BASF) in early or advanced stages.
- AgroStart Garage for creating business models and experiments in BASF.
- Innovation ecosystem, connecting important partners such as Bosch, Samsung, Mercedes-Benz and Banco do Brasil to the agribusiness value chain.
- BASF Venture Capital, contribution of US\$ 4 million in a fund dedicated to Agtechs.

Get to know some of our innovative platforms:

[In the AgroStart open innovation program, we go beyond our horizons to seek innovation](#)

[xarvio™ FIELD MANAGER](#)

[Plataforma B-Active](#)

## Suvinil Fora da Lata

In 2020, the paint brand Suvinil launched the second edition of Suvinil Fora da Lata (Suvinil Out of the Can), in partnership with Liga Ventures, an accelerator that connects large companies to startups. The program continues the connection of the brand with the ecosystem of startups, promoting innovation, technology and creative economy. The four start-ups selected in the first edition continued the implementation of the projects in 2020: Residual, development of solutions for waste management and improvement of reverse logistics; OnCase, focused on market change through Big Data, Business Intelligence, Analytics and Artificial Intelligence; Pix Force, in the development of new tools for the end consumer using Artificial Intelligence applied to Computer Vision; and Forsee, with the creation of a management model supported by Artificial Intelligence, Analytics and IoT capable of analyzing all stages of the manufacturing process, optimizing resources and increasing productivity.



Research station of Santo Antonio de Posse receives investment in infrastructure, laboratories and equipment

## Research stations

**Expansion of the Agricultural Solutions Division research centers in Brazil:** The Research Station of Santo Antonio de Posse (SP, Brazil), which completed 40 years in 2020, received investments of approximately 7.6 million euros in infrastructure, laboratories and equipment. The contribution will also be used in the Seed Treatment Technology Center expansion to develop chemical and biological solutions for seed treatment, inoculants, polymers and quality control. In addition, the unit has the Crop Analytics laboratory, which is focused on the development of technologies in seeds, performing molecular tests to ensure the quality and integrity of the genetic material.

The improvements include the renovation and expansion of several buildings, totaling 18,000 square meters built after the investment.

### Agricultural Solutions Division Centers in Brazil

- Santo Antônio de Posse (SP, Brazil) – crop protection
- Trindade (GO, Brazil) – seeds and traits (biotechnological events/genetic improvements)

### Global data

- 10,000 Research and Development (R&D) employees worldwide.
- Over €2 billion invested in research and development.
- 950 new patents in 2020 (2019: 1,000).



## Close and connected to each other

We want digitalization to be a key differentiator to position BASF as the leading chemical supplier and operator for our customers.

# Digitalization

**The 2020 environment has accelerated and strengthened digitalization, which began a few years ago. It is fundamental to keep us competitive and, therefore, one of our strategic pillars. With the digitalization, we create new opportunities: we increase the connection and proximity to customers; we add value to the business; we increase the efficiency and effectiveness of products and processes. We use the digitalization opportunities to ensure our long-term success and promote the success of our customers.**

Digitalization shall be part of our DNA, to create exciting new customer experiences and promote business growth, as well as drive process efficiency.

Aligned with our corporate strategy, we put the customer at the center. In times of social distancing, digitalization has a fundamental role to bring us closer, keep us connected, and gain efficiency. We create a new form of open interaction, sharing content to support the business of customers, creating forums to increase the knowledge and strategic vision of our employees and the general public. With digitalization, we continue our operations uninterrupted, safely, and efficiently. We implement new tools for the customer relationship and for the entire sales cycle. We connect production processes to business, enabling faster and more efficient decision-making.

We can strengthen our relationship, contribute to improving the performance of our customers and support them in this time of crisis, through workshops, product launches, virtual meetings, among other digital events – seeking solutions in a joint and integrated way in this time of crisis. It is a new structure for customer relationship.

## Digitalization in agriculture

We took another important step towards digitalization in agriculture, with the approval – by the Administrative Council for Economic Defense (Cade) – of the joint operation of BASF Digital Farming and Bosch.

The combination of Bosch and **xarvio™ Digital Farming Solutions** will bring intelligent spraying and planting solutions, resulting in optimization, sustainability and more profitability to the producer.

In addition to the foundation of the new company based in Germany, a project center will be inaugurated in Curitiba (PR, Brazil).

## We Care

The intense demand for pharmaceutical, household cleaning and personal hygiene products in 2020, caused by the coronavirus pandemic, motivated us to develop the **We Care** platform. It is directed to the industries of these sectors and gathers content

aimed at the fight against COVID-19. It includes solutions and suggestions of formulations for the production for the manufacture of dishwasher and laundry products, soaps, wet wipes, surface cleaners, hand sanitizer and medicines. In addition, we provide the necessary information about the inputs used in each composition and instructions on their use.

Aligned with the actions to face the crisis, we created the **Virtual Pharma Assistant** program. With this platform, it is possible to simulate formulations and get instructions on regulation and quality control of medicines. In addition, the portal provides forms required by the National Health Surveillance Agency (Anvisa) to fill out.

## Reset Movement

The **Reset Movement** was developed to support professionals and companies negatively impacted due to the crisis caused by the pandemic. The initiative of the Personal Care division expanded to the automotive, health, and nutrition sectors.

The movement brought together customers and partners in digital events, provided the exchange of experiences, promoted specialized consultancies, as well as offered training, provided partnerships, and fostered discussions of current issues.

**It is based on four pillars:** People, Partnerships, Innovation, and Awareness, which correspond, respectively, to new ways of developing, collaborating, thinking, and acting.

## Suvinil: painting new opportunities

Since the beginning of the brand's repositioning in 2018, Suvinil has been searching for greater rapprochement and connection with all its public and acted quickly, facing the pandemic scenario, with strategies that have potentialized the digital environment as a communication, interaction and sale channel. We have gotten even closer to resellers, consumers and painters.

With the campaigns **#SuvinilNaSuaCasa** (**#SuvinilInYourHome**) and **Pluralidade** (**Diversity**), we have provided content and interaction with consumers, customers, and partners, through stories, inspirations, and opportunities for connections.

The **#SuvinilNaSuaCasa** campaign was divided into four main topics **Pintou Dúvidas** presentation with professionals in the area and tips on trends; **Lives Suvinil** (interactive content between industry experts and consumers); **Pintou Dúvidas** lectures about the world of colors, aimed at professionals of architecture and design; and **Meu Negócio** (**My business**) – content developed to support partner resellers. In this way, we have increased the content on social networks, resulting in double the number of followers and interactions with the brand, as well as the launch of a profile on social networks dedicated to content, interaction, and connection with the painters.





Suvinil embraces diversity as its brand territory

The brand's digital channels and the effort and investment in the Suvinil Online Store (a marketplace that directs orders to resellers), in addition to the pandemic scenario, significantly increased online sales in 2020. The Suvinil Online Store already has resellers in 19 Brazilian states and grew eight times in orders (Dec/20 vs Jan/20).

We have carried out more than 700 editions of the “Café com a Suvinil” with our resellers, who helped in the identification of opportunities (based on the demand of each one) and also strengthened the connection and relationship with this public.



Digital and interactive environment

### BASF Virtual X

We held the BASF Virtual X, which was an innovative business fair developed entirely in a digital and interactive environment. 3D Navigation ensured a unique experience for participants. During the event, a number of solutions and opportunities for various industry segments were presented, including small and medium-sized businesses.

In the virtual journey, approximately 1,000 visitors walked through 11 stands with online service from all our business sectors, with access to our portfolio of more than eight thousand products, which can be combined in different ways for about 60,000 uses.

- 11 virtual stands for different industry sectors
- 30 webinars
- 100 contents produced

### New platforms

In 2018, we were the first chemical company in South America to launch a B2B digital commerce platform, the **shop@BASF**. In the shop we offer online chemical solutions for various industries such as footwear, cleaning products, personal care, sugar and ethanol. The platform also provides technical information, trending content, sample availability, and consulting services. By using the tool, sales are made to more than 300 customers.

Shop@BASF is available in Argentina, Brazil, Chile, Colombia, Ecuador, Peru, and Venezuela.

In 2020, the initiative was recognized at the BASF Business Excellence Award as one of the eight most important ideas of the company in the world for promoting innovation and excellence for business.



## Purpose-driven

Our purpose guides our portfolio of solutions, which contribute to preserve natural resources, ensure healthy food and nutrition, and improve the quality of life.

# Portfolio

We analyzed the contributions of our products to the sustainability of our customers through the evaluation of our entire value chain. Our solutions are analyzed according to their sustainability performance in the market use, considering a balance among economy, environment and society.

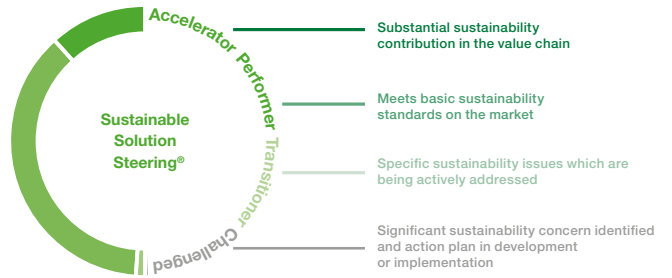
We implemented Sustainable Solution Steering in 2012, when we started to analyze and classify our products according to their sustainability performance when applied in the market.

After these assessments, we named four categories (Accelerator, Performer, Transitioner and Challenged), according to their contribution to sustainability. The most advanced category of products is Accelerators, which make a significant contribution in sustainability to the value chain. We have the global goal of reaching € 22 billion in sales of these products by 2025 (2020: €16.7 billion).

Check out some of the solutions in the fight against COVID-19

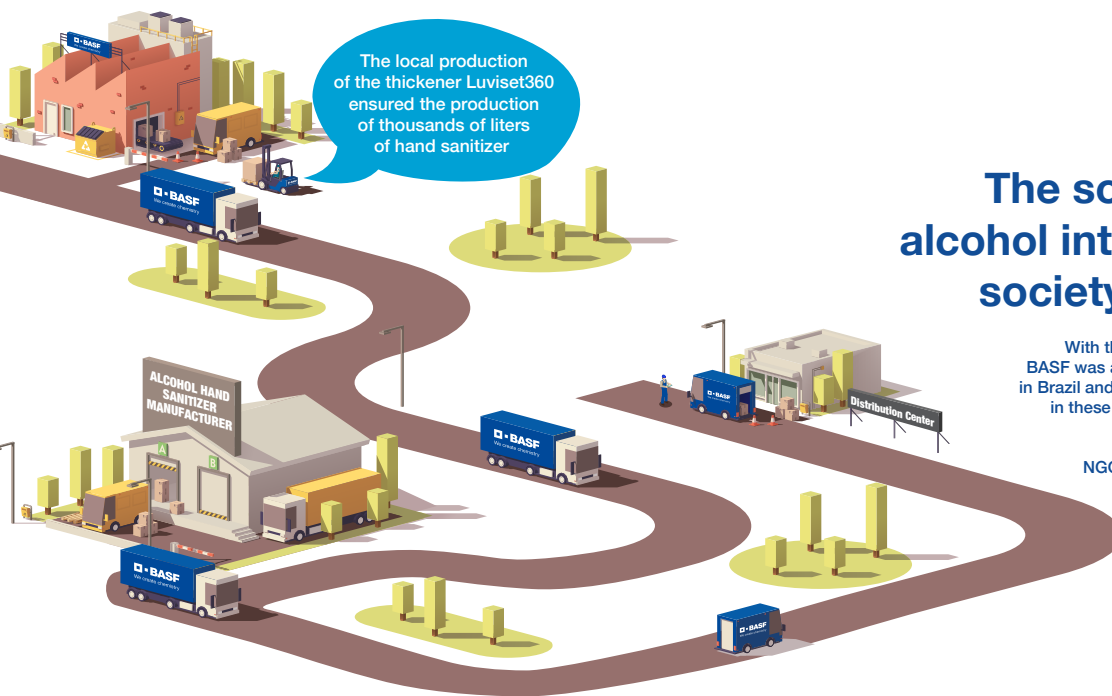
-  Luviset® 360
-  Polyquart® PRO A
-  Soluprat™

## Solutions contribute to sustainability in the value chain



## Portfolio expansion

In 2020, the integration of the polyamides business began, in another important step in the acquisition process the polyamides business from Solvay, which, in South America, became part of the BASF Performance Materials division. We have strengthened the ability to offer innovative products in a wide variety of engineering plastics due to this acquisition. We are also present throughout the value chain of polyamide 6.6, through reverse integration with the main raw material, the adiponitrile (ADN).



## The solution turns liquid alcohol into gel and benefits society in the pandemic.

With the local production of the thickener Luviset360, BASF was able to support manufacturers of hand sanitizer in Brazil and Argentina, enabling the supply of the products in these locations. In addition, through donations of the solution to partner companies in the countries, the company was able to benefit hospitals, NGOs and families in social vulnerability situations.



## Operations

We want the best operation to provide our customers with high-quality products in the most competitive and reliable way.

# Operations

**We have increased the availability and efficiency of our plants through operational excellence. We have invested 400 million euros per year in operational improvement measures in our worldwide units.**

Industry 4.0 has been positively impacting the performance of our teams. By using mobile devices, we have access to relevant and up-to-date information for our daily work. This technology allowed, for example, to maintain the operation of the factories considering the health and safety protocols during the pandemic.

A specific area – Smart Manufacturing – is dedicated exclusively to accelerating digitalization in factories, increasing the effectiveness and efficiency of production processes through the use of digital technologies and data, enabling better decision-making in a faster way. We want to significantly improve the availability and quality of our process data. To achieve this, we will digitalize processes at more than 420 plants worldwide by 2022.



Click on the image to access the video

## Matrix

We have offered the Manufacturing, Training and Innovation Experience (Matrix) space to our employees and visitors at the Chemical Complex in Guaratinguetá (SP, Brazil). By entering the place, visitors and employees have experienced existing and upcoming innovative technological experiences, such as virtual or augmented reality, tablet for productive areas, training, and idea development. By using “holographic glasses” or “smart glasses”, people have seen real images of the industrial facilities. This resource have been potentiated as a solution, in 2020, by allowing visits to the plants of the complex through this tool. Thus, we have maintained our operations even when the experts could not physically access them.

Smart glasses have also been used in other countries in South America, allowing people to virtually access our plants. Customers have been served by our sales and laboratory professionals through this functionality.



Matrix: innovative technological experience

## Subway Project

The creation of the Pneumatic Sample Transport System, the Subway Project, is among the innovations at the Chemical Complex in Guaratinguetá (SP, Brazil). Created in the first half of 2020, its purpose is to automate the transportation of product samples from the Complex’s production plants to the Central Quality Control Laboratory (LCCQ). By means of suspended pipes, with a length of approximately 2.5 kilometers, it is possible to send samples to the laboratory and return them to the manufacturing units without displacement or physical contact between the professionals from the plants and the laboratory.

## Digital work permit

We use a work permit document to ensure that all risks involved in performing non-routine tasks are identified, assessed, and controlled. We implemented the digital work permit in 2020. With this, paper documents are replaced by electronic forms (filled in on desktops, tablets and smartphones), avoiding errors and increasing even more the safety and effectiveness of our employees.

## Augmented Reality

The global Augmented Reality project, in force since 2017, has applications (available on tablets and smartphones), which allow our factory employees to access important information and receive guidelines during their work. The project, that was implemented in six Brazilian units and also in Argentina and Chile, allows greater plant availability (with better planning of maintenance stops, for example), lower production loss and maintenance cost. Due to the process digitization, previously done on paper, we have reached the reduction of up to 60% of the execution time in some activities.

We currently have more than 500 digital checklist templates to better support management and decision making, as well as adding security and improving processes in our plants to meet our customer’s needs.

 [Learn more](#)

## More productivity and consumption optimization

In 2020, the Suvnil factory began to rely on a new production model, based on the optimization of processes and the simplification of operations. The implementation of this project, called “Super”, has also contributed to increase productivity and optimize the consumption of raw materials, strengthening our sustainability foundation.

# Ten-Years-Summary – BASF Global

Million €

	2011	2012 <sup>a</sup>	2013 <sup>b</sup>	2014	2015	2016	2017	2018	2019	2020
<b>Statement of income</b>										
Sales	73,497	72,129	73,973	74,326	70,449	57,550	61,223 <sup>c</sup>	60,220 <sup>d</sup>	59,316	59,149
Income from operations (EBIT)	8,586	6,742	7,160	7,626	6,248	6,275	7,587 <sup>c</sup>	5,974 <sup>d</sup>	4,201	-191
Income before income taxes	8,970	5,977	6,600	7,203	5,548	5,395	6,882 <sup>e</sup>	5,233 <sup>d</sup>	3,302	-1,562
Income after taxes from continuing operations	-	-	-	-	-	-	5,592	4,116 <sup>d</sup>	2,546	-1,471
Income after taxes from discontinued operations	-	-	-	-	-	-	760	863 <sup>d</sup>	5,945	396
Income after taxes	6,603	5,067	5,113	5,492	4,301	4,255	6,352	4,979	8,491	-1,075
Net income	6,188	4,819	4,792	5,155	3,987	4,056	6,078	4,707	8,421	-1,060
Income from operations before depreciation and amortization (EBITDA)	11,993	10,009	10,432	11,043	10,649	10,526	10,765 <sup>c</sup>	8,970 <sup>d</sup>	8,185	6,494
EBIT before special items	8,447	6,647	7,077	7,357	6,739	6,309	7,645 <sup>c</sup>	6,281 <sup>d</sup>	4,643	3,560
<b>Capital expenditures, depreciation and amortization</b>										
Additions to property, plant and equipment and intangible assets	3,646	5,263	7,726	7,285	6,013	7,258	4,364	10,735	4,097	4,869
of which property, plant and equipment	3,199	4,084	6,428	6,369	5,742	4,377	4,028	5,040	3,842	4,075
Depreciation and amortization of property, plant and equipment and intangible assets	3,407	3,267	3,272	3,417	4,401	4,251	4,202	3,750 <sup>d</sup>	4,146	6,685
of which property, plant and equipment	2,618	2,594	2,631	2,770	3,600	3,691	3,586	3,155 <sup>d</sup>	3,408	5,189
<b>Number of employees</b>										
At year-end	111,141	110,782	112,206	113,292	112,435	113,830	115,490	122,404	117,628	110,302
Annual average	110,403	109,969	111,844	112,644	113,249	111,975	114,333	118,371	119,200	115,973
<b>Personnel expenses</b>										
	<b>8,576</b>	<b>8,963</b>	<b>9,285</b>	<b>9,224</b>	<b>9,982</b>	<b>10,165</b>	<b>10,610</b>	<b>10,659</b>	<b>10,924</b>	<b>10,576</b>
<b>Research and development expenses</b>										
	<b>1,605</b>	<b>1,732</b>	<b>1,849</b>	<b>1,884</b>	<b>1,953</b>	<b>1,863</b>	<b>1,843<sup>c</sup></b>	<b>1,994<sup>d</sup></b>	<b>2,158</b>	<b>2,086</b>
<b>Key data</b>										
Earnings per share	€ 6.74	5.25	5.22	5.61	4.34	4.42	6.62 <sup>e</sup>	5.12	9.17	-1.15
Adjusted earnings per share	€ 6.26	5.64	5.31	5.44	5.00	4.83	6.44 <sup>c</sup>	5.87	4.00	3.21
Cash flows from operating activities	7,105	6,602	8,100	6,958	9,446	7,717	8,785	7,939	7,474	5,413
EBITDA margin	% 16.3	13.9	14.1	14.9	15.1	18.3	17.6 <sup>e</sup>	14.9 <sup>d</sup>	13.8	11.0
Return on assets	% 16.1	11.0	11.5	11.7	8.7	8.2	9.5 <sup>e</sup>	7.1	4.5	-1.2
Return on equity after tax	% 27.5	19.9	19.2	19.7	14.4	13.3	18.9	14.1	21.6	-2.8
Return on capital employed (ROCE)	% -	-	-	-	-	-	15.4	12.0 <sup>d</sup>	7.7	1.7
<b>Appropriation of profits</b>										
Net income of BASF SE <sup>a</sup>	3,506	2,880	2,826	5,853	2,158	2,808	3,130	2,982	3,899	3,946
Dividend	2,296	2,388	2,480	2,572	2,664	2,755	2,847	2,939	3,031	3,031
Dividend per share	€ 2.50	2.60	2.70	2.80	2.90	3.00	3.10	3.20	3.30	3.30
<b>Number of shares as of December 31</b>	<b>million</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>	<b>918.5</b>

a We have applied International Reporting Standards IFRS 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

b Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group.

c Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations.

d Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations.

e Calculated in accordance with German GAAP

## Further information

### Contact in South America

#### Contact

##### HEADQUARTERS

##### **BASF S.A.**

Avenida das Nações Unidas, 14171,  
Morumbi, São Paulo, SP – Brasil  
tel. 55 11 2039 2273 – fax 55 11 2039 2505  
SAC Tintas Imobiliárias 0800 0117558  
Produtos para Agricultura 0800 0192500  
Serviço de Atendimento a Emergências 0800 0112273  
basf.com.br

##### **BASF Argentina S.A.**

Tucuman 1, Piso 18 – C1049AAA, Buenos Aires – Argentina  
tel. 54 11 4317 9600  
basf.com.ar

##### **BASF Bolivia S.R.L.**

Avenida San Martín, 1800, Piso 4, Edificio Tacuaral,  
Barrio Equipetrol, Santa Cruz de La Sierra – Bolivia  
tel. 591 3 3141080 – fax 591 3 3141081

##### **BASF Chile S.A.**

Avenida Carrascal, 3851,  
Santiago de Chile – Chile  
tel. 56 2 640 7000 – fax 56 2 775 3095  
basf.cl

##### **BASF Ecuatoriana S.A.**

Avenida Naciones Unidas, 1014 y Amazonas  
Edificio La Previsora Torre A, Piso 2, Oficina 201,  
Quito – Ecuador  
tel. 59 32 397 9500 – fax 59 32 397 9592  
basf.com.ec

##### **BASF Paraguaya S.A.**

Av. Santa Teresa, 2106, Torres del Paseo II, Piso 11, Ofi 6  
Casilla 1749, Asunción – Paraguay.  
tel. 59521 695 641

##### **BASF Peruana S.A.**

Avenida Oscar R. Benavides, 5915, Callao, Lima – Perú  
tel. 51 1 5132500 – fax 51 1 5132518  
basf.com.pe

##### **BASF Química Colombiana S.A.**

Calle 99 nº 69C 32, Bogotá – Colombia  
tel. 57 1 632 2260 – fax 57 1 634 2050  
basf.com.co

##### **BASF Services Americas S.R.L**

Dr. Luis Bonavita, 1266,  
World Trade Center, Torre IV, piso 24.  
Montevideo – Uruguay  
phone: 59 82 623 70 00

##### **BASF Uruguay S.A.**

Luis Alberto de Herrera, 1248  
World Trade Center, Torre 1, Of. 801,  
Montevideo – Uruguay  
tel. 59 82 6281818

##### **BASF Venezolana S.A.**

Avenida Principal de Macaracuay, Multicentro de Macaracuay,  
Piso 10, Oficina 10, Macaracuay, 1073,  
Caracas – Venezuela  
tel. 58 212 256 0011 – fax 58 212 256 3379  
basf.com.ve

#### Follow us



[www.basf.com](http://www.basf.com)



[facebook.com/BASF.SouthAmerica/](https://facebook.com/BASF.SouthAmerica/)



[linkedin.com/basf](https://linkedin.com/basf)



[instagram.com/basf\\_sa/](https://instagram.com/basf_sa/)



[youtube.com/basf](https://youtube.com/basf)



[flickr.com/photos/basf](https://flickr.com/photos/basf)

# Credits

## Corporate Affairs

---

### Project Coordination

Corporate Affairs Director and Corporate Communications Management – BASF South America  
Cristiana Brito – Director Corporate Affairs and Sustainability  
Priscilla de Caíres Mendes – Senior Corporate Communication Manager  
Daniela Santucci – Corporate Communication Coordinator

### Editing

Fabiana Nunes – Corporate Communications  
Ornella Nitardi – Corporate Affairs and Sustainability  
Caroline de Lima Santos – Sustainability

### External Partners

Fábio Francisco – Layout  
Global Conteúdo Estratégico – Consulting, content

### Photography

Archive BASF  
Amanajé Photography  
Claudio Belli

## More information

Published in May 2021  
You can find the online version of this Report on our website: [basf.com.br](http://basf.com.br)

## Contact

### Corporate Communications

Fabiana Nunes  
[fabiana.nunes@basf.com](mailto:fabiana.nunes@basf.com) | Phone: +55 11 2349 1936

### Sustainability

Caroline de Lima Santos  
[caroline.delima@basf.com](mailto:caroline.delima@basf.com) | Phone: +55 11 2039 3795



BASF supports the chemical industry's global Responsible Care initiative.