



We create chemistry

BASF Report

Published on March 21, 2025

2024

BASF Group Annual Report

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Experience the entire report in an interactive format online:

- » Our 2024 annual report was also published [online](#) on March 21, 2025.

Key to symbols used in the report:

- » You can find more information online. This information is voluntary and was not audited by the auditor.

2024 at a glance

Our integrated reporting combines financial and sustainability reporting. We inform you how we are developing as a company and how we create value for our stakeholders.

€65.3

billion

Sales

2023: €68.9 billion

€7.9

billion

EBITDA before special items

2023: €7.7 billion

5.1%

ROCE

2023: 4.5%

€6.9

billion

Cash flows from operating activities

2023: €8.1 billion

€0.7

billion

Free cash flow

2023: €2.7 billion

€6.0

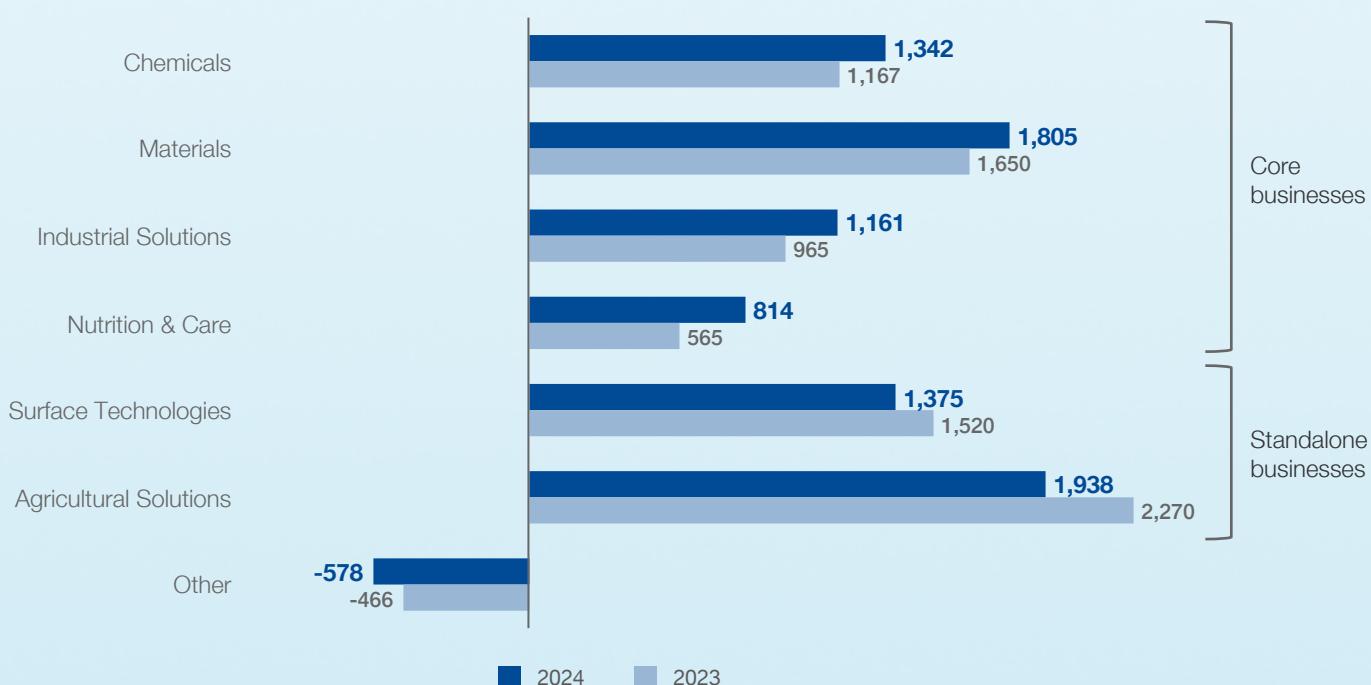
billion

Capital expenditures

2023: €5.2 billion

EBITDA before special items by segment^a and Other

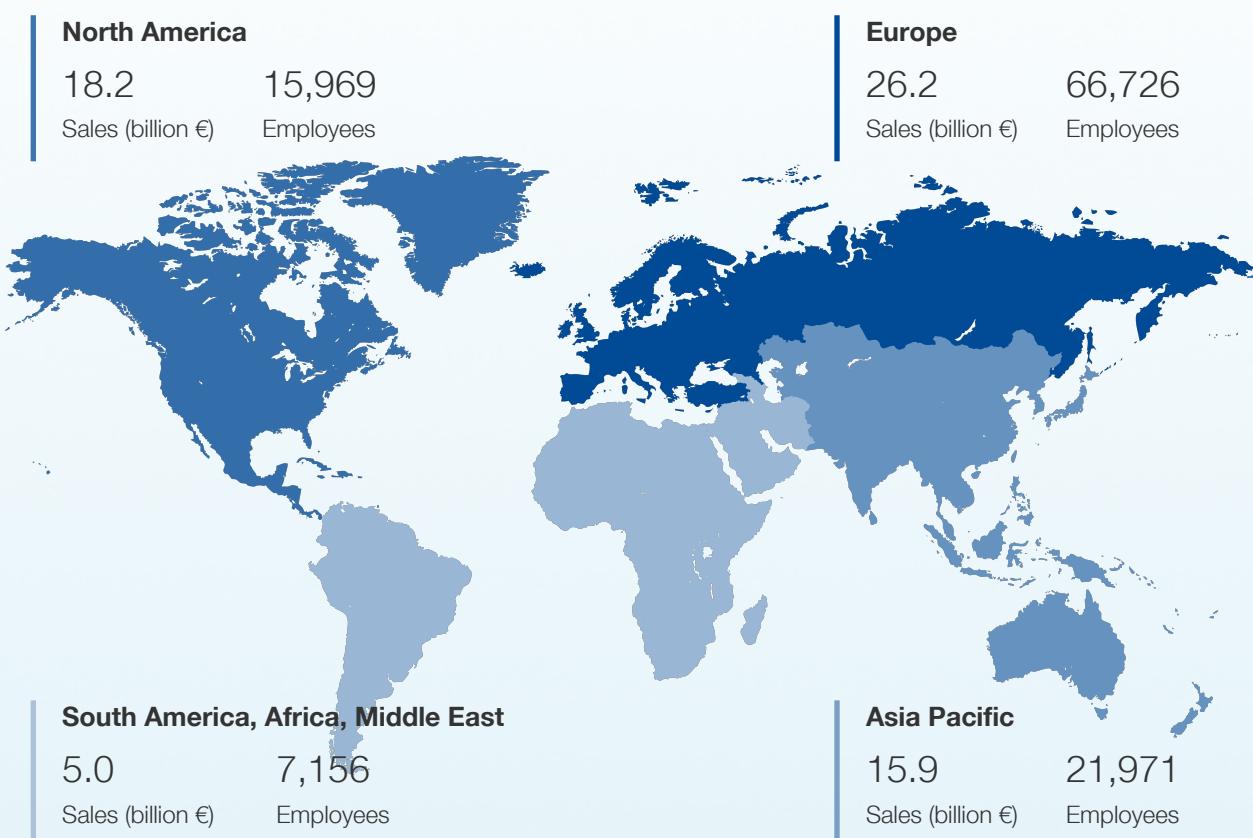
Million €



^a Since January 1, 2025, the chemical and refining catalysts business has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the Catalysts division in the Surface Technologies segment. The reclassification has not been taken into account in this report unless otherwise indicated.

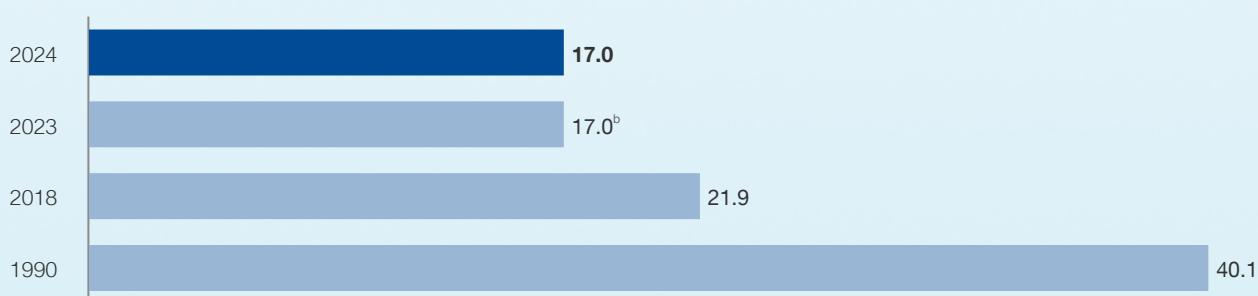
Sales and employees by region

By location of company; employees as of December 31, 2024



Greenhouse gas emissions^a

Million metric tons of CO₂ equivalents



^a Scope 1 and Scope 2 (excluding the sale of energy to third parties)

^b The figure for 2023 has been adjusted to reflect updated data.

€2.1

billion

Research and development expenses

2023: €2.1 billion

111,822

Employees at year-end

2023: 111,991

€11.2

billion

Personnel expenses

2023: €11.0 billion

1

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Combined Management's Report

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Key to symbols used in the Management's Report:

ESRS

This content fulfills the Disclosure Requirements of the European Sustainability Reporting Standards (ESRS).

» You can find more information online. This information is voluntary and was not audited by the auditor.

() Critically read

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

[] Limited assurance

The content of this section is not part of the statutory audit but has undergone a separate limited assurance by our auditor. If headings are marked accordingly, this applies to the entire following section.

Overview – About This Report and the Combined Management's Report

Content and Structure

This integrated BASF Report 2024 documents BASF's economic, environmental and social performance in 2024. Published each year in German and English, the BASF annual report shows how we as a company create value for our stakeholders and how sustainability contributes to BASF's long-term success as an integral part of our corporate purpose and our strategy. The annual report combines the major financial and sustainability-related information necessary to comprehensively evaluate the company's performance. We select the report's topics based on the principles of completeness, balance, stakeholder inclusion, sustainability context and double materiality with respect to sustainability-related information (see Double Materiality Assessment from page [167](#) onward). In addition to this report, we publish further information online. Relevant links can be found within each chapter.

The Management's Reports for the BASF Group and BASF SE have been combined where possible and not otherwise stated in this annual report pursuant to GAS 20.22. Information relating exclusively to the parent company (BASF SE) is dealt with in the section "Disclosures on BASF SE in accordance with the German Commercial Code (HGB)." The reporting period is from January 1, 2024, up to and including December 31, 2024. Unless otherwise stated, the presentation of the results of operations, financial position and net assets of the BASF Group with its significant opportunities and risks (for more information on the results of operations, net assets and financial position, see page [46](#) onward). The information on the BASF Group in the aforementioned sections complies with the requirements of International Financial Reporting Standards (IFRS®) and, where applicable, the German Commercial Code (HGB). Internal control mechanisms ensure the reliability of the information presented in this report.

In the 2024 business year, BASF will report pursuant to the CSR Directive Implementation Act (CSR-RUG) given that the Corporate Sustainability Reporting Directive (CSRD) had not yet been transposed into German law. The Combined Management's Report of the BASF Group and BASF SE contains a Combined Sustainability Statement. This was prepared in accordance with the requirements of sections 289b to 289e, 315b and 315c HGB. As a new acknowledged reporting framework in accordance with section 289d, we are voluntarily applying the first set of the European Sustainability Reporting Standards (ESRS), published as a delegated act in the Official Journal of the EU on December 22, 2023, for the first time in full – due to their importance as a reporting standard adopted by the European Commission – and are reporting in accordance with Article 8 of Regulation (EU) 2020/852. The Combined Sustainability Statement includes the (Consolidated) Sustainability Statement as well as the Nonfinancial Statement (NFS) of BASF SE as the parent company of the BASF Group. Due to the importance of BASF SE within the BASF Group, specific disclosures are required when reporting key sustainability-related information. Such disclosures also became mandatory for the parent company, BASF SE, as a result of the CSR-RUG, which came into effect in 2017. An incorporation by reference option within the (Consolidated) Sustainability Statement was selected in the Management's Report for the NFS to be issued in the reporting year. The table on page [109](#) onward shows the relevant nonfinancial key figures of BASF SE. All disclosures on strategy, due diligence, targets, described processes and key figures contained in the statements in the Combined Management's Report including the (Consolidated) Sustainability Statement apply to the BASF Group including BASF SE. No significant deviations were identified for BASF SE.

Material topics along the value chain form the focal points of our reporting and define the limits of this report. In identifying, prioritizing and validating material sustainability-related topics, we are guided by the principle of double materiality, taking into consideration financial materiality and impact materiality (see page [167](#) onward). Information on the proportion of the Group's taxonomy-eligible and our Group-wide taxonomy-aligned sales revenue, capital expenditures (including acquisitions and excluding goodwill in

accordance with the EU taxonomy) and operating expenditures for the 2024 business year can be found under EU Taxonomy on page [257](#) onward.

- » The 2024 BASF Online Report can be found at basf.com/report.
- » The ESRS index can be found directly online at basf.com/esrs_index.

Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

BASF supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We refer to the TCFD-recommended disclosures in various places throughout this report.

Disclosures required by takeover law in accordance with sections 289a and 315a HGB

The disclosures required by takeover law in accordance with sections 289a and 315a of the German Commercial Code (HGB) can be found in the Corporate Governance section starting on page [137](#). They form part of the Combined Management's Report, which is audited as part of the annual audit.

Declaration of Corporate Governance in accordance with sections 289f and 315d HGB

The Combined Declarations of Corporate Governance of BASF SE and the BASF Group, pursuant to sections 289f HGB and 315d HGB (see page [146](#)), comprise the chapters Corporate Governance Report (see page [111](#)) including the description of the diversity concept for the composition of the Board of Executive Directors and the Supervisory Board (except for the disclosures required by takeover law), G1 Business Conduct (see page [317](#)) and Declaration of Conformity Pursuant to Section 161 AktG (see page [145](#)). Pursuant to section 317(2) sentence 6 HGB, the auditor checked that the disclosures according to section 315d HGB in conjunction with section 289f(2) HGB were made.

Compensation Report

The Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) is publicly available on the BASF website together with the assurance statement of the substantive and formal audit issued by the auditor.

- » The Compensation Report is available at basf.com/compensationreport.

Data and scope of consolidation

All information and bases for calculation in this report are founded on national and international standards for financial and sustainability reporting. The data and information for the reporting period were sourced from the expert units responsible using representative methods. More information on our sustainability parameters and collection of the underlying data can be found under General Disclosures in the (Consolidated) Sustainability Statement from page [150](#) onward.

The reporting period is the 2024 business year. We include relevant information made available up to preparation of this report by the Board of Executive Directors at the accounts meeting on March 17, 2025 (editorial deadline).

BASF Group's scope of consolidation for its financial reporting comprises BASF SE, with its headquarters in Ludwigshafen, Germany, and all of its fully consolidated subsidiaries and proportionally consolidated joint operations. Shares in joint ventures and associated companies are accounted for, if material, using the equity method in the BASF Group Consolidated Financial Statements and are thus not included in the scope of consolidation. The consolidation principles of sustainability reporting require application of the concept of operational control with respect to individual disclosures relating to ESRS

standards E1 (Climate Change), E2 (Pollution)¹ and E4 (Biodiversity and Ecosystems). Operational control applies to all fully consolidated subsidiaries included in the financial reporting at a minimum. Other companies under operational control are also covered by these Disclosure Requirements, provided the companies are significant for reporting purposes. All relevant data corresponds with the reporting period for the Consolidated Financial Statements. More information on the scope of consolidation for sustainability reporting can be found under General Disclosures in the (Consolidated) Sustainability Statement from page [151](#) onward.

Forward-looking statements and forecasts

This report contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks as well as uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include, in particular, those discussed in Opportunities and Risks on pages [87](#) to [102](#). We do not assume any obligation to update the forward-looking statements contained in this report above and beyond the legal requirements.

¹ Chapter title in the BASF Report 2024: Pollution Prevention

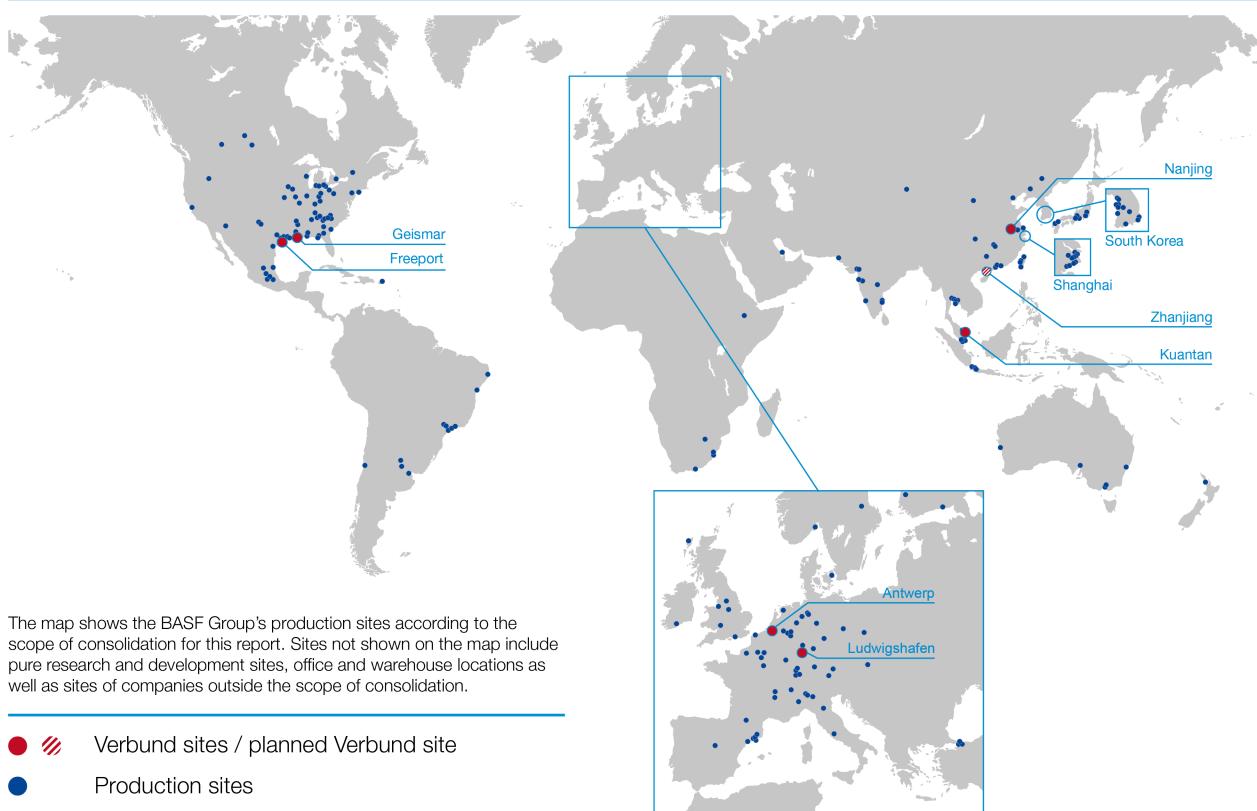
1.1 Fundamentals of the Group

BASF Group

At BASF, we create chemistry for a sustainable future. Our ambition is to be the preferred chemical company to enable our customers' green transformation. We combine economic success with environmental protection and societal responsibility. Our portfolio is structured into core businesses and standalone businesses.

Sites and Verbund

BASF production sites



BASF had 111,822 employees in 92 countries in the 2024 business year and operated 235 production sites worldwide. These include six Verbund sites, which are located in Ludwigshafen, Germany; Antwerp, Belgium; Freeport, Texas; Geismar, Louisiana; Kuantan, Malaysia; and Nanjing, China. A seventh Verbund site is currently under construction in Zhanjiang, China. We aim to start up the new Chinese Verbund site in the fourth quarter of 2025. The Verbund concept is one of our key strengths, enabling us to intelligently link and steer our plants and permitting resource-efficient, CO₂-optimized and reliably managed production.

» For more information on the Verbund concept, see bASF.com/verbund

Organization of the BASF Group

In the 2024 business year, the BASF Group consisted of 11 operating divisions, grouped into the following six segments:

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

BASF Group segments in 2024

Core businesses

Chemicals

The Chemicals segment supplies both external customers and BASF's other segments with basic chemicals and intermediates.

- Share of sales: 16.6%
- R&D expenses: €80 million
- Investments including acquisitions^a: €3,403 million

Materials

In the Materials segment, we produce advanced plastics and their precursors for processing industries.

- Share of sales: 20.7%
- R&D expenses: €180 million
- Investments including acquisitions^a: €1,139 million

Industrial Solutions

The Industrial Solutions segment develops and markets ingredients and additives for industrial applications.

- Share of sales: 12.5%
- R&D expenses: €144 million
- Investments including acquisitions^a: €289 million

Nutrition & Care

The Nutrition & Care segment produces ingredients for consumer applications such as human nutrition and cleaning agents.

- Share of sales: 10.3%
- R&D expenses: €149 million
- Investments including acquisitions^a: €809 million

Standalone businesses

Surface Technologies

The Surface Technologies segment produces chemical solutions for surfaces such as automotive OEM coatings, battery materials and catalysts.

- Share of sales: 19.8%
- R&D expenses: €313 million
- Investments including acquisitions^a: €560 million

Agricultural Solutions

The Agricultural Solutions segment is an integrated solutions provider of seeds, crop protection products and digital solutions for the agricultural sector.

- Share of sales: 15.0%
- R&D expenses: €919 million
- Investments including acquisitions^a: €387 million

^a Additions to property, plant and equipment and intangible assets

BASF implemented a **Differentiated Steering concept** at the start of the 2024 business year. As part of this, two new, most important financial key performance indicators for steering the BASF Group in the short and medium term were established as of January 1, 2024: income from operations before depreciation, amortization and special items (EBITDA before special items) and free cash flow. EBITDA before special items and segment cash flow were introduced as the most important financial key performance indicators for the segments (for more information on the BASF Group's steering concept, see page 28 onward). This enables us to provide a higher level of transparency around the results of our segments (for more information on segment performance, see page 61 onward). Scope 1 and 2 CO₂ emissions remained the most important sustainability-related key performance indicator at Group level.

In addition, we restructured **BASF's portfolio** as part of our strategy, which was announced in September 2024. We now differentiate between core businesses and standalone businesses, which operate independently. Our core businesses comprise the Chemicals, Materials, Industrial Solutions and Nutrition & Care segments. They benefit from their deep integration in our value chains and the Production Verbund. Our standalone businesses are clustered in the Surface Technologies and Agricultural Solutions segments. These serve distinct industries and compete with peers who focus exclusively on individual industries ("pure players"). Our standalone businesses now have greater

flexibility and operational freedom, enabling them to react more swiftly and appropriately to specific market requirements.

The operating divisions, the service units, research and development and the Corporate Center are the **cornerstones of the BASF organization**. Regional structures are being dissolved to simplify and streamline the organization. This new setup lays the foundation for more customer proximity, value creation, competitiveness and profitable growth.

The **operating divisions** bear strategic and operational responsibility and are organized according to sectors or products.

Five **service units** provide competitive services for the BASF Group:

- Global Engineering Services
- Global Digital Services
- Global Procurement
- European Site & Verbund Management
- Global Business Services (finance and controlling, human resources, safety, intellectual property, communications, procurement, supply chain, in-house consulting services and real estate)

The **Global Business Services unit** was revamped, effective November 1, 2024. Clearer roles and structures were established in order to increase flexibility and at the same time ensure conscious cost management. The unit has been decentralized and is increasingly focusing on four service areas: regional and global services, global project consulting, and portfolio and technology management. The latter drives long-term objectives within Global Business Services and pursues global projects.

Our dedicated **research and development units** are integrated into the divisions, while activities with broad relevance for our businesses are bundled in a research division – Group Research. This division is globally positioned with research centers in Asia Pacific, Europe and North America. With this setup, we are focusing our research activities on our customers and their industry-specific needs (for more information, see page [37](#) onward).

The **Corporate Center** supports the Board of Executive Directors in steering the company as a whole. This includes central tasks in the following areas: strategy; finance and controlling; legal, compliance and insurance; tax; environmental protection, health, safety and quality; human resources; communications; investor relations; corporate audit and, until the end of 2024, also the Net Zero Accelerator unit.

Organization of the BASF Group as of January 1, 2025

As part of the implementation of the new strategy, the Catalysts division was restructured, effective January 1, 2025; as a result, the Surface Technologies segment will now comprise three standalone businesses going forward instead of two: The Coatings division will remain unchanged, while the Battery Materials and Environmental Catalyst and Metal Solutions (ECMS) business units have been established as separate divisions. Additionally, the chemical and refining catalysts business, formerly part of the Catalysts division, will be reported as part of the Performance Chemicals division in the Industrial Solutions segment from now on. As a result, the BASF Group comprises 12 operating divisions as of the beginning of the 2025 business year.

In addition, the activities of the Net Zero Accelerator unit were integrated into existing divisions and service units, effective January 1, 2025, ensuring that BASF's green transformation is aligned even more closely with market trends so that the businesses can even better react to new customer requirements.

Business and competitive environment

As a global company, BASF is present in a large number of markets and operates in the context of various local, regional and global developments. These include:

- The global economic and political environment
- Legal and political requirements
- International trade agreements
- Industry standards
- Environmental agreements (such as the EU Emissions Trading System)
- Social aspects (such as the U.N. International Bill of Human Rights)

BASF supplies products and services to around 74,000 **customers**¹ from various sectors in almost every country in the world. Our customer portfolio comprises mainly major global customers and medium-sized enterprises. We focus on a business-to-business model and on being a partner for a wide range of downstream industries throughout the world.

We work with over 70,000 **Tier 1 suppliers**² worldwide. They provide us with important raw materials, chemicals, investment goods and consumables, and perform a range of services (for more information, see page [292](#) onward).

¹ 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.

² 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 most **important global competitors** include Arkema, Bayer, Celanese, Clariant, Corteva, Covestro, Dow, DSM-Firmenich, Eastman, Evonik, Huntsman, LyondellBasell, SABIC, Sinopec, SYENSQO, Syngenta, Wanhua and many hundreds of local and regional competitors. We expect competitors from Asia, North America and the Middle East in particular to gain increasing significance in the years ahead, especially as a result of advantageous raw materials and energy prices. [\(BASF is a top-three market leader in roughly 75% of its core businesses. Equally, our standalone businesses have good to leading positions in their respective markets.\)](#)

BASF sales^a by region 2024

By location of customer

9.9%

South America, Africa,
Middle East

38.0%

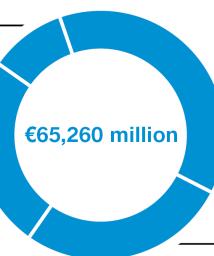
Europe

24.9%

Asia Pacific

27.2%

North America



^a For more information on taxonomy-eligible sales revenue from the manufacture of organic basic chemicals, see page [257](#) onward.

Goals for the Ludwigshafen site

Low market growth rates in Europe, a slow recovery in demand, higher gas prices than in other regions and ongoing bureaucratic hurdles have significantly burdened the European chemical industry in recent years. This has affected the Ludwigshafen site in Germany in particular, where production output and profitability have declined considerably.

As part of our new corporate strategy, we have therefore also addressed the development of a medium-to long-term vision for the Ludwigshafen site that takes into account the major challenges BASF is facing in Europe and Ludwigshafen in particular. In addition to short-term cost reduction measures, it addresses the expected future market and business development in Europe and Germany, particularly with regard to the sustainability-driven transformation, as well as a clear strategic direction for the further development of the site. The cost savings measures we have already communicated are contributing to this.

The starting point for developing the range of objectives was an in-depth analysis of our Verbund structures. This revealed that, on the one hand, all key value chains and the majority of our plants are competitive at their core. On the other hand, BASF can benefit from the dynamics of change in the context of green transformation. The integrated Verbund system at the Ludwigshafen site allows us to use energy and resources efficiently. Due to the numerous entry points, we can exchange raw materials in a targeted manner and, for example, use renewable and recycled raw materials in existing plants in a flexible and scalable way. This ensures that we can supply customers with solutions to enable their green transformation.

However, there are also plants that are already no longer competitive or are at risk of losing competitiveness in the medium to long term. An initial package of measures aimed at further adapting production structures at the site has already been announced and partially implemented. Examples are the closures of the plants for adipic acid, cyclododecanon and cyclopentanon that were announced at the end of August 2024.

BASF will also use an additional bundle of measures to adjust its nonproduction structures in Ludwigshafen and to significantly cut costs. This cost savings program is an addition to the package of measures focusing on Europe and particularly on Germany from February 2023, with which BASF aims to achieve around €1.1 billion in cost savings by the end of 2026. Total annual savings of more than €2.1 billion are expected from the end of 2026. This will make the Ludwigshafen site leaner, stronger and more competitive. Our goal is to enable Ludwigshafen to operate successfully in the medium to long term as a leading, sustainable chemical site for Europe with an improved competitive position on the European market.

Corporate legal structure

BASF SE, the BASF Group's publicly listed parent company, plays a core role: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group and is also one of the largest operating companies. A total of 268 companies including BASF SE are fully consolidated. Nine joint operations are accounted for pro rata, while 24 companies are accounted for using the equity method (for further information, see Note 2 to the Consolidated Financial Statements from page [343](#) onward).

How We Create Value

ESRS 2 SBM-1

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

Inputs → Business model → Outputs → Outcomes → Impact

Inputs

Financial

Our aim is to optimize our cost of capital, limit financial risks and ensure solvency at all times.

45.9%

Equity ratio

>900,000

Shareholders

Innovations

We develop innovative and more sustainable solutions with our customers and suppliers in order to enter new markets and further increase our productivity.

~10,000

R&D employees

€2.1 billion

R&D expenses

Production

Safety, quality and reliability are the key to our excellence in production.

€6.0 billion

Capital expenditures (capex)

26%

Electricity from renewable sources¹

Environmental

We use natural resources, among other things, to manufacture products and solutions with high value added for our customers.

1.2 million metric tons

Renewable resources¹

1,507 million m³

Total water abstraction¹

Employees

Everything we do is based on the expertise, knowledge, motivation and commitment of our employees.

111,822

Employees around the world

Partnerships

Trust-based relationships are crucial to our license to operate and our reputation.

>70,000

Suppliers

~74,000

Customers

¹ The sustainability-related key figures shown in this graphic are – unlike the financial key figures shown – not part of the statutory audit but are part of a separate audit with limited assurance.

Inputs

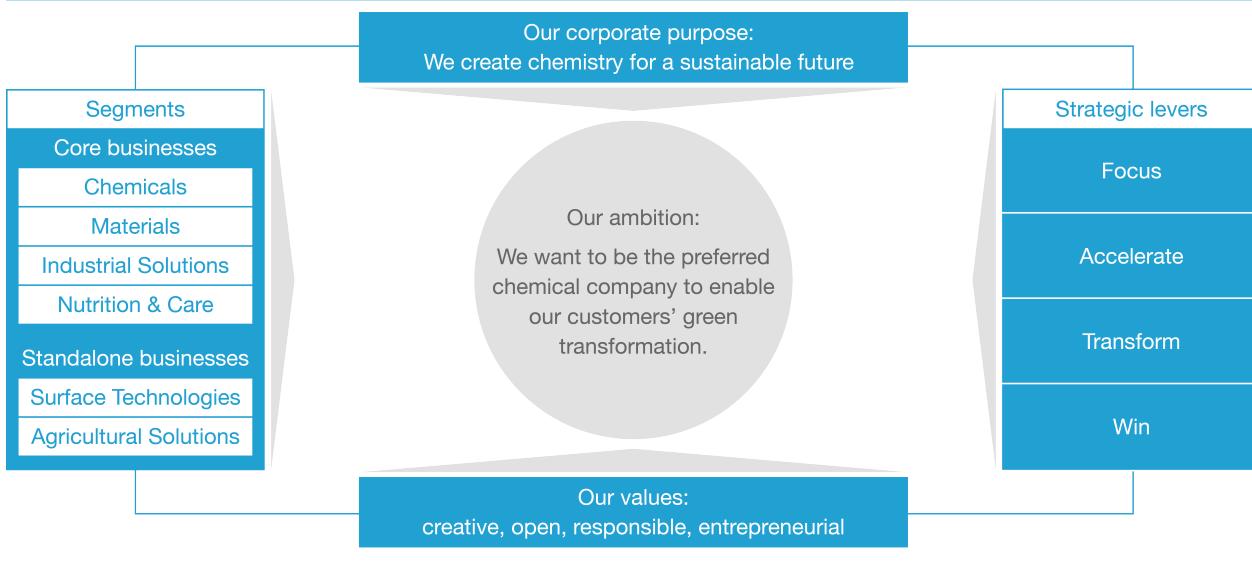
Business model

Outputs

Outcomes

Impact

Business model



Outputs

Financial

€7.9 billion

EBITDA before special items

~€2.0 billion

Proposed dividend payment to shareholders³

Innovations

1,159

New patents worldwide

~€11 billion

Sales of products that have been on the market for up to five years⁴

Production

>40,000

Sales products for which we calculate a carbon footprint²

6.1 MMT

CO₂ avoided by the Verbund and combined heat and power generation²

Environment

>1,800

Mass balance products based on alternative raw materials²

Employees

79%

Engagement index according to our annual employee survey²

Partnerships

446

BASF suppliers screened as part of Together for Sustainability²

81%

Water demand recirculated²

29.3%

Women in leadership positions²

~40

Strategic customer networks²

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

³ Based on the dividend proposed to the Annual Shareholders' Meeting and the number of outstanding shares (892,522,164) as of December 31, 2024

⁴ This is voluntary, unaudited information, which was critically read by the auditor.

Inputs

Business model

Outputs

Outcomes

Impact

Outcomes⁵

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

 Economic

 Environmental

 Social
⁶

Selected relevant external impact factors

- Customer demand and requirements
- Investment readiness
- Capital market trends
- State of the economy, competitive conditions, investment climate
- Climate change
- Energy transformation
- Availability of/access to renewable resources
- Climate-related legislation
- Regulations on product safety
- Sustainability targets of our customers
- Demand for more sustainable products, willingness to pay
- Labor, environmental and social standards
- Stakeholder trust
- Interest of qualified personnel and leaders
- Demographic change

Selected impacts of our business activities

- + Growth, progress and value creation for the state, customers, investors and employees
- + Our customers' competitiveness and innovative strength
- + Digital transformation of the industry
- + Attractive dividend and share buyback payments to shareholders
- + Market development through more climate-smart products
- + Contribution to climate protection/ climate change adaptation
- + Innovation as a lever for climate protection
- + Contribution to the circular economy
- + More environmentally friendly and safer products
- Greenhouse gas emissions
- Emissions to air and water
- Land use
- Resource consumption and nonrecyclable waste
- Potential misuse or spillage of products
- + Taxes and competitive wages and salaries
- + Attractive jobs
- + Integration, help to overcome social challenges
- + Global compliance systems and codes of conduct
- Procurement of raw materials with risk of violation of, for example, social and environmental standards
- Health and occupational safety risks
- Personnel adjustments
- Restructuring measures



BASF

We address positive and negative impacts through:

- Corporate strategy
- Portfolio management
- Cost management and cost of capital optimization
- Differentiated Steering

- Climate protection and circular economy initiatives
- Water and energy management
- Actions to protect biodiversity
- Responsible Care Management

- Supplier management
- Sustainability projects in the supply chains
- Compliance Program and Code of Conduct
- Employee training programs
- Performance management system

In providing our customers with solutions to enable their green transformation, we want to grow profitably and create value.

⁵ Outcomes shows examples of impacts on our business and impacts that our activities may have on others, the environment and our business environment as well as the associated measures we take.

⁶ The results of our double materiality assessment are included in the presentation of external factors and impacts of our business activities. These are not shown in full here. A comprehensive explanation of the impacts, risks and opportunities identified as part of our double materiality assessment can be found from page [170](#) onward.

Strategy

[Our Strategy]

Chemistry is our passion. We set a new direction for ourselves with the introduction of the “Winning Ways” strategy in September 2024: Our ambition is to be the preferred chemical company to enable our customers’ green transformation. We aim to grow profitably and create value for our shareholders with our broad portfolio of chemicals businesses as well as our product and process innovations.

Simultaneously, we are driving the shift toward a performance culture – a decisive factor to successfully implement our “Winning Ways” strategy. We are systematically integrating sustainability topics into our strategy and business as well as into our assessment, steering and compensation systems. This principle remains embedded in our corporate purpose: We create chemistry for a sustainable future.

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Humankind is facing enormous challenges in its efforts to preserve a world worth living in for future generations. The climate is changing, natural resources are becoming scarcer, pressure on ecosystems is increasing and our growing world population needs to be fed. More and more urgently than ever, solutions are needed for a more sustainable future. Chemistry is of key importance as an essential part of our everyday lives and the foundation of nearly all industries. It can pave the way to greater sustainability and accelerate the transformation needed to achieve this.

Competitive conditions in the chemical industry are changing. Our customers are also adapting their business models – to increasingly reflect a world with lower CO₂ emissions and a more circular economy. The speed of this green transformation varies across regions and customer industries. We expect demand for chemical products with sustainability attributes to surpass supply in the medium term, which in turn will lead to greater willingness to pay for low-emission solutions. Because our customers are at the center of everything we do, our ambition goes beyond the green transformation of our own production. We want to be the preferred chemical company to enable our customers’ green transformation.

This is also where we see the main driver of our profitable growth: Our goal is for customers to be successful in their respective markets thanks to our innovations. Our products, solutions and technologies help protect the environment and climate by contributing to the more efficient use of raw materials, reducing waste, and enabling healthy and affordable food as well as climate-smart mobility. In providing our customers with the best solutions and processes, we also want to grow profitably and create shareholder value. Simultaneously, we are driving the change of our corporate culture toward a performance culture. We have defined four levers to ensure the successful implementation of our “Winning Ways” strategy: **Focus, Accelerate, Transform and Win** (for more information on the strategic levers, see page [20](#) onward).

As part of its new strategy, BASF has updated its shareholder distribution policy and set medium-term financial targets for the first time (for more information on the global targets, see page [31](#) onward). We remain committed to our climate protection targets and other global sustainability-related targets, including the alignment with our TripleS (Sustainable Solution Steering) portfolio assessment methodology, (see page [161](#)). We have defined a new circular economy target and we have adjusted our

supplier target and are now focusing on improving the sustainability performance of those suppliers whose audit results were inadequate.

In the future, BASF will place a greater focus on cash generation. We aim to demonstrate a high degree of capital discipline through considerably lower capital expenditures and the consistent implementation of our cost savings programs (for more information on capital and resource allocation, see the section on the Focus lever on page [20](#)).

As an international chemical company, we will continue to operate in markets and countries with different requirements and conditions. We are guided by our values and our global standards in order to act responsibly and secure our license to operate. The main guidelines are summarized primarily in our BASF policies on compliance, human rights, labor and social standards and in the Supplier Code of Conduct. With appropriate management and monitoring systems, we want to ensure that we act in line with the applicable laws and uphold our responsibility to the environment and society. [\(Customers, shareholders, partners and employees can rely not only on the high quality of our products, but also on the way in which we conduct business to fulfill our corporate purpose:\)](#) We create chemistry for a sustainable future.

With our CORE values, we combine economic success with the creation of value for the environment and society and stand for respectful interaction with each other and with our customers and partners:

C – 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.

O – 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.

R – 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.

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

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

[Our Strategic Levers]

BASF's strategic direction is based on a comprehensive analysis of our markets, competitors and the economic environment. We continuously monitor global trends and short-term developments and anticipate the resulting opportunities and risks. In doing so, we keep a close eye on the demands of our customers and the transformation of our company.

Our new "Winning Ways" strategy is based on four strategic levers:

Focus, Accelerate, Transform and Win.

Focus

Under the Focus lever, we have redefined our portfolio management approach. BASF now makes a distinction between core businesses and standalone businesses, which serve specific industries and operate independently. The core businesses comprise the Chemicals, Materials, Industrial Solutions and Nutrition & Care segments, which are integrated into BASF's value chains and Production Verbund at major sites. [They generate value through efficient use of resources, operational excellence and cost efficiency.](#) The portfolio of our core businesses ranges from basic chemicals to specialties. The standalone businesses, which have greater flexibility and operational independence, comprise the Surface Technologies segment with the Environmental Catalyst and Metal Solutions (ECMS), Battery Materials and Coatings divisions as well as the Agricultural Solutions segment (for more information on the segments and operating divisions, see page [24](#) onward).

In the coming years, we will focus on strengthening our core businesses and growing profitably in these areas – both organically as well as through value-increasing acquisitions: We see the expected consolidation of the chemicals industry as an opportunity for BASF. We want to operate our core businesses in an even more cost-efficient and leaner manner in order to secure their profitability and competitive advantage over emerging competitors, in particular from the Middle East and China.

Our standalone businesses ECMS, Battery Materials, Coatings and Agricultural Solutions compete with pure-play peers that are subject to their own market trends. To empower these businesses to respond quickly to the specific requirements of their customers, we want to further promote their entrepreneurial freedom and thus strengthen their competitive position. To that end, we are pursuing a Differentiated Steering concept with industry-specific financial steering indicators (for more information, see page [28](#)), adjusted governance structures, tailor-made processes and standalone ERP (enterprise resource planning) systems. These measures increase the businesses' accountability and the transparency of their performance compared with competitors. We intend to make further investments in our standalone businesses in the future and will continue to actively pursue portfolio options:

- Our **ECMS business** was carved out in 2023. It operates in a low-growth industry but continues to deliver a strong cash contribution. We are open to a value-increasing transaction in the future.
- Our **Battery Materials** business operates in a rapid-growth environment characterized by high market and technology risks. We are de-risking the path forward by focusing on filling existing capacities and adapting our expansion plans. We are exploring opportunities for collaboration with partners.
- For our **Coatings** division, we are assessing strategic options for value creation. In February 2025, we signed an agreement to sell our decorative paints business in Brazil (for more information, see page [86](#)).
- For the **Agricultural Solutions** segment, we will complete the legal separation and the introduction of a separate ERP system by 2027. By then, we also want to create the conditions for a potential IPO. In the medium term, a minority share listing is an option.

To focus more strongly on cash generation and strengthen our capital discipline, we are changing our internal steering processes for capital and resource allocation. We are moving from a largely project-based approach at BASF Group level to a strategic allocation approach for our divisions. We have developed medium-term value creation plans for the divisions based on their respective roles in the BASF portfolio. These plans are the basis for capital allocation. Within this framework, the divisions are empowered with increased autonomy to make business decisions – and with it their accountability for business success.

The strategic focus on profitable growth also means prioritizing high-growth markets. In particular, we want to expand our presence in China, India and five ASEAN countries (Indonesia, Malaysia, Singapore, Thailand and Vietnam) by strengthening local organizational structures, our production sites and our R&D activities. These seven countries will account for almost 80% of global chemical growth by 2035.

Accelerate

With the Accelerate lever, BASF is targeting more speed in value creation. We will streamline the way in which we collaborate and complete tasks at BASF and become faster as a result. To this end, we want to empower our business units through lean and differentiated steering, simplify our organizational structure and increase the use of artificial intelligence (AI).

The accountability of the divisions will be a central element of the BASF Group's steering. The Board of Executive Directors will focus on topics that are important to BASF as a whole: strategy, portfolio management, capital allocation and talent development. By contrast, individual divisions will have greater ownership of specific business decisions and accountability for business success. In line with this, we will further develop the performance management system for our leaders and employees and establish a closer link between incentives and unit-specific performance.

We are making our organization simpler and leaner by sharpening role clarity, establishing flatter hierarchies and by reducing bureaucracy and internal alignment processes. Spans of control will be broadened to increase individual ownership. An important step in this direction is dissolving the regional dimension of our organizational structure. With this simplified organizational setup, we are aiming to accelerate decision-making in all areas of our company.

BASF wants to harness the potential of AI to advance productivity and accelerate innovations. We aim to gradually enable the global BASF team to utilize AI for their respective areas of work. Here, we target key functions such as sales, marketing, R&D, production, procurement and services and focus on applications with added value confirmed by fast and effective pilot projects.

Transform

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The Transform lever represents shaping and successively implementing our market-oriented green transformation toward a more sustainable product portfolio. Going forward, we will intensify our focus on products with sustainability attributes where we see increasing customer demand.

We see sustainability as an integral part of our strategy as well as our targets, steering processes and business models. We remain fully committed to our climate protection targets (for more information on our sustainability strategy, see page [158](#) onward and for more on our targets, see page [31](#) onward). Our ambition goes beyond the green transformation of our own production: Our key customer industries are facing tremendous challenges in achieving their transformation targets. We therefore want to be the preferred chemical company to enable our customers' green transformation with our broad portfolio as well as our product and process innovations.

As market developments and therefore also the speed of the green transformation vary between regions and customer industries, we are adapting our transformation approach: Rather than focusing primarily on our own corporate targets, we will prioritize a market-oriented approach in the future. By driving transformation in a more differentiated and focused way as well as in line with market growth and increasing customer demand, we are forging a new path toward profitable growth. With our market-oriented concept, we are simultaneously mitigating the investment and business risks resulting from capital-intensive new technologies and the varying transformation speed of our customer industries. We want to intensify our focus on specific opportunities for our business and increase volumes of products with sustainable attributes according to customer needs. To that end, we are prioritizing projects where we see customer demand growing or that impact our license to operate.

Over time, we will stagger further transformation projects based on these priorities. We have already procured significant amounts of renewable energy to operate our plants. Furthermore, we are currently piloting new technologies in selected value chains, using alternative raw materials and have launched products with new sustainable attributes such as a reduced or net-zero product carbon footprint (Low/Zero Product Carbon Footprint; LowPCF/ZeroPCF). In the next phase, we will focus on ramping up the use of bio-based and recycled feedstocks in our existing plants and thus offering more products with a reduced carbon footprint and other sustainable attributes at low capital expenditure. At the same time, we will continue evaluating new business models and technologies. As markets for sustainable products grow, we want to be in a position in the medium to long term to apply and scale up the new technologies we are currently developing and, in some cases, already piloting. The gradual approach is also reflected in spending: Transformation-related spending is expected to be moderate from 2025 to 2028, averaging €600 million per year. We assume that most major capital expenditures for our green transformation will be made after 2030.

BASF's integrated Verbund system offers fundamental advantages for the transformation approach of prioritizing projects based on customer demand and gradually driving them forward. This is due to the energy and resource efficiency provided by the Verbund and the numerous entry points that offer feedstock flexibility. We can be flexible and scalable in how we employ renewable and recycled feedstocks in existing plants. We therefore expect that our largest site in Ludwigshafen, Germany, with its integrated Verbund, as well as BASF as a whole, will benefit from the change and growth momentum in connection with the green transformation. In the medium to long term, our goal is to successfully develop Ludwigshafen into a leading, sustainable chemical site for Europe with an improved competitive position in the European market. To that end, we have conducted a thorough analysis of our production asset structure based on current and future market and customer demand: Selected plants and production lines are no longer delivering sufficient earnings or are at risk of losing competitiveness. However, the majority of the assets in the Ludwigshafen Verbund are competitive in their respective markets (for more information on goals for the Ludwigshafen site, see page [14](#)).

Win

The Win lever is how we want to drive change in corporate culture throughout the entire company. Our “Winning Culture” is based on three cultural topics – Accountability (Own it!), Speed (Drive it!) and Improvement Mindset (Excel in it!) – that are central to BASF evolving into an even more performance-driven organization. This transformation to a “Winning Culture” is a decisive factor for us in successfully implementing our “Winning Ways” strategy.

To this end, we have developed nine actionable Winning Behaviors: They define the behavior that we expect all our employees to demonstrate and show in a concrete way how each and every individual can contribute to successful change. We want to drive a corporate culture that honors accountability, prioritizes speed over perfection and rewards the best solution over compromises.

Accountability:

- We give and take ownership over narrow supervision.
- We strive for results, not staying in the comfort zone.
- We take action on low performance, not dragging it along.

Speed:

- We prioritize speed over perfection.
- We spread motivation and inspiration, not skepticism.
- We focus, not do a bit of everything.

Improvement Mindset:

- We fight for the best solution over compromises.
- We give candid and constructive feedback, not empty phrases.
- We learn from external perspectives, not just from internal views.

Our CORE corporate values (creative, open, responsible, entrepreneurial) will remain the guide for our behavior (for more information, see page [19](#)).

Further developing our corporate culture goes hand in hand with an enhanced performance management system for leaders and employees with a closer link between incentives and unit-specific achievements.

Business Models of the Segments

Our segments' business models are aligned with their specific strategic action areas. Customer orientation, innovation and sustainability are the cornerstones of future business success. Thanks to our extensive industry knowledge, we are aware of the particular challenges our customers are facing and we can offer specific solutions that support them in their green transformation and make them even more successful.

Chemicals

The Chemicals segment is one of our core businesses and forms the heart of the Verbund with its production facilities. Its Petrochemicals and Intermediates divisions market high-quality basic chemicals and intermediates to customers in downstream industries. They also reliably supply BASF's other segments with chemicals to produce higher value-added products and in this way, ensure the competitiveness of the BASF Group.

The segment strives for technological leadership and operational excellence and focuses on individual value chains. It concentrates on the essential success factors of the traditional chemicals business: leveraging economies of scale and the advantages of our Verbund, high asset reliability, continuous optimization of access to raw materials, lean and energy-efficient processes, and reliable, cost-effective logistics. This enables fundamental cost advantages and opens up various opportunities for decarbonization. The segment creates value through process and product innovation and invests in research and development to implement new, sustainable technologies and make existing technologies even more efficient. Thanks to our integrated production processes, the carbon footprint of a number of our products is significantly lower than that of our competitors. Furthermore, by using renewable and recycled feedstocks in our production network, we can provide products with diverse sustainability attributes. Examples of these offerings include our LowPCF, ZeroPCF and Cycled[®] products. The Chemicals segment is thus positioned to drive BASF's green transformation while supporting that of our customers.

The two divisions are continuously developing their value chains and are expanding their market position – especially in Asia – with investments and collaborations in growth markets. We want to participate in the growth of the largest chemicals market in the world and are thus currently focusing primarily on the completion and startup of our Verbund site in Zhanjiang, China, which we have planned as a pioneering project for sustainability. We are also continuously reviewing and improving our production structures in other regions and aligning them with regional market requirements, as demonstrated by the capacity expansions at the Verbund site in Antwerp, Belgium and the adapted vision for the future of the Verbund in Ludwigshafen, Germany (for more information, see page [14](#)).

Materials

In terms of production capacity, the Materials segment is a global leader in high-performance plastics and precursors and home to two divisions from BASF's core businesses. The Monomers division has a broad portfolio of large-volume monomers and basic polymers in the isocyanate and polyamide value chains and follows a lean and cost-driven approach focused on efficient structures. The Performance Materials division offers innovative and customized solutions in engineering plastics, polyurethanes and thermoplastic polyurethanes, and creates value through cocreations with customers, particularly in the field of sustainability. Our global production network enables us to provide our solutions wherever our customers are. At the same time, we constantly review the efficiency of our production network in order to improve it continuously.

The Materials segment combines expertise in basic chemicals with a diverse range of high-performance specialties and successfully operates some of BASF's most profitable value chains, including methylene diphenyl diisocyanate (MDI). Throughout the chemical cycle, the Materials segment plays an important role in BASF's portfolio with its high cash flow and earnings contributions. The fully integrated polyurethane and polyamide value chains with world-scale plants ensure cost advantages. Building on our R&D capabilities, the segment develops new, more sustainable high-performance materials and applications for a broad range of industries.

Both divisions follow ambitious sustainability road maps to enable the green transformation of the customer industries they serve. They understand sustainability as the decisive factor for future business success and utilize their industry knowledge and application expertise to provide customers with the right solutions. The segment holds one of three top market positions with regard to production capacities in around 80% of its business areas, including polyamide 6, thermoplastic polyurethanes, polyurethane systems and engineering plastics.

Industrial Solutions

The Industrial Solutions segment is a part of the BASF Group's core businesses and markets and develops ingredients and additives for industrial applications. The customers of its two operating divisions, Dispersions & Resins and Performance Chemicals, are primarily active in the following key industries: paints and coatings, construction, electronic materials, chemicals, plastics and adhesives, paper coatings, automotive and energy and resources. The segment aims to generate value through customer proximity, in-depth industry expertise and a broad product portfolio that is tightly integrated into the BASF Verbund. The portfolio includes fuel and lubricant solutions, dispersions, resins and additives, electronic materials and plastic additives. The segment's focus is on research and development with the aim of enabling a more efficient use of resources and developing high-performance and more sustainable products and production procedures. This also enables our customers' green transformation through their applications and processes. Furthermore, the divisions focus on efficient production setups and backward integration in our Production Verbund's value chains. In addition, capacity management as well as technology and cost leadership are important levers for the segment.

Trends such as ever faster time to market for electronic materials innovations, longer product life cycles and increasing processing of recycled plastic are boosting the need for products that have precisely these characteristics. With its broad product portfolio, the segment is ideally positioned for this. Our global presence enables us to operate close to our customers, collaborate with them on new solutions and strive for long-term partnerships that create mutually profitable growth opportunities.

Since January 1, 2025, the chemical and refining catalysts business has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the Catalysts division in the Surface Technologies segment.

Nutrition & Care

The Nutrition & Care segment is also part of our core portfolio. The Care Chemicals and Nutrition & Health divisions provide highly attractive and resilient markets with high-quality, high-performance products. Future growth in these markets will be driven by rising consumer awareness of sustainable product solutions with lower carbon footprints and the demand for natural and organic ingredients and their traceability. Moreover, digitalization, a focused technology and product portfolio, and close cooperation with our customers are crucial to meeting the dynamic market requirements.

For this segment, we strive to expand its market position as a leading provider of nutrition and care ingredients. The divisions generally focus their portfolio on growth markets and continuously develop their capabilities in areas such as biotechnology. They offer new bio-based and biodegradable products. The Care Chemicals division supports its customers globally with innovative and more sustainable high-performance products, solutions and concepts, especially in the cosmetics, detergent and cleaner industries. The Nutrition & Health division focuses on important product platforms (vitamins, carotenoids and feed enzymes), which are supplemented by selected growth fields such as special aroma ingredients and biopharma ingredients. With its (bio)pharma ingredients, the division serves a variety of markets, such as bioprocessing and formulation of vaccines and antibodies.

The basis for this segment's business are highly competitive, world-scale plants that are deeply embedded in the BASF Verbund.

Surface Technologies

Some of our standalone businesses are bundled in the Surface Technologies segment, which consisted of the Catalysts and the Coatings divisions until the end of 2024. Together with our customers, we develop novel products and technologies for catalysts, coatings and battery materials. We also offer services in the areas of precious metals and base metals as well as surface treatments. Our aim is to drive growth by leveraging our portfolio of technologies to find the best solution for our customers in terms of functionality and cost. This helps our customers to drive forward innovation in their industries and contribute to more sustainable development.

Our key growth drivers are the positive medium-term development of the demand for chemicals in the automotive market, especially in Asia, and the shift toward sustainable low-emission mobility. Despite the current slowdown in the mobility transition, we are convinced of the long-term growth of the electric vehicle market. As one of the largest chemical suppliers to the automotive industry, the segment is developing customized, more sustainable solutions for battery materials, emission control, recycling and innovative coatings in close cooperation with its customers. Our specialties and system solutions in these areas enable our customers to stand out from their competitors.

As of the beginning of the 2025 business year, the battery materials and ECMS business units, which were formerly part of the Catalysts division, are being reported as separate operating divisions within this segment, in addition to the Coatings division (for more information, see page [12](#)). Additionally, since January 1, 2025, the chemical and refining catalysts business, formerly part of the Catalysts division, has been reported as part of the Performance Chemicals division in the Industrial Solutions segment.

Agricultural Solutions

The goal of efficient farming has to be to provide healthy and affordable food globally to a rapidly growing world population¹ with an increasing demand for food, feed and energy. At the same time, farmers must reduce their environmental impact as natural resources are limited. We support them in achieving this and strive to contribute to build a sustainable future for agriculture by connecting innovation, customers and society.

As one of the world's top agricultural solutions companies in terms of sales, we are making a positive impact on sustainably transforming agriculture and food systems. Our innovation-driven strategy focuses on selected crops and their appropriate cultivation systems: soy, corn (maize) and cotton in the Americas; wheat, canola (oilseed rape) and sunflower in North America and Europe; rice in Asia; and fruit and vegetables globally. Our sustainability approaches are integrated into all business and portfolio decisions. In doing so, we help farmers sustainably grow more and higher-quality crops.

We leverage our expertise in research and development as well as our many years of experience working with growers to provide crop-specific offers across technologies. These include novel solutions for seeds, traits, fungicides, herbicides, insecticides, biological solutions and digital products tailored to the farming needs of their region and crop systems.

¹ Compared with 2024, the world's population is expected to grow by around 1.5 billion people by 2050; source: U.N. World Population Prospects 2024.

Our Steering Concept

We have firmly anchored our goal of achieving profitable growth while creating value for society and our shareholders in our strategy. For this reason, both financial and sustainability-related indicators are an integral part of our steering system. With our Differentiated Steering approach, we aim to increase the competitiveness of our business units and thus the profitability of the BASF Group.

Steering concept of the BASF Group

At the beginning of 2024, we introduced a **Differentiated Steering concept**, which is reported at the segment level. The goal is to empower our business units through this approach. We also want to create a clearer distinction between short- and medium-term steering. Key criteria in the selection of industry-specific financial steering indicators are the respective strategic direction of the business, the role of the business in BASF's portfolio and the contribution of the business to achieving corporate targets. In addition, we are benchmarking our performance even more closely against that of our competitors.

As part of this, we have established two **new most important financial key performance indicators** for the BASF Group's steering. Short-term influencing factors, such as the development of earnings or current operating assets, are controlled directly via two indicators:

- Income from operations before depreciation, amortization and special items
(EBITDA before special items)
- Free cash flow

Return on capital employed (ROCE) is significantly influenced by strategic decisions such as acquisitions, divestitures and investments. It remains a medium-term key financial target for the BASF Group. This is reflected in our ROCE target of around 10% in 2028. It emphasizes the importance of managing our return on capital employed over time.

Scope 1 and 2 CO₂ emissions remain the most important sustainability-related key performance indicator at Group level. We see sustainability as a decisive factor for our long-term business success.

As part of the "Winning Ways" strategy and the clear distinction between core and standalone businesses enshrined therein, the steering concept for the segments was adjusted in the second half of 2024. Accordingly, all segments are now measured by their absolute contribution to EBITDA before special items. This is an earnings indicator that describes the operational performance independent of age-related depreciation and amortization of assets and any impairment or reversal of impairment. The key figure is therefore particularly suitable for indicating the profitability of a business and for comparisons with businesses in similar sectors.

To manage cash flow at segment level, we use a specific key figure, segment cash flow, which includes the elements of free cash flow that can be managed by the operating divisions. This key performance indicator also applies to all segments.

Value-based management throughout the company

The target agreement process is an important part of our value-based management. Since 2024, variable compensation for senior executives has been based on targets derived from the key performance indicators for the steering of the respective business unit and the BASF Group. We plan to introduce this differentiated bonus system for all other employees over the course of 2025. This underscores the further increased autonomy of the divisions as part of the “Winning Ways” strategy and their accountability for business success.

Key figures in reporting

In line with the new steering concept, in financial reporting we analyze, comment on and forecast the most important key performance indicators EBITDA before special items and free cash flow for the BASF Group, and EBITDA before special items and segment cash flow for the segments.

Capital expenditures that have a direct impact on ROCE serve as an additional key performance indicator for the BASF Group. Capital expenditures are used to manage capital employed in the BASF Group. These comprise additions to property, plant and equipment excluding additions from acquisitions, IT investments and restoration obligations as well as right-of-use assets arising from leases.

We will continue to forecast cash flows from operating activities and payments made for property, plant and equipment and intangible assets as key factors for free cash flow.

In addition, we continue to analyze and comment on sales at Group and segment level, but we do not forecast them.

Calculation of EBITDA before special items

EBITDA is the result from income from operations reported in the Consolidated Financial Statements plus depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets. This is adjusted for special items that may arise from the integration of acquired businesses, from restructuring measures, from gains or losses resulting from divestitures and sales of shareholdings as well as from other expenses and income that arise outside of ordinary business activities.

Calculation of free cash flow and segment cash flow

Segment cash flow measures the cash inflow and outflow of a segment and thus its contribution to the BASF Group’s free cash flow. It includes only those amounts that can be steered by the segment and is calculated from EBITDA, changes in inventories and trade accounts receivable, and other extraordinary adjustments (such as those related to acquisitions and divestitures), less payments for intangible assets and property, plant and equipment. The BASF Group’s free cash flow also includes components of cash flow from operating activities that are not allocated to the segments as well as adjustments of other noncash effects.

Free cash flow is the cash flows from operating activities less payments made for property, plant and equipment and intangible assets.

Reconciliation of segment cash flow to free cash flow

EBITDA of the segments

- + Changes in inventories
- + Changes in trade accounts receivable
- + Gains (-) / losses (+) from the disposal of noncurrent assets and divestitures
- Payments made for property, plant and equipment and intangible assets

Segment cash flow

- + Net income from shareholdings
- + Financial result
- + Income taxes
- Income after taxes attributable to noncontrolling interests
- + Changes in items included in the segment cash flow that are recognized under Other
- + Remaining items recognized in cash flows from operating activities^a

Free cash flow

^a These include trade accounts payable, provisions, other operating assets, other operating liabilities and pension provisions as well as equity-accounted income, dividends received from equity-accounted investments and other noncash items.

Calculation of CO₂ emissions

We calculate the BASF Group's absolute CO₂ emissions on the basis of greenhouse gas emissions, which are the sum of direct emissions from production processes and the generation of steam and electricity (Scope 1), as well as indirect emissions from the purchase of energy (Scope 2). Direct emissions from the generation of energy for third parties are not considered here. Relevant emissions include other greenhouse gases according to the Greenhouse Gas Protocol, which are converted into CO₂ equivalents (for more information, see page [178](#) onward).

Calculation of ROCE and cost of capital

ROCE is calculated as the EBIT of the segments as a percentage of the average cost of capital basis.

To calculate the EBIT of the segments, we take the BASF Group's EBIT and deduct the EBIT of activities recognized under Other, which are not allocated to the divisions.

The cost of capital basis is calculated using the month-end figures and consists of the operating assets of the segments. Operating assets comprise the current and noncurrent asset items of the segments. They include property, plant and equipment as well as intangible fixed assets, integral investments accounted for using the equity method, inventories, trade accounts receivable, other receivables and miscellaneous assets and, if applicable, the assets of disposal groups, insofar as they are allocated to the segments. The cost of capital basis also includes customer and supplier financing.

We have integrated the cost of capital percentage into our ROCE target as a comparative figure. This is determined using the weighted cost of capital from equity and borrowing costs (weighted average cost of capital). To calculate a pretax figure similar to EBIT, the cost of capital is adjusted using the expected tax rate for the BASF Group for the business year. In addition, the projected net expense of Other is already provided for by an adjustment to the cost of capital percentage. The cost of equity is ascertained using the capital asset pricing model. Borrowing costs are determined based on the financing costs of the BASF Group. The cost of capital percentage for 2025 is 10% (2024: 10%).

Targets and Target Achievement¹

For us, long-term business success means creating economic, ecological and social value, which is why we pursue ambitious targets along the entire value chain. We report transparently on target achievement so that our stakeholders can track our progress.

Our objective is profitable growth – we have set new financial targets as part of our corporate strategy and adjusted our dividend policy. In the 2028 business year, we want EBITDA before special items to reach a value between €10 billion and €12 billion in moderate to good economic conditions. The cumulative free cash flow for 2025 to 2028 is expected to be more than €12 billion. For the return on capital employed (ROCE), we endeavor to achieve a figure of around 10% in 2028. In the 2024 business year, EBITDA before special items was €7.9 billion, free cash flow was €0.7 billion and ROCE was 5.1%.

In the medium term, we want to keep the overall distribution to shareholders at least at prior-year levels through a combination of dividends and share buybacks and will pay out a minimum of €12 billion to our shareholders between 2025 and 2028. Specifically, we want to pay out a dividend of at least €2.25 per share or around €2 billion per year. This policy already applies to the dividend for the 2024 business year, which will be paid out in 2025. The dividend proposed to the Annual Shareholders' Meeting for 2024 is consequently €2.25 per share (for more information on financial indicators, see page [46](#) onward).

We have also set ourselves comprehensive targets in the area of sustainability. By 2030, we want to reduce our CO₂ emissions from production (Scope 1) and energy purchases (Scope 2)² by 25% compared with 2018 (2018: 21.9 million metric tons, 2030 target: 16.4 million metric tons). In the 2024 business year, this figure was 17.0 million metric tons of CO₂ equivalents (2023: 17.0 million metric tons³). [By 2030, we want to reduce the specific CO₂ emissions from the purchase of our raw materials (Scope 3.1)⁴ by 15% compared with 2022 (2022: 1.64 kilograms of CO₂ per kilogram of raw materials purchased, 2030 target: 1.39 kilograms). Our specific Scope 3.1 emissions in 2024 amounted to 1.58 kilograms of CO₂ per kilogram of raw materials purchased (2023: 1.67 kilograms⁵). By 2050, we endeavor to reach net-zero greenhouse gas emissions (Scope 1, 2 and 3.1) (for more information on this topic, see page [178](#) onward).

We are working to further increase sustainability in our supply chains. Our previous target was to have 80% of suppliers improve their sustainability performance upon reevaluation. Moving forward, we are concentrating on suppliers that generated inadequate results in evaluations. For the time frame up to 2030, we are working toward ensuring that, annually, 80% of suppliers who underwent a sustainability evaluation during the reporting period, and who had inadequate results in a prior comparable evaluation, improve their sustainability performance. In 2024, the figure was 76%. With the new target, we want to sharpen our focus on and gear our measures even more strongly toward suppliers with increased risk in terms of sustainability (for more information, see page [301](#) onward).

¹ Unlike the financial indicators specified as well as the Scope 1 and Scope 2 emissions, the sustainability-related indicators listed in this chapter are not part of the statutory audit but are part of a separate audit with limited assurance.

² Scope 1 and Scope 2 (excluding the sale of energy to third parties). The target includes greenhouse gas emissions according to the Greenhouse Gas Protocol that are converted into CO₂ equivalents (CO₂e). The base year is 2018.

³ The figure for 2023 has been adjusted due to updated data.

⁴ Scope 3.1, raw materials excluding battery materials, services and technical goods, excluding greenhouse gas emissions from BASF trading business. Future adjustment of the baseline in line with the "Together for Sustainability" guideline (TfS) possible depending on the availability of further primary data. The base year is 2022. In the reporting year, we adjusted the baseline in line with the TfS guideline due to the availability of further primary data.

⁵ The figure for 2023 was adjusted due to increased data availability.

We intend to align our portfolio and the work of our research and development units even more closely with climate protection and the circular economy. For this purpose, we rely on the assessment of our product portfolio using the TripleS methodology (Sustainable Solution Steering). By 2030, we want to achieve more than 50% of BASF sales relevant for TripleS⁶ from Sustainable-Future Solutions – products that make a positive contribution to sustainability (see page [161](#)). In 2024, these products accounted for 46.3% of BASF sales (2023: 41.4%). We also introduced a new target for circular economy solutions, known as Loop Solutions, in 2024. By 2030, we want to achieve €10 billion in sales with these solutions. Sales with Loop Solutions stood at €5.7 billion in 2024 (for more information on this topic, see page [246](#) onward).

We want to establish sustainable water management at all production sites in water stress areas⁷ and at our Verbund sites by 2030. In 2024, we reached a share of 65% (2023: 57%)⁸ (for more information on this topic, see page [227](#) onward).

In production, we want to further improve safety and focus on reducing high-severity work-related accidents and process incidents. By 2030, we aim to achieve a rate of no more than 0.10 High Severity Process Safety Incidents (hsPSI) per 200,000 working hours. The global rate of hsPSI in 2024 was 0.03 (2023: 0.05 hsPSI). For the period up to 2030, we are also committed to a maximum rate of 0.05 High Severity Work Process Related Injuries (HSI) per 200,000 working hours. In the 2024 business year, this figure stood at 0.02 HSI (2023: 0.03 HSI).]

Furthermore, we have set ourselves the target of increasing the proportion of women in leadership positions to 30% by 2030.⁹ The global proportion of women in positions with disciplinary responsibility was 29.3% in 2024 (2023: 28.4%). Furthermore, we would like to create a work environment in which more than 80% of our employees feel that they can thrive and perform at their best at BASF. In 2024, we reached a rate of 79% (2023: 79%) (for more information on this topic, see page [276](#) onward).

⁶ The definition of the relevant portfolio and further information can be found in the TripleS manual at bASF.com/en/sustainable-solution-steering.

⁷ We define water stress areas as regions in which more than 40% of available water is used by industry, households and agriculture. Our definition is based on the Water Risk Atlas (Aquaduct 4.0) published by the World Resources Institute. For more information, see wri.org/aqueduct. Our water target also continues to take into account the sites that we identified as water stress sites in accordance with Pfister et al. (2009) prior to 2019, as well as water stress sites according to Aqueduct 3.0.

⁸ By including water stress sites according to Aqueduct 4.0, the number of sites required to implement sustainable water management increases. As a result, the implementation status for 2023 has decreased and been adjusted accordingly.

⁹ In so doing, we act in accordance with applicable local laws.

Material Investments and Portfolio Measures

Portfolio management is an important part of our new strategy. Investments remain a key driver of our targeted profitable growth as well as our green transformation. Our focus is on high-growth markets. The establishment of a new Verbund site in Zhanjiang, China, which we have designed from the outset as a pilot project for sustainability, contributes to achieving these aims.

The primary aim of our portfolio measures and investments is to empower the core businesses and increase and more clearly emphasize the value of the standalone businesses. Investing in our plants is essential to achieve the profitable growth we strive for in our core businesses. We invest in new technologies in order to facilitate our own green transformation and that of our customers. At the same time, we are taking measures to increase the efficiency of existing production processes and therefore to improve the profitability and competitiveness of our operations. For the period from 2025 to 2028, we are planning capital expenditures (capex)¹ totaling around €16 billion, including approximately €3 billion for the establishment of our Verbund site in Zhanjiang, China. Due to the investments in the Verbund site in Zhanjiang, our capital expenditures peaked at around €6 billion in 2024. We anticipate a slight decrease to around €5 billion for 2025. Starting in 2026, we are planning to reduce capital expenditures to well below the level of depreciation and amortization (for more information on our future investments, see page [85](#)).

We drove forward our investment projects in 2024, focusing on the expansion of our position in our three key and attractive regions: Asia Pacific, North America and Europe. The **Asia Pacific** region and China in particular, which already has a significant influence on the growth of the global chemicals market with a share of around 50%, will continue to remain especially attractive. We expect that around 80% of growth in the chemical industry will be concentrated in this region by 2035. In order to participate in this and to serve the increasing demand from various growth industries in this region, we are establishing, for example, our new integrated Verbund site in Zhanjiang (see table on page [35](#)). Our focus is on getting the Verbund site operational as planned, with the cornerstones of the Verbund structure scheduled for completion in 2025. This site will already be operated using 100% renewable electricity starting 2025. We also continuously invest in the ongoing development of our other Asian sites, such as our expansion project in Kuantan, Malaysia, in tandem with our partner PETRONAS Chemicals Group Berhad (see table on page [35](#)).

In **North America**, our focus is on the expansion of our production capacities in the isocyanates value chain in Geismar, Louisiana (see table on page [35](#)). The project is on schedule and is set for startup in 2026. Our production capacity for methylene diphenyl diisocyanate (MDI) in North America will thereby rise from 380,000 metric tons per year to around 600,000 metric tons per year. The MDI expansion represents BASF's largest single investment in North America.

In addition, we invested in our **European sites**. In 2024, we put a world-scale production plant for alkyl ethanolamines into operation at our Verbund site in Antwerp, Belgium, thus expanding our global production capacities for this product and its derivatives by almost 30%. In Ludwigshafen, Germany, we continued to drive forward our chlorine and aroma projects among other things (see table on page [35](#)). In Ludwigshafen, we also completed the world's first electrically heated steam cracker demonstration plant in 2024. In Schwarzheide, Germany, we put our prototype metal refinery for battery recycling into operation.

¹ Additions to property, plant and equipment excluding acquisitions, restoration obligations, IT investments and right-of-use assets arising from leases

We want to expand and refine our portfolio through value-increasing acquisitions, especially in our core businesses. We will expand our regional presence in growth markets in a targeted manner and support our green transformation through sustainable business models.

Investments and acquisitions 2024

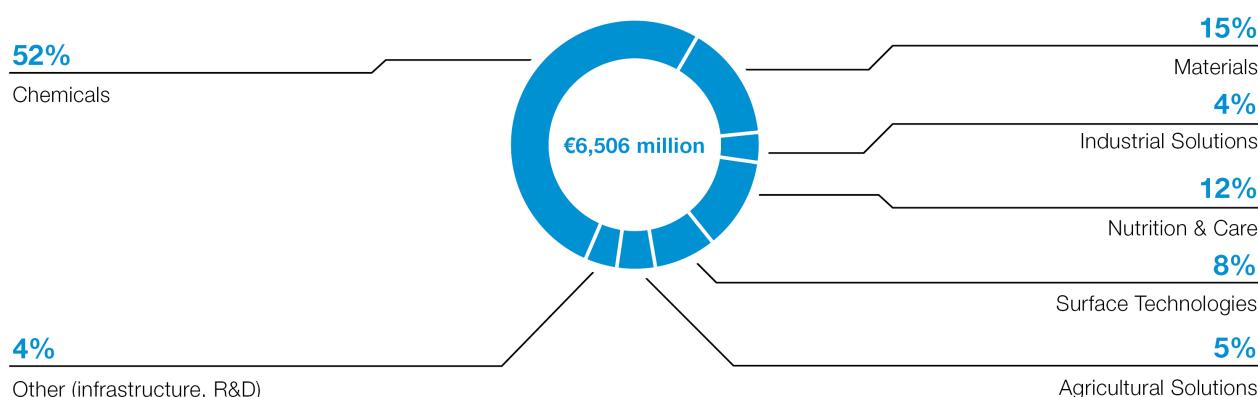
Million €	Investments	Acquisitions	Total
Intangible assets	132	1	133
of which goodwill	–	–	–
Property, plant and equipment ^a	6,506	188	6,694
Total	6,638	189	6,826

^a Including restoration obligations, IT investments and right-of-use assets arising from leases

Investments in the segments and regions

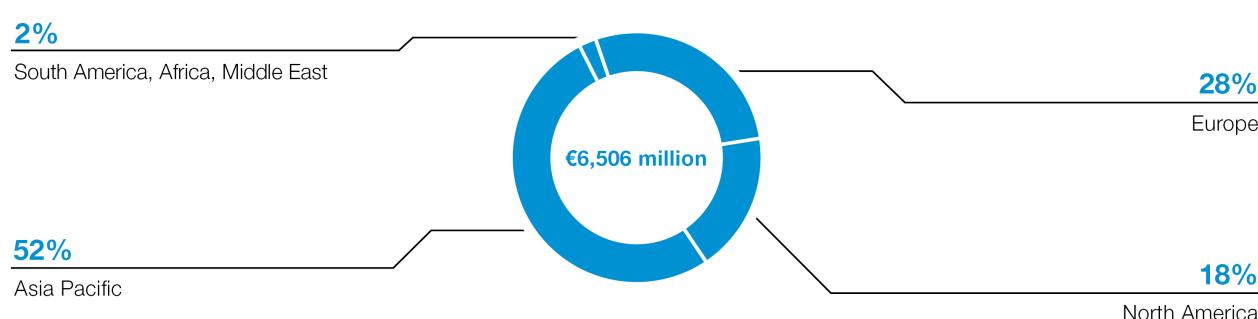
Investments in property, plant and equipment amounted to €6,506 million in 2024 (2023: €5,864 million). Capex accounted for €5,996 million of this amount (2023: €5,198 million). Our investments in 2024 focused on the Chemicals, Materials and Nutrition & Care segments.

Additions to property, plant and equipment^a by segment in 2024



^a Including restoration obligations, IT investments and right-of-use assets arising from leases

Additions to property, plant and equipment^a by region in 2024



^a Including restoration obligations, IT investments and right-of-use assets arising from leases

Overview of material investments

Segment	Location	Project	Startup
Chemicals	Antwerp, Belgium	Construction of a new world-scale alkyl ethanolamines plant	2024
	Kuantan, Malaysia	Capacity expansion at the 2-ethylhexanoic acid plant ^a	2024
	Ludwigshafen, Germany	Modernization of the chloroformates and acid chlorides plant	2026
	Nanjing, China	Capacity expansion at the ethanolamines and ethylenamines plants ^b	2024
	Zhanjiang, China	Construction of a new steam cracker and plants for ethylene oxide, syngas, monoethylene glycol, polyethylene, C4 oxo alcohols, acrylic monomers and neopentyl glycol	2025–2026
Materials	Chalampé, France	Construction of a new world-scale production plant for hexamethylenediamine (HMD)	2024
	Geismar, Louisiana	Capacity expansion at the MDI plants	2026
	Heerenveen, Netherlands	Capacity expansion at the resins production plant	2024
Industrial Solutions	Huizhou, China	Capacity expansion at the acrylics dispersions production plant	2024
	Nanjing, China	Capacity expansion at the additives production plant	2025
	Lampertheim, Germany and Pontecchio Marconi, Italy	Capacity expansion for hindered amine light stabilizers (HALS)	2025
	Ludwigshafen, Germany	Capacity expansion of polyisobutene plant	2025
	Bangpakong, Thailand	Construction of a new production plant for alkyl polyglucosides	2025
Nutrition & Care	Geismar, Louisiana	Expansion of surfactant storage capacities	2024
	Kundl, Austria	Construction of a new production plant for enzymes	2024
	Ludwigshafen, Germany	Construction of new production plants for menthol and linalool	2026
	Zhanjiang, China	Construction of a new production plant for citral	2026
		Construction of a new production plant for nonionic surfactants	2026
Surface Technologies	Münster, Germany	Construction of a new production plant for more sustainable automotive paints	2025
	Schwarzheide, Germany	Construction of a new prototype plant for battery recycling	2024
	Würzburg, Germany	Construction of a new battery recycling plant for the production of black mass	2024
Agricultural Solutions	Beaumont, Texas and Hannibal, Missouri	Capacity expansion for automotive paints	2025
	Europe ^c	Modernization of site infrastructure	2027
	Ludwigshafen, Germany	Traceability of crop protection products based on digital identification	2025
	Schwarzheide, Germany	Construction of a new fermentation facility for sustainable crop protection products	2025
		Reduction of organic waste streams	2024

^a Operated by a fully consolidated joint venture with PETRONAS Chemicals Group Berhad

^b Operated by a joint venture with Sinopec

^c This project will be implemented in Genay and Graveline, France, in Ludwigshafen, Germany, and in Tarragona, Spain.

Acquisitions

In April 2024, Vattenfall and BASF contractually agreed on the purchase of 49% of shares in Vattenfall's Nordlicht 1 and 2 wind farm projects by BASF (for more information, see Note 3 to the Consolidated Financial Statements on page [344](#) onward). The Nordlicht wind farm projects are being built in the German North Sea without government subsidies and will have a total installed capacity of 1.6 gigawatts. BASF will use just under half of the electricity generated to supply its chemical production sites in Europe, particularly Ludwigshafen, Germany. Subject to the final investment decision, which is expected in the course of 2025, construction of Nordlicht 1 and 2 is scheduled to begin in 2026. The wind farms are scheduled to become fully operational in 2028.

Divestitures

Following agreement on the sale of Wintershall Dea's exploration and production (E&P) business, excluding Russia-related activities, to Harbour Energy plc, London, United Kingdom, in December 2023, this transaction was concluded on September 3, 2024. The E&P business consists of production and development assets, as well as exploration rights and Wintershall Dea's carbon storage licenses. In exchange, Wintershall Dea shareholders – BASF (72.7%) and LetterOne (27.3%) – received a cash consideration totaling \$1.78 billion (BASF share: \$1.29 billion), including a purchase price adjustment, and new shares issued by Harbour Energy equating to a total shareholding of 54.5% in the enlarged Harbour Energy company (BASF share: 39.6%).

Since completion of the transaction, both the shareholding in Wintershall Dea, which now only comprises the operations not transferred to Harbour Energy and the headquarters, and the shareholding in Harbour Energy have been accounted for as non-integral shareholdings using the equity method in the Consolidated Financial Statements of the BASF Group (for more information, see Note 3 to the Consolidated Financial Statements from page [344](#) onward).

Agreed transactions

On December 21, 2024, BASF and Louis Dreyfus Company (LDC), Rotterdam, Netherlands, signed an agreement on the sale of BASF's operations in food and health performance ingredients, including the production site in Illertissen, Germany, to LDC. Under the terms of the agreement, it is expected that approximately 300 employees will transfer from BASF to LDC on completion of the transaction, which remains subject to the customary closing conditions, including approval by the relevant regulatory bodies.

Innovation

Innovations based on chemistry play a pivotal role in overcoming the greatest challenges of our time. Our activities are aimed at developing new products, entering new markets, further increasing our productivity and reducing the carbon footprint of our existing products. We are intensively working together with our customers on innovative products and processes for a sustainable future.

Innovation has always been the key to BASF's success. The knowledge and skills of our highly qualified employees are our most valuable resources and the source of our innovative strength. In 2024, approximately 10,000 employees worldwide were working in research and development (R&D).

(In 2024, we generated sales of around €11 billion with products launched on the market in the past five years that stemmed from research and development activities.) In the long term, we aim to further increase sales and earnings with new and improved products – especially with products that make a positive sustainability contribution in the value chain.

Our **research and development (R&D) expenses** amounted to €2,061 million in 2024 (2023: €2,130 million). R&D activities in our operating divisions, which are mainly application- and customer-related, accounted for 87% of this figure. Cross-divisional and strategic topics were responsible for 13% of these expenses.

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

In the area of electromobility, for example, we develop materials for batteries and electric powertrains in close cooperation with vehicle manufacturers to enable safe and efficient driving. We are working on innovative depolymerization processes that can be used in the recycling of foam mattresses or the rigid foam found in fridges as well as on circular solutions for textiles. We also develop biodegradable polymers for household and personal care applications as well as biodegradable UV absorbers for sunscreen, and thus help our customers achieve their sustainability targets.

Our research and development units explicitly address the industry-specific needs of our customers. Customer-focused activities are directly integrated into the operating divisions. Research activities that are relevant to several operating divisions are bundled in the cross-functional global division Group Research. It supports the R&D activities of our operating divisions and drives forward cross-divisional projects on topics relevant to the entire Group, such as avoiding CO₂ emissions in chemical processes and products, energy efficiency and recycling technologies. The unit is globally positioned with research centers in Asia Pacific, Europe and North America. Together with the research and development units in our operating divisions, Group Research forms the core of our global research network.

We use corporate funding to finance research activities that are of broad relevance to the BASF Group and go beyond the industry-specific focus of the individual operating divisions, such as digital tools, new analytic methods, catalytical processes and biotechnological methods.

The number and quality of our patents also demonstrate our innovative power and long-term competitiveness. In 2024, we filed **1,159 new patents** worldwide, of which 44.5% were for innovations

with a particular focus on sustainability. The Patent Asset Index, a method that compares patent portfolios, once again ranked us among the leading companies in the chemical industry in 2024.

Global presence

Our global research and development presence – and its effectiveness – is vital to our long-term success. This enables us to respond to the needs and requirements of the regional markets in a differentiated way, establish new customer relationships and leverage growth potential. Scientific collaborations give us access to talent, strengthen our Research and Development Verbund and make BASF an even more attractive partner and employer.

The largest site in our research network is **Ludwigshafen** in Germany. A new Catalyst Development and Solids Processing Center was opened there in December 2024 to bring process innovations and new chemical catalysts to market faster.

Innovation Campus Shanghai in China is our largest research and development site in Asia Pacific. Here, we work on new products and processes for a variety of customer industries, including in growing sectors such as electromobility and renewable energies. **Innovation Campus Mumbai** in India, with its research focus areas of crop protection, process development, specialty chemicals and analytics, represents a further key pillar of our growing research network in the Asia Pacific region.

At our largest research and development site in North America, **Research Triangle Park**, we work on new crop protection products. 2024 also marked the one-year anniversary of the **Biodegradation and Microplastics Center of Excellence** in Wyandotte, United States. Here, our teams research the biodegradability of materials and solutions for the circular economy.

Our **global network of top universities, research institutes and companies** forms a further part of our Know-How Verbund. It gives us direct access to external scientific expertise, talented minds from various disciplines as well as new technologies. Our eight academic research alliances bundle partnerships with several research groups in a region or with a specific research focus. The teams in the research alliances work, for example, on projects in the areas of materials science and biosciences, catalysis research and digitalization. In the Asia Pacific region, the Network for Asian Open Research (NAO) provides a joint platform for cooperation with leading universities and institutes. In Europe, we have close ties with the world of academia through our Academic Research Alliances, such as the Battery and Electrochemistry Laboratory (BELLA), the Catalysis Research Laboratory (CaRLa), the UniCat BASF Joint Lab (BasCat), the Joint Research Network on Advanced Materials and Systems (JONAS) and the British Alliance for Research & Innovation (BARI). The California Research Alliance (CARA) and the North America Open Research Alliance (NORA) operate in the United States.

(The Academic Research Alliances are complemented by cooperative partnerships with around 260 universities and research institutes as well as collaborations with a large number of companies.)

The BASF Group's Business Year

Economic Environment¹

Global economic growth in 2024 was again driven more by services than the production of goods. Declining inflation and the interest rate turnaround initiated by many central banks supported demand. Starting from a low base, the global chemical industry grew at a faster pace than the overall industrial production. However, growth in the chemical industry weakened over the course of the year, particularly in Europe (for the forecast, see page [78](#) onward).

At a glance

+2.7%

Global GDP growth

+3.9%

Increase in global chemical production

Global gross domestic product (GDP) grew by 2.7% compared with the previous year (2023: +2.8%). Global industrial production only rose by 2.1% (2023: +1.5%). Starting from a low base after two weak years, global chemical production grew by 3.9%, albeit with significant regional differences. While the chemical industry increased by 6.8% in China, it only grew by 1.1% in the rest of the world.

The average price of Brent crude oil remained around the prior-year level at \$81 per barrel (previous year: \$82 per barrel). The annual average gas price in northwestern Europe was €34.17 per MWh or \$10.83 per mmBtu (previous year: €40.52 per MWh or \$12.83 per mmBtu), almost five times higher than in the United States (€6.93 per MWh or \$2.20 per mmBtu).

¹ All information relating to past years in this section can deviate from the previous year's report due to statistic revisions. Where available, calendar-adjusted macroeconomic growth rates are reported. Figures for 2024 not yet available in full are estimated.

Trends in the global economy in 2024

At 0.9%, GDP growth in the **European Union (EU)** was only slightly above the previous year's very weak level. Industrial production contracted for the second consecutive year.

Within the EU, there were significant differences in growth between member states. **Spain's** GDP grew by around 3%, primarily due to its higher share of tourism and services. On the other hand, **France** and **Italy** saw only marginal economic expansion mainly due to persistently weak private consumption.

The **German** economy stagnated again in 2024 due to slow private consumption despite rising incomes and a decline in capital investment. In view of the weakness in Germany's core industries, foreign trade did not provide positive momentum. Overall, the German economy has not grown in real terms since 2019, while GDP in the rest of the eurozone increased by 6% in this period.

At nearly 2%, growth in the eastern EU countries was also above the EU average. However, there were also considerable differences within this region. **Poland's** economy showed relatively strong growth of almost 3% due to the provision of previously frozen EU funds and rising real incomes. In **Hungary** and **Czechia**, GDP growth rates did not differ significantly from the low EU average as their industrial sectors heavily rely on western Europe.

In the **United Kingdom**, GDP growth remained weak, reflecting the only slight increase in consumer spending and volatile contributions from investment and foreign trade.

In contrast to Europe, the **United States** recorded continued robust GDP growth of 2.8%. Private consumption continued to rise due to strong labor market demand and higher real wages, although service consumption still accounted for more than two-thirds of this growth. Capital expenditures also contributed to the solid growth, while the increase in the foreign trade deficit dampened expansion. The contribution from commercial construction investment in 2024 was considerably lower than in the prior-year period. The industrial economy in the United States remained weak, with the manufacturing sector in particular stagnating over the year as a whole.

In **China**, the GDP growth rate reached the official target of 5%. Even though private consumption rose at a similar rate, domestic demand for goods only grew at a subdued pace. In contrast, the export of goods provided considerable growth momentum for the industry. In this environment, industrial production in China rose by around 5%. While the manufacturing sector with an expansion of around 6% slightly outpaced the industry as a whole, the ongoing crisis in residential construction had a dampening effect on the overall industrial growth rate.

India was the fastest-growing major economy in 2024 with growth of more than 6%. This was supported by the robust increase in private consumption and rise in investments. In the **ASEAN countries**, which benefited from the diversification of international industrial value chains, GDP also grew relatively strongly at just under 5%. This was especially the case in **Indonesia**, the **Philippines** and **Vietnam**, all of which achieved growth of around 5% or higher. Growth in mature Asian markets lagged behind emerging markets in the region. In South Korea, economic growth was around 2%. In **Japan**, GDP stagnated, partly due to the lack of growth in private consumer demand and investments, and the sharp decline in automotive production.

Brazil, South America's largest economy, recorded solid growth of almost 3.3%. Both private consumer demand and investments saw a significant increase – by more than 5% and more than 7% respectively. Industrial production outpaced GDP slightly, while the agricultural sector suffered as a result of the floods in southern Brazil. Despite the improved economic outlook following recent reforms, **Argentina's** GDP contracted by around 3% in 2024. Overall, GDP in South America increased by 2.0%, slightly more than in the previous year.

Gross domestic product

Real change compared with previous year	2024	2023
World	2.7%	2.8%
European Union	0.9%	0.5%
USA	2.8%	2.9%
China	5.0%	5.2%
Emerging markets of Asia excluding China ^a	5.2%	5.2%
Japan	0.1%	1.5%
South America	2.0%	1.6%

^a We define the emerging markets of Asia as the ASEAN countries (Brunei, Indonesia, Malaysia, Myanmar, Cambodia, Laos, the Philippines, Singapore, Thailand, Vietnam), India, Pakistan and Bangladesh.

Trends in key customer industries

In 2024, global goods production grew more strongly than in the previous year. However, it lagged behind the growth rates of GDP and the services sector. Industry growth was dampened in particular by a decline in automotive production, following the previous year's strong growth, and a weak momentum in the construction industry, amid falling but still high interest rates in the United States and Europe, as well as the crisis in the Chinese housing market. In contrast, the production of consumer goods in the nutrition, care and health sectors supported industrial growth.

Global industrial production expanded by 2.1% overall (2023: 1.5%). In the advanced economies, it largely stagnated, while in the emerging markets it grew by 3.9% (2023: +2.9%). In the EU, industrial production declined by 1.9%; in North America, it rose by 1.1%, and in Asia it grew by 4.2% overall. China accounted for around three-quarters of global industrial growth. North America accounted for only around one-tenth of global growth, while the EU made a negative contribution.

Growth in key customer industries

Real change compared with previous year	2024	2023
Industry total	2.1%	1.5%
Transportation	-0.3%	9.6%
of which automotive industry	-1.1%	9.9%
Energy and resources	2.1%	0.9%
Construction	1.4%	2.3%
Consumer goods	1.5%	-0.3%
Electronics	7.6%	0.2%
Health and nutrition	2.4%	0.4%
Agriculture	2.2%	3.0%

In 2024, global **automotive production** decreased by 1.1% from 90.5 to 89.5 million passenger cars and light commercial vehicles. In China, the world's largest automotive market, it increased by 3.7%. In contrast, production in the EU, North America, Japan and South Korea decreased by around 4.4% overall. However, production in these countries had increased by around 12% in 2023, slightly outpacing China's growth of 10%. Automotive production in India also increased by around 4%. Growth in the production of battery electric vehicles (BEVs) was once again significantly higher than that of the market as a whole: A total of 1.0 million more BEVs were produced; this corresponds to growth in this segment of around 9.5% compared with the previous year. Consequently, electric vehicles' share of all vehicles produced rose from around 12% in 2023 to around 13% in 2024.

The **energy and raw materials** sector expanded by 2.1%. Growth in this sector was mainly driven by the production of non-energy raw materials, the refining business and energy supply. However, oil and gas production remained largely stagnant.

Demand in the **construction industry** remained subdued, despite the interest rate reversal initiated by central banks in Europe and the United States in 2024, already reflected in falling longer-term rates. Overall, construction activity expanded by 1.4%. Development varied across the individual construction segments: Residential construction declined slightly, while commercial building construction saw a modest uptick. As in previous years, the infrastructure segment saw considerable growth. The EU construction industry saw a considerable overall decline, most notably with a sharp downturn in new residential construction. Conversely, construction activity in North America recorded solid growth across all segments. This was partly due to base effects in the U.S. residential construction sector given the decline in construction activity of nearly 10% in the previous year and extremely limited supply of existing properties on the market. In China, building construction activity, measured by area under construction, continued to decline considerably.

After stagnating in the previous year, **consumer goods production** increased by 1.5% in 2024, lagging behind global GDP growth. Production in the furniture industry remained stable after experiencing a sharp decline in the previous year. The textile industry returned to moderate growth after a decrease in the previous year. Production of chemicals for the manufacture of care products grew slightly faster than global GDP.

The **electronics industry** saw considerable expansion of 7.6% again after stagnating in the prior-year period. Key drivers of growth were electronic components (semiconductors), computers and the again increasing demand for replacements in consumer electronics.

Production in the **health and nutrition** sector increased by 2.4%. The pharmaceutical industry grew at a similar rate to global GDP. All major markets generated growth again following a weak previous year. Food production as a whole grew at a slower pace. It increased in the EU and emerging Asian markets, while declining in the United States and Japan.

At 2.2%, growth in the **agricultural sector** was below the level of the previous year. Production in the EU largely stagnated. South America built on its solid above-average growth from the previous year, driven primarily by catch-up effects in Argentina. Brazilian agricultural production, on the other hand, decreased considerably. In North America, growth remained at the low level of the previous year. The growth rate of agricultural production in Asia was slightly higher than the global average.

Trends in the chemical industry

Despite significant regional differences, growth in the global chemical industry in 2024 (+3.9%) considerably outpaced overall industrial production. While the chemical industry in China grew by around 6.8%^a on the basis of official figures, it increased by 1.1% in the rest of the world. In 2024, China accounted for 86% of global chemical growth.

Starting from the very low prior-year level, chemical production in the **EU** rose considerably in the first half of 2024. This was partly due to supply bottlenecks on international trade routes through the Red Sea and production constraints at non-European producers. Over the course of the year, however, weak European demand resulted in a considerable decline in production. For the year as a whole, production in the EU only grew by around 1.6%. Chemical production in **Germany** followed a similar trend. However, the annual growth rate was higher due to the lower starting base at the end of 2023 (2024: +3.1%, 2023: -12.1%).

In the **United Kingdom**, chemical production decreased by 1.7% (2023: -12.7%).

In the **United States**, the chemical industry stagnated for the second consecutive year amid overall weak industrial demand (2024: 0.0%, 2023: -0.2%).

Chemical production in **Asia** rose by 5.6%, slightly more than in the previous year (+4.5%). **China**, the world's largest chemical market, grew by 6.8%.^a **India** increased production by 1.8% after stagnating in the previous year. Nearly all other countries in the region also reported growth in the chemical industry. Only **Japan** experienced a decline of 2.9%.

Chemical production in the **Middle East** also increased by a total of 2.5%. In Iran and in Saudi Arabia, the region's leading producers, chemical production increased slightly more than the regional average. In contrast, Israel saw a decline in production.

Chemical production (excluding pharmaceuticals)

Real change compared with previous year	2024	2023
World	3.9%	1.4%
European Union	1.6%	-8.2%
USA	0.0%	-0.2%
China ^a	6.8%	7.4%
Emerging markets of Asia excluding China	2.4%	-2.5%
Japan	-2.9%	-6.6%
South America	1.7%	-5.7%

^a Our own estimate of the growth rate, based on official statistics from China for the overall market and individual products.

Price trends for key commodities

Due to increasing oil supply, weak overall growth in oil demand and OPEC's announcement to increase production, Brent North Sea crude prices fell from an average of \$84 per barrel in the first half of 2024 to \$74 per barrel in the fourth quarter. The annual average oil price was \$81 per barrel, only slightly below the price of the previous year (\$82 per barrel). In contrast, the average monthly price for the chemical raw material naphtha was \$656 per metric ton, around 2% higher than the previous year (\$643 per metric ton).

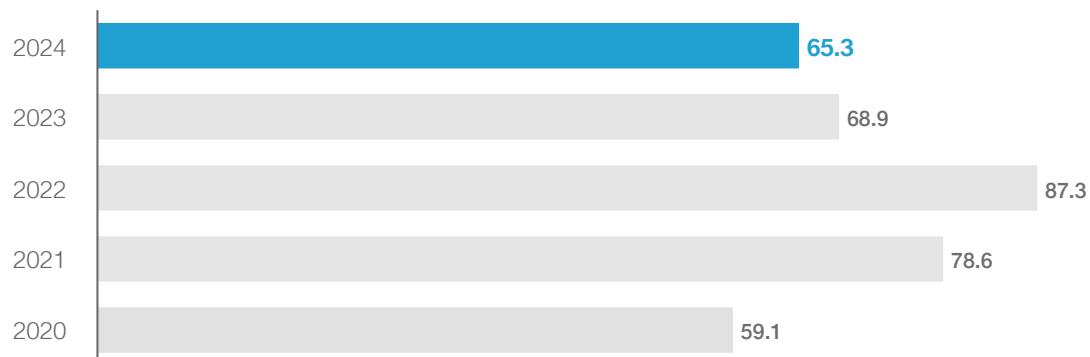
Compared with the previous year, gas prices in northwestern Europe rose more sharply in 2024 due to colder weather. However, the average annual price of €34.17 per MWh (\$10.83 per mmBtu) was below that of 2023 (€40.52 per MWh or \$12.83 per mmBtu). The average price of gas in the United States was \$2.20 per mmBtu, likewise slightly lower than in the previous year (\$2.54 per mmBtu.) In China, gas prices averaged around \$13.13 per mmBtu nationally (2023: \$12.77 per mmBtu).

Results of Operations

In the 2024 business year, **sales** stood at €65,260 million, compared with €68,902 million in the previous year. Considerable volume increases in some core businesses, coupled with slight volume growth in Agricultural Solutions, overcompensated for the decrease in sales volumes in Surface Technologies, which was due to the weak momentum in the automotive industry. The overall decline in sales, however, was mainly due to competition-driven price decreases in all segments. A particularly pronounced decline was seen in precious metal prices in the Surface Technologies segment. Currency effects further damped sales performance.

Sequential development of sales

Billion €



Factors influencing BASF Group sales

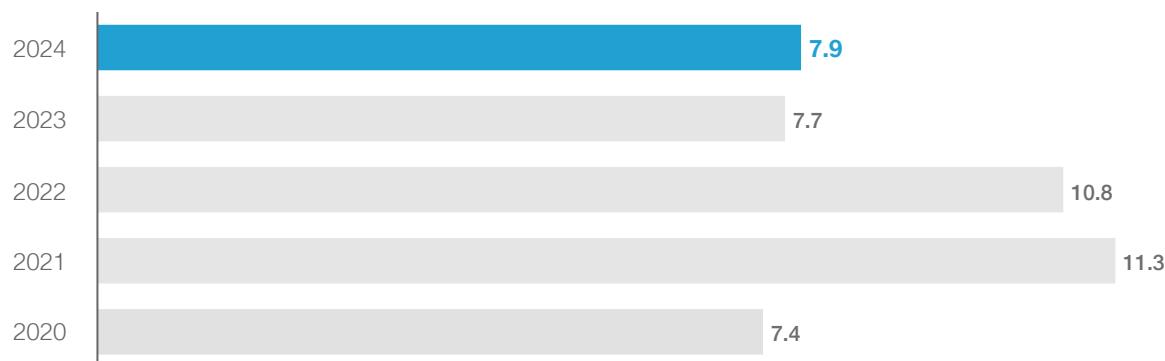
	Change in million €	Change in %
Volumes	1,216	1.8
Prices	-3,564	-5.2
Currencies	-1,206	-1.8
Acquisitions	-	-
Divestitures	-86	-0.1
Changes in the scope of consolidation	-3	0.0
Total change in sales	-3,643	-5.3

Compared with the prior-year figure, **EBITDA before special items**¹ rose by €187 million to €7,858 million. This was due to higher earnings in our core businesses. In the Nutrition & Care, Industrial Solutions and Chemicals segments, EBITDA before special items grew considerably – mainly owing to a volume-related increase in the contribution margin – while it grew slightly in the Materials segment. This was offset by earnings declines in our standalone businesses. In Agricultural Solutions, EBITDA before special items declined considerably, mainly as a result of developments in the glufosinate-ammonium business and higher fixed costs, partly due to an insurance payment received in the previous year. The steep drop in precious metal prices and lower sales volumes in the Catalysts division played a substantial role in the slight earnings decline in Surface Technologies. The decrease in EBITDA before special items in Other was caused by currency results, hedging and other valuation effects contained in other expenses as well as lower earnings contributions from other businesses. The **EBITDA margin before special items** reached 12.0%, compared with 11.1% in the previous year.

¹ For an explanation of this indicator, see the reconciliation tables in Results of Operations on page 49.

Sequential development of EBITDA before special items

Billion €



EBITDA² amounted to €6,681 million, compared with €7,180 million in the prior-year period.

Special items³ in EBITDA amounted to -€1,176 million in 2024. Special charges for restructuring measures in the amount of €667 million arose, in particular, for provisions in connection with the shutting down of glufosinate-ammonium production plants and the associated site closures in the Agricultural Solutions division, as well as for the conversion of the ERP system in the Coatings division for a differentiated steering of the business. In addition, special charges were incurred in connection with the cost savings program focusing on Europe and for modifications to the production structure at the Verbund site in Ludwigshafen, Germany. Special charges from other charges and income in the amount of €500 million included, in particular, charges in the amount of €301 million for the class settlement, which does not constitute any admission of liability, in connection with the aqueous film-forming foam (AFFF) multidistrict litigation in the United States.

Special items

Million €	2024	2023
Restructuring measures	-667	-379
Integration costs	2	-17
Divestitures	-11	-58
Other charges and income	-500	-36
Total special items in EBITDA	-1,176	-490
Impairments and reversals of impairments in special items	-702	-1,076
Total special items in EBIT	-1,878	-1,566

EBIT came in at €2,033 million, down on the prior-year figure by €206 million (for more information, see the Statement of Income on page [329](#)). Depreciation and amortization⁴ stood at €4,648 million (previous year: €4,941 million). This included impairments in the amount of €776 million (of which €702 million was attributable to special items), which mainly related to the battery materials business in the Surface Technologies segment. In the previous year, EBIT included impairments totaling around €1.1 billion.

We use the **return on capital employed (ROCE)** indicator to measure our rate of return. In 2024, ROCE was 5.1% (2023: 4.5%; for more information, see page [28](#) onward).

² For an explanation of this indicator, see the reconciliation tables in Results of Operations on page [49](#).

³ Special items may arise from the integration of acquired businesses, restructuring measures, gains or losses resulting from divestitures and sales of shareholdings, and other expenses and income that arise outside of ordinary business activities.

⁴ Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

ROCE

Million €	2024	2023
EBIT BASF Group	2,033	2,240
- EBIT Other	-1,340	-778
EBIT of the segments	3,373	3,018
Cost of capital basis of segments, average of month-end figures	65,527	66,687
ROCE	5.1	4.5

Capital employed

Million €	2024	2023
Intangible assets	11,920	12,733
+ Property, plant and equipment	24,427	22,425
+ Integral companies accounted for using the equity method	1,614	1,753
+ Inventories	13,846	14,961
+ Accounts receivable, trade	11,305	11,989
+ Current and noncurrent other receivables and other assets ^a	2,403	2,827
+ Assets of disposal groups	13	-
Cost of capital basis of segments, average of month-end figures	65,527	66,687
+ Deviation from cost of capital basis at closing rates as of December 31	-721	-3,959
+ Assets not included in cost of capital basis	15,609	14,667
Assets of the BASF Group as of December 31	80,415	77,395

^a Including customer/supplier financing and other adjustments

Net income from shareholdings, financial result and income after taxes

The year-on-year increase in **net income from shareholdings** of €798 million to €598 million was mainly due to the improved earnings of non-integral companies accounted for using the equity method. This was primarily attributable to special income of €390 million in connection with the transfer of Wintershall Dea's assets to Harbour Energy plc, London, United Kingdom. In the previous year, special items of -€164 million were incurred at Wintershall Dea.

The **financial result** improved by €57 million compared with the previous year. This primarily resulted from higher income from the capitalization of construction period interest in the other financial result. By contrast, the interest result was down by €20 million on the prior-year figure, mainly due to increased financial indebtedness and higher interest expenses for hedges.

Overall, **income before income taxes** rose by €649 million compared with the previous year to €2,069 million in 2024. Income tax expenses came in at €616 million (previous year: €1,041 million). The tax rate for 2024 stood at 29.8% and was particularly influenced by the nonrecognition of deferred tax assets on loss carryforwards. This effect had been stronger in the previous year, leading to a tax rate of 73.3%.

Income after taxes rose by €1,074 million compared with the previous year to €1,453 million. Noncontrolling interests were almost at prior-year level at €155 million. This led to net income of €1,298 million.

Earnings per share for 2024 amounted to €1.45 (previous year: €0.25).

Further indicators of results of operations

We also use alternative performance measures (APMs) to steer the BASF Group. Investors, analysts and rating agencies use them to assess our performance. These are not defined in IFRS®. As such, the methods of calculation may differ from those used by other companies. Alternative performance measures for the results of operations are EBIT, EBITDA, the EBITDA margin before special items and adjusted earnings per share. Other APMs are net debt (for more information, see page [54](#) onward) and capital expenditures (see also from page [33](#) onward).

At the start of the 2024 business year, we introduced EBITDA before special items and free cash flow as new most important key performance indicators for the short- and medium-term steering of the BASF Group. For a detailed explanation of how these indicators are calculated, see Our Steering Concept from page [28](#) onward of this report.

EBITDA before special items

Million €	2024	2023
EBIT	2,033	2,240
- Special items	-1,878	-1,566
EBIT before special items	3,911	3,806
+ Depreciation and amortization	3,872	3,798
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	74	67
Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	3,946	3,865
EBITDA before special items	7,858	7,671
Sales	65,260	68,902
EBITDA margin before special items	12.0	11.1

EBITDA

Million €	2024	2023
EBIT	2,033	2,240
+ Depreciation and amortization	3,872	3,798
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets	776	1,143
Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets	4,648	4,941
EBITDA	6,681	7,180

Compared with earnings per share, the adjusted earnings per share are firstly adjusted for special items. Amortization, impairments and reversals of impairments on intangible assets are then eliminated. Amortization of intangible assets primarily results from the purchase price allocation following acquisitions and is therefore of a temporary nature. The effects of these adjustments on income taxes and on noncontrolling interests are also considered. This makes adjusted earnings per share a suitable measure for making comparisons over time and predicting future profitability.

In 2024, adjusted earnings per share amounted to €3.51, compared with €2.78 in the previous year.

Adjusted earnings per share

Million €	2024	2023
Income after taxes	1,453	379
– Special items ^a	-1,492	-1,811
+ Amortization, impairments and reversals of impairments on intangible assets	670	879
– Amortization, impairments and reversals of impairments on intangible assets contained in special items	77	257
– Adjustments to income taxes	223	171
Adjusted income after taxes	3,315	2,640
– Adjusted noncontrolling interests	183	156
Adjusted net income	3,132	2,484
Weighted average number of outstanding shares ^b	in thousands	
	892,522	892,641
Adjusted earnings per share	€ 3.51	2.78

^a Includes special items in net income from shareholdings and in the financial result of €386 million in the 2024 business year and -€245 million for 2023.

^b Due to the share buyback program terminated in February 2023, the weighted average number of outstanding shares in the 2024 business year was 892,522,164 and 892,640,562 in the 2023 business year.

Sales and earnings

Million €	2024	2023	+/-
Sales	65,260	68,902	-5.3%
EBITDA before special items	7,858	7,671	2.4%
Special items in EBITDA	-1,176	-490	-139.9%
EBITDA	6,681	7,180	-7.0%
EBITDA margin before special items	%	12.0	11.1
Depreciation and amortization ^a	4,648	4,941	-5.9%
EBIT before special items	3,911	3,806	2.8%
Special items in EBIT	-1,878	-1,566	-19.9%
EBIT	2,033	2,240	-9.2%
Income before income taxes	2,069	1,420	45.7%
Income after taxes	1,453	379	283.3%
Net income	1,298	225	475.8%
Earnings per share	€ 1.45	0.25	475.9%
Adjusted earnings per share	€ 3.51	2.78	26.1%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

Sales and earnings by quarter 2024^a

Million €	Q1	Q2	Q3	Q4	Full year
Sales	17,553	16,111	15,739	15,856	65,260
EBITDA before special items	2,712	1,957	1,622	1,567	7,858
Special items in EBITDA	-57	-394	-345	-380	-1,176
EBITDA	2,655	1,563	1,277	1,187	6,681
EBITDA margin before special items %	15.4	12.1	10.3	9.9	12.0
Depreciation and amortization ^b	965	1,047	1,027	1,609	4,648
EBIT before special items	1,754	969	635	554	3,911
Special items in EBIT	-64	-453	-385	-976	-1,878
EBIT	1,689	516	250	-422	2,033
Income before income taxes	1,772	398	570	-671	2,069
Income after taxes	1,411	470	343	-770	1,453
Net income	1,368	430	287	-786	1,298
Earnings per share €	1.53	0.48	0.32	-0.88	1.45
Adjusted earnings per share €	1.68	0.93	0.32	0.59	3.51

Sales and earnings by quarter 2023^a

Million €	Q1	Q2	Q3	Q4	Full year
Sales	19,991	17,305	15,735	15,871	68,902
EBITDA before special items	2,864	1,944	1,545	1,317	7,671
Special items in EBITDA	-54	-37	-182	-217	-490
EBITDA	2,811	1,908	1,363	1,099	7,180
EBITDA margin before special items %	14.3	11.2	9.8	8.3	11.1
Depreciation and amortization ^b	944	934	969	2,094	4,941
EBIT before special items	1,931	1,007	575	292	3,806
Special items in EBIT	-65	-33	-181	-1,287	-1,566
EBIT	1,867	974	394	-995	2,240
Income before income taxes	1,930	851	-38	-1,323	1,420
Income after taxes	1,604	555	-209	-1,571	379
Net income	1,562	499	-249	-1,587	225
Earnings per share €	1.75	0.56	-0.28	-1.78	0.25
Adjusted earnings per share €	1.93	0.72	0.32	-0.18	2.78

^a Quarterly results not audited

^b Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

Net Assets

Assets

	December 31, 2024		December 31, 2023	
	Million €	%	Million €	%
Intangible assets	11,983	14.9	12,216	15.8
Property, plant and equipment	27,197	33.8	24,080	31.1
Integral investments accounted for using the equity method	2,399	3.0	2,054	2.7
Non-integral investments accounted for using the equity method	3,411	4.2	4,518	5.8
Other financial assets	1,165	1.4	1,099	1.4
Deferred tax assets	574	0.7	617	0.8
Receivables for income taxes ^a	88	0.1	80	0.1
Other receivables and miscellaneous assets ^a	2,366	2.9	1,258	1.6
Noncurrent assets	49,183	61.2	45,923	59.3
Inventories	13,681	17.0	13,876	17.9
Accounts receivable, trade	10,393	12.9	10,414	13.5
Receivables for income taxes ^a	740	0.9	717	0.9
Other receivables and miscellaneous assets ^a	3,256	4.0	3,787	4.9
Marketable securities	67	0.1	53	0.1
Cash and cash equivalents	2,914	3.6	2,624	3.4
Assets of disposal groups	181	0.2	–	–
Current assets	31,232	38.8	31,472	40.7
Total assets	80,415	100.0	77,395	100.0

^a Since the 2024 business year, receivables for income taxes, which were previously included in other receivables and miscellaneous assets, have been reported separately. The prior-year figures have been adjusted.

Total assets amounted to €80,415 million as of December 31, 2024, around €3 billion above the prior-year figure.

Noncurrent assets increased by €3,260 million compared with December 31, 2023. The slight decrease of intangible assets amounted to €233 million and was mainly attributable to amortization of €670 million, including impairments of €87 million. Alongside additions of €133 million, currency effects (€341 million) in particular had an offsetting effect.

The increase of €3,118 million in property, plant and equipment was mainly due to additions of €6,694 million, particularly in connection with the construction of our Verbund site in Zhanjiang, China. Currency effects in the amount of €537 million also contributed to the rise in property, plant and equipment. Depreciation amounted to €3,978 million and included impairments and reversals of impairments totaling €689 million, which mainly related to the battery materials business in the Surface Technologies segment.

Compared with the prior year-end, the carrying amounts of integral investments accounted for using the equity method increased by €344 million to €2,399 million, mainly due to the addition of the shareholding in the Nordlicht 1 and 2 wind farm projects. The carrying amounts of non-integral shareholdings accounted for using the equity method as of December 31, 2024, were €1,107 million below the prior year-end figure. This was mainly attributable to the decline in the carrying amount of Wintershall Dea, which resulted from the transfer of assets to Harbour Energy, a capital decrease and a dividend payment. This was only partially offset by the addition of the equity-accounted shareholding in Harbour Energy.

Noncurrent other receivables and miscellaneous assets rose by €1,107 million to €2,366 million, which was mainly attributable to a rise in defined benefit assets. Derivatives with positive market values had a slightly offsetting effect.

Current assets amounted to €31,232 million as of December 31, 2024, €240 million below the prior-year figure. The decline in inventories of €195 million mainly resulted from the Agricultural Solutions segment, whereas all other segments recorded a slight increase in inventories. Trade accounts receivable remained at the prior-year level. Current other receivables and miscellaneous assets amounted to €3,256 million, €531 million below the prior-year figure, which was mainly attributable to lower precious metal trading items and lower tax refund claims.

Cash and cash equivalents rose by €289 million to €2,914 million.

Assets of disposal groups amounted to €181 million as of December 31, 2024, and mainly included the assets from the agreed sale of BASF's Food and Health Performance Ingredients business.

For more information on the composition of individual asset items and their development, see the Notes to the Consolidated Financial Statements from page [336](#) onward.

Financial Position

Equity and liabilities

	December 31, 2024		December 31, 2023	
	Million €	%	Million €	%
Subscribed capital	1,142	1.4	1,142	1.5
Capital reserves	3,139	3.9	3,139	4.1
Retained earnings	30,883	38.4	32,517	42.0
Other comprehensive income	435	0.5	-1,521	-2.0
Noncontrolling interests	1,284	1.6	1,368	1.8
Equity	36,884	45.9	36,646	47.3
Provisions for pensions and similar obligations	2,403	3.0	2,896	3.7
Deferred tax liabilities	1,005	1.2	1,140	1.5
Income tax provisions	335	0.4	335	0.4
Other provisions	1,883	2.3	1,684	2.2
Financial indebtedness	19,122	23.8	17,085	22.1
Other liabilities	1,744	2.2	1,739	2.3
Noncurrent liabilities	26,492	32.9	24,879	32.2
Accounts payable, trade	6,923	8.6	6,741	8.7
Provisions	3,320	4.1	3,214	4.2
Liabilities for income taxes ^a	404	0.5	442	0.6
Financial indebtedness	2,639	3.3	2,182	2.8
Other liabilities ^a	3,714	4.6	3,291	4.3
Liabilities of disposal groups	39	0.0	—	—
Current liabilities	17,039	21.2	15,871	20.5
Total equity and liabilities	80,415	100.0	77,395	100.0

^a In the previous year, liabilities for income taxes were reported together with liabilities for other taxes. As of the 2024 business year, these are recognized under other liabilities. The prior-year figure has been consequently adjusted by the amount for other taxes (€359 million).

Equity stood at €36,884 million, on a level with December 31, 2023. Retained earnings declined by €1,634 million compared with the end of the previous year. This resulted mainly from dividend payments to the shareholders of BASF SE for 2023 in the amount of €3,035 million and from net income in the amount of €1,298 million. Other comprehensive income rose by €1,956 million, in particular as a result of actuarial gains and currency effects.

On account of the increase in total assets, the equity ratio stood at 45.9%, down on the prior-year figure (47.3%).

Noncurrent liabilities increased by €1,614 million compared with the 2023 year-end, mainly due to the €2,037 million rise in noncurrent financial indebtedness. This increase was primarily attributable to the issue of new bonds with a carrying amount of around €1.7 billion, of which around €1.4 billion related to private placements, and extending the utilization of the credit line in China for the construction of the Verbund site in Zhanjiang by around €2 billion. This was offset by the reclassification of five bonds, with a total carrying amount of around €1.7 billion, from noncurrent to current financial indebtedness.

Provisions for pensions and similar obligations decreased by €493 million compared with December 31, 2023, mainly due to slightly higher interest rates and income on plan assets.

Deferred tax liabilities declined by €135 million, whereas income tax provisions remained on a level with the previous year.

The increase of €199 million in other provisions was mainly due to increased provisions for restoration obligations and for contract liabilities, particularly in connection with the planned closure of the glufosinate-ammonium production plants in Germany.

Current liabilities rose by €1,169 million compared with December 31, 2023, to €17,039 million. Trade accounts payable were up by €181 million on the prior year-end figure. The €105 million increase in current provisions was mainly due to higher provisions for emission rights.

At €404 million, income tax liabilities were down slightly on the prior-year level.

The aforementioned reclassification of bonds from noncurrent to current financial indebtedness was the main cause of the €457 million increase in financial liabilities. This was offset by the scheduled repayment of a bond with a carrying amount of €500 million as well as the €710 million decrease in liabilities to banks, mainly due to the repayment of two loans.

Compared with the previous year, other liabilities rose by €424 million, in particular due to the liability relating to the class settlement in connection with the AFFF multidistrict litigation in the United States.

Liabilities of disposal groups stood at €39 million.

Net debt amounted to €18,781 million on December 31, 2024, and was therefore around €2.2 billion higher than the figure at the end of the previous year.

For more information on the composition and development of individual asset items, see the Notes to the Consolidated Financial Statements from page [336](#) onward.

Net debt

Million €	December 31, 2024	December 31, 2023
Noncurrent financial indebtedness	19,122	17,085
+ Current financial indebtedness	2,639	2,182
Financial indebtedness	21,762	19,268
- Marketable securities	67	53
- Cash and cash equivalents	2,914	2,624
Net debt	18,781	16,590

Off-balance sheet obligations

Off-balance sheet obligations amounting to €29 billion (2023: €30 billion) mainly relate to long-term purchase obligations for raw materials and long-term supply agreements for electricity from renewable sources (for more information, see the Notes to the Consolidated Financial Statements from page [412](#) onward). In addition, obligations exist in connection with initiated or planned investment projects amounting to €7 billion (2023: €11 billion), primarily in connection with the construction of the new Verbund site in Zhanjiang, China (for more information, see page [85](#)).

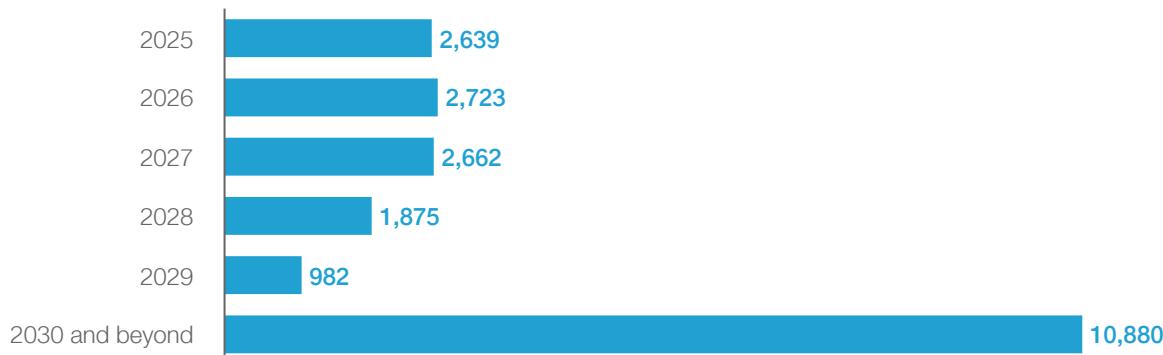
Financing policy and credit ratings

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

BASF strives for a single A rating, which ensures unrestricted access to financial and capital markets. Our financing measures are aligned with our operational business planning as well as the company's strategic direction and also ensure the financial flexibility to take advantage of strategic options.

Maturities of financial indebtedness

Million €



BASF enjoys good credit ratings, especially compared with competitors in the chemical industry. Standard & Poor's maintained its rating of A-/A-2/outlook stable on December 2, 2024. Moody's rating of A3/P-2/outlook stable was most recently confirmed on November 18, 2024. Fitch confirmed its rating of A/F1/outlook stable on November 1, 2024.

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

For short-term financing, we use BASF SE's global commercial paper program, which has an issuing volume of up to \$12.5 billion. As of December 31, 2024, no commercial paper was outstanding under this program. A firmly committed, syndicated credit line of €6 billion with a term until 2029 covers the repayment of outstanding commercial paper. It can also be used for general company purposes. In 2024, the term of this credit line was extended until 2029, and the credit line was not used at any point in 2024. In 2023, BASF Integrated Site (Guangdong) Co. Ltd., China, signed a syndicated bank term loan facility totaling 40 billion Chinese renminbi with a maturity of 15 years for the construction of the Verbund site in Zhanjiang. Of this amount, 17 billion Chinese renminbi (€2.1 billion) was utilized as of December 31, 2024. Our external financing is largely independent of short-term fluctuations in the credit markets.

BASF Group's most important financial contracts contain no side agreements with regard to specific financial ratios (financial covenants) or compliance with a specific rating (rating trigger). To minimize risks and leverage internal optimization potential within the Group, we bundle the financing, financial investments and foreign currency hedging of BASF SE's subsidiaries within the BASF Group where possible. Foreign currency risks are primarily hedged centrally using derivative financial instruments in the market.

Our interest risk management generally pursues the goal of reducing interest expenses for the BASF Group and limiting interest risks. Interest rate hedging transactions are therefore conducted with

banks in order to turn selected liabilities to the capital market from fixed to variable interest rates or vice versa (for more information, see the Notes to the Consolidated Financial Statements on pages [397](#) and [412](#)).

Statement of cash flows

In the 2024 business year, **cash flows from operating activities** stood at €6,946 million, down by €1,165 million on the prior-year figure. The decline was mainly caused by €1,434 million less cash released from net working capital. Cash inflows, both from the reduction in inventories and trade accounts receivable, were considerably lower in 2024 than in the previous year and totaled €264 million (previous year: €3,339 million). The increase in trade accounts payable led to cash released in the amount of €96 million, whereas cash in the amount of €1,544 million was tied up in the previous year.

In addition, the change in current and deferred taxes resulted in €784 million more tied up in cash than in the previous year. Dividends received from investments accounted for using the equity method fell by €180 million to €442 million; this was due in particular to reduced dividend payments from BASF-YPC Company Ltd., Nanjing, China.

By contrast, income after taxes and after adjustment of noncash items resulted in cash inflows that were €591 million higher than in the previous year; in addition, payments for variable compensation were €689 million lower than in the previous year.

Cash flows from investing activities totaled -€5,081 million in the business year under review, after -€4,991 million in the previous year. Payments for intangible assets and property, plant and equipment increased by €803 million and were mainly incurred in connection with investments in the new Verbund site in China.

In the 2024 business year, €202 million was paid for acquisitions. This mainly related to the takeover of plants at the MDI production facility in Shanghai, China, which was previously operated jointly by BASF and Huntsman. Payments received in the amount of €75 million related to various smaller divestitures.

Payments were made in the amount of €598 million for the acquisition of equity-accounted shareholdings in the Nordlicht 1 and 2 wind farm projects, and for subsequent capital increases. Payments received in connection with the disposal of equity instruments included €1,169 million in connection with the transfer of Wintershall Dea assets to Harbour Energy and a capital repayment from Wintershall Dea in the amount of €556 million.

Cash flows from financing activities amounted to -€1,547 million, compared with -€2,905 million in 2023. The repayment and addition of financial and similar liabilities was reduced and their net change resulted in an improvement of €1,524 million in cash flows from financing activities. The dividend payment of €3,035 million to the shareholders of BASF SE remained unchanged compared with the previous year. By contrast, dividends paid to noncontrolling shareholders climbed by €190 million to €249 million.

Free cash flow, which remains after deducting payments made for property, plant and equipment and intangible assets from cash flows from operating activities, represents the financial resources remaining after investments. Free cash flow amounted to €748 million, compared with €2,715 million in 2023.

For more information on the statement of cash flows, see Note 26 to the Consolidated Financial Statements from page [430](#) onward.

Statement of cash flows

Million €	2024	2023
Net income	1,298	225
Depreciation of property, plant and equipment and amortization of intangible assets	4,648	4,941
Changes in net working capital ^a	360	1,795
Miscellaneous items ^a	639	1,150
Cash flows from operating activities	6,946	8,111
Payments made for property, plant and equipment and intangible assets	-6,198	-5,395
Acquisitions/divestitures	-127	27
Changes in financial assets and miscellaneous items	1,244	377
Cash flows from investing activities	-5,081	-4,991
Capital repayments and other equity transactions	-46	-70
Changes in financial and similar liabilities	1,783	259
Dividends	-3,284	-3,094
Cash flows from financing activities	-1,547	-2,905
Cash-effective changes in cash and cash equivalents	318	215
Changes in cash and cash equivalents from foreign exchange rates and changes in the scope of consolidation	-21	-106
Cash and cash equivalents at the beginning of the year	2,624	2,516
Cash and cash equivalents at the end of the year^b	2,921	2,624

^a The cash flow statement was adjusted in 2023. Net working capital and miscellaneous items have been redefined. Net working capital now comprises inventories and trade accounts receivable less trade accounts payable.

^b In 2024, the cash and cash equivalents in the cash flow statement differ from the figure in the balance sheet due to the existence of disposal groups.

Free cash flow

Million €	2024	2023
Cash flows from operating activities	6,946	8,111
– Payments made for property, plant and equipment and intangible assets	6,198	5,395
Free cash flow	748	2,715

Reconciliation of segment cash flow to free cash flow

Million €	2024	2023
Segment cash flow	2,339	5,462
+ Net income from shareholdings	598	-200
+ Financial result	-563	-620
+ Income taxes ^a	-616	-1,041
– Income after taxes attributable to noncontrolling interests	155	154
+ Changes in items included in the segment cash flow that are recognized under Other, as well as other items presented in the cash flows from operating activities ^b	-855	-733
Free cash flow	748	2,715

^a The value corresponds to the amount reported in the statement of income and does not represent a cash flow.

^b For more information on the composition of the items, see page 30.

Actual Development Compared with Outlook for 2024

Earnings and cash flow forecast for the BASF Group

In 2024, the BASF Group generated EBITDA before special items of €7.9 billion. This figure is slightly below the forecast range at the beginning of the year of €8.0 billion to €8.6 billion. This was mainly due to the earnings declines in our standalone businesses. While we had forecast a slight decline in EBITDA before special items for Agricultural Solutions in February 2024, the segment posted much lower earnings. In the Surface Technologies segment, EBITDA before special items fell slightly, after we had anticipated a result on par with the previous year (for more information on the background to the deviating developments, see below). Our core businesses increased their earnings as assumed.

The BASF Group's free cash flow amounted to €0.7 billion in the 2024 business year and therefore exceeded our forecast range of €0.1 billion to €0.6 billion. This increase was due to payments for intangible assets and property, plant and equipment, which rose considerably compared with the previous year, but were lower than expected at €6.2 billion (forecast: €6.5 billion). Cash flows from operating activities amounted to €6.9 billion and were within our forecast range of €6.6 billion to €7.1 billion.

CO₂ emissions forecast for the BASF Group

CO₂ emissions amounted to 17.0 million metric tons and were therefore within the range we had forecast in February 2024 of between 16.7 million metric tons to 17.7 million metric tons. Additional emissions due to higher production volumes were offset by reductions in emissions as a result of process efficiencies and the increased use of renewable energies.

Capex forecast for the BASF Group

In 2024, we invested around €6.0 billion in property, plant and equipment, excluding additions from acquisitions, IT investments, restoration obligations and right-of-use assets arising from leases. The figure forecast in February 2024 was around €6.2 billion. All core businesses and the Agricultural Solutions segment invested less than originally planned. Only the Surface Technologies segment's investments were slightly higher than planned.

Earnings and cash flow forecast for the segments

In the **Chemicals** segment, EBITDA before special items and the segment cash flow developed as expected in February 2024. The segment considerably increased its earnings, whereas the cash flow fell sharply.

The **Materials** segment also developed in line with our expectations. Earnings improved slightly. As forecast, the Performance Materials division increased EBITDA before special items, primarily due to a higher contribution margin. In the Monomers division, EBITDA before special items rose considerably. Here too, a higher contribution margin played a significant role and, contrary to our expectations, overcompensated for the forecast increase in fixed costs. We had initially forecast a slight earnings decline for the division in February 2024. In accordance with our forecast, the segment's cash flow decreased considerably.

As assumed, the **Industrial Solutions** segment also considerably increased EBITDA before special items. As forecast, the segment's cash flow declined considerably.

In the **Nutrition & Care** segment, we had forecast a considerable earnings increase and a sharp fall in segment cash flow for the 2024 business year. Both indicators developed as forecast.

Earnings in the **Surface Technologies** segment were slightly below the prior-year figure. We originally expected EBITDA before special items at the prior-year level. This decrease was caused by a sharp earnings decline in the Catalysts division, which primarily resulted from lower precious metal prices and volumes. We had expected a slight increase in earnings. In the Coatings division, EBITDA before special items, on the other hand, was slightly above the prior-year level, although we had projected a slight decline. A higher contribution margin more than compensated for higher fixed costs and lower volumes. As forecast, cash flow declined considerably in both divisions.

In the **Agricultural Solutions** segment, EBITDA before special items decreased considerably rather than slightly. Alongside the expected rise in fixed costs, the difficult market conditions in the glufosinate-ammonium business were instrumental in the decline being steeper than planned. Unlike earnings, the segment's cash flow developed more positively than expected. It was slightly above the prior-year figure mainly due to significant inventory reduction and a lower increase in receivables. We had anticipated a considerable decrease.

Business Review by Segment

Segment overview

Million €	Sales		EBITDA before special items		EBITDA	
	2024	2023	2024	2023	2024	2023
Chemicals	10,838	10,369	1,342	1,167	1,314	1,167
Materials	13,510	14,149	1,805	1,650	1,769	1,523
Industrial Solutions	8,175	8,010	1,161	965	1,140	1,010
Nutrition & Care	6,729	6,858	814	565	819	578
Surface Technologies	12,898	16,204	1,375	1,520	1,160	1,351
Agricultural Solutions	9,798	10,092	1,938	2,270	1,659	2,177
Other	3,312	3,220	-578	-466	-1,179	-626
BASF Group	65,260	68,902	7,858	7,671	6,681	7,180

Segment overview

Million €	Segment cash flow		Assets		Investments including acquisitions ^a	
	2024	2023	2024	2023	2024	2023
Chemicals	-2,051	-936	14,266	11,468	3,403	2,706
Materials	766	1,369	10,135	9,716	1,139	1,083
Industrial Solutions	868	1,292	5,629	5,576	289	285
Nutrition & Care	-31	503	7,887	7,496	809	765
Surface Technologies	925	1,488	11,513	12,657	560	621
Agricultural Solutions	1,861	1,746	15,377	16,089	387	353
Other ^b			15,609	14,393	241	195
BASF Group			80,415	77,395	6,826	6,006

^a Additions to property, plant and equipment and intangible assets

^b Includes assets of businesses recognized under Other and reconciliation to assets of the BASF Group

Sales^a

Million €	Q1		Q2		Q3		Q4	
	2024	2023	2024	2023	2024	2023	2024	2023
Chemicals	2,764	2,833	2,838	2,679	2,714	2,430	2,521	2,427
Materials	3,441	3,844	3,416	3,609	3,413	3,349	3,240	3,348
Industrial Solutions	2,057	2,143	2,147	2,050	2,092	1,948	1,879	1,869
Nutrition & Care	1,729	1,826	1,667	1,712	1,711	1,688	1,623	1,631
Surface Technologies	3,347	4,578	3,235	4,226	3,132	3,887	3,183	3,514
Agricultural Solutions	3,478	3,891	1,937	2,231	1,849	1,744	2,534	2,227
Other	736	877	870	799	829	689	876	855
BASF Group	17,553	19,991	16,111	17,305	15,739	15,735	15,856	15,871

EBITDA before special items^a

Million €	Q1		Q2		Q3		Q4	
	2024	2023	2024	2023	2024	2023	2024	2023
Chemicals	453	426	444	393	342	252	103	95
Materials	508	448	448	462	484	360	365	380
Industrial Solutions	332	300	320	207	301	207	208	250
Nutrition & Care	262	192	183	140	201	104	168	130
Surface Technologies	356	402	366	374	341	404	312	340
Agricultural Solutions	1,361	1,432	135	392	49	225	394	221
Other	-560	-336	62	-24	-96	-8	16	-99
BASF Group	2,712	2,864	1,957	1,944	1,622	1,545	1,567	1,317

Segment cash flow^a

Million €	Q1		Q2		Q3		Q4	
	2024	2023	2024	2023	2024	2023	2024	2023
Chemicals	-556	-187	-406	31	-363	-171	-726	-609
Materials	85	111	137	573	299	354	246	332
Industrial Solutions	59	148	150	414	356	416	303	314
Nutrition & Care	-64	3	19	186	52	157	-38	157
Surface Technologies	292	307	190	427	232	307	211	448
Agricultural Solutions	-715	-758	1,005	1,079	612	853	959	572

^a Quarterly results not audited

Chemicals

The Chemicals segment comprises the Petrochemicals and Intermediates operating divisions. It contributes to our direct customer business and supplies the other segments with basic chemicals and intermediates, contributing to the organic growth of our key value chains. Alongside internal transfers, our customers mainly come from the chemical and plastics industries. We aim to further strengthen our competitiveness through technological leadership, operational excellence and products with a lower carbon footprint.

At a glance

€1,342 million

EBITDA before special items
2023: €1,167 million

-€2,051 million

Segment cash flow
2023: -€936 million

Compared with the previous year, **sales** in the Chemicals segment rose. Sales growth in the Petrochemicals division more than made up for the decline in the Intermediates division.

Factors influencing sales

	Chemicals	Petrochemicals	Intermediates
Volumes	8.1%	8.7%	6.8%
Prices	-3.1%	0.3%	-11.7%
Currencies	-0.5%	-0.5%	-0.6%
Portfolio	-	-	-
Sales	4.5%	8.5%	-5.5%

The increase in sales were mainly attributable to higher volumes in both divisions, due primarily to lower imports to Europe in the first half of 2024 as a result of the conflict in the Red Sea, as well as both planned and unplanned plant shutdowns among competitors. The Petrochemicals division increased volumes across all value chains, particularly in the propylene value chain, for steam cracker products as well as styrene monomers. The Intermediates division posted higher sales volumes, especially in Europe, in the amines as well as acids and polyalcohols business areas.

By contrast, lower prices in all business areas of the Intermediates division weighed on sales performance for the segment. This development was mainly driven by overcapacities in the market. Prices were slightly above the prior-year level in the Petrochemicals division, with higher prices for steam cracker products making up for lower prices in the propylene value chain.

Minor negative currency effects in both divisions resulted primarily from the Brazilian real and the Chinese renminbi.

EBITDA before special items¹ for the Chemicals segment rose considerably compared with the prior-year figure. The increase was based on considerable earnings growth in the Petrochemicals division. The division improved EBITDA before special items, thanks in particular to a volume-related increase in the contribution margin, especially the margin for steam cracker products. Higher fixed costs, which were predominantly incurred in connection with the construction of the Verbund site in Zhanjiang, China, had an offsetting effect. In the Intermediates division, EBITDA before special items declined considerably. The decrease was attributable above all to a price-related decrease in the contribution margin in North America, especially in the butanediol and derivatives business, and a lower earnings contribution from equity-accounted shareholdings in China.

Segment cash flow¹ was considerably below the prior-year figure in both divisions. This was mainly driven by higher capital expenditures, especially for the construction of the Verbund site in China. A buildup in inventories to support the increase in sales volumes had an additional negative impact on the segment's cash flow development. Both divisions had reduced inventories in the prior-year period.

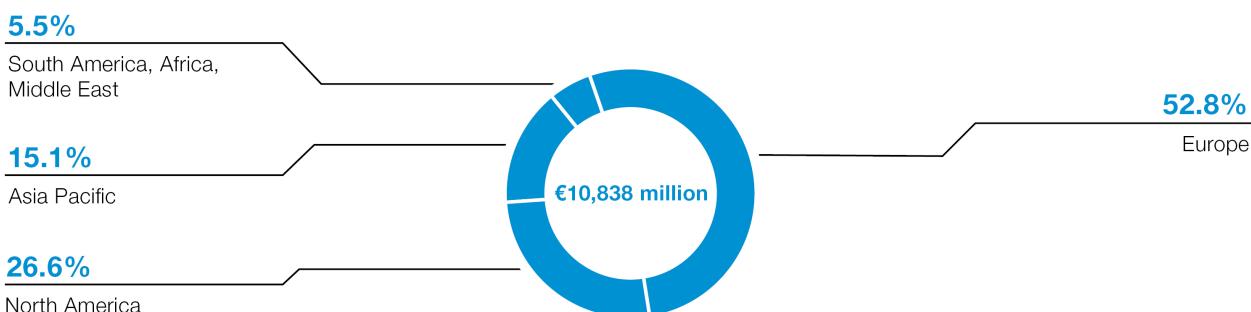
Segment data – Chemicals

Million €	2024	2023	+/-
Sales to third parties	10,838	10,369	4.5%
of which Petrochemicals	8,050	7,418	8.5%
Intermediates	2,788	2,951	-5.5%
Intersegment transfers	3,962	3,606	9.9%
Sales including transfers	14,800	13,975	5.9%
EBITDA before special items	1,342	1,167	15.0%
Special items in EBITDA	-28	0	.
EBITDA	1,314	1,167	12.6%
EBITDA margin before special items	12.4	11.3	–
Depreciation and amortization ^a	885	803	10.3%
EBIT before special items	503	361	39.4%
Special items in EBIT	-74	4	.
Income from operations (EBIT)	429	364	17.7%
Investments including acquisitions ^b	3,403	2,706	25.8%
Segment cash flow	-2,051	-936	-119.2%
Assets (December 31)	14,266	11,468	24.4%
Research and development expenses	80	83	-4.4%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)
^b Additions to property, plant and equipment and intangible assets

Chemicals – sales by region

By location of customer



¹ For EBITDA before special items and cash flow, "slight" means a change of 0.1%–10.0%, while "considerable" and its synonyms are used for changes of 10.1% and higher. "At prior-year level" indicates no change (+/-0.0%).

Materials

In terms of production capacity, our Materials segment is one of the world's leading suppliers of high-performance plastics as well as their precursors and home to the operating divisions Performance Materials and Monomers. With its broad portfolio of large-volume monomers and basic polymers in the isocyanate and polyamide value chains, the Monomers division follows a lean and cost-driven approach. The Performance Materials division offers innovative and customized solutions in engineering plastics, polyurethanes and thermoplastic polyurethanes, and creates value through cocreations with customers, particularly in the field of sustainability.

At a glance

€1,805 million

EBITDA before special items
2023: €1,650 million

€766 million

Segment cash flow
2023: €1,369 million

In the Materials segment, **sales** were below the prior-year figure in both operating divisions.

Factors influencing sales

	Materials	Performance Materials	Monomers
Volumes	2.1%	0.7%	3.5%
Prices	-5.5%	-4.8%	-6.2%
Currencies	-1.0%	-1.2%	-0.8%
Portfolio	-0.1%	-0.2%	-
Sales	-4.5%	-5.5%	-3.5%

Both divisions were able to increase sales volumes, particularly in the Asia Pacific region. The Monomers division additionally increased volumes in Europe. In particular, it increased sales of MDI and propylene oxide. Volumes in the Performance Materials division were mainly higher for polyurethane systems.

However, the positive volume development was more than offset by negative price effects in all regions and value chains. The Monomers division reported the biggest price decline in the TDI business, with TDI prices in China plummeting to 2015 levels at times.

Currency effects, primarily relating to the Chinese renminbi, the Brazilian real and the South Korean won, had a slight negative impact on the segment's sales performance.

EBITDA before special items grew in both divisions. The increase was attributable to a higher contribution margin in Europe due to higher volumes. Higher fixed costs had an offsetting effect. However, the cost savings measures implemented were unable to offset the contribution of positive one-off effects from the previous year.

The segment's **EBITDA** included special items totaling -€37 million. Special charges resulted above all for expenses relating to adapting the production structure at the Verbund site in Ludwigshafen, Germany. Special income arose mainly from a contractually agreed one-time payment.

Segment cash flow for the Materials segment was considerably below the figure for the previous year. Cash tied up in the working capital of both divisions was a key factor in the cash flow decrease, whereas cash had been released in the previous year based primarily on systematic inventory reductions. Higher earnings and lower capital expenditures were unable to make up this deficit.

Segment data – Materials

Million €	2024	2023	+/-
Sales to third parties	13,510	14,149	-4.5%
of which Performance Materials	6,848	7,244	-5.5%
Monomers	6,661	6,905	-3.5%
Intersegment transfers	825	864	-4.5%
Sales including transfers	14,335	15,013	-4.5%
EBITDA before special items	1,805	1,650	9.4%
Special items in EBITDA	-37	-127	71.1%
EBITDA	1,769	1,523	16.1%
EBITDA margin before special items	%	13.4	11.7
Depreciation and amortization ^a	830	1,146	-27.6%
EBIT before special items	987	826	19.4%
Special items in EBIT	-48	-449	89.2%
Income from operations (EBIT)	939	378	148.6%
Investments including acquisitions ^b	1,139	1,083	5.2%
Segment cash flow	766	1,369	-44.1%
Assets (December 31)	10,135	9,716	4.3%
Research and development expenses	180	185	-2.7%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Materials – sales by region

By location of customer

5.4%

South America, Africa,
Middle East

37.6%

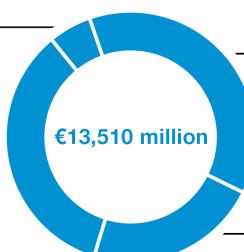
Europe

34.5%

Asia Pacific

22.5%

North America



Industrial Solutions

The Industrial Solutions segment consists of the Dispersions & Resins and the Performance Chemicals divisions. It develops and markets ingredients and additives for industrial applications, such as polymer dispersions, resins, additives, electronic materials and antioxidants. We aim to grow organically in key industries, such as paints and coatings, construction, electronic materials, chemicals, plastics and adhesives, paper coatings, automotive as well as energy and resources, and expand our market position by leveraging our comprehensive industry expertise and application know-how.

At a glance

€1,161 million

EBITDA before special items
2023: €965 million

€868 million

Segment cash flow
2023: €1,292 million

Industrial Solutions increased **sales** compared with 2023 due to sales growth in the Dispersions & Resins division. Sales in the Performance Chemicals division were slightly below the prior-year figure.

Factors influencing sales

	Industrial Solutions	Dispersions & Resins	Performance Chemicals
Volumes	7.0%	7.0%	6.9%
Prices	-3.6%	-2.1%	-6.1%
Currencies	-1.1%	-1.1%	-1.1%
Portfolio	-0.2%	—	-0.5%
Sales	2.1%	3.8%	-0.7%

The increase in sales was mainly driven by higher volumes in all regions and in nearly all business areas based on a slight uptick in demand.

By contrast, prices declined in all regions and business areas, primarily as a result of lower prices for raw materials. Prices were also reduced in order to secure market share.

Sales in the Industrial Solutions segment were additionally impacted by negative currency effects, above all relating to the Brazilian real, the Chinese renminbi and the Japanese yen.

EBITDA before special items saw a considerable year-on-year increase in both divisions, mainly due to a volume-related increase in the contribution margin. Earnings growth also received slight support from lower fixed costs compared with 2023. The decline in fixed costs resulted mainly from currency effects and cost reduction measures.

Segment cash flow declined considerably in the Industrial Solutions segment, mainly due to buildups of inventories after having reduced inventories in 2023. In addition, there was a lower reduction in receivables compared with the previous year. By contrast, higher earnings had a positive impact on cash flow in both divisions.

Segment data – Industrial Solutions

Million €	2024	2023	+/-
Sales to third parties	8,175	8,010	2.1%
of which Dispersions & Resins	5,110	4,921	3.8%
Performance Chemicals	3,065	3,088	-0.7%
Intersegment transfers	385	436	-11.7%
Sales including transfers	8,560	8,445	1.4%
EBITDA before special items	1,161	965	20.3%
Special items in EBITDA	-22	45	.
EBITDA	1,140	1,010	12.8%
EBITDA margin before special items	%	14.2	12.0
Depreciation and amortization ^a	360	349	3.0%
EBIT before special items	811	625	29.8%
Special items in EBIT	-32	35	.
Income from operations (EBIT)	780	660	18.1%
Investments including acquisitions ^b	289	285	1.3%
Segment cash flow	868	1,292	-32.8%
Assets (December 31)	5,629	5,576	1.0%
Research and development expenses	144	150	-3.9%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Industrial Solutions – sales by region

By location of customer

8.9%

South America, Africa,
Middle East

36.2%

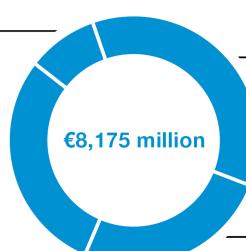
Europe

29.2%

Asia Pacific

25.7%

North America



Nutrition & Care

The Nutrition & Care segment consists of the Care Chemicals and the Nutrition & Health divisions. This segment serves the growing demands of food and feed producers and of the pharmaceutical, cosmetics, detergent and cleaner industries as well as the ever-increasing requirements of fast-moving consumer goods. We leverage the BASF Verbund to offer innovative products, combining application performance with beneficial sustainability profiles. We strive to expand our position as a leading provider of essential ingredients in the areas of nutrition, home and personal care, mainly through organic growth. We focus on growth markets, positioning ourselves as the preferred partner for the green and digital transformation of our customers.

At a glance

€814 million

EBITDA before special items
2023: €565 million

-€31 million

Segment cash flow
2023: €503 million

Sales in the Nutrition & Care segment declined compared with 2023. The increase in sales of the Care Chemicals division was unable to offset a decline in sales in the Nutrition & Health division.

Factors influencing sales

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	5.2%	7.9%	-0.7%
Prices	-5.2%	-5.5%	-4.4%
Currencies	-1.5%	-1.7%	-1.1%
Portfolio	-0.4%	-	-1.2%
Sales	-1.9%	0.7%	-7.4%

Sales performance was positively impacted by strong volume growth overall within the segment. The Care Chemicals division raised volumes in all business areas. However, the sales performance in the Nutrition & Health division declined slightly. Lower volumes due to force majeure on deliveries of selected precursors of vitamin A, vitamin E and carotenoids as well as of certain aroma ingredients as a result of a fire in the isophytol plant could not be offset by volume growth in almost all other business areas. On January 24, 2025, we lifted the force majeure for some of the aroma ingredients affected. It continues to remain in force for the other aroma substances and the precursors of vitamin A, vitamin E and carotenoids.

This sales decline of the segment resulted above all from competition-driven price decreases across all business areas.

Sales were also impacted by negative currency effects, particularly relating to the Argentine peso, the Brazilian real and the Turkish lira.

Both divisions considerably increased **EBITDA before special items**. In the Care Chemicals division, the increase was mainly the result of a volume-related rise in the contribution margin. Earnings for the Nutrition & Health division were above the prior-year level due to higher margins. Higher fixed costs, particularly as a result of the fire at the isopyhtol plant, had a negative impact on the division's earnings growth.

Segment cash flow declined considerably compared with the previous year. The Nutrition & Health division recorded negative cash flow, in part as a result of higher expenditures for the investments in the aroma business in Zhanjiang, China, and Ludwigshafen, Germany. In addition, the reduction in inventories was less pronounced than in the previous year. Higher earnings improved cash flow. The Care Chemicals division recorded positive cash flow, although it was considerably below the figure for the previous year. Here, the increase in earnings was unable to compensate for cash tied up in inventories to support the positive sales performance. In contrast, a considerable reduction in inventories and receivables due to lower demand made a positive contribution to cash flow in the previous year.

Segment data – Nutrition & Care

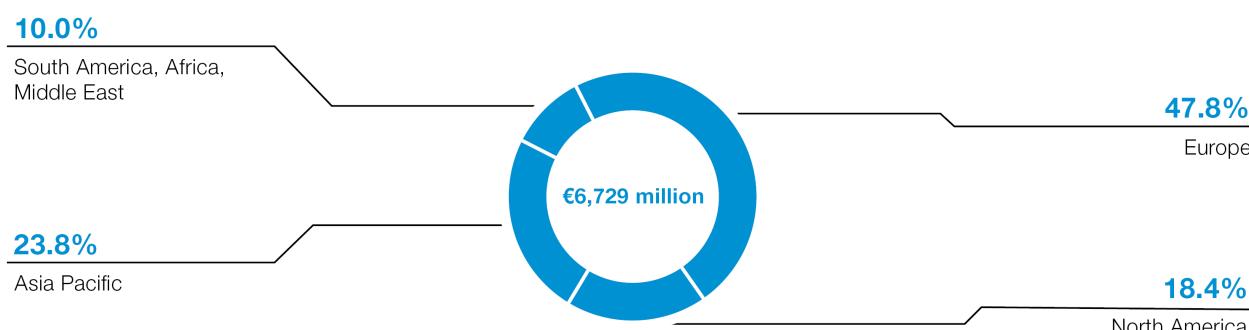
Million €	2024	2023	+/-
Sales to third parties	6,729	6,858	-1.9%
of which Care Chemicals	4,751	4,721	0.7%
Nutrition & Health	1,978	2,137	-7.4%
Intersegment transfers	446	429	4.1%
Sales including transfers	7,176	7,286	-1.5%
EBITDA before special items	814	565	44.0%
Special items in EBITDA	5	12	-56.8%
EBITDA	819	578	41.8%
EBITDA margin before special items	12.1	8.2	–
Depreciation and amortization ^a	599	459	30.6%
EBIT before special items	273	107	155.9%
Special items in EBIT	-53	12	.
Income from operations (EBIT)	220	119	84.8%
Investments including acquisitions ^b	809	765	5.8%
Segment cash flow	-31	503	.
Assets (December 31)	7,887	7,496	5.2%
Research and development expenses	149	150	-0.7%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Nutrition & Care – sales by region

By location of customer



Surface Technologies

Until the end of 2024, the Surface Technologies segment comprised the Catalysts and Coatings divisions (for more information on the future composition of the segment, see page [12](#)). Its portfolio includes, for example, automotive OEM and refinish coatings, surface treatment, catalysts, battery materials as well as precious metals and base metal services for the automotive and chemical industries. We improve our customers' applications and processes with tailored products, technologies and solutions, and support them through geographical proximity across all regions. The aim is to drive BASF's growth by leveraging our portfolio of technologies and existing customer networks and expanding our position as a leading and innovative provider of surface coatings solutions and battery materials.

At a glance

€1,375 million

EBITDA before special items
2023: €1,520 million

€925 million

Segment cash flow
2023: €1,488 million

In the Surface Technologies segment, **sales** declined in both operating divisions compared with the previous year. The negative sales performance was especially notable in the Catalysts division.

Factors influencing sales

	Surface Technologies	Catalysts	Coatings
Volumes	-7.6%	-10.3%	-0.3%
Prices	-11.0%	-16.0%	2.5%
Currencies	-1.6%	-0.5%	-4.5%
Portfolio	-0.2%	-0.3%	-0.1%
Sales	-20.4%	-27.1%	-2.4%

The decline in segment sales was mainly driven by lower prices for both precious and base metals¹ in the Catalysts division. Price increases, especially in the automotive OEM coatings and surface treatments business areas of the Coatings division, were unable to compensate for the aforementioned lower prices.

The decline in sales was exacerbated by considerably lower sales volumes in the Catalysts division, particularly in the mobile emissions catalysts business area. Volumes remained nearly at the prior-year level in the Coatings division. Volume growth in the surface treatments and decorative paints businesses almost made up for slightly lower volumes in the automotive OEM coatings business area.

¹ Sales, factors influencing sales, EBITDA before special items and the EBITDA margin before special items excluding precious and base metals for the BASF Group and for the Surface Technologies segment are presented under Selected Key Figures Excluding Precious and Base Metals on page [472](#).

Negative currency effects – mainly relating to the Argentine peso, the Brazilian real and the Turkish lira – also reduced the segment's sales.

In addition, the segment's sales performance was impacted by portfolio effects, particularly those arising from the divestiture of the Catalysts division's production site in De Meern, Netherlands as of August 31, 2023.

The segment's **EBITDA before special items** decreased slightly. The decrease was due to the considerable earnings decline in the Catalysts division compared with 2023, which was attributable above all to the decline of precious metal prices in combination with lower sales volumes. Earnings in the Catalysts division benefited from a higher contribution margin in the chemical and refinery catalysts business. However, in the Coatings division, EBITDA before special items was slightly above the prior-year level. An increased contribution margin was contrasted primarily by higher fixed costs due to inflation and negative currency effects.

Special items in **EBITDA** amounted to -€215 million in 2024 and mainly resulted from special charges in connection with the conversion of the ERP system to support the differentiated steering of the business. In addition, costs were incurred in the Catalysts division in connection with impairments on property, plant and equipment in the battery materials business. Also in 2023, special charges were incurred in this business in connection with impairments on property, plant and equipment.

The **segment cash flow** fell considerably, primarily as a result of a lower reduction in receivables and inventories compared with the previous year and lower EBITDA in the Catalysts division. The cash flow development in the Coatings division was mainly due to lower EBITDA as a result of special items as well as cash tied up in inventories.

Segment data – Surface Technologies

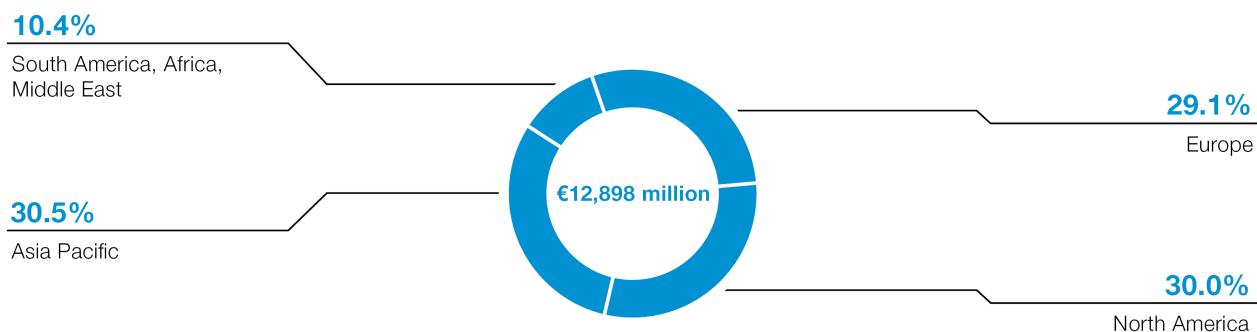
Million €	2024	2023	+/-
Sales to third parties	12,898	16,204	-20.4%
of which Catalysts	8,617	11,818	-27.1%
Coatings	4,280	4,387	-2.4%
Intersegment transfers	206	176	17.0%
Sales including transfers	13,104	16,381	-20.0%
EBITDA before special items	1,375	1,520	-9.5%
Special items in EBITDA	-215	-168	-27.9%
EBITDA	1,160	1,351	-14.2%
EBITDA margin before special items %	10.7	9.4	–
Depreciation and amortization ^a	1,137	986	15.4%
EBIT before special items	786	938	-16.3%
Special items in EBIT	-763	-572	-33.3%
Income from operations (EBIT)	22	366	-93.9%
Investments including acquisitions ^b	560	621	-9.8%
Segment cash flow	925	1,488	-37.8%
Assets (December 31)	11,513	12,657	-9.0%
Research and development expenses	313	304	2.9%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Surface Technologies – sales by region

By location of customer



Agricultural Solutions

In the Agricultural Solutions segment, we aim to further strengthen our market position as a leading provider of innovative solutions in the agricultural industry. Our product portfolio is designed for different crop systems. We connect seeds and traits, seed treatment products, biological and chemical crop protection products, digital tools and our commitment to sustainability to deliver the best possible outcomes for farmers, growers and our other stakeholders along the value chain. Our strategy is based on innovation-driven organic growth and targeted portfolio enhancement and expansion through collaborations and acquisitions. Customer needs, societal expectations and reduced environmental impact are what motivate us to innovate. (Our innovation pipeline has a peak sales potential of more than €7.5 billion for products launched by 2034.)

At a glance

€1,938 million

EBITDA before special items
2023: €2,270 million

€1,861 million

Segment cash flow
2023: €1,746 million

In the Agricultural Solutions segment, **sales** were below the figure of the previous year at €9,798 million in 2024. This was due to considerable negative currency effects and slightly lower prices, particularly for the herbicide glufosinate-ammonium. Increased volumes were unable to fully offset this.

Factors influencing sales

	Agricultural Solutions
Volumes	2.8%
Prices	-0.3%
Currencies	-5.4%
Portfolio	-
Sales	-2.9%

Sales in **Europe** declined by €190 million to €2,410 million due to lower volumes of crop protection products and negative currency effects, particularly in relation to the Turkish lira. Higher prices had a positive effect.

In **North America**, sales dropped below the level of the previous year to €3,897 million. The decline was mainly driven by lower prices, especially for glufosinate-ammonium. Negative currency effects – in particular in relation to the Canadian dollar and the Mexican peso – also contributed to the sales decline. Sales volumes remained stable.

In **Asia**, sales rose by €63 million to €1,135 million due to volume increases in nearly all indications. Negative currency effects, particularly in relation to the Chinese renminbi and the Japanese yen, as well as lower prices dampened the performance.

Sales in the **South America, Africa, Middle East** region declined by €63 million on the previous year to €2,356 million. The decrease was attributable to negative currency effects, particularly in relation to the Brazilian real and the Argentine peso, as well as lower prices. Higher volumes in nearly all indications had an offsetting effect.

EBITDA before special items decreased considerably. This was mainly due to developments in the glufosinate-ammonium business as a result of difficult market conditions. In addition, fixed costs increased compared with the previous year due to inflation and, among other things, an insurance payment included in the previous year. The decrease in earnings also led to a decline in the **EBITDA margin before special items**, which amounted to 19.8% compared to 22.5% in the previous year.

EBITDA for 2024 included special items of -€279 million. These resulted in particular from expenses for provisions, which were recognized due to the announced closure of the German production and formulation plants for glufosinate-ammonium in Knapsack and Frankfurt am Main.

Despite a significant decrease in EBITDA, the **segment cash flow** was slightly above the previous year's figure, mainly due to positive effects from a considerable reduction in inventories and a lower increase in receivables.

Segment data – Agricultural Solutions

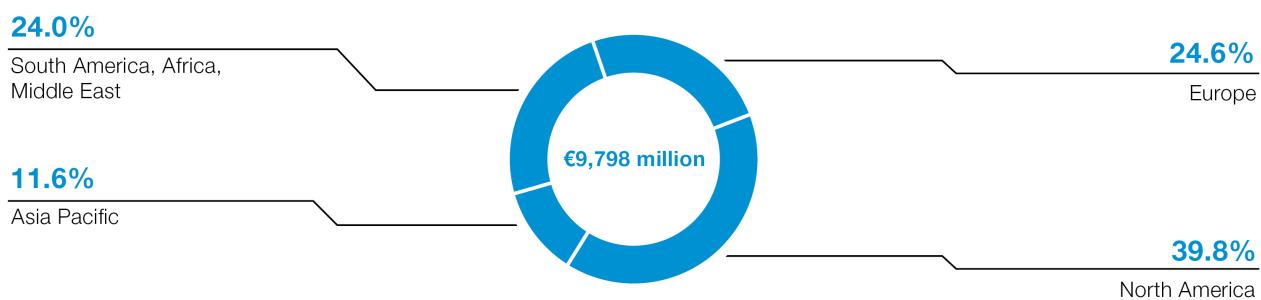
Million €	2024	2023	+/-
Sales to third parties	9,798	10,092	-2.9%
of which Fungicides	3,014	3,047	-1.1%
Herbicides	2,965	3,380	-12.3%
Insecticides	1,102	1,041	5.9%
Seed Treatment	598	662	-9.6%
Seeds & Traits	2,119	1,962	8.0%
Intersegment transfers	50	36	39.1%
Sales including transfers	9,848	10,128	-2.8%
EBITDA before special items	1,938	2,270	-14.6%
Special items in EBITDA	-279	-93	-200.7%
EBITDA	1,659	2,177	-23.8%
EBITDA margin before special items %	19.8	22.5	-
Depreciation and amortization ^a	675	1,046	-35.4%
EBIT before special items	1,270	1,563	-18.8%
Special items in EBIT	-286	-433	33.9%
Income from operations (EBIT)	984	1,131	-13.0%
Investments including acquisitions ^b	387	353	9.7%
Segment cash flow	1,861	1,746	6.6%
Assets (December 31)	15,377	16,089	-4.4%
Research and development expenses	919	900	2.0%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Agricultural Solutions – sales by region

By location of customer



Other

At a glance

€3,312 million

Sales

2023: €3,220 million

-€578 million

EBITDA before special items

2023: -€466 million

Sales in **Other** were above the prior-year level. This was mainly due to an increase in commodity and energy trading.

EBITDA before special items of Other fell considerably compared with the previous year. This resulted from currency results, hedging and other measurement effects included in other expenses as well as lower earnings contributions from other businesses.

EBITDA in Other included special items amounting to -€601 million in 2024. This included special charges in the amount of €301 million for the class settlement, which does not constitute any admission of liability, in connection with AFFF multidistrict litigation in the United States.

Financial data – Other

Million €	2024	2023	+/-
Sales to third parties	3,312	3,220	2.8%
EBITDA before special items	-578	-466	-24.0%
of which costs for cross-divisional corporate research	-183	-227	19.4%
costs of corporate headquarters	-232	-222	-4.4%
other businesses	171	200	-14.6%
miscellaneous income and expenses	-334	-218	-53.6%
Special items in EBITDA	-601	-159	-277.0%
EBITDA	-1,179	-626	-88.5%
Depreciation and amortization ^a	161	153	5.5%
EBIT before special items	-718	-614	-16.9%
Special items in EBIT	-622	-164	-279.1%
Income from operations (EBIT)	-1,340	-778	-72.2%
Investments including acquisitions ^b	241	195	23.2%
Assets (December 31) ^c	15,609	14,393	8.4%
Research and development expenses	276	356	-22.5%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

^c Includes assets of businesses recognized under Other and reconciliation to assets of the BASF Group

Forecast

We expect global GDP growth of 2.6% and industrial growth of 2.4%. Demand for goods is therefore expected to have a somewhat stronger significance for economic development than in 2024. In this economic environment, we expect chemical production to grow by 3.0%. The macroeconomic risks are high in view of geopolitical conflicts and increasing protectionist tendencies.

Economic Environment in 2025¹

The decline in consumer price inflation in 2024 and associated real income gains will support consumer purchasing power in the United States and Europe. Short-term interest rates are also likely to continue falling, at least in the eurozone. However, long-term interest rates, which are crucial for the development of real estate markets and corporate investments, are no longer expected to decline significantly. Fiscal stimulus measures to boost growth are increasingly constrained by the high level of government debt in many countries, which rose considerably during the coronavirus pandemic. Particularly in Europe, the economic challenges of demographic change and effects of the accelerated climate policy transformation on corporate competitiveness and household purchasing power are becoming more pronounced.

Furthermore, the high level of geopolitical and trade policy uncertainty will weigh on consumer and business confidence. In particular, higher import tariffs imposed by the United States and retaliatory measures from trading partners could drive up global inflation and interest rates, thereby dampening economic growth more than assumed in our forecast.

Trends in the global economy in 2025

We anticipate global GDP to grow by 2.6% at around the same rate as in 2024. For the advanced economies, we expect growth to remain largely unchanged at 1.5% overall. The emerging markets are expected to grow by around 4%, as in 2024.

For the **European Union (EU)**, we expect slightly higher GDP growth (2025: +1.2%, 2024: +0.9%). Since leading economic indicators do not point to an imminent recovery in industrial demand, we anticipate subdued growth in EU countries with a high industrial share. For Germany in particular, despite a rise in private household purchasing power, we expect weak growth of only 0.3% following stagnation in 2024. We also expect only slight growth for Italy and France. For Spain, we are forecasting slightly higher growth of just over 2%. Given the overall muted growth environment in western Europe, eastern EU countries are also expected to expand only slightly more than in 2024 (2025: +2.5%, 2024: +1.7%).

For the **United Kingdom**, we anticipate slightly higher growth (2025: +1.0%, 2024: +0.8%) amid falling interest rates and the increased willingness of private households to spend.

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

In the **United States**, we expect economic growth to slow down (2025: +2.0%) following the strong upswing in 2024 (+2.8%). The economic tailwind from falling interest rates and positive wealth effects in private portfolios is expected to fade. Wage growth is also likely to decrease given the slightly weaker labor market. Rising import tariffs could also lead to a renewed increase in consumer price inflation. This is countered by the economic stimulus effects of potential tax cuts and additional investments.

China's economy is expected to weaken slightly with growth of around 4.5% (2024: +5.0%). While we expect demand for private goods to stabilize further, growth in demand for services is expected to slow, likely resulting in a lower overall growth rate of private consumption. Exports are also expected to grow slightly less than in 2024. Higher import tariffs in the United States represent a risk factor. In 2024, the United States accounted for around 15% of China's total goods export. However, the impact of rising U.S. tariffs should not be overestimated given that gross exports to the United States account for around 3% of GDP and that trade diversion in response to increasing tariffs will mitigate some effects.

For the **other emerging Asian markets**, we expect growth to remain largely unchanged (2025: +5.2%, 2024: +5.2%). In the long term, the region will benefit from the diversification of international supply chains and a growing young population with rising incomes. In India, we expect above-average growth of around 6.5%, and for the ASEAN countries consistently high growth of around 4.7%.

For **Japan** we expect GDP to grow again (2025: +1.1%, 2024: +0.1%). Industrial production is expected to recover slightly following the sharp downturn in the automotive industry and information and communications technologies. In addition, rising incomes are likely to support private household consumption.

In **South America**, we anticipate higher overall growth (2025: +2.3%, 2024: +2.0%). This growth spurt is primarily attributable to higher expectations for Argentina fueled by declining inflation rates and market liberal reforms. After a decline of 2.9% in Argentina's GDP in 2024, growth of more than 3% is forecast for 2025. In contrast, Brazil's growth is expected to slow down, but still remain solid at around 2%.

Outlook for gross domestic product 2025 and 2025–2027

Real change compared with previous year	2025	2025–2027
World	2.6%	2.6%
European Union	1.2%	1.4%
United States	2.0%	1.7%
China	4.5%	4.4%
Emerging markets of Asia excluding China	5.2%	5.1%
Japan	1.1%	0.8%
South America	2.3%	2.4%

Outlook for key customer industries

We anticipate **global industrial production** to increase by 2.4% (2024: +2.1%). In the advanced economies it is likely to grow again slightly (2025: +0.8%, 2024: -0.1%). Growth in the emerging markets will probably remain at a similar level to the previous year (2025: +3.6%, 2024: +3.9%).

We are forecasting stagnation for the entire **transportation industry**.¹ For the production of passenger cars and light commercial vehicles, we expect stagnation after the decrease in 2024. Global production will therefore remain at around 89.5 million vehicles. Marginal growth is expected for the **Chinese** market. In contrast, we anticipate a decline in production for the **EU**, the **United States**, **South Korea** and **Japan**. For **Japan**, production should stabilize after the sharp decline in 2024 and only decrease slightly. The share of battery electric vehicles (BEVs) in the total production volume is expected to increase further from around 13% in 2024 to around 17% in 2025.

Given the slightly higher global industrial growth, the **energy and raw materials** sector is likely to grow at a slightly faster pace in 2025 compared with the previous year. All subsectors (energy supply, oil and gas production, refining, non-energy raw materials extraction) are expected to contribute to growth.

For the **construction industry**, we anticipate a slight recovery with continued weak residential construction, moderate growth in nonresidential construction and solid growth in the infrastructure segment. Demand for residential properties will continue to be impacted by comparatively high interest rates and high construction costs in the **United States** and **Europe**. In the United States, the positive effects in government-subsidized industrial construction are expected to diminish. Further, we anticipate a decline in residential construction given the current trend in construction starts. Weak expansion in the overall EU market is expected after a considerable decline in 2024, while residential construction will continue to contract. The real estate crisis in **China** is expected to ease. Despite a continued decline in new residential construction, we anticipate the overall market to grow moderately.

Overall, **consumer goods production** is likely to grow at a similar rate as global GDP. Demand for nondurable (care products) and durable consumer goods (textiles) in particular is expected to grow largely in line with GDP. After stagnating in 2024, we now expect weak growth in the furniture industry.

Growth in the **electronics industry** is likely to remain dynamic, but slightly weaker than in 2024. In particular, above-average growth rates are expected in the computer and communications technology sector. However, traditional consumer electronics is likely to see weaker growth.

In the **health and nutrition** sector, we anticipate growth to be stronger than in 2024 and slightly above GDP. In line with long-term trends, the food industry is expected to grow at the same rate as global GDP, while slightly higher growth is projected for the pharmaceutical industry.

Agricultural production is expected to grow at a slightly higher rate in 2025 than in the prior-year period. Following the weather-related lower growth in 2024, we anticipate a higher growth rate in Europe. In North America, however, we expect a slowdown. South America is also unlikely to maintain the high growth momentum of 2024. In Asia, by far the world's largest agricultural market with a two-thirds share, agricultural production is expected to grow slightly faster than in 2024.

¹ The transportation industry includes the production of motor vehicles, motor vehicle parts and the construction of other vehicles (especially ships and boats, trains, air and spacecraft, and two-wheelers).

Outlook for the chemical industry

Growth in the **global chemical industry (excluding pharmaceuticals)** is expected to be slightly lower (3.0%) in 2025 compared with 2024 (+3.9%). We anticipate weak growth in the advanced economies following stagnation in the previous year (2025: +0.8%, 2024: +0.1%). Expansion in the emerging markets is expected to slow slightly (2025: +3.9%, 2024: +5.5%).

In **China**, which accounts for half of global chemical production, growth is expected to ease slightly from the high level of the previous year (2025: +4.2%, 2024: +6.8%). While domestic demand for goods is expected to expand slightly more, growth momentum from foreign trade in the chemicals sector and its customer industries is likely to be somewhat weaker. Demand from the Chinese automotive industry is also expected to increase at a slower pace than in 2024.

In the **other emerging markets of Asia**, we anticipate slightly higher growth in the chemical industry (2025: +3.5%, 2024: +2.2%). This is primarily due to higher growth in India (+4.5%), while the rest of the region is expected to grow by around 3%.

Following the catch-up effects of the previous year and the already evident slowdown in the second half of 2024, we expect a slight decline by 0.3% in the **EU**. Positive momentum for regional demand should come primarily from consumer goods industries and the construction industry, although it is only growing at a weak rate, while demand from the automotive industry is likely to continue to decline.

In the **United States**, we expect chemical demand to grow slightly (+1.5%) after stagnating in 2024. Increased demand is expected primarily in the food industry, production of chemicals for care products, the plastics industry, and information and communications technology. However, the anticipated decline in automotive production and weak construction demand are likely to dampen growth.

For **Japan**, we forecast that chemical production will stabilize after the sharp decline in the previous two years (2025: +0.6%, 2024: -2.9%, 2023: -6.6%). The demand for chemicals is likely to be supported by the anticipated stabilization in local automotive production and a return to growth in the technology sector.

In **South America**, we expect chemical production to grow by slightly more than 2%. While growth in Brazil is anticipated to slow slightly, Argentina is likely to make a positive contribution amid its anticipated economic recovery.

Outlook for chemical production (excluding pharmaceuticals) 2025 and 2025–2027

Real change compared with previous year	2025	2025–2027
World	3.0%	3.0%
European Union	-0.3%	0.7%
United States	1.5%	1.3%
China	4.2%	4.1%
Emerging markets of Asia excluding China	3.5%	3.7%
Japan	0.6%	0.5%
South America	2.1%	2.2%

Outlook 2025

Our forecast for the BASF Group and segments for 2025 is based on the assumption that a moderate recovery in demand for goods will support the growth in gross domestic product and industrial production. In particular, the decline in consumer price inflation and the associated increase in real incomes are expected to boost consumer purchasing power in the United States and Europe. However, challenges such as increasing geopolitical uncertainty and a further escalation of trade conflicts in particular, will weigh on business and consumer confidence. Following the decline in automotive production in 2024, we expect stagnation in 2025. For the global chemical industry, we anticipate slightly higher growth compared with expectations for gross domestic product and industrial production. Growth in the chemical industry should result primarily from the anticipated expansion of the sector in China and other emerging Asian markets. We anticipate an average oil price of \$75 for a barrel of Brent crude and an exchange rate of \$1.05 per euro (for more information on the outlook on the economic environment in 2025, see page [78](#) onward and for opportunities and risks, see page [87](#) onward).

Earnings and free cash flow forecast for the BASF Group¹

Forecast at Group level

Million €	2024	2025 forecast
EBITDA before special items	7,858	€8.0 billion to €8.4 billion
Cash flows from operating activities	6,946	€5.6 billion to €6.0 billion
– Payments made for property, plant and equipment and intangible assets	6,198	€5.2 billion
Free cash flow	748	€0.4 billion to €0.8 billion

In 2025, the BASF Group's **EBITDA before special items** is expected to increase to between €8.0 billion and €8.4 billion (2024: €7.9 billion). The Materials, Nutrition & Care, Industrial Solutions² and Surface Technologies segments² are likely to contribute to this. For some, this may be primarily attributable to sales volume growth and, in some cases, also to higher margins. In the standalone business Agricultural Solutions, we forecast slightly higher volume-related earnings. EBITDA before special items for the Chemicals segment is expected to decrease slightly compared with 2024. In particular, earnings in the Petrochemicals division will be impacted by rising fixed costs in connection with the startup of the new Verbund site in China and scheduled turnarounds. The anticipated considerable earnings growth in the Intermediates division will only be able to partially offset this.

We forecast the BASF Group's **free cash flow** to be between €0.4 billion and €0.8 billion (2024: €0.7 billion). This is based on expected cash flows from operating activities of between €5.6 billion and €6.0 billion, minus expected payments made for property, plant and equipment and intangible assets in the amount of €5.2 billion.

CO₂ emissions forecast for the BASF Group

CO₂ emissions are expected to be between 16.7 million metric tons and 17.7 million metric tons in 2025 (2024: 17.0 million metric tons). We anticipate additional emissions compared with the previous year from higher forecast production volumes based on rising demand. We will counteract this increase with targeted measures to reduce emissions, such as increasing energy efficiency and optimizing processes as well as continuing the shift to electricity from renewable energies through the shareholding in the Hollandse Kust Zuid offshore wind farm, for example.

¹ For EBITDA before special items and cash flow, "slight" represents a change of 0.1% to 10.0%, while "considerable" applies to changes of 10.1% and higher. "At prior-year level" indicates no change (+/-0.0%).

² The assumptions for the Industrial Solutions and Surface Technologies segments already take into account the reclassification of the chemical and refining catalysts business as of January 1, 2025, and are based on correspondingly adjusted figures for 2024.

Forecast for the segments

Segment overview

Million €	EBITDA before special items		Segment cash flow	
	2024	2025 forecast	2024	2025 forecast
Chemicals	1,342	Slight decrease	-2,051	Considerable increase
Materials	1,805	Slight increase	766	At prior-year level
Industrial Solutions ^a	1,437	Slight increase	1,102	Slight decrease
Nutrition & Care	814	Slight increase	-31	Considerable decrease
Surface Technologies ^a	1,099	Considerable increase	691	Considerable increase
Agricultural Solutions	1,938	Slight increase	1,861	Considerable decrease

^a The forecasts for the Industrial Solutions and Surface Technologies segments already take into account the reclassification of the chemical and refining catalysts business as of January 1, 2025, and are based on correspondingly adjusted figures for 2024.

In the **Chemicals** segment, we expect a slight decline in EBITDA before special items in 2025 due to higher fixed costs in the Petrochemicals division, primarily related to the startup of the new Verbund site in Zhanjiang, China. Furthermore, a lower earnings contribution from our equity-accounted investment in Nanjing, China, mainly the consequence of scheduled turnarounds, will burden EBITDA before special items for the division. The anticipated strong earnings growth in the Intermediates division, primarily due to higher sales volumes and margins for amines, will only partially offset this. We assume a considerable improvement in the segment cash flow compared to 2024. We plan to reduce capital expenditures for Zhanjiang, which could more than offset the impact on earnings and the expected buildup of inventories in connection with the startup of the new Verbund site in China.

Compared with 2024, we anticipate a slight increase in EBITDA before special items for the **Materials** segment. This will be attributable to targeted volume growth coupled with stable margins in the Performance Materials division. For the Monomers division, we are forecasting earnings at the prior-year level. While the division also aims to increase volumes, slightly rising fixed costs are expected to counteract this. We plan to largely offset the higher fixed costs associated with the startup of the HMD plant in Chalampé, France, and inflation through ongoing efficiency measures and rigorous cost discipline. Segment cash flow is expected to remain on a level with the previous year. The assumed considerable increase in cash flow in the Monomers division is expected to offset the anticipated considerable decline in the Performance Materials division, primarily due to rising capital expenditures and a higher amount of cash tied up in working capital.

In the **Industrial Solutions** segment, EBITDA before special items is expected to increase slightly. This is attributable to the anticipated considerable earnings growth in the Performance Chemicals division, primarily due to higher volumes. In addition, the division plans to reduce fixed costs through ongoing restructuring measures. A slight decline in earnings is anticipated for the Dispersions & Resins division due to continued competitive pressure on margins. The ongoing cost savings program is expected to offset the division's inflation-related increase in fixed costs. Segment cash flow is anticipated to be slightly below the prior-year level. In the Dispersions & Resins division, this will likely be mainly attributable to lower earnings and higher capital expenditures in the electronic materials business. In the Performance Chemicals division, higher capital expenditures in the chemical and process catalysts business are expected to more than offset the positive impact of earnings growth.

In the **Nutrition & Care** segment, we anticipate slightly higher EBITDA before special items in 2025, primarily as a result of increased margins in the Nutrition & Health division. Earnings in the Care Chemicals division are expected to be on a level with 2024. Segment cash flow is likely to be negative again in 2025. In the Nutrition & Health division, we anticipate a higher amount of cash to be tied up in working capital in connection with preparations for the restart of the isophytol plant in Ludwigshafen, Germany. It is unlikely that the projected considerable improvement in cash flow in the Care Chemicals division will be able to compensate for this.

For the **Surface Technologies** segment, we anticipate a mainly volume-related improvement in earnings across all divisions. Segment cash flow is expected to be considerably above the prior-year level. This is due to the projected development in the Coatings and Battery Materials divisions. In the Coatings division, this is expected to be mainly attributable to a reduction in inventories and lower special charges. In 2024, significant special charges were incurred in connection with the conversion of the ERP system. The Battery Materials division anticipates an increase in cash flow, particularly due to the forecast earnings improvement and significantly reduced capital expenditures. In the ECMS division, we anticipate considerably lower cash flow due to expected reduced positive effects from working capital compared with the previous year.

In the **Agricultural Solutions** segment, we expect EBITDA before special items in 2025 to be slightly above the level of 2024. Higher sales volumes due to gradual normalization of channel inventories are expected to more than offset the inflation-related rise in fixed costs. In addition, we expect to see an improvement in the glufosinate-ammonium business compared with 2024. We expect segment cash flow to decline considerably compared with 2024, primarily due to lower positive contributions from inventories.

Capital expenditures (capex)

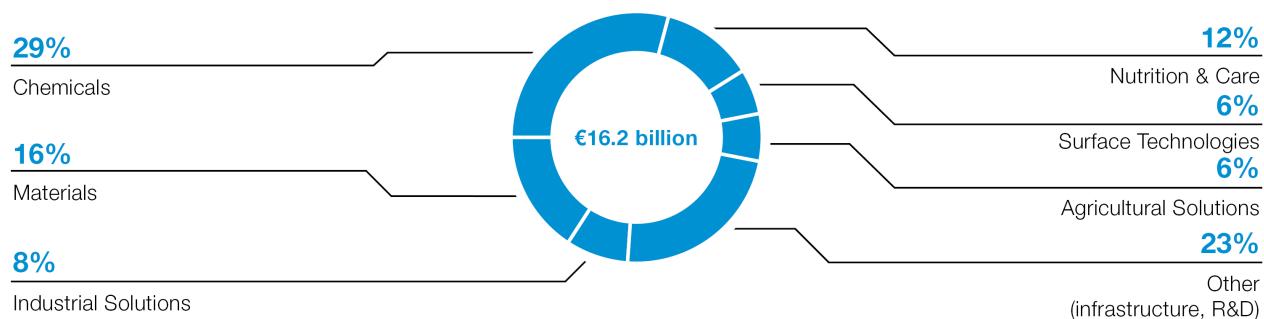
In 2025, the BASF Group is planning capital expenditures of around €5.0 billion (additions to property, plant and equipment excluding acquisitions, IT investments, restoration obligations and right-of-use assets arising from leases). For the four-year period from 2025 to 2028, we are planning capital expenditures totaling €16.2 billion, including around €3.0 billion for the new Verbund site in China. The investment volume in the next four years will thus be considerably below that of the planning period 2024 to 2027 (€19.5 billion).

Projects currently being planned or underway include:

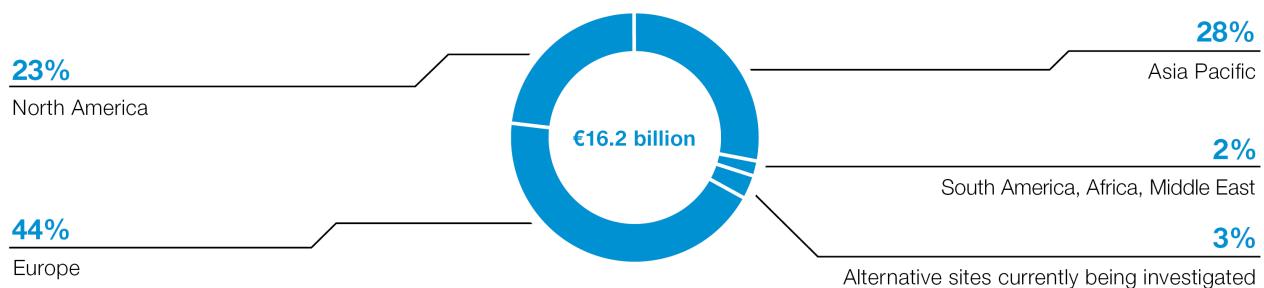
Capex: selected projects

Location	Project
Geismar, Louisiana	Capacity expansion at MDI plants
Ludwigshafen, Germany	Modernization of chloroformates and acid chlorides plant
Zhanjiang, China	Construction of an integrated Verbund site

Capex by segment 2025–2028



Capex by region 2025–2028



Dividend

As part of its new strategy, BASF continues to offer its shareholders an attractive dividend yield. In the medium term, we are committed to keeping the overall distribution to shareholders at least at prior-year levels through a combination of dividends and share buybacks. We have set ourselves the target of distributing at least €12 billion to shareholders from 2025 to 2028. Specifically, we strive to pay out a dividend of at least €2.25 per share annually or distribute around €2 billion per year to our shareholders. The proposed dividend³ for the 2024 business year is consequently €2.25 per share.

Financing

In 2025, we expect cash outflows in the equivalent amount of around €1.7 billion from the scheduled repayment of bonds. To refinance maturing bonds and to optimize our maturity profile, we continue to have medium- to long-term corporate bonds and our global commercial paper program at our disposal (for more information, see page [56](#)).

Events after the reporting period

On February 17, 2025, BASF announced the sale of the Brazilian decorative paints business, which is part of BASF's Coatings division, to Sherwin-Williams, Cleveland, Ohio. The purchase price on a cash-and debt-free basis is \$1.15 billion. The transaction is structured as a share deal and includes the production sites in Demarchi and Jaboatão, related contracts, the Suvinil and Glasu! brands, and around 1,000 employees. The decorative paints business generated sales of approximately €485 million in 2024 and operates almost exclusively in Brazil. The divestiture is expected to close in the second half of 2025, subject to the approval of the relevant authorities.

³ Dividend proposed to the Annual Shareholders' Meeting

Opportunities and Risks

The goal of BASF's risk management is to identify and evaluate opportunities and risks as early as possible and to take appropriate measures to seize opportunities and limit risks. The aim is to avoid risks that pose a threat to BASF's continued existence and to make improved managerial decisions to create value. We understand opportunities and risks to be any event that can positively or negatively impact the achievement of our short-, medium- or long-term goals.¹

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

Overall assessment

For 2025, we anticipate similar global economic growth as in 2024, albeit with slightly weaker growth on the chemicals market. General macroeconomic uncertainty will remain high.

A further escalation of current geopolitical conflicts could lead to disruptions in global supply chains and greater restrictions on the supply of energy, industrial raw materials and intermediates. The wars in Ukraine and the Middle East continue to pose significant risks for market development and the supply of raw materials.

There is also the risk of increases in U.S. tariffs and of backlashes among its trading partners. Higher inflation and interest rates could hamper demand. Due to our strategy of producing locally for the respective markets, the introduction of tariffs may also result in opportunities for the BASF Group. As uncertainties and volatilities are currently high, neither opportunities nor risks can be assessed yet.

Additional opportunities may arise in particular from stronger economic growth resulting from better macroeconomic development than assumed. Furthermore, material opportunities and risks for our earnings arise from margin volatility. Our assessment of opportunities and risks arising from the volatility of margins and currencies is based on forward-looking market-related assumptions in order to reflect the specific expectations of the market.

According to our assessment, there continue to be no significant individual risks that pose a threat to the continued existence of BASF SE or the BASF Group. The same applies to the sum of all risks (for more information, see page [147](#) onward).

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

¹ At the beginning of the one-year assessment period, the targets correspond to the forecasts.

Potential short-term effects on EBITDA of key opportunity and risk factors subsequent to measures taken^a

Possible variations related to:	Outlook – 2025 +
Business environment and sector	
Market growth	
Margins	□□□■■ ■□□□□
Competition	□□□■■ □□□□□
Regulation/policy	□□□■■ □□□□□
Company-specific opportunities and risks	
Procurement	□□□□■ ■□□□□□
Supply chain	□□□■■ □□□□□
Investments/production	□□□■■ □□□□□
Personnel	□□□□□ □□□□□
Information technology	□□□□□ □□□□□
Compliance/legal	□□□□■ ■□□□□□
Tax	□□□□■ □□□□□
Financial	
Exchange rate volatility	□□□■■ ■□□□□□
Other financial opportunities and risks	□□□■■ □□□□□
□□□□■ >€0 million <€100 million	
□□□■■ ≥€100 million <€500 million	
□□■■■ ≥€500 million <€1,000 million	
□■■■■ ≥€1,000 million <€1,500 million	
■■■■■ ≥€1,500 million <€2,000 million	

^a Using a 95% confidence interval per risk factor based on planned values; summation is not permissible.

Risk management process and internal control system

ESRS 2 GOV-5

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

Organization and responsibilities

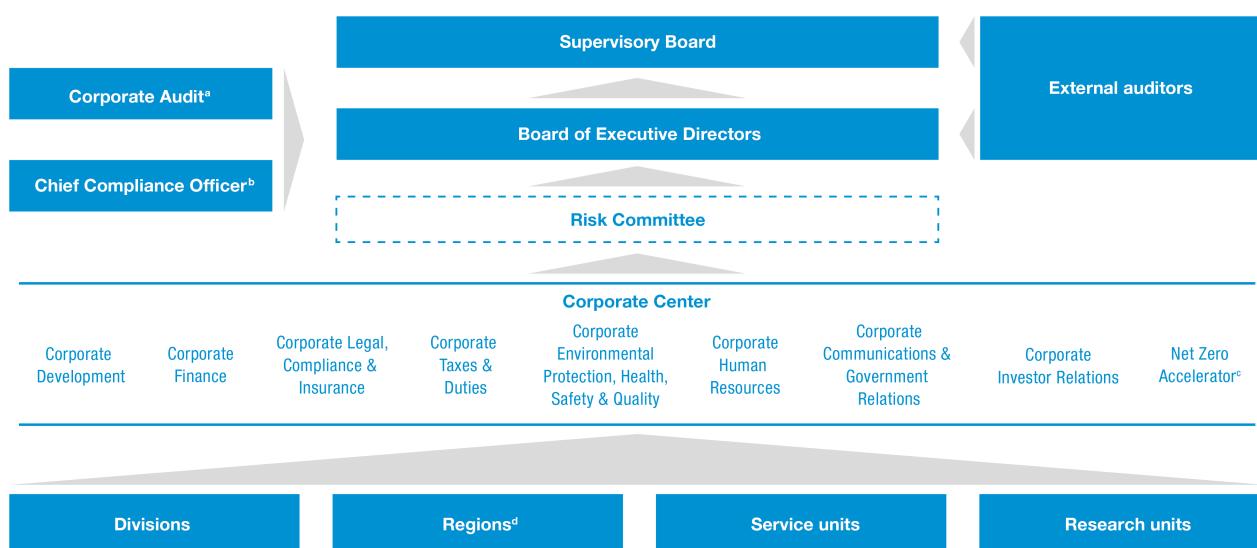
- Risk management and the internal control system are the responsibility of the Board of Executive Directors. It defines the basic requirements and processes as well as the organization of the risk management system. It also determines the processes for approving investments, acquisitions and divestitures.
- The Board of Executive Directors is supported by the Corporate Center. The Corporate Center units Corporate Finance, which reports to the Chief Financial Officer, and Corporate Development, which reports to the Chairman of the Board of Executive Directors, and the Chief Compliance Officer (CCO) coordinate the risk management process at Group level. This involves examining economic and sustainability-related opportunities and risks and providing structures as well as appropriate methodologies. Opportunity and risk management is thus integrated into the strategy, planning and budgeting processes.

- BASF's risk committee reviews the BASF Group's risk portfolio at least twice a year to evaluate any adjustments to risk management measures and informs the Board of Executive Directors of these. Members of the risk committee are the president of Corporate Finance (chair), the president of Corporate Development, the president of Corporate Legal, Compliance & Insurance and the heads of the Corporate Audit, Corporate Environmental Protection, Health, Safety & Quality, Corporate Treasury, and Group Reporting & Performance Management departments.
- The management and control of specific opportunities and risks is largely delegated to the divisions, the service and research units and the regions,² and is steered at a decentralized level. This also applies to sustainability-related topics relevant to BASF in accordance with ESRS, such as the impact of climate change on BASF. A network of risk managers in the operating divisions, in the service and research units as well as in the regions advances the implementation of appropriate risk management practices in daily operations. Financial risks are an exception. The management of liquidity, currency and interest rate risks is conducted in the Corporate Finance unit. The management of commodity price risks takes place in the Global Procurement unit or in authorized Group companies. As part of the new strategy, the management of opportunities and risks at regional level is being reorganized in 2025.
- In order to ensure the efficacy of risk management in the operating divisions as well as in the service and research units, Corporate Finance performs integrated checks within risk reporting and also regularly reviews compliance with internal risk management guidelines. The BASF Group's management is informed of short-term operational opportunities and risks that fall within an observation period of up to one year in the monthly Management's Report produced by Corporate Finance. In addition, Corporate Finance provides information twice a year on the aggregated opportunity/risk exposure of the BASF Group, including information about risk management measures and the corresponding residual net risks. Furthermore, any arising individual risks with a probability of occurrence of at least 10% that have an impact of more than €10 million on earnings or any risks qualitatively evaluated to have a material impact on our sustainability targets as well as on our reputation must be internally reported immediately. The Supervisory Board is informed annually about short-term operational opportunities and risks. The Audit Committee also deals with the internal control system and the risk management system as well as their further development.
- As part of strategy development, the Corporate Development unit conducts strategic opportunity/risk analyses with a five-year medium-term assessment period. These analyses are annually reviewed as part of strategic controlling and are adapted if necessary. Scenarios are also developed to map possible impacts beyond the five-year horizon from a long-term perspective, for example from climate-related developments. The Board of Executive Directors and Supervisory Board are informed annually about strategic opportunities and risks.
- We also regularly consider exceptional situations that can have a fundamental impact at global, regional and local level – from process safety incidents and goods spillages to pandemics and cyberattacks. In addition, there is a crisis management organization that proactively draws up crisis plans where necessary and appropriate and which is activated in the event of a sudden crisis (for more information, please see page [270](#) onward).

² As part of the new strategy, the regional structures are being dissolved and the management of opportunities and risks at regional level is being reorganized in 2025.

- The Chief Compliance Officer (CCO) manages the implementation of our Compliance Management System, supported by compliance officers worldwide. The CCO reports regularly to the Board of Executive Directors on the status of implementation as well as on any significant results and provides a status report to the Supervisory Board's Audit Committee at least once a year, including any major developments. The Board of Executive Directors immediately informs the Audit Committee about significant incidents (for more information on compliance, see page [317](#) onward).

Organization of the BASF Group's risk management



^a The Corporate Audit unit is part of the Corporate Center.

^b The Chief Compliance Officer is the head of the Corporate Legal, Compliance & Insurance unit.

^c The activities of the Net Zero Accelerator unit were transferred to existing units and divisions, effective January 1, 2025.

^d As part of the new strategy, the regional structures are being dissolved and the management of opportunities and risks at regional level will be reorganized in 2025.

- Risk-specific monitoring and control systems, some of which are decentralized, have been set up for each area identified in the risk portfolio. The results of the monitoring processes are incorporated into regular risk reporting to the risk committee and the Board of Executive Directors. Compared with internal control systems in financial reporting, these monitoring and control systems in other subject areas have a lower degree of formalization. As a rule, however, they also include organizational security precautions such as compliance with the basic principles of transparency, dual control, segregation of duties and least privilege, deployment of sufficiently qualified employees and adequate IT systems. The design of internal controls depends on the subject area. It ranges from monitoring the development of specific key indicators and evaluating internal and external reports or benchmarking analyses to formalized committee meetings in which decisions are made on applications for investments or research projects, for example. In addition, the appropriateness and effectiveness of the topic-specific internal control systems is monitored by the Corporate Center units responsible for the respective topics. To this end, the individual Corporate Center units choose different approaches depending on the subject area, such as the evaluation of questionnaires for self-assessment of the effectiveness of the internal control system, sample tests to validate the implementation and effectiveness of internal controls or the monitoring of compliance-related key indicators.
- The Corporate Audit department is responsible for regularly auditing the effectiveness and appropriateness of the risk management system, internal control system and the compliance management system.
- In addition, the Audit Committee addresses the effectiveness and appropriateness of these systems as part of its monitoring activities. The suitability of the early risk detection system set up by the Board

of Executive Directors in accordance with section 91(2) of the German Stock Corporation Act (AktG) is assessed and evaluated by the auditors.

Tools

- The Governance, Risk Management, Compliance (GRC) Policy, applicable throughout the Group, forms the framework for risk management and is implemented by the operating divisions, the service and research units and the regions according to their specific business conditions.
- A catalog of opportunity and risk categories helps identify all relevant economic and sustainability-related opportunities and risks relating to our targets as comprehensively as possible. We derive the sustainability-related opportunities and risks from the double materiality analysis, in accordance with ESRS requirements.
- The positive contributions and negative impacts of our business activities on sustainability topics along the value chain, and the impact of sustainability topics on our business, are assessed in a materiality analysis. Opportunities and risks for our business activities that could arise from material sustainability topics, or for sustainability topics that could arise from our business activities, can only rarely be measured in specific financial terms and mainly have a medium- to long-term impact. Relevant sustainability topics are systematically considered in our strategic and operational risk management through our integrated risk catalog. The results are presented in the respective chapters (for more information, see page [167](#) onward).
- We also systematically assess opportunities and risks with effects that cannot yet be measured in monetary terms, such as climate and reputational risks. To reflect these, risks for companies in connection with the transition to a low-emission economy (transition risks) as well as physical risks as defined by the Task Force on Climate-related Financial Disclosures (TCFD), among others, were added to this catalog.
- Because global climate policy ambitions and the implementation of the relevant measures play a decisive role in the ongoing growth of the chemical industry and its customer industries, we defined and quantified global long-term scenarios (up to 2050) with various global warming paths. To assess the impact of different global climate policy approaches on our business units, the scenarios were discussed with the business units in workshops. The feedback was incorporated into the ongoing development of the scenarios. A dataset of scenario-specific macroeconomic parameters is provided to test the economic feasibility of investments and business strategies. We use the results of the double materiality analysis to document reportable sustainability risks within the meaning of section 289b et seq. of the German Commercial Code. No reportable residual net risks within the meaning of section 289b et seq. of the German Commercial Code were identified for 2024 (for more information, see page [150](#) onward).
- We use standardized evaluation and reporting tools for the identification and assessment of risks. The aggregation of opportunities, risks and sensitivities at division and Group level using a Monte Carlo simulation helps us to identify effects and trends across the Group. We base our sensitivities to oil and gas prices and currency developments on forward-looking assumptions in order to reflect specific market expectations and improve the quality of our forecasts. We also aggregate qualitatively assessed risks at Group level using a risk portfolio.
- Our Group-wide Compliance Program aims to ensure adherence to legal regulations and the company's internal guidelines. Our global employee Code of Conduct firmly embeds these mandatory standards into everyday business. Members of the Board of Executive Directors are also expressly obligated to follow these principles (for more information, see page [317](#) onward).
- *Based on the reviews and findings of the risk management process, the Board of Executive Directors has no indication that BASF's risk management system and the internal control system are not adequate or effective in all material respects.*

Significant features of the internal control and risk management system with regard to the Group financial reporting process

The Combined Management's Report and the Consolidated Financial Statements are prepared by a unit in the Corporate Finance department. The Consolidated Financial Statements are derived from the separate financial statements of the subsidiaries and joint operations, taking into account the relevant data for the joint ventures and associated companies accounted for using the equity method. The BASF Group's accounting process is based on a uniform accounting guideline that, alongside accounting policies based on the International Financial Reporting Standards (IFRS®) applicable in the European Union, defines the significant processes and deadlines for the Group. There are binding directives for the internal reconciliations and other accounting operations within the Group. Standard software is used to carry out the accounting processes for the preparation of the individual financial statements as well as for the Consolidated Financial Statements. There are clear rules for the access rights of each participant in these processes.

Employees involved in the accounting and reporting process meet the qualitative requirements and participate in training on a regular basis. There is a clear assignment of responsibilities between the specialist units, companies and service units involved. We strictly adhere to the principles of segregation of duties and dual control, or the "four-eyes principle." Complex actuarial reports and evaluations are produced by specialized service providers or specially qualified employees.

An internal control system for financial reporting continuously monitors these principles. To this end, methods are provided to ensure that evaluation of the internal control system in financial reporting is structured and uniform across the BASF Group. These are based on the international standard COSO I Internal Controls – Integrated Framework, which forms an integral part of the international risk management standard COSO II Enterprise Risk Management – Integrated Framework.

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

Moreover, a centralized selection process identifies companies that are exposed to particular risks, that are material to the Consolidated Financial Statements of the BASF Group, or that provide service processes. The selection process is conducted annually. Persons responsible for implementing the requirements for an effective control system in financial reporting are appointed at the relevant companies.

The process for identifying, evaluating, managing and controlling risks related to preparing the Consolidated Financial Statements as well as the monitoring of these processes in the selected companies comprise the following steps:

- **Evaluation of the control environment**

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

- **Identification and documentation of control activities**

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

– Assessment of control activities

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

– Monitoring of control weaknesses

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

– Internal confirmation of the internal control system

All managing directors and chief financial officers of each consolidated Group company must confirm to the Board of Executive Directors of BASF SE every half-year and at the end of the annual cycle, in writing, that the internal control system is effective with regard to accounting and reporting.

Operational opportunities and risks

Market growth

Opportunities and risks arise from the development of our sales markets. For more details on our assumptions regarding short-term growth rates for the global economy, regions and key customer industries, such as the chemicals, automotive and construction sectors, see Economic Environment in 2025 from page [78](#) onward.

We also consider opportunities and risks caused by deviations in assumptions. Macroeconomic opportunities arise from an easing of geopolitical conflicts and the resulting increase in the supply of energy, industrial raw materials and other intermediate goods.

Increases in energy prices caused, for example, by the wars in Ukraine and the Middle East, and the higher inflation rates resulting from this for manufacturer and consumer prices pose a risk to the economy. Additional macroeconomic risks result from the escalation of geopolitical conflicts and a further intensification of global trade conflicts, especially between the United States and its trading partners. We constantly monitor these risks and mitigate them as far as possible through our diversified customer and product portfolio.

Weather-related influences can result in positive or negative effects on our business, particularly in the Agricultural Solutions segment.

Compared with the previous year, we see lower market growth opportunities.

Margins

The greatest opportunities and risks for the BASF Group primarily result from higher or lower margins in all segments, particularly the Chemicals and Agricultural Solutions segments. Further declining margins for a number of products and value chains could increase pressure on margins. Additional shortages of raw materials could have both a negative and positive impact on margins. This would have a corresponding effect on our EBITDA. We counter margin risks with ongoing cost and price management as well as process optimization.

The year's average oil price for Brent crude was \$81 per barrel in 2024, compared with \$82 per barrel in the previous year. For 2025, we anticipate an average oil price of \$75 per barrel.

Compared with the previous year, we see higher margin opportunities.

Competition

We continuously enhance our products and solutions in order to remain competitive. The market entry of new competitors and increased price pressure may lead to lower margins and volumes, particularly in the Agricultural Solutions and Industrial Solutions segments. We counter these risks through our margin management and other measures, such as the targeted promotion of innovations, for example in the area of sustainability.

Compared with the previous year, we see lower competitive risks.

Regulation/policy

Risks for us can arise from intensified geopolitical tensions, new trade sanctions, a lack of global coordination for stricter emission limits for production plants and stricter energy and chemicals legislation as well as a lack of acceptance of new technologies in the EU. Furthermore, risks can also arise from regulatory delays in the expansion of capacities and infrastructure for electricity from renewable sources, the necessary CO₂ infrastructure and delayed product approvals.

However, political measures could also give rise to opportunities. For example, we view opportunities around the world to increase energy efficiency and reduce greenhouse gas emissions as a strategic opportunity for increased demand for products such as our insulation foams for buildings, catalysts, battery materials for electromobility, or our solutions for wind turbines. For more information on these measures, such as meetings with political decision-makers and social stakeholders, see page [150](#) onward.

Procurement and supply chain

Operational risks in procurement are a key topic for BASF, as they can impact the company's supply capability and therefore its competitiveness. Operational risks in procurement include disruptions and delays in the delivery of raw materials due to supplier insolvencies, quality concerns, extreme weather or geopolitical events, for example. To counter these risks, BASF relies on comprehensive risk assessment and control along the entire supply chain, global diversification and close cooperation with suppliers (for more information, see page [292](#) onward).

Investments/production

We try to prevent unscheduled plant shutdowns by adhering to high technical standards and by continuously improving our plants. We reduce the effects of an unscheduled shutdown on the supply of intermediate and end products through diversification within our global Production Verbund.

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

Crisis management also includes dealing with extreme weather conditions such as hurricanes (for example, at the sites in Freeport, Texas, and Geismar, Louisiana) or significantly elevated water temperatures in rivers due to extended heat waves, which limit the available cooling capacity.

Appropriate precautions are taken at the sites in the case of a change in risk associated with climate change. For example, due to an increase in heat waves, we have implemented several measures at the Verbund sites in Ludwigshafen, Germany, and Geismar in recent years to increase cooling capacity, such as expanding and optimizing the central recooling plants and optimizing cooling water flows. These optimization measures are designed to prevent production outages due to extreme heat waves.

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

Personnel

Due to BASF's worldwide compensation principles, the development of personnel expenses is partly dependent on the amount of variable compensation, which is linked to the company's success, among other factors. The correlation between variable compensation and the success of the company has the effect of minimizing risk. Another factor is the development of interest rates for discounting pension obligations. Furthermore, changes to the legal environment of a particular country can have an impact on the development of personnel expenses for the BASF Group. For countries in which BASF is active, we therefore constantly monitor the relevant developments in order to identify potential risks at an early stage and enable suitable measures to be taken (for more information, see pages [93](#) and [270](#) onward).

Information technology

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

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

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

To minimize such risks, BASF uses globally uniform processes and systems to ensure IT availability and IT security, which are based on the recognized ISO 27001 standard. These include stable and redundantly designed IT systems, backup processes, virus and access protection, encryption systems, and integrated and standardized IT infrastructure, applications and processes. The systems used for information security are constantly tested, continuously updated, and expanded if necessary. In addition, our employees receive regular training on information and data protection. Cybersecurity-related risk management is conducted using Group-wide regulations for organization and application, as well as an internal control system based on these regulations.

Our modern protection concepts range from efficient detection and professional response to defense against attacks and minimizing their potential impact. Strong cybersecurity alliances are also crucial here. BASF works closely with security authorities and associations, for example as a founding member of the German Cyber Security Organization (DCSO) and the Cyber Security Sharing and Analytics (CSSA) platform in Berlin, Germany. BASF has also established an information security management system and is internationally certified according to DIN EN ISO/IEC 27001:2017.

With respect to the outlook for the 2025 business year, short-term opportunities or risks have been identified but possible impacts on EBITDA have not been quantified.

Compliance/legal

We constantly monitor current and potential legal disputes and proceedings, and regularly report on these to the Board of Executive Directors and the Supervisory Board. In order to assess the risks from current legal disputes and proceedings and any potential need to recognize provisions, we prepare our own analyses and assessments of the circumstances and claims considered. In addition, in individual cases, we consider the results of comparable proceedings and, if needed, independent legal opinions. Risk assessment is particularly based on estimates as to the probability of occurrence and the range of possible claims. These estimates are the result of close cooperation between the relevant operating and service units together with Corporate Legal and Corporate Finance. If sufficient probability of occurrence is identified, we recognize a provision for the proceeding concerned. Should a provision be unnecessary, we continue to assess whether these litigations nevertheless represent a risk for the BASF Group's EBITDA as part of general risk management (for more information, see page [411](#) onward).

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

Tax

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

Exchange rate volatility

Our competitiveness on global markets is influenced by fluctuations in exchange rates. For BASF's sales, opportunities and risks arise in particular when the U.S. dollar exchange rate fluctuates. On the production side, we counter exchange rate risks by producing in the respective currency zones.

Financial currency risks result from the translation of receivables, liabilities and other monetary items in accordance with IAS 21 at the closing rate into the functional currency of the respective Group company. If necessary, we hedge these risks using derivative instruments.

Based on market expectations, we see greater currency risks due to greater volatility in the U.S. dollar exchange rate compared with the previous year.

Other financial opportunities and risks

Financial risks arise from unplanned cost increases, for example due to higher inflation than assumed. In connection with the war in Ukraine, further financial risks arise from potential asset losses.

Strategic opportunities and risks

Long-term demand development

We assume that growth in chemical production (excluding pharmaceuticals) will be slightly higher than that of global gross domestic product in the coming years. With our market-oriented and broad portfolio, which we will continue to strengthen in the years ahead, through investments in new production capacities, through our research and development activities and through targeted acquisitions, particularly in the core businesses, we want to participate in this market growth. Should global economic growth see unexpected, considerable deceleration, for example, because of an ongoing weak period in individual emerging markets, protectionist tendencies or bottlenecks in the energy markets, the expected growth rates could prove too ambitious.

Additional risks arise from geopolitical tensions and outright military conflicts, which could impact supply chains and reduce efficiency in the international allocation of resources. Moreover, the ambitions of global climate policy and its implementation will significantly impact the structure of demand from our customer industries. This is shown by a comparison of climate policy scenarios that envisage limiting global warming to below two degrees Celsius with alternative scenarios that allow for more warming. In ambitious climate policy scenarios, the structure of demand changes due to the use of alternative energy sources and raw materials, high investment in resource-conserving technologies, and changing customer preferences. By contrast, macroeconomic growth rates typically vary little compared with scenarios with pathways with higher levels of warming.

Market opportunities in ambitious climate policy scenarios include, for example, alternative surface coatings for wind and solar modules, feedstocks that make plastics easier to recycle, stronger demand for insulation materials for buildings, increased electromobility with changed demand for plastics, insulation materials, coolants and battery materials, and more alternative proteins in agriculture. By contrast, fossil feedstocks and the production technologies and product segments based on fossil feedstocks will become less important. This requires further decarbonization of production processes and alternative sources of raw materials, as well as a corresponding willingness to pay on the part of customer industries, in order to remain competitive (for more information on the corporate strategy, see page [18](#) onward).

Development of competitive and customer landscape

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

We expect a rise in customer demand for more sustainable solutions – for example, for products with a lower carbon footprint, made from recycled, circular or bio-based raw materials that are biodegradable, or for products with other measurable sustainability benefits. However, an increase in customer demand for sustainable solutions is also highly dependent on regulation that leads to a growing willingness to pay for low-emission solutions. Companies with a proven track record of providing more sustainable solutions will then be able to achieve stronger growth and higher profitability. We are therefore addressing these topics in research and investment programs for the sustainable transformation of BASF.

To strengthen our competitiveness, we are continuously improving our production processes, streamlining our structures, simplifying procedures and optimizing our business portfolio. In this regard, our focus is on attractive businesses and differentiation through sustainability advantages, among other things, to make our customers and BASF more successful.

Regulation/policy

We expect continued regulatory and societal pressure to achieve environmentally friendly energy production, emission-free energy consumption, a climate-neutral resource and raw material base, and far-reaching environmental targets. This also includes regulations in respect of environmental protection, water and biodiversity, which are addressed in detail in the chapters E2 Pollution Prevention, E3 Water, and E4 Biodiversity and Ecosystems in this report (for more information, see page [205](#) onward). The political approaches to address these issues will vary greatly from region to region. However, particularly in Europe, we expect measures with a continuously high level of detailed and complex regulation, including changes to chemical and industry-related regulations that have the potential to significantly impact the competitiveness of BASF's operations and product portfolio as well as those of our customers. Another overarching risk is that political decision-makers, particularly in the EU, may not act quickly and decisively enough to create the necessary framework conditions for a successful location for industry.

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

We explain our strategy in meetings with political decision-makers and social stakeholders. In doing so, we also inform ourselves of the changes we must undergo and advocate for a favorable and stable regulatory framework at both a national and international level. BASF is in a position to make significant contributions toward achieving the U.N. Sustainable Development Goals, particularly regarding climate neutrality, through new technologies, innovative products and processes and a broad product portfolio.

Innovation

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

There are technical and commercial risks of failure associated with every single research and development project. We address this by maintaining a balanced and comprehensive project portfolio as well as through professional, milestone-based project management.

Further risks may arise from increasing state protectionism and demands for localization of intellectual property in order to achieve technological independence. Through our global Know-How Verbund in research and development, we ensure that intellectual property is generated and protected in countries with high intellectual property standards. We expect that the digital disruption of established processes will lead to a considerable increase in efficiency and effectiveness in some fields through the use of

artificial intelligence, among other things. BASF is therefore committed to taking a leading role in the digital transformation of the chemical industry. Possible applications of digital technologies and solutions are evaluated along the entire value chain and implemented throughout the company, for example, in production, logistics, research and development, business models and corporate governance (for more information, see page [37](#) onward).

Procurement and supply chain

Strategic risks in procurement are of great importance to BASF, as they can impact the company's long-term competitiveness and positioning. Strategic risks include structural changes on the global markets, climate change and political developments. Supply security for raw materials, energy and services is increasingly affected by trade disputes, protectionism, sanctions and geopolitical conflicts. To counter these risks, BASF relies on comprehensive risk assessment, a diversified supplier base, close cooperation with various strategic suppliers and continuous analysis of markets and trends.

We are also seeing an expansion of the regulatory framework affecting us and our suppliers (for example, the German Supply Chain Due Diligence Act, the EU Corporate Sustainability Due Diligence Directive and the EU Regulation on Deforestation-Free Products). Potential noncompliance by our suppliers may lead to a reduced supplier base. All risks are continuously analyzed and appropriate strategies and measures developed to avert risks or minimize their impact on BASF (for more information see page [292](#) onward).

Investments

We expect growth in chemical production in emerging markets to remain above the global average in the years to come. This will create opportunities that we want to exploit by focusing our investments more closely on growth markets and expanding our local presence. In addition, regional value chains help mitigate risks from trade conflicts and barriers that pose a challenge to global markets and supply chains.

Decisions on the type, scope and location of our investment projects are made on the basis of established comprehensive assessment processes. They take into account long-term forecasts for the market, margin and cost development, and raw materials availability, as well as country, currency, sustainability and technology risks. Opportunities and risks arise from potential deviations in actual developments from our assumptions. Mitigation plans are in place where risks are substantial.

Investments in more sustainable technologies, switching our production to renewable energy sources and harnessing potential energy savings represent a long-term opportunity, even though they may not yet be profitable in the short term, depending on the market and the prevailing regulatory framework (for more on our investment projects, see page [85](#)). The transformation of our company toward low-emission chemistry is presented in detail in the E1 Climate Change chapter.

Acquisitions/divestitures

We want to expand and refine our portfolio through value-adding acquisitions, especially in our core businesses. We will expand our regional presence in growth markets in a targeted manner and support our green transformation through sustainable business models.

The evaluation of opportunities and risks plays a significant role during the assessment of acquisition targets. A detailed analysis and quantification is conducted as part of due diligence. Examples of risks include increased staff turnover, delayed realization of synergies, or the assumption of obligations that were not precisely quantifiable in advance. Opportunities could also arise, for example, from additional

synergies. We are also continuing to develop our portfolio through carve-outs and divestitures. In this context, risks could arise as a result of potential warranty claims or other contractual obligations, such as long-term supply agreements (for more information, see page [36](#)).

Personnel

BASF anticipates growing challenges in attracting and retaining qualified employees and leaders in the medium and long term. In combination with evolving competence profiles and demographic change, this may result in losing skills and knowledge within our own workforce or not being able to develop them either sufficiently or at all. The macroeconomic situation, combined with structural adjustments at BASF, may unsettle employees and pose challenges in terms of employee retention and engagement. We are taking measures to attract qualified personnel and to maintain and improve the skills and knowledge required by our employees, and regularly assess employee engagement by means of our employee survey (for more information, see page [270](#) onward).

Climate

As BASF is an energy-intensive company, climate-related risks arise in a physical sense and from regulatory changes, such as in CO₂ prices through emissions trading systems, taxes or energy legislation. In addition, BASF's emissions footprint and intensity could lead to a negative perception and reduced appeal among external stakeholders such as customers, investors and skilled workers. We counter these risks with our carbon management measures and by transparently disclosing our positions on climate protection and progress in the implementation of our climate strategy, in publicly accessible sources such as this annual report or on the BASF website, and in direct dialog with political decision-makers and external stakeholders (for more information, see page [94](#)).

To assess the changing physical risks for our sites from climate change, BASF compiles climate data based on the latest scenarios of the Intergovernmental Panel on Climate Change (IPCC) in cooperation with an external partner. This comprehensive analysis enables sites to assess their potential physical impact from climate change in the coming decades, with the focus on a scenario representing a significant degree of global warming in addition to a climate protection scenario. The analysis centers on the current situation and long-term projections (30 years), whereas the midterm analysis is only used as a supplementary source of information where potential long-term materiality is identified.

Based on these analyses, we anticipate that most sites will be particularly affected by increasing heat and drought, whereas some may be faced with heavy precipitation and a few could also be exposed to risks in connection with flooding, hail, water stress and forest fires. The information gained from this analysis helps our sites to prepare their strategies, which include maintaining wide-ranging insurance coverage to mitigate the majority of risks and instituting a variety of adaptation measures. These include process optimization, investing in assets and infrastructure, and monitoring and updating occupational healthcare measures to minimize risks in the short, medium and long term.

In 2024, a specific analysis of physical climate risks was carried out at selected sites. It is planned to roll out this assessment approach to all key BASF sites in the coming years and, on this basis, bolstering our resilience to climate-related challenges (for more information, see page [178](#) onward).

Alongside climate-related risks, opportunities also arise for our sustainable products for climate protection. Our broad product portfolio includes, among other things, solutions for the circular economy and climate protection, such as insulation materials for buildings, materials for electromobility and bio-

based products. Increased societal demands and the resulting regulations offer additional market opportunities for these products. We are working with numerous scientific and public organizations and initiatives on solutions for sustainable agriculture that meet economic, environmental and social demands over the long term (for more information, see page [150](#)).

» For more information on our positions on and contributions to climate protection, see basf.com/climate_protection

Disclosures on BASF SE in Accordance with the German Commercial Code (HGB)

The Management's Report of BASF SE is combined with the Management's Report of the BASF Group. As the publicly listed parent company in the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group and is also one of the largest operating companies. A complete overview of BASF SE's operating business is provided by the Consolidated Financial Statements of the BASF Group.

Corporate Structure

BASF SE operates the BASF Group's largest Verbund site in Ludwigshafen, Germany, and is therefore one the most important operating companies of the BASF Group. In addition to marketing its own production to third parties, BASF SE supplies its products to other BASF Group companies, which process them in downstream production or sell them on the local market. BASF SE also distributes products from other BASF Group companies. All divisions, with the exception of Coatings, were active within BASF SE in 2024. As the parent company, BASF SE is also responsible for various central tasks, such as Group management and large parts of the Corporate Center. In addition, extensive research activities are bundled here.

As the top parent company, BASF SE directly or indirectly holds the shares in the companies belonging to the BASF Group. This is reflected above all in the financial assets and the financial result.

Due to this distinct integration into the BASF Group, BASF SE is managed within the framework of the BASF Group's Steering Concept and has not implemented a separate steering concept. Income from operations is the most suitable indicator for assessing business performance and is therefore BASF SE's most important financial key performance indicator.

The Financial Statements of BASF SE are prepared in accordance with section 61 of the Council Regulation (EC) No 2157/2001 of October 8, 2001, on the Statute for a European company (SE) and the applicable regulations for public limited-liability companies in the Member State in which it has its registered office, i.e., in accordance with the accounting regulations for the business year ending December 31, 2024, in particular the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The Consolidated Financial Statements of the BASF Group, however, include the Financial Statements of BASF SE, which are prepared in accordance with the International Financial Reporting Standards (IFRS[®]) of the International Accounting Standards Board (IASB[®]) valid on the balance sheet date and the additional applicable rules under section 315e(1) of the German Commercial Code (HGB). IFRSs[®] are generally only applied after they have been endorsed by the European Union.

Results of Operations of BASF SE

Statement of income

Million €	2024	2023
Sales revenue	21,791	22,832
Cost of sales	18,841	20,070
Gross profit on sales	2,950	2,762
 Selling expenses	1,886	1,807
General administrative expenses	529	497
Research and development expenses	1,221	1,238
Other operating income	1,000	247
Other operating expenses	1,317	1,531
Income from operations	-1,003	-2,064
 Income from shareholdings	3,622	9,801
Interest result	367	30
Other financial result	20	78
Financial result	4,009	9,909
 Income before income taxes	3,006	7,845
Income taxes	302	411
Net income	2,704	7,434

BASF SE's **sales revenue** declined by €1,041 million to €21,791 million in the fiscal year. Despite higher sales volumes, sales decreased in the operating business due to lower sales prices. The economic environment continues to pose exceptional challenges for the chemical industry. Against this backdrop, low plant capacity utilization and impairments on property, plant and equipment recorded in production costs totaling €65 million had a negative impact on BASF SE's profit. Effects from lower raw materials and energy prices as well as from inventory valuation led to a positive earnings contribution in the fiscal year. **Gross profit on sales** increased by €188 million overall to €2,950 million.

In line with our forecast, **income from operations** increased by €1,061 million to -€1,003 million, marking a considerable improvement. In the fiscal year, income from operations also benefited by changes to the actuarial assumptions made about pension obligations. In the fiscal year, selling expenses increased by €79 million and administrative expenses by €32 million. Research expenses decreased by €17 million. The lower expenditure for exploratory research was offset by impairments of €46 million.

The balance of other operating income and expenses improved by €967 million compared with the previous year to -€317 million. Out-of-period income increased by €443 million, mainly due to higher reversals of provisions, gains from asset disposals, refunds and grants. Furthermore, €160 million lower expenses from agreed cost transfers from Group companies were recognized. Foreign currency result improved by €6 million. In addition, expenditures for portfolio measures related to the implementation of strategic measures decreased by €58 million while impairments increased by €8 million. Expenses for environmental protection measures increased by €39 million in the fiscal year.

The **financial result** decreased by €5,900 million to €4,009 million. The decline in net income from shareholdings resulted in particular from lower dividends of a Dutch subsidiary of BASF SE. These dividends resulted mainly from retained earnings in the previous year. Lower profit transfers, which were mainly influenced by a distribution of retained earnings from a Belgian Group company in the previous year, continued to have an impact. The increase in the interest result was mainly due to higher interest income from loans of financial assets to affiliated companies and lower interest expenses to affiliated companies.

Income before income taxes decreased by €4,839 million year on year to €3,006 million. Income tax expenses decreased by €109 million in the fiscal year. Due to deferred tax assets and liabilities, €121 million lower expenses were recorded in the business year. By contrast, current income tax expenses increased by €12 million.

Net income decreased by €4,730 million compared with the previous year to €2,704 million in 2024.

Net Assets and Financial Position of BASF SE

Net assets

Assets

Million €	December 31, 2024	December 31, 2023
Intangible assets	947	1,159
Property, plant and equipment	3,341	3,403
Financial assets	27,326	22,878
Fixed assets	31,614	27,440
Inventories	2,940	2,913
Accounts receivable, trade	862	796
Receivables from affiliated companies	16,612	23,636
Miscellaneous receivables and other assets	702	657
Receivables and other assets	18,176	25,089
Cash and cash equivalents	1,112	1,160
Current assets	22,228	29,162
Prepaid expenses	159	144
Deferred tax assets	–	287
Total assets	54,001	57,033

Total assets declined by €3,032 million compared with December 31, 2023, to €54,001 million.

Fixed assets increased by €4,174 million. Intangible assets declined by €212 million. In addition to amortization, impairments of €46 million were recognized in the Nutrition & Care segment. Property, plant and equipment decreased by €62 million. The investments were slightly higher than depreciation. Furthermore, impairments of €86 million were recognized, which related, among other things, to a plant in the Chemicals segment. Financial assets increased by €4,448 million mainly due to granting loans to subsidiaries.

Current assets and **other assets** decreased by €7,206 million. Receivables from affiliated companies declined by €7,024 million particularly due to the repayment of financial investments within the Group and lower profit transfers. In addition, deferred tax assets declined by €287 million as a result of valuation allowances. Cash and cash equivalents decreased by €48 million and consisted of cash at banks and on hand as of December 31, 2024. By contrast, trade accounts receivable increased by €66 million and inventories by €27 million.

Financial position

Equity and liabilities

Million €	December 31, 2024	December 31, 2023
Subscribed capital	1,142	1,142
Capital reserve	3,172	3,172
Retained earnings	16,544	12,144
Retained profits	2,704	7,434
Equity	23,562	23,892
Special reserves	49	52
Provisions for pensions and similar obligations	529	1,294
Provisions for taxes	201	218
Other provisions	1,390	1,341
Provisions	2,120	2,853
Financial indebtedness	17,547	17,360
Accounts payable, trade	1,044	1,078
Liabilities to affiliated companies	8,760	10,913
Miscellaneous liabilities	683	650
Liabilities	28,034	30,001
Deferred income	236	235
Total equity and liabilities	54,001	57,033

Equity decreased by €330 million. The net income of €2,704 million was offset by the dividend of €3,035 million paid for the 2023 reporting year.

Provisions decreased by a total of €733 million. This included a decrease of provisions for pensions by €765 million to €529 million. The main reason for this decrease was the €270 million increase in pension plan assets attributable to higher fair values. Additionally, pension obligations decreased by €495 million, mainly due to benefits paid and changes to actuarial valuation parameters. Pension obligations in the amount of €6,998 million were offset against pension plan assets totaling €6,469 million. Provisions for taxes decreased by €17 million. By contrast, other provisions increased by €49 million, particularly due to higher provisions for environmental protection measures.

Liabilities and other items decreased by €1,969 million. Within this item, liabilities to affiliated companies decreased by €2,153 million, mainly due to the repayment of intragroup borrowings. By contrast, financial indebtedness increased by €187 million because the issuance of financial debts was higher than repayments in the fiscal year.

Forecast, Opportunities and Risks of BASF SE

Earnings forecast

In its forecast, BASF SE essentially makes the same assumptions regarding the development of global economic environment as the BASF Group.

Considering these assumptions, we expect income from operations in 2025 to be slightly below the level of the previous year. In 2024, income from operations was affected by extraordinary effects on income, particularly by the changes to actuarial assumptions for pension obligations, by gains from asset disposals, and by effects from inventory valuation. Further restructuring measures had an offsetting effect in 2024. For 2025, we anticipate positive earnings contributions from the cost saving measures already implemented, which will be offset by the expenditure for additional restructuring measures required for the implementation of the corporate strategy. Furthermore, we anticipate extraordinary effects on income in 2025 to be lower.

Opportunities and risks, risk management system

BASF SE is generally exposed to the same opportunities and risks as the BASF Group.

BASF SE's internal control and risk management system with regard to the financial reporting process (section 289(4) HGB) is based on a uniform accounting guideline that sets out accounting policies and the significant processes and deadlines on a Group-wide basis. There are binding directives for the internal reconciliations and other accounting operations within the Group. Standard software is used to carry out the accounting processes, and there are clear rules for the access rights of each participant in these processes. The Financial Statements and parts of the disclosures on BASF SE in accordance with the German Commercial Code (HGB) are prepared by a specialist unit in the Global Business Services division.

[Nonfinancial Disclosures of BASF SE]

Due to the importance of BASF SE within the BASF Group, specific disclosures are required when reporting key sustainability-related information. Such disclosures also became mandatory for the parent company of the BASF Group, BASF SE, as a result of the CSR Directive Implementation Act, which came into effect in 2017. An integrated reference option within the (Consolidated) Sustainability Statement was selected in the Management's Report for the Nonfinancial Statement (NFS) to be issued in the reporting year in accordance with sections 289b to 289e of the German Commercial Code (HGB). The table on this and the following page shows the relevant nonfinancial key figures of BASF SE. All disclosures on strategy, due diligence, targets, described processes and key figures contained in the statements in the Combined Management's Report, including the (Consolidated) Sustainability Statement, apply to the BASF Group including BASF SE. No significant deviations were identified for BASF SE.

Nonfinancial disclosures of BASF SE

		2024
Employees	Employees	33,370
	of which apprentices	1,978
	Apprentices in final year of apprenticeship who received a job offer ^a	% 88
	Participants in Training Verbund (cooperation with partner companies in the Rhine-Neckar metropolitan region)	66
	Training Verbund expenses	million € 3
	Personnel expenses	million € 3,594
	of which wages and salaries	2,972
	of which social security contributions and expenses for pensions and assistance	622
	of which pension expenses	125
	Participants in the "plus" employee share program	17,469
Innovation	Employees in research and development	3,941
	Research and development expenses	million € 1,221
Procurement	Procurement spend	million € 7,447
Safety (process and occupational safety)	Fatality rate ^b	0.0
	Employees ^b	0.0
	Nonemployees ^b	0.0
	Contractors ^b	0.0
	Number of fatalities	0
	Employees	0
	Nonemployees	0
	Contractors	0
	High-consequence work-related injury rate ^b	0.2
	Employees ^b	0.1
	Nonemployees ^b	0.8
	Contractors ^b	0.2
	Recordable work-related injury rate ^{b, c}	8.4
	Employees ^b	7.4
	Nonemployees ^b	21.3
	Contractors ^b	9.6

Nonfinancial disclosures of BASF SE

		2024
Safety (process and occupational safety)	Number of recordable work-related injuries ^c	537
	Employees	353
	Nonemployees	55
	Contractors	129
	Number of days lost to work-related injuries	4,377
	Employees	2,898
	Nonemployees	376
	Contractors	1,103
	Rate of high-severity work process-related injuries ^b	0.2
	Rate of process safety incidents ^b	1.7
	Rate of high-severity process safety incidents ^b	0.3
	Transportation incidents	2
	Incidents with spillage of more than 200 kilograms of dangerous goods	0
	of which with significant impact on the environment	0
Emergency response	Major incident drill	1
	Drills and simulations of emergency measures	163
	TUIS interventions	136
Management systems	Responsible Care audits	24
Environmental	Energy demand – electricity	MWh 4,587,399
	Energy demand – steam	metric tons 14,737,149
	Energy demand – fossil fuels in power plants	MWh 12,056,102
	Waste generation	metric tons 636,663
	of which recycled waste	% 46.8
	of which waste disposed of	% 53.2
	of which hazardous waste	% 98.1
	Emissions of air pollutants (excluding CH ₄); CO, NO _x , NMVOC, SO _x , dust, NH ₃ / other inorganic substances	metric tons 5,320
	Greenhouse gas emissions: CO ₂ , N ₂ O, CH ₄ , HFC, PFC, SF ₆	million metric tons of CO ₂ equivalents 5.1
	Water abstraction	million cubic meters 1,063
	Water use	million cubic meters 2,021
	Water discharge	meters 962
	Emissions of organic substances to water	metric tons 4,077
	Emissions of nitrogen to water	metric tons 1,068
	Emissions of heavy metals to water	metric tons 6
	Emissions of phosphorus to water	metric tons 63

^a Apprentices in catering are excluded from these disclosures.

^b Per 1,000,000 working hours

^c Recordable work-related injuries for BASF include all injuries recorded in the system in accordance with ESRS.

1.2 Corporate Governance¹

Corporate Governance Report

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

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

Board of Executive Directors

[ESRS 2 GOV-1](#) | [ESRS 2 GOV-2](#)

Direction and management by the Board of Executive Directors

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

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

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

¹ With the exception of the "Disclosures according to sections 289a and 315a of the German Commercial Code (HGB) and explanatory report of the Board of Executive Directors according to section 176(1) sentence 1 of the German Stock Corporation Act (AktG)," the content of this section is not part of the statutory audit but is part of a separate audit with limited assurance.

BASF SE and reporting on the company's financial and nonfinancial performance as well as half-year and quarterly reporting. Furthermore, it must ensure that the company's activities comply with the applicable legislation and regulatory requirements as well as internal corporate requirements (compliance). This includes the establishment of appropriate systems for control, compliance and risk management as well as embedding a company-wide compliance culture with undisputed standards (see page [317](#)).

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

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

The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to planning, business development, the risk situation, risk management and compliance. Furthermore, the Board of Executive Directors coordinates the company's strategic orientation with the Supervisory Board (for additional information on risk management, see the forecast report from page [87](#) onward). The Statutes of BASF SE and the Supervisory Board have defined certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases that require approval include the acquisition of enterprises and disposal of parts of enterprises, as well as the issue of bonds or comparable financial instruments. However, this is only necessary if the acquisition or disposal price or the amount of the issue in an individual case exceeds 3% of the equity reported in the most recent approved Consolidated Financial Statements of the BASF Group.

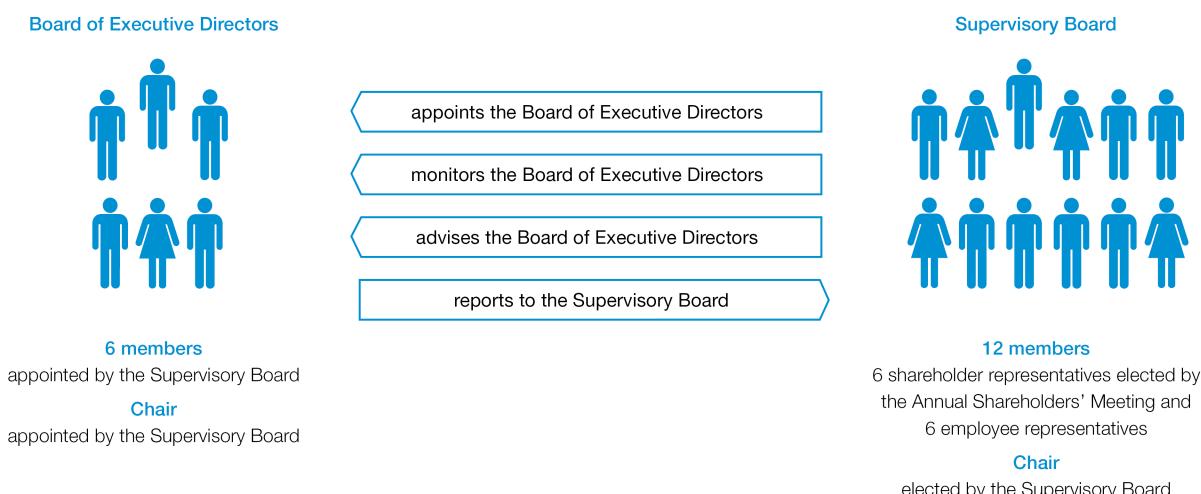
The members of the Board of Executive Directors, including their areas of responsibility and memberships in the supervisory bodies of other companies, are listed from page [141](#) onward.

- » Additional information on the compensation of the Board of Executive Directors can be found in the Compensation Report at basf.com/compensationreport.
- » The Rules of Procedure for the Board of Executive Directors can be found at basf.com/rules-of-procedure.

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

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

BASF SE's two-tier management system



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

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

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

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

The first appointment of members of the Board of Executive Directors is for a term of no more than three years. The standard age limit for members of the Board of Executive Directors is 63. The Supervisory Board determines the number of members on the Board of Executive Directors. It is guided by the concept of BASF as a company comprising core businesses and standalone businesses and is

determined by the needs arising from cooperation within the Board of Executive Directors. The Supervisory Board considers six to be an appropriate number of Board members given the current business composition, future development tasks and the fundamental organizational structure of the BASF Group.

Implementation of the competence profile and the diversity concept for the Board of Executive Directors

The current composition of the Board of Executive Directors meets the competence profile and the requirements of the diversity concept in full. On account of the different educational backgrounds and management experience of its members – in scientific, technical and commercial fields – the Board of Executive Directors as a whole covers the required spectrum of specialist and management expertise and also possesses many years of international experience. In accordance with section 76 (3a) of the German Stock Corporation Act (AktG), one woman sits on the Board of Executive Directors, with suitable consideration of women forming an integral component of succession planning for the Board of Executive Directors. In its current composition, the Board of Executive Directors exhibits a balanced age structure and has an age range of seven years, meaning that sufficient continuity is assured in the work of the Board of Executive Directors. Likewise, no member of the Board of Executive Directors exceeds the standard age limit of 63 years.

For details, please see the matrix below:

Implementation of the competence profile and diversity concept of the Board of Executive Directors

	Dr. Markus Kamieth	Dr. Dirk Elvermann	Michael Heinz	Anup Kothari	Dr. Stephan Kothrade	Dr. Katja Scharpwinkel
Member of the Board of Executive Directors since	2017	2023	2011	2024	2023	2024
Position as of December 31, 2024	Chairman of the Board of Executive Directors, BASF SE, Ludwigshafen, Germany	Member of the Board of Executive Directors, Chief Financial Officer and Chief Digital Officer, BASF SE, Ludwigshafen, Germany	Member of the Board of Executive Directors, Chief Financial Officer and Chief Digital Officer, BASF SE, Ludwigshafen, Germany	Member of the Board of Executive Directors, BASF SE, Chairman of BASF Corporation, located in Florham Park, New Jersey	Member of the Board of Executive Directors, Chief Technology Officer, BASF SE, located in Ludwigshafen, Germany, and Singapore	Member of the Board of Executive Directors, Industrial Relations Director, Site Director of the Ludwigshafen site, BASF SE, Ludwigshafen, Germany
Duties and regional responsibilities (2024 business year)	Corporate Development; Corporate Legal, Compliance & Insurance; Corporate Human Resources; Corporate Communications & Government Relations; Corporate Investor Relations; Senior Project Net Zero Accelerator	Corporate Finance; Corporate Audit; Corporate Taxes & Duties; Global Business Services; Global Digital Services; Global Procurement; BASF Venture Capital	Agricultural Solutions; Nutrition & Health; Care Chemicals; North America region; South America region	Catalysts; Coatings; Dispersions & Resins; Performance Chemicals	Monomers; Performance Materials; Petrochemicals; Intermediates; Group Research; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia	European Site & Verbund Management; Global Engineering Services; Corporate Environmental Protection, Health, Safety & Quality; Europe, Middle East, Africa region
At BASF since	1999	2003	1984	1999	1995	2010

Implementation of the competence profile and diversity concept of the Board of Executive Directors

	Dr. Markus Kamieth	Dr. Dirk Elvermann	Michael Heinz	Anup Kothari	Dr. Stephan Kothrade	Dr. Katja Scharpwinkel
Leadership experience within BASF						
Scientific	✓				✓	
Technical			✓	✓	✓	✓
Commercial	✓	✓	✓	✓	✓	✓
Diversity						
Date of birth	November 25, 1970	August 13, 1971	February 18, 1964	January 8, 1968	March 13, 1967	September 10, 1969
Gender	Male	Male	Male	Male	Male	Female
Degree	Chemistry	Law	MBA	Chemical engineering, MBA	Chemistry	Chemistry
Nationality	German	German	German	American	German	German
International experience						
Europe	✓	✓	✓	✓	✓	✓
North/South/Central America	✓		✓	✓		
China	✓			✓	✓	
Asia Pacific	✓	✓		✓	✓	
Experience relevant to the sectors, products, geographical locations and customer industries of BASF						
Chemicals	Director, Business Mgmt. Acrylics & Superabsorbents North America & South America				President, Intermediates; Managing Director Nanjing Verbund site; SVP, BASF Antwerpen N.V./Plant Operations, Engineering & Infrastructure	VP, Distribution Business Europe & Managing Director, BTC Europe GmbH
Materials					SVP, BASF Antwerpen N.V./Plant Operations, Engineering & Infrastructure	
Industrial Solutions	SVP, Performance Chemicals North America; Director, Ciba Integration for Performance Chemicals Division		President, Global Integration Team Ciba and Chief Executive Officer Ciba	President, Performance Chemicals; SVP, Performance Chemicals North America	Operations Manager, Luton plant, Ludwigshafen, Germany	Head of Sales Lubricant Additives Central Europe, Ciba Specialty Chemicals
Surface Technologies	President, Coatings			VP, Business Mgmt. Mobile Emissions Catalysts Asia Pacific; VP, Strategy & Planning/New Business Development Catalysts		SVP, Automotive Refinish Coatings Solutions EMEA, BASF Coatings GmbH

Implementation of the competence profile and diversity concept of the Board of Executive Directors

	Dr. Markus Kamieth	Dr. Dirk Elvermann	Michael Heinz	Anup Kothari	Dr. Stephan Kothrade	Dr. Katja Scharpwinkel
Nutrition & Care			President, Global Integration Team Cognis; Product Manager PVP Polymers	President, Nutrition & Health; Global Marketing Manager & Business Manager, Care Chemicals	Production and research for water-soluble special polymers for cosmetics and pharmaceuticals	Head of Sales Formulation Technologies Europe, BASF Personal Care and Nutrition GmbH; Regional Sales Director Functional Products Europe, Cognis; Regional Marketing Director Care Chemicals North Europe, Cognis
Agricultural Solutions			President, Crop Protection; Group Vice President Global Strategic Marketing Agricultural Products			
Research & Development	Research of special and process chemicals				Production and research for water-soluble special polymers for cosmetics and pharmaceuticals	
Technology				Technology & Capital Program Manager, BASF Corporation	Managing Director, Nanjing Verbund site; SVP, BASF Antwerpen N.V./Plant Operations, Engineering & Infrastructure	
Corporate functions	Staff of member of the Board of Executive Directors	President, Corporate Finance; member of the Board, Wintershall Holding GmbH; SVP, Corporate M&A Projects; Managing Director, BASF Polska Sp. z.o.o.; Vice President, Legal and Tax Asia Pacific	Managing Director, BASF Mexicana S.A.		President, Greater China; President YPC Joint Venture, Nanjing; Corporate Strategy & Planning; Managing Director, BASF Hungária & Southeast Europe, Budapest, Hungary	President, Europe, Middle East and Africa
Sustainability-related specialist knowledge ^a	✓	✓	✓	✓	✓	✓
Automotive industry	✓			✓	✓	✓

Implementation of the competence profile and diversity concept of the Board of Executive Directors

	Dr. Markus Kamieth	Dr. Dirk Elvermann	Michael Heinz	Anup Kothari	Dr. Stephan Kothrade	Dr. Katja Scharpwinkel
Construction industry	✓		✓	✓	✓	✓
Electronics industry				✓		
Agriculture			✓			
Packaging industry	✓		✓	✓	✓	
Energy industry	✓	✓		✓	✓	
Pharmaceutical and cosmetics industry	✓		✓	✓	✓	✓
Household and cleaning industry	✓		✓	✓	✓	✓

^a In particular, taking into account the sustainability topics that are material for BASF, which were identified following the double materiality assessment. Details can be found in the section "Competence of the Board of Executive Directors and Supervisory Board in monitoring sustainability aspects" from page [133](#) onward.

Proportions represented in the Board of Executive Directors according to the aspects of diversity taken into account (as of December 31, 2024)

Proportion of women ^a	16.7%
Proportion of members with international experience based on their background or professional experience	83.3%
Proportion of members with many years of leadership experience	
– in scientific fields	33.3%
– in technical fields	66.7%
– in commercial fields	100%
Proportion of members under 60 years of age	83.3%

^a We do not currently record a third gender in the aspects of diversity represented in the Board of Executive Directors. We will regularly review the relevance of this category in external reporting.

Supervisory Board

[ESRS 2 GOV-1](#) [ESRS 2 GOV-2](#)

Supervision of company management by the Supervisory Board

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

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

The Supervisory Board of BASF SE comprises 12 members. Six members are elected by the shareholders at the Annual Shareholders' Meeting via a simple majority. Six members are elected by the BASF Europa Betriebsrat (BASF Works Council Europe), the European employee representation body of the BASF Group. Newly elected members of the Supervisory Board are appointed for a term of four years. This ensures that the maximum membership duration of 12 years up to which a Supervisory Board member can be classified as independent in accordance with the German Corporate Governance Code corresponds to a total of three election terms.

Meetings of the Supervisory Board and its four committees are called by their respective chairs and independently, at the request of one of their members or the Board of Executive Directors. The shareholder and employee representatives of the Supervisory Board prepare for Supervisory Board meetings in separate preliminary discussions. Resolutions of the Supervisory Board are passed by a simple majority vote of the participating Supervisory Board members. In the event of a tie, the vote of the chair of the Supervisory Board, who must always be a shareholder representative, gives the casting vote. This resolution process is also applicable for the appointment and dismissal of members of the Board of Executive Directors by the Supervisory Board. Resolutions can, as needed, also be made in writing or through electronic communication outside of the meetings, as long as no Supervisory Board member objects to this form of passing a resolution. The Supervisory Board meets regularly even without the Board of Executive Directors.

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

A list of the members of BASF SE's Supervisory Board indicating which members are shareholder or employee representatives and their appointments to the supervisory bodies of other companies can be found from page [143](#) onward.

» For more information on the Supervisory Board's information policy, see basf.com/rules-of-procedure

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- » Additional information on the compensation of the Supervisory Board can be found at bASF.com/compensationreport.
 - » The Statutes of BASF SE and the Employee Participation Agreement can be found at bASF.com/statutes and bASF.com/en/corporategovernance.

Personnel Committee

Members

Prof. Dr. Stefan Asenkerschbaumer² (Chairman)
Dr. Kurt Bock²
Prof. Dr. Thomas Carell²
Tatjana Diether²
Sinischa Horvat²
Michael Vassiliadis

Duties

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

Audit Committee

Members

Alessandra Genco² (Chairwoman)
Tatjana Diether²
Tamara Weinert²
Michael Vassiliadis

Duties

- Prepares the negotiations and resolutions of the Supervisory Board for the approval of the Financial Statements, the Consolidated Financial Statements and the Management's Reports, including the Nonfinancial Statements and sustainability reporting and discusses the Quarterly Statements and the Half-Year Financial Report with the Board of Executive Directors prior to their publication
- Deals with monitoring the accounting process, the annual audit, including sustainability reporting and its audit, the appropriateness and effectiveness of the internal control system, the risk management system, the internal auditing system and compliance management system as well as compliance issues, including compliance with statutory regulations and internal environmental, health and safety regulations (EHS compliance)
- Is responsible for business relations with the company's auditor and the auditor of the company's sustainability report: prepares the Supervisory Board's proposal to the Annual Shareholders' Meeting regarding the selection of an auditor for the Annual and Consolidated Financial Statements and the audit review of the Half-Year Financial Report, monitors the auditor's independence, defines the focus areas of the audit together with the auditor, discusses the audit risk, audit strategy and audit plan with the auditor, negotiates auditing fees, evaluates the quality of the annual audit, and establishes the conditions for the provision of the auditor's nonaudit services; the chair of the Audit Committee regularly discusses this with the auditor outside of meetings as well and reports to the Committee on such discussions; the Audit Committee regularly consults with the auditor, even without the Chief Financial Officer or another member of the Board of Executive Directors.

² Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page 122 for the criteria used to determine independence)

- Deals with post-audits of key acquisition and investment projects
- Is responsible for monitoring the internal process of identifying related party transactions and ensuring adherence to statutory approval and disclosure requirements; grants approval of related party transactions
- Is authorized to request any information that it deems necessary from the auditor or from the Board of Executive Directors and has a direct right to information from the heads of the units of the Corporate Center such as Corporate Audit or Corporate Compliance; can also view all of BASF's business documents and examine these and all other assets belonging to BASF. The Audit Committee can also engage experts such as auditors or lawyers to carry out these inspections.

Special expertise in the areas of the annual audit and accounting

The Audit Committee includes two members with expertise (special knowledge and experience within the meaning of the German Corporate Governance Code) in the fields of accounting and auditing. The Chairwoman of the Audit Committee, Alessandra Genco, has deep expertise in accounting, including sustainability reporting, due to her studies in economics, her professional experience working for financial institutions and her current role as chief financial officer of a publicly listed international company based in the EU. Tamara Weinert has special expertise in the field of auditing, including the audit of sustainability reporting, and accounting expertise due to her former role as the Chief Financial Officer for EMEA at Outokumpu and her professional activities in the finance departments of various companies around the world. Both closely monitor current developments in sustainability reporting, particularly the European regulations of the Corporate Sustainability Reporting Directive (CSRD), and its auditing and actively contribute this expertise to the Supervisory Board and Audit Committee.

Nomination Committee

Members

Dr. Kurt Bock³ (Chairman)
Prof. Dr. Stefan Asenkerschbaumer³
Prof. Dr. Thomas Carell³
Liming Chen³
Alessandra Genco³
Tamara Weinert³

Duties

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

³ Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page [122](#) for the criteria used to determine independence)

Strategy Committee

Members

Dr. Kurt Bock⁴ (Chairman)
Prof. Dr. Stefan Asenkerschbaumer⁴
Alessandra Genco⁴
Sinischa Horvat⁴
André Matta⁴
Michael Vassiliadis

Duties

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

The Supervisory Board has not established a dedicated Sustainability Committee. Sustainability is a topic of such pivotal importance to BASF with its economic success, environment and social-related aspects that the entire Supervisory Board regularly discusses it in detail as a cross-cutting issue. This also applies to the significant issue of reducing CO₂ emissions and the targeted conversion of business activities to emission-free power supply and production processes with a lower emission rate.

Meetings and meeting attendance

In the 2024 business year, meetings were held as follows:

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

All members attended all meetings of the Supervisory Board. The meetings of the Supervisory Board committees were attended by all respective committee members. During the 2024 business year, the meetings of the Supervisory Board and its committees were held almost entirely as general in-person meetings with the additional option of virtual attendance. Only the Audit Committee held one of its five meetings as a hybrid meeting.

For more information on the activities of the Supervisory Board and its committees in the 2024 business year, see the Report of the Supervisory Board from page [462](#) onward.

- » For an overview of meeting attendance, see baf.com/supervisoryboard/meetings
- » The Rules of Procedure for the Supervisory Board and its committees can be found at baf.com/rules-of-procedure.

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

One important concern of good corporate governance is to ensure that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board are appropriately filled. In December 2017, the Supervisory Board agreed for the first time on objectives for the composition, the competence profile and the diversity concept of the Supervisory Board. These objectives and the competence profile have since been continuously updated in the implementation of legal requirements and further developed, taking into account the recommendations of the German Corporate Governance Code (GCGC). The guiding principle for the composition of the Supervisory Board is to ensure qualified supervision and guidance for the Board of Executive Directors of BASF SE. For the election of shareholder representatives to the Supervisory Board, individuals will only be nominated to the Annual

⁴ Classified by the Supervisory Board as an "independent" member of the Supervisory Board (see page [122](#) for the criteria used to determine independence)

Shareholders' Meeting who can, based on their professional knowledge and experience, integrity, commitment, independence and character, successfully perform the work of a supervisory board member at an international chemical company.

Competence profile

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

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

Diversity concept

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

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

Independence

To ensure the independent monitoring and consultation of the Board of Executive Directors, the Supervisory Board should have an appropriate number of independent members on the Board as a whole and an appropriate number of independent shareholder representatives. The Supervisory Board deems this to be the case if more than half of the shareholder representatives and at least eight members of the Supervisory Board as a whole can be considered independent. The Supervisory Board's assessment of independence is based on the assessment criteria in the current respective version of the German Corporate Governance Code.

According to these criteria, indicators of a lack of independence of a Supervisory Board member are:

- Membership of the Board of Executive Directors of the company in the two years prior to being appointed to the Supervisory Board
- Significant business relations with the company or an entity dependent on the company (such as a customer, supplier, lender or adviser), either currently or in the year prior to their appointment, either directly or as a shareholder of, or in a responsible position at, a third-party company
- Close family relations with a member of the Board of Executive Directors
- Membership of the Supervisory Board for more than 12 years

The Supervisory Board has additionally defined the following principles to clarify the meaning of independence:

- The independence of employee representatives is not compromised by their role as an employee representative or employment by BASF SE or a Group company.
- Prior membership of the Board of Executive Directors of BASF SE does not preclude independence following the expiry of the statutory cooling-off period of two years.
- Material transactions between a Supervisory Board member or a related party or undertaking of the Supervisory Board member on the one hand, and BASF SE or a BASF Group company on the other, exclude a member of the Supervisory Board from being qualified as independent. A material transaction is defined as one or more transactions in a single calendar year with a total volume of 1% or more of the sales of the companies involved in each case.
- If a Supervisory Board member or a related party or undertaking of a Supervisory Board member has a personal service or consulting agreement with BASF SE or one of its Group companies with an annual compensation of over 50% of the Supervisory Board compensation, they do not qualify as independent.
- Furthermore, if a Supervisory Board member or a related party of a Supervisory Board member holds more than 20% of the shares in a company in which BASF SE is indirectly or directly the majority shareholder, the necessary independence is also not met.

The assessment criteria for independence of the German Corporate Governance Code and the Supervisory Board's own principles to clarify the meaning of independence are significantly narrower than the new provisions of Delegated Regulation (EU) 2023/2772. As such, this ensures that the majority of Supervisory Board members do not have any interests, positions, associations or relations that, from the perspective of a reasonable and informed third party, are conducive to exerting undue influence on decision-making or to causing bias.

Further objectives for the composition of the Supervisory Board

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

- No conflicts of interest: Persons who may be subject to a conflict of interest may not be nominated for election to the Supervisory Board. A conflict of interest is deemed to be any personal interest, or third-party interest relevant to the nominated person, that, on account of its duration or intensity, gives cause for concern that the business interests of BASF will be impaired or jeopardized.
- Age limit and period of membership: Persons who have reached the age of 72 on the day of election by the Annual Shareholders' Meeting should generally not be nominated for election. Membership on the Supervisory Board should generally not exceed three regular statutory periods in office, which corresponds to 12 years.

Implementation status of the competence profile, diversity concept, independence requirements and further objectives for the composition of the Supervisory Board

According to the Supervisory Board's own assessment, its current composition meets all of the requirements of the competence profile: Every single area of competence is covered by multiple members of the Supervisory Board. In particular, the in-depth knowledge and experience of the chemical sector and the related value chains, which are crucial for understanding the business activities of BASF, are broadly represented. The Supervisory Board also has the essential knowledge of accounting, financial reporting and auditing, including sustainability reporting and its auditing, required for monitoring the management of the company.

According to the Supervisory Board's own assessment, its current composition also meets all of the independence requirements in full: Eleven of the 12 current members, of which six are shareholder representatives and five are employee representatives, are considered independent based on the above criteria. As such, the Supervisory Board's independence rate stands at 91.7%. Only the employee representative Michael Vassiliadis is no longer considered independent as he has been a member of the Supervisory Board since August 2004, and therefore for over 12 years.

Furthermore, the Supervisory Board meets the required composition criteria under the diversity concept in full: The share of women stands at 33.3%, the share of members with international experience stands at 50%, the share of different educational backgrounds and professional expertise stands at 66.7% and the share of members under 60 at 66.7%.

The implementation status of the competence profile, diversity concept, independence requirements and further objectives for the composition of the Supervisory Board is disclosed below in the form of a qualification matrix:

Qualifications matrix of the shareholder representatives in the Supervisory Board

	Dr. Kurt Bock	Prof. Dr. Stefan Asenkersch- baumer	Prof. Dr. Thomas Carell	Liming Chen	Alessandra Genco ^a	Tamara Weinert ^b
Membership of the Supervisory Board of BASF SE						
Member since	June 18, 2020	April 29, 2022	May 3, 2019	October 8, 2020	April 29, 2022	April 25, 2024
Committee memberships	Nomination Committee (Chairman); Strategy Committee (Chairman); Personnel Committee	Nomination Committee; Strategy Committee; Personnel Committee (Chairman)	Nomination Committee; Personnel Committee	Nomination Committee	Audit Committee (Chairwoman); Nomination Committee; Strategy Committee	Audit Committee; Nomination Committee
Personal suitability and availability						
Independence in accordance with GCGC	✓	✓	✓	✓	✓	✓
Independence in accordance with Delegated Regulation (EU) 2023/2772	✓	✓	✓	✓	✓	✓
Memberships of other supervisory bodies	BMW AG ^c (Vice Chairman, Chairman of the Audit Committee, member of the Personnel and Nomination Committees)	Robert Bosch GmbH ^d (Chairman); Stadler Rail AG ^d	None	ACWA Power Company SJSC ^c (nonexecutive independent Board member since January 5, 2025)	Elettronica SpA ^d (controlled interest of Leonardo SpA)	None
No overboarding	✓	✓	✓	✓	✓	✓
Participation rate in Supervisory Board meetings and its committees (2024)	100%	100%	100%	100%	100%	100%
Diversity						
Date of birth	July 3, 1958	April 27, 1956	April 26, 1966	January 29, 1960	August 4, 1973	February 16, 1965
Gender	Male	Male	Male	Male	Female	Female
Vocational training	Business administration	Business education; business administration	Organic chemistry	Food science	Economics	Banking; finance; protected landscape management
Position held	Chairman of the Supervisory Board of BASF SE	Managing partner, Robert Bosch Industrietreuhand KG (RBHK), Chairman of the Supervisory Board of Robert Bosch GmbH	Professor of Organic Chemistry at Ludwig-Maximilians-University Munich	Nonexecutive independent Board member of ACWA Power Company SJSC	Chief Financial Officer of Leonardo SpA	President and Chief Executive Officer of the Business Area Americas, member of the Leadership Team of Outokumpu Corporation
Nationality	German	German	German	Singaporean	Italian	German

Qualifications matrix of the shareholder representatives in the Supervisory Board

	Dr. Kurt Bock	Prof. Dr. Stefan Asenkersch- baumer	Prof. Dr. Thomas Carell	Liming Chen	Alessandra Genco ^a	Tamara Weinert ^b
International experience						
Europe	✓	✓	✓	✓	✓	✓
North/South/Central America	✓		✓	✓	✓	✓
China				✓		
Asia Pacific				✓		✓
Professional knowledge and experience/competence profile^e						
Leadership of companies, associations and networks	✓	✓	✓	✓	✓	✓
Chemical sector and related value chains	✓	✓	✓	✓		
Finance, accounting, financial reporting, risk management, law and compliance	✓	✓		✓	✓	✓
Sustainability ^f	✓	✓	✓	✓	✓	✓
Accounting and auditing, including sustainability reporting	✓	✓			✓	✓
Innovation, research and development and technology			✓	✓	✓	
Digitalization, IT, business models and startups	✓	✓	✓	✓	✓	✓
Human resources, society, communications and the media	✓	✓	✓	✓	✓	✓
Economic sectors others than the chemical industry	✓	✓	✓	✓	✓	✓

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

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

^c Publicly listed

^d Not publicly listed

^e Based on a self-assessment by the Supervisory Board and taking into account the individual assessment of each of its members. A check mark signifies at least good knowledge in this area and thus the ability to understand relevant issues well and make informed decisions, either on the basis of existing qualifications or on the basis of knowledge acquired through the Supervisory Board activity and in further training measures.

^f In particular, taking into account the sustainability topics that are material for BASF, which were identified following the double materiality assessment. Details can be found in the section "Competence of the Board of Executive Directors and Supervisory Board in monitoring sustainability aspects" from page 133 onward.

Qualifications matrix of the employee representatives in the Supervisory Board

	Sinische Horvat	Tatjana Diether	André Matta	Natalie Mühlenfeld	Michael Vassiliadis	Peter Zaman
Membership of the Supervisory Board of BASF SE						
Member since	May 12, 2017	May 4, 2018	April 29, 2022	April 29, 2022	August 1, 2004	April 29, 2022
Committee memberships	Personnel Committee; Strategy Committee	Audit Committee; Personnel Committee	Strategy Committee	None	Audit Committee; Personnel Committee; Strategy Committee	None
Personal suitability and availability						
Independence in accordance with GCGC	✓	✓	✓	✓		✓
Independence in accordance with Delegated Regulation (EU) 2023/2772	✓	✓	✓	✓	✓	✓
Memberships of other supervisory bodies	None	None	None	3M Deutschland GmbH ^a ; Henkel AG & Co. KGaA ^b ; RAG Aktiengesellschaft ^a (Vice Chairman); Vivawest GmbH ^a	Steag GmbH ^a ; Henkel AG & Co. KGaA ^b ; RAG Aktiengesellschaft ^a (Vice Chairman); Vivawest GmbH ^a	None
No overboarding	✓	✓	✓	✓	✓	✓
Participation rate in Supervisory Board meetings and its committees (2024)	100%	100%	100%	100%	100%	100%
Diversity						
Date of birth	January 30, 1976	April 4, 1975	June 30, 1970	August 13, 1980	March 13, 1964	November 25, 1968
Gender	Male	Female	Male	Female	Male	Male
Vocational training	Process control electronics; business administration	Technical drawing: commercial training	Machinist; chemical technician	Law	Chemical laboratory technician	Automotive mechanic; plant operator
Position held	Chairman of the Works Council of BASF SE, Ludwigshafen site, of the BASF Group Works Council, and of the BASF Works Council Europe	Deputy Chairwoman of the Works Council of BASF SE, Ludwigshafen site, and member of the BASF Group Works Council and of the BASF Works Council Europe	Member of the Works Council of BASF SE, Ludwigshafen site, of the BASF Group Works Council and of the BASF Works Council Europe	Board secretary of the Board Division 1 Politics/ Transformation, IGBCE	Chairman of the IGBCE	Secretary of the Works Council of BASF Antwerpen N.V.
Nationality	German	German	German	German	German	Belgian
International experience						
Europe	✓	✓	✓	✓	✓	✓
North/South/Central America						
China						
Asia Pacific						

Qualifications matrix of the employee representatives in the Supervisory Board

Sinische Horvat	Tatjana Diether	André Matta	Natalie Mühlenfeld	Michael Vassiliadis	Peter Zaman
Professional knowledge and experience/competence profile^c					
Leadership of companies, associations and networks	✓	✓	✓	✓	✓
Chemical sector and related value chains	✓	✓	✓	✓	✓
Finance, accounting, financial reporting, risk management, law and compliance		✓		✓	✓
Sustainability ^d	✓	✓	✓	✓	✓
Accounting and auditing, including sustainability reporting		✓			✓
Innovation, research and development and technology	✓	✓			
Digitalization, IT, business models and startups	✓		✓		✓
Human resources, society, communications and the media	✓	✓	✓	✓	✓
Economic sectors others than the chemical industry				✓	✓

^a Not publicly listed^b Publicly listed^c Based on a self-assessment by the Supervisory Board and taking into account the individual assessment of each of its members. A check mark signifies at least good knowledge in this area and thus the ability to understand relevant issues well and make informed decisions, either on the basis of existing qualifications or on the basis of knowledge acquired through the Supervisory Board activity and in further training measures.^d In particular, taking into account the sustainability topics that are material for BASF, which were identified following the double materiality assessment. Details can be found in the section "Competence of the Board of Executive Directors and Supervisory Board in monitoring sustainability aspects" from page [133](#) onward.

Proportions represented in the Supervisory Board according to the aspects of diversity and independence taken into account (as of December 31, 2024)

Proportion of women ^a	33.3%
Proportion of members with international experience based on their background or professional experience	50%
Proportion of members with different educational backgrounds and professional experience	66.7%
Proportion of members under 60 years of age	66.7%
Proportion of independent members in accordance with GCGC	91.7%
Proportion of independent members in accordance with Delegated Regulation (EU) 2023/2772	100%

^a We do not currently record a third gender in the aspects of diversity represented in the Supervisory Board. We will regularly review the relevance of this category in external reporting.

For more information on the statutory minimum quotas for the number of women and men on the Supervisory Board, see the section "Commitments to promote the participation of women in leadership positions at BASF SE" on page [135](#).

» For more information on the Supervisory Board's competence profile, see basf.com/competence-profile/supervisoryboard

The Board of Executive Directors' and the Supervisory Board's handling of sustainability topics

[ESRS 2 GOV-1](#) [ESRS 2 GOV-2](#)

Organization and responsibilities for monitoring sustainability-related impacts, risks and opportunities

Sustainability aspects are systematically incorporated within the strategy, operations and assessment, steering and compensation systems of BASF.

Sustainability-related opportunities and risks are systematically recorded as part of opportunity and risk management. Sustainability-related impacts are analyzed and evaluated by the Corporate Sustainability unit. Decisions regarding investments, acquisitions and divestitures take into account comprehensive assessments of sustainability impacts. Sustainability topics and the related risk management as well as the internal control system are the responsibility of the entire Board of Executive Directors. It defines the basic requirements and processes as well as the organization of the risk management system. The Board of Executive Directors also determines the processes for approving investments, acquisitions and divestitures. In this regard, it is also supported by the units of the Corporate Center and the Risk Committee, which reviews the Group-wide risk profile and any necessary adjustments to measures at least twice a year.

The supervisory and advisory activities of the entire Supervisory Board also include the Board of Executive Directors' consideration of sustainability topics with regard to corporate management and strategy development, including the impacts of the company's activities. Supervision of the risk management system and the internal control system, the internal auditing system, the appropriateness and effectiveness of the compliance management system, and compliance with statutory provisions and internal health, safety and environmental regulations falls within the responsibility of the Audit Committee. The Audit Committee also deals with follow-up assessments of key acquisition and investment projects. The Audit Committee also monitors sustainability reporting and its auditing as part of its supervision of accounting and auditing. For additional information on organization and responsibilities in connection with the management of opportunities and risks, see page [87](#) onward.

As part of the development of the new corporate strategy, which was communicated both internally and externally in September 2024, the Board of Executive Directors identified the transformation toward a more sustainable portfolio as a strategic lever to enable the green transformation of BASF's customers as their preferred chemical company. The Strategy Committee of the Supervisory Board was involved in developing the new strategy and in the decision-making process; furthermore, the Supervisory Board as a whole was regularly informed of the current status.

Together with specialists from operating divisions and service units, the Corporate Center is responsible for integrating sustainability into decision-making processes and for steering and reporting processes regarding sustainability topics. The Corporate Strategy & Sustainability unit is also responsible for the global steering of climate-related matters. Group-wide risk and opportunity management is the responsibility of the Corporate Center unit Corporate Finance, which reports to the Chief Financial Officer. The Corporate Strategy & Sustainability unit reports to the Chairman of the Board of Executive Directors.

Sustainability topics are discussed regularly and managed collectively by the Board of Executive Directors. When making its decisions, the Board of Executive Directors considers the results and recommendations from sustainability evaluations of business processes. It makes decisions with strategic relevance for the Group and monitors the implementation of strategic plans and their target achievement. The Supervisory Board is regularly briefed on the development of individual sustainability

topics, on sustainability targets and the status of target achievement, by the Board of Executive Directors.

The Chief Human Rights Officer is responsible for further embedding human rights aspects in decision-making processes. He reports directly to the Chairman of the Board of Executive Directors.

The systematic evaluation of sustainability criteria, including the impacts of climate change, is an integral part of decisions on investments, acquisitions and divestitures in property, plant and equipment and financial assets. In this way, not only are economic dimensions assessed, but also the potential impacts on areas such as the environment, human rights or the local community, with the assessment taking both the potential impacts of company activities and the impacts on the company into account.

If potential negative impacts are identified, for example, in planned investments, these are presented transparently in the internal decision-making process together with possible mitigation measures. In the business year under review, the Board of Executive Directors therefore again took appropriate account of compromises developed in connection with the impacts, risks and opportunities of significant transactions and the risk management process, and discussed these compromises with the Supervisory Board.

Pursuant to the Statutes of the company and the Rules of Procedure of the Supervisory Board, investment, acquisition and divestiture decisions of the Board of Executive Directors and the commencement of new business areas as well as the discontinuation of existing ones require the consent of the Supervisory Board insofar as they are of material significance for the Group as a whole. The Supervisory Board is thus always involved comprehensively and at an early stage in the aforementioned evaluation of sustainability criteria in connection with strategic decisions of the Board of Executive Directors.

In order to implement the climate protection targets and the measures contributing to them, appropriate organizational structures have been put into place: The Corporate Center unit Corporate Environmental Protection, Health, Safety & Quality, which reports to a member of the Board of Executive Directors, develops Group-wide requirements and guidelines for collecting emissions and energy data and for energy management. It conducts regular audits to monitor the implementation of and compliance with internal and legal requirements by the BASF sites and Group companies. The Corporate Center unit Corporate Strategy & Sustainability develops the BASF Group's climate targets and emission reduction levers for achieving them. The Net Zero Accelerator unit played a key role in driving the achievement of our climate protection targets forward in the business year under review by accelerating and implementing projects related to low-emission production technologies, circular economy and renewable energy.⁵ The Global Procurement unit, together with Corporate Strategy & Sustainability, is responsible for purchasing processes and procurement requirements with regard to our raw materials-related targets. Global Procurement reports to the Chief Financial Officer; Corporate Strategy & Sustainability and Net Zero Accelerator report to the Chairman of the Board of Executive Directors. Once a year, the Board of Executive Directors reports in detail to the Supervisory Board on the sustainability targets and the status of target achievement. Group-wide Scope 1 and Scope 2 emissions have also been anchored in the BASF Group's steering and compensation systems as the most important nonfinancial key performance indicators since 2020 (see also page [134](#)).

Information of the Board of Executive Directors and the Supervisory Board on sustainability topics

The Board of Executive Directors and the Supervisory Board are regularly briefed on sustainability aspects. In the business year under review, these also included the process of the double materiality assessment and its findings. The Audit Committee was also provided with details of significant impacts,

⁵ In accordance with the new corporate strategy, the Net Zero Accelerator unit was dissolved as of January 1, 2025, and its responsibilities embedded within Global Procurement, Petrochemicals, Monomers, European Site & Verbund Management, Corporate Development, Group Research and Ressort I.

risks and opportunities. Corporate Finance provides information twice a year on the aggregated opportunity/risk exposure of the BASF Group. A direct reporting obligation applies for new individual risks with an impact of €10 million or more on earnings, as well as for risks with significant impacts on the sustainability targets and reputation of BASF. The Supervisory Board's Audit Committee is informed annually about short-term operational opportunities and risks as well as the risk management system and its further development, and reports on these matters to the entire Supervisory Board. The Corporate Development unit addresses strategic opportunities and risks annually to the Board of Executive Directors and Supervisory Board. Furthermore, the Board of Executive Directors reports to the Supervisory Board once a year on the implementation status of the sustainability targets and the effectiveness of the strategies, measures and parameters decided upon.

Risk-specific monitoring and control systems, some of which are decentralized, have been set up for each area identified in the risk portfolio. The results of the monitoring processes are incorporated into regular risk reporting to the Risk Committee and the Board of Executive Directors.

The Corporate Audit unit is responsible for regularly auditing the effectiveness and appropriateness of the risk management system, internal control system and the compliance management system. It reports on these matters twice a year to the Audit Committee. The Audit Committee addresses the effectiveness and appropriateness of these systems as part of its monitoring activities.

In order to implement due diligence, the Board of Executive Directors and the Supervisory Board receive regular reports. The Corporate Center unit Corporate Environmental Protection, Health, Safety & Quality reports to the Board of Executive Directors at the beginning of each business year on the Responsible Care audits conducted in the previous year, as well as on the audit planning for the current year. In meeting its due diligence obligation, the Board of Executive Directors also approved and implemented a revised risk matrix in 2024 as part of its Process Safety Excellence Senior Project, the aim being to improve process safety. Once a year, the Chief Financial Officer reports to the Supervisory Board's Audit Committee on the EHS audits conducted in the previous business year, as well as on the audit planning for the current year.

The Board of Executive Directors and Supervisory Board dealt with the following significant impacts, risks and opportunities of BASF during the reporting period:

List of significant impacts, risks and opportunities with which the management, control and supervisory bodies, or their responsible committees, dealt with during the reporting period

Material effects, risks, opportunities	Handled by the Board of Executive Directors	Handled by the Supervisory Board	Handled by the Audit Committee of the Supervisory Board
Mitigating climate change	CATch update – standard evaluation methodology for CO ₂ reduction measures at BASF; Net Zero Accelerator Senior Project – further development of the organization; Compensation strategy to safeguard climate targets for 2030 and future obligations in European emissions trading	Reduction of CO ₂ emissions (Scope 1 & 2, Scope 3.1)	Reduction of CO ₂ emissions (Scope 1 & 2, Scope 3.1)
Energy	Acquisition of a 49% stake in German offshore wind farms N-6.6 and N-7.2 from Vattenfall; Purchase of renewable energy; Hydrogen technology	Geothermal energy as a heat source for steam generation for the Ludwigshafen site	
Water pollution	Aqueous film-forming foam (AFFF) – class settlement with drinking water suppliers in the United States		AFFF – class settlement with drinking water suppliers in the United States
Resource inflows including resource utilization	Technologies for recyclability and recyclate content; Gasification; Renewable carbon; Renewable raw materials in the BASF Verbund	Renewable raw materials in the BASF Verbund	
Waste	Use of recycled feedstocks	Use of recycled feedstocks	
Occupational safety and health protection (S1)	Responsible Care audits; Process Safety Excellence Senior Project		EHS audits
Health and safety (S2)	Human Rights Report 2023		Case reporting on human rights
Child labor (S2)	Human Rights Report 2023		
Other social and economic rights (S3)	Human Rights Report 2023		
Free, prior and informed consent (S3)	Human Rights Report 2023		
Corporate culture	Compliance Report 2023; Employee Voices results; Political Relations and Advocacy policy		Compliance in the BASF Group
Protection of whistleblowers	Compliance Report 2023		Compliance in the BASF Group
Corruption and bribery (for example, prevention and detection including training, incidents)	Compliance Report 2023		Compliance in the BASF Group
Cross-thematic issues and other sustainability and risk management-related topics			
	Sustainability-related targets of the divisions	Update on BASF's sustainability targets	
	BASF Sustainability Award 2024		
	Corporate strategy: sustainable transformation; green transformation; corporate goals; capital allocation framework; green transformation narrative, updated sustainability setup		

Material effects, risks, opportunities	Handled by the Board of Executive Directors	Handled by the Supervisory Board	Handled by the Audit Committee of the Supervisory Board
	Double materiality assessment in connection with ESRS implementation	Double materiality assessment in connection with ESRS implementation; CSRD/ESRS: Legal requirements for the Supervisory Board; ESRS implementation at BASF	Material effects, risks and opportunities for BASF; CSRD/ESRS reporting requirements
			Sustainable finance
			Sales revenue with Sustainable-Future Solutions
			Risk management at BASF
	Corporate Audit Activity Report 2023, Audit Planning 2024		Report on the work of Corporate Audit
			Internal control system (ICS) of financial reporting

For more details on information processes, see Opportunities and Risks from page [87](#) onward.

Competence of the Board of Executive Directors and Supervisory Board in monitoring sustainability aspects

Sustainable and responsible activities are firmly enshrined in BASF's corporate purpose, strategy, objectives and business operations. For instance, BASF's innovations, products and technologies help to use natural resources more efficiently, meet the demand for food, enable climate-smart mobility, reduce emissions and waste, or increase the efficiency of renewable energy. At the same time, BASF causes CO₂ emissions, uses water and sources raw materials from suppliers, which may involve a potential risk of violating environmental, labor or social standards. Sustainability thus represents a material topic that cuts across operating divisions and segments – and is dealt with by each member of the Board of Executive Directors within their respective area of divisional responsibility. Therefore, sustainability-related expertise is broadly anchored within the Board of Executive Directors.

In particular, the Board of Executive Directors possesses in-depth knowledge on the material topics of climate protection and energy, and circular economy and resource use. Dr. Markus Kamieth, Dr. Michael Heinz, Dr. Stephan Kothrade and Dr. Katja Scharpwinkel were directly involved in the Net Zero Accelerator Senior Project, which focused on the provision of renewable energy, avoiding and managing CO₂ and safeguarding access to renewable raw materials. On account of his former position as a member of the Executive Board of Wintershall Holding GmbH and his current role on the Board of Harbour Energy plc, Dr. Dirk Elvermann possesses in-depth expertise in the energy sector. As Chief Financial Officer, he also deals intensively with sustainability reporting in accordance with CSRD requirements and is familiar with sustainable finance. On account of his many years of experience as the Site Director of the Nanjing Verbund site, Dr. Stephan Kothrade is familiar with climate-related topics at Verbund sites, as well as with the material sustainability topics of air and water pollution. Based on his career in the Catalysts division, Anup Kothari also holds expertise in air pollution in addition to battery recycling and the responsible sourcing of raw materials. Thanks to Dr. Markus Kamieth and Industrial Relations Director Dr. Katja Scharpwinkel, the Board of Executive Directors has broad knowledge of health and safety at its disposal, both in relation to the company's own workforce and the workforce in the value chain. By virtue of their many years of leadership experience within BASF, all members of the Board of Executive Directors are fully conversant with corporate governance, culture and policy, and in particular with the Code of Conduct.

The Supervisory Board as a whole possesses a broad spectrum of sustainability-related expertise, which also, and in particular, encompasses the material sustainability topics for BASF identified as part of the double materiality assessment. By dint of their decades of management experience, Dr. Kurt Bock and Prof. Dr. Stefan Asenkerschbaumer have in-depth knowledge of corporate governance and corporate policy. Thanks to his research activities in the field of organic chemistry, Prof. Dr. Thomas Carell is fully versed in the topic of substances of concern and substances of very high concern. Due to his former role in the chemical industry, Liming Chen possesses expertise in the areas of air and water pollution. On account of her position as chief financial officer of a publicly listed international company based in the EU, the Chairwoman of the Audit Committee, Alessandra Genco, is fully conversant with sustainability reporting and regularly deals with the new CSRD requirements as part of her duties. She also boasts expertise in the circular economy and recycling processes. In terms of the monitoring of sustainability aspects, Tamara Weinert contributes relevant expertise from her former management positions in the energy sector, which is important for BASF, and her operational and strategic management experience in the areas of water withdrawals and consumption, water discharges and circular solutions. As part of their respective activities, all shareholder representatives on the Supervisory Board regularly deal with climate protection matters. Sinischa Horvat, Natalie Mühlenfeld and Michael Vassiliadis possess broad expertise in the field of health and safety, both in relation to the company's own workforce and the workforce in the value chain. As part of their trade union and works council activities, all employee representatives on the Supervisory Board have been dealing intensively with the topic of adequate wages for many years. In-depth expertise on the topic of training and skills development is available among both the shareholder representatives and employee representatives.

In addition, all members of the Supervisory Board attended an information event held by the company in 2024 concerning the reporting requirements pursuant to the CSRD and the process and results of the double materiality assessment conducted at BASF. At this event, the identified material sustainability topics for BASF were explained in detail. Further internal and external training events on sustainability topics are planned for 2025. Where necessary, the members of the Supervisory Board also have the option of consulting external experts on specific topics.

Compensation of the Board of Executive Directors and the Supervisory Board

ESRS 2 GOV-3

Compensation of the Board of Executive Directors is based on the size, complexity and economic position of the company. The structure of this compensation is designed to contribute to sustainable business success and the achievement of strategic corporate goals. The amount of the variable compensation is derived both from the achievement of short- and long-term financial and sustainability-related targets and from the development of the share price and dividend per share (total shareholder return). Since the 2024 business year, the short-term incentive (STI) has accounted for 25% and the long-term incentive (LTI) for 41% of the total target compensation for a business year.

In addition to three financial targets, which account for a total of 75% of the STI, the STI for the 2024 business year also defines the following targets⁶: employee engagement and satisfaction (employee engagement index), occupational and process safety and strategic projects. Of these, the first two are sustainability-related. All three of these targets are equally weighted in the STI and together account for 25% of the total STI formula. This means that 16.7% of the entire STI formula is sustainability-related.

⁶ These targets are referred to as "nonfinancial targets" in the Compensation Report (available at bASF.com/compensationreport) and account for 25% of the STI formula.

The LTI includes the reduction of CO₂ emissions (Scope 1 and 2) of the BASF Group as one of three equally weighted (33.3%⁷) strategic goals. These have been anchored as the most important nonfinancial key performance indicator in the BASF Group's steering and compensation systems since 2020.

The sustainability-related performance of the BASF Group is thus included in the compensation of the Board of Executive Directors.

The compensation of the Supervisory Board does not include any variable components and is therefore not tied to the achievement of targets.

The structure and amount of compensation for the Board of Executive Directors are set by the Supervisory Board at the recommendation of the Personnel Committee. In the event of significant changes, but at least every four years, the compensation system determined by the Supervisory Board is submitted to the Annual Shareholders' Meeting for approval. Compensation for Supervisory Board members is governed by the Statutes of BASF SE, which are decided upon by the Annual Shareholders' Meeting (legally required by sections 87 and 87a AktG for the Board of Executive Directors and section 113 AktG for the Supervisory Board).

The Compensation Report in accordance with section 162 of the German Stock Corporation Act (AktG) together with the assurance statement of the substantive and formal audit issued by the auditor and the compensation system for the Board of Executive Directors are publicly available on the BASF website.

- » The Compensation Report is available at basf.com/compensationreport.
- » For more information on the compensation system for the Board of Executive Directors, see basf.com/compensation-system

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

ESRS 2 GOV-1

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

Following the entry into force of the Act to Supplement and Amend the Regulations on Equal Participation of Women and Men in Management Positions in the Private and Public Sector (FüPoG) on August 12, 2021, if the management board of a listed company consists of more than three persons, at least one woman and one man must be members of the management board (section 76 (3a) AktG). BASF met this requirement in the reporting year. With Dr. Katja Scharpwinkel, there was one female Board member. With six members of the Board of Executive Directors, this corresponds to a 16.7 percentage of women.

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

⁷ The exact percentage influence on compensation depends on the target achievement. For more information, see the Compensation Report at basf.com/compensationreport.

For more information on women in leadership positions in the BASF Group and on the inclusion of diversity, including promotion of women, see page [276](#) onward.

- » For more information on women in leadership positions in the BASF Group in Germany, see [basf.com/diversity_and_inclusion](#)
- » The November 2015 Employee Participation Agreement relevant to the composition of the Supervisory Board is available at [basf.com/en/corporategovernance](#).

(Shareholders' rights)

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

Each BASF SE share represents one vote. All of BASF SE's shares are registered shares. Shareholders are obliged to have themselves entered with their shares into the company share register and to provide the information necessary for registration in the share register according to the German Stock Corporation Act (AktG). There are no registration restrictions and there is no limit to the number of shares that can be registered to one shareholder. Only the persons listed in the share register are entitled to vote as shareholders. Listed shareholders may exercise their voting rights at the Annual Shareholders' Meeting either personally, through a representative of their choice or through a company-appointed proxy authorized by the shareholders to vote according to their instructions. Individual instructions are only forwarded to the company on the morning of the day of the Annual Shareholders' Meeting. Until the Annual Shareholders' Meeting 2024, voting rights could be exercised according to shareholders' instructions by company-appointed proxies until the beginning of the voting process. There are neither voting caps to limit the number of votes a shareholder may cast nor special voting rights. BASF has fully implemented the principle of "one share, one vote." All shareholders entered in the share register are entitled to participate in the Annual Shareholders' Meetings, to have their say concerning any item on the agenda and to request information about company issues insofar as this is necessary to make an informed judgment about the item on the agenda under discussion. Registered shareholders are also entitled to file motions pertaining to proposals for resolutions made by the Board of Executive Directors and Supervisory Board at the Annual Shareholders' Meeting and to contest resolutions of the meeting and have them evaluated for their lawfulness in court. Shareholders who hold at least €500,000 of the company's share capital, a quota corresponding to 390,625 shares, are furthermore entitled to request that additional items be added to the agenda of the Annual Shareholders' Meeting.

The 2023 Annual Shareholders' Meeting resolved a series of **amendments to the Statutes** in connection with the format of the Annual Shareholders' Meeting and the participation options. Accordingly, the Board of Executive Directors is authorized to hold the Annual Shareholders' Meeting or an Extraordinary Shareholders' Meeting as a virtual meeting without the physical presence of shareholders or their proxies at the venue of the meeting. This authorization for a period of two years is valid until May 8, 2025.

Like the 2023 Annual Shareholders' Meeting, the 2024 Annual Shareholders' Meeting was held as an in-person meeting with the shareholders physically present at the meeting venue.

- » The current Statutes of BASF can be found at [basf.com/en/corporategovernance](#).

Implementation of the German Corporate Governance Code (GCGC)

BASF advocates responsible corporate governance that focuses on sustainably increasing the value of the company. BASF SE follows all of the recommendations of the German Corporate Governance Code in the version dated April 28, 2022 (Code 2022), the version in force at the time of submitting the Declaration of Conformity on December 19, 2024. In the same manner, BASF follows almost all of the nonobligatory suggestions of the German Corporate Governance Code. Only suggestion A.7, whereby the duration of the Annual Shareholders' Meeting should not exceed six hours, was not complied with by BASF in 2024 due to the large number of questions asked at the Annual Shareholders' Meeting.

The joint Declaration of Conformity 2024 by the Board of Executive Directors and Supervisory Board of BASF SE is rendered on page [145](#).

» For more information on the Declaration of Conformity 2024, the implementation of the Code's suggestions and the German Corporate Governance Code, see basf.com/en/corporategovernance

Disclosures according to sections 289a and 315a of the German Commercial Code (HGB) and explanatory report of the Board of Executive Directors according to section 176(1) sentence 1 of the German Stock Corporation Act (AktG)

Share capital and shares

As of December 31, 2024, the subscribed capital of BASF SE stood at €1,142,428,369.92, divided into 892,522,164 registered no-par-value shares. Each share entitles the holder to one vote at the Annual Shareholders' Meeting. Restrictions on the right to vote or transfer shares do not exist. The same rights and duties apply to all shares. According to the Statutes, shareholders are not entitled to receive share certificates (issuance of share certificates). There are neither different classes of shares nor shares with preferential voting rights.

Appointment and dismissal of members of the Board of Executive Directors

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

Amendments to the Statutes

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

Authorized capital

By way of a resolution of the Annual Shareholders' Meeting on April 25, 2024, the Board of Executive Directors of BASF SE is authorized, with the consent of the Supervisory Board, to increase, until April 24, 2029, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €300 million by issuing new shares against contributions in cash or in kind (authorized capital 2024). A right to subscribe to the new shares is to be granted to shareholders. This can also be achieved by a credit institution acquiring the new shares with the obligation to offer these to shareholders (indirect subscription right). The Board of Executive Directors is authorized to exclude the statutory subscription right of shareholders to a maximum amount of a total of 10% of share capital in certain exceptional cases that are defined in Article 5(8) of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization does not exceed 10% of the shares currently in issue or, in eligible individual cases, to acquire companies or shareholdings in companies in exchange for surrendering BASF shares.

Conditional capital

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

Authorization of share buybacks

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

Rights during a change of control

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

The compensation system for the Board of Executive Directors, which was approved by the Annual Shareholders' Meeting on April 25, 2024, provides for the following in the event of a change of control: A change of control is assumed when a shareholder informs BASF SE of a shareholding of at least 25% of the BASF shares or the increase of such a holding. If the appointment to the Board of Executive Directors is revoked by the Supervisory Board within one year of a change of control, the member of the Board of Executive Directors will receive the compensation outstanding until the end of the regular term as a one-off payment; however, the value of two annual compensations may not be exceeded. The compensation system, on the other hand, does not provide for any special indemnity related to a change of control should a member of the Board of Executive Directors unilaterally terminate the contract prematurely in such a case.

Employees of BASF SE and its subsidiaries who are classed as senior executives of the BASF Group will receive a severance payment if their contract of employment is terminated by the company within 18 months of a change of control event, unless the employees have given cause for the termination by culpable conduct on their part. The employees whose service contracts have been terminated in such a case will receive a maximum severance payment of 1.5 times the annual salary (fixed component) depending on the number of months that have passed since the change of control event. The remaining specifications stipulated in sections 289a and 315a HGB refer to situations that are not applicable to BASF SE.

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

(Directors' and officers' liability insurance)

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

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

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

» For more information on share dealings of members of the Board of Executive Directors and the Supervisory Board, see basf.com/en/directorsdealings

(Share dealings of the Board of Executive Directors and Supervisory Board)

(Directors' dealings to be notified and publicly disclosed under Article 19(1) of the EU Market Abuse Regulation 596/2014 (MAR))

As legally stipulated by Article 19(1) MAR, all members of the Board of Executive Directors and the Supervisory Board as well as close family relatives are required to disclose the purchase or sale of financial instruments of BASF SE (for example, shares, bonds, options, forward contracts, swaps) to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and to the company if transactions within the calendar year exceed the threshold of €20,000. In 2024, a total of 16 purchases by members of the Board of Executive Directors and the Supervisory Board of BASF SE and members of their families subject to disclosure were reported as directors' dealings, involving between 1,032 and 21,279 BASF shares or BASF ADRs (American Depository Receipts). The price per

share was between €42.61 and €48.57. The volume of the individual transactions was between €49,965.93 and €999,666.13. The disclosed securities transactions are published on BASF SE's website.

» For more information on securities transactions reported in 2024, see bASF.com/en/directorsdealings

(Information on the auditor)

BASF SE's Supervisory Board, acting on the recommendation of the Audit Committee and after conducting a tendering process in line with the EU Statutory Audit Regulation (Regulation [EU] no. 537/2014 of the European Parliament and of the Council of April 16, 2014), resolved to propose to the Annual Shareholders' Meeting in 2024 that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, be elected as auditor for BASF SE's Financial Statements and the BASF Group's Consolidated Financial Statements for the 2024 business year, as well as for the auditor's review of the Half-Year Financial Report 2024. It was legally required to change the auditor starting from the 2024 business year, as the previous auditor KPMG had reached the maximum period for annual audits shortened by the Financial Market Integrity Strengthening Act when auditing the 2023 Financial Statements. The selection process pursuant to the EU Statutory Audit Regulation was conducted at an early stage in order to give the new auditor enough time to complete nonaudit services, in this way ensuring its independence and a seamless transition.

The Annual Shareholders' Meeting on April 25, 2024, accepted the proposal of the Supervisory Board by electing Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the auditor of the BASF Group Consolidated Financial Statements and Individual Financial Statements of BASF SE for the 2024 business year, as well as the Combined Management's Report and the auditor's review of the Half-Year Financial Report 2024. The Supervisory Board's Audit Committee also engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft to carry out the voluntary audit of the Nonfinancial Statement for 2024. Deloitte member firms also audit the majority of BASF Group companies included in the Consolidated Financial Statements. The auditor responsible for the Consolidated Financial Statements is Michael Mehren. Auditor Stefan Dorissen is responsible for the Individual Financial Statements. Information on the total fee paid to Deloitte and auditing firms of the Deloitte group by BASF SE and other BASF Group companies for nonaudit services, in addition to the auditing fee, can be found in Note 31 to the Consolidated Financial Statements on page [442](#).

Management and Supervisory Boards

[ESRS 2 GOV-1](#)

Board of Executive Directors

There were six members on the Board of Executive Directors as of December 31, 2024. Dr. Markus Kamieth succeeded Dr. Martin Brudermüller as Chairman of the Board of Executive Directors on conclusion of the Annual Shareholders' Meeting on April 25, 2024. Dr. Katja Scharpwinkel succeeded Dr. Melanie Maas-Brunner as a member of the Board of Executive Directors, effective as of February 1, 2024. Anup Kothari was appointed as an additional member of the Board of Executive Directors, effective as of March 1, 2024.

	Responsibilities (2024 business year)	First appointed	Term expires	Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act (AktG)	Comparable German and non- German supervisory bodies
Dr. Markus Kamieth Chairman of the Board of Executive Directors (since April 25, 2024) Degree: Chemistry 54 years old 26 years at BASF	Until February 29, 2024: Catalysts; Coatings; Dispersions & Resins; Performance Chemicals; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia Since April 25, 2024: Corporate Development; Corporate Legal, Compliance & Insurance; Corporate Human Resources; Corporate Communications & Government Relations; Corporate Investor Relations; Senior Project Net Zero Accelerator	2017	2029	–	–
Dr. Dirk Elvermann Degree: Law 53 years old 22 years at BASF	Corporate Finance; Corporate Audit; Corporate Taxes & Duties; Global Business Services; Global Digital Services; Global Procurement; BASF Venture Capital	2023	2026	Wintershall Dea GmbH, until September 23, 2024; Wintershall Dea AG (member of the Supervisory Board; until October 28, 2024) ^a	Harbour Energy plc ^b (nonexecutive director; since September 3, 2024)
Michael Heinz Degree: MBA 61 years old 41 years at BASF	Agricultural Solutions; Nutrition & Health; Care Chemicals; North America; South America	2011	2026	Wintershall Dea GmbH, until September 23, 2024; Wintershall Dea AG (member of the Supervisory Board; until October 28, 2024) ^a	–
Anup Kothari (since March 1, 2024) Degrees: Chemical engineering, MBA 57 years old 26 years at BASF	Catalysts; Coatings; Dispersions & Resins; Performance Chemicals	2024	2027	–	–

	Responsibilities (2024 business year)	First appointed	Term expires	Supervisory board mandates within the meaning of section 100(2) of the German Stock Corporation Act (AktG)	Comparable German and non-German supervisory bodies
Dr. Stephan Kothrade Degree: Chemistry 58 years old 30 years at BASF	Monomers; Performance Materials; Petrochemicals; Intermediates; Europe (until January 31, 2024); Group Research; since March 1, 2024; Greater China; South & East Asia, ASEAN & Australia/New Zealand; Mega Projects Asia	2023	2026	–	–
Dr. Katja Scharpwinkel (since February 1, 2024) Degree: Chemistry 55 years old 14 years at BASF	European Site & Verbund Management; Global Engineering Services; Corporate Environmental Protection, Health, Safety & Quality; Europe	2024	2027	BASF Coatings GmbH (member of the Supervisory Board until April 29, 2024) ^a , Wintershall Dea GmbH, until September 23, 2024; Wintershall Dea AG (member of the Supervisory Board; until October 28, 2024) ^a	BASF Antwerpen N.V. (Chairwoman of the Supervisory Board; since February 1, 2024)
Dr. Martin Brudermüller Chairman of the Board of Executive Directors (until April 25, 2024) Degree: Chemistry 63 years old 36 years at BASF	Corporate Development; Corporate Legal, Compliance & Insurance; Corporate Human Resources; Corporate Communications & Government Relations; Corporate Investor Relations; Senior Project Net Zero Accelerator	2006	2024	Mercedes-Benz Group AG ^b (member of the Supervisory Board until May 7, 2024; Chairman of the Supervisory Board since May 8, 2024); Mercedes-Benz AG (Mercedes-Benz Group AG group company; member of the Supervisory Board)	Accenture plc ^b (member of the Board of Directors and the Audit Committee; since January 31, 2024)
Dr. Melanie Maas-Brunner (until January 31, 2024) Degree: Chemistry 56 years old 27 years at BASF	European Site & Verbund Management; Global Engineering Services; Corporate Environmental Protection, Health, Safety & Quality	2021	2024	–	BASF Antwerpen N.V. (Chairwoman of the Supervisory Board; until January 31, 2024)

^a Internal membership within the meaning of section 100(2) sentence 2 of the German Stock Corporation Act (AktG)^b Publicly listed

Supervisory Board

In accordance with the Statutes, the Supervisory Board of BASF SE comprises 12 members. The term of office of the Supervisory Board commenced following the Annual Shareholders' Meeting on April 25, 2024, in which the shareholder representatives on the Supervisory Board were elected. In accordance with the applicable article of the Statutes as of the date of election, it terminates upon conclusion of the Annual Shareholders' Meeting that resolves on the discharge of members of the Supervisory Board for the third complete business year after the term of office commenced; this is the Annual Shareholders' Meeting on April 28, 2028. At its meeting on November 30, 2023, the BASF Europa Betriebsrat (BASF Works Council Europe) unanimously reelected the six employee representatives on the Supervisory Board for the term of office beginning at the end of the Annual Shareholders' Meeting on April 25, 2024. The Supervisory Board comprises the following members (as of March 17, 2025):

	Member of the Supervisory Board since	Memberships of statutory supervisory boards in Germany	Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises
Dr. Kurt Bock, Heidelberg, Germany^{a, b} Chairman of the Supervisory Board of BASF SE Former Chairman of the Board of Executive Directors of BASF SE (until May 2018)	June 18, 2020	Bayerische Motoren Werke Aktiengesellschaft ^d (Vice Chairman, Chairman of the Audit Committee, member of the Personnel and Nomination Committees)	–
Prof. Dr. Stefan Asenkerschbaumer, Stuttgart, Germany^{a, b} Vice Chairman of the Supervisory Board of BASF SE Managing partner, Robert Bosch Industrietreuhand KG (RBIG) Chairman of the Supervisory Board of Robert Bosch GmbH	April 29, 2022	Robert Bosch GmbH ^e (Chairman)	Stadler Rail AG ^d (independent, nonexecutive member of the Board of Directors)
Sinischka Horvat, Limburgerhof, Germany^{a, c} Vice Chairman of the Supervisory Board of BASF SE Chairman of the Works Council of BASF SE, Ludwigshafen site, of the BASF Group Works Council, and of the BASF Works Council Europe	May 12, 2017	–	–
Prof. Dr. Thomas Carell, Munich, Germany^{a, b} Professor of Organic Chemistry at Ludwig-Maximilians-University Munich	May 3, 2019	–	–
Liming Chen, Beijing, China^{a, b} Nonexecutive independent Board member of ACWA Power Company SJSC	October 8, 2020	–	ACWA Power Company SJSC ^d (nonexecutive independent Board member since January 5, 2025)
Tatjana Diether, Limburgerhof, Germany^{a, c} Deputy Chairwoman of the Works Council of BASF SE, Ludwigshafen site, and member of the BASF Group Works Council and of the BASF Works Council Europe	May 4, 2018	–	–
Alessandra Genco, Rome, Italy^{a, b} Chief Financial Officer of Leonardo SpA	April 29, 2022	–	Elettronica SpA ^e (controlled interest of Leonardo SpA)
André Matta, Großkarlbach, Germany^{a, c} Member of the Works Council of BASF SE, Ludwigshafen site, of the BASF Group Works Council and of the BASF Works Council Europe	April 29, 2022	–	–

	Member of the Supervisory Board since	Memberships of statutory supervisory boards in Germany	Memberships of comparable domestic and foreign supervisory bodies of commercial enterprises
Natalie Mühlenfeld, Düsseldorf, Germany^{a, c} Board secretary of the Board Division 1 Politics/Transformation, IGBCE	April 29, 2022	3M Deutschland GmbH ^e (member); Solventum Germany GmbH ^e (member since November 8, 2024)	–
Michael Vassiliadis, Hannover, Germany^c Chairman of the IGBCE	August 1, 2004	Steag GmbH ^e (member); RAG Aktiengesellschaft ^e (Vice Chairman); Henkel AG & Co. KGaA ^d (member); Vivawest GmbH ^e (member)	–
Tamara Weinert, Fairhope, Alabama^{a, b} President and Chief Executive Officer of the Business Area Americas and member of the Leadership Team of Outokumpu Corporation	April 25, 2024	–	–
Peter Zaman, Antwerp, Belgium^{a, c} Secretary of the Works Council of BASF Antwerpen N.V.	April 29, 2022	–	–
Members of the Supervisory Board who stepped down from the Supervisory Board on April 25, 2024: Dame Alison Carnwath DBE, Exeter, England^{a, b} Senior Advisor, Evercore Partners	May 2, 2014	–	Zurich Insurance Group AG ^d (independent, nonexecutive member of the Board of Directors until April 11, 2024); Zürich Versicherungs-Gesellschaft AG (Zurich Insurance Group AG group company) ^e (independent, nonexecutive member of the Board of Directors until April 11, 2024); PACCAR Inc. ^d (independent member of the Board of Directors); Coller Capital Ltd. ^e (nonexecutive member of the Board of Directors); Asda Group Limited ^e (nonexecutive member of the Board of Directors and Chairwoman of the Audit Committee); EG Group Holdings Limited ^e (nonexecutive member of the Board of Directors and Chairwoman of the Audit Committee)

^a Classified by the Supervisory Board as an “independent” member of the Supervisory Board (see page 122 for the criteria used to determine independence)

^b Shareholder representative

^c Employee representative

^d Publicly listed

^e Not publicly listed

Declaration of Conformity Pursuant to Section 161 AktG

Declaration of Conformity 2024 of the Board of Executive Directors and the Supervisory Board of BASF SE

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

The recommendations of the Government Commission on the German Corporate Governance Code as amended on April 28, 2022, published by the Federal Ministry of Justice on June 27, 2022, in the official section of the Federal Gazette are complied with and have been complied with since the submission of the last Declaration of Conformity of December 2023.

Ludwigshafen, December 2024

**The Supervisory Board
of BASF SE**

**The Board of Executive Directors
of BASF SE**

Declaration of Corporate Governance

Declaration of Corporate Governance in accordance with sections 289f and 315d HGB

The Combined Declaration of Corporate Governance of BASF SE and the BASF Group, pursuant to sections 289f HGB and 315d HGB, comprises the subchapters Corporate Governance Report including the description of the diversity concept for the composition of the Board of Executive Directors and the Supervisory Board (except for the disclosures pursuant to sections 289a and 315a HGB), G1 Business Conduct and Declaration of Conformity Pursuant to Section 161 AktG.

Pursuant to section 317(2) sentence 6 HGB, the auditor checked that the disclosures according to section 315d HGB in conjunction with section 289f(2) HGB were made.

[1.3 (Consolidated) Sustainability Statement]

We bring our corporate purpose – We create chemistry for a sustainable future – to life by integrating sustainability into our strategy, our business, and our assessment, steering and compensation systems. We want to secure our long-term success with products, solutions and technologies that create value added for our customers, the environment and society.

ESRS Index

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^a Reference to chapter outside of the Sustainability Statement

^b Name of chapter in BASF Report 2024: E2 Pollution Prevention

^c Name of chapter in BASF Report 2024: E3 Water

General Disclosures

[ESRS 2 BP-1](#) | [ESRS 2 BP-2](#)

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

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

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

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

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

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

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

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

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

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

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

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

General disclosures on key policies

Requirement/policy	Scope of application	Accountable entity	Impact on the value chain	Applicability
BASF Policy Statement on Human Rights	BASF's voluntary commitment to respect internationally recognized human rights in its own activities and to reinforce such commitment in its relationships with business partners. The BASF Group's Policy Statement on Human Rights defines how BASF fulfills its responsibility in cooperation with the relevant stakeholder groups.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
BASF Code of Conduct	BASF's Code of Conduct lays out the framework to which all employees worldwide must adhere in order to comply with applicable laws and internal requirements as well as ethical business practices.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
Compliance management system (CMS)	The CMS policy supplements the Code of Conduct and describes the actions BASF takes to prevent noncompliant behavior.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
BASF Human Rights Management Policy	The policy regulates the overarching human rights management at BASF and its overall structure, including roles, responsibilities and obligations.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
Human Rights Due Diligence for Third-Party Workers	The requirement sets forth a multilevel approach to ensuring human rights due diligence with regard to employees of third-party companies.	Corporate Legal, Compliance and Insurance	Entire value chain	Global
BASF's Position on Water Protection	This voluntary commitment by BASF defines how we protect water when purchasing raw materials, operating our sites and when our products are used.	Corporate Environmental Protection, Health, Safety & Quality	Entire value chain	Global
BASF's Position on Forest Protection	This voluntary commitment by BASF defines how we protect forests when procuring raw materials, operating our sites and when our products are used.	Corporate Sustainability	Entire value chain	Global
Responsible Care Management System ^a	BASF's Responsible Care Management System consists of several policies that regulate health, safety and environmental protection in accordance with the Responsible Care® Global Charter.	Board of Executive Directors of BASF SE	Own production	Global
Global standards on CO ₂ emissions and energy data, energy efficiency and energy concepts (part of the Responsible Care Management System)	The standards govern BASF's treatment of CO ₂ emissions and energy data plus the aspects of energy efficiency and energy policies.	Corporate Environmental Protection, Health, Safety & Quality	Own production	Global
Global standards on environmental protection (part of the Responsible Care Management System)	The global standards define BASF's approach to emissions to air and water, to waste and to the introduction of sustainable water management.	Corporate Environmental Protection, Health, Safety & Quality	Own production	Global

General disclosures on key policies

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

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

Corporate due diligence

ESRS 2 GOV-4

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

We respect and promote

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

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

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

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

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

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

[Additional information on corporate due diligence in this report](#)

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

[ESRS 2 IRO-2](#)

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

[Internal control processes in relation to sustainability reporting](#)

[ESRS 2 GOV-5](#)

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

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

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

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

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

We also apply the method used in financial reporting to monitor how Scope 1 and Scope 2 CO₂ emissions – which are among the most important key performance indicators used in managing the BASF Group – are recorded and reported, including with regard to the appropriateness and effectiveness of the performance indicators (for more information, see page [92](#)).

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

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

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

The appropriateness and effectiveness of the financial reporting process are communicated to the Board of Executive Directors and the Audit Committee (as the responsible organ of the Supervisory Board) to inform them of any control deficiencies with respect to reporting on Scope 1 or Scope 2 CO₂ emissions.

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

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

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

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

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

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

Strategy

ESRS 2 SBM-1

Our business

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

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

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

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

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

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

BASF sales revenue in 2024 by sector

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

We work with over 70,000 Tier 1 suppliers worldwide. They supply us with important raw materials, chemicals, investment goods and consumables, and perform a range of services. More information on our supplier relationships is provided in S2 Workers in the Value Chain from page [292](#) onward. An overview of our workforce by region can be found in S1 Own Workforce on page [288](#). An overview of our business model and inputs, outputs and impacts on our most important stakeholders, as well as of our value chain, is described in a visual representation (How We Create Value) from page [15](#) onward.

Our sustainability strategy

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

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

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

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

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

The green transformation of our global value chain

Selected projects in the 2024 reporting year

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

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

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

Our ambition:

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



Upstream value chain

Procurement of bio-based and recycled raw materials
Renewable energy
Supplier management
– Code of Conduct
– Sustainability-related assessments
– Supplier CO₂ Management Program



Own production

Gradual implementation of new processes
– Feed-in of bio-based and recycled raw materials
– Emission reduction

Secure, efficient processes
– Operational excellence
– Integrated Verbund structure
– Smart technology and automation



Downstream value chain

Steering the product portfolio with the TripleS method
– More products with sustainability benefits: Sustainable-Future Solutions
– More products that close or extend loops: Loop Solutions

Our foundation:

Societal acceptance of our business activities (license to operate)

Sustainable steering of our product portfolio

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

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

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

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

In 2024, BASF sales revenue¹ from Sustainable-Future Solutions products came to 46.3% (2023: 41.4%, our base year). We remain well on our way to achieving the target set. Together with the operating divisions, our Corporate Sustainability unit in the Corporate Center continuously tracks progress toward meeting the target based on our monthly reports of sale revenue. Any trends that are identified are recorded and documented as part of the annual operational planning process carried out by Corporate Finance. When collecting our TripleS data, we work on the assumption that we have taken all the latest relevant regulatory developments and all market developments into account. We are limited in the extent to which we are able to differentiate the contribution made by our products from the contribution made by competing products because the assessment is made on a qualitative basis and not on the basis of market studies. We use TripleS to review our product portfolio at least once every four years. The TripleS method was applied in 2023 and 2024 to more than 50,000 products from the relevant portfolio,² which were assessed in terms of their applications as well as regional aspects. The portfolio relevant to TripleS comprises BASF Group’s sales revenue from sales products sold to third parties in the business year concerned. This excludes business that is not product-related, such as licenses or services.

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

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

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

¹ Of BASF’s €65.3 billion in sales in 2024, €54.5 billion is relevant for the TripleS evaluation. By the end of the 2024 business year, we had evaluated 98.3% of the relevant portfolio.

² The definition of the relevant portfolio and further information can be found in the TripleS method manual at bASF.com/en/sustainable-solution-steering.

Interests and views of our stakeholders

ESRS 2 SBM-2

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

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

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

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

Stakeholder expectations

Customers		
Stakeholder expectations	Engagement platforms	Exemplary outcomes and milestones reached
<ul style="list-style-type: none"> - Attractive price-performance ratio - Innovative and sustainable solutions - Reliable partner 	<ul style="list-style-type: none"> - ~40 strategic customer networks - Customer-specific business models based on our TripleS method, for example 	<ul style="list-style-type: none"> - Carbon footprint calculated for more than 40,000 of our sales products to create transparency for us and our customers alike - Innovative products and solutions that help our customers achieve their sustainability goals - Quality management system that focuses on customer satisfaction - Decentralized certification approach for our business units and Group companies based on international quality management standards such as ISO 9001 and GMP, taking into account our customers' requirements

Suppliers

- Fair and reliable business relationships
- Support in complying with our Supplier Code of Conduct
- Supplier CO₂ Management Program
- Supplier Code of Conduct
- Assessments and training courses
- Joint initiatives with suppliers and partners
- Sustainability-oriented due diligence management in the supply chain
- Regional supplier diversity programs
- BASF Supplier Days to reduce Scope 3.1 emissions held in Ludwigshafen, Germany, for the Europe region and in São Paulo, Brazil, for the South America region
- 446 suppliers reviewed by BASF under the Together for Sustainability (TfS) initiative; 990 participants at TfS training courses
- Cobalt for Development initiative to improve working and living conditions for artisanal miners in the Democratic Republic of the Congo
- Responsible Lithium Partnership with BMW, Mercedes-Benz, Volkswagen, Daimler Truck, Fairphone and GIZ
- Responsibly Active program aimed at bundling activities in the area of plant-based active ingredients (such as argan and moringa supply chains)
- Collaboration within TfS on standardizing the calculation of Scope 3 greenhouse gas emissions in the supply chain and on a digital platform for sharing Product Carbon Footprint data

Investors

- Attractive distributions
- Strong long-term share price performance
- Transparency and risk minimization
- Events with institutional investors, rating agencies and private investors (one-on-one meetings, roadshows, conferences, informational events)
- Active participation in ratings
- Capital Markets Day to communicate the new corporate strategy held on September 26 and 27, 2024
- Distributions to shareholders via dividends and share buybacks are expected to total at least €12 billion between 2025 and 2028 with an annual minimum dividend of €2.25 per share.
- BASF has good credit ratings and aims to maintain its single A rating.
- BASF has also scored well in key ESG ratings (CDP, ISS, Morningstar Sustainalytics, MSCI) compared with its competitors in the chemical industry.

Employees

- Attractive and fair employer
- Health protection
- Opportunities for employee development
- Employee engagement: Global employee surveys
- Regular feedback for leaders
- Continuous meaningful conversations between leaders and employees, annual employee dialog
- Cooperation with employee representatives based on mutual trust
- Initiatives and networks for health and occupational safety
- Employee engagement target: More than 80% of our employees feel that at BASF, they can thrive and perform at their best. Employee engagement index of 79% in 2024
- Health Performance Index: 0.97 (see page [287](#))
- Regular reviews of security concepts, emergency systems and crisis management structures
- 68 internal audits on adherence to our compliance standards
- >120,000 participants in compliance training courses

Communities

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> - Safe, disruption-free operations - Attractive jobs - Support for local communities | <ul style="list-style-type: none"> - Societal engagement - Community advisory panels | <ul style="list-style-type: none"> - €32 million in societal engagement spending at BASF sites around the world to support health, skills and resources for a sustainable future - For 27 years, children and young people in 45 countries have been able to take part in experiments in BASF Kids' Labs. - Five new Starting Ventures programs were initiated in 2024 to help people from low-income areas improve their economic opportunities and their quality of life. - The BASF Stiftung focuses on disaster management in the area of international development cooperation. It promotes forward-looking actions, emergency aid and reconstruction. One example is an employee fundraising campaign to support the U.N. Refugee Agency. The approximately €370,000 collected will enable basic supplies to be provided for refugees from Sudan. - Community advisory panels provide an ongoing platform for conducting open dialog with local communities at our sites. - More than 1,500 young people from seven countries, supported by around 50 BASF employees, have participated in our Young Voices for a Sustainable Future project, where they were able to contribute their ideas for addressing the impacts of climate change on their communities. |
|--|--|---|

Societal stakeholders

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> - Jobs and taxes - Responsible and trustworthy partner - Production of safe products in compliance with environmental and social standards | <ul style="list-style-type: none"> - Sustainability Lab - Advisory councils - Multistakeholder initiatives - Sustainability networks | <ul style="list-style-type: none"> - Active participation in sustainability networks (U.N. Global Compact, World Business Council for Sustainable Development, Alliance to End Plastic Waste) - Cofounder of the Global Battery Alliance (GBA) for the development of standards and tools to ensure a sustainable value chain for batteries - Systematic interaction with NGOs and civil society - Political dialog: representation of political interests based on transparent requirements and our publicly stated positions - Regular information sharing with government offices, members of parliament and other interest groups in numerous countries |
|--|--|--|

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

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

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

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

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

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

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

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

- » For more information on our requirements for responsible lobbying, see basf.com/responsible-lobbying
- » For more information on the Industry Associations Review, see basf.com/corporategovernance

Double Materiality Assessment

[ESRS 2 SBM-3](#) | [ESRS 2 IRO-1](#)

Material impacts, risks and opportunities and their interaction with strategy and business model

Process

We carried out a double materiality assessment in accordance with the ESRSs for the first time in 2024. The assessment was performed on the basis of previous double materiality assessments, but with an increased level of granularity and more extensive documentation. The materiality assessment identifies the sustainability matters that are material for our company based on potential and actual material impacts, risks and opportunities. We plan to update this assessment on an annual basis.

The materiality assessment was performed in three steps:

First, we compiled a list of potential sustainability matters that might impact our own business and the associated customer industries, or that could be relevant to our stakeholder groups. Where applicable, we paid particularly close attention to areas of business or value chains that are subject to risk. Our assessment was carried out at BASF Group level along our value chain. Stakeholder interests were considered based on both direct and indirect inputs. Direct input was obtained, for example, from our Advisory Councils, from the BASF Civil Society Forum and via discussions in multistakeholder networks. Indirect input consisted of big data analyses of the interests of customers and capital markets, for example.

Based on the compiled sustainability matters, we worked with in-house experts and selected stakeholders in our Nature Advisory Council and our Human Rights Advisory Council to identify and validate the risks and opportunities associated with the company's impacts and dependencies. We focused on activities, sites and steps in the value creation process that have an elevated potential for negative impacts and risks. To identify sustainability-related opportunities and risks, we drew on findings from BASF's Group-wide opportunity and risk management, among other sources. Material sustainability matters have been systematically integrated into this process for many years. Furthermore, our impacts and dependencies were reviewed by subject matter experts to identify additional potential risks and opportunities.

Opportunities and risks were assessed in terms of their financial magnitude and likelihood of occurrence. In-house subject matter experts used predefined criteria to score opportunities and risks based on existing risk management methods and assessment criteria. Our objective here is to ensure that a uniform methodology is applied when assessing both financial risks and sustainability-related risks. We look at our financial risks and our sustainability-related risks and prioritize them based on their severity and likelihood of occurrence. In the identification and review process, we work closely with our opportunity and risk management organization. The findings from the materiality assessment will serve as the basis for documenting opportunities and risks going forward, thus validating them at the same time. New risks and opportunities will be incorporated into the materiality assessment via their inclusion in the opportunity and risk management process.

[ESRS 2 IRO-2](#)

In the last step, we scored impacts, risks and opportunities on the basis of predetermined criteria on a 5-point scale and classified them as material whenever they exceeded defined thresholds. A uniform assessment framework was used to review impacts in terms of their severity, scale and scope. In the case of negative impacts, we additionally assessed the extent to which an impact was irremediable. In addition, we estimated the likelihood of occurrence for potential impacts. To identify material impacts, we

established a uniform threshold based on the sum of the factors assessed. This threshold was assigned a higher weighting to negative impacts.

In a subsequent iterative process, our assessment was reviewed by interdisciplinary experts as well as the experts responsible for corporate opportunity and risk reporting. This process ensured that the assessment logic used in the materiality assessment was applied in a consistent manner throughout the BASF Group and across all specialist units. Finally, the Board of Executive Directors, the Supervisory Board, BASF's Joint Works Council and the BASF Works Council Europe were informed about the process and the outcome of the materiality assessment.

After identifying the material impacts, risks and opportunities, each was assigned to a specific topic, subtopic or sub-subtopic according to the list of sustainability matters in ESRS 1 AR 16 with the aim of determining materiality across all topics. The responsible subject matter experts subsequently allocated all applicable Disclosure Requirements and qualitative as well as quantitative data points to the material sustainability matters. In the following step, the subject matter experts worked with experts for the overarching materiality process to assess the "materiality of information" at the disclosure requirement and data point level using the European Financial Reporting Advisory Group (EFRAG) criteria of "decision-usefulness" and "stakeholder relevance" according to ESRS 1 Appendix E. This aims to increase the informational value of our reporting at the data point level with a view to the purpose of the regulatory policy, which is to promote financing of the transition toward sustainable development.

Results

[ESRS 2 SBM-3](#) | [ESRS IRO 1](#)

The previous double materiality assessments were designed to meet all legal requirements in place at the time. The new ESRS requirements, in combination with the implementation guidance published, required a more in-depth analysis of subtopics and sub-subtopics for the 2024 business year. Moreover, an additional level of granularity was created by working with potential and actual impacts, risks and opportunities. Due to the methodological differences, our previous assessments are only comparable with the assessment of double materiality performed in 2024 at the highest level of abstraction, the topic level. This comparison shows a high degree of correlation between earlier assessments and the results reported for the 2024 business year (see [page 49 of the BASF Report 2023](#)). No entity-specific topics beyond the ones defined in the ESRSs were identified in the assessment for 2024.

As a manufacturing company, the main impacts of our business relate to climate change (mainly due to our energy requirements), other environmental matters (emissions to air, water and biodiversity) and our company's workforce. The opportunities and risks identified have financial effects that affect the presentation of our financial position, financial performance and cash flow as disclosed pursuant to our accounting policies. In 2024, financial effects arose in connection with a risk identified in the S3 Affected Communities standard (see [page 304](#)). The risk describes the negative financial effects that may arise, for example, as a result of legal proceedings. For more information, see the Notes to the Consolidated Financial Statements on [page 411](#).

Our double materiality assessment (see [page 167](#)) found that ESRS S4 Consumers and End Users was not material, hence we do not report on it. This evaluation is based on the fact that as a B2B company, we market only a very small portion of our products directly to consumers and end users. We report on material aspects of product safety that impact our customers and end users in the chapter E2 Pollution Prevention.

Strategies to manage impacts, risks and opportunities

In developing our business strategies, we also consider the resilience of our business models with regard to economic, ecological and social aspects, as well as their impacts, risks and opportunities. As part of our opportunity and risk management system, strategic risks connected with material economic, ecological and social matters are evaluated (for additional information, see page [87](#) onward). The strategies of our business units are updated on a regular basis. This is done either individually for the business unit or as part of the overall division strategy. When updating the strategies, we consult with experts from the business units or the operating divisions as well as with the Corporate Center's Corporate Strategy & Sustainability unit. In 2024, we piloted a method to address material topics in the strategies of the business units over the next ten years. Depending on the extent of the strategy revision, resilience reviews, regulatory aspects and stakeholder expectations can be included to estimate future market developments. Upstream and downstream value chains can also be considered in the analysis. In addition, we use our TripleS methodology (Sustainable Solution Steering) to review the resilience of our product portfolio with regard to environmental and social aspects.

We provide more information on the results of our resilience assessment with respect to these two topics in the chapters E1 Climate Change (on page [178](#) onward) and E4 Biodiversity and Ecosystems (on page [231](#) onward). We also report on the disclosure requirement ESRS 2 IRO-1 in accordance with the ESRS requirements in the chapters E2 Pollution Prevention, E3 Water, E5 Resource Use and Circular Economy as well as G1 Business Conduct.

The following tables list the material impacts, risks and opportunities associated with our business. Additional information of the impacts, risks and opportunities associated with each of the ESRS topical standards is provided in the relevant chapter of this Sustainability Statement.

Results of the double materiality assessment for the 2024 business year: Material impacts

ESRS standard	Topic/subtopic in the standard	Evaluation/classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material impacts	Short description of material impacts
E1 More information on page 178 onward	Climate protection	Negative	Medium, long-term	Upstream value chain	Land-use change due to sourcing plant-based raw materials	Our procurement of plant-based raw materials creates an incentive to cultivate certain plants and expand the production environment for material loops. This negatively impacts land use.
	Climate protection	Negative, potential	Short-, medium-, long-term	Upstream value chain	Shift to renewable energy and electrification impacts the environment through the use of raw materials such as lithium.	The manufacture and use of renewable energy requires minerals and metals whose mining and subsequent processing could negatively impact the environment. In addition, their mining poses a risk of inappropriate working conditions in some regions.
	Energy	Negative	Short-, medium-, long-term	Upstream value chain	Climate-damaging emissions due to the use of fossil fuels in our upstream value chain (Scope 3)	The extraction and procurement of fossil energy causes greenhouse gas emissions, air and water pollution and habitat destruction in our upstream value chain.
	Energy	Negative	Short-, medium-, long-term	BASF's own operations	Climate-damaging emissions due to the use of fossil fuels for our production (Scope 1 and 2)	Our own production of energy in the form of steam and electricity using fossil fuels leads to emissions of greenhouse gases and other pollutants and thereby impacts the climate and the environment.
	Energy	Negative	Short-, medium-, long-term	Downstream value chain	Climate-damaging emissions from oil and gas business ^a	The oil and gas business in which BASF holds shares causes greenhouse gas emissions during combustion at customers, and leads to environmental impacts in the downstream value chain.
	Energy	Positive	Short-, medium-, long-term	Upstream and downstream value chain	Accelerated transition to climate neutrality through energy transformation	By investing in renewable energy, we can offer our customers products with a reduced Product Carbon Footprint (PCF) and contribute to the transition toward climate neutrality by reducing upstream emissions.
	Climate change adaptation	Positive	Short-, medium-, long-term	Upstream and downstream value chain	Innovations as a lever for climate change mitigation and climate change adaptation	Innovations in chemistry and new technologies can contribute materially to climate change mitigation and adaptation. We use our TripleS method (Sustainable Solution Steering) to manage our product portfolio on the basis of our products' sustainability performance.

Results of the double materiality assessment for the 2024 business year: Material impacts

ESRS standard	Topic/subtopic in the standard	Evaluation/ classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material impacts	Short description of material impacts
E2 More information on page 205 onward	Air pollution	Negative	Short-, medium-, long-term	Upstream value chain (mining/mineral extraction industry)	Regular emissions to air (excluding greenhouse gases; GHG) in connection with the manufacture of extracted raw materials	Emissions to air (excluding GHG) contributing to air pollution are generated in connection with the mining and extraction of raw materials in our upstream value chain in the mining and mineral extraction industries.
	Air pollution	Negative	Short-, medium-, long-term	Upstream value chain (excluding mining/mineral extraction industry)	Regular emissions to air (excluding GHG) in connection with the production of precursors and intermediates	Emissions to air (excluding GHG) contributing to air pollution are generated by the production of precursors and intermediates in our upstream value chain.
	Air pollution	Negative	Short-, medium-, long-term	BASF's own operations	Regular emissions to air (excluding GHG)	Emissions to air (excluding GHG) contributing to air pollution, such as nitrogen oxides, particles and volatile organic compounds (VOCs), are generated in connection with production in our plants.
	Air pollution	Negative	Short-, medium-, long-term	Downstream value chain	Regular emissions to air (excluding GHG) in connection with the usage, further processing, transport, storage and disposal of our products	Emissions to air (excluding GHG) contributing to air pollution are generated in connection with the usage, further processing, transportation, storage and disposal of our products by our customers.
	Water pollution	Negative	Short-, medium-, long-term	Upstream value chain	Regular emissions to water	Emissions to water contributing to water pollution are generated by the production and extraction of raw materials, precursors and intermediates in our upstream value chain.
	Water pollution	Negative	Short-, medium-, long-term	BASF's own operations	Regular emissions to water	Emissions to water contributing to water pollution, such as nitrogen compounds, organic substances and heavy metals, are generated in connection with production in our plants.
	Water pollution	Negative	Short-, medium-, long-term	Downstream value chain	Regular emissions to water	Emissions to water contributing to water pollution are generated in connection with the usage, further processing, transportation, storage and disposal of our products by our customers.
	Water pollution	Negative, potential	Short-, medium-, long-term	BASF's own operations, upstream and downstream value chain	Chemical leakages	Potential chemical leakages in our own operations, as well as in upstream/downstream processing, may result in pollution of water and therefore environmental pollution.
	Substances of concern or of very high concern	Negative, potential	Long-term	Downstream value chain	Impact on human health and the environment of substances of (very high) concern	Due to the sale of products containing substances of concern or of very high concern, irresponsible and improper handling of these products in the downstream value chain may result in water or soil pollution or to an adverse impact on the environment or human health.

Results of the double materiality assessment for the 2024 business year: Material impacts

ESRS standard	Topic/subtopic in the standard	Evaluation/classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material impacts	Short description of material impacts
E3 More information on page 221 onward	Water abstraction and consumption	Negative	Short-, medium-, long-term	Upstream value chain	Limited availability due to water abstraction and consumption	We impact water availability through water abstraction and consumption in our upstream value chain, particularly in water stress areas.
	Water abstraction and consumption	Negative	Short-, medium-, long-term	BASF's own operations	Limited availability due to water abstraction	Water abstraction for our production impacts water availability in the areas where our production sites are located, particularly in water stress areas.
	Water abstraction and consumption	Negative	Short-, medium-, long-term	Downstream value chain	Limited availability due to water abstraction and consumption	We impact water availability through water abstraction and consumption in our downstream value chain, particularly in water stress areas.
	Wastewater discharge	Negative	Short-, medium-, long-term	Upstream value chain	Regular emissions to water	Emissions to water contributing to water pollution are generated by the production and extraction of raw materials, precursors and intermediates in our upstream value chain.
	Wastewater discharge	Negative	Short-, medium-, long-term	BASF's own operations	Regular emissions to water	Emissions to water contributing to water pollution, such as nitrogen compounds, organic substances and heavy metals, are generated in connection with production in our plants.
	Wastewater discharge	Negative	Short-, medium-, long-term	Downstream value chain	Regular emissions to water	Emissions to water contributing to water pollution are generated in connection with the usage, further processing, transportation, storage and disposal of our products by our customers.

Results of the double materiality assessment for the 2024 business year: Material impacts

ESRS standard	Topic/subtopic in the standard	Evaluation/classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material impacts	Short description of material impacts
E4 More information on page 231 onward	Land use change	Negative	Short-, medium-, long-term	Upstream value chain	Need for land use due to the cultivation of renewable raw materials	By procuring renewable raw materials, we provide impetus for their cultivation. This cultivation alters land use and can negatively impact ecosystems.
	Land use change	Negative	Short-, medium-, long-term	BASF's own operations	Land use by BASF sites	BASF uses many plots of land for various purposes, such as offices, production and agricultural testing grounds. Soil sealing, especially due to production plants in the chemical industry, represents a significant land use type.
	Land use change	Positive	Short-, medium-term	Downstream value chain	More sustainable intensification of farming	The use of our products, including crop protection products, in agriculture enables farmers to increase their productivity, thus supporting food production.
	Population size of species, global extinction risk of species	Negative, potential	Short-, medium-term	Downstream value chain	The loss of biodiversity may be facilitated by the use of crop protection products	In the downstream value chain, the use of crop protection products across large agricultural areas may have a negative impact on biodiversity.
	Population size of species, global extinction risk of species	Negative, potential	Short-, medium-, long-term	Downstream value chain	The use of industrial chemicals and their distribution in the environment may have a negative impact on species	The use of industrial chemicals and their distribution in the environment may have a negative impact on species and biodiversity.
	Impacts on the extent and state of ecosystems	Negative	Short-, medium-, long-term	Upstream value chain	Impact on land degradation due to the sourcing of raw materials	By sourcing raw materials, we provide impetus for their cultivation and extraction. In some cases, this leads to land degradation.
	Resource inflows, including resource use	Negative	Short-, medium-, long-term	Upstream value chain	Sourcing and use of fossil or renewable raw materials	We negatively impact overshooting of the planetary boundaries by sourcing and using fossil and renewable raw materials, for example through emissions, land use and environmental pollution.
E5 More information on page 246 onward	Resource outflows in connection with products and services	Negative	Short-, medium-, long-term	BASF's own operations, upstream and downstream value chain	Use of fossil or renewable raw materials	We negatively impact overshooting of the planetary boundaries by using, processing and combusting fossil or renewable raw materials, for example through emissions, land use and environmental pollution.
	Waste	Negative	Long-term	Upstream value chain	Waste management in the upstream value chain	We negatively impact the planetary boundaries through the waste arising in our upstream value chain as a result of sourcing, refining and processing.
	Waste	Negative	Long-term	BASF's own operations	Waste management in BASF's own production	We negatively impact the planetary boundaries through the waste arising in our own production.
	Waste	Negative	Long-term	Downstream value chain	Waste management in the downstream value chain	We negatively impact the planetary boundaries through the waste arising at our customers.

Results of the double materiality assessment for the 2024 business year: Material impacts

ESRS standard	Topic/subtopic in the standard	Evaluation/ classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material impacts	Short description of material impacts
S1 More information on page 270 onward	Adequate wages	Positive	Short-, medium-, long-term	BASF's own operations	Adequate wages	Our market-oriented compensation and corresponding additional benefits contribute to an attractive comprehensive package to attract and retain motivated and qualified employees. In this way, we create attractive working conditions for our employees and make a positive contribution to society.
	Training and skill development	Negative, potential	Short-, medium-, long-term	BASF's own operations	Training and skill development	Demographic and technological shift as well as changing skill profiles can potentially lead to employment and qualification gaps among our skilled employees and leaders. In a rapidly changing environment, new and increasing demands can potentially have a negative impact on employee engagement.
	Occupational health and safety	Negative, potential	Short-term	BASF's own operations	Possible health and safety risk due to handling hazardous chemicals	Our employees are exposed to a potential health and safety risk because they work in laboratories and production plants and handle chemicals, including hazardous substances.
	Occupational health and safety	Negative, potential	Short-term	BASF's own operations	Risk to health and safety if rules are not followed or are ineffective	There is a potential risk to our employees' health and safety if instructions on occupational safety and health protection and rules in our production processes are not followed.
S2 More information on page 292 onward	Occupational health and safety	Negative, potential	Short-, medium-, long-term	Upstream value chain	Increased health and occupational safety risks when handling chemical raw materials	In the production of chemical raw materials, there are increased health and safety risks in our upstream value chain, particularly if necessary safety measures are not complied with. This is a common problem primarily in countries whose national laws do not include any, or low, requirements with respect to labor protection standards.
	Child labor	Negative, potential	Short-, medium-, long-term	Upstream value chain	Increased potential risk of child labor in specific supply chains	Child labor is a particular risk in critical and less transparent supply chains and in countries with little state control and low incomes. This applies, for example, to our upstream supply chains for renewable raw materials, minerals and seeds. Smallholder farms and artisanal mines are particularly affected.

Results of the double materiality assessment for the 2024 business year: Material impacts

ESRS standard	Topic/subtopic in the standard	Evaluation/ classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material impacts	Short description of material impacts
S3 More information on page 303 onward	Free, prior and informed consent	Negative, potential	Medium, long-term	Upstream value chain	Potential restriction of Indigenous peoples' right to free, prior and informed consent	Our procurement of raw materials may have potential impacts on Indigenous peoples and may limit their right to free, prior and informed consent (FPIC) regarding activities in their surroundings.
	Other social and economic rights	Negative, potential	Short-, medium-, long-term	BASF's own operations, upstream and downstream value chain	Potential adverse effects on health associated with the production and use of chemicals	The production and use of chemicals in our own operations and in our value chain could potentially impair the health of people and communities.
	Other social and economic rights	Positive	Short-, medium-, long-term	BASF's own operations	Contribution to the positive development of communities	Through our business activities, our stakeholder engagement and our societal engagement, we exert a positive economic, social and cultural influence on communities.
	Adequate nutrition	Positive	Short-, medium-, long-term	Downstream value chain	Positive contribution to food supply	Our crop protection products and our seeds help to ensure that crops produce a good yield in spite of pests and other problems so that people benefit from an adequate food supply.
G1 More information on page 317 onward	Corporate culture	Positive	Short-, medium-, long-term	BASF's own operations, upstream and downstream value chain	Global Code of Conduct	Our global Code of Conduct has a positive impact on the workforce in our company and on our value chains.
	Protection of whistleblowers	Positive	Short-term	BASF's own operations, upstream and downstream value chain	Global compliance measures and systems	Our global compliance measures and systems have a positive impact on our own workforce and other employees in our value chains.
	Corruption and bribery (for example, prevention and detection including training, incidents)	Positive	Short-, medium-, long-term	BASF's own operations	Anticorruption training	The mandatory training ensures that employees also learn how to be vigilant in order to prevent any form of bribery or corruption. In this way, we contribute to a business environment in which corruption and bribery are not tolerated. By being perceived and valued as a trustworthy company, BASF can help to reduce corruption and bribery.

^a On September 3, 2024, BASF transferred Wintershall Dea's exploration and production business, excluding Russia-related activities, to Harbour Energy plc, London, United Kingdom. BASF continues to hold a material interest in Harbour Energy (see also page [344](#)).

Results of the double materiality assessment for the 2024 business year: Opportunities and risks

ESRS standard	Topic/subtopic in the standard	Evaluation/classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material opportunities and risks	Short description of material opportunities and risks
E1 More information on page 178 onward	Climate change adaptation	Negative, transition	Long-term	BASF's own operations	Rising product prices, and/or production costs and/or lower market growth	Lower-emission production using raw materials with reduced carbon footprints and renewable energy increases production costs and ultimately also product prices. Coupled with societal pressure to consume less, this could lead to lower market growth.
	Climate change adaptation	Negative, transition	Medium, long-term	BASF's own operations	Fragmentation in national and regional climate policy – and thus in the market	Pronounced differences in the regulatory framework due to divergent regional climate policies pose particular strategic challenges for us as a globally active company.
	Climate change adaptation	Negative, transition	Long-term	BASF's own operations	Regulatory volatility leading to competitive risks	Political regulations designed to mitigate climate change, such as those set out in the EU Green Deal, could represent a competitive risk for us due to higher costs, for example as a result of administrative effort, and a high level of volatility.
	Climate change adaptation	Positive, transition	Long-term	BASF's own operations	Market opportunities through climate-smart products	Our broad product portfolio includes, among other things, solutions for the circular economy and climate change mitigation. Increasing societal demands and resulting regulations would offer additional market opportunities for these products.
	Energy	Negative, transition	Short-, medium-, long-term	BASF's own operations	Rising energy costs due to climate-related regulations	For BASF as an energy-intensive company, risks arise particularly from regulatory changes such as in carbon pricing on emissions trading systems, in taxes and in energy legislation.
	Energy	Positive, transition	Short-, medium-, long-term	BASF's own operations	Renewable energy opens up opportunities for cheaper or otherwise more advantageous procurement.	Investments in own power assets and long-term supply contracts reduce dependencies on volatile global markets and lead to comparatively lower CO ₂ abatement and energy procurement costs.
E2 More information on page 205 onward	Water pollution	Negative	Medium, long-term	BASF's own operations	Increased costs for water treatment due to regulatory changes.	Regulatory developments concerning emissions to water may require investments in our infrastructure and upgrades to our systems.
	Substances of concern or of very high concern	Negative	Medium-term	BASF's own operations	Regulations with respect to substances of (very high) concern may have a negative impact on the market, for procurement, BASF's own production or sales.	Regulatory changes on substances of concern or of very high concern, such as their restriction, may limit the availability of relevant raw materials and negatively impact market behavior and customer acceptance.
E3 More information on page 221 onward	Wastewater discharge	Negative	Medium, long-term	BASF's own operations	Increased costs for water treatment due to regulatory changes	Regulatory developments concerning emissions to water may require investments in our infrastructure and upgrades to our systems.
E4 More information on page 231 onward	Impacts on the state of species	Negative	Short-, medium-, long-term	BASF's own operations	Regulatory requirements for the marketing of chemicals	Regulatory developments, prompted by actual or anticipated impacts of our products on the state of species, their population sizes or their risk of extinction, impact our opportunities to market chemicals.

Results of the double materiality assessment for the 2024 business year: Opportunities and risks

ESRS standard	Topic/subtopic in the standard	Evaluation/ classification	Time horizon (short-, medium-, long-term)	Placement in the value chain	Material opportunities and risks	Short description of material opportunities and risks
S1 More information on page 270 onward	Secure employment	Negative	Short-, medium-term	BASF's own operations	Secure employment	The macroeconomic situation, combined with structural adjustments at BASF, may unsettle employees and pose challenges in terms of employee retention and engagement.
	Training and skill development	Negative	Short-, medium-, long-term	BASF's own operations	Skills development and recruitment of skilled employees	Changing skill profiles and intensified global competition for skilled employees and leaders due to demographic and technological change can lead to a loss of skills and knowledge in our workforce or affect our ability to adequately and quickly develop them.
S3 More information on page 303 onward	Other social and economic rights	Negative	Short-, medium-, long-term	BASF's own operations	Loss of societal acceptance due to potential adverse effects on the health of people and communities	In the event of negative impacts on communities, societal acceptance of our business activities could suffer in the short to long term, trust could be lost in BASF and the risk of litigation could increase.

Environment

E1 Climate Change¹

ESRS E1

As an energy-intensive company, we take responsibility for the efficient use of energy and global climate protection, and are committed to the Paris Agreement. We are determined to follow the path toward climate neutrality and to enable our customers' green transformation by providing low-emission chemistry.

ESRS 2 IRO-1 | ESRS 2 SBM-3

Our business activities result in the production of greenhouse gas emissions,² which have a negative impact on the climate. These are emissions from our production, our energy procurement and our upstream and downstream value chain. We are working to achieve a considerable reduction in these emissions along the entire value chain. This also creates opportunities for our business activities: Thanks to our transformation toward climate neutrality, we can increasingly offer our customers products with a reduced Product Carbon Footprint (PCF).

Resilience and scenario analyses

At the same time, we have to position our business in line with the consequences of climate change and to create resilience. As a company that is active in a very wide variety of different regions and business areas, we take a diversified approach to climate change adaptation.

We use our TripleS method (Sustainable Solution Steering, see page [161](#)) to continuously review the resilience of our product portfolio with respect to environmental and social matters. We do this by categorizing our products into different segments. This enables us to quantify and steadily increase the proportion of products that contribute to sustainability. At the same time, products facing substantial regulatory, customer-specific or sustainability challenges are identified and removed from our portfolio within five years.

As part of our business strategy development, we also examine the medium- to long-term resilience of our business models from an ecological, economic and social perspective, and with a view to their impacts, risks and opportunities. As regards climate change, this process only looks at transition risks and opportunities – we analyze physical climate risks and existing resilience centrally for our sites (see page [180](#)). In 2024, we started embedding **resilience analysis** in our processes to a greater extent. The primary focus here is on our own business. The strategies of our business units are updated on a regular basis. This is done either individually at business unit level or as part of the overarching divisional strategy, and involves specialists from the business unit or operating division concerned and from our central strategy unit. In 2024, we piloted a method to address material topics in the strategies of the

¹ Unless otherwise stated, all metrics in the text comply with the consolidation by financial control approach (see also the disclosures on consolidation for the nonfinancial reporting on page [151](#)). The metrics listed in this section on the target-relevant Scope 1 and Scope 2 emissions are part of the statutory audit and have been audited with reasonable assurance.

² The terms "greenhouse gas emissions" and "CO₂ emissions" are used synonymously. They include all greenhouse gases in accordance with the Greenhouse Gas Protocol.

business units with a view to the next ten years.³ Depending on the extent of the strategy revision, resilience reviews, regulatory aspects and stakeholder expectations can be included to estimate future market developments. Upstream and downstream value chains can also be taken into account. At the same time, climate-related transition risks are captured as part of our strategic controlling process. For example, this allowed us to identify the influence of emissions trading schemes as a risk and changes in demand for more sustainable products as an opportunity.

We also performed a comprehensive analysis of the resilience of the plants at our largest site in Ludwigshafen, Germany, in the past year. We consider a large proportion of our plants to be well positioned and competitive going forward. A short- to medium-term competition risk was identified for 16% of the plants.⁴ Specific measures – which can also include their closures – are already being implemented for these plants so as to increase site profitability. We have identified a long-term risk for 6% of the plants, which we address through market-based measures.⁴

We use a variety of **scenarios** for future macroeconomic development in our strategy development and risk management (for more information on these scenarios, see the section on climate-related transition on page [180](#)). In contrast to the assumptions made when analyzing physical climate risks, the scenarios that we use here limit global warming to different extents. Using multiple scenarios addresses and minimizes uncertainties regarding expected developments and enables us to determine risks associated with different future developments. The chemical industry, which is the start of many value chains, can play a key role in the transformation process. Growing electrification – including of our own plants – will considerably increase the need for energy from renewable sources going forward. At the same time, the use of fossil raw materials will decline and the circular economy will become more important.

Our business units regularly analyze the opportunities and risks arising from the scenarios, including, where possible, their financial impacts. In strategy development, scenario impacts are largely examined from a qualitative perspective during assessment. We use a multistage process to review the economic efficiency of investment decisions. The metrics used in this process are calculated for different scenarios, highlighting differences that may affect the decisions. We also use opportunities and risks relating to environmental and social matters to evaluate projects. In addition, we regularly review planned CO₂ abatement strategies. We have identified measures when implementing our strategy that will enable low-emission plant operation in the long term. The necessary access to funding as part of the transformation is assisted by our Green Finance Framework.

BASF has published a comprehensive corporate carbon footprint every year since 2008. This reports on all greenhouse gas emissions along the value chain – from raw materials extraction to production and subsequent disposal. We regularly analyze the future development of our emissions. Additional greenhouse gas emissions resulting from business expansion are determined as early as the project assessment phase. We build on these to capture the current and future impacts that our business has on climate change.

Climate change poses challenges for us but also offers opportunities for our business activities that enhance the resilience of our business models. For example, our products and solutions contribute to reducing greenhouse gas emissions in many areas.

³ The time periods considered in the resilience analysis described here only correspond exactly to those of the transition risk analysis. Our climate protection targets for 2030 are within the period under review. We consider physical climate risks and corresponding resilience over a longer period of time, as these only have an impact in the long term.

⁴ The figures correspond to the time horizons used by BASF in the course of the assessment (short-term: until 2026, medium-term: until 2030, long-term: after 2030).

Climate-related physical and transition risks

We systematically assess physical and transition influences to identify and assess material climate-related risks and opportunities.

When assessing our production sites for **physical climate risks**, we focus on material sites that make a relevant contribution to our business and our portfolio. The assessment is performed on the basis of climate data from the current Intergovernmental Panel on Climate Change (IPCC) scenarios, which were compiled together with an external partner. In the process, we focus on a climate protection scenario with a high level of global warming.⁵ This data helps to analyze the potential impacts that climate change could have on the production sites in the coming decades. Our assessment addresses both current risks and long-term risks with a time horizon of 30 years. If long-term risks are identified, we examine whether they also represent a medium-term risk. Physical climate risks are assessed using geographical coordinates at site level. In a first step, a qualitative assessment is performed and sensitivities to various climate risks are prioritized so as to obtain an initial indication of potential material risks. Sensitivity analysis takes both internal and external factors into account. Internal factors comprise the resilience of plants, infrastructure, operations and services. External factors comprise the external infrastructure, water, energy and raw materials supplies, wastewater treatment and the dispatch of finished goods. In addition, the assessment considers risks affecting the entire site and, where relevant, individual plants or specific parts of the site.

We anticipate that most sites will be particularly affected by increasing heat and drought, whereas some may be faced with heavy precipitation and a few could also be exposed to risks in connection with flooding, hail, water stress and wildfires. Where risks are estimated to be in excess of €10 million, potential material losses are quantified and an adaptation plan is drawn up. Targeted site- and business-specific measures can involve optimizing process flows and infrastructure, for example. Based on our assessment in the reporting year, we consider our sites to be well positioned for climate change. However, the transportation of key raw materials and products depends materially on water levels on the River Rhine, for example, especially in the critical Middle Rhine region. An extreme drought could significantly impact transportation, or even bring it to a standstill. We are currently working to more precisely determine the scope of materiality of this risk and the sites affected. We have already taken measures to counteract this risk (see page [224](#)).

With respect to **transition climate risks** and opportunities, global climate policy ambitions and the implementation of relevant measures play a decisive role in the continuing growth of the chemical industry and its customer industries. Consequently, we have worked together with an external partner using an empirical simulation model to define and quantify global long-term scenarios up to 2050 featuring various global warming paths. In addition, a net-zero scenario in the EU and the United States by 2050, and globally by 2060, was also analyzed, which limits global warming to 1.5°C. The fundamental drivers for the scenarios are different societal preferences and, building on these, climate and economic policy objectives. To assess the impact of different global climate policy approaches on our business units, the scenarios are discussed by the business units in workshops. Feedback is incorporated into the ongoing development of the scenarios.

The resulting risks were reviewed for materiality as part of the double materiality assessment. Going forward, the material transition risks identified at Group level will be systematically examined by our business units and quantified if possible, and countermeasures will be taken where necessary. Adaptation measures can include modifying our product portfolio, investments in new technologies or enhancing existing technologies.

⁵ The assessment model was based on the IPCC SSP5-8.5 climate change scenario (high global warming scenario) as the worst-case scenario.

We continuously analyze physical and transition opportunities and risks arising in connection with the topics of energy and climate protection as part of our opportunity and risk management (for additional information, see page [87](#) onward).

The double materiality assessment that we performed in 2024 (see page [167](#)) resulted in seven material impacts on climate change, plus four material climate-related risks and two material climate-related opportunities for BASF (see the following table “Results of the double materiality assessment”). For information on the relevant time horizons, see the overarching table on the results of the double materiality assessment (page [169](#)).

Results of the double materiality assessment for E1 Climate Change: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Climate-damaging emissions due to the use of fossil fuels in our upstream value chain (Scope 3)	Negative	Upstream value chain	The extraction and procurement of fossil energy causes greenhouse gas emissions, air and water pollution and habitat destruction in our upstream value chain.
Land-use change due to sourcing plant-based raw materials	Negative	Upstream value chain	Our procurement of plant-based raw materials creates an incentive to cultivate certain plants and expand the production environment for material loops. This negatively impacts land use.
Shift to renewable energy and electrification impacts the environment through the use of raw materials such as lithium.	Negative, potential	Upstream value chain	The manufacture and use of renewable energy requires minerals and metals whose mining and subsequent processing could negatively impact the environment. In addition, their mining poses a risk of inappropriate working conditions in some regions.
Climate-damaging emissions due to the use of fossil fuels for our production (Scope 1 and 2)	Negative	BASF's own operations	Our own production of energy in the form of steam and electricity using fossil fuels leads to emissions of greenhouse gases and other pollutants and thereby impacts the climate and the environment.
Climate-damaging emissions from oil and gas business ^a	Negative	Downstream value chain	The oil and gas business in which BASF holds shares causes greenhouse gas emissions during combustion at customers, and leads to environmental impacts in the downstream value chain.
Accelerated transition to climate neutrality through energy transformation	Positive	Upstream and downstream value chain	By investing in renewable energy, we can offer our customers products with a reduced Product Carbon Footprint (PCF) and contribute to the transition toward climate neutrality by reducing upstream emissions.
Innovations as a lever for climate change mitigation and climate change adaptation	Positive	Upstream and downstream value chain	Innovations in chemistry and new technologies can contribute materially to climate change mitigation and adaptation. We use our TripleS method (Sustainable Solution Steering) to manage our product portfolio on the basis of our products' sustainability performance.

^a On September 3, 2024, BASF transferred Wintershall Dea's exploration and production business, excluding Russia-related activities, to Harbour Energy plc, London, United Kingdom. BASF continues to hold a material interest in Harbour Energy (see also page [344](#)).

Results of the double materiality assessment for E1 Climate Change: Risks and opportunities

Risks and opportunities	Evaluation	Description
Rising product prices, and/or production costs and/or lower market growth	Negative, transition	Lower-emission production using raw materials with reduced carbon footprints and renewable energy increases production costs and ultimately also product prices. Coupled with societal pressure to consume less, this could lead to lower market growth.
Fragmentation in national and regional climate policy – and thus in the market	Negative, transition	Pronounced differences in the regulatory framework due to divergent regional climate policies pose particular strategic challenges for us as a globally active company.
Regulatory volatility leading to competitive risks	Negative, transition	Political regulations designed to mitigate climate change, such as those set out in the EU Green Deal, could represent a competitive risk for us due to higher costs, for example as a result of administrative effort, and a high level of volatility.
Rising energy costs due to climate-related regulations	Negative, transition	For BASF as an energy-intensive company, risks arise particularly from regulatory changes such as in carbon pricing on emissions trading systems, in taxes and in energy legislation.
Market opportunities through climate-smart products	Positive, transition	Our broad product portfolio includes, among other things, solutions for the circular economy and climate change mitigation. Increasing societal demands and resulting regulations would offer additional market opportunities for these products.
Renewable energy opens up opportunities for cheaper or otherwise more advantageous procurement.	Positive, transition	Investments in own power assets and long-term supply contracts reduce dependencies on volatile global markets and lead to comparatively lower CO ₂ abatement and energy procurement costs.

Strategy and governance

E1-2

Climate change is the greatest challenge of the 21st century. Swift and resolute action is needed to achieve the targets agreed in the Paris Agreement. We stand by this responsibility. Climate change mitigation and the transformation of the chemical industry are very important to us and an important part of our corporate strategy (for more information, see page [18](#)).

BASF is taking a step-by-step approach to the green transformation and is combining climate change mitigation with its customers' and its own success. Our ambition is to be the preferred chemical company to enable our customers' green transformation. In recent years, we have increasingly invested in renewable energy to power our plants, tested new technologies and deployed alternative raw materials so as to drive forward our transformation and launch more sustainable products with a reduced or a net-zero carbon footprint on the market. This also allows our customers to benefit from our emission reduction measures.

In the future, we will focus even more on the specific opportunities for our business and will prioritize projects for which we see growing customer demand and willingness to pay. The focus will continue to be on projects that secure our license to operate. We will stagger our transformation projects over time in keeping with these priorities. In a first step, we are planning to use greater amounts of bio-based and recycled feedstocks in our existing plants. In doing so, we will make the most of the unique advantages offered by our Verbund. We are expecting demand for more sustainable products to outpace supply in the medium term, leading to profitable growth for BASF. As the markets for more sustainable products grow, we will be in a position to scale up and apply the new technologies that we are currently developing and, in some cases, already piloting. This step-by-step approach to transformation is reflected in our investments: Expenditure associated with the transformation is expected to average €600 million per year between 2025 and 2028. We expect that the majority of major capital expenditures for our green transformation will arise in the period after 2030.

We have established comprehensive management and control systems to minimize negative environmental impacts and protect the environment. Our **Responsible Care Management System** includes not only Group-wide requirements and guidelines for health and safety (for more information, see pages [209](#) and [278](#)) but also the areas of environmental protection and energy. Our global environmental protection standards serve to assess environmental impacts such as those resulting from CO₂ emissions. In addition, we implement the technical, operational and administrative measures needed to control and minimize these impacts, and ensure that we comply with national and local environmental legislation. Our global energy standards are specifically aimed at reaching our Scope 1 and Scope 2 climate protection targets (see “Global Targets”). In them, we undertake to continuously improve the energy efficiency of our operating procedures by implementing energy management systems, and to drive forward resource-saving and economic production at our sites. Moreover, we have defined general guidelines for optimizing existing energy supply structures and developing new energy supply concepts. These also involve evaluating low-emission and emission-free alternatives such as electricity and steam from renewable sources. We use requirements for systematically collecting and monitoring emissions and energy data as the basis for improving our sustainability performance and managing our climate protection targets.

The Corporate Environmental Protection, Health, Safety and Quality unit in the Corporate Center defines Group-wide management and control systems and monitors compliance with internal requirements and legal regulations, while the sites and Group companies implement these requirements locally. We regularly audit our performance and progress, and hence the effectiveness of our requirements. Our global network enables information and insights to be shared across the BASF Group on a regular basis. Our requirements and guidelines are continuously updated. To this end, we also exchange information with authorities, associations and international organizations. For example, BASF is actively involved in the global Responsible Care® initiative established by the International Council of Chemical Associations (ICCA).

We address climate change adaptation centrally through our approach to assessing physical climate risks (see page [180](#)). Based on this, our sites resolve and implement local measures such as adapting logistics to low water as well as flood protection measures. The risks associated with adapting to climate change depend heavily on the geographical location of our sites, site-specific conditions and the underlying regulations in the respective countries, and in some cases differ considerably. An overarching policy therefore does not exist.

We have also established guidelines and requirements for managing our emissions along the value chain, and thus our Scope 3.1 target and the Scope 3.1 emissions for our net-zero target by 2050. Our procurement organization has established a global risk-based management system for our upstream supply chain. We have defined the standards for this in a global procurement requirement. We continuously enhance this requirement and our structures and processes in order to adapt to changing conditions. Our suppliers are required to comply with internationally recognized environmental standards. Our expectations of our suppliers are laid down in the global **Supplier Code of Conduct** (see page [295](#)), which is part of our purchasing conditions. The code is based, among other things, on the Ten Principles of the United Nations Global Compact initiative and the Responsible Care® initiative, and includes the deployment of energy-efficient, environmentally friendly technologies. We endeavor to ensure compliance with these requirements using a multistage control process. In addition, BASF has drawn up principles for the responsible procurement of renewable raw materials, plus standards in relation to Product Carbon Footprints and eco-efficiency analyses with the aim of reducing our products' carbon footprints.

For further explanations of our overarching policies in respect of scope of application, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in our Sustainability Statement on page [151](#).

ESRS 2 GOV-3

We have laid the foundations for our successful transformation by establishing internal incentive schemes and we are setting up our organization accordingly.

We anchored reducing our Group-wide CO₂ emissions (Scope 1 and Scope 2)⁶ as the **most important nonfinancial key performance indicator** in the BASF Group's steering and compensation systems back in 2020, giving it even more weight. This is one of three equally weighted (33.3%)⁷ strategic targets for the long-term incentive (LTI) of the Board of Executive Directors and senior executives. Supervisory Board remuneration does not include any variable components and so is not linked to target achievement.

We used a short-term incentive (STI) program to introduce targets for the senior executives in our operating business units in the reporting year, with the goal being to drive forward the market-driven transformation as part of our new strategic direction. In addition to the financial targets, this defines three further targets: occupational and process safety, sustainability and development of the operating divisions. The first two targets mentioned are sustainability-related. All three objectives are equally weighted in the STI calculation and together account for 25% of the total STI formula. This means that 16.7% of the entire STI formula is sustainability-related. The sustainability target includes elements that contribute to our green transformation, such as sales of our Sustainable-Future Solutions (for more information, see page [161](#)) or that increase the share of purchased raw materials with supplier-specific Product Carbon Footprints (for more information, see page [193](#)).

» For additional information on integrating sustainability-related achievements into our incentive systems, see the Compensation Report at basf.com/compensationreport

Our organizational structures are designed in such a way as to permit a market-driven transformation to a more sustainable product portfolio, plus the achievement of our climate protection targets. The Corporate Center unit Corporate Environmental Protection, Health, Safety and Quality, which reports to a member of the Board of Executive Directors, is responsible for our Responsible Care Management System. The Corporate Strategy & Sustainability unit, which reports to the Chairman of our Board of Executive Directors, develops the BASF Group's climate protection targets and tracks the emission reduction levers aiming at achieving them. The Global Procurement unit, which reports to the Chief Financial Officer, is responsible together with Corporate Strategy & Sustainability for the purchasing processes and procurement requirement relating to our raw materials-related targets. As part of our new corporate strategy, the BASF Renewable Carbon unit within Global Procurement is continuing to drive the sourcing of renewable raw materials and biomass for BASF's operating divisions. This is the counterpart to BASF Renewable Energy GmbH, the subsidiary that coordinates the procurement of renewable energy.

The Net Zero Accelerator unit, which had focused on emissions reduction projects since 2022, was dissolved as of January 1, 2025, in line with the new corporate strategy. The activities were integrated into existing divisions and service units, ensuring that BASF's green transformation is aligned even more closely with market trends and that the business can better react to new customer requirements.

⁶ Scope 1 and Scope 2 (excluding the sale of energy to third parties). Greenhouse gases according to the Greenhouse Gas Protocol, converted into CO₂ equivalents (CO₂e).

⁷ The exact percentage influence on compensation depends on target achievement. For more information, see the Compensation Report at basf.com/compensationreport.

Transition plan for climate change mitigation

E1-1

We are pursuing ambitious climate protection targets. We want to reduce greenhouse gas emissions from our production processes (Scope 1) and our energy purchases (Scope 2) by 25% by 2030 compared to the base year of 2018, and are aiming to achieve net-zero greenhouse gas emissions by 2050.⁸ Our target focuses on emissions caused by our production and includes around 96% of our Scope 1 emissions and 99% of our Scope 2 emissions (see page 194).⁹ It is compatible with limiting global warming to 1.5°C based on the emission reduction pathways described by the International Energy Agency (IEA) in its study entitled “Net Zero by 2050.”¹⁰ Already today, the emissions intensity of our plants for producing basic chemicals such as ammonia, methanol and high value chemicals is below the values defined by the IEA for 2030.

» For additional information on the analysis of our Scope 1 and Scope 2 target and on compatibility with the goals of the Paris Agreement, see basf.com/corporate_carbon_footprint

Above and beyond our own production, we take responsibility for emissions along our value chain. This is why we set ourselves a target for our raw materials-related Scope 3.1 emissions in 2023 that includes around 92% of our Scope 3.1 emissions.¹¹ Raw materials-related emissions from battery materials are initially excluded from the target (see page 196). By 2030, we want to reduce these Scope 3.1 emissions in relation to the purchasing volume specifically by 15% compared to the 2022 base year (see page 195). However, the IEA study does not provide a basis for deriving an emissions reduction pathway for these emissions.

To achieve our climate protection targets, we have developed a transition plan¹² that shows our emissions reduction path based on the most important levers. We are focusing on the following emission reduction levers¹³ to reduce our greenhouse gas emissions from our own production and energy purchases (Scope 1 and 2):

- **Renewable energy:** We are increasingly meeting our electricity needs from renewable sources (see the actions on page 189).
- **Operational excellence:** Our operational excellence activities are continually improving the energy and process efficiency of our plants (see the actions on page 190).
- **Low-emission steam generation:** In the future, we will increasingly rely on electrification for steam generation and hence also tap previously unused waste heat potential (see the actions on page 191).
- **Climate-smart technologies:** We are developing completely new emission-free and low-emission processes, and are assessing and piloting new technologies for more sustainable chemistry (see the actions on page 192).

⁸ Scope 1 and Scope 2 (excluding the sale of energy to third parties). Greenhouse gases according to the Greenhouse Gas Protocol, converted into CO₂ equivalents (CO₂e).
⁹ Based on the base year 2018

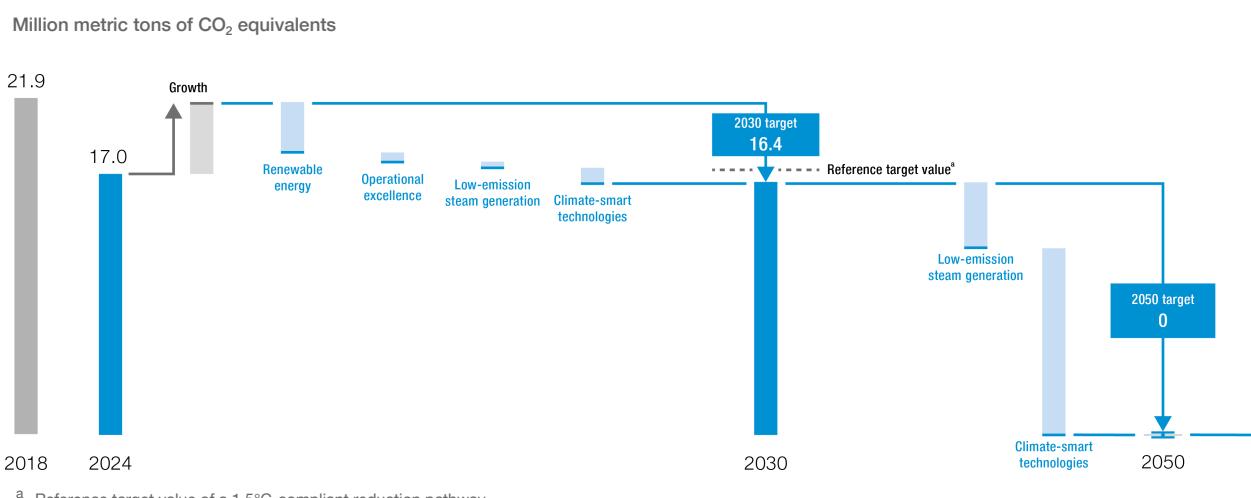
¹⁰ The IEA's Net Zero by 2050 study reflects a scenario that, measured in accordance with the IPCC Special Report on Global Warming of 1.5°C, is consistent with a 1.5°C scenario for 2030 with a low temperature overshoot and with a 1.5°C scenario in which there is no overshoot for 2050.

¹¹ Scope 3.1, raw materials excluding battery materials, excluding services, technical goods and greenhouse gas emissions from BASF trading business. The emissions account for 52% of total Scope 3 emissions based on the 2024 business year. We adjusted the baseline in line with the TfS Guideline in the reporting year due to the availability of further primary data.

¹² BASF is not an undertaking that is excluded from the EU Paris-aligned Benchmarks in accordance with the exclusion criteria stated in Articles 12(1), points (d) to (g) of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation).

¹³ No climate scenarios were used to identify the levers. Instead, the levers are based on an analysis of the sources of emissions and the technical means of reducing them.

Transition plan for climate change mitigation



Roughly half of BASF's Scope 1 and Scope 2 emissions are attributable to energy produced to operate our plants. Scope 2 emissions can be reduced by up to 3.2 million metric tons of CO₂ by 2030 using the "renewable energy" lever. Additional emission reductions of up to 0.6 million metric tons of CO₂ (Scope 1) are possible in the period up to 2030 using the "low-emission steam generation" lever. In the long term, new steam generation technologies such as heat pumps and e-boilers not only enable emission reduction but will also enable decoupling of highly efficient steam and power generation in combined heat and power plants. The electricity generated from today can then also be provided using renewable energy. The other half of our Scope 1 and Scope 2 emissions arise in our production processes. One way of reducing these emissions is the continuous improvement of our plants (operational excellence). We see a reduction potential of up to 0.6 million metric tons of CO₂ (primarily Scope 1), which we aim to achieve by 2030. Furthermore, we are working to develop and implement climate-smart technologies so as to facilitate lower-emission production. This will result in further potential reductions of up to 1.1 million metric tons of CO₂ (Scope 1) by 2030. Our emission reduction levers enable the reduction of growth-related CO₂ emissions that will be added by 2030, which are associated with organic growth and the investment in our new Verbund site in southern China. All reduction measures implemented are to be regarded as long-term. We will counteract growth-driven emission increases between 2030 and 2050 primarily using the "climate-smart technologies" and "low-emission steam generation" levers.

The transition plan reflects the market-driven transformation approach set out in our new strategy, which was published in the reporting year and in which we have adopted a step-by-step approach (see also "Strategy and governance"). In the first phase, we already succeeded in securing access to larger volumes of electricity from renewable energy and tested new, climate-smart technologies. Now, in the second phase, we are focusing on customer needs, on Scope 1 reduction actions offering specific opportunities for our business, and on securing our license to operate. At the same time, we are assessing new business models and new technologies. Major investments in scaling up climate-smart technologies will largely be made in the third phase after 2030.

For the progress made in implementing our transition plan, clustered by the relevant emission reduction levers, see "Actions" (page 189). We evaluate and prioritize specific actions for emission reduction and target achievement on an ongoing basis from an economic and technological perspective. We also continuously analyze our portfolio. Consequently, the representation in the graphic depicts the current status of our planning, but will be updated going forward. We will only consider external offsetting

measures for our Scope 1 and Scope 2 emissions¹⁴ as a temporary measure in the medium term if our activities were not to make the desired contribution to reducing emissions.

As an energy- and emissions-intensive sector, the chemical industry today has a significant amount of potential locked-in greenhouse gas emissions.¹⁵ This also applies to BASF and was taken into account when assessing our emission reduction levers. Since significant financial resources will be needed to transform our plants, locked-in emissions from assets jeopardize the achievement of our targets in principle. Potential locked-in emissions are factored into our investment decisions, such as the plans for our new Verbund site in southern China. From 2025 onward, the latter will be supplied exclusively with electricity from renewable sources and will serve as a model for sustainable chemical production.

Few of our products lead directly to CO₂ emissions during their use phase. Nevertheless, we also aim to reduce these emissions even further by constantly looking for new, more sustainable solutions (see “Product Carbon Footprints” on page [194](#)) and have already achieved significant emission reductions as a result (see the reduction in Scope 3.11 in “Actions along our value chain” on page [192](#)).

The transition plan is embedded in our financial planning and was approved by the Board of Executive Directors and the Supervisory Board. It is based on investments of around €300 million in Scope 1 measures and €250 million in renewable energies between 2025 and 2028. These are part of BASF’s green transformation expenditure of €600 million each year on average.

In 2024, we invested €59 million (taxonomy-aligned capital expenditures/capex) in constructing a water electrolysis plant for producing hydrogen at our Ludwigshafen site in Germany (see the table on capital expenditures/capex in EU Taxonomy on page [263](#)).

Furthermore, we invested €149 million, which are attributable to gas-related economic activity (see the table on capital expenditures/capex in EU Taxonomy on page [263](#)). In addition to investments made to achieve our emission reduction target, we are also investing in steam generation at our Verbund site in Zhanjiang, China, which is under construction. Part of steam production there will come from a natural gas fired boiler, alongside to the future use of process waste heat steam.

BASF has not reported any taxonomy-eligible activities under the climate change adaptation objective. This is firstly to avoid double counting with economic activities that have already been included under the climate change mitigation objective. Secondly, in accordance with the notice issued by the European Commission, a prerequisite for taxonomy eligibility under the adaptation objective is the submission of an investment plan for implementing adaptation solutions; such a plan within the meaning of the Taxonomy Regulation has not been submitted to BASF. In addition, BASF does not have any other targets or plans with which it could adapt its economic activities to the criteria set out in Delegated Regulation (EU) 2021/2139. For information on activities under the climate change mitigation environmental objective, see the EU Taxonomy chapter (on page [257](#)).

¹⁴ Scope 1 and Scope 2 (excluding the sale of energy to third parties). The emissions account for 96% of total Scope 1 and Scope 2 emissions in relation to the base year. Greenhouse gases according to the Greenhouse Gas Protocol, converted into CO₂ equivalents (CO₂e).

¹⁵ These are future greenhouse gas emissions that are likely to be caused by key assets or products within their operating lifetimes.

E1-2

We are focusing on **procurement-specific actions** to reduce our raw materials-related emissions (Scope 3.1) and are working closely together with our suppliers (see “Actions along our value chain” on page [192](#)). In recent years, we have been able to considerably increase the data availability and thereby the transparency of our raw materials-related emissions, and aim to steer these more precisely via our resulting Scope 3.1 target.

What is more, we are taking responsibility for our other emissions along the value chain (see page [192](#)). Reducing Scope 3 emissions – which account for the majority of our total emissions – presents us with particular challenges, as these are only partly within our own direct sphere of influence and are influenced by a large number of external factors.

We are also increasingly focusing on circularity in the form of renewable and recycled raw materials and raw materials based on the use of CO₂ in order to move from linear value creation to closed-loop material cycles (see page [247](#)). In future, we will drive forward sourcing of renewable raw materials and deploy a make and buy approach similar to that with which we source renewable energy. Feeding in greater amounts of bio-based and recycled raw materials in our existing plants will allow us to leverage the unique strengths of our Verbund and to offer our customers products with lower Product Carbon Footprints (PCFs).

We use a digital solution that continuously determines the PCFs for more than 40,000 sales products¹⁶ (see “Product Carbon Footprints”) to increase transparency about our product-specific greenhouse gas emissions and focus CO₂ reduction measures on those areas where they bring the greatest added value. These PCFs include all greenhouse gas emissions – from raw materials extraction to the finished product leaving the factory gates (“cradle-to-gate”). This lets our customers benefit from lower CO₂ emissions in the value chain. In addition, we offer our customers solutions that help prevent greenhouse gas emissions and improve energy and resource efficiency.

Moreover, our TripleS method, which steers the sustainability performance of our product portfolio, is a material element in the process of enhancing transformation topics relating to climate change, energy, resource efficiency and the circular economy (for more information, see page [161](#)). In addition to implementing new regulatory requirements, we are actively driving forward the adaptation and development of new production processes with the aim of reducing the environmental footprint of our products. Criteria for reducing CO₂ emissions are a key part of the evaluation process. Products with sustainability concerns are identified and, in the case of severe challenges, action plans are developed to optimize them or replace them with alternative solutions.

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

All parts of society must work together to effectively protect the climate. The basis is a political and regulatory environment that promotes innovation in climate change mitigation, makes it possible to develop new processes that are competitive internationally and resolutely drives forward the expansion of renewable energies. Our aim is to work together to shape the transformation toward climate neutrality in a socially just manner (just transition). We include the viewpoints of our external stakeholders in our decisions and actions using dialog forums and advisory bodies such as the Nature Advisory Council, which we established together with external experts (for more information, see page [309](#)) and the Sustainability Lab stakeholder engagement format (for more information, see page [166](#)).

¹⁶ This includes all BASF products of all A companies and some selected B companies, excluding traded goods. For more information on the Group's legal structure, see page [14](#).

In addition, we support various national and international initiatives and are involved in partnerships. For example, we engaged in close dialog with the Science Based Targets initiative (SBTi) to derive science-based climate protection targets for the chemical sector.

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

We are committed to reporting transparently on our climate protection targets and progress, as well as on the impact of climate change on BASF. In this context, we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have also participated in the program established by the international nonprofit organization CDP for reporting on data relevant to climate protection since 2004. The final CDP assessment on climate protection for 2024 was not yet available up to the editorial deadline for the BASF Report 2024.

» For more information on the CDP climate change questionnaire, see basf.com/en/cdp

Actions

E1-3

We consistently align our actions with our climate protection targets, based on a comprehensive analysis of our emissions. The transformation of our company toward low-emission chemistry is closely linked to our customers' transformation. Our key customer industries are facing enormous challenges in reaching their sustainability-related goals. We supply the chemical products supporting them in this. At the same time, the preconditions for business cases at scale do not yet fully exist. The market readiness, and hence also the speed of green transformation, varies widely between regions and customer industries. Against this background, we are focusing our transformation approach even more single-mindedly on development and on the needs of our various customer markets, which will allow us to concentrate even more strongly on our specific business opportunities. We will prioritize projects for which we see growing customer demand and willingness to pay for low-emission and emission-free solutions. As the markets for sustainable products grow, we will be in a position to finance necessary investments in new production technologies. Equally, we will need qualified staff and service providers to develop, implement and maintain these technologies.

In 2024, we invested €59 million (taxonomy-aligned investments/capex) in constructing a water electrolysis plant for producing hydrogen at our Ludwigshafen site in Germany (see the table on capital expenditures/capex in EU Taxonomy on page [263](#)). In addition, no significant capital and operating expenses within the meaning of the EU taxonomy were incurred in the business year 2024 for the actions described.

Renewable energy

Roughly half of our Scope 1 and Scope 2 emissions are attributable to our plants' energy demand. A core component is therefore converting our energy supply from fossil to renewable sources; this applies especially with regard to our electricity supply. In 2024, electricity from renewable sources as a share of total electricity consumption rose further compared with the previous year to 26% (2023: 20%). Our electricity consumption will increase significantly in future due to the planned gradual electrification of our steam generation and the switch from natural gas-based to electricity-based, low-emission production processes. Nevertheless, we aim to source more than 60% of our power needs from renewable sources by 2030.

As regards the transformation of our power supply, we are pursuing a make and buy approach in the short, medium and long term. Firstly, BASF is investing in its own renewable power assets. Secondly, we are focusing on purchasing green power on the market through long-term supply agreements with plant operators, green power purchase agreements or renewable energy certificates, depending on the region and market regulations. Profitability and additionally are key purchasing criteria. The electricity purchased here is primarily sourced from new renewable energy facilities.

In 2024, we successfully advanced our plan for sourcing power from renewable sources. The Hollandse Kust Zuid offshore wind farm, a joint project with Vattenfall and Allianz, was commissioned successively and has been fully operational since the summer of 2024. With 139 turbines and a capacity of 1.5 gigawatts, it is one of the largest subsidy-free offshore wind farms in the world. As part of a further project, we have contractually agreed with Vattenfall to purchase 49% of the shares in the Nordlicht 1 and 2 offshore wind farms. Construction is due to start in 2026, subject to the final investment decision, expected in 2025. The wind farms, which have a total capacity of 1.6 gigawatts, are being built without government subsidies and should be fully operational in 2028. We plan to use just under half of the electricity generated by these two wind farms to supply our production sites in Europe, and particularly Ludwigshafen, Germany. In order to be able to fully supply our Verbund site in Zhanjiang in southern China, which is currently under construction, with electricity from renewable sources in the future, we have entered into a joint venture with Mingyang for an offshore wind farm in southern China, which includes development, construction and operation. The planned wind farm in Zhanjiang in the Chinese province of Guangdong will have a capacity of 500 megawatts and is scheduled to go into operation at the end of 2025, subject to approval.

From the beginning of 2025, our new site in Zhanjiang will be supplied with 100% electricity from renewable sources as a result of a supply agreement with the State Power Investment Corporation (SPIC). In addition to the long-term supply agreement with the SPIC, we have entered into a supply agreement with China Energy Engineering Group Guangdong Electric Power Design Institute (GEDI) to source electricity from renewable sources over a period of 25 years. In 2023 and 2024, we also signed further long-term supply agreements for green power at other sites in Asia, such as our three sites in Jiangsu, China, and six production sites in South Korea. In North America, we were able to secure around 150 megawatts¹⁷ of solar generation capacity through virtual power purchase agreements back in 2022. These solar power plants are already operational. Further long-term supply contracts exist with X-ELIO, providing capacity of 48 megawatts of solar power to supply the Freeport, Texas, site and with other developers, providing 33 megawatts of solar power for the Freeport site and more than 35 megawatts of wind energy for the Freeport and Pasadena sites in Texas. In some regions, we have also acquired green power certificates. The aim is to gradually replace these temporary measures with our own power assets or long-term supply agreements.

The carbon footprint of purchased electricity in 2024 was around 0.20 metric tons of CO₂ per MWh (market-based approach). For the 2024 business year, we were able to reduce our greenhouse gas emissions by around 1 million metric tons of CO₂ by using electricity from renewable sources (for more information on the expected emission reductions, see our transition plan on page [186](#)).

In 2024, we started operation of a stationary long-term sodium sulfur-based battery storage system (NAS[®]) at our Schwarzeide site in Germany, driving forward integration of renewable energy. The system supports the provision of power to individual plants from the site's own solar park. BASF Stationary Energy Storage GmbH markets the NAS batteries, which were developed by NGK INSULATORS Ltd.

Operational excellence

Through our operational excellence projects, we aim to make our plants and processes even more efficient and resource saving, thereby preventing CO₂ emissions. Certified energy management systems

¹⁷ Adjustment of the capacity published in the BASF Report 2023 due to project-related changes

according to DIN EN ISO 50001 at all relevant production sites play a particularly important role here.¹⁸ These help us to continuously identify and implement potential for improvement in energy efficiency. This not only reduces greenhouse gas emissions and saves valuable energy resources but also increases our competitiveness.

In 2024, we implemented more than 450 measures to reduce energy and resource consumption and increase our competitiveness, which led to a reduction in emissions of around 200,000 metric tons of CO₂ (for more information on the expected emission reductions, see our transition plan on page [186](#)). For example, optimizing process technology and energy usage at several plants at our Antwerp, Belgium, site has enabled us to prevent more than 45,000 metric tons of CO₂ emissions per year. This includes measures to reduce natural gas, hydrogen and steam consumption as well as more effective catalytic reduction of nitrous oxide. Enhanced heat integration with additional heat exchangers at a plant at our site in Yeosu, South Korea, led to a reduction of 9,000 metric tons CO₂ per year. Our site in Camaçari, Brazil, reduced its natural gas consumption of the waste heat boiler and safety flares by optimizing controls, cutting CO₂ emissions by more than 5,000 metric tons per year.

Low-emission steam generation

Alongside electricity, steam generation is an important component of our energy supply. In the medium to long term, new technologies should make a significant contribution to reducing CO₂, for example by recovering energy from waste heat in our production and infrastructure facilities. In this context, we are examining various concepts such as using electric heat pumps and e-boilers as well as electrifying steam drives. We made initial progress toward low-emission steam generation in the reporting year: In 2024, BASF received funding approval from the German Federal Ministry for Economic Affairs and Climate Action for constructing the world's largest industrial heat pump, permitting emission-free steam generation at its site in Ludwigshafen, Germany. The planned heat pump will have a capacity of up to 500,000 metric tons of steam per year. The waste heat, which is used as a thermal energy source, is generated during the cooling and cleaning of process gases in one of the two steam crackers at the site. Emission-free steam is generated using electricity from renewable sources and will primarily be used for producing formic acid. This offers the potential to use the heat pump to reduce greenhouse gas emissions produced by up to 98%. A smaller proportion of the emission-free steam is supplied to other BASF production plants via the steam network at the site. In total, the heat pump, which is scheduled to start operations in 2027, will reduce up to 100,000 metric tons of CO₂ per year at the company's headquarters.

In addition, we are examining the use of geothermal energy at our site in Ludwigshafen, Germany, as part of a strategic partnership with Vulcan Energy. Our partner has been performing initial seismic measurements in the Upper Rhine Graben since early 2025. Assuming a successful outcome to exploration in the Upper Rhine Graben, heat pumps could harness the geothermal energy to generate emission-free steam. With a potential output of 300 megawatts of thermal energy, around 4 million metric tons of this crucial energy carrier for the chemical industry could be produced per year. This would prevent roughly 800,000 metric tons of CO₂ emissions.

We are also focusing on low-emission steam generation at our site in Schwarzheide, Germany. The goal there is to construct and operate a power-to-heat plant together with transmission systems operator 50Hertz. The plant will convert electricity from renewable sources into process heat. The planned plant consists of a 25-megawatt electrode boiler and is scheduled to commence operations at the end of 2026.

¹⁸ Relevant sites are selected based on the amount of primary energy used and local energy prices.

Climate-smart technologies

To further abate CO₂ emissions, we are also developing completely new technologies for emission-free and low-emission production and are planning to scale them as far as possible from 2030 onward. These technologies will need large volumes of electricity from renewable sources in order to realize their full potential. The main focus here is on basic chemicals, which are often still emissions-intensive to produce. This is the case with steam crackers, for example, which use large amounts of energy to break down crude petroleum into olefins and aromatics – both important groups of substances for numerous chemical value chains. The cracking reaction requires high temperatures of around 850°C, which until now have been achieved by burning natural gas. Heating concepts using electricity from renewable sources could reduce process-related emissions by at least 90% in future compared to today's conventional technologies. In 2024, together with our partners SABIC and Linde, we commissioned a demonstration plant for electrically heated steam cracker furnaces at our site in Ludwigshafen, Germany.¹⁹ This is where we are testing this new process, and associated direct and indirect heating concepts, on an industrial scale. The prototype is completely integrated into one of the two existing steam crackers at the site.

Another important basic material in the chemical industry is hydrogen, which we have so far mainly used as a raw material. One common but emissions-intensive way of obtaining hydrogen is steam reforming. We are testing an alternative process – methane pyrolysis – in Ludwigshafen, Germany. This process is virtually emission-free if renewable energy is used and requires considerably less electricity compared with other methods such as water electrolysis. We successfully tested a new reactor concept at the test plant, which was commissioned in 2021, and demonstrated stable operations. This has overcome the first important technical hurdle for further scaling. We also continued construction of a PEM²⁰ (proton exchange membrane) water electrolyzer with a capacity of 54 megawatts at the Ludwigshafen site in Germany with Siemens Energy. The plant went into operation in March 2025. Powered by electricity from renewable energy sources, the electrolyzer produces up to 8,000 metric tons of emission-free hydrogen and thus reduces greenhouse gas emissions at the site by up to 72,000 metric tons per year. BASF will primarily use the hydrogen produced as a raw material for the manufacture of products with a reduced Product Carbon Footprint. We also agreed a partnership with Envision Energy, a leading provider of sustainable technologies, at the beginning of 2024. The objective is to drive forward the conversion of green hydrogen and CO₂ into e-methanol, a more sustainable energy source. BASF is contributing its catalyst technologies expertise. In addition, we are expecting new hydrogen applications to emerge in the future, such as its use as an independent or a basic material for sustainable energy carriers, and that demand for hydrogen is likely to increase as a result. Access to large quantities of low-emission or emission-free hydrogen at competitive costs is therefore becoming increasingly important for BASF.

Another focus area of our technological development is carbon capture and storage (CCS). Together with partners, we are examining an industrial CCS project at the Antwerp site in Belgium (Kairos@C) as the first phase of the Antwerp@C project, which could enable BASF to prevent the release of emissions from production of up to 1 million metric tons of CO₂ into the atmosphere every year.

Actions along our value chain

As part of our supplier management, we continuously review compliance with our required criteria when selecting suppliers and assessing new and existing supplier relationships. We urge our suppliers to reduce CO₂ emissions. We arrange for third parties to evaluate suppliers with a high sustainability risk using either on-site audits or sustainability assessments by rating agency EcoVadis. Supplier assessment is mainly performed as part of the chemical industry's Together for Sustainability initiative. Depending on

¹⁹ The project has been granted €14.8 million from Germany's Federal Ministry for Economic Affairs and Climate Action (BMWK) under the Decarbonization in Industry funding program. It is also being financed by the European Union via the NextGenerationEU fund.

²⁰ The project is funded by Germany's Federal Ministry for Economic Affairs and Climate Action (BMWK) and the Federal State of Rhineland-Palatinate.

business requirements, we perform our own Responsible Care audits at selected contract manufacturers if material risks have been identified with respect to environmental protection. This also covers the topic of CO₂ emissions.

We launched the Supplier CO₂ Management Program in 2021 to achieve transparency with respect to our raw materials-related emissions. The goal is to obtain a more accurate data base and to better manage and reduce emissions in the supply chain. In a first step, we have requested the Product Carbon Footprints (PCFs) of our raw materials since then and support our suppliers in determining these, for example, by sharing our knowledge of assessment and calculation methods with them. Since the start of the program, we have asked more than 1,900 suppliers, accounting for around 80% of our raw materials-related greenhouse gas emissions. After around three years, we have validated PCFs for more than 1,700 of our raw materials. This corresponds to a coverage of almost 30% in relation to the greenhouse gas emissions of our raw materials. We are working to further enhance the transparency of the PCFs for our raw materials.

In addition, we launched the next phase of our Supplier CO₂ Management Program in 2024, so as to agree PCF reduction pathways with our suppliers. We use dialog forums to exchange with suppliers about opportunities, challenges and BASF's specific expectations regarding PCF reductions. One example are the BASF Supplier Days that were held on the topic of Scope 3.1 emissions for the first time in 2024 in Ludwigshafen, Germany (Europe Region) and São Paulo, Brazil (South America Region). The format is to be rolled out to regions Asia Pacific and North America as well in 2025. We are also enhancing our purchasing processes and establishing PCFs as a relevant criterion for raw materials in the procurement requirement.

To replace fossil raw materials, we signed a long-term purchase contract for certified biomethane with ENGIE in 2024. This will be used at our Verbund sites in Antwerp, Belgium, and Ludwigshafen, Germany. Consequently, we will be able to reduce the carbon footprint of sales products in sectors such as the automotive, packaging and detergent industries using our mass balance approach (see page [250](#)). In another project, we have agreed an innovative approach to reducing the carbon footprint of the products from Graphit Kropfmühl, a subsidiary of AMG Critical Materials N.V. We supply the company with Guarantees of Origins for electricity from renewable sources, reducing the PCF of the graphite produced. We then use the graphite as a raw material for a reduced-PCF variant of our insulation material Neopor®.

In addition to reducing our raw materials-related emissions (Scope 3.1), we are taking targeted measures to reduce Scope 3 emissions along the entire value chain. To reduce the emissions from transporting our products (Scope 3.9), the Monomers division has developed a shipment emissions dashboard that enables us to share standardized, reliable data on shipment-related emissions with our customers and identify the most sustainable means of transportation. Moreover, we rely on product adaptations to reduce emissions from the use of sold products (Scope 3.11): For example, climate-damaging blowing agents for foaming polyurethane foams can now be largely dispensed within the downstream value chain. Thanks to these and other measures, we have been able to reduce our emissions from the use of sold products (Scope 3.11) by around 73% since 2018.²¹ We also want to reduce emissions resulting from the disposal of our products (Scope 3.12). This can be done, for example, through the increased use of renewable raw materials or circular solutions (see page [247](#)). Both ensure that less and less CO₂ pollutes the atmosphere throughout the life cycle of our products.

²¹ BASF operations without oil and gas business

Product Carbon Footprints

In 2024, we further expanded our portfolio of products with a certified reduced carbon footprint. These include ammonia and urea products and the intermediate butanediol, which our customers process in the manufacture of textile fibers, solvents and engineering plastics. Since the end of 2024, we are offering our customers bio-based and biomass balance-based ethyl acrylate – a more sustainable alternative for use in manufacturing adhesives and coatings, among other things. We already offer net-zero carbon footprint versions of some of our products; these include the polyamide Ultramid® and AdBlue®, an exhaust gas reducing agent for diesel engines, which we offer as Ultramid® ZeroPCF and AdBlue® ZeroPCF by BASF. These lower PCFs are primarily made possible by the substitution of fossil raw materials. For example, we use partially or fully renewable, waste-based or recycled raw materials to produce low PCF and zero PCF products. These include castor oil, biomethane or pyrolysis oil from plastic waste. These alternative resources often have a lower carbon footprint compared with fossil raw materials. The alternative resources are allocated to the end product using the mass balance approach (see page [250](#)). Furthermore, we use electricity from renewable sources to reduce our PCFs.

The digital methodology we have developed to calculate PCFs meets general life cycle analysis standards such as ISO 14040, ISO 14044 and ISO 14067, as well as the Greenhouse Gas Protocol Product Standard. A certification from TÜV Rheinland confirms that our calculation method and reporting fully comply with the requirements of Together for Sustainability (TfS). We make our automated PCF calculation approach available to interested industry players through partnerships. At the same time, we are involved in various initiatives to drive transparency, harmonization and standardization across the industry. This also takes place as part of TfS, where we have been involved in the creation and revision of a uniform guideline for calculating the carbon footprint of products in the chemical industry. This enables the climate impact of products to be directly compared and evaluated based on a standardized approach. Harmonizing the approaches used to calculate PCFs allows us to better steer greenhouse gas emissions that arise during the extraction of raw materials or the manufacture of precursors. A digital solution developed by TfS and Siemens for sharing PCF data between companies was launched in October 2024. We have been migrating our queries to this solution since the end of 2024. Equally, it has been possible to share data within the Catena-X network, in which we work together with partners in the automotive value chain, since 2024.

» For more information on Product Carbon Footprints, see basf.com/en/pcf

Global targets

[E1-4](#)

As an energy-intensive company that generates and consumes energy in the form of electricity and steam and that processes fossil raw materials, we are responsible for greenhouse gas emissions that negatively impact the climate (see also “Impacts, risks and opportunities from our business activities” from page [181](#) onward). We accept this responsibility and are pursuing ambitious climate protection targets.²²

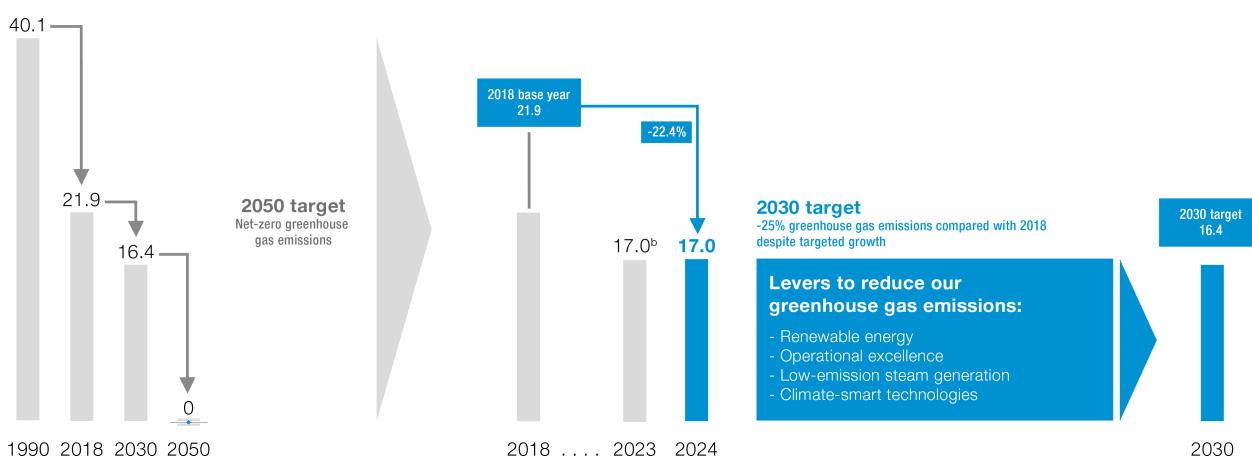
²² We report on greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Standard as well as the sector-specific standard for the chemical industry. Our targets include future organic growth and investments. They are based on the scope of consolidation using the financial control method and are audited in the context of the annual report. For information on compatibility with the 1.5°C scenario, see page [185](#).

Scope 1 and 2

Based on the 2018 base year, we want to achieve a 25% reduction in greenhouse gas emissions from our production processes (Scope 1) and our energy purchases (Scope 2) by 2030.²³ Our target focuses on emissions caused by our production and includes 96% of our gross Scope 1 emissions and 99% of our gross Scope 2 emissions. This means that we aim to reduce greenhouse gas emissions from 21.9 million metric tons to 16.4 million metric tons – despite our growth plans and the construction of a new Verbund site in southern China. This corresponds to a decrease of around 60% compared with 1990. Our long-term target is to achieve net-zero greenhouse gas emissions by 2050.²³ We consider future developments in our Scope 1 and Scope 2 emissions in line with the requirements of the Greenhouse Gas Protocol. When recalculating the emissions from the base year, we have set ourselves a limit of 5% cumulative deviations from the base year.

Greenhouse gas emissions of the BASF Group (Scope 1 and 2)^a

Million metric tons of CO₂ equivalents



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

^b The figure for 2023 has been adjusted to reflect updated data.

In 2024, the BASF Group's emissions from production and energy purchases²³ amounted to 17.0 million metric tons of CO₂ equivalents (2023: 17.0 million metric tons of CO₂ equivalents²⁴). The slight rise in demand year on year lifted production volumes and thus resulted in higher CO₂ emissions. At the same time, we increased the share of electricity from renewable sources compared with the previous year to 26% and, together with measures to increase energy and process efficiency, made a relevant contribution to reducing emissions. All in all, we have reduced our greenhouse gas emissions in BASF's operations by 58% since 1990.

Scope 3.1

We set ourselves an ambitious Scope 3.1 target²⁵ for our specific raw materials-related emissions in 2023. This includes around 92% of our Scope 3.1 emissions based on the base year. By 2030, we want to reduce these in relation to the purchasing volume specifically by 15% from the 2022 base year. Consequently, we are planning to reduce our specific Scope 3.1 emissions from 1.64 kilograms of CO₂ per kilogram of raw materials purchased in the base year 2022 to 1.39 kilograms in the target year 2030.²⁵ Through our commitment, we aim to keep our target-relevant Scope 3.1 emissions roughly

²³ Scope 1 and Scope 2 (excluding the sale of energy to third parties). The emissions account for 96% of total Scope 1 and Scope 2 emissions in relation to the base year. The target includes greenhouse gases according to the Greenhouse Gas Protocol, which are converted into CO₂ equivalents (CO₂e). Scope 2 emissions are calculated using the market-based approach in accordance with the Greenhouse Gas Protocol. Based on the aforementioned emission reduction levers, we assume a reduction in Scope 1 emissions of around 14% between 2018 and 2030. We aim to reduce Scope 2 emissions by around 75% in the same period. The target is aligned with limiting global warming to a global average of 1.5°C, and is thus science-based. It has not been externally audited.

²⁴ The figure for 2023 has been adjusted to reflect updated data.

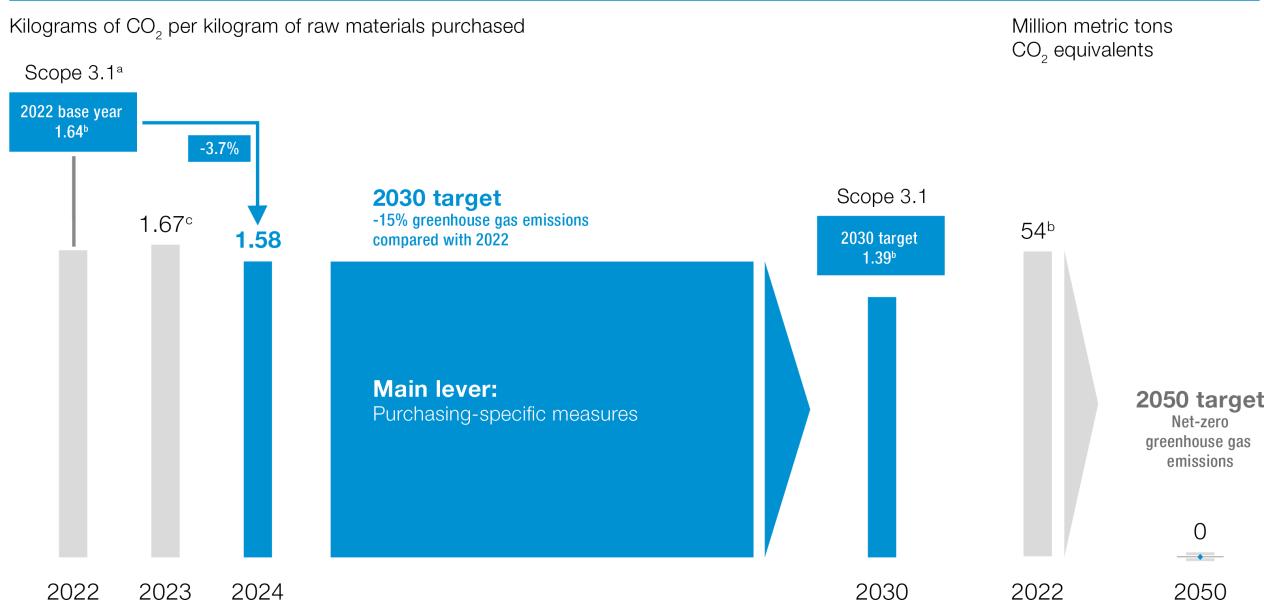
²⁵ Scope 3.1, gross emissions from raw materials excluding battery materials, excluding services, technical goods and greenhouse gas emissions from BASF trading business. The emissions account for 52% of total Scope 3 emissions based on the 2024 business year. The target is not science-based and has not been externally audited. We adjusted the baseline in line with the TFS Guideline in the reporting year due to the availability of further primary data.

constant at 50 million metric tons of CO₂ equivalents by 2030 despite growing production. We have recalculated our base value for our Scope 3.1 target in line with the Greenhouse Gas Protocol Scope 3 Standard, due to a change in secondary data and to the ongoing improvement in primary data availability under our Supplier CO₂ Management Program (see “Actions along our value chain” on page [192](#)). This preserves comparability between the base year and current business years.

Raw materials-related emissions from battery materials are initially excluded from the target. Battery materials make a significant contribution to reducing CO₂ emissions and thus facilitate the transformation of the transportation sector. Required raw materials such as lithium, nickel and cobalt will not be able to be replaced by more sustainable alternatives in the foreseeable future. Accordingly, associated emissions cannot be reduced significantly in the short term. As soon as recyclable solutions come into play with the increase in available end-of-life batteries, we will include these raw materials in our target definition (for more information on our battery recycling activities, see page [254](#)).

In the long term, we are striving to reduce Scope 3.1 emissions to an unavoidable minimum by 2050, thereby expanding our long-term net-zero target to include these greenhouse gas emissions.

Greenhouse gas emissions of the BASF Group (Scope 3.1)



^a Scope 3.1, raw materials excluding battery materials, excluding services, technical goods and greenhouse gas emissions from BASF trading business

^b We adjusted the baseline in line with the TfS Guideline in the reporting year due to the availability of further primary data.

^c The value for 2023 was adjusted due to increased data availability.

In 2024, specific Scope 3.1 emissions²⁶ amounted to 1.58 kilograms of CO₂ per kilogram of raw materials purchased (2023: 1.67 kilograms²⁷). The reduction in specific emissions is mainly attributable to a change in the raw materials portfolio. In addition, first raw materials were purchased from suppliers who offer these with a lower PCF.

We monitor progress toward our targets annually as part of our strategic controlling activities.

For an overview of our greenhouse gas emissions – broken down by operational control and financial control – see page [200](#). Our projection of target-relevant Scope 1 and Scope 2 emissions for 2025 can be found in the forecast on page [82](#) onward.

²⁶ Scope 3.1, raw materials excluding battery materials, excluding services, technical goods and greenhouse gas emissions from BASF trading business. The emissions account for 52% of total Scope 3 emissions based on the 2024 business year. We adjusted the baseline in line with the TfS Guideline in the reporting year due to the availability of further primary data.

²⁷ The value for 2023 was adjusted due to increased data availability.

Target setting was preceded by an analysis of expected business developments, external requirements relating to emission reduction targets and internal implementation opportunities, including the use of pilot plants to develop technical solutions. In addition, cost estimates were developed for planned actions. A Supplier CO₂ Management Program was established and support was provided for the development of standards such as TfS before the Scope 3.1 target was introduced. This approach was designed to ensure that the targets were not only ambitious but also implementable. We discuss the sustainability topics that are material for BASF at regular meetings with external stakeholders forming part of our strategic stakeholder engagement activities, and in discussions with investors. In this way, stakeholder expectations are continuously taken into account in the development of strategic sustainability management approaches, targets and principles.

Carbon credits

E1-7

As part of the above stated targets, we have committed to reducing our Scope 1, 2 and 3.1 emissions to net zero by 2050. Despite all our efforts, we expect there to be a residual share of emissions in 2050 that cannot be abated using technical or economic approaches. We are aiming to offset all remaining emissions by 2050 inclusive through high-quality, high-credibility nature-based and technical measures, such as the sequestration of CO₂ into the soil through farming (carbon farming). We are planning to use ratings such as BeZero and Sylvera, and initiatives such as the Integrity Council for the Voluntary Carbon Market (ICVCM), its Core Carbon Principles and carbon credits assessed using them. At the same time, we are developing internal standards for evaluating projects and considering whether to develop our own projects. We are also evaluating using/developing a project under the European Carbon Removal and Carbon Farming Certification Framework (CRCF). In view of this situation, we will likely use a portfolio of different credits, and will rely on well-known standards such as Verra and Gold Standard, but also credits under Article 6 of the Paris Agreement and the CRCF. BASF did not use any carbon credits in the past business year.

Metrics

Energy supply

E1-5

Our total energy consumption²⁸ amounted to 75.6 million MWh in 2024. Total energy consumption includes fuel demand for our own energy generation and production plants, plus power and steam imports for our own use.

BASF Group's energy consumption and mix

Million MWh	2024		
	Financial control	Operational control	
Total energy consumption	75.6	74.8	
Fuel consumption from renewable sources (biomass)	0.0	0.0	
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	3.6	3.6	
Consumption of self-generated nonfuel renewable energy	0.0	0.0	
Total energy consumption from renewable sources	3.6	3.6	
Share of renewable sources in total energy consumption %	4.8	4.8	
Fuel consumption from coal and coal products	1.1	1.1	
Fuel consumption from crude oil and petroleum products	0.3	0.3	
Fuel consumption from natural gas	33.7	33.0	
Fuel consumption from other fossil sources ^a	27.7	27.5	
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	9.0	9.3	
Total energy consumption from fossil sources	71.9	71.2	
Share of fossil sources in total energy consumption %	95.2	95.2	
Total energy consumption from nuclear sources^b	0.0	0.0	
Share of nuclear sources in total energy consumption %	0.0	0.0	
Energy production from renewable sources	0.0	0.0	
Energy production from fossil sources	43.8	43.0	
Energy intensity (total energy consumption per sales revenue)^c	million MWh/billion €	1.16	1.15

^a Residues from chemical production plants that cannot be reused in the BASF Verbund.

^b Only contracts aimed at the use of nuclear energy are included.

^c Energy intensity is determined on the basis of the "manufacturing" high climate impact sector. The sales revenue from high climate impact sectors corresponds to the sales revenue in the report on the Results of Operations (see page 46).

The generation of our own steam and power in highly efficient and predominately natural gas-based combined heat and power plants and our Verbund system are key to CO₂-optimized energy supply at our sites. In the latter, waste heat generated during one plant's production process is used as energy in other plants. Thanks to combined heat and power generation and our continuously optimized Energy Verbund, we were able to prevent a total of 6.1 million metric tons of CO₂ emissions²⁹ in 2024 compared with separate, fossil-based power and steam generation without the use of the Verbund system.

²⁸ Consolidation by financial control; adjusted to include by-product streams that are used as energy sources in the process plants compared with the prior-year figure
²⁹ Calculation basis: electricity conversion efficiency of conventional power plants 45%; steam generation efficiency 90%

Corporate carbon footprint

E1-6

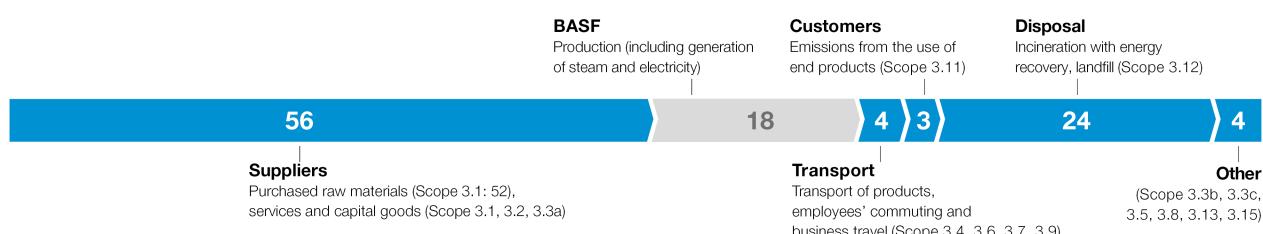
BASF has published a comprehensive corporate carbon footprint every year since 2008. This reports on all emissions along the value chain – from raw materials extraction to production and disposal. We are continually working to reduce greenhouse gas emissions both in our own production and, together with our partners, along the value chain (see “Strategy and governance”).

In 2024, our greenhouse gas emissions according to the Greenhouse Gas Protocol including Scope 1 and Scope 2 emissions³⁰ amounted to 17.948 million metric tons of CO₂ equivalents (2023: 17.902 million metric tons of CO₂ equivalents³¹). Of this amount, 87% were Scope 1 emissions (2023: 87%) and 13% were Scope 2 emissions (2023: 13%). Carbon dioxide was by far the largest component and accounted for 98% of emissions (2023: 98%).

Scope 3 emissions arising upstream and downstream of our operations in the value chain are calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard published by the Greenhouse Gas Protocol and the WBCSD Guidance for Accounting and Reporting Corporate GHG Emissions in the Chemical Sector Value Chain (WBCSD Chemicals). For 2024, we calculated Scope 3 emissions of around 92 million metric tons of CO₂ equivalents.³² There was an increase in total emissions along the BASF value chain in 2024 due to the slight year-on-year increase in production volumes. The share of emissions that were calculated using primary data³³ amounted to 21% in the business year.

CO₂ emissions along the BASF value chain in 2024^a

Million metric tons of CO₂ equivalents



^a According to the Greenhouse Gas Protocol Standard; Scope 1, 2 and 3; reported categories within Scope 3 are shown in parentheses. Scope 3 emissions in category 10 (“Processing of sold products”) are not reported according to the standard for the chemical sector. Only direct use phase emissions are reported in the customer category (Scope 3.11). Excluding greenhouse gas emissions from BASF trading business.

The largest contribution to emissions along the value chain in 2024 was in category 3.1 (purchased raw materials and technical goods and services) at 52 million metric tons of CO₂ equivalents.³² To calculate these upstream greenhouse gas emissions, we use both primary data from our suppliers from the Supplier CO₂ Management Program (see page [193](#)) and industrial averages and values from external databases.³⁴ Apart from raw materials-related emissions, the disposal of our products (Scope 3.12) accounts for the second-largest share of our Scope 3 emissions at around 24 million metric tons of CO₂ equivalents.

- » For additional information on our emissions reporting, see basf.com/corporate_carbon_footprint
- » For more information on the Supplier CO₂ Management Program, see basf.com/suppliers

³⁰ Market-based approach, including sale of energy to third parties

³¹ The figure for 2023 has been adjusted to reflect updated data.

³² In 2024, we adjusted the calculation of Scope 3 emissions in category 3.1 due to increased availability of primary and secondary data. For additional information on the calculation method, see basf.com/corporate_carbon_footprint.

³³ Primary data in this case is data provided directly by our partners in the value chain.

³⁴ The database values are updated on an annual basis. Significant changes in these values are reflected accordingly in our calculations.

BASF Group's greenhouse gas emissions according to the Greenhouse Gas Protocol

Million metric tons of CO ₂ equivalents	Retrospective						Milestones and target years				Reduction each year on average
	2024		2023		Difference 2024/2023		Base year	2025	2030	2050	
	Financial control	Operational control	Financial control	Operational control	Financial control	Operational control	Financial control	Financial control	Financial control	Financial control	
Scope 1^a											
CO ₂ (carbon dioxide)	14.402	14.202	14.345	—	0%	—	17.025	—	—	—	—
N ₂ O (nitrous oxide)	0.176	0.172	0.239	—	-26%	—	0.667	—	—	—	—
CH ₄ (methane)	0.027	0.022	0.025	—	+8%	—	0.027	—	—	—	—
HFCs (hydrofluorocarbons)	0.035	0.035	0.026	—	+35%	—	0.091	—	—	—	—
PFCs (perfluorocarbons)	0	0	0	—	0%	—	0	—	—	—	—
SF ₆ (sulfur hexafluoride)	0.001	0.001	0.000	—	.	—	0.000	—	—	—	—
NF ₃ (nitrogen trifluoride)	0	0	0	—	0%	—	0	—	—	—	—
Total ^z	14.641	14.432	14.635	—	0%	—	17.810	—	—	—	—
Sale of energy to third parties (Scope 1) ^b	0.874	0.746	0.927	—	-6%	—	0.773	—	—	—	—
Scope 1 emissions (nonproduction companies)	0.037	0.038	—	—	—	—	—	—	—	—	—
Gross Scope 1 emissions	15.552	15.216	15.562	—	0%	—	18.583	—	—	—	—
Percentage of Scope 1 emissions from regulated emission trading schemes ^c	66 %	66 %	—	—	—	—	—	—	—	—	—
Scope 2											
Scope 2 emissions (nonproduction companies) ^d	0.044	0.044	—	—	—	—	—	—	—	—	—
Location-based Scope 2 emissions (production companies)	3.520	3.587	3.317	—	+6%	—	3.747	—	—	—	—
Market-based Scope 2 emissions (production companies) ^e	2.352	2.416	2.340 ^e	—	+1%	—	4.067	—	—	—	—
Gross location-based Scope 2 emissions	3.564	3.631	3.317	—	+7%	—	3.747	—	—	—	—
Gross market-based Scope 2 emissions	2.396	2.460	2.340	—	+2%	—	4.067	—	—	—	—
Share of electricity consumption by market-based calculation ^f	46 %	47 %	—	—	—	—	—	—	—	—	—
Total target-relevant Scope 1 and Scope 2 emissions^z	16.993	—	16.975^e	—	0%	—	21.877	—	16.4	0	2.1%
Scope 3											
Total gross Scope 3 emissions	91.64	94.49	—	—	—	—	—	—	—	—	—
1 – Purchased goods and services	52.34	54.13	—	—	—	—	54.13 ^g	—	—	0	—
2 – Capital goods	1.84	1.81	—	—	—	—	—	—	—	—	—
3 - Activities related to fuels and energies (not included in Scope 1 or Scope 2)	2.63	2.61	—	—	—	—	—	—	—	—	—
4 – Upstream transportation and distribution	2.32	2.32	—	—	—	—	—	—	—	—	—
5 – Waste generated in operations	0.76	0.75	—	—	—	—	—	—	—	—	—
6 – Business travel	0.12	0.12	—	—	—	—	—	—	—	—	—
7 – Employee commuting	0.20	0.20	—	—	—	—	—	—	—	—	—
8 – Upstream leased assets	0.15	0.16	—	—	—	—	—	—	—	—	—
9 – Downstream transportation	1.49	1.53	—	—	—	—	—	—	—	—	—
11 – Use of sold products	3.01	3.01	—	—	—	—	—	—	—	—	—
12 – End-of-life treatment of sold products	24.23	24.75	—	—	—	—	—	—	—	—	—
15 – Investments	2.56	3.12	—	—	—	—	—	—	—	—	—

BASF Group's greenhouse gas emissions according to the Greenhouse Gas Protocol

Million metric tons of CO ₂ equivalents	Retrospective										Milestones and target years			Reduction each year on average	
	2024		2023		Difference 2024/2023		Base year	2025		2030		2050			
	Financial control	Operational control	Financial control	Operational control	Financial control	Operational control		Financial control	Financial control	Financial control	Financial control	Financial control	Financial control		
Total															
Total emissions (site-based)	110.76	113.34	–	–	–	–	–	–	–	–	–	–	–	–	
Total emissions (market-based)	109.59	112.17	–	–	–	–	–	–	–	–	–	–	–	–	
Other metrics															
Biogenic CO ₂ emissions from the combustion or bio-degradation of biomass (Scope 1) ^a	0.140	0.140	0.112	–	+25%	–	–	–	–	–	–	–	–	–	
Biogenic Scope 2 emissions from the combustion of biomass ^b	0.053	0	–	–	–	–	–	–	–	–	–	–	–	–	
Biogenic Scope 3 emissions from the combustion or bio-degradation of biomass in the value chain ^c	1.23	1.23	–	–	–	–	–	–	–	–	–	–	–	–	
Offsetting ^d	0	0	0	–	0%	–	0	–	–	–	–	–	–	–	
Total emissions (location-based) per sales revenue (million metric tons CO ₂ e/billion €) ^e	1.697	1.737	–	–	–	–	–	–	–	–	–	–	–	–	
Total emissions (market-based) per sales revenue (million metric tons CO ₂ e/billion €) ^f	1.679	1.719	–	–	–	–	–	–	–	–	–	–	–	–	

^a Emissions of N₂O, CH₄, SF₆ and NF₃ are converted into CO₂ emissions using the global warming potential (GWP) factor. GWP factors are based on the Intergovernmental Panel on Climate Change (IPCC) 2007, Errata table 2012 for the reporting year 2018, and IPCC 2014 for the reporting year 2024, in line with the requirements of the EU ETS methodology. HFCs (hydrofluorocarbons) and PFCs (perfluorocarbons) are calculated using the GWP factors for their individual components.

^b Includes sales to BASF Group companies; as a result, emissions reported under Scope 2 can be considered twice in some cases.

^c The emissions trading schemes from the following states/unions of states were used in the calculation: China, Germany, Europe, Shanghai, Switzerland, South Korea. Information subject to official review, which had not yet been completed at the time of the editorial deadline.

^d The emissions are estimated on the basis of location-based emission factors, since no information on market-based factors is available.

^e The comparative figure for 2023 has been adjusted to reflect updated data.

^f The market- and location-based concept is applied exclusively to electricity.

^g We adjusted the baseline in line with the TFS Guideline in the reporting year due to the availability of further primary data.

^h The emissions are disclosed outside of Scope 1 in accordance with the Greenhouse Gas Protocol Standard.

ⁱ The emissions are disclosed outside of Scope 2 in accordance with the Greenhouse Gas Protocol Standard.

^j The emissions are disclosed outside of Scope 3 in accordance with the Greenhouse Gas Protocol Standard. Only biogenic emissions from category 3.12 are included in the calculation. We do not have any information about other biogenic emissions along our value chain.

^k Offsetting relates to carbon credits utilized in the reporting year.

^l The sales revenue used to calculate the GHG intensity corresponds to the sales revenue in the report on the Results of Operations (see page 46).

^z Emissions labeled with this footnote are included in our Scope 1 and Scope 2 emissions target.

BASF reports its Scope 2 emissions using the market-based approach in accordance with the Greenhouse Gas Protocol. In 2024, the share of total electricity consumption determined in accordance with the market-based approach was 45.9%. Contractual instruments such as energy attribute certificates (Guarantee of Origins, I-RECs), also in the form of power purchase agreements, local contracts to source renewable energy and supplier-specific electricity labels are used for this purpose.

Information on methodologies, significant assumptions, factors and calculation tools that are used to calculate direct greenhouse gas emissions can be found among other places in General Disclosures in the Sustainability Statement from page 150 onward. We use supplier data where possible to calculate our market-based Scope 2 emissions. Where such data is not available, we rely on country-specific residual mix and grid-average emission factors respectively. In this case we use information from the International Energy Agency and the United States Environmental Protection Agency, among other sources. When calculating our Scope 3 emissions, we prefer to use primary data in particular for category 3.1. In the case of secondary data, we rely on leading life cycle analysis databases.

The following table explains the calculation approaches used for the individual Scope 3 categories.

Calculation methodologies for Scope 3 categories

Scope 3 category	Calculation methodology
1 Purchased goods and services	The raw materials-related Scope 3.1 emissions are calculated per raw material, purchasing BASF company and supplier in those cases in which a supplier-specific PCF is available for the raw material. If no supplier-specific PCF is available, we use PCF values from databases (industry association data, GaBi, ecoinvent), publications or expert estimates. We record the packaging used globally and break it down into categories for which life cycle inventories were created. The data for technical goods and services is recorded by Procurement. Based on the SCI (Standard Industrial Classification) system, the segments are assigned a code, which is used to calculate emissions using emission factors from DEFRA (the United Kingdom Government's Department for Environment, Food and Rural Affairs).
2 Capital goods	See the calculation for emissions from technical goods and services (3.1)
3 Activities related to fuels and energies (not included in Scope 1 or Scope 2)	Fuel used and purchased volumes of electricity and steam are captured annually in an internal BASF EHS database. Emissions from fuel usage are calculated using regionally differentiated emission factors from the GaBi database, based on the type of fuel involved (coal, natural gas, LPG, light and heavy heating oil). The fuels used to generate purchased electricity and steam are determined using regional average values, after which the emissions are calculated in the same way as for purchased fuels. A conversion efficiency of 37% for electricity and 82.5% for steam is assumed.
4 Upstream transportation and distribution	Emissions are calculated on the basis of emission factors from EcoTransIT. Where no information about transportation distances is available, these are estimated by experts. It is assumed that almost all goods are transported by truck. Exceptions to this are the transportation of raw materials and naphtha in Europe and the transportation of all industrial gases and natural gas. In these cases the assumptions published by CEFIC (the European Chemical Industry Council) are used.
5 Waste generated in operations	A distinction is made in waste disposal between solid waste and wastewater. In addition, a distinction is made between different disposal routes for solid waste. It is assumed that the carbon content of solid waste corresponds to the average carbon content of the purchased raw materials. In the case of incineration, total conversion into CO ₂ is assumed. In the cases of incineration plus energy recovery and landfill, emission factors from the ELCD (European Reference Life Cycle Database) are used. CO ₂ emissions from wastewater are calculated on the basis of experts' estimates of the carbon content. Potential nitrous oxide emissions are not taken into consideration. In the case of sewage sludge treatment, only disposal via incineration and the resulting CO ₂ emissions are included. It is assumed that no landfill is used and hence that no methane emissions arise.
6 Business travel	Data is captured by the travel agents commissioned by BASF and by other mobility service providers. If no primary data is available from these service providers, we use emission factors from DEFRA (flights, rental cars and trains) and the U.S. Environmental Protection Agency (EPA) (train travel and rental cars).
7 Employee commuting	Emissions are determined on the basis of a survey of BASF SE employees and then estimated on this basis for all employees in Europe. We use statistical data for the other regions. DEFRA data are used for the emission factors in Europe and Asia Pacific, and EPA data for North and South America.

Calculation methodologies for Scope 3 categories

Scope 3 category	Calculation methodology
8 Upstream leased assets	This category comprises leased cars, leased office and storage space and leased equipment. Average values provided by the manufacturers are used for leased cars, broken down by drive system and engine size. In the case of electric vehicles we use the regional CO ₂ emission factors from the IEA (International Energy Agency). Since data availability varies, we extrapolate global emissions on the basis of BASF SE data and the number of staff. Emissions for leased office and storage space are calculated using the IEA's regional emission factors for electricity and internal standard values for steam. Energy consumption is assumed by region per m ² on the basis of average values. Emissions from leased equipment are calculated in the same way as emissions from technical goods (3.1).
9 Downstream transportation	Greenhouse gas emissions from BASF's freight transports are calculated as well-to-wheel (WtW) emissions using the EcoTransIT World (ETW) IT solution, drawing on transportation data from BASF's ERP system.
11 Use of sold products	This category comprises direct emissions in BASF products' use phase. Since most products undergo further processing, this primarily relates to CO ₂ that is passed on to the food industry; emissions from blowing agents needed to produce polyurethane foams; emissions from the production of polyurethanes from polyol and isocyanates; and emissions from the use of fertilizers, urea and carbonates (baking powder). We use our own purchase and sales volume data to calculate the emissions.
12 End-of-life treatment of sold products	Sales volumes and the carbon content of BASF's sales products are used to calculate emissions. It is assumed that the products are disposed of in the regions in which they were sold. Regional differences in disposal routes are taken into account. The annual shares of the different disposal routes for municipal waste are taken from the following sources: Eurostat, OECDStat, UNStats and IDB. In the case of waste disposal by incineration or landfill, it is assumed that all the carbon contained in the product is ultimately emitted as CO ₂ .
15 Investments	Greenhouse gas emissions from joint ventures and associated companies accounted for using the equity method and not included in BASF's Scope 1 and Scope 2 emissions. Emissions from production sites are captured directly using a database query.

Internal carbon pricing

E1-8

We use shadow prices in the form of price projections to factor in the costs of CO₂ emissions when assessing investment projects. These shadow prices differ by region (Europe, Asia and North America) and represent the expected developments in these economic areas in the decades up to 2050. In view of the different ways in which the global economy could potentially develop, BASF currently uses three different scenarios (for more on the scenarios see page [180](#)), which are also used to analyze transition risks. The scenarios and the prices derived from them were developed together with an external cooperation partner. The fundamental drivers for the scenarios are different societal preferences and, building on these, climate and economic policy objectives. The result is a price per metric ton of CO₂ equivalents of up to €340, depending on the year. This is used for all Scope 1 and Scope 2 emissions caused by investments (capex) by our companies worldwide, and is included in the cost calculations. As a result, the emissions caused or reduced are directly included in the decision-making process. This favors investments in low-emission measures and measures that contribute to reducing emissions.

Since the investments will be made in the future, they are not included in the reported emissions for the business year. Consequently, the Scope 1, Scope 2 and Scope 3 emissions for the current year covered by shadow prices amount to 0 metric tons of CO₂ equivalents in each case. In the Consolidated Financial Statements, the shadow prices were only used for the valuation of the climate protection agreement that BASF concluded with the Federal Republic of Germany to fund a heat pump at the Ludwigshafen site.

E2 Pollution Prevention

ESRS E2

We work continuously to reduce environmental impacts caused by our business activities. This includes preventing or reducing emissions to air and water, which we achieve first and foremost by operating our plants safely and efficiently. We are also committed to our responsibility for environmental protection throughout the entire value chain in order to reduce the impacts on air and water. In addition, we develop product solutions for our customers that enable them to reduce emissions.

ESRS 2 IRO-1

As part of our double materiality assessment conducted in 2024 (see page [167](#)), the topic Environment was identified as material. In particular, the assessment identified emissions to air and water as relevant subtopics for the business activities of BASF. Emissions to air in the form of air pollutants, such as nitrogen oxides and ammonia, are produced in connection with energy generation and in our production processes. We use water as a coolant, solvent and cleaning agent as well as to make our products. We utilize waterways for the purpose of transporting goods. Most of the water used at our production sites is purified and largely reused multiple times, before being discharged as wastewater. Organic substances and heavy metals, for instance, are thus emitted.

Our double materiality assessment reveals nine material impacts on the environment and two material risks for BASF (see the table “Results of the double materiality assessment”).

Results of the double materiality assessment for E2 Pollution Prevention: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Regular emissions to air (excluding greenhouse gases; GHG) in connection with the manufacture of extracted raw materials	Negative	Upstream value chain (mining/mineral extraction industry)	Emissions to air (excluding GHG) contributing to air pollution are generated in connection with the mining and extraction of raw materials in our upstream value chain in the mining and mineral extraction industries.
Regular emissions to air (excluding GHG) in connection with the production of precursors and intermediates	Negative	Upstream value chain (excluding mining/mineral extraction industry)	Emissions to air (excluding GHG) contributing to air pollution are generated by the production of precursors and intermediates in our upstream value chain.
Regular emissions to water	Negative	Upstream value chain	Emissions to water contributing to water pollution are generated by the production and extraction of raw materials, precursors and intermediates in our upstream value chain.
Regular emissions to air (excluding GHG)	Negative	BASF's own operations	Emissions to air (excluding GHG) contributing to air pollution, such as nitrogen oxides, particles and volatile organic compounds (VOCs), are generated in connection with production in our plants.
Regular emissions to water	Negative	BASF's own operations	Emissions to water contributing to water pollution, such as nitrogen compounds, organic substances and heavy metals, are generated in connection with production in our plants.
Regular emissions to air (excluding GHG) in connection with the usage, further processing, transport, storage and disposal of our products	Negative	Downstream value chain	Emissions to air (excluding GHG) contributing to air pollution are generated in connection with the usage, further processing, transportation, storage and disposal of our products by our customers.

Results of the double materiality assessment for E2 Pollution Prevention: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Regular emissions to water	Negative	Downstream value chain	Emissions to water contributing to water pollution are generated in connection with the usage, further processing, transportation, storage and disposal of our products by our customers.
Chemical leakages	Negative, potential	BASF's own operations, upstream and downstream value chain	Potential chemical leakages in our own operations, as well as in upstream/downstream processing, may result in pollution of water and therefore environmental pollution.
Impact on human health and the environment of substances of (very high) concern	Negative, potential	Downstream value chain	Due to the sale of products containing substances of concern or of very high concern, irresponsible and improper handling of these products in the downstream value chain may result in water or soil pollution or to an adverse impact on the environment or human health.

Results of the double materiality assessment for E2 Pollution Prevention: Risks and opportunities

Risks	Evaluation	Description
Increased costs for water treatment due to regulatory changes.	Negative	Regulatory developments concerning emissions to water may require investments in our infrastructure and upgrades to our systems.
Regulations with respect to substances of (very high) concern may have a negative impact on the market, for procurement, BASF's own production or sales.	Negative	Regulatory changes on substances of concern or of very high concern, such as their restriction, may limit the availability of relevant raw materials and negatively impact market behavior and customer acceptance.

As a result of our double materiality assessment, emissions into the soil are not deemed as material for BASF. Moreover, generated and used microplastic does not represent a material topic for BASF either. We systematically record all short and long-term opportunities and risks linked to environmental impacts as part of our general opportunity and risk management (for additional information, see page [87](#) onward).

We considered all BASF sites and their operations as the basis for the double materiality assessment. Emissions to air and water are systematically documented and reviewed in a Group-wide database. Pollutant-related impacts are assessed and documented continuously. In addition, the screening of new sites includes environmental impact assessments by independent third parties. As part of internal approval processes, risks associated with environmental impacts are assessed and documented in an environmental statement. When assessing the upstream and downstream value chain, we are aware of the risks associated with the production and handling of chemical substances and draw on our own experience.

We aim to even better understand our impact on our environment in terms of emissions to air and water and include the perspectives of surrounding communities in our decision-making and activities. We are therefore committed to dialog based on a spirit of trust and maintain close relations with surrounding communities at our BASF sites. We provide information on the topic of emissions to air and water, issue updates on the latest developments, set up hotlines for immediate contact and availability as well as hosting neighborhood forums where concerns about environmental impacts, such as emissions to air and water, can be voiced (see also page [308](#)). In addition, we participate in dialog forums and advisory

bodies, such as our Nature Advisory Council, which we established together with external specialists, where we discuss topics related to nature and biodiversity (for more information, see page [309](#)). Since 2023, we have also been using the new stakeholder engagement format of the Sustainability Lab, where around 100 external and internal experts discuss specific issues concerning sustainable development from various perspectives (for more information, see page [166](#)). Also in the future, we plan to conduct the Sustainability Lab format on an event-driven basis.

- » For more information about the BASF Nature Advisory Council, see basf.com/en/nature-advisory-council
- » For more information on the BASF Sustainability Lab, see basf.com/en/sustainability-lab

Strategy and governance

E2-1

Explanations of our overarching policies in respect of scope of application, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in our Sustainability Statement on page [151](#) onward. These include, among other things, our Responsible Care Management System and, as part of this, our global standards in terms of environmental protection, process safety, product safety and transportation safety as well as emergency and crisis management. BASF's position on water protection, our risk-based sustainability management for procurement and the Supplier Code of Conduct can also be found there.

Environmental protection in our production

With its "Winning Ways" strategy, BASF intends to continue to drive forward the transformation of its production operations and its product portfolio. In order to prevent or reduce negative environmental impacts due to regular emissions to air and water, as well as due to potential product spills and leakages into water, a holistic approach is needed to ensure efficient and resource-saving production and continuous monitoring to protect the environment.

We have therefore established comprehensive management and control systems for our own production. BASF is actively involved in the International Council of Chemical Associations' (ICCA) global Responsible Care® initiative. Our Responsible Care Management System, based on the eponymous initiative, not only encompasses occupational health and safety requirements and standards (see page [278](#) onward), but also environmental protection. We aim to further reduce emissions to air from our production by means of process improvements and new technologies. Similarly, we strive to reduce negative impacts on water quality as part of responsible handling of water as a resource and sustainable water management. This is also set out in our position paper on water protection.

- » For more information on our position paper on water protection, see basf.com/water

We have defined our global standards for emissions to air and water in Group-wide requirements, the implementation and compliance of which is the responsibility of the sites and Group companies. The requirements also cover the aspects of process and transportation safety in order to prevent production and transportation-related product spills and leakages into air and water as effectively as possible (for more information, see page [209](#) onward). For example, these stipulate that water protection concepts must be implemented at all production sites in order to prevent unforeseen emissions and the pollution of surface or ground water. We continuously update our requirements and guidelines, which can be accessed via an internal BASF database. To this end, we also exchange information with authorities, associations and international organizations. We also exchange information, experiences and practical examples via the global BASF network of experts.

Our emissions to air and wastewater are subject to stringent controls. We assess their impact carefully and in compliance with applicable laws and regulations. In this context, we also evaluate whether regulatory developments concerning emissions to air and water require investments in our infrastructure and the further development of our systems. The chemical industry is facing substantial risks due to changes to and reforms of regulatory requirements or approval conditions, including in relation to the areas of environmental protection, biodiversity and ecosystems. More stringent regulations may limit the approval, use or marketing of certain chemicals. BASF plans to respond to regulatory changes with a combination of proactive and reactive measures. These include continuous monitoring, analysis of the regulatory framework and steering of our product portfolio using the TripleS (Sustainable Solution Steering) method. We also invest in research and development in order to continuously develop chemicals with improved toxicological and ecotoxicological properties and thus meet the new requirements. Moreover, BASF is committed to working closely with stakeholders and regulatory bodies to ensure that company practices comply with the latest standards.

Continuous monitoring, documentation and control of emissions to air and water as well as the implementation of measures for improvement are an integral part of our environmental management. The Corporate Center unit Corporate Environmental Protection, Health, Safety & Quality monitors this regularly by means of Responsible Care audits. We pursued a risk-based approach in the 121 audits carried out in 2024. In addition, responsible local authorities regularly inspect whether the analyses and safety precautions at our sites comply with internal and legal requirements.

In developing our business strategies, we also consider the resilience of our business models with regard to economic, ecological and social aspects, as well as their impacts, risks and opportunities. As part of our opportunity and risk management system, strategic risks connected with material economic, ecological and social matters are evaluated, among other things (for additional information, see page [87](#) onward). The strategies of our business units are updated on a regular basis. This is done either individually at business unit level or as part of the overarching operating division strategy, and involves specialists from the business unit or operating division concerned and from our central strategy unit. In 2024, we have piloted a method to address material topics in the strategies of the business units over the next ten years. Depending on the extent of the strategy revision, resilience reviews, regulatory aspects and stakeholder expectations can be included to estimate future market developments. Upstream and downstream value chains can also be taken into account. In addition, we use our TripleS method to review the resilience of our product portfolio with regard to environmental and social aspects.

Process, product and transportation safety

In particular, the reliable and safe operation of our plants, which form the core of our business, represents a key element of our Responsible Care Management System. We take extensive preventive measures in order to counteract incidents at our plants – such as product spills and leakages into water – and continuously improve our production processes. Opportunities arise in particular in the automation and digitalization of processes.

The topic categories of product and transportation safety, emergency response and remediation, soil and groundwater also form part of our Responsible Care Management System. With comprehensive safety concepts and globally binding standards and requirements, we aim to prevent resulting environmental damage to the best extent possible, such as product spills and leakages into air and water. Here, we rely on comprehensive preventive measures and clearly defined responsibilities. We review the guidelines by means of regular audits. We continuously further develop our production and logistics processes as well as our approach to product stewardship.

As a chemical company, we also transport dangerous goods. We want to ensure that our products are loaded, transported and handled in accordance with the relevant regulations and their hazard potential, thereby minimizing the risk along the entire transportation chain. To this end, the managers responsible and their employees are regularly trained, advised and supervised by our transportation safety experts, and the reliability of logistics partners is regularly reviewed. All BASF products intended for transportation must be clearly identifiable, classified, securely packaged and labeled.

Should a crisis situation, however, be caused by process safety incidents, product spillages or other emergencies, we wish to be as well prepared as possible at global, regional and local level. We have established structures and processes for emergency preparedness and emergency response that enable an effective response. Our emergency and crisis management focuses on the protection of our employees, contractors and neighbors, the safety of our plants and the protection of the environment. Unusual incidents are recorded and reported centrally in accordance with a standardized Group-wide procedure (e-Rapid Incident Report). The aim is to identify risks at an early stage and, if necessary, initiate appropriate remedial and communication measures. Incidents are followed up on to identify potential for improvement, which is integrated into existing concepts as needed.

We continually invest in reducing the impact of our actions on the environment. By means of Responsible Care audits in the areas of “Organization and management system,” “Product stewardship,” “Transportation safety,” “Process safety,” “Environment (air, water, waste)” and “Emergency response,” we are able to verify compliance with our policies. We also establish appropriate provisions for environmental protection measures, including provisions for the remediation of contamination at our sites (for additional information, see Note 22 to the Consolidated Financial Statements on page [409](#)).

Emissions to soil were not material in the reporting year (see page [206](#)). Nevertheless, contamination exists at former and active sites, and/or at sites for which we have taken on responsibility in connection with acquisitions. It is our principle to manage these contaminated sites in close consultation with the responsible authorities in such a way that no negative impacts arise on the environment. We develop remediation solutions that aim to balance nature conservation and climate protection concerns, costs and social responsibility. These site and case-specific measures take into account the legal frameworks and currently available technology. We document contamination risks and the status of soil and groundwater for our sites worldwide in a database. Ongoing remediation work continued on schedule in the reporting year and planning was completed for further measures.

In order to minimize the impact of substances of concern and substances of very high concern on human health and the environment in the downstream value chain, such substances are used in accordance with statutory requirements, such as the EU's REACH regulation. In addition, our TripleS method for steering the sustainability performance of our product portfolio (see page [161](#)) takes into account substances of concern and of very high concern with a view to proactive portfolio and substitution planning.

For more information on substances of concern or of very high concern, as well as their potential impact on human health and the environment, see Substances of concern or of very high concern in this chapter on page [218](#) onward.

Responsibility in our value chain

We are also committed to our responsibility for environmental protection throughout our entire value chain in order to reduce the impacts of regular emissions to air and water and potential product spills and leakages. Alongside production at our plants and the activities at our sites and warehouses, this also applies to the procurement and transport of our raw materials as well as the distribution and usage of our products.

For our **upstream value chain**, our procurement organization has established guidelines in a global risk-based management system that define how we implement our due diligence processes. We have defined corresponding standards in a global requirement. We continuously enhance this requirement and our structures and processes in order to adapt to changing conditions. Procurement requirements and targets are set centrally and are binding for all employees with procurement responsibility worldwide. We endeavor to ensure compliance with these guidelines using a multistage control process. The unit-specific risk management systems of our business units are supported and monitored during implementation according to minimum standards set by the Corporate Center units. The Corporate Audit unit, as the third instance involved, monitors the effectiveness of and compliance with risk management. Our management processes are activated in the event of specific incidents (see pages [297](#) and [301](#)). We expect our suppliers to comply with internationally recognized environmental standards. Our expectations are set out in our global Supplier Code of Conduct (see page [295](#)), which is part of our risk-based management system and integrated into our procurement conditions. It is based, among other things, on the Ten Principles of the United Nations Global Compact initiative and ICCA's Responsible Care® program and also includes emissions to air and water.

As part of our supplier management, we review compliance with our required criteria when selecting suppliers and assessing new and existing supplier relationships. We instruct our suppliers to reduce regular emissions to air and water and to prevent product spills and leakages in upstream processing. We arrange for third parties to evaluate suppliers with a high sustainability risk. Supplier assessment is mainly performed as part of the chemical industry's Together for Sustainability initiative (TfS), either through on-site audits by TfS-approved auditors or through sustainability assessments based on online assessments via the rating agency EcoVadis. Depending on business requirements, we perform our own Responsible Care audits at selected contract manufacturers if material risks have been identified with respect to environmental protection. This also includes emissions to air and water.

In our **downstream value chain**, we continuously want to collaborate with our customers on the development of innovations and solutions that are designed to enable their green transformation and make a significant contribution to sustainability (for more information on steering the sustainability performance of our product portfolio using the TripleS methodology, see page [161](#) onward). We offer our customers a wide range of products that enable them to reduce regular emissions to air or water, from industrial process catalysts and fuel additives to high-performance plastics for manufacturing ultrafiltration membranes and the precursors used to produce coagulants for water treatment.

We have also established relevant global management systems in our downstream value chain. We address the safe handling and application of our chemical raw materials and products as part of our product and transportation safety management, for example. BASF regards product stewardship as an integral component of all business processes, as a key element of our risk management system and as a vital pillar of our commitment to Responsible Care®. We aim to continuously minimize negative impacts on humans and the environment and to improve the safety and sustainability of our products on an ongoing basis.

Before our products are launched on the market, they undergo various tests and assessments – depending on legal requirements and their application profile. These tests enable us to identify potential hazard characteristics as well as health and environmental risks at an early stage. On the basis of the results, we devise precautionary and protective measures and develop recommendations on safe handling – from production to application through to transport and disposal – in order to prevent potential product spills in downstream processing, for example.

By systematically implementing external and internal requirements, we also aim to ensure in the downstream value chain that our customers receive their goods in harmless condition as well as in safe packaging and transport containers. To this end, we rely on the qualified selection, approval and clear labeling of packaging and transport containers as well as the accompanying transport documents and multiple checks. We communicate product safety information via our safety data sheets. These contain, for example, information on the physicochemical, toxicological and ecotoxicological properties of our products, as well as on potential hazards, first aid measures, measures to be taken in the case of accidental release and disposal, and on safe handling. We also wish to contribute to the prevention of leakages and emergencies and to mitigating and limiting their impacts. Should an emergency occur, however, we provide our customers with the support of our expert network.

Actions

E2-2

Our actions for avoiding and minimizing environmental pollution often entail decentralized activities, projects and initiatives. They have not been assigned to any centrally managed action plan. Instead, they – like our management and monitoring systems – aim to ensure continuous optimization and further development and fall within the responsibility of the sites and Group companies concerned. This goes hand in hand with the BASF approach to sustainability steering (see page [152](#)).

Actions in our own production

Our activities for avoiding and minimizing environmental impacts due to regular emissions to air and water take effect right at the start of the product life cycle: We invest continuously in research and development (for additional information, see page [37](#) onward) in order to design products in such a way that their impacts on the environment are as minimal as possible. Drawing on TripleS – an instrument used to steer our product portfolio based on the sustainability performance of our products – we review our relevant global product portfolio continuously, but at least every four years (for more information, see page [161](#)).

Moreover, we evaluate the effectiveness of our actions as part of our Responsible Care audits in the categories of “Organization and management system,” “Product stewardship,” “Transportation safety,” “Process safety,” “Environment (air, water, waste)” and “Emergency response.”

Thanks to our focus on operational excellence (see also page [190](#)), we continuously design our plants and processes to be more efficient and resource-saving. This creates direct incentives for investing in efficiency projects and contributes to reducing emissions. Corresponding projects address all levels of the mitigation measure hierarchy: Prevent, reduce, recapture and reuse, restore and regenerate. We therefore further reduce regular emissions to air through various actions, such as lowering the emission of nitrogen oxides using catalysts and feed waste gases back into the production process.

When it comes to emissions to water, our approach is to reduce wastewater volumes and contaminant loads at the source in our production processes and to reuse wastewater and material flows internally as far as possible. To treat wastewater, we use both central measures in wastewater treatment plants and the selective pretreatment of individual wastewater streams before these are sent to the wastewater treatment plant. We use different methods depending on the type and degree of contamination – including biological processes, chemical oxidation, membrane technologies, precipitation or adsorption. At our Verbund site in Freeport, Texas, we commissioned a membrane bioreactor for treating wastewater in 2023, which improved the capacity and cleaning performance of the wastewater treatment plant. In the medium term, the treated wastewater is to be reused, thereby reducing the need for freshwater. Depending on the local situation, we also implement actions together with other stakeholders. For example, at the Tarragona site in Spain, we are working with our water supplier AITASA and other companies to further expand wastewater reuse in the medium term.

As part of our water protection concepts, we regularly conduct risk assessments of our wastewater, evaluate it in terms of its risks and derive suitable monitoring measures.

In order to take preventive action against environmental impacts due to potential product spills and leakages, such as into water, we set demanding safety standards when planning, building and operating our plants around the world. These meet and, in some cases, go beyond local legal requirements. Our experts develop a safety concept for every plant that takes into account the key safety, occupational health as well as environmental protection aspects – from plant design to the end of production – and stipulates corresponding protective measures. In order to maintain a high level of safety at our plants worldwide over their entire life cycles, we carry out implementation checks at regular intervals and dependent on the risk potential to verify the implementation of our safety concepts. We regularly update the safety and protection concepts of our plants. Here, we particularly take new findings, technological opportunities and regulatory developments into account.

To reduce process safety incidents, we focus in particular on technical measures, digital solutions and on a leadership culture that places even greater focus on process safety and dealing openly with mistakes. We use the rate of High Severity Process Safety Incidents (hsPSI) per 200,000 working hours as a reporting indicator (for information on the external validation of metrics, see General Disclosures on page [151](#)).

By 2030, we aim for a rate of no more than 0.10 High Severity Process Safety Incidents per 200,000 working hours.¹ In 2024, we recorded a global rate of 0.03 hsPSI per 200,000 working hours (2023: 0.05). The rate of process safety incidents (PSI rate; number of process safety incidents per 200,000 working hours) was 0.22 in 2024 (2023: 0.29). In addition, we are continually refining our training methods and offerings to increase risk awareness and strengthen our safety culture. In North America, a campaign was launched in 2023 with the aim of promoting behaviors that contribute to responsible and competent safety practices. To engage their teams in discussions on these topics, leaders have specific tools at their disposal. One example is an instrument known as the “Safety Moment”: short, illustrative presentations with thought-provoking ideas on safety, which can be used routinely to kick off meetings and events. In internal and external networks, through our involvement in associations such as the ICCA, the European Process Safety Centre (EPSC) and the Center for Chemical Process Safety (CCPS), as well as through our dialog with authorities, we make an active and continuous contribution to improving process safety around the world.

In the event of process safety incidents, their handling initially falls within the remit of local crisis organizations and/or local emergency response. We have implemented precautionary organizational measures with clearly defined responsibilities and procedures at all sites for this purpose. The employees responsible receive regular training. This includes safety and emergency drills, which vary in scope and the number of people involved. Depending on the situation, we also involve business partners and our sites' communities, such as cities or neighboring companies, both in drills and in the event of an emergency. Additional teams may be called in for emergencies, depending on the development of the damage extent. The Global Crisis Management Support Team (GCMS), led by a member of the Board of Executive Directors, is activated in the event of a global crisis situation. It provides the strategic direction for crisis management and is supported by issue-specific and specialist working groups.

We use a range of tools to minimize transport risks, such as impacts on the environment due to potential product leakages. For every dangerous good, we verify whether the packaging has been approved for that product and is suitable for the type of transport. We conduct digital dangerous goods checks before shipping orders are released. Vehicles are subjected to a thorough dangerous goods check prior to loading and rejected if there are any issues. Above and beyond this, we use our global requirements to specifically assess the safety and environmental risks of transporting and handling raw materials and sales products with high hazard potential. This is based on the guideline Safety Risk Assessment for Chemical Transport Operations of the European Chemical Industry Council (CEFIC). We stipulate worldwide requirements for our logistics service providers and assess them in terms of safety and quality. Our experts use our own tools as well as internationally approved schemes for evaluation and monitoring. These include the ship inspection reports issued by the Chemical Distribution Institute (CDI). We remain involved in external networks, which quickly provide information and assistance in emergencies. These include the Intervention in Chemical transport Emergencies (ICE) initiative and the German Transport-Accident-Information and Emergency-Response-System (TUIS), in which BASF plays a coordinating role. We apply the experience we have gathered in the course of this involvement to improve our own processes and set up similar systems in other countries.

¹ Working hours by BASF employees, temporary workers and contractors.

Actions in the value chain

We are committed to minimizing the impacts of regular emissions to air and water as well as of potential product leakages into water throughout our entire value chain. To this end, we work together with our suppliers and numerous partners. Ongoing initiatives serve the purpose of continuous optimization and further development.

In the **upstream value chain**, we take a closer look at suppliers in critical supply chains, such as those for mineral and renewable raw materials and a range of pigments, using a risk-based approach.

Upstream stages of the value chain are assessed in respect of serious sustainability risks, with suitable remedial measures instigated where necessary (see pages [297](#) and [301](#)). In shared initiatives with suppliers and other partners, we also develop and test approaches to making the supply of raw materials more sustainable. We work continuously to switch to more sustainable alternatives for raw materials and to reduce the use of raw materials in the manufacture of our products, such as by means of more efficient processes and innovative technologies.

This also enables us to provide our customers in the **downstream value chain** with more sustainable solutions and reduce emissions.

With TripleS, we have established a steering tool for our product portfolio based on the sustainability performance of our products (for more information, see page [161](#)). Based on this, we review our relevant global product portfolio continuously, but at least every four years. In 2022, we updated the TripleS method in order to further steer our product portfolio toward climate protection, climate neutrality and circular economy. In addition to implementing new regulatory requirements, we are actively driving forward the adaptation and further development of our production processes with the aim of reducing the environmental footprint of our products. Criteria for mitigating environmental impacts, such as reducing emissions to air and water or new approaches to water purification, also form part of the evaluation process. If products with sustainability concerns are identified, we classify them as part of TripleS either as Monitored, or in the case of significant concerns, as Challenged. A description of potential actions is mandatory for both categories. In the event of significant challenges, we develop action plans to optimize the products or replace them with alternative solutions. These include research projects and reformulations to optimize products or replace them with alternative products. To consistently make our portfolio more sustainable, we are generally phasing out all Challenged products within five years of their initial classification.

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

Together with partners and in dialog with stakeholders in the food value chain, we continuously drive projects aimed at promoting sustainable agriculture. Improper use of our crop protection and seed products may have a negative impact on human health and the environment. We are therefore focusing our smart stewardship activities on education and continuously improving our solutions for farmers through the use of digital tools and innovative technologies. Alongside aspects such as efficacy and productivity, this includes also safe use by our customers and impact on the environment. All of BASF's crop protection products can be used safely under local farming conditions if the information and directions on the label are followed. If they have any questions, complaints or issues, our customers can contact us through various channels, for example, by calling the telephone number printed on all product labels, using the contact forms on our websites or by approaching our sales employees directly. We record all product incidents relating to health or the environment that come to our attention in a global database. If necessary, we take appropriate measures on the basis of this information to minimize preventable incidents. These include updating the instructions for use on product labels. We communicate these changes and general recommendations on the safe use of our products through channels such as our global training and education activities.

» For more information on smart stewardship, see basf.com/smart-stewardship

In order to protect the water as a resource, deepen our knowledge and share our expertise with others, we cooperate with numerous partners along the value chain and from civil society. We are, for example, a member of the Alliance for Water Stewardship, which, with its Strategy 2022–2030, calls for collective action to tackle shared water challenges. In addition, we are continuously involved in networks such as the Alliance to End Plastic Waste (AEPW), the World Plastics Council and Operation Clean Sweep® to prevent waste from plastic production from entering water bodies. In South America, we support sustainable development activities, including in the area of water, through Fundação Eco+.

Global targets

E2-3

In our global sustainability-related corporate targets (for additional information, see page [31](#) onward), we see effective levers in terms of environmental protection in general. These include our climate targets to reduce our greenhouse gas emissions, our target of closing loops, our TripleS target, our sustainable water management target and our responsible procurement target.

We also endeavor to minimize potential incidents impacting the environment through our targets for resource-efficient and safe production, particularly our process safety target. A process safety incident, however, does not necessarily have a negative impact on the environment. From 2025 onward, the environmental impacts from process safety incidents will – as is already the case for transportation incidents with significant environmental impacts – be systematically recorded in a global database.

In 2024, we had no transportation incidents with significant impacts on the environment.

BASF does not have a specific reduction target for emissions to air (excluding GHG) and water in the topic category Pollution Prevention. All relevant indicators are monitored and published on a regular basis (see Metrics on page [216](#) onward). The ways in which we track the effectiveness of our policies is discussed in the section Strategy and governance from page [207](#) onward.

We discuss the sustainability topics that are material for BASF at regular meetings with external stakeholders, forming part of our strategic stakeholder engagement activities, and in discussions with investors. Through this, the expectations of our stakeholders are continuously taken into account when setting potential targets.

Metrics

Emissions to air and water

E2-4

Emissions to air and water in 2024 (excluding GHG)^a

Pollutant	Emissions to air in kg per year	Emissions to water in kg per year
Carbon monoxide (CO)	1,841,646	–
Ammonia (NH ₃)	1,894,780	–
Nonmethane volatile organic compounds (NMVOCs)	2,622,097	–
Nitrogen oxides (NO _x /NO ₂)	7,596,114	–
Sulfur oxides (SO _x /SO ₂)	905,966	–
Total nitrogen	–	1,875,809
Total phosphorus	–	172,297
Hydrochlorofluorocarbons (HCFCs)	15,667	–
Chlorofluorocarbons (CFCs)	181	–
Halons	198	–
Arsenic and compounds (as As)	53	483
Cadmium and compounds (as Cd)	20	45
Chromium and compounds (as Cr)	123	326
Copper and compounds (as Cu)	–	2,212
Mercury and compounds (as Hg)	20	–
Nickel and compounds (as Ni)	680	1,812
Lead and compounds (as Pb)	–	34
Zinc and compounds (as Zn)	835	7,322
Alachlor	–	–
Aldrin	–	–
Atrazine	–	–
Chlordane	–	–
Chlordecone	–	–
Chlorfenvinphos	–	–
Chloro-alkanes C ₁₀ –C ₁₃	–	–
Chlorpyrifos	–	–
DDT	–	–
1,2-Dichloroethane (EDC)	1,867	–
Dichloromethane (DCM)	11,730	–
Dieldrin	–	–
Diuron	–	–
Endosulphan	–	–
Endrin	–	–
Halogenated organic compounds (as AOX)	–	37,452
Heptachlor	–	–
Hexachlorobenzene (HCB)	–	–
Hexachlorobutadiene (HCBD)	–	–
1,2,3,4,5,6-Hexachlorocyclohexane (HCH)	–	–
Lindane	–	–
Mirex	–	–
PCDD + PCDF (dioxins + furans) (as TEQ)	–	0.03
Pentachlorobenzene	–	–
Pentachlorophenol (PCP)	–	1
Polychlorinated biphenyls (PCBs)	–	–
Simazine	–	–
Tetrachloroethylene (PER)	–	–
Tetrachloromethane (TCM)	1,025	–
Trichlorobenzene (TCB) (all isomers)	2,604	–

Emissions to air and water in 2024 (excluding GHG)^a

Pollutant	Emissions to air in kg per year	Emissions to water in kg per year
1,1,1-trichloroethane	—	—
1,1,2,2-tetrachloroethane	—	—
Trichloroethylene	—	—
Trichloromethane	5,625	—
Toxaphene	—	—
Vinyl chloride	—	—
Anthracene	—	—
Benzene	12,729	—
Brominated diphenylether (PBDE)	—	—
Nonylphenol and nonylphenol ethoxylates (NP/NPEs)	—	280
Ethylbenzene	—	—
Ethylene oxide	3,846	90
Isoproteruron	—	—
Naphthalene	14,564	—
Organotin compounds (as total Sn)	—	—
Di-(2-ethyl hexyl) phthalate (DEHP)	—	—
Phenols (as total C)	—	4,698
Polycyclic aromatic hydrocarbons (PAHs)	—	—
Toluene	—	—
Tributyltin and compounds	—	—
Triphenyltin and compounds	—	—
Total organic carbon (TOC) (as total C or CSB/3)	—	3,485,782
Trifluralin	—	—
Xylenes	—	—
Chlorides (as total Cl)	—	243,528,382
Chlorine and inorganic compounds (as HCl)	134,044	—
Asbestos	—	—
Cyanides (as total CN)	—	4,399
Fluorides (as total F)	—	140,374
Fluorine and inorganic compounds (as HF)	—	—
Hydrogen cyanide (HCN)	3,163	—
Particulate matter (PM ₁₀)	584,650	—
Octylphenols and octylphenol ethoxylates	—	89
Fluoranthene	—	—
Isodrin	—	—
Hexabromobiphenyl	—	—
Benzo(g,h,i)perylene	—	—

^a A hyphen (–) indicates that the parameter and medium in question do not trigger a reporting obligation or that the emissions are not above the threshold value.

For a description of our measurement methods on determining the quantities of substances emitted in connection with environmental pollution and a description of the data collection process for accounting and reporting in connection with the reduction of environmental pollution, as well as general information on the estimation or rounding of individual sustainability metrics, see General Disclosures from page [150](#) onward in our Sustainability Statement.

Substances of concern or of very high concern

E2-5

Substances of concern or of very high concern may represent an integral component of the chemical raw materials used for production or of chemical products. To this extent, a portion of our products, which are key input products in further industrial or professional value creation or application, contain substances of concern or of very high concern. We address the safe handling and usage of chemical raw materials as part of our product safety. BASF understands product safety to be an integral part of all business processes, as an important element of our risk management and as an essential pillar of our commitment to Responsible Care®.

We continuously work on ensuring our products – including those that may contain substances of concern or very high concern – pose no risk to people and the environment when they are used responsibly and in the manner intended. A thorough safety and risk assessment enables us to serve markets with innovative and more sustainable products that meet regulatory requirements while still responding to trends.

We aim to comply with all relevant national and international laws and regulations. The guidelines, requirements, processes and responsibilities described above in this chapter under “Strategy and governance,” also pertain to the handling of substances of concern and of very high concern.

We document and evaluate the safety, health and environmental information for our substances and products in a global database. We update this information on an ongoing basis. The database forms the basis for communicating this information via our safety data sheets, which we provide to our customers in around 40 languages. These include information on physicochemical, toxicological and ecotoxicological properties of products, potential hazards, first aid measures, measures taken in the case of accidental release and disposal. Our global emergency hotline network enables us to provide information around the clock. To ensure that people who buy, sell, use, transport or dispose of our products can quickly find information about the products and their associated hazards, we use the Globally Harmonized System (GHS) to classify and label our products around the world, provided this is legally permissible in the country concerned. We take into account national or regional adaptations within the GHS framework if applicable, such as the EU’s regulation on the classification, labeling and packaging of substances and mixtures (CLP Regulation).

If necessary, we advise our customers on product safety. We set global requirements on the safe transport of dangerous goods for our logistics providers (see page [213](#)). We also train our employees worldwide on the proper handling and usage of selected products with special hazard potential. In associations and together with other manufacturers, BASF supports the establishment of voluntary global commitments to prevent the misuse of chemicals. We are also involved at national and international level in various initiatives to further develop risk assessments, such as that of the European Centre for Ecotoxicology and Toxicology of Chemicals (ECETOC).

With such efforts, we aim to ensure that these substances or products containing these substances with very high hazard potential are safely handled and to ensure that impacts on human health and the environment can be prevented.

Substances of concern and of very high concern are subject to strict regulatory supervision, and the list of restricted substances with hazardous properties is continuously growing. When a substance is added to a regulatory list, this can change both the future availability of raw materials and the market behavior of customers and consumers. Normally, such changes are planned well in advance and transparently, allowing the industry to prepare by taking suitable measures, such as substitution planning or the implementation of derogations. Our proactive TripleS steering instrument, for example, makes a substantial contribution to planning a sustainable portfolio. A potential material risk for value chains,

which would, however, not specifically affect BASF, could only arise in the event of an unforeseen proliferation of regulatory measures.

The substances of concern or of very high concern deployed by BASF in global value chains in the 2024 business year are stated in the following tables. As an integrated chemical company, BASF manufactures a broad portfolio of products, many of which are further processed by customers in the chemical industry. We handle the substances in our production appropriately and supply our customers with products that can be used safely if handled properly. As a B2B company, we market only a very small portion of our products directly to consumers and end users. The values listed in the tables also include multiple counts if several main hazard classes apply to a substance. The values therefore do not correspond to the total tonnages actually introduced into the downstream value chain.

Information about substances of concern (SoC) that are classified in one of the following hazard classes or hazard categories in Part 3 of Annex 4 of Regulation 1272/2008 (CLP Regulation)

Main hazard class ^a	Total volumes (aggregated) in metric tons per year ^b
Carcinogenicity (Carc. 1; Carc. 2)	4,178,324
Germ cell mutagenicity (Muta. 1; Muta. 2)	2,058,739
Reproductive toxicity (Repr. 1; Repr. 2)	697,124
Endocrine disruptor for human health (ED HH 1; ED HH 2) ^c	–
Endocrine disruptor for the environment (ED ENV 1; ED ENV 2) ^c	–
Persistent, mobile and toxic (PMT) or very persistent and very mobile (vPvM) ^c	–
Persistent, bioaccumulative and toxic (PBT) or very persistent and very bioaccumulative (vPvB) ^c	–
Respiratory sensitization (Resp. sens. 1)	1,995,577
Skin sensitization (Skin sens. 1)	2,809,301
(Aquatic chronic 1; Aquatic chronic 2; Aquatic chronic 3; Aquatic chronic 4)	764,913
Damages the ozone layer (Ozone 1)	612
Specific target organ toxicity, repeated exposure (STOT RE 1; STOT RE 2)	3,442,402
Specific target organ toxicity, single exposure (STOT SE 1; STOT SE 2)	643,551

^a Where components in a product/material are assigned to more than one main hazard class, the volume of components will be included in each hazard class, respectively.

^b Emissions (separate reporting via environmental legislation) not included

^c Not yet implemented part of the EU regulation

Information on substances of very high concern (SVHC) that correspond to the criteria pursuant to Article 57 and that have been identified pursuant to Article 59 (1) of the REACH regulation (EC) 1907/2006

Main hazard class as per REACH Article 57 ^a	Total volume (aggregated) in metric tons per year ^b
Carcinogenicity (Carc. 1A; Carc. 1B) (Article 57a)	289,788
Germ cell mutagenicity (Muta 1A; Muta 1B) (Article 57b)	224,046
Reproductive toxicity (Repr. 1A; Repr. 1B) (Article 57c)	67,739
Persistent, bioaccumulative and toxic (PBT) Article (57d)	807
Very persistent and very bioaccumulative (vPvB) (Article 57e)	1,593
Substances – such as those with endocrine disrupting properties or those with persistent, bioaccumulative and toxic properties or very persistent and very bioaccumulative properties that do not meet the criteria of items d or e – that according to scientific knowledge probably have severe impacts on human health or on the environment, which give rise to an equivalent level of concern to those other substances listed under a to e and that are identified, on a case-by-case basis, in accordance with the procedure set out in Article 59 (Article 57f).	46,354

^a Where components in a product/material are assigned to more than one main hazard class, as nominated in the candidate list, the volume of components in each hazard class will be included, respectively.

^b Emissions (separate reporting via environmental legislation) not included

E3 Water

ESRS E3

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

Our main business – the development, production and processing of chemicals – as well as the transportation of chemicals requires the responsible use of water as a resource. Firstly, we aim to use water as sparingly and efficiently as possible. Secondly, we want to minimize emissions of potentially harmful substances to water in our production processes and treat wastewater adequately. We address environmental, health and safety risks with a comprehensive Responsible Care Management System (see page [207](#)).

ESRS 2 IRO-1

As part of our double materiality assessment conducted in 2024 (see page [167](#)), the topic Water was identified as material. The assessment identified six material impacts on water as a resource and one material risk for BASF (see the table “Results of the double materiality assessment”).

Results of the double materiality assessment for E3 Water: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Limited availability due to water abstraction and consumption	Negative	Upstream value chain	We impact water availability through water abstraction and consumption in our upstream value chain, particularly in water stress areas.
Regular emissions to water	Negative	Upstream value chain	Emissions to water contributing to water pollution are generated by the production and extraction of raw materials, precursors and intermediates in our upstream value chain.
Limited availability due to water abstraction	Negative	BASF's own operations	Water abstraction for our production impacts water availability in the areas where our production sites are located, particularly in water stress areas.
Regular emissions to water	Negative	BASF's own operations	Emissions to water contributing to water pollution, such as nitrogen compounds, organic substances and heavy metals, are generated in connection with production in our plants.
Limited availability due to water abstraction and consumption	Negative	Downstream value chain	We impact water availability through water abstraction and consumption in our downstream value chain, particularly in water stress areas.
Regular emissions to water	Negative	Downstream value chain	Emissions to water contributing to water pollution are generated in connection with the usage, further processing, transportation, storage and disposal of our products by our customers.

Results of the double materiality assessment for E3 Water: Risks and opportunities

Risk	Evaluation	Description
Increased costs for water treatment due to regulatory changes	Negative	Regulatory developments concerning emissions to water may require investments in our infrastructure and upgrades to our systems.

The three identified impacts related to water quality impairment from regular emissions to water along the value chain, as well as the identified risk from regulatory developments, are mainly covered in chapter E2 Pollution Prevention (see page [205](#)).

The use of marine resources, such as seawater as a water source or for wastewater discharge, is not considered material for BASF due to the small volumes involved. Our Responsible Care Management covers these aspects despite their lower relevance. We systematically record all short and long-term opportunities and risks that arise from water as part of our general opportunity and risk management (for additional information, see page [87](#) onward).

As the basis for the double materiality assessment, all BASF sites were considered for our own operations. We systematically record and monitor water volumes and constituents in a Group-wide database. The impacts of water abstraction and wastewater discharge are continuously assessed and documented as part of permitting requirements. The screening of new sites also includes environmental impact assessments by independent third parties. As part of internal approval processes, risks associated with environmental impacts are assessed and documented in an environmental statement. When assessing the upstream and downstream value chain, we are aware of the risks associated with the production and handling of chemical substances and draw on our own experience.

By engaging in open and trusting dialog, we strive for better understanding our impact on the environment and incorporate the perspectives of surrounding communities in our decision-making and doing. Our BASF production sites maintain close relationships with surrounding communities by providing information and updates on current developments, offering hotlines for immediate contact and availability as well as hosting neighborhood forums to address concerns about environmental impacts, such as water availability and quality (see also page [308](#)). In addition, we rely on dialog forums and advisory bodies, such as our Nature Advisory Council, which we established together with external specialists, where we discuss topics related to nature and biodiversity (for more information, see page [309](#)). Since 2023, we have also been using the new stakeholder engagement format of the Sustainability Lab, where around 100 external and internal experts discuss specific issues concerning sustainable development from various perspectives (for more information, see page [166](#)). Also in the future, we plan to conduct the Sustainability Lab format on an event-driven basis.

» For more information on the BASF Nature Advisory Council, see basf.com/en/nature-advisory-council

» For more information on the BASF Sustainability Lab, see basf.com/en/sustainability-lab

Strategy and governance

E3-1

Explanations of our overarching policies in respect of scope of application, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in our Sustainability Statement on page [151](#) onward. These include, among other things, our Responsible Care Management System and, as part of this, our global standards in terms of environmental protection, product safety and transportation safety. BASF's position on water protection, our risk-based sustainability management for procurement and the Supplier Code of Conduct can also be found there.

Water protection in our production

We aim to reduce negative impacts on water availability caused by water abstraction in our own production. Likewise, we also strive to reduce water pollution from regular emissions to water. This requires a holistic approach and continuous control.

That is why we have established comprehensive management and control systems for our own production. BASF is actively involved in the International Council of Chemical Associations' (ICCA) global Responsible Care® initiative. Our Responsible Care Management System, based on the eponymous initiative, not only encompasses occupational health and safety requirements and standards (see page [278](#) onward), but also environmental protection. The responsible use of water as a resource is a core element of our Responsible Care Management System and an important part of our commitment to the United Nations' Sustainable Development Goals (SDGs). This is also reflected in our position paper on water protection. We use Responsible Care audits, including in areas such as environment (air, water, waste), to monitor compliance with our Responsible Care Management System.

» For more information on our position paper on water protection, see basf.com/water

A key component of our strategy for many years now has been the introduction and implementation of sustainable water management, for which we have set a global target (see page [227](#)). We have reviewed our water target in 2024 and assessed it as important for implementing our strategy. This is also consistent with recent scientific findings, such as the Planetary Boundaries reassessed in 2023 (Richardson et al. (2023); Stockholm Resilience Centre). We want to protect water as a resource, continuously improve water use efficiency and reduce emissions. These efforts focus on our Verbund sites and production sites in water stress areas.¹ We look at water availability, water quality and the impact of our water use on the environment and other users. For this, we use the standard of the Alliance for Water Stewardship (AWS) as guidance. AWS is a global multistakeholder organization that promotes the responsible use of water, which we are a member of.

Our water consumption is low compared with the total water volume sourced (see information on Water balance on page [229](#)) and therefore not a material topic for BASF in terms of the double materiality assessment.

Our global standards and guidelines for water are defined in the Group-wide requirement Corporate Requirement Environmental Protection. Among other things, these stipulate that water protection concepts must be implemented at all production sites to prevent emissions and the pollution of surface or groundwater. The requirements also cover the aspects of process and transportation safety in order to prevent production and transport-related product spills and leakages into water bodies as effectively as possible. Our sites and Group companies are responsible for implementing and complying with internal requirements, accessible via an internal BASF database, and legal requirements. The Corporate Environmental Protection, Health, Safety & Quality unit in the Corporate Center conducts regular audits to monitor this. During these audits, a safety and environmental profile is created, which shows if we are addressing the existing hazard potential properly. If this is not the case, corrective measures are determined, which are to be implemented within a specific time frame depending on the identified hazard potential. We monitor this in follow-up audits, among other things. BASF's global network of experts shares information, insights and best practices on the responsible use of water on an ongoing basis. Our requirements and guidelines are continuously updated on a regular basis. To this end, we also exchange information with authorities, associations and international organizations.

¹ We define water stress areas as regions in which more than 40% of available water is used by industry, households and agriculture. Our definition is based on the Water Risk Atlas (Aqueduct 4.0) published by the World Resources Institute. For more information, see wri.org/aqueduct

In developing our business strategies, we also consider the resilience of our business models with regard to economic, ecological and social aspects as well as their impacts, risks and opportunities. As part of our opportunity and risk management system, strategic risks connected with material economic, ecological and social matters are evaluated, among other things (for additional information, see page [87](#) onward). The strategies of our business units are updated on a regular basis. This is done either individually at business unit level or as part of the overarching divisional strategy and involves specialists from the business unit or operating division concerned and from our central strategy unit. In 2024, we have piloted a method to address material topics in the strategies of the business units over the next ten years. Depending on the extent of the strategy revision, resilience reviews, regulatory aspects and stakeholder expectations can be included to estimate future market developments. Upstream and downstream value chains can also be considered in the analysis. In addition, we use our TripleS methodology (Sustainable Solution Steering) to review the resilience of our product portfolio with regard to environmental and social aspects.

In the wake of advancing climate change, the resulting water shortages and extreme weather events, climate resilience measures are becoming increasingly important for our production (for more information on our risk management, see page [178](#) onward). To ensure our supply of raw materials and transportation via water, we rely on early warning systems and, at the Ludwigshafen site in Germany, for example, on special vessels for low water levels on the Rhine River. Further measures at our sites are aimed at reducing our demand for water, for example, through recycling, intelligent cooling water systems and water treatment. Depending on the subsequent use of the water (from cooling or production processes), varying levels of treatment may be required using sand filtration, membrane filtration or reverse osmosis. When water is reused for cooling processes, it is often cooled through evaporation in recooling plants before being used again.

Water protection in the value chain

We are also aware of and want to mitigate the negative impacts on water availability in our upstream and downstream value chains caused by water abstraction and consumption, as well as the deterioration of water quality from regular emissions to water.

Our procurement organization has established a global risk-based management system for our **upstream value chain** that specifies how we implement our due diligence processes. We have defined the standards for this in a global requirement. We continuously enhance this requirement and our structures and processes in order to adapt to changing conditions. Procurement requirements and targets are set centrally and are binding for all employees with procurement responsibility worldwide. We endeavor to ensure compliance with these guidelines using a multistage control process. The unit-specific risk management systems of our business units are supported and monitored during implementation according to minimum standards set by the Corporate Center units. The Corporate Audit unit, as the third instance involved, monitors the effectiveness and compliance with risk management. Our management processes are activated in the event of specific incidents (see pages [297](#) and [300](#)). Our expectations of suppliers are set out in our global Supplier Code of Conduct (see page [295](#)), which is part of our risk-based management system and integrated into our procurement conditions. It is based, among other things, on the Ten Principles of the United Nations Global Compact initiative and ICCA's Responsible Care® program and also includes the responsible use of water as a resource. When selecting suppliers and assessing new and existing supplier relationships, economic criteria and particularly ESG standards are relevant. We expect our suppliers to reduce water emissions and minimize impacts on water scarcity. We arrange for third parties to evaluate suppliers with a high

sustainability risk. Supplier assessment is mainly performed as part of the chemical industry's Together for Sustainability initiative (TfS), either through on-site audits by TfS-approved auditors or through sustainability assessments based on online assessments via the rating agency EcoVadis. Depending on business requirements, we perform our own Responsible Care audits at selected contract manufacturers if material risks have been identified with respect to environmental protection. This also includes water use.

In our **downstream value chain**, we continuously collaborate with our customers on innovations and the development of water-related solutions that are designed to enable their green transformation and make a significant contribution to sustainability (for more information on steering the sustainability performance of our product portfolio using the TripleS methodology, see page [161](#) onward). We offer our customers solutions that help purify water and use it more efficiently and reduce pollution.

We report transparently and comprehensively on how we use water. For instance, in 2024, we again participated in the program established by the nonprofit organization CDP for reporting on data relevant to climate protection on the topic of water. BASF again achieved leadership status with an A- rating in the final assessment. CDP evaluates how transparently companies report on their water management activities and how they reduce risks such as water scarcity. The assessment also considers the extent to which product developments can contribute to sustainable water management also at the customers of the evaluated companies.

In addition, we have established relevant global management systems in our downstream value chain, such as in the area of product and transportation safety. Our product stewardship experts identify potential risks related to transportation, handling, usage and disposal of our products and provide advice to minimize potentially negative impacts. We work continuously with all relevant stakeholders to ensure that our products do not pose any risk to people or the environment when used as intended and responsibly (for more information, see page [218](#)).

Actions

E3-2

Our actions in the area of sustainable water management are often decentralized activities, projects and initiatives. Like our management and monitoring systems, they aim to ensure continuous optimization and further development and fall within the responsibility of the sites and Group companies. This goes hand in hand with the BASF approach to sustainability steering (see page [152](#)). For this reason, we have not defined an action plan with central resource allocation for sustainable water management.

Actions in our own production

An important part of our sustainable water management is the continuous analysis and the implementation of actions for improvement. This can include site-based projects to improve water efficiency or wastewater quality as well as off-site measures in collaboration with third parties to improve the water situation in the catchment area.

Thanks to our focus on operational excellence (see also page [190](#)), we continuously design our plants and processes to be more efficient and resource-saving. This creates direct incentives for investing in efficiency projects and contributes to reducing emissions.

Corresponding projects address all levels of the mitigation measure hierarchy: Prevent, reduce, recapture and reuse, restore and regenerate. The extraction, treatment, transportation and recooling of water is often associated with a high energy demand. We are constantly working to optimize our energy consumption and the amount of water we use, and to adapt to the needs of our operations and the environment.

In order to use water as efficiently as possible, we rely on measures such as intelligent cooling water systems, increased water reuse and multimodal transportation concepts with combined transportation methods. For example, process optimizations such as the use of modified valves or the recycling of low-temperature cooling water at the General Lagos site in Argentina have led to water savings of 22% since 2018. At our Verbund site in Freeport, Texas, we commissioned a membrane bioreactor for treating wastewater in 2023, which improved the capacity and cleaning performance of the wastewater treatment plant. In the medium term, the treated wastewater is to be reused, thereby reducing the need for freshwater. Depending on the local situation, we also implement actions together with other stakeholders. For example, at the Tarragona site in Spain, we are working with our water supplier AITASA and other companies to further expand wastewater reuse in the medium term. Through results such as reduced water use or the replacement of higher-quality water with alternative sources, our activities contribute to sustainable water management. At our Guaratinguetá site in Brazil, we have collaborated with local authorities, the Fundação Eco+ and other partners since 2011 on the Incentivo ao Produtor de Água program: Through improved soil management and the reforestation of primary forests, surface runoff and soil erosion in the Ribeirão Guaratinguetá catchment area have since been significantly decreased.

Actions along the value chain

We advocate the responsible use of water as a resource along the entire value chain.

We audit supplier compliance with environmental standards in the **upstream value chain** worldwide as part of our regular supplier assessments (see page [297](#)). Where improvement is necessary, we support suppliers in developing and implementing appropriate measures, such as the correct handling of wastewater. We have also been involved in a wide range of initiatives to promote sustainability in the supply chain, for example since 2016 in the Pragati project for an efficient water use concerning more sustainable farming of castor beans in India (see page [299](#)).

Another example is our effort with regard to lithium sourcing. Together with the BMW Group, Mercedes-Benz AG, Fairphone B.V., Daimler Truck AG and the Volkswagen Group, we have been a member of the Responsible Lithium Partnership since 2021. This initiative, which is scheduled to run until 2025, campaigns for the responsible use of natural resources in the Salar de Atacama salt flat in Chile. This region is home to the world's largest lithium brine reserves and a significant share of global production. With this in mind, the German Agency for International Cooperation (GIZ) was commissioned with organizing a local multistakeholder platform, also comprising Indigenous communities, on the water-related opportunities and risks of lithium and copper extraction and other commercial activities as well as with driving forward action plans. BASF participated in a study organized by BMW together with experts from the University of Alaska and the University of Massachusetts to examine the hydrological conditions in Salar de Atacama. The results of this study are incorporated as an important component of the Responsible Lithium Partnership's work.

We also impact the availability of water resources in our **downstream value chain**, for example, through our products, solutions and their application.

With TripleS, we have established a steering tool for our product portfolio based on the sustainability performance of our products (for more information, see page [161](#)). Based on this, we review our relevant global product portfolio continuously, but at least every four years. In 2022, we updated this method in order to further steer our product portfolio toward climate protection, climate neutrality and circular economy. In addition to implementing new regulatory requirements, we are actively driving forward the adaptation and further development of our production processes with the aim of reducing the environmental footprint of our products. Part of the evaluation process includes criteria for water protection, such as more efficient water use in production, new approaches to water treatment and lower water consumption. If products with sustainability concerns are identified, we classify them as part of TripleS either as Monitored, or in the case of significant concerns, as Challenged. A description of potential actions is mandatory for both categories. In the event of significant challenges, we develop action plans to optimize the products or replace them with alternative solutions. These include research projects and reformulations to optimize products or replace them with alternative products. To make our portfolio more sustainable, we are generally phasing out all Challenged products within five years of their initial classification.

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

Agriculture is one of the highest water-consuming sectors worldwide. That is why we offer our customers targeted solutions to help use water more efficiently, such as yield-enhancing products, water-saving cultivation methods and crops that require less water. A specific example is the artichoke variety with the name Green Queen, which, compared with conventional varieties, delivers higher yields with the same water usage. The implementation of new crop management for Green Queen can reduce water demand by 20% to 35%. Green Queen is mainly sold in Spain and the United States, where the regions of Murcia and California are increasingly affected by periods of drought. We are currently conducting a project for Green Queen to evaluate a combined solution of AI technology and genetics.

We work with numerous partners along the value chain and from civil society to protect water as a resource, deepen our knowledge and share it with others. We are a member of the Alliance for Water Stewardship (AWS), whose 2022–2030 strategy aims for sustainable water use and promotes collective action to tackle shared water challenges. In addition, we are continuously involved in networks such as the Alliance to End Plastic Waste (AEPW), the World Plastics Council and Operation Clean Sweep® to prevent waste from plastic production from entering water bodies. In South America, we support sustainable development activities, including in the area of water, through Fundação Eco+.

Global target

E3-3

Our aim is to introduce sustainable water management (for more information, see E3-1 on page [222](#)) at our Verbund sites and at all production sites in water stress areas² by 2030, covering around 90% of BASF's total water abstraction. Water stress areas are identified based on the latest water stress data in line with the World Resources Institute's Water Risk Atlas.²

² We define water stress areas as regions in which more than 40% of available water is used by industry, households and agriculture. Our definition is based on the Water Risk Atlas (Aqueduct 4.0) published by the World Resources Institute. For more information, see wri.org/aqueduct. Our water target also continues to take into account the sites that we identified as water stress sites in accordance with Pfister et al. (2009) prior to 2019, as well as water stress sites according to Aqueduct 3.0.

In 2024, we achieved 65% of our target³ (2023: 57%).⁴ Sustainable water management was introduced at eight additional sites (2023: seven sites).

The focus of sustainable water management is on efficient water use, not necessarily on reducing water consumption, since the latter, compared with the total volume of water sourced, is not material for BASF in terms of the double materiality assessment. Efficient water use considers, among other things, reuse and the use of alternative or less sensitive water sources.

As part of sustainable water management, our sites regularly assess the water situation in the catchment area, particularly when changes are made to the production infrastructure, but no later than every five years. We look at water availability, water quality and the impact of our water abstraction on the environment and other users. We use the AWS Standard as guidance.⁵ This raises awareness of potential risks and potential impacts such as water scarcity for the population.

Our commitment to sustainable water management also extends to our value chains. We have set out our expectations of suppliers in the global Supplier Code of Conduct (see page [295](#)) which, among other things, covers the areas of the Responsible Care® initiative, including the responsible use of water as a resource. During the reporting year, we refined our target to drive forward sustainability in the supply chain in an even more targeted manner (for additional information, see page [31](#)). For the downstream value chain, we have established TripleS as a tool for steering our product portfolio based on the sustainability performance of our products (for more information, see page [161](#)). We aim to reduce the environmental footprint of our products, also taking into account criteria for water protection.

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

We discuss the sustainability topics that are material for BASF at regular meetings with external stakeholders, forming part of our strategic stakeholder engagement activities, and in discussions with investors. Through this, the expectations of our stakeholders are continuously taken into account when setting potential targets.

³ Our water target is not subject to any legally binding requirements.

⁴ By including water stress sites according to Aqueduct 4.0, the number of sites required to implement sustainable water management increases. As a result, the implementation status for 2023 has decreased and been adjusted accordingly. The number of sites relevant to the water target is reevaluated each year, so the current year corresponds to the reference year.

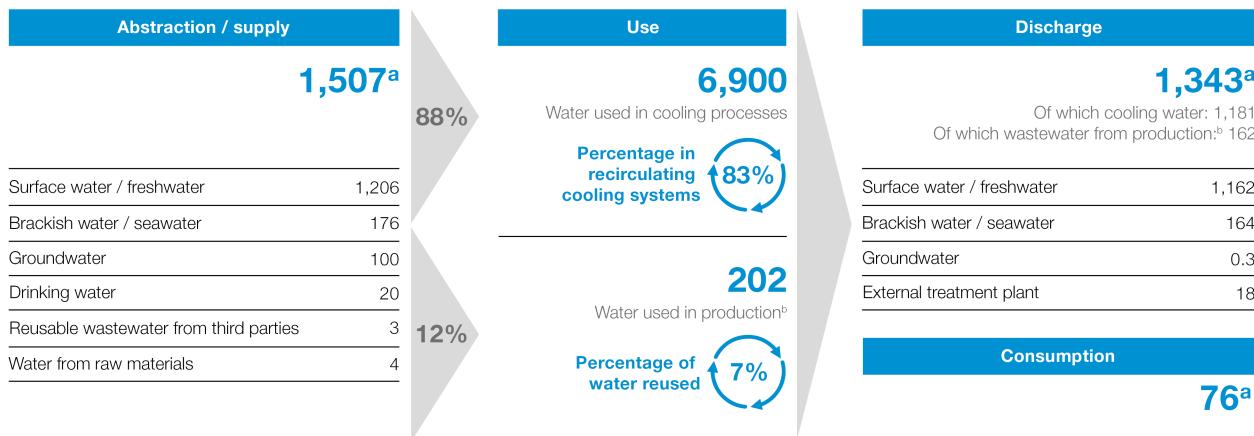
⁵ As described on a4ws.org, the AWS Standard aims for the following outcomes: good water governance, sustainable water balance, good water quality, important conservation sites, and secure access to water and sanitation.

Metrics

E3-4

Water balance of the BASF Group in 2024

Million cubic meters per year



^a The difference between the volume of water abstracted and the volume discharged is primarily due to the limited accuracy in measuring water discharge.

^b Total from production processes, sanitation, rinsing and cleaning in production.

Our **water abstraction** in 2024 amounted to 1,507 million cubic meters. This demand was covered for the most part by freshwater such as rivers and lakes. At some sites, we use alternative sources such as treated municipal wastewater, brackish water or seawater. A small part of the water we use reaches our sites as part of raw materials and steam, or is released in our production processes.

Water use in 2024 totaled 7,102 million cubic meters. The total volume of recycled and reused water in 2024 amounted to 5,734 million cubic meters.

We predominantly use water for cooling purposes (88% of total water abstraction), after which we discharge it back to our supply sources with no product contact. We reduce our water abstraction for cooling purposes mainly by using recooling plants. Around 12% of our total water abstraction is used in our production plants, for example, for extraction and dissolution processes or for cleaning. Here, too, we reduce our demand for water by reusing wastewater. Most of the water used for production purposes is discharged back to water bodies after being treated in our own or third-party wastewater treatment plants.

The BASF Group's **water consumption** describes the amount of water that is not discharged back into a water body, meaning that it is no longer available to other users. We calculate water consumption as the sum of evaporation in cooling processes, water content in our sales products and water consumed otherwise at our sites. Consumption is mainly attributable to the evaporation of water in recirculating cooling systems. A smaller amount is from the water contained in our products. Water consumption in 2024 amounted to around 76 million cubic meters.

In 2024, around 30% of our production sites were located in water stress areas.⁶ These sites accounted for 19 million cubic meters, representing 1% of BASF's total water abstraction. Water consumption at these sites amounted to 9 million cubic meters.

Production sites located in areas affected by high or extremely high overall water risk⁶ (23% of our sites in 2024) accounted for 13 million cubic meters, or 1% of BASF's total water abstraction. Their water consumption in 2024 amounted to 6 million cubic meters.

⁶ Aqueduct 4.0 was used to identify sites with high or extremely high water stress and/or overall water risk.

A general description of our measurement methods and a description of the data collection process, as well as general information on the estimation or rounding of individual sustainability parameters, can be found in the General Disclosures section of our Sustainability Statement on page [150](#) onward.

Based on net revenue (in million €) and water consumption (in cubic meters), water intensity in 2024 amounted to 1,171 cubic meters per million € net revenue.

E4 Biodiversity and Ecosystems

ESRS E4

Biodiversity is under threat. It is the foundation for functioning ecosystems. As a chemical company, we use valuable natural resources such as water, air and soil. At the same time, our business activities have an impact on these resources, for example through emissions to the environment or the sourcing of renewable raw materials.

ESRS 2 IRO-1

As part of the double materiality assessment that we conducted for 2024 (see page [167](#)), the topic Biodiversity and Ecosystems was defined as material. When performing the assessment, we drew on three sources of information, in particular:

- Assessments of various stakeholders and assessments taken from specialist literature
- Assessments by BASF experts
- Digital sources

The digital sources were evaluated using big data and AI analysis tools. We also used platforms such as the Biodiversity Risk Filter (BRF) of the World Wide Fund For Nature (WWF) and the Integrated Biodiversity Assessment Tool (IBAT) of the International Union for Conservation of Nature and Natural Resources (IUCN). In 2024, we also discussed our approach to biodiversity in our Nature Advisory Council, a body dedicated to topics related to protecting biodiversity and ecosystems. The Nature Advisory Council supports BASF in obtaining an independent societal perspective on our activities in relation to nature and biodiversity topics. At the end of 2024, the Nature Advisory Council comprised five members from the field of science, relevant value chains and multilateral organizations. Affected communities were not involved in the identification of material topics for the Biodiversity and Ecosystems cluster.

ESRS 2 SBM-3

As a chemical company, our business activities interface with nature, and therefore with biodiversity and ecosystems, in three key areas. These are:

- Sourcing of raw materials
- Operation of production plants
- Attributes of our products

In order to better categorize and understand the impact of BASF on nature at our production facilities, in their immediate surroundings and throughout the value chain, we use the five drivers of biodiversity loss as defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): Land-use change, pollution, climate change, overexploitation of resources, and invasive species. We also followed this logic in our double materiality assessment (see page [167](#)).

As the topic categories Climate Change and Pollution are examined at length in the chapters E1 Climate Change (from page [178](#) onward) and E2 Pollution Prevention (see page [205](#) onward), they are not discussed in detail in this chapter. The use of water as a resource is also explored in detail separately (from page [221](#) onward). We did not examine the driver “invasive species” more closely, as we do not consider it relevant for BASF.

Thus, this chapter focuses on the topics surrounding land use and the impacts of our business activities on the land. No significant impacts were identified with regard to desertification and soil sealing. We also

consider the condition of the natural environment in proximity to our relevant sites and in relevant value chains (see page [233](#)).

Our double materiality assessment indicates six material impacts on biodiversity and ecosystems as well as one associated material risk for BASF (see tables below). We systematically document opportunities and risks as part of our general opportunity and risk management (for additional information, see page [87](#) onward).

Results of the double materiality assessment for E4 Biodiversity and Ecosystems: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Need for land use due to the cultivation of renewable raw materials	Negative	Upstream value chain	By procuring renewable raw materials, we provide impetus for their cultivation. This cultivation alters land use and can negatively impact ecosystems.
Impact on land degradation due to the sourcing of raw materials	Negative	Upstream value chain	By sourcing raw materials, we provide impetus for their cultivation and extraction. In some cases, this leads to land degradation.
Land use by BASF sites	Negative	BASF's own operations	BASF uses many plots of land for various purposes, such as offices, production and agricultural testing grounds. Soil sealing, especially due to production plants in the chemical industry, represents a significant land use type.
The loss of biodiversity may be facilitated by the use of crop protection products	Negative, potential	Downstream value chain	In the downstream value chain, the use of crop protection products across large agricultural areas may have a negative impact on biodiversity.
The use of industrial chemicals and their distribution in the environment may have a negative impact on species	Negative, potential	Downstream value chain	The use of industrial chemicals and their distribution in the environment may have a negative impact on species and biodiversity.
More sustainable intensification of farming	Positive	Downstream value chain	The use of our products, including crop protection products, in agriculture enables farmers to increase their productivity, thus supporting food production.

Results of the double materiality assessment for E4 Biodiversity and Ecosystems: Risks and opportunities

Risk	Evaluation	Description
Regulatory requirements for the marketing of chemicals	Negative	Regulatory developments, prompted by actual or anticipated impacts of our products on the state of species, their population sizes or their risk of extinction, impact our opportunities to market chemicals.

Strategy and governance

E4-1

We are currently undergoing a transformation toward climate neutrality and observance of the planetary boundaries. To this end, we have set ourselves ambitious targets (see page [31](#)) that impact our business models and our strategy as well as how they interface with nature, biodiversity and ecosystems.

- We strive to use more and more renewable alternatives to fossil raw materials and energy.
- We aim to continuously reduce emissions in the natural world and improve our resource use on an ongoing basis.
- We manage our product portfolio with regard to the product-related contributions to greater sustainability (TripleS: Sustainable Solution Steering, see page [161](#)).

These three areas of transformation are also relevant to many of our stakeholders, such as investors, customers, legislators, suppliers, insurers and nongovernmental organizations. We actively seek out partnerships with relevant interest groups and organizations worldwide, for example in the Taskforce on Nature-related Financial Disclosures (TNFD), to expand our knowledge, to raise awareness about biodiversity and to drive necessary actions forward. In the event that our business activities negatively impact or could negatively impact affected communities, we involve them or their representatives in one of our stakeholder engagement formats (see page [308](#)).

We generally consider the resilience of our business models at the level of our business units or operating divisions along the value chain (see page [169](#)). The current resilience of our business models in relation to biodiversity and ecosystems was examined in 2024 in preparation for our double materiality assessment. In our Nature Advisory Council, we discussed aspects that were part of this assessment, such as our approach to renewable raw materials. Through the use of big data analysis, stakeholder viewpoints were also incorporated into our considerations. The assessment was conducted under the basic assumption of continuity concerning our current raw materials base. The examination focused on those business models connected with the impacts identified in this topic category: The use of industrial chemicals and the use of crop protection products. Overall, we assess our resilience level as high. As a chemical company, we still mainly use fossil raw materials. Our sourcing of renewable raw materials is diversified, leading to low dependence on biodiversity and ecosystem services. We regard the availability of water in sufficient quality and quantity as an important, but not material, dependency on ecosystem services. This dependency is documented as part of our opportunities and risk management and is addressed by means of our sustainable water management (see page [225](#)). We therefore regard our physical risks as low.

We actively pursue actions (see page [248](#)) to reduce our dependency on fossil-based technologies and raw materials. This increases our dependency and impacts on biodiversity and ecosystems. The associated transitory and systemic risks have been considered and assessed as not material.

In respect of our business model in the field of agriculture, the long-term market demand for crop protection products and support in food production results in a high level of resilience. The transitory and systemic risks associated with this line of business have been considered and assessed as important but not material.

With a view to avoiding impacts on nature, we are guided by the risk mitigation hierarchy. If impacts cannot be minimized, we aim to reduce them, support the restoration of nature or contribute to the transformation of value chains toward better environmental outcomes.

Explanation of material impacts

Impact of land use on the sourcing of raw materials

Human use of land has impacts on biodiversity and the conservation of ecosystems. We pursue our ambitious climate targets (see page [194](#)) and seek to increasingly offer customers products that make a positive contribution to sustainability in the value chain (see page [161](#)). This includes partially replacing fossil raw materials with renewable alternatives. This has a positive impact on the carbon footprint of the product concerned. At the same time, however, the cultivation of renewable raw materials must be considered from a sustainability point of view. If plants are grown in monocultures or if forests are cleared to enable cultivation, this has a negative impact on biodiversity and ecosystems. This may lead to land degradation. Therefore, our risk assessments when sourcing renewable raw materials take into account the protection of biodiversity and ecosystems, as well as social factors such as working conditions (see page [298](#)) and food security. We carefully weigh advantages and disadvantages, for example with life cycle analyses. Moreover, we seek dialog with our stakeholders to identify conflicting goals. We also take into consideration recognized certification standards in our decisions, such as the Roundtable on Sustainable Palm Oil (RSPO). For our biomass balance portfolio (see page [250](#)), we only source renewable raw materials that are certified in accordance with recognized standards, such as the International Sustainability and Carbon Certification (ISCC) or the REDcert scheme for sustainable biomass.

Since 2023, our Care Chemicals division has been publishing a comprehensive Responsible Sourcing Report, which has replaced the previously published Palm Progress Report. This report provides an annual summary of our activities and progress in the pursuit of greater sustainability and transparency in the palm value chain and in the value chains of other renewable raw materials.

Through the sourcing of raw materials that have been mined or otherwise extracted, we exert a significant influence on the degradation of land and on the condition of ecosystems. Mining can result in soil erosion, a loss of biodiversity and the pollution of water sources. The BASF procurement requirement ensures that environmental and social criteria are taken into account during procurement. We expect our raw material suppliers to meet environmental and social requirements (see page [239](#)). By fostering the circular economy, we are able to reduce demand for newly mined raw materials. BASF is involved in various projects to improve sustainability in the supply chain, such as in connection with the recycling of lithium-ion batteries. The company's Verbund concept enables the efficient use of raw materials by using a plant's by-products as feedstocks in other processes, thereby saving raw materials and energy.

Land use by BASF sites

The operation of our sites represents land use. Our sites comprise production plants, research and office buildings and agricultural testing grounds, among other things. We utilize a total surface area of approximately 43,000 hectares, of which around 23%¹ is sealed.

In order to assess the impact of our sites on biodiversity and ecosystems more closely, we have focused on our production sites, as pure office locations are less relevant by comparison. Only about a quarter of our around 1,000 sites worldwide are production plants.

¹ We regard land belonging to agricultural businesses and mining locations as unpaved, whereas all other areas are classed as paved. Even if the land is classed as paved, there are unpaved areas around buildings.

Using the WWF Biodiversity Risk Filter (BRF²), an internationally recognized and science-based platform, we analyzed our production sites on the basis of 33 indicators included in the filter to identify **impacts and dependencies** in the area of physical risks and in respect of reputationally harmful topics. Our further considerations centered on the potential physical impacts. The BRF analysis indicated that BASF's greatest **dependency** lies in the topic category Water, both in terms of the availability and the quality of water for our production sites. For one group of sites, a potential impact was identified due to tropical cyclones. Ranked third was the risk of extreme heat. BASF already addresses these three dependencies as part of its site management.

The BRF analysis pointed to pollution as the greatest potential **impact** of BASF caused by our sites. However, this figure was considerably lower than the BRF estimate for the chemical sector overall. We discuss the proximity of our sites to protected areas further on page [245](#).

For of the management of our production facilities and their plants, we aim to act as a good neighbor and are striving to conserving biodiversity and ecosystems and to minimizing negative impacts on the environment. We generally keep our product-related emissions to air, water and soil as low as possible at these sites, avoid and reduce waste and manage remediation sites responsibly.

For more information on how we prevent pollution, see page [205](#) onward; for more information on how we handle water, see page [221](#) onward.

Identification and selection of material sites

[ESRS 2 SBM-3](#)

The material BASF sites for biodiversity and ecosystems were identified based on the results of the double materiality assessment and using the methodological framework for the drivers of biodiversity loss³ (see page [231](#)), as adapted for BASF, as well as the insights gained from the BRF analysis on impacts and dependencies.

To determine our material sites, we began by defining sites with active production operations as relevant for the topic category and then evaluated these sites using a set of indicators. As land use has been defined as a material impact, one indicator was the size of a site compared with all other sites.

We assigned further indicators to the sites using our environmental database if they allowed statements to be made on the drivers of biodiversity loss that are relevant to BASF. These were emissions making a contribution to eutrophication⁴ and acidification (pollution), greenhouse gas emissions (contribution to climate change) and water supply (potential overuse of natural resources). The sites with the highest entry values for each indicator were then further considered. The most important dependency for our material sites is the quality and quantity of water available. Here too, the sites were compared with each other and those with the highest values determined. Finally, the sites exhibiting at least four markers (>50% of indicators considered) were identified.

This method enables us to identify the material sites with a high degree of alignment with the drivers of biodiversity loss. The limitation of this method lies in the fact that, by definition, it only uses comparisons between our sites and thus relative contributions. We will continuously review whether threshold values for indicators can be applied in the future that go beyond BASF.

² The BRF is a free, science-based online tool that helps companies and financial institutions around the world to recognize and evaluate risks in the area of biodiversity by processing relevant biodiversity data and associating this data with companies' own sites and supply chains; in doing so, it uses 33 indicators in the categories of ecosystems, biodiversity and ecosystem services. The BRF provides indicators and geolocation-specific risk assessments for site determination purposes.

³ This methodological framework was developed and documented by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). The IPBES is a multilateral agency of the United Nations (U.N.) and collects global scientific data, analyzes this data and indicates political courses of action.

⁴ The buildup of nutrients in originally low-nutrient bodies of water, for example due to fertilizer contamination with adverse consequences for the ecosystem.

The following table shows a list of material sites based on this analysis:

Material BASF sites^a for biodiversity and ecosystems

Site	Relative contribution to drivers of biodiversity loss (compared with all sites)					
	Land use	Emissions I eutrophication of air	Emissions II eutrophication of water	Emissions III acidification of air	Climate change	Water use
Antwerp, Belgium, BASF Antwerpen N.V.	x	x	x	x	x	x
Chalampé, France, Butachimie SNC		x	x	x		x
Freeport, Texas, BASF Corporation	x	x		x	x	x
Geismar, Louisiana, BASF Corporation	x	x	x	x	x	x
Ludwigshafen, Germany, BASF SE	x	x	x	x	x	x
Port Arthur, Texas, BASF TotalEnergies Petrochemicals LLC		x		x	x	x
Yeosu (formerly Yeocheon, Yosu), South Korea, BASF Company Ltd.		x	x	x	x	

^a All sites under BASF operational control were considered.

The following table shows how these sites are embedded within local ecosystems.

Material BASF sites^a and their ecological context

Site	Biome	Ecoregion	Embedding in ecological neighborhood			Documented negative effects on biodiversity sensitive areas (BSA)
			Biological intactness indicator (BII)	Biodiversity mean species abundance (MSA)	In proximity to biodiversity sensitive areas (BSA)	
Antwerp, Belgium, BASF Antwerpen N.V.	Temporary deciduous and mixed woodland	European Atlantic mixed woodland	28%	26%	Yes	No
Chalampé, France, Butachimie SNC	Temporary deciduous and mixed woodland	Western European deciduous woodland	36%	26%	Yes	No
Freeport, Texas, BASF Corporation	Tropical and subtropical grasslands, savanna and shrubland	Western Gulf Coast grasslands	21%	6%	No	No proximity to biodiversity sensitive areas (BSA)
Geismar, Louisiana, BASF Corporation	Temperate grasslands, savanna and shrubland	Southeast U.S. pine savannas	35%	26%	No	No proximity to biodiversity sensitive areas (BSA)
Ludwigshafen, Germany, BASF SE	Temporary deciduous and mixed woodland	Western European deciduous woodland	28%	26%	No	No proximity to biodiversity sensitive areas (BSA)
Port Arthur, Texas, BASF TotalEnergies Petrochemicals LLC	Tropical and subtropical grasslands, savanna and shrubland	Western Gulf Coast grasslands	22%	26%	No	No proximity to biodiversity sensitive areas (BSA)
Yeosu (formerly Yecheon, Yosu), South Korea, BASF Company Ltd.	Outside the ecoregion data set	Outside the ecoregion data set	29%	26%	No	No proximity to biodiversity sensitive areas (BSA)

^a All sites under BASF operational control were considered.

Crop protection products and their impact on biodiversity and land

The agricultural sector, especially the intensive cultivation of large areas of land, including the use of crop protection products, competes with the conservation of natural habitats with a high level of biodiversity. Farms play an important role in this regard: They not only need to focus on their productivity and yields, but also meet societal and consumer expectations and protect the environment. Additional measures to promote biodiversity in the agricultural sector can have positive effects and help to reduce negative impacts. BASF has been active in this area for many years and founded the BASF Farm Network, which brings together farmers, environmental organizations, universities and companies. Its mission is to demonstrate the coexistence of farming and nature by means of practical experiments. The network supports programs that reconcile agricultural production with the protection of soil and the environment. It helps farmers to increase biodiversity on their fields and to use water and soil sustainably.

Improper use of crop protection products may have a negative impact on human health and the environment. We are therefore focusing our smart stewardship activities on education and continuously improving our solutions for farmers. Alongside aspects such as efficacy and productivity, this includes safe use by our customers and impact on the environment. We consider the entire life cycle of our products – from research and development to their proper use and disposal.

Crop protection products and seeds are highly regulated at national and international level, which leads to strict requirements for registering and re-registering active ingredients and crop systems. Regulatory approval is only granted after comprehensive evaluation has shown that our products are safe for humans, animals and the environment when used according to label instructions.

Industrial chemicals and their impact on biodiversity

Emissions of industrial chemicals can have direct and indirect impacts on biodiversity and ecosystems. Direct impacts occur where chemicals directly affect organisms or habitats. Indirect impacts may occur when chemicals enter the environment and build up within the food chain and/or environment or adversely affect habitats. These impacts differ depending on which chemical has entered the environment and in what concentration, and over what period. It is important to consider the potential impacts and to take suitable measures to minimize the environmental impacts.

We work continuously to reduce the environmental impacts of our products and processes. At the same time, we continue to steer our product portfolio toward sustainability in accordance with our TripleS methodology (Sustainable Solution Steering, see page [161](#)). As part of TripleS, we also evaluate all relevant BASF products in terms of their impacts on biodiversity. We identify products that pose challenges in the area of sustainability; where these challenges are substantial, we develop action plans in order to optimize products or replace them with alternative solutions.

We see product safety as an integral part of all business processes, as an important element of our risk management and as an essential pillar of our commitment to Responsible Care®. We continuously work on ensuring that our products pose no risk to people or the environment when they are used responsibly and in the manner intended. A thorough safety and risk assessment enables us to serve markets with safe and more sustainable products that meet regulatory requirements while still responding to trends.

More sustainable intensification of farming as a positive impact

The more sustainable intensification of farming through the use of modern crop protection products offers various benefits. It increases the productivity of farms by maximizing their yield per hectare and minimizing losses due to pests and diseases. It also helps to safeguard food supply by facilitating higher and more stable yields. The more efficient use of resources such as water and fertilizer improves the sustainability of agricultural production, which helps to protect the environment in the long term.

BASF's specific areas of action include the development of seeds and traits that are more resilient to climate change and enable higher yields, as well as biological and chemical crop protection solutions and digital technologies that help farmers to manage their fields more efficiently.

BASF's Agricultural Solutions division has set itself ambitious sustainability targets, including a reduction in CO₂ emissions per metric ton of crop yield and an expansion of digital technologies to more than 400 million hectares of agricultural land. These measures are part of a broader strategy that aims to increase agricultural productivity and sustainability while simultaneously conserving natural resources.

Description of material risks

Regulatory requirements for chemicals

The chemical industry is facing substantial risks due to changes to and reforms of regulatory requirements or approval conditions, including in relation to the areas of environmental protection, biodiversity and ecosystems. More stringent regulations may limit the approval, use or marketing of certain chemicals. BASF plans to respond to regulatory changes with a combination of proactive and reactive measures. These include continuous monitoring, analysis of the regulatory framework and steering of our product portfolio using the TripleS method. We also invest in research and development in order to continuously develop chemicals with improved toxicological and ecotoxicological properties and thus meet the new requirements. Moreover, BASF is committed to working closely with stakeholders and regulatory bodies to ensure that company practices comply with the latest standards.

Governance approach

E4-2

Our governance in relation to the topic category Biodiversity and Ecosystems is based on three internationally recognized reference points:

- The five drivers of biodiversity loss as defined by IPBES (see page [231](#))
- The Kunming Montreal Global Biodiversity Framework (GBF) and its target of reducing biodiversity loss and reversing the trend by 2030
- The United Nations' Sustainable Development Goals (SDGs), including Zero hunger (SDG 2) and Life on land (SDG 15)

Governance in respect of the drivers Climate Change, Pollution and Water is described in the respective standards and therefore not elaborated upon here (Climate Change, see page [182](#) onward; Pollution Prevention, see page [207](#) onward; and Water, see page [222](#) onward).

We have implemented a variety of governance approaches with a view to minimizing our impacts on biodiversity in the area of land use. For explanations of the policies to which we make repeated reference, see the General Disclosures chapter of our Sustainability Statement on page [151](#). This chapter includes explanations regarding application, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof. Examples include our position on the responsible sourcing of renewable raw materials, the BASF position on forest protection and our global environmental protection standards. The Corporate Environmental Protection, Health, Safety & Quality unit in the Corporate Center conducts regular audits to monitor compliance with internal environmental protection requirements. We will continuously further develop our governance, including with regard to protecting biodiversity in the areas around our sites. As the double materiality assessment did not identify any material dependencies, opportunities or physical/transitory risks in this topic category, our policies do not refer to it.

Sourcing of renewable raw materials

We have laid down our expectations of our suppliers with regard to environmental, labor and social standards in the supply chain as well as our commitment to preserving biodiversity in the **Supplier Code of Conduct**. We expanded our procurement requirement in 2024: With our **principles for the**

responsible sourcing of renewable raw materials, we are, among other things, committed to stopping or reversing biodiversity loss within our sphere of influence. The new principles are firmly embedded in our strategic and procurement processes, the aim being to put the BASF raw materials portfolio on a sustainable footing. We endeavor to ensure compliance with these guidelines using a multistage control process. (see page [295](#)).

Palm oil, palm kernel oil and their derivatives are some of our most important renewable raw materials. We mainly use these to produce ingredients for the cosmetics, detergent, cleaner and food industries. There is a risk that forest areas are cleared to create farmland for the production of palm and palm kernel oil. For this reason, we use the internet platform [palmoil.io](#), provided by the technology company MapHubs, to regularly monitor deforestation activities and other possible breaches of regulations at our suppliers' sites. Based on our Supplier Code of Conduct, we have defined our expectations of suppliers in the palm-based value chain in a supplementary global procurement policy (**BASF Palm Sourcing Policy**). These address, among other things, certification standards, traceability, environmental aspects connected with the observance of workers' rights and the rights of Indigenous peoples, as well as the inclusion of smallholder structures. Third-party certification in accordance with standards such as those of the Roundtable on Sustainable Palm Oil (RSPO) enables us to take biodiversity-related criteria into account when sourcing raw materials. The monitoring of deforestation activities and the achievement of our targets when sourcing certified raw materials help us to monitor compliance with the policy.

When using biological resources, we adhere to the provisions of the international Nagoya Protocol. This supplementary agreement to the U.N.'s Convention on Biological Diversity regulates access to genetic resources and benefit sharing. It sets out obligations (for example, compensation payments) for the users of genetic resources such as plant-based raw materials. We use internal control mechanisms such as Responsible Care audits to monitor compliance with these standards.

Our global **position on forest protection** sets out our commitment to preserving biodiversity in areas of High Conservation Value such as High Carbon Stock forest areas and peatlands in the procurement of renewable raw materials. We have also set out our expectations on this topic in the global Supplier Code of Conduct (see page [295](#)), which is part of our purchasing conditions. The unit-specific risk management systems of our business units are supported and monitored during implementation according to minimum standards set by the Corporate Center units. The Corporate Audit unit, as the third instance involved, monitors the effectiveness and compliance with risk management. Moreover, forest protection in accordance with this position is addressed when making investment decisions. We will adapt this position in 2025, incorporating the EU Deforestation Regulation (EUDR). In 2024, BASF once again participated in the "Forests" evaluation, provided by nonprofit organization CDP and achieved a grade of A-, thereby once again attaining leadership status. The assessment is conducted based on detailed insights into the palm value chain and activities that impact ecosystems and natural habitats.

BASF sites and production plants

We are deeply committed to environmental protection and sustainability at our sites. The aim is to minimize the impact of production on people and the environment and to continuously improve. We do not have dedicated policies for the protection of biodiversity in proximity to our sites, but instead use our comprehensive Responsible Care Management System. Alongside global requirements and health and safety standards (for more information, see pages [207](#) and [278](#)), this also covers environmental protection. We have defined our global standards for emissions to air and water in Group-wide requirements, the implementation and compliance of which is the responsibility of the sites and Group

companies. Among other things, these stipulate that water protection concepts must be implemented at all production sites in order to prevent unforeseen emissions and the pollution of surface or ground water. The Corporate Center unit Environmental Protection, Health, Safety & Quality conducts regular audits to monitor compliance with internal requirements that are part of the Responsible Care Management System.

BASF sets stringent standards for the exploration and development of new sites and, among other things, incorporates requirements for environmentally friendly development and the inclusion and protection of nature and ecosystems in accordance with our Responsible Care Management System.

Impacts in the downstream value chain

Through our commitment to the objectives set forth by the Responsible Care® initiative of the International Council of Chemical Associations (ICCA) and our own global environmental protection standards, we undertake to continuously minimize negative impacts of our products on health, safety and the environment and to optimize our products on an ongoing basis. For more information, see the chapters E2 Pollution Prevention (see page [205](#)) and E3 Water (see page [221](#)).

Before our products are launched on the market, they undergo various tests and assessments – depending on legal requirements and their application profile. These tests enable us to identify potential hazard characteristics as well as health and environmental risks at an early stage. Based on these results, we derive precautionary and protective measures and develop recommendations for safe handling (see page [214](#)).

In the area of crop protection, we further follow international standards, such as the International Code of Conduct on Pesticide Management and the Principles of Integrated Pest Management. We evaluate our products and solutions in crop protection and seeds throughout the entire research, development and registration process for potential risks and impacts to the ecosystems in which they are used.

Actions

E4-3

We take actions in a variety of areas to ease the pressure on biodiversity and ecosystems or to impact them positively. We consider these to be key measures:

- The steering of our product portfolio toward more sustainability through TripleS
- Our measures concerning the sourcing of certified palm-based raw materials

Further measures outlined in the following chapter often represent locally organized activities, projects and initiatives. They have not been assigned to any centrally managed action plan.

Measures in the topic categories Climate Change and Pollution are described in the chapters E1 Climate Change (see page [189](#) onward) and E2 Pollution Prevention (see page [211](#) onward). Our actions concerning the protection of water as a resource are also discussed separately (see page [225](#) onward).

Sourcing of renewable raw materials

We are involved in a various initiatives in our upstream value chain to manage the sourcing of renewable raw materials in a way that protects local biodiversity. Take palm-based raw materials, for example: For the first time in 2023, our Care Chemicals division published a comprehensive Responsible Sourcing Report, which replaces the previously published Palm Progress Report. The third edition of this report will be published at the beginning of 2025. Here, we report annually on our measures and progress toward more sustainability and transparency in the palm value chain as well as further renewable raw materials value chains. We have been a member of the **Roundtable on Sustainable Palm Oil** (RSPO) for 20 years now and contribute to further national and international initiatives, such as the German Forum for Sustainable Palm Oil (FONAP) and the organization High Carbon Stock Approach (HCSA).

We source most of our palm-based raw materials from Malaysia and Indonesia. As a study conducted for the European Commission shows, smallholders account for around one-third of the total volumes produced there. Through our involvement in local initiatives, we aim to expand our supplier base for RSPO-certified palm products while simultaneously bolstering smallholder structures and sustainable production methods that help to protect local biodiversity. Since 2023, we have been working in partnership with a leading natural cosmetics manufacturer and the Indonesian nonprofit organization Kaleka to support smallholders in Central Kalimantan. The aim is to promote regenerative agricultural methods as well as to help establish favorable political framework conditions and regulations. We are also involved in a local project in Sumatra through the Forum for Sustainable Palm Oil.

Building on our involvement in these two initiatives, we joined forces with the nongovernmental organization Solidaridad in 2023 to promote sustainable palm oil and improve the living conditions of smallholders in Indonesia and Malaysia. In 2024, the program focused on developing viable and resilient production systems and on supporting integrative market access systems. Farmers are assisted in preparing for compliance with international standards and the certification of agricultural methods. The project seeks to train farmers in both countries with a view to fostering their continued involvement in the sector. In 2024, we entered into a further strategic partnership with the nonprofit organization Solidaridad and the organization Fedepalma, which represents the interests of many palm oil farmers and mills. The main objective of the project is to promote more sustainable palm oil production in Colombia in the long term by implementing improved and more sustainable growing practices among local producers.

We have developed a grievance mechanism for our palm value chain that reflects our commitment to the No Deforestation, No Peat and No Exploitation (NDPE) policy and that encompasses both direct partners and third-party suppliers. In the event of violations, we take action up to and including contract termination. In our decisions, we also take into account results from the grievance mechanism of the **Roundtable on Sustainable Palm Oil (RSPO)**.

We are also driving the market transformation toward certified, sustainably sourced oleochemicals for another renewable raw material: coconut oil. We use coconut oil to manufacture ingredients for products such as detergents, cleaning agents and cosmetics. We have, for example, certified our production sites in Cassina Rizzardi, Italy, and Zona Franca, Spain, under the Rainforest Alliance Mass Balance Coconut scheme. As a result, BASF offers certified sustainable ingredients for personal care products on the basis of coconut oil.

» For more information on our voluntary palm commitment and our palm grievance mechanism, see basf.com/en/palm-dialog

BASF sites and production plants

We continuously optimize the **production processes** at our sites. This includes initiatives to improve energy efficiency (see page [190](#)), reduce emissions to air and water and avoid waste (see pages [211](#), [225](#) and [251](#)). We primarily rely on proactive measures and methods to protect biodiversity and only to a lesser degree on compensation measures. These are sometimes necessary, such as on account of conditions imposed by financial institutions and official bodies.

When it comes to investment decisions on the construction of new sites or the expansion of existing ones, the potential impacts on forests and other biodiversity criteria are systematically considered. In this regard, a decision may also be taken to institute compensatory measures, such as investments in local afforestation programs.

Continuous monitoring and documentation of emissions to air and water as well as the implementation of measures for improvement are an integral part of our environmental management. This is regularly audited by the Corporate Environmental Protection, Health, Safety & Quality unit in the Corporate Center. Our measures connected with reducing pollution are discussed on page [211](#) onward.

Impacts in our downstream value chain

In our new corporate strategy, we focus on enabling our customers' efforts toward a green transformation with suitable BASF products. Today, we already use alternative raw materials and biomass in selected value chains in order to add sustainability attributes to our products. To increase transparency surrounding our product-specific greenhouse gas emissions and to implement our carbon reduction measures where they add the greatest value, we use a digital solution to calculate the carbon footprint of approx. 40,000 products on an ongoing basis (see page [194](#)).

By virtue of our TripleS sustainability evaluation method (see page [161](#)), we continuously steer the **BASF product portfolio** toward more climate protection, resource efficiency and circularity. Using this method, we systematically evaluate products in terms of their sustainability performance. Here, the aspect of biodiversity is also taken into account. As part of the TripleS evaluation, we identify products with high sustainability potential and products that do not fulfill the sustainability criteria. The latter products are systematically phased out of the portfolio or replaced by more environmentally friendly alternatives. Through our TripleS target, we annually review the effectiveness of these measures in the area of biodiversity and ecosystems.

Our Agricultural Solutions division offers farmers various solutions to promote biodiversity in agriculture while simultaneously enabling productive and efficient food production. These include, for example, various e-learning modules on biodiversity and agriculture. The interactive training sessions are available to interested farmers free of charge. We measure participation in our training and development programs annually. In the 2024 business year, we reached 199,427 people with the programs.

Global targets

E4-4

Many of our sustainability-related corporate targets (for additional information, see page [31](#) onward) contribute to the protection of nature. These include our climate protection targets to reduce our greenhouse gas emissions (see page [194](#)), our targets in the area of resource use and circular economy (see page [252](#)) and our sustainable water management targets (see page [227](#)).

BASF has not set an explicit target for the topic category of Biodiversity and Ecosystems. We are reviewing whether we can derive a separate target for the topic category of Biodiversity and Ecosystems, either from various approaches or as an overarching ambition.

At regular meetings with external stakeholder representatives as part of our strategic stakeholder engagement, as well as in conversations with investors, we discuss the sustainability topics of material importance to BASF. Through this, the expectations of our stakeholders are continuously taken into account when setting potential targets.

In relation to our impact in connection with the sourcing of renewable raw materials, we set ourselves the target in 2015 of purchasing 100% certified palm oil and palm kernel oil starting 2020. We regard this target as a key indicator of whether our measures in the upstream value chain are successful. In recent years, we have met this target. Due to insufficient availability of RSPO-certified palm kernel oil, we were unfortunately unable to meet this target in 2024, posting a figure of 98.1% (2023: 100%). In 2024, we were able to trace approx. 97% of our total volume of our global palm footprint⁵ back to the oil mill (2023: 96%).

In view of volatile market dynamics, we are adjusting our palm-specific targets. We will continue to source 100% certified sustainable palm oil and palm kernel oil to the extent that this is commercially available and possible. We are adjusting our aim of sourcing derivatives of palm oil and palm kernel oil as 100% certified products from 2025 (2024: 10.2%). Due to the lack of availability on the market, we are now aiming to achieve this target by 2030. RSPO certification will remain a preferred standard. If we consider alternative standards or systems, they must demonstrate an equally stringent focus on environmental protection, labor standards and human rights. In addition, we will strictly adhere to our responsible sourcing principles. Achieving our targets remains dependent on the availability of raw materials and economic feasibility.

As part of our “Winning Ways” strategy, we have set ourselves a new target in the area of circular economy. We strive to almost double the sales revenue generated by so-called Loop Solutions to €10 billion by 2030, compared with the base year of 2023. We define Loop Solutions as products that make a positive contribution to the circular economy in line with the TripleS methodology. These are products that are based wholly or partially on renewable or recycled feedstocks, that support the recycling process, or that increase durability of materials or prolong their functional life (see page [252](#)). As such, we aim to contribute to the more efficient use of resources and counteract climate change. This can also ease the pressure on ecosystems, as the use of recycled raw materials reduces demand for newly extracted raw materials. If fewer fossil raw materials are extracted or renewable raw materials harvested, this reduces the negative impacts on humans and the environment.

As part of our Responsible Care Management System, for example, we review the effectiveness of our measures in terms of combating these impacts. We analyze our impacts in the downstream value chain by means of the TripleS method. We have set ourselves the target of considerably increasing sales that we generate through products that make a positive contribution to sustainability. We group these products together as Sustainable-Future Solutions. By 2030, more than 50% of BASF’s sales relevant to TripleS are to be attributable to Sustainable-Future Solutions. We are making good progress toward achieving this target (see page [161](#)). Sustainable-Future Solutions also include products whose attributes have a positive impact on biodiversity and ecosystems, such as through the use of renewable or recycled raw materials. One example of this is surfactants made from certified, sustainable palm (kernel) oil, which are used in detergents, cleaning agents and dishwashing detergents.

We do not rely on compensation measures to reach the aforementioned targets. With our selected measures and targets, we focus on avoiding or reducing negative impacts pursuant to the mitigation hierarchy. In terms of the impacts of our sites or our production activities, we have not set ourselves any dedicated targets on biodiversity and ecosystems.

⁵ The global palm footprint comprises our sourcing of palm oil, palm kernel oil and palm-based primary derivatives.

Metrics

[ESRS 2 SBM-3](#) | [ESRS 2 IRO-1](#) | [E4-5](#)

All BASF production sites in proximity to nature reserves must document potential direct negative impacts on biodiversity-sensitive areas. No such impact was reported by any site for 2024.

Since 2013, we have been analyzing production sites in terms of their proximity to nature reserves, including with the help of the Integrated Biodiversity Assessment Tool (IBAT). The sites have documented their results in our environmental database since 2021. In 2024, our assessment was expanded and now includes nature reserves pursuant to the classification of the International Union for Conservation of Nature (IUCN) I, II and III as well as Ramsar, UNESCO Natural World Heritage Sites, Natura 2000 and Key Biodiversity Areas (KBAs).

The sites document whether there are biodiversity-sensitive areas in their vicinity and whether they have had a negative impact on them. If such an instance occurs, we identify the cause of the negative impact. This could, for example, be a product leak, a habitat destruction due to construction work or the feeding in of untreated wastewater. Once we have concluded our investigation, we review the measures planned or already implemented in order to reduce or mitigate any impacts on nature.

In 2024, nearly 15% of our production sites⁶ bordered a nature reserve or biodiversity-sensitive area; of which no sites reported negative impacts on nature reserves.

Using the STAR (Species, Threat, Abatement and Restoration) tool, we also calculated the STAR values for our production sites based on the IUCN Red List of Threatened Species. This analysis covered the sites themselves and a radius of ten kilometers. The results indicate that some of our production sites are located in areas with high or very high STAR values. These values indicate, for instance, that these areas are home to a large number of threatened species. We took a closer look at the drivers of biodiversity loss at these sites. Drivers included tourism, fishing, invasive species and the occurrence of diseases unrelated to chemical production.

- » For more information on our commitment to biodiversity, see [bASF.com/biodiversity](#)
- » For more information on our position on forest protection, see [bASF.com/forestprotection](#)

⁶ For this analysis, production sites at which more than one BASF company operates were only counted once in order to avoid duplicate counting. "Neighboring" is deemed to mean within a radius of three kilometers.

E5 Resource Use and Circular Economy

ESRS E5

As the world's population grows, so does demand for limited natural resources. At the same time, many valuable materials end up in landfill or in waste incineration. Using resources responsibly and closing loops are material for our business and achieving our sustainability targets.

In our double materiality assessment, the topic Resource Use and Circular Economy was classified as material. For information on how the assessment was performed – including the tools used to do this – see the chapter General Disclosures, page [167](#) onward. We have identified five material impacts for BASF as a result of the assessment (see table below). The procurement and use of fossil raw materials negatively impact the environment through emissions, land use and environmental pollution. Waste arising at the end of the functional life of materials that are manufactured using our products may negatively impact the environment on disposal. At the same time, however, this waste also offers a potential opportunity for recycling raw materials and for closing material loops. We systematically record opportunities and risks as part of our general opportunity and risk management (for additional information, see page [87](#) onward).

ESRS 2 IRO-1

To discuss critical issues and, if needed, develop solutions together, we seek dialog with our stakeholders. We are also involved in numerous sustainability initiatives to drive forward sustainability both in general and specifically in relation to our value chain. We are involved in networks, lobbying groups and associations in order to jointly promote sustainability topics.

We cooperate with partners along the value chain, for example in the chemical industry's Together for Sustainability initiative, and are involved in numerous networks such as the Ellen MacArthur Foundation (EMF), the World Business Council for Sustainable Development (WBCSD), the Global Battery Alliance (GBA) and the Alliance to End Plastic Waste (AEPW). In doing so, we want to better understand requirements, trends and growth opportunities, and contribute to the development of standards.

We use a Group-wide program to assess and develop new projects designed to promote the circular economy. We also address impacts, risks and opportunities by regularly assessing external, independent reports such as the Circularity Gap Report, which is published annually by the Circle Economy Foundation initiative. We have worked together with the WBCSD and other chemical companies to develop a Chemical Transformation Roadmap, which was published on the WBCSD website on October 1, 2024.

Results of the double materiality assessment for E5 Resource Use and Circular Economy

Impacts	Evaluation	Placement in the value chain	Description
Sourcing and use of fossil or renewable raw materials	Negative	Upstream value chain	We negatively impact overshooting of the planetary boundaries by sourcing and using fossil and renewable raw materials, for example through emissions, land use and environmental pollution.
Waste management in the upstream value chain	Negative	Upstream value chain	We negatively impact the planetary boundaries through the waste arising in our upstream value chain as a result of sourcing, refining and processing.
Use of fossil or renewable raw materials	Negative	BASF's own operations, upstream and downstream value chain	We negatively impact overshooting of the planetary boundaries by using, processing and combusting fossil or renewable raw materials, for example through emissions, land use and environmental pollution.
Waste management in BASF's own production	Negative	BASF's own operations	We negatively impact the planetary boundaries through the waste arising in our own production.
Waste management in the downstream value chain	Negative	Downstream value chain	We negatively impact the planetary boundaries through the waste arising at our customers.

Strategy and governance

E5-1

We are pursuing a holistic strategy to establish a circular economy and, at the same time, to reduce our company's environmental footprint. We want to offer our customers innovative products and solutions to enable their green transformation. Our business units are therefore in close contact with our customers in order to better understand their sustainability needs and offer tailored BASF solutions. The insights from this dialog are also incorporated in our research projects and in innovation processes.

Our strategy covers the entire value chain – from responsible sourcing and the efficient use of raw materials in our own processes and using by-products to developing resource-saving solutions for our customers. For explanations of our overarching policies in respect of scope of application, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in our Sustainability Statement on page [151](#).

Sourcing of raw materials

Alongside economic, environmental and social criteria, we also consider aspects such as product safety and supply security when selecting suppliers and raw materials. Our procurement organization has set out guidelines for our upstream value chain in a global, risk-based management system. We have defined the standards for this in a global procurement requirement. The BASF Group uses this requirement to ensure that procurement processes are in line with our standards and with the legal guidelines. The requirement includes a supplier risk assessment, which also examines their sustainability performance. The aim here, among other things, is to combat the negative impacts on the environment of the procurement of both fossil and renewable raw materials. We endeavor to ensure compliance with this guideline using a multistage control process. The unit-specific risk management systems of our business units are supported and monitored during implementation according to minimum standards set by the Corporate Center units. The Corporate Audit unit, as the third instance involved, monitors the effectiveness and compliance with risk management. We require suppliers to comply with internationally recognized environmental standards. Our expectations are laid down in our **Supplier Code of Conduct** (see page [295](#)), which is integrated into our purchasing conditions. This Code of Conduct, which also aims to address the negative impacts caused by our sourcing of fossil and renewable raw materials, covers protecting human rights, compliance with valid environmental regulations and the efficient use of resources, among other things.

The global procurement requirement is supplemented by specific internal guidelines, for example, on sourcing palm-based raw materials or certain mineral raw materials. The requirements regulate the sourcing of raw materials in general. They do not address a reduction in the use of fossil raw materials. As part of our new corporate strategy, the BASF Renewable Carbon unit within Global Procurement is continuing to drive the sourcing of renewable raw materials and biomass for BASF's operating divisions.

Use of fossil raw materials

We are focusing on actions and on our circularity target to increasingly replace fossil raw materials with recycled or renewable raw materials. For many years, we have already been pursuing **BASF's Verbund concept¹** to ensure the efficient use of raw materials. Intelligently linking and steering our plants and processes as set out in this concept creates efficient value chains. By-products from one plant are used as feedstocks elsewhere. This saves raw materials and energy. At the same time, the Verbund offers many opportunities to use renewable and recycled raw materials. Going forward, we want to better leverage this potential.

Waste management in the value chain

We rely on our sourcing requirements and our Supplier Code of Conduct to address waste management in our upstream value chain. The responsible management of resources and waste in our own production as well as of the negative impacts resulting from this are core elements of our Responsible Care Management System. We want to use this system to fulfill our corporate purpose of creating chemistry for a sustainable future. Specifically, we intend to use it continuously to improve our processes in the areas of safety, environmental protection and resource use. Our global standards and guidelines relating to waste are defined in the Group-wide Environmental Protection corporate requirement. This includes compliance with the waste management hierarchy: prevention, reuse, recycling, energy recovery, incineration, disposal. The sites and Group companies are responsible for implementing this requirement. The Corporate Environmental Protection, Health, Safety & Quality unit in the Corporate Center conducts regular audits to monitor compliance with legal guidelines and internal requirements. BASF's global network of experts shares information, experiences and best practices on an ongoing basis. Continuous monitoring, documentation and control of waste streams and contaminated sites as well as the implementation of improvement measures are an integral part of our environmental management.

Actions

E5-2

As part of our activities to achieve more sustainability, we are relying on recycled and renewable raw materials to replace fossil raw materials and reduce emissions along the value chain. We continuously evaluate whether fossil and petrochemical resources can be replaced with renewable or recycled alternatives. We are aiming to transition to a circular economy by focusing on using increased amounts of circular raw materials (both recycled and renewable), designing new material cycles and establishing new business models.

We rely primarily on the following actions for this:

- Responsible sourcing of renewable raw materials
- Use of the mass balance approach
- Partnerships to drive forward chemical recycling
- Use of TripleS to steer our product portfolio toward more sustainability

¹ The Verbund concept is not a BASF policy and therefore also not a policy as defined by the ESRSS.

Successfully transforming to a circular economy depends on a suitable framework. At present, global demand for circular products is growing more slowly than expected. In addition, there is currently not enough suitable waste available on the market, while technologies to enhance large-scale recycling of raw materials are being further developed. We are also observing uncertainties in the regulatory environment that are making the transformation more difficult.

As part of a Group-wide circular economy program, BASF teams have developed new approaches in over 50 initiatives since 2019. These relate to the main action areas of making greater use of circular feedstocks, designing innovative material cycles and establishing new business models. From 2025 onward, the respective business units will drive forward implementation of these initiatives in the long term.

E5-5

We help to close and expand loops by developing and implementing circular solutions for the materials that we source, continuing to optimize our operations and offering resource-efficient products and services that support our customers' circular processes. We are also developing product-specific recycling technologies and are involved in cross-industry networks and initiatives to avoid plastic waste and strengthen the circular economy.

Sourcing and use of raw materials

E5-2

Fossil raw materials are still our most important feedstocks. Extracting and processing them causes greenhouse gas emissions, which contribute to climate change. We are trying to reduce these emissions by using alternative raw materials. However, these alternatives can also pose sustainability challenges, such as risks in the supply chain. We see one solution in a transition to a circular economy in which we use process and product innovations to decouple growth from resource consumption.

In line with our procurement requirements, our responsible **sourcing of renewable raw materials** takes the protection of biodiversity and ecosystems into account. The risk analyses that we perform in relation to our procurement processes also consider social factors such as working conditions and food security over the long term. We carefully weigh advantages and disadvantages, for example with life cycle analyses. At the same time, we seek dialog with our stakeholders to identify conflicting goals. The aim here, among other things, is to combat the negative impacts on the environment caused by the sourcing of both fossil and renewable raw materials. We also continuously include recognized certification standards, such as those from the Roundtable on Sustainable Palm Oil (RSPO), in our decisions. For our biomass portfolio, we are exclusively sourcing renewable raw materials that are certified according to recognized standards such as the International Sustainability and Carbon Certification (ISCC) or REDcert, the organization for sustainably produced biomass (see page [254](#)).

We are constantly working to switch to more sustainable raw materials and to reduce the resources consumed in the manufacturing of our products, for example through more efficient processes and innovative technologies. We are developing and testing long-term approaches to make the sourcing of raw materials more sustainable in joint local initiatives with suppliers and other partners. For example, we started operating a prototype metal refinery at our site in Schwarzheide, Germany, in April 2024. The plant will be used in the future to recycle lithium-ion batteries and waste from the production of electric vehicle batteries.

In addition, for example, we continue to deploy the **mass balance approach** in our production in the long term: Many BASF value chains start in syngas plants or steam crackers. This is where fossil feedstocks, mostly naphtha and natural gas, are converted into hydrogen and carbon monoxide or split into important basic chemicals such as ethylene and propylene. These are then processed further in the BASF Verbund to create thousands of products. In addition to fossil feedstocks, we feed alternative feedstocks from bio-based and chemically recycled sources, such as bionaphtha, biomethane and pyrolysis oil, into the Verbund long term at our production sites in Europe, North America and Asia Pacific. These alternatives are used in place of fossil feedstocks for our mass balance products. As fossil, bio-based and recycled raw materials are processed simultaneously, the feedstocks cannot be directly physically attributed to resulting derivatives. However, through monitoring by independent third parties such as TÜV Nord on the basis of recognized certification systems such as REDcert2 or ISCC PLUS, it can be verified that an adequate amount of alternative feedstocks has been used for the amount of mass balance sales product. This ensures that fossil raw materials are saved with every sale of these certified products. We aim to use the mass balance approach to help our customers to achieve their sustainability targets. This can help BASF to purchase fewer fossil raw materials and reach its sustainability targets.

» For more information on the mass balance approach, see basf.com/massbalance

Mass balance products are identical in quality to conventionally produced products, but due to the alternative feedstocks used they contribute to more sustainability, for example, through fewer CO₂ emissions and lower demand for fossil raw materials. In 2024, we expanded our mass balance portfolio in many areas, for example to include Cycled® automotive refinish coatings, biomass balanced products for customers from the detergent and cleaner industry, and products for selected chemical intermediates.

One focal point of our activities in the area of circular feedstocks is the **chemical recycling** of plastics. We use this complementary technology to mechanical recycling to help reduce the amount of plastic waste that is disposed of in landfills or thermally recovered in the long term. Chemical recycling breaks down plastics into their building blocks or converts them into basic chemicals. Different methods are used for this, such as depolymerization or pyrolysis. Chemical recycling has impacts on the entire value chain – from the sourcing of raw materials and the use of recycled raw materials in the manufacture of products to the downstream value chain, in which waste is not disposed of but can be used as a feedstock. To give one example, in chemical recycling, our technology partners use the pyrolysis process to extract pyrolysis oil from used tires or from mixed plastic waste, which is not mechanically recycled as of yet. As part of ChemCycling®, we feed the pyrolysis oil into the BASF Verbund at our production sites in Europe, North America and Asia Pacific as a substitute for fossil feedstocks and manufacture Cycled® products by applying the mass balance approach. In 2024, we established a long-term partnership with Encina Development Group to source benzene that has been chemically recycled from plastic waste. We also aim to use this feedstock to manufacture our Cycled® product portfolio.

Our Agricultural Solutions division's xarvio® HEALTHY FIELDS digital solution is a good example of a business model that contributes to a circular economy by reducing resource consumption. The solution creates incentives for our customers to use resources as efficiently as possible when growing winter wheat and barley. It offers a customized, field-specific fungicide strategy that guarantees leaf health at the end of the season. If the guaranteed leaf health level is not reached, BASF pays compensation to its customers. In 2024, agricultural machinery manufacturer Stara started marketing a crop protection sprayer in Latin America that can detect and treat weeds in real time. The technology combines xarvio® Digital Farming Solutions' agronomic intelligence with high-tech cameras and software to optimize the use of herbicides.

E5-5

We are also pursuing the goal of closing product loops. One example of this is loopamid®. BASF developed this innovative solution to support the circular economy in the fashion industry and recycle polyamide 6 (PA6) textile waste. The technology behind loopamid® tolerates all fabric blends, including PA6 and elastane, enabling textile-to-textile-recycling of industrial textile waste and used clothing from the downstream value chain. The fibers and materials can be recycled over multiple cycles. At the same time, the material's characteristics are identical to those of conventional polyamide.

E5-2

A significant tool for the long-term global **steering of the product portfolio** based on the sustainability performance of our products is our TripleS method (Sustainable Solution Steering). We use this method to assess our relevant product portfolio² and categorize products by their applications and regional aspects, including with respect to resource use and the circular economy. This steering method also allows us to enhance our portfolio with respect to the aspects of the circular economy and resource use. By doing so, we aim to contribute positively to reducing the sourcing of fossil raw materials by supporting the use of recycled feedstocks and closed-loop product cycles. The latter could further reduce waste along the entire value chain. If products with sustainability concerns are identified within TripleS, we classify them as either Monitored or, in the case of significant concerns, as Challenged. A description of possible measures is mandatory for both categories. In the case of Challenged products, we develop our own action plans. These include research projects and reformulations to optimize products or replace them with alternatives. To systematically make our portfolio more sustainable, we are generally phasing out all Challenged products within five years of their initial classification. For more information on the TripleS method, see the General Disclosures chapter of the Sustainability Statement from page [161](#) onward.

Waste management

We are committed to minimizing material consumption along our value chain. We require suppliers to comply with internationally recognized environmental standards. We support our suppliers in developing and implementing measures for improvement, for example in waste management.

Through targeted **waste management**, which is set out in the Environmental Protection corporate requirement, we aim to reuse materials by recycling them, for example, and to keep waste disposal volumes as low as possible. In this continuous process, we systematically track our material flows and follow a clear hierarchy: We aim to avoid waste as far as possible, for example, by continuously optimizing our processes or developing new production methods. This is where our Verbund structure with its networked plants and value chains comes in: The by-products of one plant serve as feedstock elsewhere in the BASF Verbund, avoiding waste and enabling us to use the feedstocks deployed as efficiently as possible. If they cannot be used within the Verbund structures, we assess whether they can be recycled or thermally recovered. We have established processes for the safe, proper and environmentally responsible disposal of materials that we cannot recover or where recovery is not legally permitted. If we use external waste disposal companies, we conduct regular audits to verify that waste is disposed of properly. In this way, we also contribute to preventive soil protection and keep today's waste from becoming tomorrow's contamination.

² The definition of the relevant portfolio and further information can be found in the TripleS manual at bASF.com/en/sustainable-solution-steering

Global targets

E5-3

We use our TripleS method to categorize our relevant product portfolio³ into five segments: Pioneer, Contributor, Standard, Monitored and Challenged. Taken together, the Pioneer and Contributor products make up our Sustainable-Future Solutions. Products allocated to these categories make a positive sustainability contribution in the value chain. Examples are bodycare products made from bio-based and biodegradable polymers or insulation foams that save energy for customers. Our Sustainable-Future Solutions allow us to make a positive contribution with our product portfolio. This also includes resource use and circular economy. For example, an increasing amount of recycled feedstocks are used in these products. We have set ourselves the goal of ensuring that more than 50% of BASF's sales relevant to TripleS are attributable to Sustainable-Future Solutions by 2030 (2024: 46.3%). With TripleS, we are steering our product portfolio as well as our research and development units toward sustainable solutions. We are aiming to reduce the negative impacts of the sourcing and use of fossil raw materials, for example, by using more recycled feedstocks and deploying circular solutions to make more efficient use of raw materials. This can also reduce the waste produced along the value chain. For more information on the methodology behind this target, see the General Disclosures chapter of our Sustainability Statement from page [161](#) onward.

In addition to this target, with which we aim to increase the proportion of our more sustainable products, we have set ourselves a new target for the circular economy in 2024. The target was set by BASF's Board of Executive Directors in 2024 on the basis of the TripleS method. This methodology and the associated target are based on clearly defined criteria in the respective ESG topic areas that are comprehensible in the methodology manual. There is currently no general quantitative scientific framework for the steering of a product portfolio based on business performance and sustainability contribution that companies could use as a guide when setting targets. Among other things, regional legislation on the circular economy and the guidelines set out therein, which we expect that our customers will have to meet, were taken into account when setting the target. We aim to generate sales of €10 billion from Loop Solutions for our customers by 2030 (2024: €5.7 billion). We define Loop Solutions as products that are categorized as Pioneers or Contributors in line with TripleS and that hence make a positive contribution to the circular economy. The total sum of absolute sales for these products represent our Loop Solutions. These are products that are based wholly or partly on renewable or recycled feedstocks, support recycling processes, increase durability of materials or prolong their lifetime. For example, multilayer packaging produced with our water-based Epotal® adhesives can be easily separated into its individual recyclable materials during recycling, allowing them to be reused. Our aim with this target is to reduce waste along the value chain and to make a positive contribution to the more efficient use of raw materials. The annual review of our TripleS target also includes a review of those products that contribute to the circular economy target, so as to measure and evaluate our progress toward achieving it.

In this way, BASF is pursuing a holistic strategy to support a circular economy and at the same time achieve our sustainability targets. To meet these two product-specific targets, we will enhance the sustainability of our raw material base in the direction of a more circular economy. We have drawn up both policies and actions to do this. We aim to use our targets to check whether our strategies and actions are having the desired effect and whether we are contributing to the circular economy.

There are no plans to introduce a dedicated waste management target. Our focus is on the efficient use of our raw materials in our plants. We are continuously increasing this efficiency thanks to the focused measures we are taking (see page [251](#)) and hence are also reducing the volumes of waste generated during production.

³ The definition of the relevant portfolio and further information can be found in the TripleS manual at basf.com/en/sustainable-solution-steering.

Metrics

Resource inflows

E5-4

BASF's most important raw materials (based on volume) include gas and crude oil-based petrochemical feedstocks such as naphtha and benzene. We use liquid gas and natural gas as fuels to generate energy and steam, and as raw materials to produce key basic chemicals such as ammonia or acetylene. Naphtha is mainly fed into our steam crackers, where it is split into products such as olefins and aromatics. Olefins such as ethylene, propylene and butene are important feedstocks for numerous value chains at BASF. We use aromatics such as benzene or toluene to manufacture engineering plastics, among other products. Further details about water as a resource are given in chapter E3 Water (on page [221](#) onward). Investments in property, plant and equipment such as the construction of new production plants or the expansion of capacities at existing production plants are of crucial importance to us as a chemical company. Information on these investments is given in the chapter Material Investments and Portfolio Measures of the Consolidated Financial Statements (see page [33](#)). Thanks to a high degree of forward and backward integration, we can produce feedstocks for our value chains efficiently within the BASF Verbund while conserving resources. We continuously evaluate whether fossil and petrochemical resources can be replaced with renewable or recycled alternatives.

Our renewable raw materials are mainly based on vegetable oils, fats, grains, sugar and ethanol. We use these to produce ingredients for the detergent and cleaner industry and natural active ingredients for the cosmetics industry, for example. We also use renewable feedstocks such as biomethane and bionaphtha as an alternative to fossil feedstocks in our Verbund (see page [250](#)).

We document the volumes of raw materials that we source by determining and adding together their weights. Solids are weighted directly, while for liquids and gases, the volumes are measured and the weights then calculated using their density. We comply with our global, binding procurement requirements when sourcing raw materials and expect our suppliers to adhere to our Supplier Code of Conduct.

When using fossil and renewable raw materials, we consider economic criteria, supply security, process and product safety issues, the availability of various raw materials and potential **impacts on sustainability** along the value chain. All in all, we purchased 30.4 million metric tons of raw materials in 2024, which we generally also use in the same year. Renewable raw materials accounted for 1.2 million metric tons of this amount and were mainly based on vegetable oils, fats, grains and sugar.

We purchase renewable raw materials in accordance with our principles for sustainable sourcing. Our expectations of our suppliers are laid down in our Supplier Code of Conduct. We are developing and testing approaches to make the supply of raw materials more sustainable in joint initiatives with suppliers and other partners. Our principles for the responsible sourcing of renewable raw materials cover both environmental and social criteria.

A total of 24% of the renewable raw materials purchased by us in 2024 were certified, for example by RSPO, REDcert-EU, ISCC EU or ISCC PLUS. Certification standards are not available for all renewable raw materials. As part of our commitment to more sustainability, we are focusing on those areas where they are still missing.

Palm oil, palm kernel oil and their derivatives are some of our most important renewable raw materials. We mainly use these to produce ingredients for the cosmetics, detergent, cleaner and food industries. We aim to ensure that palm-based raw materials come from certified sustainable sources. We have been a member of the RSPO since 2004 and are involved in other national and international initiatives, such as the German Forum for Sustainable Palm Oil (FONAP) and the High Carbon Stock Approach (HCSA) organization. Building on our Group-wide Supplier Code of Conduct, we have outlined our expectations of suppliers in the palm-based value chain in an additional sourcing policy (BASF Palm Sourcing Policy). This addresses aspects such as forest and peat conservation, respect for labor rights and the rights of Indigenous peoples, smallholder inclusion, and certification and traceability standards. Our goal here is to address negative impacts that could arise as a result of our sourcing of renewable raw materials specifically for palm-based raw materials. As part of our supplier and risk management, we use the Palmoil.io internet platform from the tech firm MapHubs to monitor potential deforestation activities that violate our Palm Sourcing Policy. Our Care Chemicals division has published a comprehensive annual **Responsible Sourcing Report** since 2023. In it, we report on our measures and progress toward more sustainability and transparency in the palm value chain and the value chains for other renewable raw materials.

We sourced 11.3 kilotons of recycled raw materials in 2024. This corresponds to 0.04% of our raw materials. The figure includes pyrolysis oil, which is extracted from plastic waste or used tires via chemical recycling (see page [250](#)).

We have many years of experience and a high degree of specialization in recycling **precious metals** such as platinum, palladium and rhodium. These are used in mobile emissions catalysts as well as in chemical catalysts. We primarily use the precious metals recovered in this way as feedstocks to manufacture new products for the automotive, specialty chemical, semiconductor and green hydrogen industries.

Another focus is on recycling **mineral raw materials**. For example, we are driving forward innovative technologies and solutions for recovering metals such as lithium, nickel, cobalt and manganese from end-of-life lithium-ion batteries. With the growing market for electric vehicles, there is also an increasing need for recycling lithium-ion batteries. As a leading producer of battery materials with local production capacities in the three main markets – Asia, Europe and North America – BASF has in-depth expertise in battery chemistry and process technology. We are utilizing these competencies to address battery recycling as an additional growth market in cooperation with partners along the value chain.

Resource outflows

E5-5

The production and processing of chemicals is our core business. Our extensive product portfolio ranges from chemicals and materials to industrial solutions, surface technologies, nutrition and care and agricultural solutions. We supply products and services to around 74,000 customers⁴ from various sectors in almost every country in the world. Our customer portfolio largely comprises major global customers and medium-sized enterprises, which process them in downstream production. Only isolated products, such as in the agricultural area, are also sold directly to end consumers. Because of this, we assume that our products do not have a significantly high material use rate or recyclable content.

Our products are frequently used to manufacture durable, high-performance solutions such as electric motors for vehicles or insulation foams for the construction industry. We are making increasing use of alternative feedstocks and processes in the manufacture of our products, so as to close material loops and reduce waste (see page [248](#)). These include, in particular, our Cycled® products; we use the mass balance approach to attribute pyrolysis oil – which is fed into the BASF Verbund as a substitute for fossil feedstocks – to them. We are helping to strengthen the circular economy and increase resource use by offering our customers products that support the recycling process, increase the durability of materials or prolong their lifetime. We have embedded the TripleS method in the assessment of our research and development (R&D) processes so as to incorporate the guidelines formulated by the European Commission in its Safe and Sustainable by Design framework, among other things. Our use of TripleS creates transparency regarding the contribution to sustainability made by our product portfolio and future products developed by R&D and also takes circular design principles into account. We are reviewing the sustainability-related challenges facing our products and steering our portfolio in the direction of more sustainable solutions. As part of our circular economy program, we also investigate the recyclability of our own products, among other things. One example of this is loopamid®, a product enabling textile-to-textile recycling of industrial textile waste and used clothing (see page [251](#)).

One of the ways in which we can reduce the use of fossil raw materials is to partially or fully use renewable or recycled feedstocks to manufacture products. This is done by feeding in recycled or bio-based feedstocks into the production of certain BASF products and attributing them to the end products. We use the mass balance approach for this. As fossil, bio-based and recycled raw materials are processed simultaneously, the feedstocks cannot be directly physically attributed to resulting derivatives. This attribution is monitored by independent third parties such as TÜV Nord on the basis of recognized certification systems including REDcert2 or ISCC PLUS. These enable BASF to verify that an adequate amount of alternative feedstocks have been used for the amount of mass balance sales product. This ensures that fossil raw materials are saved with every sale of these certified products.

» For more information, see basf.com/massbalance

BASF generated 2.18 million metric tons of waste in 2024. As is normally the case in the chemical industry, this includes metals, plastic waste as well as reaction and distillation residues, among other things. A total of 1.09 million metric tons of this waste was disposed of. Based on the concept of the circular economy, we are continuously examining recycling or thermal recovery options for all waste. In this way, we were able to find new uses for 1.09 million metric tons of our waste in 2024. A total of 1.70 million metric tons (77.8%) of our waste could not be recycled. We continuously identify and evaluate the safest and most environmentally sound disposal routes for nonrecyclable waste. The

⁴ The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year during which sales were generated.

hazardous waste disposed of in landfill is mainly contaminated construction waste that cannot be recycled due to legal guidelines. BASF classifies waste before its disposal in line with the applicable legislation and the volume is determined by weighing it at the disposal company. The data produced by weighing serves as the basis for the treatment or disposal costs that are due. A general description of our measurement methods and of the process used to capture environmental data, including waste volumes, plus general information on estimating or rounding specific sustainability parameters can be found in the General Disclosures chapter of our Sustainability Statement on page [150](#) onward.

Waste generation in the BASF Group in 2024

In millions of metric tons	Hazardous waste 2024	Nonhazardous waste 2024
Recovery		
Recycled	0.16	0.32
Thermally recovered	0.47	0.14
Waste recovered	0.63	0.46
 Disposal		
Through incineration (without energy recovery)	0.63	0.05
In surface landfills	0.09	0.18
Other	0.11	0.04
Waste disposed of	0.83	0.26
Total waste generation	1.46	0.73

EU Taxonomy

The European Union (EU) strives to be climate neutral by 2050 as part of the Green Deal. The EU taxonomy serves as an instrument for that purpose. It provides a common classification system for economic activities based on their substantial contribution to environmental objectives.

In accordance with the EU Taxonomy Regulation and the supplementary delegated acts, the Nonfinancial Statement includes the share of the Group's taxonomy-eligible and taxonomy-aligned sales revenue, capital expenditures (capex) and operating expenditures (opex) for the reporting year 2024. Under consideration is whether our economic activities substantially contribute to one or more of the following six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

BASF activities that are not yet covered by the EU taxonomy, and as such, are not relevant under the taxonomy, are reported as taxonomy-non-eligible in accordance with the delegated acts. These include large parts of BASF's activities that may nevertheless be in line with the EU's environmental objectives as they substantially contribute to avoiding CO₂ emissions within BASF and for BASF products. We use our TripleS methodology to systematically analyze the environmental performance of all BASF products (see page [161](#)).

To derive the aforementioned financial indicators, we analyzed our product portfolio and identified the following economic activities under the EU taxonomy's six environmental objectives as being relevant for BASF:

- Manufacture of batteries¹
- Manufacture of energy efficiency equipment for buildings¹
- Manufacture of hydrogen
- Manufacture of soda ash
- Manufacture of chlorine
- Manufacture of organic basic chemicals
- Manufacture of anhydrous ammonia
- Manufacture of nitric acid
- Manufacture of plastics in primary form
- High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels
- Manufacture of active pharmaceutical ingredients (API) or active substances

To avoid double counting, the assignment to an enabling activity is only made if a taxonomy-eligible product or project had not already been included under another activity. BASF products also enable the manufacture of renewable energy technologies as well as low-emission mobility. However, since the EU taxonomy focuses on the manufacture of technologies and thus excludes precursors, we have classified these activities as non-eligible under the EU taxonomy.

We identified additional BASF activities outside of our main business – the production of chemical products – and assessed their materiality in terms of their contribution to sales revenue, capital or operating expenditures. For the 2024 reporting year, we also assessed the economic activity high-efficiency cogeneration of heat/cool and power from fossil gaseous fuels as relevant with respect to the environmental objective of climate change mitigation. For the purposes of the templates set out in Annex XII to Commission Delegated Regulation (EU) 2021/2178, we would like to point out that we conduct activities in the areas of electricity generation. In this context, our activities in the areas of high-efficiency

¹ Enabling activities as defined in the EU Taxonomy Regulation.

cogeneration of heat/cool and power from fossil gaseous fuels, reached the materiality threshold for the first time in the 2024 business year in terms of their contribution to capital expenditures. The following economic activities have been deemed immaterial: electricity generation using solar photovoltaic technology; production of heat/cool from bioenergy; production of heat/cool from geothermal energy; electricity generation from fossil gaseous fuels; and high-efficiency cogeneration of heat/cool and power from fossil gaseous fuels. BASF does not conduct any nuclear energy activities.

BASF does not report any taxonomy-eligible activities under the environmental objective of climate change adaptation. This is firstly to avoid double counting with economic activities already included under the environmental objective of climate change mitigation. Secondly, in accordance with the notice issued by the European Commission, a prerequisite for taxonomy eligibility under the adaptation objective is the submission of an investment plan for implementing adaptation solutions. BASF does not currently have any such plan within the meaning of the EU Taxonomy Regulation.

Taxonomy-eligible sales revenue, capital and operating expenditures for all six environmental objectives

We assessed the taxonomy eligibility of our sales revenue based on sales revenue as defined and reported in the Consolidated Financial Statements of the BASF Group (see page [358](#)). When taking all six environmental objectives into account, our taxonomy-eligible sales revenue accounted for 11.7% of total sales revenue in 2024. The largest contributions were from the activities manufacture of plastics in primary form and manufacture of organic basic chemicals, both of which are assigned to the environmental objective of climate change mitigation. Taxonomy-eligible capital expenditures (including acquisitions and excluding goodwill in accordance with the EU Taxonomy Regulation) accounted for 21.4% of the total capital expenditures reported in the Consolidated Financial Statements. Capital expenditures on the manufacture of organic basic chemicals and in the manufacture of plastics in primary form made the greatest contribution. These two activities likewise support the environmental objective of climate change mitigation. Operating expenditures include non-capitalized costs that relate to research and development², maintenance and repair, and short-term lease expenses. We follow the definition of operating expenditures set forth in the EU Taxonomy Regulation, which varies from how we report opex in our Consolidated Financial Statements. All of the capital and operating expenditures of a production facility with a taxonomy-eligible activity are counted as taxonomy-eligible. Taxonomy-eligible operating expenditures accounted for 11.7% of total operating expenditures. The largest contributions were from the activities manufacture of organic basic chemicals and manufacture of plastics in primary form. Both activities fall under the objective of climate change mitigation.

Taxonomy-aligned sales revenue, capital and operating expenditures

The taxonomy-eligible activities identified by BASF can be classified as taxonomy-aligned if they make a substantial contribution to one of the six environmental objectives and do no significant harm to other environmental objectives and, at the same time, ensure minimum social safeguards. As in the prior year, the material contribution and the harm to other environmental objectives were reviewed in a three-step process. The **first step** involved a two-part analysis based on BASF's internal product databases:

- The manufacture of products was analyzed with respect to the use of critical substances listed in Appendix C³ to Commission Delegated Regulation (EU) 2023/2485 to ensure that they do not result in significant harm to the EU taxonomy's objective of pollution prevention and control. This also included use in the production process. Experts assessed and documented in each case that no other suitable alternative substances or technologies were available on the market.

² Taxonomy-eligible expenses for research and development are derived using the criteria applicable to the economic activity of close-to-market research, development and innovation (for example, having a Technology Readiness Level of at least 6).

³ Generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals.

- Plastics in primary form were analyzed with respect to the share of renewable raw materials in the product. They were only considered further if the share was at least 5% and thus potentially made a substantial contribution to climate change mitigation through partial or complete production from renewable raw materials. Shares allocated using mass balance approaches (see page [250](#)) are not taken into account here because their acceptance under the EU taxonomy has not yet been definitively clarified. For this reason, BASF products based on chemically recycled raw materials were not considered further in the assessment either. Mechanical recycling did not play any role for BASF in this context.

In the **second step**, it was assessed whether the potentially taxonomy-aligned products make a substantial contribution to climate change mitigation in accordance with the activity-specific criteria. Among other things, the greenhouse gas emissions of European and non-European plants to produce soda ash and nitric acid were compared with the average values of the most efficient plants under the EU emissions trading system. For the production of hydrogen, chlorine, ammonia and plastics in primary form, the comparison was with the activity-specific quantitative criteria, such as the energy or emission intensity of a product. This was based on a digital solution developed by BASF to determine product-specific carbon emissions (see page [194](#)). With respect to measuring capital expenditures for the manufacture of emission-free hydrogen at our Ludwigshafen site (construction of a proton exchange membrane electrolyzer), a funding commitment from the German Federal Ministry for Economic Affairs and Climate Action was taken into account, as was a study on greenhouse gas emissions in hydrogen production carried out by the German environmental agency (Umweltbundesamt, UBA). The 2024 reporting year was the first year in which we reviewed whether the activity of manufacture of active pharmaceutical ingredients (API) or active substances made a substantial contribution to the environmental objective of pollution prevention and control. In so doing, we compared the activity in question with the activity-specific product criteria.

Finally, in the **third step** of the process, it was assessed whether the products identified cause significant harm to the other environmental objectives. This included an analysis of risks arising from climate change using climate risk and vulnerability assessments. At sites with material climate risk, the existence of adaptation solutions was additionally analyzed and evaluated. The avoidance of significant harm to water and marine resources⁴, biodiversity and ecosystems⁵, and pollution prevention and control were assumed for production plants in Europe based on comprehensive and uniform regulatory requirements and additionally ensured through data queries. The taxonomy alignment of non-European plants was assessed on a case-by-case basis. This was based on joint assessments by local and central experts using the evidence of local production requirements submitted.

The criteria for **minimum social safeguards** as a further pillar of taxonomy alignment in accordance with Article 18 of the EU Taxonomy Regulation were reviewed for all activities across the BASF Group that involve the four core topics of human rights (including labor rights), corruption/bribery, taxation and fair competition. The review was independent of the step-by-step process for the contribution to climate change mitigation and harm to other environmental objectives criteria. Minimum social safeguards were ensured by a systematic, integrated and risk-based approach to safeguarding our human rights due diligence obligations (see page [154](#)), by global labor and social standards (see page [274](#)), and by the BASF Supplier Code of Conduct (see page [295](#)), among other things.

Taxonomy-aligned **sales revenue** accounted for 1.2% of the total sales revenue defined and reported in the BASF Group's Consolidated Financial Statements in 2024 (see page [358](#)), with the greatest

⁴ Protection of water and marine resources is assumed at sites that do not use or treat water.

⁵ A radius of three kilometers around production sites was defined for the analysis of biodiversity-sensitive areas.

contribution coming from the manufacture of batteries (0.9%). Taxonomy-aligned capital expenditures (including acquisitions and excluding goodwill in accordance with the EU taxonomy) accounted for 3.7% of the total investments reported in the Consolidated Financial Statements. A substantial contribution of 2.6% was identified with respect to **capital expenditures** for the manufacture of batteries (additions to property, plant and equipment). We are also investing in a plant to produce emission-free hydrogen which will be commissioned in the coming years. The plant nonetheless fulfills the criteria for taxonomy alignment and is accordingly reported as capital expenditure pursuant to Section 1.1.2.2(a) of Annex I to Commission Delegated Regulation (EU) 2021/2178. Taxonomy-aligned **operating expenditures** accounted for 1.7% of total operating expenditures, with the largest contribution coming from the economic activity of manufacture of batteries (1.1%). There were no substantial changes to our taxonomy-aligned sales revenues or capital and operating expenditures.

The taxonomy-aligned portion of BASF's economic activities remains considerably lower than the taxonomy-eligible portion due to various factors. For instance, only a small proportion of plastics in primary form contain renewable raw materials in an amount above the threshold value (5%). The proportion of taxonomy-aligned activities is additionally reduced by the fact that many plants exceed the benchmarks used by the EU taxonomy. For example, the use of renewable energies is disregarded as a result of the strict requirements for calculating emissions in European emissions trading. Among other things, our steam cracker investment at our Zhanjiang, China site was assessed as not taxonomy-aligned even though it contributes to avoiding a considerable amount of carbon emissions. In addition, plants that are not subject to emissions trading and thus cannot be assessed using the specified criteria were generally classified as not taxonomy-aligned. The economic activity of manufacture of active pharmaceutical ingredients (API) or active substances was assessed for the first time, thus focusing taxonomy alignment on newly developed substances that constitute a suitable replacement for an existing product that does not meet the criteria for biodegradability. This resulted in established active ingredients with multiple benefits for human health – such as ibuprofen – being assessed as not taxonomy-aligned.

For more information on sales revenues, see Note 7 to the Consolidated Financial Statements from page [358](#) onward. For more information on capital expenditures, see Note 14 to the Consolidated Financial Statements from page [378](#) onward.

Taxonomy-eligible and taxonomy-aligned sales revenue, capital expenditures (capex) and operating expenditures (opex) in 2024

Code	Proportion of sales revenue/ total sales revenue		Proportion of capex/ total capex		Proportion of opex/ total opex	
	Taxonomy- aligned per objective (in %)	Taxonomy- eligible per objective (in %)	Taxonomy- aligned per objective (in %)	Taxonomy- eligible per objective (in %)	Taxonomy- aligned per objective (in %)	Taxonomy- eligible per objective (in %)
Climate change mitigation	CCM	1.2	11.7	3.7	21.1	1.7
Climate change adaptation	CCA	–	–	–	–	–
Water and marine resources	WTR	–	–	–	–	–
Circular economy	CE	–	–	–	–	–
Pollution prevention and control	PPC	–	–	–	0.3	–
Biodiversity and ecosystems	BIO	–	–	–	–	–

EU Taxonomy indicators: 2024 sales revenue

Business year	2024	Substantial contribution criteria												DNSH criteria ("do no significant harm")						Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) sales revenue 2023	Category: enabling activity	Category: transitional activity	
		Sales revenue	Proportion of sales revenue	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Bio-diversity	Minimum safeguards	In %	E	T				
Economic activities	Code	Million €	In %	Y; N; N/EL ^a	Y; N; N/EL ^a	Y; N; N/EL ^a	Y; N; N/EL ^a	Y; N; N/EL ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	In %	E	T				
A. Taxonomy-eligible activities																							
A.1. Environmentally sustainable activities (taxonomy-aligned)																							
Manufacture of batteries	CCM 3.4	584	0.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	1.2	E	–				
Manufacture of energy efficiency equipment for buildings	CCM 3.5	44	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0	E	–				
Manufacture of soda ash	CCM 3.12	1	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0	–	T				
Manufacture of organic basic chemicals	CCM 3.14	111	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.3	–	T				
Manufacture of plastics in primary form	CCM 3.17	13	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0	–	T				
Sales revenue for environmentally sustainable activities (taxonomy-aligned)		753	1.2	1.2%	–	–	–	–	–	–	Y	Y	Y	Y	Y	Y	1.6						
Of which enabling activity (E)		628	1.0	1.0%	–	–	–	–	–	–	Y	Y	Y	Y	Y	Y	1.3	E					
Of which transitional activity (T)		125	0.2	0.2%	–	–	–	–	–	–	Y	Y	Y	Y	Y	Y	0.3		T				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																							
				EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a													
Manufacture of batteries	CCM 3.4	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								–					
Manufacture of hydrogen	CCM 3.10	7	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0					
Manufacture of soda ash	CCM 3.12	3	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0					
Manufacture of chlorine	CCM 3.13	1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0					
Manufacture of organic basic chemicals	CCM 3.14	2,772	4.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.1					
Manufacture of anhydrous ammonia	CCM 3.15	137	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2					
Manufacture of nitric acid	CCM 3.16	121	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2					
Manufacture of plastics in primary form	CCM 3.17	4,359	6.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.7					
Manufacture of active pharmaceutical ingredients (API) or active substances ^b	PPC 1.1	264	0.4	N/EL	N/EL	N/EL	N/EL	EL	N/EL									0.3					
Sales revenue for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)		7,665	11.7	11.3%	–	–	–	0.4%	–									10.6					
Total A.1. + A.2.		8,418	12.9	12.5%	–	–	–	0.4%	–									12.2					
B. Taxonomy-non-eligible activities																							
Sales revenue for taxonomy-non-eligible activities		56,842	87.1																				
Total		65,260	100.0																				

^a Y: Yes, taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; N: No, taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; EL: Eligible, taxonomy-eligible activity for the respective objective; N/EL: Not eligible, taxonomy-non-eligible activity for the respective environmental objective

^b For the economic activity manufacture of active pharmaceutical ingredients (API) or active substances, the assessment for taxonomy alignment had to be carried out for the first time for the 2024 financial year in accordance with delegated acts.

EU taxonomy indicators: 2024 capital expenditures (capex)

Business year	2024	Substantial contribution criteria												DNSH criteria ("do no significant harm")						Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) capex 2023		Category: enabling activity		Category: transitional activity	
		Investments (capex)	Proportion of capex	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Bio-diversity	Minimum safe-guards	In %	E	T						
Economic activities	Code	Million €	In %	Y; N; N/ EL ^a	Y/N ^b	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	In %	E	T											
A. Taxonomy-eligible activities																									
A.1. Environmentally sustainable activities (taxonomy-aligned)																									
Manufacture of batteries	CCM 3.4	170	2.6	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	4.1	E	-						
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.0	E	-						
Manufacture of hydrogen	CCM 3.10	59	0.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.7	-	-						
Manufacture of soda ash	CCM 3.12	10	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.3	-	T						
Manufacture of organic basic chemicals	CCM 3.14	6	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.2	-	T						
Manufacture of plastics in primary form	CCM 3.17	0	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.0	-	T						
Capex for environmentally sustainable activities (taxonomy-aligned)		244	3.7	3.7%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	5.2								
Of which enabling activity (E)		170	2.6	2.6%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	4.1	E							
Of which transitional activity (T)		15	0.2	0.2%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.5		T						
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																									
Manufacture of hydrogen	CCM 3.10	10	0.2	EL; N/EL ^a	EL; N/EL ^a	-							0.3												
Manufacture of soda ash	CCM 3.12	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							0.0								
Manufacture of chlorine	CCM 3.13	12	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							0.9								
Manufacture of organic basic chemicals	CCM 3.14	880	13.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							10.3								
Manufacture of anhydrous ammonia	CCM 3.15	15	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							0.5								
Manufacture of nitric acid	CCM 3.16	4	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							0.0								
Manufacture of plastics in primary form	CCM 3.17	170	2.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							3.1								
High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels	CCM 4.30	149	2.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							-								
Acquisition and ownership of buildings	CCM 7.7	157	2.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-							2.4								
Manufacture of active pharmaceutical ingredients (API) or active substances ^b	PPC 1.1	20	0.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL	-							0.3								
Capex for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)		1,418	21.4	21.1%	-	-	-	-	0.3%	-							17.8								
Total A.1. + A.2.		1,662	25.0	24.7%	-	-	-	-	0.3%	-							23.1								
B. Taxonomy-non-eligible activities																									
Capex for taxonomy-non-eligible activities		4,976	75.0																						
Total		6,638	100.0																						

^a Y: Yes, taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; N: No, taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; EL: Eligible, taxonomy-eligible activity for the respective objective; N/EL: Not eligible, taxonomy-non-eligible activity for the respective environmental objective

^b For the economic activity manufacture of active pharmaceutical ingredients (API) or active substances, the assessment for taxonomy alignment had to be carried out for the first time for the 2024 financial year in accordance with delegated acts.

EU taxonomy indicators: 2024 operating expenditures (opex)

Business year	2024	Substantial contribution criteria												DNSH criteria ("do no significant harm")						Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) capex 2023		Category: enabling activity		Category: transitional activity	
		Operating expenditures (opex)	Proportion of opex	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Bio-diversity	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Bio-diversity	Minimum safeguards									
Economic activities	Code	Million €	In %	Y; N; N/EL ^a	Y; N; N/EL ^a	Y; N; N/EL ^a	Y; N; N/EL ^a	Y; N; N/EL ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	Y/N ^a	In %	E	T							
A. Taxonomy-eligible activities																									
A.1. Environmentally sustainable activities (taxonomy-aligned)																									
Manufacture of batteries	CCM 3.4	52	1.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.6	E	–						
Manufacture of energy efficiency equipment for buildings	CCM 3.5	2	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.1	E	–						
Manufacture of soda ash	CCM 3.12	5	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	Y	Y	Y	0.1	–	T						
Manufacture of organic basic chemicals	CCM 3.14	14	0.3	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	Y	Y	Y	0.9	–	T						
Manufacture of plastics in primary form	CCM 3.17	6	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	Y	Y	Y	0.1	–	T						
Opex for environmentally sustainable activities (taxonomy-aligned)		79	1.7	1.7%	–	–	–	–	–	–	Y	Y	Y	Y	Y	Y	1.8								
Of which enabling activity (E)		54	1.2	1.2%	–	–	–	–	–	–	Y	Y	Y	Y	Y	Y	0.7	E							
Of which transitional activity (T)		26	0.6	0.6%	–	–	–	–	–	–	Y	Y	–	Y	Y	Y	1.1	–	T						
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)																									
Manufacture of hydrogen	CCM 3.10	39	0.9	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	EL; N/EL ^a	–	–	–	–	–	–	0.8								
Manufacture of soda ash	CCM 3.12	4	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	0.1								
Manufacture of chlorine	CCM 3.13	33	0.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	0.7								
Manufacture of organic basic chemicals	CCM 3.14	195	4.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	3.9								
Manufacture of anhydrous ammonia	CCM 3.15	23	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	0.4								
Manufacture of nitric acid	CCM 3.16	14	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	0.3								
Manufacture of plastics in primary form	CCM 3.17	158	3.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	–	–	–	–	–	–	3.5								
Manufacture of active pharmaceutical ingredients (API) or active substances ^b	PPC 1.1	77	1.7	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	–	–	–	–	–	–	0.9								
Opex for taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)		542	11.7	10.1%	–	–	–	–	1.7%	–	–	–	–	–	–	–	10.7								
Total A.1. + A.2.		621	13.5	11.8%	–	–	–	–	1.7%	–	–	–	–	–	–	–	12.4								
B. Taxonomy-non-eligible activities																									
Opex for taxonomy-non-eligible activities		3,998	86.5																						
Total		4,619	100.0																						

^a Y: Yes, taxonomy-eligible activity that is taxonomy-aligned with the relevant environmental objective; N: No, taxonomy-eligible activity that is not taxonomy-aligned with the relevant environmental objective; EL: N/EL: Not eligible, taxonomy-non-eligible activity for the respective environmental objective

^b For the economic activity manufacture of active pharmaceutical ingredients (API) or active substances, the assessment for taxonomy alignment had to be carried out for the first time for the 2024 financial year in accordance with delegated acts.

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	Fossil gas related activities	Yes/No
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion of sales (the information is to be presented in monetary amounts and as percentages)						Amount and proportion of capex (the information is to be presented in monetary amounts and as percentages)						Amount and proportion of opex (the information is to be presented in monetary amounts and as percentages)					
		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA	
		Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	753	1.2	-	-	753	1.2	244	3.7	-	-	244	3.7	79	1.7	-	-	79	1.7
8	Total applicable KPI	65,260	100.0	-	-	65,260	100.0	6,638	100.0	-	-	6,638	100.0	4,619	100.0	-	-	4,619	100.0

Template 3 Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion of sales (the information is to be presented in monetary amounts and as percentages)						Amount and proportion of capex (the information is to be presented in monetary amounts and as percentages)						Amount and proportion of opex (the information is to be presented in monetary amounts and as percentages)					
		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA	
		Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	753	1.2	–	–	753	1.2	244	3.7	–	–	244	3.7	79	1.7	–	–	79	1.7
8	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	753	1.2	–	–	753	1.2	244	3.7	–	–	244	3.7	79	1.7	–	–	79	1.7

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Amount and proportion of sales (the information is to be presented in monetary amounts and as percentages)						Amount and proportion of capex (the information is to be presented in monetary amounts and as percentages)						Amount and proportion of opex (the information is to be presented in monetary amounts and as percentages)					
		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA	
		Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%	Million €	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	149	2.2	-	-	149	2.2	-	-	-	-	-	-
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7,401	11.3	-	-	7,401	11.3	1,250	18.9	-	-	1,250	18.9	467	10.1	-	-	467	10.1
8	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	7,401	11.3	-	-	7,401	11.3	1,398	21.1	-	-	1,398	21.1	467	10.1	-	-	467	10.1

Template 5 Taxonomy non-eligible economic activities

Row	Economic activities	Sales revenue		Capex		Opex	
		Million €	%	Million €	%	Million €	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	56,842	87.1	4,976	75.0	3,996	86.5
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	56,842	87.1	4,976	75.0	3,996	86.5

Social

S1 Own Workforce¹

ESRS S1

Our employees are crucial to BASF's success. We want to attract and retain talents for our company and support them in their development. We also want to create a working environment that inspires and connects people every day. This is founded on an open corporate culture of mutual trust, respect and dedication to top performance.

ESRS 2 SBM-2

BASF introduced a plan for our company's long-term success in 2024 with the "Winning Ways" strategy (see page [18](#)). Our success also depends on the high level of engagement of our skilled employees. A growing business also has positive impacts on our employees, such as an attractive comprehensive package and job security. We ask for feedback from our workforce or their representatives via various formats (see page [280](#)). This feedback can be considered when developing our strategic direction. For example, an internal survey conducted in 2024 indicated that processes were perceived to be too complex or bureaucratic. This was one reason we focused on simplifying processes in our new strategy.

An integral part of our business model and our strategy is human rights due diligence. We see human rights due diligence as an important, all-encompassing task that we can only perform by working together as a team throughout the entire organization. For more information, see page [272](#) onward.

S1-6

This chapter refers to employees who were employed in a company within the BASF Group's scope of consolidation as of December 31, 2024. This includes full-time and part-time employees as well as apprentices. We report figures on our employees both as of the reporting date indicated and for the 2024 reporting year period in the "Metrics" section from page [288](#) onward. We do not report figures on nonemployee workers in our company for the 2024 reporting year. How we involve our employees is described on pages [276](#) and [279](#) as well in other sections.

Results of the double materiality assessment

ESRS 2 SBM-3

In our double materiality assessment (see page [167](#)), topics in the topic category Own Workforce were defined as material. In this context, we identified five material impacts on employees and three risks for BASF² (see the following table). These impacts and risks apply to all employees who were employed in a company within the BASF Group's scope of consolidation as of December 31, 2024; they are globally valid with the exception of the information found on page [277](#). We systematically record opportunities and risks as part of our general opportunity and risk management (for additional information, see page [87](#) onward).

¹ According to the ESRS definition, a company's own workforce are employees and nonemployee workers.

² Two risks and two impacts regarding skill development have been grouped together in the overview table where this made sense.

Results of the double materiality assessment for S1 Own Workforce: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Adequate wages	Positive	BASF's own operations	Our market-oriented compensation and corresponding additional benefits contribute to an attractive comprehensive package to attract and retain motivated and qualified employees. In this way, we create attractive working conditions for our employees and make a positive contribution to society.
Training and skill development	Negative, potential	BASF's own operations	Demographic and technological shift as well as changing skill profiles can potentially lead to employment and qualification gaps among our skilled employees and leaders. In a rapidly changing environment, new and increasing demands can potentially have a negative impact on employee engagement.
Possible health and safety risk due to handling hazardous chemicals	Negative, potential	BASF's own operations	Our employees are exposed to a potential health and safety risk because they work in laboratories and production plants and handle chemicals, including hazardous substances.
Risk to health and safety if rules are not followed or are ineffective	Negative, potential	BASF's own operations	There is a potential risk to our employees' health and safety if instructions on occupational safety and health protection and rules in our production processes are not followed.

Results of the double materiality assessment for S1 Own Workforce: Risks and opportunities

Risks	Assessment	Description
Secure employment	Negative	The macroeconomic situation, combined with structural adjustments at BASF, may unsettle employees and pose challenges in terms of employee retention and engagement.
Skills development and recruitment of skilled employees	Negative	Changing skill profiles and intensified global competition for skilled employees and leaders due to demographic and technological change can lead to a loss of skills and knowledge in our workforce or affect our ability to adequately and quickly develop them.

The material topics in the sense of the double materiality assessment are skill development, recruitment of skilled employees and adequate wages. This is due to our high need for skilled employees. Working in a chemical company is linked to potential health and safety hazards. It is therefore important and challenging for our business model to attract and retain well-trained and qualified employees for the long term.

The following topics are not discussed in detail with respect to corresponding policies, actions, targets and metrics since they were deemed nonmaterial in the sense of the double materiality assessment:

- In the context of working conditions: working time; social dialog; freedom of association; the existence of works councils and the information, consultation and participation rights of workers; collective bargaining, including rate of workers covered by collective agreements; work-life balance.
- In the context of equal treatment and opportunities for all: gender equality and equal pay for work of equal value, employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, diversity.
- In the context of other work-related rights: no child labor, no forced labor, adequate housing, privacy.

Even if these topics are nonmaterial for us in the sense of the double materiality assessment, they are being monitored and actively shaped by our experts. We want to ensure our employees' rights are protected and that we can react early and appropriately to potential risks.

» For more information on our strategies and measures, see basf.com/en/employees

Strategy and governance

S1-1 | ESRS 2 SBM-3

For explanations of BASF policies that we reference in more than one chapter, please see General Disclosures in the Sustainability Statement on page [151](#). These include disclosures regarding scope, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof.

Human rights due diligence

The basis of our social responsibility is respect for human rights, including workers' rights – in our own activities as well as in our business relationships. BASF is a founding member of the U.N. Global Compact and a member of the Global Business Initiative on Human Rights. Our long-term voluntary commitment guides our engagement in human rights. We are committed to respecting internationally recognized human rights in our own activities and promoting them along our value chains. We are very careful to neither cause nor contribute to human rights violations in our own business activities. BASF is also active in initiatives such as Together for Sustainability (TfS) and Responsible Care®.

We consider human rights due diligence to be an important and comprehensive task and have set up our organization accordingly. That is why our responsibility for human rights has been in our **Code of Conduct** for many years and is set out in our Policy Statement on Human Rights.

Our corporate value “responsible” (see page [19](#)) includes striving to apply high standards for responsible labor and social standards as well as protecting health and safety worldwide. All employees and leaders are responsible for putting these standards into practice and respecting human rights. To fulfill this obligation, we developed a systematic, integrated and risk-based due diligence approach as well as clear processes for monitoring and managing human rights risks.

The implementation of human rights due diligence is an ongoing task requiring a robust management system and the corresponding organizational structure. Effective cross-functional collaboration with strong teamwork is an essential component. We want to ensure that we:

- Identify, weight and prioritize our human rights risks through scheduled and incident-related analyses
- Address risks with effective preventive measures and with appropriate remedial actions in the case of violations
- Integrate the actions into all relevant functions and operational processes and regularly review their effectiveness

The head of our legal and compliance organization also acts as **Chief Human Rights Officer**, who oversees the overarching risk management system and reports regularly to the Board of Executive Directors and the Audit Committee on human rights issues. The overarching governance of human rights due diligence at BASF is the responsibility of our Compliance unit. In addition, various specialist units are responsible for steering specific human rights topics. Experts in the fields of international labor and social standards, environmental protection, health and safety, as well as corporate security work on a risk-oriented basis to ensure that we respect the relevant human rights in our own activities.

We have integrated human rights-related assessments into our governance and decision-making processes, for example for investments and acquisitions. Our internal cross-unit **Human Rights Expert Working Group**, managed by the Compliance unit, facilitates close collaboration between the above mentioned specialist units, which also include specialists from the areas of Procurement, Legal, Human Resources, Sustainability, Communication and Government Relations. They regularly discuss the latest topics and developments related to human rights, provide support in the improvement of our internal processes, offer training and advise on challenging issues. Our concept also includes structured collaboration with the operating divisions to identify and actively address division-specific risks. Our **Human Rights Advisory Council** is a source of additional external human rights expertise for us. The Council, which comprises independent international human rights experts, meets several times per year. The trust-based dialog on human rights topics helps us to better understand different perspectives and to deal more openly with critical situations.

Human rights due diligence is an ongoing task for us. We therefore review our processes and measures in this area on a regular basis and improve them as needed. Our strategies relating to our workforce are in accordance with the following internationally recognized standards for responsible business conduct:

- United Nations' (U.N.) Universal Declaration of Human Rights
- U.N. International Covenant on Civil and Political Rights
- U.N. International Covenant on Economic, Social and Cultural Rights
- Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO)
- Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the ILO
- The Ten Principles of the U.N. Global Compact
- U.N. Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Responsible Care® Global Charter of the International Council of Chemical Associations (ICCA)

As a global company with more than 100,000 employees around the world, we are exposed to a number of inherent human rights risks with regard to **international labor and social standards**, especially in countries with higher human rights risks. We have established clear principles, guidelines and processes to identify and address these risks accordingly.

We mainly approach our responsibility to act in compliance with international labor and social standards using three elements: the Compliance Program (including the BASF Compliance Hotline, see page [321](#)), close dialog with our stakeholders (such as with employee representatives or international organizations, see also page [279](#)) and our requirements on adherence to international labor and social standards, applicable Group-wide.

Part of our central due diligence system is a global, risk-based management process, whereby we monitor relevant changes in national laws of the countries where BASF operates and evaluate them for compliance with international labor and social standards. The results of this comparison as well as any measures taken to implement our requirements on international labor and social standards are tracked and documented. The evaluation is carried out regularly for selected BASF Group companies based on country-specific risk assessments. If there is a heightened inherent risk of violations of workers' and human rights in a country, the Group companies located there are evaluated more frequently. If national laws contain no or lower requirements compared to labor and social standards defined by BASF, action plans are developed to bridge these gaps. If conflicts with national laws or practices arise, we aim to uphold our values and strive to adhere to our internationally recognized standards, all while ensuring compliance with the laws of the respective country.

Individual elements of our requirements on international labor and social standards are audited internally (Responsible Care audits) at selected BASF Group companies. In addition, international labor and social standards are an integral part of the Corporate Audit unit's compliance management audits (see page [323](#)). Furthermore, audits are performed on specific matters.

BASF's international labor and social standards stipulate the fundamental principles and rights at work with regard to freedom, equity, security and dignity (see graphic):



These principles are applicable at BASF worldwide and are the responsibility of Corporate Human Resources, which reports directly to the Board of Executive Directors. We expect compliance from all leaders and employees and provide internal target group-specific training sessions on labor and social standards on a regular basis.

The following provides a more in-depth description of some of the fundamental principles and rights regarding international labor and social standards at BASF:

No child labor and no forced labor

BASF expressly prohibits any form of child or forced labor, including slavery and human trafficking. This is also specified in the BASF Group's Policy Statement on Human Rights. These topics are part of our analyses and requirements because we operate in countries where forms of child and forced labor exist. To prevent incidents of child or forced labor within our company, we identify and address these risks and take the appropriate preventive measures (see page [273](#)). In 2024, there were no indications of individuals in our company being subjected to forced labor or child labor. Our disclosures on any incidents, complaints and severe human rights impacts can be found in the "Metrics" section (see page [290](#)).

No discrimination, harassment or other forms of workplace distress

The BASF Group's Policy Statement on Human Rights contains our commitment to a fair, diverse and inclusive working environment characterized by mutual trust and respect as well as respectful interaction between all employees. This is also an integral component of our globally applicable Code of Conduct for all employees.

We are committed to equal opportunities whereby no one is at a disadvantage due to race, gender, age, skin color, nationality, disability, religion or worldview, sexual orientation, ethnicity, social status, marital status, gender identity or expression, political opinion, pregnancy, maternity, parental status or any other characteristics protected by law. This includes equal pay for equal work. We embrace the diversity of our employees.

We take the risk of discrimination very seriously and are aware that discrimination can occur in companies. At BASF, we expect human resources-related decisions to be made based on objective criteria. We do not tolerate discrimination, harassment or any other form of abuse. If, however, incidents come to our attention, for example via our grievance channels, we aim to act immediately and take the appropriate remedial actions (see page [281](#) and [290](#)). Based on external definitions such as those provided by the Federal Ministry for Economic Cooperation and Development, we consider individuals to potentially be at particular risk: people – especially women – belonging to minorities, nonemployee workers, people with disabilities, underage employees and expectant mothers and parents. In addition, employees with a migrant background may face a heightened risk of human rights violations and discrimination. This can manifest in various ways, such as the denial of rights, harassment, and unequal treatment when it comes to job applications or promotions.

As part of our initiative against sexual harassment and discrimination, we launched a communication campaign in May 2024 at the Ludwigshafen site in Germany to raise awareness about the fact that discrimination and harassment have no place at BASF. This campaign will continue at additional BASF Group sites in 2025.

We take into account the unique challenges parents face, particularly with regard to the health and well-being of expectant and nursing mothers. Our goal is to protect their health and shield them and their children from harm (maternity protection, see page [274](#)). We are committed to acting with particular care toward mothers and ensuring that they are treated with respect. Working women should be protected from all forms of discrimination related to their pregnancy or status as a mother.

An additional global requirement stipulates the promotion of diversity and inclusion within the BASF Group with a focus on the corporate value of "open" (see page [19](#)).³ It defines standards for a fair working environment and emphasizes the importance of equal opportunities and compliance with antidiscrimination laws. The objective is to establish a diverse and inclusive working environment in which our employees enjoy working. The requirement is supported through national or local actions.

³ We interpret and apply our relevant principles, requirements and programs in accordance with applicable local laws.

When identifying leadership talents, we also take into account the promotion and appreciation of diversity, for example when it comes to women. Furthermore, we have committed to increasing the proportion of women in leadership positions to 30% by 2030.⁴ As of December 31, 2024, the proportion of women working in the BASF Group was 27.1%. The proportion of women in leadership positions with disciplinary responsibility worldwide was 29.3% (2023: 28.4%) as of December 31, 2024. BASF's management reviews the status of this target achievement on a regular basis via a global dashboard.

» For more information on our activities relating to diversity, equal opportunities and inclusion, see basf.com/diversity_and_inclusion and basf.com/diversity

Effective recognition of the rights to freedom of association and collective bargaining

We recognize the right to freedom of association, promote collective bargaining and support social partnerships. All employees have the right to form, join or support legally recognized labor unions or other forms of worker representation in accordance with applicable legal regulations. This fundamental right should never be denied or restricted. BASF supports the rights of employees to participate in collective bargaining through their chosen labor organizations. We also do not tolerate any discrimination or retaliation against employees based on their membership, nonmembership or involvement in labor unions. For more information on the implementation of these principles, see the section "Engaging employees and their representatives" (page [279](#)).

» For more information on our Policy Statement on Human Rights and our human rights commitment and approach, see basf.com/humanrights

In the following section, we discuss the material topics according to the results of our double materiality assessment (see page [271](#)).

Adequate wages

The Corporate Center's Corporate Human Resources unit provides a globally consistent framework for employee compensation. We offer our employees appropriate, performance-related and market-oriented compensation, supplemented by attractive additional benefits. Compensation is based on global compensation principles according to position and function, market environment and performance. These principles are stipulated in three BASF Group-wide requirements (compensation by position and function, market-oriented compensation, performance-based compensation). Among other things, they serve to ensure that equivalent positions are compensated in a comparable way regardless of gender, ethnic background or any other characteristics, and that the local market conditions of the respective site and differences in employee performance are considered accordingly. In many countries and companies, our additional benefits exceed legal requirements and include, for example, company pension benefits, supplementary health insurance and share programs. We want to attract engaged and qualified employees and motivate them to achieve top performance with this comprehensive package that includes individual development opportunities and a good working environment. Our global compensation concepts help shape fair and competitive remuneration for employees in accordance with our requirements on international labor and social standards.

Skill development

Attracting and retaining the best employees is crucial to our success. Technological change is leading to new demands being placed on our employees. Demographic change is also increasing the effort involved in recruiting skilled employees. This can lead to skill gaps and vacant positions in the workforce. Both of these can result in lower employee motivation, posing new challenges for us when it comes to recruiting and retaining skilled employees. Skill development is a key instrument in this context. We want to boost employees' satisfaction, productivity and innovative power through the ongoing improvement of their skills and expertise.

⁴ In so doing, we act in accordance with applicable local laws.

The Corporate Center's Corporate Human Resources unit provides a globally consistent framework for employee skill development and leadership excellence. A Group-wide requirement defines our process for employee development and the corresponding instruments and responsibilities. It also defines the degree of freedom the divisions have in this process in order to ensure comparable conditions for employees and address the different needs in our organization. Employee development at BASF is based on the principle that all employees have the opportunity to expand their skills and experience through learning or changing positions and are supported in doing so. Learning takes place according to individual and job-specific requirements and can be accomplished in different ways: independent study during work hours, social learning through exchange with others or formal learning in settings such as training and further education courses. Additionally, our requirements on international labor and social standards prohibit discriminatory practices that could restrict or prevent the personal and professional development of employees based on inadmissible criteria.

Our leaders play an important role in the engagement and development of our employees. We have therefore stipulated in a Group-wide requirement how BASF defines excellent leadership based on our values and what behavior we expect from our leaders. We thus place particular emphasis on the desired leadership behavior in our leadership development and assessment.

We are currently adjusting our corporate requirements for leadership and employee development to reflect our new strategy. We are monitoring the implementation of these requirements through regular surveys of employees and leaders. This also provides us with feedback from our workforce on development opportunities (see page [283](#)).

Recruitment of skilled employees

Due to the intense global competition for the best skilled employees and leaders as well as demographic change, especially in North America and Europe, there is a risk that vacant positions may not be filled or only with a delay. We also see the risk of not being able to reach, hire and retain enough talent.

The shortage of skilled employees in many industries is also making it more difficult to attract and retain staff. We are therefore stepping up our recruitment and onboarding efforts. This is particularly the case for people with expertise in the fields of IT, artificial intelligence, production, engineering or natural sciences. In addition, a tense macroeconomic situation combined with structural adjustments at BASF may have a negative effect on employee engagement and loyalty to the company.

The Corporate Center's Corporate Human Resources unit provides a globally consistent framework for recruiting skilled employees and obtaining feedback. A global talent acquisition requirement stipulates how we position BASF as an employer and want to attract employees for our company. It defines the corresponding principles, roles and responsibilities and is aimed at all employees, including leaders (see page [284](#)). We offer an attractive comprehensive package to be a compelling choice as an employer (see page [282](#)). We monitor compliance with the talent acquisition requirement via the Employee Voices survey which enables employees to express their feedback on their working environment and corporate culture.

By regularly conducting this survey we implement the global requirement to actively involve employees in shaping their working environment, thereby monitoring the implementation of many of the topics discussed above as well as the development of our employees' engagement. For more information on this and how employees and their representation are generally involved in shaping their workplace, see page [279](#) onward.

Occupational safety and health

S1-1 | S1-14

We regard health and safety as our highest priorities and are aware of the material potential negative effects for our employees. To that end, the Corporate Center's Corporate Environmental Protection, Health, Safety & Quality unit sets globally binding standards for occupational safety and health. Our safety and health management includes all employees worldwide. We have established comprehensive management and control systems based on the guiding principles of the global Responsible Care® initiative of the International Council of Chemical Associations and focused on protecting the lives and health of all employees in the workplace. We also want to ensure compliance with our requirements through our control systems.

Our safety concepts are designed to provide highest level of protection for our employees in our company. At the same time, these concepts should ensure compliance with legal requirements. Our sites and Group companies are responsible for implementing and ensuring compliance with both Group-wide requirements and local guidelines. They are supported in this task by global networks of experts. The Corporate Center's Corporate Environmental Protection, Health, Safety & Quality unit reports directly to the Board of Executive Directors and conducts regular audits to review compliance with guidelines, while sites and Group companies implement these guidelines locally. We follow a risk-based approach and continuously update our requirements. For this reason, we also maintain a dialog with government institutions, associations and international organizations.

Due to our many years of expertise in the field of occupational safety, we place a particular focus on employees who handle hazardous substances and operate complex assets and machinery due to their work in laboratories or production plants. We have set ourselves clear goals to reduce the potential risk for our employees to a minimum (see page [287](#)). We have comprehensive actions in place for this, which are described from page [285](#) onward.

» For more information on occupational health and safety, see basf.com/health

Secure employment

S1-1

The Corporate Center's Corporate Human Resources unit is responsible for the aforementioned requirements regarding the BASF International Labor and Social Standards. These apply globally, and all leaders and employees are expected to comply with them. We monitor adherence to the requirements through a global risk-based management process for international labor and social standards at BASF (see page [274](#)). We recognize that stable employment and working conditions are crucial for our employees. A tense macroeconomic situation combined with structural adjustments within the company may unsettle employees, leading to lower engagement and employee retention to the company as well as unplanned staff turnover. The principles outlined in the following section serve as the foundation for employment at BASF. They align with our core principles and rights concerning international labor and social standards at BASF. In the context of secure employment, we additionally uphold the rights to freedom of association and collective bargaining as well as the right to maternity protection. These principles are described from page [274](#) onward.

Clearly defined working conditions

A clearly defined and mutually agreed-upon employment relationship forms the foundation of a fair and trusting collaboration between the company and its employees. It should establish the rights and responsibilities of both parties, helping to prevent conflicts and misunderstandings. Our goal is to inform employees in an easily accessible and understandable manner about their working conditions, for example regarding compensation, benefits, working environment and learning and development opportunities. We aim to ensure that both parties are aware of their obligations and treat each other with trust and respect. A global talent acquisition requirement, also overseen by Corporate Human Resources, stipulates that all current and potential future employees must be informed of their working conditions. We monitor compliance with this requirement via the Employee Voices survey, which among other things measures our employees' engagement.

Fair dismissal

BASF acknowledges every individual's right to social security. We are aware of the risks associated with a sudden loss of employment and income, which can lead to precarious situations for employees and their families. To counteract this, we strive to adhere to internationally recognized principles for fair dismissals. This includes engaging in dialog with the relevant employee representatives or unions to ensure that employees are treated fairly and respectfully.

Fair disciplinary measures

Disciplinary measures must be fair, proportionate and conducted with respect for the dignity of all involved. This means considering the personal circumstances of employees and their families when deciding on how BASF responds to misconduct. Disciplinary measures should never be arbitrary or discriminatory. We foster a culture of fairness even in cases of misconduct. This approach helps us resolve compliance incidents and disputes (see also the following section).

Engaging with employees and their representatives

S1-2

Openness is one of BASF's corporate values. That is why our stakeholder dialog is based on honesty, respect and mutual trust.

Trust-based cooperation with **employee representatives** is an essential component of our corporate culture (see page [23](#)). Our open and ongoing dialog lays the foundation for balancing the interests of BASF and our employees, even in challenging situations. Dialog formats differ depending on region and the subject matter of the discussion. There are dedicated committees that discuss topics identified as material in the sense of the ESRSSs. Employee representatives are involved according to local legal conditions. Dialog results can be used to implement actions, which also address the material impacts in this area. Operational responsibility for the involvement of and dialog with employee representatives lies with the management of the relevant Group company or its equivalent depending on the company's legal form. BASF maintains constructive relationships with employee representatives which is reflected in trust-based cooperation. BASF provides the necessary human and financial resources for this dialog. There are numerous agreements with employee representatives that are applied according to local conditions in countries or Group companies. By aligning committee structures with local and regional situations, we take into account the different challenges and legal conditions for each site. In this context, we address a wide range of topics in areas such as working conditions and health and occupational safety. Involving employee representatives gives BASF deeper insight into employees' key interests and perspectives. We consider agreements such as the successful renegotiation of the 2024 collective agreement for the chemical industry in Germany, in which BASF representatives took part, to be a positive result of this dialog. The BASF Europa Betriebsrat (BASF Works Council Europe) addresses cross-border matters in Europe. In South America, we foster the dialog with employee representatives in the Diálogo Social. It most recently took place in 2023, and the next exchange is scheduled for early 2025.

In accordance with locally applicable legal conditions, our employees have the right to form, join and support legally recognized unions or employee representation. These are entitled to represent employees and their interests, for example in collective bargaining. BASF upholds these rights and has embedded them in the Group-wide requirements on adherence with international labor and social standards. We are also committed to social dialog with employee representatives where freedom of association is not guaranteed under national law to the same extent as in European legal systems. In such cases, individual Group companies use alternative dialog formats, such as informal meetings where employees can exchange ideas.

In the case of organizational changes, if restructuring leads to the elimination of positions, or in the case of other codetermination-relevant topics, we involve employee representatives in accordance with existing participation rights to consult on socially responsible solutions. Meetings take place regularly as well as on a case-by-case basis in which employee representatives are informed of general topics such as the current economic situation. This would also apply if structural adjustments or other adverse effects on employees were to arise due to our transition to climate neutrality. We also rely on our leaders to explain changes regarding organizational changes or structural measures. BASF supports affected employees, for example, with the development of their skills and finding other positions within our company. Our aim is to act in accordance with the relevant legal regulations, existing agreements and company conditions.

We involve **employees** in corporate processes by offering dialog on company topics using various internal communication channels. We use these to inform them of upcoming company changes and engage them in discussions about them. For example, we generally hold a quarterly global information event with members of the Board of Executive Directors which employees can participate in on-site or virtually. Following a presentation of strategically important content by the Board of Executive Directors, employees have the opportunity to ask questions.

To actively involve employees in shaping their working environment, we are committed to multiple feedback instruments. Their use is stipulated in a global requirement which is overseen and implemented globally by Corporate Human Resources. We employ two key instruments. The FEEDback&forward format provides leaders with regular feedback from their employees so that they can reflect on their leadership behavior. Additionally, all employees are invited on a regular basis to give feedback on their working environment and the corporate culture as part of our Employee Voices survey. We provide dedicated human resources as well as financial resources as needed for these surveys. The results of Employee Voices are communicated to employees, leaders, the Board of Executive Directors, the Supervisory Board and others using various dialog formats (see page [280](#)). The organizational units' results are evaluated centrally and aggregated to provide leaders with concrete indications of positive feedback and improvement potential. Results are evaluated using statistical and qualitative analytics and discussed between leaders and employees, for example in workshops. This allows questions to be clarified and necessary measures to be discussed. Through a decentralized approach, we can address the multifaceted needs of our organization with different strengths and areas of development. The results can also be considered in strategic decisions. For example, the 2024 survey indicated that processes were perceived to be too complex or bureaucratic. This was one reason we focused on simplifying processes and empowering employees with greater accountability in our new strategy (see page [23](#)). Overall, we are satisfied with the results of the survey for the 2024 business year. We nearly achieved our target of exceeding 80% employee engagement in our company with 79% (see page [31](#)).

In accordance with locally applicable legal conditions, we offer employees the opportunity to become involved with one of our many Employee Resource Groups. That includes groups of individuals who potentially experience more frequent discrimination. For example, there is a global resource group for women at BASF, various groups for people in the LGBTQI+ community and local networks for people living with disabilities. All interested employees can get involved in these networks.

As part of the 2024 Employee Voices global survey, we again used the **inclusion index** as a relevant point of reference for the inclusion of our employees and provided our leaders with suggestions for follow-up measures.

Processes to remediate negative impacts and channels for own workers to raise concerns

S1-3

BASF's Compliance Hotline serves as a grievance mechanism and is open to all BASF employees as well as external stakeholders, particularly workers in our value chains. For more information on how the issues raised and addressed are tracked and monitored, see page [321](#). In addition to our grievance mechanisms, employees can reach out to their leaders, their compliance officers or the human resources department as well as their respective employee representatives to ask questions or raise concerns about potential misconduct.

Our compliance training program, which includes regular global and local information campaigns as well as details about our Compliance Hotline, is mandatory for all employees worldwide. Training and informational offerings that provide specific knowledge on human rights and international labor and social standards to various target groups worldwide also cover compliance topics and the BASF Compliance Hotline.

Actions

S1-4

We address the impacts, risks and opportunities that we identified as material through various actions, which we outline below using the subtopics material to this chapter. We employ the following central measures:

- Annual compensation level review
- Employee dialogs and continuous meaningful conversations
- Wide range of training options
- The Skill Transformation Project
- Mandatory health and safety training for employees
- Additional training on safe handling of chemicals and the correct use of personal protective equipment
- Analysis of accidents and potential incidents
- Global health management activities such as BASF health checks

The Corporate Center's Corporate Human Resources and Corporate Environmental Protection, Health, Safety & Quality units set the framework for regulating key topics through requirements and providing resources for central actions. Additional resources to implement the actions are made available by the Global Business Services unit as well as teams working in the operating divisions and at our sites. For example, local recruiting activities and education programs as well as health initiatives are carried out at the respective sites based on target groups.

Adequate wages

Adequate compensation is an important component of the package we offer to employees that makes us a compelling choice as employer. Our central action in this area is our annual review of our compensation levels worldwide using external market data, among other things. This allows us to aim for market-oriented and appropriate compensation in the respective countries or markets and to analyze the effectiveness of adjustments to our compensation levels as part of the process.

As a rule, compensation comprises fixed and variable components as well as benefits. In many countries, these benefits exceed legal requirements and include, for example, company pension benefits, supplementary health insurance and share programs. We oversee implementation of our requirements regarding compensation through the processes described below.

According to defined globally consistent criteria, positions are assigned BASF job grades independent of individuals; these form the basis for compensation. Job grades are assigned according to the demands of the respective function. In this way, we want to make positions comparable on a worldwide basis and create a foundation for compensation commensurate with function. We use the BASF Group's return on capital employed (ROCE) to measure economic success for the purposes of **variable compensation**. This links variable compensation to our ROCE target. Individual performance is assessed as part of a globally consistent performance management process. In numerous Group companies, our "plus" share program ensures employees' long-term participation in the company's success through incentive shares. Corporate Human Resources reviews compliance with the regulations described above and works closely with local units to do this. If changes are necessary, they are made in accordance with the relevant local laws. In addition, we will introduce an enhanced performance management system that provides a closer link between incentives and unit-specific achievements.

In the annual **employee dialog**, employees and leaders can discuss performance over the past year and expectations for the current year (see page [283](#)). Employees and leaders determine what level of detail is necessary when the results are recorded.

We are committed to the U.N. Global Compact's goal of paying our employees a living wage to support them and their families by 2030. To this end, we review on a regular basis whether employees around the world receive a wage sufficient to cover their and their families' basic cost of living under the respective general conditions. If any potential gaps are identified, we work to remedy them. We report the results of our review of whether employees are receiving adequate wages in accordance with the ESRSs in the "Metrics" section (see page [288](#)).

Skill development, training and further education

At BASF, we consider learning and development to be key success factors in retaining and improving the required skills and expertise of employees. In this way, we also want to counter the risks associated with insufficient skill development and employee turnover in the context of demographic change (see page [271](#)). Our skill development actions are based on the principle of nondiscrimination (see page [275](#)). We monitor the effectiveness of our actions by assessing employee engagement as part of the annual Employee Voices survey (see page [280](#) and [286](#)).

The previous BASF competencies and CORE Leadership Values were replaced by Winning Behaviors as part of our “Winning Ways” strategy. These are applicable to all employees and leaders and are being phased into employee development. The development of employees is always planned together with their leader. A central element for this is regular feedback discussed in **annual employee dialogs** (see page [282](#)) and **continuous meaningful conversations throughout the year**. Both actions are carried out globally to establish a foundation for open communication between leader and employee as well as for further development. Employees and their leader conduct continuous meaningful conversations to reflect on performance and behavior, discuss expectations and can also agree on development objectives and individual learning needs. Learning goals should be adapted to the specific job requirements and the employee’s development needs. Learning can take place in various formats and locations.

BASF provides global access to a wide range of **training offers** on various learning platforms to support employees in expanding their skills flexibly and thus acquire additional competencies. Furthermore, numerous local and specialized academies offer training within the operating divisions and service units. For example, the Data & AI Academy expanded its offer in 2024 to help our employees develop a basic understanding of data and artificial intelligence (AI) and utilize it in work processes.

The annual talent discussions held in BASF’s divisions are another steering element in the development of our employees. In these workshops, the development potential and goals of employees in the respective unit are discussed and possible development steps are defined. The main focal point is the development of potential leaders and employees who qualify for positions in other operating divisions.

To support employees in the context of demographic change and rapidly shifting skill requirements, we piloted the **Skill Transformation Project** in selected divisions of the company in Germany in 2024. The focus was on promoting current skills and preparing employees for the rapidly changing demands of the market. A key project result was a skill framework which will enable necessary skill profiles to be identified within the company. This gives leaders valuable insight into the skills in their teams and allows them to identify any possible skill gaps. With the help of AI, this transparency enables us to match personalized training options based on the individual needs of employees and teams. In a follow-up project, we are now reviewing how to integrate the findings into our standard processes globally.

Leaders are tasked with creating a suitable environment for the development of their employees, supporting them and taking their individual situations into account. BASF therefore employs a holistic leadership development approach to support leaders in their tasks in the best possible way. To identify and further develop leadership talents early, BASF also employs potential assessments. In this way, we can help identify qualified potential leadership candidates and offer them concrete development options. To support new leaders from the beginning of their leadership career, the Leadership Essentials standard was created in 2024, a new consistent standard for leadership skills which will serve as a basis for training offerings. Aimed particularly at senior executives and talents identified as potential leaders, we offered inspiration and learning opportunities in 2024 under the theme “Activate and Connect for Growth” on topics such as positive and inspiring leadership, coping with change, and energy and top performance.

Regular feedback plays an important role in the individual development of leaders. In addition to the continuous dialog, the majority of our leaders with disciplinary responsibility received feedback on their leadership behavior and development recommendations as part of the FEEDback&forward global leadership survey in 2024 (see page [280](#)).

Recruitment of skilled employees

Offering an attractive and compelling comprehensive package for employees is increasingly important given the strong global competition for the best qualified employees and leaders. For this reason, we have various ongoing processes and projects in place. For example, we revised our global comprehensive offering in 2024 to better meet the needs of employees and BASF job applicants. We are constantly working to improve talent recruitment worldwide. To that end, we use digital platforms such as our country-specific career websites, global and regional social networks as well as a mix of on-site and digital events. Our external HR marketing and talent acquisition processes focus on the target groups discussed above (see page [277](#)). We are also developing our global employer brand, aimed at consistently presenting ourselves as an attractive employer both inside and outside the company. Our actions to recruit skilled employees are based on the principle of nondiscrimination (see page [275](#)).

To improve our recruitment process, we completed the rollout of a new digital tool worldwide in 2024, thereby establishing a global talent acquisition process. The new system offers improved user-friendliness and accelerates the hiring processes. Interview guidelines support a skill-based and fair recruitment process. AI features enable people applying to BASF to match their CV with all job offers. Additionally, the global tool gives all employees a transparent view of current vacancies so as to foster their development through a job change.

Training skilled employees is a central investment in BASF's competitiveness. This is why we have been counting on our own junior skilled employees for many years and are particularly committed to our apprenticeship programs in Germany. In cooperation with our partners, we support apprentices on an individual basis, preparing them for the modern working world. We train them in future-oriented technologies, working procedures and methods. We also prepare them for the challenges of lifelong and independent learning. To continue filling our apprenticeship positions with qualified candidates in the future, we provide school students in Germany with insight into the various apprenticeship options at BASF during their career orientation phase. We offer a dual vocational training model at numerous sites. At production sites in the United States, for example, we provide up to three years of dual-track vocational training under the North American Apprenticeship Development Program (NAADP). This program involves local colleges.

To combat the shortage of skilled employees in production and technical areas in Ludwigshafen, Germany, we increasingly used social media channels to alert qualified specialists to career prospects at BASF in 2024. We also cooperated with the German employment agency, for example, to target skilled employees at informational events and to recruit suitable candidates for BASF who are currently available on the labor market or will be in the near future.

To ensure the availability of skilled employees and safeguard existing know-how, we offer leaders at BASF SE analyses of the demographic situation for various company job profiles. On this basis, we also provide specific measures for succession planning, knowledge sharing and moderated knowledge transfer.

Occupational safety and health

To prevent potential negative effects on the health and safety of our employees and prevent work-related injuries, for example, we require and promote risk-conscious and safe working practices, learning from incidents and the ongoing exchange of experiences. We are constantly refining and enhancing our global requirements and training offers. In addition to the legally required training, BASF requires new employees worldwide to complete mandatory health and safety training. Employees at our production sites also receive regular training on how to handle chemicals safely and how to use personal protective equipment correctly.

We do everything we can to prevent injuries and use our findings to take appropriate measures to prevent these from happening again, as far as possible. These include regular campaigns and informational events to raise employees' awareness. For several years now, we have been using Safety Moments, a short illustrative presentation on the topic of safety which can be shown routinely at the beginning of meetings or events. In 2024, use of this format increased as part of the EHS Culture of Excellence initiative in North America. This focused, for example, on competency building in EHS.

Through our emergency preparedness and emergency response measures, we want to be as prepared as possible for crisis situations at global, regional and local level – from process safety incidents to product leakages and emergencies. Our emergency and crisis management focuses on protecting people and the environment as well as ensuring the safety of our plants (see page 213). Through our Responsible Care audits (see page 278), we regularly monitor compliance with our guidelines and the effectiveness of our occupational safety measures. BASF thoroughly investigates incidents, analyzes the root causes, and uses the findings to develop appropriate measures and achieve ongoing improvements. If heightened risks for employees are identified, we implement the appropriate corrective actions.

Leaders play an important role in modeling the safety culture. Those in production bear particular responsibility for such topics and regularly receive specific training to be able to fulfill their responsibilities. Newly appointed senior executives must attend a one-time mandatory dialog on health, safety and environmental protection with the head of the Corporate Center's Corporate Environmental Protection, Health, Safety & Quality unit.

Our global network enables the continuous exchange of information and findings within the BASF Group. To further improve our processes and methods, we analyze accidents and potential incidents and share knowledge and best practices within our global network of experts and as part of safety initiatives. We also seek dialog with government institutions and are actively involved in external occupational safety initiatives and networks around the world led, for example, by the European Chemical Industry Council (CEFIC) or national associations such as the German Chemical Industry Association and the American Chemistry Council.

- » For more information on process safety, see basf.com/process_safety
- » For more information on occupational safety, see basf.com/occupational_safety

BASF's global corporate **health management** serves to promote and maintain the long-term and holistic health and performance of our employees. BASF health checks form the basis of our global health promotion program and are offered to employees at regular intervals. These checkups include a thorough assessment of employees' current health status and personal risk factors. We also systematically raise employee awareness of health topics with offerings tailored to specific target groups. In 2024, we chose a decentralized approach in which the regions and sites could focus on locally relevant health aspects. For example, the focus in Europe was on promoting mental health. The Mental Health Alliance, consisting of various specialist units in the region, launched an employee learning and information platform on this topic. Another key focus in 2024 was on influenza prevention. BASF employees had the opportunity to be vaccinated against the seasonal flu at various sites around the world. At the Ludwigshafen site in Germany, for example, more than 3,700 employees participated in the influenza vaccination campaign.

» For more information on occupational health and health management, see bASF.com/health

Secure employment

BASF introduced a plan for our company's long-term success in 2024, with the "Winning Ways" strategy (see page [18](#)). When our business grows, we lay the foundation for job security and create added value for our investors.

Regularly surveying the entire workforce (see page [280](#)) helps us learn whether employees perceive their jobs as secure. Feedback from this survey and from our dialog with employee representatives gives us specific indications as to where we can make further improvements in this context (see page [279](#) and [286](#)). Employees have various internal communication channels to stay informed, such as company assemblies, and find necessary information about their employment, for example, in our intranet.

Global targets

S1-5

We consider employee engagement to be a decisive indicator of the success of our measures. We use surveys and pulse checks as feedback instruments to actively involve employees in shaping their working environment. We measure employee engagement as part of the regular Employee Voices⁵ survey using five central questions. The aim of our engagement index is to understand whether employees enjoy and are proud of working here, whether they recommend BASF as an employer, and whether they would stay with us if they received a similar offer from another company. These questions help us identify potential for improvement. They were developed by BASF based on an analysis of scientific findings and benchmarks. In accordance with employee codetermination rights, we engage with employee representatives in the course of approving the Employee Voices questionnaire regarding the design of the engagement index.

We set ourselves the target of achieving employee engagement of more than 80%. More than 90,000 employees worldwide participated in the survey in 2024 (participation rate: 78%). The survey showed global engagement of 79%, which is stable compared with the previous year (2023: 79%). Our aim is to get this score back to the defined target of higher than 80%. We identified the target based on an external benchmarking. Based on a correlation analysis, the main factors influencing engagement are identified using the survey results and then closely examined to determine possible measures. This analysis is carried out at global and decentralized levels. Measures are implemented locally to reflect the different needs and conditions of our organization. The results analysis is taken into account for strategic decisions. For example, the survey conducted in 2024 indicated that processes are perceived to be too complex or bureaucratic. This was one reason why we focused on simplifying processes and

⁵ The scope of employees surveyed goes beyond the scope of consolidation. However, there are some exceptions for companies that represent joint ventures and joint operations, as well as companies held for sale.

empowering employees with greater accountability in our new strategy. For more information on these results and how they are communicated, see page [280](#) onward.

We review the positive impact of adequate wages on a regular basis through specific actions, which are described on page [282](#) onward. We are countering the potential negative impact on employees of increased demands in terms of skills and demographic change as well as our risks associated with secure employment, insufficient skill development and skilled employee recruitment with concrete measures (see page [283](#), [284](#) and [286](#)). We have not set ourselves specific targets for all material impacts and risks to our company's workforce. For more information on how we measure the effectiveness of actions implemented, see the section on Actions (see page [281](#)).

We set ourselves concrete global targets regarding the potential negative impacts on the health and safety of all employees, which we measure annually:

In 2023, we adjusted our occupational safety target and the corresponding reporting in accordance with a Group-wide definition to focus on the number of worldwide High Severity Work Process Related Injuries (HSI). We committed to a global **HSI rate** of ≤ 0.05 per 200,000 working hours⁶ by 2030. In 2024, it was 0.02 (2023: 0.03 – our baseline). We therefore achieved our target. BASF developed this target based on recommendations of key stakeholders like the ICCA, CEFIC and the German Chemical Industry Association. For more information on data collection for HSI, please see General Disclosures on page [150](#). Our target is based on the assumption that the data on work-related injuries is complete and correct. We consider potential delays in the reporting and recording of injuries to be a limiting factor. To achieve our targets regarding work-related incidents, we regularly review compliance with our occupational safety requirements and legal guidelines through Responsible Care audits. We thoroughly document and analyze incidents as well as their causes and consequences at a global scale to learn from them. We consider the systematic hazard assessments and the risk minimization measures derived from them to be an important prevention tool.

We measure our performance in **occupational health** using the Health Performance Index (HPI). HPI is a key performance indicator that defines and measures our progress in promoting and maintaining the health, well-being and performance of all employees. It comprises the valuation of five equally weighted components: recognized occupational diseases, medical emergency preparedness, first aid, preventive medicine and health promotion. Each component accounts for 20% of the overall result. A maximum total value of 1.0 is therefore possible. Global HPI is calculated based on HPIs of the individual sites. Local HPI used in the calculation is weighted according to the relative share of employees in global headcount. We aim to achieve a global value of more than 0.9 every year. The baseline from 2018 is 0.96. With an HPI of 0.97, we once again achieved this in 2024 (2023: 0.96).

For more information on data collection for HPI, see General Disclosures on page [150](#). The objective of the HPI was developed by BASF based on the requirements of the Global Reporting Initiative™ (GRI) and was first established in 2011. The HPI was adjusted in 2018 and has been used as a global key performance indicator ever since. The HPI target is regularly reviewed and adjusted to ensure continuous improvements. The review also takes place as part of the regular Responsible Care audits in the area of occupational health. The audit report includes a description of the situation and, if necessary, specific recommendations along with deadlines for their implementation. Guidance and support for implementing the recommendations can also be provided if needed. Monitoring the HPI involves multiple steps and methods to ensure that health measures are effective and the defined targets are met. This also includes the analysis of data on incidents and illnesses as well as implementation of new risk minimization measures. We also consult BASF's global network of physicians when determining this target.

⁶ This includes hours worked by BASF employees, agency workers and contractors. We are reviewing the extent to which we can take account of the definition of the company's workforce according to ESRSSs in the future.

The HPI is based on various central assumptions, such as the recorded health data being representative of the entire workforce. Participation in health programs is comprehensive but voluntary. A further assumption is that the effects of the health programs on the well-being of employees are both measurable and significant.

The index also has certain limitations which must be taken into account when results are interpreted. For example, not all aspects of employees' health can be comprehensively captured, particularly those that are difficult to measure such as mental illness. In addition, external factors such as economic conditions, social changes or global pandemics, can influence results without being directly attributable to the company's health measures.

BASF takes various measures to improve performance in occupational safety and health based on the results of the HSI and HPI. For example, an analysis of the HPI helps us to identify that well-trained first aiders can reduce the impact of incidents. We therefore require that employees complete first aid courses on a regular basis to ensure quick and effective responses in case of emergencies. We have concluded from the results of our HSI that safety campaigns and training are effective in raising awareness for occupational safety and promoting safety-conscious behavior.

Metrics

S1-6

The data described here is from our annual data validation and quality assurance process for external reporting. The total number of employees as of December 31, 2024, was 111,822. This marks a decline compared with the 111,991 employees as of December 31, 2023. The decline was primarily due to retirements and departures due to dormant employment as well as measures in connection with the cost savings program focusing on Europe. Staff increases in Asia Pacific, especially for the new Verbund site in Zhanjiang, China, had an offsetting effect.

Expenses for wages and salaries, social security contributions and assistance, as well as for pensions in 2024 are reported in the Notes to the Consolidated Financial Statements from page [435](#) onward.

The following table illustrates the regional distribution of employees. We employed at least 10% of the BASF workforce in each of the three countries Germany, China and the United States.

Employees^a in countries and regions as of December 31, 2024

Regions	Europe	Asia Pacific	North America	South America, Africa and Middle East	Total
Employees	66,726	21,971	15,969	7,156	111,822
Countries that make up at least 10% of the total number of employees	Germany	China	United States		
Employees	50,602	12,687	13,304		

^a Recorded as head count

Employee data^a by gender as of December 31, 2024

Gender	Number of employees
Male	81,572
Female	30,250
Not disclosed	0
Total ^b	111,822

^a Recorded as head count

^b Other: We currently do not record a third gender globally. We will regularly review the relevance of this category in external reporting.

We use the following definitions globally for employees of our company:

- Permanent employees have an active contract for an unlimited period of time.
- Temporary employees are employed by BASF on the basis of an individual agreement with a temporary employment contract.
- Apprentices are employees who have temporary contract with BASF. In accordance with this contract, apprentices receive in-company vocational training as part of an accredited education program.

Employees^a by contract type and gender as of December 31, 2024

	Male	Female	Not disclosed ^b	Total
Employees (total)	81,572	30,250	0	111,822
Permanent employees	78,081	28,695	0	106,776
Temporary employees	1,183	922	0	2,105
Apprentices	2,308	633	0	2,941
Non-guaranteed hours employees	0	0	0	0

^a Recorded as head count

^b Other: We currently do not record a third gender globally. We will regularly review the relevance of this category in external reporting.

Employee turnover^a 2024

Average number of employees, BASF Group	111,744
Employees who had left the company as of December 31, 2024	7,996
Turnover rate as a percentage	7.2%

^a Recorded as head count

The rate of employee turnover according to the ESRS definition – the proportion of employees who left the company in 2024 – amounted to 7.2% globally.

S1-10

We reviewed adequate wages at BASF Group companies in accordance with the ESRS definition. The review included the respective base salary and fixed guaranteed additional payments in the business year. Calculation of adequate wages in accordance with ESRS is not based on an annual target value.

For 2024, the review concluded that all employees receive adequate wages. Furthermore, BASF regularly reviews whether our employees around the world receive a wage that affords them and their families an adequate standard of living under the respective conditions (living wage).

S1-14

Occupational safety and health metrics as of December 31, 2024

	Employees
Number of fatalities as a result of work-related injuries and work-related ill health	0
Rate of recordable work-related injuries ^{a, b}	3.78
Number of recordable ^b work-related injuries	753
Number of cases of recordable ^b work-related ill health	33
Number of days lost to work-related injuries	6,223

^a Per 1,000,000 working hours

^b Recordable includes all work-related injuries and cases of work-related ill health recorded in the system for BASF.

Safety is our top priority. Despite our considerable efforts, there were two fatal work-related injuries in 2024: A contractor was fatally injured on the major construction site in Zhanjiang, China. Another contractor was involved in a fatal traffic accident during a business trip in Vietnam.

S1-17

In 2024, 79 cases of discrimination were reported to us. These were related to gender, age, nationality, disability, religion or worldview, sexual orientation or ethnicity; were racist in origin or related to other relevant forms of discrimination based on characteristics protected by law, including harassment as a specific form of discrimination.

In addition, 225 complaints related to the social factors or aspects mentioned in ESRS S1, paragraph 2, including human rights,⁷ were submitted via the BASF compliance grievance mechanism in the reporting period.

⁷ These social factors or aspects include working conditions, equal treatment and opportunities as well as other work-related rights. For more information, see ESRS S1, paragraph 2.

In 2024, there were no fines, sanctions or compensation payments in connection with these incidents.

In 2024, we did not identify any severe human rights-related incidents in relation to workers in our company.

S2 Workers in the Value Chain

ESRS S2

As an international company, we are active in a variety of different supply chains, businesses and companies, and have business relationships with partners around the world. This means we have links to a large number of people who contribute to our business activities. We accept the resulting obligations and opportunities along the value chain and strive for sustainable value creation. Together with our partners, we are working to enhance compliance with human rights, to improve labor and social standards, and to minimize risks. Another important matter for us is socially just climate transformation.

[ESRS 2 SBM-2](#) [ESRS 2 SBM-3](#) [ESRS 2 IRO-1](#)

Good collaboration with our partners is closely linked to our business success. It is decisive for ensuring resilient, responsible supply chains and for the production of high-quality, safe and more sustainable solutions and products. We therefore attach considerable importance to the interests and viewpoints of workers in the value chain during our collaboration with our partners. We aim to minimize negative impacts on workers in the value chain through our engagement and to have a positive impact. By adopting our due diligence approach (see page [323](#)) and establishing standards and initiatives in our work with our partners (see page [295](#)), we demonstrate commitment to the rights of the workers in our value chain and to good and safe working conditions and promote worker training.

The double materiality assessment that we conducted in 2024 (see page [167](#)) resulted in two material impacts on workers in our upstream supply chain (see the table “Results of the double materiality assessment”).

Results of the double materiality assessment for S2 Workers in the Value Chain

Impact	Evaluation	Placement in the value chain	Description
Increased health and occupational safety risks when handling chemical raw materials	Negative, potential	Upstream value chain	In the production of chemical raw materials, there are increased health and safety risks in our upstream value chain, particularly if necessary safety measures are not complied with. This is a common problem primarily in countries whose national laws do not include any, or low, requirements with respect to labor protection standards.
Increased potential risk of child labor in specific supply chains	Negative, potential	Upstream value chain	Child labor is a particular risk in critical and less transparent supply chains and in countries with little state control and low incomes. This applies, for example, to our upstream supply chains for renewable raw materials, minerals and seeds. Smallholder farms and artisanal mines are particularly affected.

The impacts identified are a common problem primarily in countries whose national law has no or low requirements for labor protection standards and in which there is little state control and low incomes. All workers in our upstream supply chain were included in the double materiality assessment. We adopt a risk-based approach when examining the risks for workers in our upstream value chain (see page [295](#)). Workers at joint venture partners were not included in our risk analysis. However, we aim to include them going forward.

In line with the results of our materiality assessment, we identified the following groups as being particularly exposed to the impacts of our business activities: mine workers in the battery value chain, workers in seed production, field workers and workers in chemical plants with high hazard potential. A lack of transparency regarding working conditions at subcontractors represents an increased risk in general. Our risk analysis focuses primarily on countries with high ESG risks such as China, India, Malaysia, Brazil or Thailand, with India demonstrating a particularly high risk of child labor. Forced labor was not considered to be material in our double materiality assessment.

We examine workers in our downstream value chain during our due diligence reviews of business partners (for more information, see page [323](#)), but do not consider them to be a material target group in relation to impacts, risks and opportunities. We did not identify any material financial opportunities and risks for BASF in relation to workers in the value chain. We systematically record opportunities and risks as part of our general opportunity and risk management (for additional information, see page [87](#) onward).

Strategy and governance

S2-1

For explanations of our overarching policies in respect of scope, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in our Sustainability Statement on page [151](#). Among other things, these include the BASF Code of Conduct, the BASF Policy Statement on Human Rights, our risk-based sustainability management for procurement as part of our procurement requirement, the Supplier Code of Conduct and our principles for the responsible sourcing of renewable raw materials.

A core element of our sustainability strategy is to respect and protect the dignity, rights, health and safety of individuals, both within and outside our own workforce. We view sustainability topics as holistically as possible, including the matters that have been identified as material – health and occupational safety and potential child labor. We aim to act as a role model for responsible and safe behavior along our entire value chain, and to work together in a spirit of trust with partners such as suppliers, service providers, contractors, joint venture partners and customers. We adopt a holistic strategic approach that includes all workers in our supply chains; however, the focus in our reporting is on the upstream value chain, in line with the results of our materiality assessment.

We are committed to complying with applicable laws and international standards. In this context, we are committed to the Universal Declaration of Human Rights of the United Nations (U.N.), both U.N. Human Rights Covenants, the Core Labor Standards of the International Labour Organization (ILO), the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the Ten Principles of the U.N. Global Compact, the U.N. Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the Responsible Care® Global Charter from the International Council of Chemical Associations. We also expect our partners to comply with the law and with standards, including the regulations governing health and occupational safety and child labor. Equally, we expect them to endeavor to enforce these standards at their own partners and take steps to ensure that they comply with this responsibility. We rely here on a systematic, integrated, risk-based approach and established monitoring and management systems.

For us, implementing supply chain-specific due diligence processes is a continuous and comprehensive task. We have embedded our responsibility for human rights and thus also for ensuring safe working standards and preventing potential child labor in BASF's Code of Conduct and Supplier Code of Conduct and have set it out in more detail in our Policy Statement on Human Rights. All employees and leaders are responsible for ensuring that we act in accordance with our Code of Conduct and our Policy Statement on Human Rights.

- » For more information on the BASF Code of Conduct, see basf.com/code-of-conduct
- » For more information on the Supplier Code of Conduct, see basf.com/suppliers

» For more information on our Policy Statement on Human Rights, see basf.com/policy-statement-human-rights

Human rights is an important topic for us and this is reflected in our organizational structures. The head of our Legal and Compliance organization also acts as Chief Human Rights Officer, who oversees the overarching risk management system with regard to human rights issues, especially in relation to due diligence under the German Supply Chain Due Diligence Act (LkSG), and reports regularly to the Board of Executive Directors and the Audit Committee on this. In addition, we have integrated sustainability-related assessments in our governance and decision-making processes, for example in relation to investment, acquisition and divestiture projects.

The overarching governance of human rights due diligence at BASF lies with the Compliance organization. In addition, a number of specialist units are responsible for steering specific human rights topics. As part of our Human Rights Expert Working Group, which is managed by the Compliance Department, we work on an interdisciplinary basis on the holistic assessment and further development of our approach to human rights due diligence. This allows us to ensure that we approach our human rights responsibility holistically and that we can continually improve our performance. The Expert Working Group comprises employees from the Corporate Center units Corporate Compliance, Corporate Legal, Corporate Human Resources, Corporate Environmental Protection, Health, Safety & Quality, Corporate Strategy & Sustainability and Corporate Communications & Government Relations, along with Global Procurement, Security and our operating divisions. Like Corporate Compliance, the aforementioned specialist units have their own global organization, which they train and which supports them in implementing the due diligence processes and measures worldwide in the countries in which BASF is active. The Expert Working Group provides support and advice in challenging and critical situations, on the development of internal processes and on the creation of information and training offerings, among other things. Relevant aspects of human rights topics are also part of the global qualification guidelines for security personnel and are incorporated into the standard agreements with contractors.

We use our Human Rights Advisory Council to access additional external human rights expertise. The council, which comprises independent international human rights experts, meets regularly. The trust-based dialog on human rights challenges helps us to better understand different perspectives and to deal even more openly with critical situations. The meetings held in 2024 were attended by representatives from Corporate Compliance, Corporate Strategy & Sustainability and Global Procurement, plus other experts from the operating divisions. The council provided external perspectives on our stakeholder engagement, on challenges in critical supply chains and on how to deal with situations posing dilemmas.

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

Our Procurement organization has set out guidelines for our upstream supply chain in a global, risk-based management system; these specify how we implement our due diligence processes. We have defined the standards for this in a global requirement. We continuously enhance our structures and processes so as to reflect changes in the general situation. Procurement requirements and targets are set centrally and are binding for all employees with procurement responsibility worldwide. We endeavor to ensure compliance with these requirements using a multistage control process. In this process, minimum standards drawn up by the Corporate Center units are used to support and monitor the individual risk management systems of our business units during implementation. The Corporate Audit unit, as the third instance involved, monitors the effectiveness and compliance of the risk management.

Our expectations of our suppliers are laid down in the global Supplier Code of Conduct. Topics covered by the Code of Conduct include compliance with human rights, the exclusion of child labor, forced labor and human trafficking, safeguarding labor and social standards, and antidiscrimination and anticorruption guidelines. The Code is regularly updated. It is available in the most relevant languages for our suppliers and integrated into electronic ordering systems and purchasing conditions across the Group.

We want to help shape the transformation toward climate neutrality in a socially just way (just transition). This is why we also focus closely on the processes used for sourcing renewable raw materials. Alongside positive environmental effects such as reducing greenhouse gas emissions, these can also have negative effects on social factors, depending on the raw materials. We include this point in our risk analyses and have drawn up specific principles for the responsible sourcing of renewable raw materials. These principles also refer to the ILO's principles and its Declaration on Fundamental Principles and Rights at Work, which in turn include the topics of child labor and health and safety at work. At the same time, we seek dialog with our stakeholders to identify conflicting goals (see page [298](#)).

» For more information on our principles for the responsible sourcing of renewable raw materials, see basf.com/en/responsible-renewables-sourcing

As part of our new "Winning Ways" strategy, we are also focusing on our BASF Renewable Carbon unit within Global Procurement, which manages the sourcing of renewable raw materials and biomass for BASF's operating divisions. This unit has access both to BASF's existing expertise and to a wide range of cooperation models with suppliers, customers and partners.

Actions

We are implementing concrete actions to mitigate negative impacts and risks and at the same time facilitate opportunities related to workers in the upstream value chain. These aim at promoting open dialog, assessing and growing our suppliers, and improving conditions for their workers by taking preventive measures and through local initiatives. Our management processes come into play in the case of any specific incidents.

We rely primarily on the following actions:

- Engagement with workers via forums for dialog, advisory bodies and workshops
- Use of uniform global grievance mechanisms to channel the concerns and needs of workers in the value chain
- Supplier ESG risk analysis
- Risk-based evaluation of suppliers through online assessments (EcoVadis) or on-site audits, for example as part of the chemical industry's Together for Sustainability (TfS) initiative
- Implementation of corrective measures at suppliers
- Support for suppliers in growing sustainability-related skills in the form of appropriate training

Engagement and grievance mechanisms

S2-2

We include the viewpoints of our partners and their workers in our decisions and actions using dialog forums and advisory bodies such as the Human Rights Advisory Council, which we established together with external experts, and the equivalent body for nature and biodiversity topics, our Nature Advisory Council (for more information, see page [309](#)). The two councils maintain a regular dialog and meet up to three times a year. Since 2023, we have also used the Sustainability Lab, a new stakeholder engagement format in which around 100 external and internal experts discuss specific questions relating to sustainable development from a variety of perspectives (for more information, see page [166](#)). We plan to continue using the Sustainability Lab format on an event-driven basis in the future.

Moreover, we also seek direct dialog with our suppliers. In Brazil, for example, we held a series of workshops on sustainability-related topics in 2024. Among other things, members of the TfS initiative and supplier employees were invited to discuss responsibilities, opportunities and challenges in the areas of human rights and labor standards. Further webinars with suppliers are planned for 2025.

One of the ways in which we obtain direct insights into the perspectives of particularly vulnerable groups is through our supplier diversity programs with supplier employees from North and South America. In addition, we use specific dialog formats in higher-risk business areas such as our seed business or when procuring castor oil.

The relevant Corporate Center units such as Sustainability Relations and Corporate Compliance, along with Global Procurement and the specialized units in our operating divisions are responsible for ensuring appropriate, regular dialog (for additional information on the allocation of responsibilities for the Corporate Center units within the Board of Executive Directors, see page [141](#)).

We assess the effectiveness of our collaboration with workers in the value chain, for example in the course of our supplier assessments and follow-up evaluations (see page [297](#) onward). We also assess the progress made with the actions we have taken, and with our initiatives and projects.

S2-3

We promote a culture in which critical issues and concerns can always be raised openly. To do this, we offer uniform grievance mechanisms at the operational level throughout the world. The key tool is our Compliance Hotline. Information on how the issues raised and addressed are tracked and monitored can be found on page [321](#). The compliance hotline offers a way of reporting concerns, risks and violations occurring in BASF's activities or in the value chain in confidence and also anonymously. This also includes potential concerns in relation to health and occupational safety as well as child labor. The hotline is available both to BASF employees and to all external stakeholders, and in particular to workers in our supply chains. In addition, complaints can be submitted to external entities such as the website maintained by the German Federal Office for Economic Affairs and Export Control (BAFA).

Our grievance mechanism is set out in our Supplier Code of Conduct, which is made available to our partners and service providers via our electronic ordering system as part of our purchasing conditions.

- » Our Compliance Hotline can be reached at ethicspoint.bASF.com/en.
- » The BAFA complaints form is available at bafa.de/EN/Supply_Chain_Act/Submit_Complaint/submit_complaint_node.html.

Assessing and growing our suppliers

S2-4

Suppliers are selected, and both new and existing suppliers are evaluated, on the basis both of economic criteria and in particular of ESG standards. This means that selecting, assessing and auditing suppliers are key elements of our sustainable supply chain and risk management activities, intending to ensure that suppliers comply with the laws, regulations and standards in force, and especially with those relating to our material topics of potential child labor and EHS standards. Due to the large number of suppliers, they are evaluated based on risk. We take both country- and industry-specific risks and our ability to exert an influence into account. Supplier assessment is mainly performed as part of the TfS initiative, of which BASF is a founding member. TfS performs online assessments via the EcoVadis rating agency or conducts on-site audits using TfS-approved auditors. A total of 118 raw materials supplier sites were audited in relation to sustainability standards on our behalf in 2024. We received EcoVadis sustainability assessments for 328 suppliers with potential sustainability risks. We also take into account other certification systems and external audits, such as the Roundtable on Sustainable Palm Oil, when assessing our suppliers. Depending on business requirements, we perform our own Responsible Care audits at selected contract manufacturers if material risks have been identified with respect to occupational safety, health and environmental protection. We use targeted checks on suppliers in higher-risk countries to prevent the risk of potential child labor; an example here is our seed business supply chain in India.

Our employees in procurement are supported in this process by a dedicated procurement-specific sustainability team. This consists of a core team plus a supplementary sustainability network comprising employees from the regions and procurement clusters concerned. In addition, we have access to a global audit team that audits EHS topics at contract manufacturers.

We carefully analyze the results of our assessments, which are summarized in audit reports or scorecards together with concrete plans for corrective actions, and document them in a central database. Where performance is insufficient, we contact the suppliers and request that they implement improvements. We review our suppliers' progress according to a defined time frame based on the sustainability risk identified, or after three years at the latest. Over the past few years, we have identified some need for adjustment at our suppliers with respect to environmental, social and governance standards. Examples include deviations from health and occupational safety measures and labor law requirements. In follow-up audits performed in 2024, we identified improvements in these areas.

We support our suppliers in developing measures for improvement. The webinars held by TfS in various languages on sustainability and the implementation of corrective measures are an important part of supplier development. All in all, these were attended by a total of 990 employees of suppliers in 2024. In addition, the TfS Academy online learning platform is aimed at procurement staff and suppliers. It covers the entire spectrum of ESG topics, including child labor and health and occupational safety. There are currently over 300 courses available in 11 different languages. We also continued our partnership with East China University of Science and Technology in Shanghai, China, in 2024. A total of 92 employees from 68 Chinese suppliers received further training on ESG topics including child labor and health and occupational safety.

Preventive actions and local initiatives

The examples given below are locally organized activities, projects and initiatives. They have not been assigned to any centrally managed action plan. Rather, they are aimed at achieving continuous optimization and further development. This goes hand in hand with the BASF approach to sustainability steering (see page [152](#)).

We are aware of the challenges in specific supply chains. For example, in 2024, we continued our proactive work with our upstream supply chains, where we usually have no direct contractual relationships, less transparency and less influence. We are working together with partners and civil society and are active in cross-sector initiatives. Projects often start on the ground to build specific local expertise regarding sustainable and responsible supply chains. In addition to making environmental improvements, our particular objective is to promote social aspects such as safe working conditions, adequate wages, access to healthcare systems and opportunities for upskilling/reskilling. We discuss the appropriateness of measures on a case-by-case basis with relevant stakeholders such as NGOs and government representatives. We also discuss our plans in our external dialog forums, in the Human Rights Advisory Council and in the Nature Advisory Council. We measure the effectiveness of specific projects using progress reports on, and studies of, for example, developments in the areas of income and living conditions and the establishment of policy frameworks and regulations.

Seeds

In 2022, BASF, Syngenta and Arisa joined forces to set up a multistakeholder initiative in the vegetable seeds business in India. Called **Wage Improvements in Seed Hybrids** (WISH), the initiative addresses combating child labor and paying fair wages in the vegetable seeds sector in the Indian federal states of Karnataka and Maharashtra. The first phase of the project consisted of a survey of more than 4,100 households, in which roughly 6,900 children, 200 farmers, 400 workers and other stakeholders took part, identified focus topics for improving conditions on the ground. In the second phase of the project, which has been running since 2023, the partners are now using a variety of instruments to address these areas. Examples include training and upskilling/reskilling, networking, stakeholder integration (since 2024), advocacy efforts at local and international level, digital documentation and the dissemination of best practices. BASF, Syngenta and Arisa aim to maximize the positive impact of the project by also engaging in a dialog with other national and international companies in the seeds business. Since the beginning of 2024, external NGOs have been providing training and upskilling/reskilling for more than 390 farmers in 28 villages in the project area; this involves a variety of stakeholder groups including 2,100 workers. The goal of the project is to achieve tangible improvements with respect to increasing wages and avoiding child labor in the vegetable seeds business by the end of 2025.

Renewable raw materials

Palm oil, palm kernel oil and their derivatives are some of our most important renewable raw materials; these are described in detail under E4 Biodiversity and Ecosystems (see pages [240](#) and [241](#)). Based on our Supplier Code of Conduct, we have outlined our expectations of suppliers in the palm-based value chain in an additional sourcing policy (BASF Palm Sourcing Policy). These address not only certification standards, traceability and environmental aspects, but also the observance of employee rights and the rights of Indigenous peoples as well as the inclusion of smallholder structures.

» For more information on our voluntary commitment to palm oil products and the Responsible Sourcing Report, see basf.com/en/palm-dialog

Another important raw material for BASF, albeit at a much smaller scale, is castor oil. We use castor oil to manufacture products such as plastics and ingredients for paints and coatings, as well as products for the cosmetics and pharmaceutical industries. We were a founding member of, and have been active since 2016 in, the **Sustainable Castor Initiative – Pragati**, with the aim of establishing a certified sustainable supply chain for castor oil in India. As part of Pragati, smallholders receive training, which is based on a specially developed sustainability code, SuCCESS, on topics such as health, the safe use of crop protection products to minimize occupational safety risks, and cultivation methods.

» For more information on sustainable castor oil, see bASF.com/en/responsible-renewables-sourcing

Plants also form the basis of many other products in our portfolio for cosmetics. This applies, for example, to our biopolymers and bioactives. Through resource-conserving sourcing practices, we aim to preserve ecosystems and enable more sustainable management for the people whose livelihoods depend on them. For example, we have been combining economic, environmental and social aspects including improved, safe working conditions and access to medical care for several years now in our holistic procurement initiatives for argan (Morocco), rambutan and galanga (both Vietnam). We have consolidated our bioactives activities in our **Responsibly Active** program.

» For more information on the Responsibly Active program, see personal-care.bASF.com/responsibly-active

Mineral raw materials

We have relationships with a large number of suppliers of mineral raw materials, which we use to produce automotive and process catalysts or battery materials for electromobility, among other products. We have implemented the EU's Conflict Minerals Regulation, for example by carrying out a compliance check for the import of conflict minerals in our ordering system. The regulation aims to combat the financing of armed conflicts and human rights issues such as child labor and forced labor. It also defines supply chain due diligence for tin, tantalum, tungsten and their ores as well as gold (3TG) imported into the EU from conflict-affected and high-risk areas (CAHRAs).

» For more information on the BASF Conflict Minerals Report 2023, see bASF.com/conflictmineralsreport

We also attach importance to certification, such as the LBMA certificate for gold, the LPPM certificate for metals of the platinum group and the Responsible Minerals Assurance Process of the Responsible Minerals Initiative. Furthermore, BASF is committed to responsible and sustainable global supply chains for other mineral raw materials. These include cobalt, a key component in the production of battery materials. We have organized our cobalt supply chain according to established sustainability requirements such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. Our goal is to not purchase cobalt from artisanal mines as long as responsible labor, social and environmental standards cannot be verified.

Together with BMW Group, Samsung SDI Co. Ltd., Samsung Electronics Co. Ltd., Volkswagen AG, Stihl AG & Co. KG and Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation, GIZ), we have been involved in the cross-industry **Cobalt for Development** initiative since 2018. It is intended to improve working and living conditions for artisanal miners in the Democratic Republic of Congo and to explore and implement opportunities for legalizing artisanal mining. To achieve this, the initiative offers programs such as training on important environmental, social and governance aspects of responsible mining practices. In the second phase, which started in the spring of 2023, mining cooperatives continued to receive training on topics such as occupational safety and environmental management. In addition to technical support in mapping and sampling the deposits, joint strategies were developed together with stakeholders from the Congolese government to create a legal basis for the miners to continue operating the mine.

» For more information on the Cobalt for Development project, see bASF.com/cobalt-initiative

The **Global Battery Alliance** (GBA), which was cofounded by BASF in 2017, is also relevant in connection with battery materials. It has over 150 members and promotes dialog between businesses, governments and civil society. The GBA develops the tools for steering a sustainable and responsible circular economy for batteries – and aims to establish these by 2030. It acts as an nonpartisan platform to develop widely accepted rules for comprehensive and standardized reporting of ESG topics. These include environmental protection issues, child labor and human rights, among other things. The GBA rules were used in two pilot projects in 2024 and should be ready from 2025 onwards for the future Battery Passport, the digital battery identification document provisioned by the EU's Batteries Regulation.

» For more information on the Global Battery Alliance, see globalbattery.org

Another mineral raw material that BASF processes is mica.¹ As a base for effect pigments, it is mainly used in the production of coatings and seed coatings. As an active member of the **Responsible Mica Initiative** (RMI), we advocate for the eradication of child labor and unacceptable working conditions, specifically in India's mica supply chain. The initiative is focusing on labor standards, strengthening local communities and legal frameworks in the period up to the target year of 2030. As the RMI's recent progress report shows, activities in the relevant regions of India have already led to improved income and living conditions. These include improved access to clean drinking water through the installation of pumps and filtration systems and improved access to healthcare through doctors' visits in villages and enrollment in public health insurance plans.

» For more information on the Responsible Mica Initiative, see responsible-mica-initiative.com

Dealing with specific incidents

If we learn of irregularities or violations in the course of our audits or from other sources such as media reports or our Compliance Hotline, we take them extremely seriously, react immediately and require our partners and suppliers to implement corrective measures without undue delay and to stop the violations. In the case of serious violations of the standards defined in our Supplier Code of Conduct or of international principles, such as intolerable working conditions or child labor, we reserve the right to impose commercial sanctions. These can go as far as termination of the business relationship. The same applies to failure to correct violations, or for displaying patterns of noncompliance with these standards. No direct business relationships were terminated in 2024.² We are in close contact with our suppliers, especially in higher-risk areas and regions, and monitor the implementation of relevant standards and necessary measures for improvement.

For example, action plans have now been developed and implemented for the cases of infringements of the German Supply Chain Due Diligence Act (LkSG) that were identified in 2023.

¹ Mica is a group of minerals from the division of phyllosilicates with the same atomic structure. In colloquial language, mica minerals are referred to as mica.

² We consider all direct suppliers of the BASF Group in the business year concerned to be 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.

No severe human rights issues or incidents related to workers connected to its upstream and downstream value chains were reported to BASF in 2024 (for more information on the topic of S3 Affected Communities, see page [310](#)).

We have advanced the negotiations to divest our shares in the two joint ventures in Korla, in the northwestern Chinese province of Xinjiang, a process we initiated for strategic reasons at the end of 2023, and signed an agreement to divest our shares. Our external audit scheduled for March 2024 was conducted as planned. It showed no current indications of severe incidents or infringements.

Global targets

S2-5

Our global corporate target of responsible procurement (for additional information, see page [31](#)) aims to holistically improve our suppliers' sustainability performance: It covers both comprehensive sustainability matters and the matters of health and occupational safety and potential child labor that are material for the Workers in the Value Chain topic. BASF has not set itself a specific target for the Workers in the Value Chain topic.

The supplier target was updated in the reporting year so as to advance sustainability in the supply chain even more effectively, and to focus on suppliers with an increased risk in terms of sustainability: For the time frame up to 2030, BASF is concentrating on improving sustainability performance of those suppliers that generated inadequate results in evaluations. We are striving toward ensuring that annually, 80% of suppliers who underwent a sustainability evaluation during the reporting period, and who had inadequate results in a prior comparable evaluation, improve their sustainability performance. An improvement could result, for example, from a positive development of the EcoVadis score or successful implementation of corrective measures in a follow-up audit. In 2024, the figure was 76%. In order to achieve our target of 80% annually by 2030, we began establishing a tracking process involving specialists from the compliance organization in 2024. They contact suppliers with inadequate results and monitor the implementation of corrective measures.

For us, a supplier evaluation is valid for three years. We then carry out a new classification internally using a risk assessment and derive appropriate follow-up measures based on this. The new global target will be embedded in the targets set for employees with procurement responsibility.

In addition, we strive as a matter of principle to avoid child labor, negative impacts on occupational safety and health protection as well as impacts on other sustainability-related topics. These requirements are set out in a globally binding form in our Supplier Code of Conduct and are overseen using multistage, risk-based monitoring systems. We are steering toward our suppliers complying with the requirements set out in the Supplier Code of Conduct. We take action if we become aware of severe violations in the areas of health and occupational safety or child labor. We contact the suppliers concerned, offer them training and explicitly request that they implement corrective measures within a defined time frame. We systematically track implementation, since we aim to achieve improvements in these areas. If we find that infringements have not been remedied or minimized, we can impose commercial sanctions or even terminate the contracts concerned.

Stakeholder expectations are continuously incorporated into possible objectives. We ensure this is the case through regular meetings with external stakeholders. These are held as part of our strategic stakeholder engagement as well as in meetings with investors (see page [163](#)), in which we discuss the sustainability topics material for BASF.

S3 Affected Communities

ESRS S3

We aim to avoid negative impacts and increase positive impacts by acting responsibly along the entire value chain. We seek dialog with communities that may be affected by our business activities to work together to shape the transformation toward climate neutrality in a socially just manner. We also want to live up to our responsibility and pursue the objective of empowering the communities around our sites worldwide.

[ESRS 2 IRO-1](#) [ESRS 2 SBM-2](#) [ESRS 2 SBM-3](#)

A core element of our sustainability strategy is to respect the dignity, rights, health and safety of individuals, both within and outside our own workforce. For us, safe and responsible behavior throughout the entire value chain is of paramount importance.

This also applies to communities that may be affected by our business activities. Here, we also include activities in our upstream value chain if the raw materials sourced by us are produced or extracted under sometimes challenging conditions. For example, the growth of plants purchased by us as renewable raw materials may be associated with land degradation and a deterioration in local biodiversity. The extraction of mineral raw materials may also have a negative impact on communities. Currently, these raw materials are sometimes extracted in regions that bear a greater risk of violations of labor, social and environmental standards. We are therefore committed to a sustainable supply chain especially for these materials (see page [299](#)). We consider Indigenous peoples, on whose land extraction of raw materials is planned, to be among the vulnerable groups of affected communities.

We also regard direct neighbors of our production sites as affected communities, as well as other people in the area surrounding our industrial premises who could be impacted by our production operations and the associated potential environmental emissions or by the disposal of contaminated substances. We have set ourselves global targets in order to ensure that our products are produced safely for people and the environment alike (see page [31](#)).

In our double materiality assessment (see page [167](#)), the topic S3 Affected Communities was identified as material. As a result of the assessment, we see a material risk for BASF, as well as four material impacts on affected communities (see table on page [304](#)).

Results of the double materiality assessment for S3 Affected Communities: Impacts

Impacts	Evaluation	Placement in the value chain	Description
Potential adverse effects on health associated with the production and use of chemicals	Negative, potential	BASF's own operations, upstream and downstream value chain	The production and use of chemicals in our own operations and in our value chain could potentially impair the health of people and communities.
Potential restriction of Indigenous peoples' right to free, prior and informed consent	Negative, potential	Upstream value chain	Our procurement of raw materials may have potential impacts on Indigenous peoples and may limit their right to free, prior and informed consent (FPIC) regarding activities in their surroundings.
Contribution to the positive development of communities	Positive	BASF's own operations	Through our business activities, our stakeholder engagement and our societal engagement, we exert a positive economic, social and cultural influence on communities.
Positive contribution to food supply	Positive	Downstream value chain	Our crop protection products and our seeds help to ensure that crops produce a good yield in spite of pests and other problems so that people benefit from an adequate food supply.

Results of the double materiality assessment for S3 Affected Communities: Risks and opportunities

Risk	Evaluation	Description
Loss of societal acceptance due to potential adverse effects on the health of people and communities	Negative	In the event of negative impacts on communities, societal acceptance of our business activities could suffer in the short to long term, trust could be lost in BASF and the risk of litigation could increase.

Strategy and governance

S3-1

The acceptance and support of our stakeholders is crucial for our business success. We pursue the principle of coexisting well with affected communities by reducing negative impacts of our business operations and maximizing positive impacts. As such, we want to contribute to an improved quality of life for everyone.

The protection of affected communities is a central concern and we are committed to producing safely for both people and the environment. Our environmental protection, health, safety and quality management system, which builds on the guiding principles of the Responsible Care® initiative, quality management and other relevant management standards, serves to protect the environment and the health and safety of our employees, third-party workers and neighbors. The Corporate Center unit Corporate Environmental Protection, Health, Safety & Quality, which reports directly to the Board of Executive Directors, determines the Group-wide management and control systems and monitors compliance with internal requirements and legal guidelines (for additional information on the responsibilities of the Corporate Center units in the Board of Executive Directors, see page [141](#)). At the same time, the sites and Group companies are responsible for implementing the stipulated guidelines at local level.

It is fundamentally important to us to respect human rights and not to violate them through our business activities at any time. We record compliance risks, including those related to communities that could potentially be affected by our business activities, by means of regular risk assessments of our operating divisions and Group companies worldwide (see page [154](#)). Based on the BASF Group's Policy Statement on Human Rights, we are committed to respecting the human rights of local communities and vulnerable groups and strengthening these rights along the entire value chain. This includes, among others, Indigenous peoples as a particularly vulnerable group. We are committed to acting responsibly and entrepreneurially in accordance with the following international standards:

- Universal Declaration of Human Rights of the United Nations (U.N.)
- Both U.N. Human Rights Covenants
- Core labor standards of the International Labour Organization (ILO)
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- Ten Principles of the U.N. Global Compact
- U.N. Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Responsible Care® Global Charter of the International Council of Chemical Associations

We have anchored our human rights responsibility in our BASF Code of Conduct and our Supplier Code of Conduct (see page [295](#)). We expect all our partners to comply with international human rights standards. Where necessary, we support them in meeting their due diligence obligations. We strive to meet our responsibility along the entire value chain and are willing to face the associated opportunities and risks. Respect for human rights is systematically integrated into our corporate governance and decision-making processes. The global BASF Code of Conduct is binding for all employees and we track compliance with its guidelines by means of our control and monitoring systems.

Our contribution to the positive development of communities follows our societal engagement policy. This policy is also based on the BASF Code of Conduct and falls within the responsibility of the Corporate Center unit Corporate Strategy & Sustainability.

For explanations of our overarching policies in respect of scope of application, accountability, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in our Sustainability Statement on page [152](#).

We review the resilience of our business models in relation to various sustainability aspects as part of the development of our business strategy. The strategies of our strategic business units are updated on a regular basis in conjunction with experts from the business units and the Corporate Strategy & Sustainability unit. We have also integrated social and human rights-related assessments within our governance and decision-making processes, for example for investment, acquisition and divestiture projects. We involve key stakeholders in decisions on future investments at an early stage. These may also include representatives of affected communities.

The business strategy of our Agricultural Solutions division and its contribution to food supply are outlined on page [307](#) onward.

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Material impacts of BASF on affected communities

In the following section, we explain in more detail our strategy in relation to the four material impacts of BASF on affected communities.

Potential adverse effects on health due to our business activities

As a global chemical company, BASF is aware of the risks associated with the use and manufacture of chemicals. These may also include adverse effects on the health of affected communities, for example due to contaminated drinking water. Impacts may also arise due to the production of chemicals at our sites and in our upstream and downstream value chain.

We aim to ensure safe production through our environmental protection, health, safety and quality management system. It is our responsibility to protect, in particular, the health and safety of our employees, customers and neighbors by continuously identifying potential hazards and minimizing risks (see page [285](#)).

We strive to prevent potential adverse effects on health along our value chains and use our insights to take appropriate measures to avoid any repetition of potential negative impacts on affected communities. Our global standards and guidelines, for example on handling the natural resource of water, are clearly defined in Group-wide requirements. Our sites and Group companies are responsible for implementing and complying with both the Group-wide requirements and local guidelines. By means of regular audits, the Corporate Center unit Corporate Environmental Protection, Health, Safety & Quality monitors compliance with the guidelines.

With our commitment to product stewardship under Responsible Care® and the initiatives of the International Council of Chemical Associations, we are committed to minimizing the negative effects of our products on health, safety and the environment, and to continuously improving the safety of our products. Before our products are launched on the market, they undergo various tests and assessments – depending on their application profile and legal requirements. By conducting these tests, we aim to identify potential hazard indicators, as well as health and environmental risks, at an early stage. Based on these findings, we devise suitable preventive and protective measures and develop recommendations on secure handling – from production and application through to disposal.

To ensure product safety, we have established global management systems in our downstream value chains. For example, we set global guidelines on the safe transportation of hazardous goods for our logistics service providers and, where necessary, advise our customers on product safety to ensure that our products, when used responsibly and for their intended purpose, do not pose any risk to either humans or the environment (for more information, see page [214](#)).

The right of Indigenous peoples to free, prior and informed consent

BASF opposes all forms of human rights violations and, through the BASF Group's Policy Statement on Human Rights, has committed itself to respecting and promoting the human rights of local communities and vulnerable groups along the entire value chain (see page [315](#)). This also includes implementation of the principle of free, prior and informed consent (FPIC) for Indigenous peoples.

Where our activities could impact Indigenous peoples in particular, we seek dialog with nongovernmental organizations before we even invest; this may, for instance, take the form of establishing an environmental, social and governance (ESG) advisory council on a case-by-case basis (see page [310](#)). We record compliance risks, including those related to communities that may potentially be affected by our business operations, by means of regular risk assessments of our operating divisions and Group companies worldwide.

We systematically evaluate the sustainability performance of our suppliers and have set ourselves the target of achieving concrete improvements for suppliers who score poorly in this evaluation (see page [301](#)). Our purchasing organization has also established a global risk-based management system for our upstream supply chain in order to implement our due diligence processes. We have defined our standards in a global requirement. Where we source renewable raw materials, we also consider social factors such as working conditions and food security. We seek regular dialog with our stakeholders to avoid conflicting goals and include recognized certification standards in our decisions.

This applies, for example, when purchasing palm oil and palm kernel oil, two of our most important renewable raw materials: We mainly use these to produce ingredients for the cosmetics, detergent, cleaner and food industries. Based on our global Supplier Code of Conduct, we have defined our expectations of suppliers in the palm-based value chain in a supplementary procurement policy (BASF Palm Sourcing Policy). This addresses not only certification standards, traceability and environmental aspects, but also the respect of workers' rights and the rights of Indigenous peoples as well as the inclusion of smallholder structures. We expect, for example, that the right of Indigenous and local communities to grant or refuse their free, prior and informed consent is respected in relation to land-use changes associated with the sourcing of palm oil. This pertains to all groups of people who hold inherent or social rights in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the social guidelines of the High Carbon Stock Approach (HCSA) (see page [241](#)).

We have also established dedicated processes for the procurement of mineral raw materials to trace the origin of conflict minerals in the supply chain and ensure that they come from conflict-free sources. In this way, we want to minimize negative impacts on the part of BASF.

We have implemented the EU's Conflict Minerals Regulation, for example by carrying out a compliance check for the import of conflict minerals in our ordering system. This regulation defines supply chain due diligence for tin, tantalum, tungsten and their ores as well as gold (3TG¹) imported into the EU from conflict-affected and high-risk areas (CAHRAs²).

» For more information on our guidelines in connection with conflict materials, see basf.com/conflictmineralsreport

In addition, we place importance on certifications such as the LBMA certificate³ for gold, the LPPM certificate⁴ for platinum group metals, and the Responsible Minerals Initiative's Responsible Minerals Assurance Process. Furthermore, BASF is committed to responsible and sustainable global supply chains for other mineral raw materials. These include cobalt, a key component in the production of battery materials. We have organized our cobalt supply chain according to established sustainability guidelines such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. Our goal is to not purchase cobalt from artisanal mines as long as responsible labor, social and environmental standards cannot be verified.

Food supply through our products

As one of the world's leading companies, we offer products and innovations for agriculture and support the sustainable transformation of the agricultural and food system. Our crop protection products, our seeds and our digital solutions help to ensure that crops produce a high yield so that people benefit from an adequate food supply.

¹ 3TG: Tantalum, tin, tungsten and gold

² CAHRAs: conflict-affected and high-risk areas

³ LBMA: London Bullion Market Association

⁴ LPPM: London Platinum and Palladium Market

Our innovation-driven strategy for agriculture focuses on selected crops and their appropriate cultivation systems: Soy, corn (maize) and cotton in the Americas; wheat, canola (oilseed rape) and sunflower in North America and Europe; rice in Asia; and fruit and vegetables globally.

In our Agricultural Solutions division, we are working to strike the right balance between economic, environmental and social value creation for future-oriented and highly efficient agriculture. In light of the increasing global population, demand for food and feed, renewable raw materials and energy continues to rise, whereas land suitable for agriculture is limited. Accordingly, even more efficient farming is essential. It must be balanced and needs to ensure that sufficient quantities of healthy and affordable food can be produced. At the same time, it is extremely important to reduce negative impacts on the environment and potential adverse effects on health connected with the production and use of crop protection products to acceptable levels.

We leverage our expertise in research and development and our deep understanding of the way individual growers manage their farms to provide offers across technologies. These include novel solutions for seeds, traits, fungicides, herbicides, insecticides, biological solutions and digital products tailored to regional farming needs and crop systems.

Contribution to the positive development of communities

Through our activities, we aim to strengthen the communities surrounding our sites worldwide, contribute to the achievement of the Sustainable Development Goals (SDGs) and have a long-term positive impact on the environment and society. We have a positive impact on local communities through the business activities at our sites. We create jobs and contribute to local value creation. Through our societal engagement, we aim to improve people's quality of life through the prevention and combating of illnesses (health), promote educational equity, employability and economic participation (skills) and safeguard natural resources (resources) (see page [311](#)).

S3-2

Continuous dialog with our stakeholder groups and their involvement represent integral components of BASF's corporate responsibility. Therefore, responsibility for the central governance, quality assurance and ongoing development of our engagement with societal stakeholders lies with the Corporate Strategy & Sustainability unit, which is part of the Corporate Center and is assigned the direct responsibility of the Chairman of the Board of Executive Directors. The insights gained as part of the dialog are of considerable importance and are included in relevant strategic decisions. A company-wide group of involved employees ensures the exchange of insights and experiences as well as the ongoing improvement of our measures and approaches.

In order to be able to better assess our impacts on, and risks for, affected communities, we have structured our stakeholder engagement in such a way that we consider the feedback of affected communities in our business activities. As part of our Responsible Care management (see page [222](#)), we aim, for example, to safeguard the right of residents at our sites to access clean water.

We bear a particular responsibility toward the neighbors of our sites. We promote continuous dialog between residents and our site management and strengthen trust in our activities with **community advisory panels**. The globally applicable guidelines for these forums are based on the U.N. Guiding Principles on Business and Human Rights in relation to grievance mechanisms. In this way, individuals and groups, such as NGOs and associations, have the opportunity to raise concerns directly and on a regular basis. The forums are active for an indefinite period.

The interests of Indigenous peoples are included on three levels comprising dialog with human rights experts, direct dialog with representatives of the Indigenous peoples and dialog with nongovernmental organizations representing Indigenous peoples. In this regard, we observe our Group-wide requirements on interactions with representatives of civil society.

We address current and important issues on certain topics with **advisory councils**. This enables BASF to gain a better understanding of the impacts of its business activities on society and the environment. The insights gained facilitate sound decisions, both in relation to operational projects and strategic development. The relevant Corporate Center units, such as the Sustainability Relations and Trends unit, are responsible for ensuring regular and appropriate interactions.

In 2023, BASF set up an advisory council for issues surrounding the protection of biodiversity and ecosystems – the **Nature Advisory Council** (NAC) – to receive an independent societal perspective on our activities in relation to nature and biodiversity topics. The aim is to obtain constructive feedback and specific advice on nature-related topics and our strategic approach as well as our contributions to a more sustainable future. The NAC will remain active for an indefinite period and, at the end of 2024, comprised five members from scientific fields, relevant value chains and multilateral organizations. It met most recently in November 2024 and discussed the approach to biodiversity taken by BASF with relevant experts and leaders.

The **Human Rights Advisory Council** (HRAC), established in 2020, provides a trust-based and constructive dialog to enable us to better meet our role and responsibility, particularly in situations that are challenging in terms of human rights. It comprises independent international human rights experts and meets regularly, thus enabling us to obtain additional human rights expertise. The HRAC helps us to better understand different perspectives on human rights, address conflicting aims and take into account the rights of Indigenous peoples and the limits of corporate due diligence. The Council also contributes to building on our human rights-related strengths and identifying potential improvements. It meets up to three times a year and is active for an indefinite period. The meetings held in 2024 were attended by representatives from Corporate Compliance and Corporate Strategy & Sustainability, plus other experts from the operating divisions.

In 2023, the **Sustainability Lab**, another stakeholder engagement format, was held for the first time. Here, around 100 internal and external experts discussed specific issues concerning sustainable development from a variety of perspectives (for more information, see page [166](#)).

A new format is our **Civil Society Forum**, which was established in Berlin in March 2024 and includes representatives of the operating divisions affected by the topics concerned as well as representatives from the Corporate Center. It facilitates a confidential dialog with representatives from civil society and trade unions. The aim of the forum is to actively explain the company's activities in relation to current and potential projects and its positioning in this regard. As such, the Civil Society Forum offers a platform for feedback from civil society. The subsequent incorporation of external feedback into internal strategic management systems aims at finding feasible solutions for all stakeholders.

Where necessary, we use the format of an ESG Council as an instrument for **case-by-case engagement** with stakeholders, such as affected communities. In this way, the viewpoints of relevant stakeholders can also be incorporated at an early stage in the decision-making process on future investments. We employed this instrument, for instance, in the context of a potential investment in a nickel/cobalt refinery complex in Weda Bay, Indonesia.⁵ We also review current investments on the basis of the sustainability criteria on an ongoing basis and employ suitable dialog formats on a case-by-case basis to incorporate societal perspectives.

Our engagement in **multistakeholder and other initiatives** represents a key component of our strategic approach in relation to affected communities and all human resources in the value chain. BASF engages in networks such as Cobalt for Development, the Roundtable on Sustainable Palm Oil, the Global Battery Alliance and the Responsible Lithium Partnership, which is scheduled to run until 2025.

S3-3

The BASF compliance hotline is publicly accessible to everyone as a grievance mechanism; as such, it can also be used by affected communities worldwide and their representatives. For more information on how the issues raised and addressed are tracked and monitored, see page [321](#).

Should concerns be raised or a violation identified in relation to our own activities, we immediately take the action required in order to appropriately address and end the violation. Whenever human rights violations on the part of our direct suppliers or in our supply chains come to our attention, we expect and demand that our direct suppliers immediately end the violations or investigate them appropriately. Where necessary, we support our suppliers in overcoming the associated challenges and in making improvements to their sustainability performance. At the same time, we also reserve the right, as a last resort, to seek out potential alternatives and to terminate supplier relationships in the event of continued violations of our standards.

In the 2024 reporting year, we were notified of one case of potentially serious incidents relating to our palm oil supply chain. Specifically, the case concerned allegations of disproportionate use of force against affected communities by security forces of an indirect supplier. We immediately suspended this supplier.

Beyond that, we take reports of problems in connection with affected communities seriously and investigate them. In 2024, three cases were brought to our attention in which allegations of unlawful land confiscation were made to the detriment of affected communities in the palm oil supply chain. These cases were also the subject of legal proceedings in the reporting year. One of these three cases concerns a direct supplier that is certified in accordance with the standards of the multistakeholder program Roundtable on Sustainable Palm Oil (RSPO). RSPO investigations have not confirmed the allegations. We have also been informed that no relevant rights violations were found in the official investigation conducted in the context of the legal proceedings. The other two cases relate to indirect suppliers. The investigation and legal proceedings are still ongoing, based on which we will consider the next steps.

In our view, the reports regularly received in all regions – both from the company's employees and third parties, such as NGOs – confirm the functionality and effectiveness of this complaint channel.

⁵ Following a detailed review, BASF decided not to implement a nickel/cobalt refinery project in Weda Bay, Indonesia, partly because the availability of battery grade nickel has improved for BASF.

Actions

S3-4

In order to mitigate negative impacts and risks while simultaneously seizing opportunities in connection with affected communities along our value chains, we take concrete actions, which we explain below on the basis of the material subtopics for this chapter. These actions often entail decentralized measures, projects and initiatives that are not assigned to any centrally managed action plan. Instead, they – like our management and monitoring systems – aim to ensure continuous improvement and further development and fall within the responsibility of the sites and Group companies concerned. This goes hand in hand with the BASF approach to sustainability steering (see page [152](#)).

We use various dialog formats and bodies and incorporate the insights gained into our business operations and strategic planning. Fundamentally, we distinguish between direct engagement with affected stakeholders, such as through our community advisory panels, and indirect engagement via representatives on our advisory councils (see page [308](#)).

As part of our due diligence, for example, we are in regular contact with our South African platinum suppliers, including Sibanye-Stillwater.⁶ In order to gain a comprehensive picture of the situation on the ground and address relevant issues, we engage in continuous dialog with relevant stakeholder groups. Most recently, BASF invited the stakeholder groups involved to an in-person meeting in Germany in September 2024. At this meeting, representatives of our suppliers and of NGOs from South Africa and Germany, as well as other experts, held a constructive discussion on the environmental and human rights-related situation.

Moreover, we take further measures designed to minimize BASF's negative impacts on affected communities and support positive impacts.

Actions to avoid potential adverse effects on health

We take numerous actions to design products in such a way that their impacts on the environment and on society are as small as possible along their entire value chain (see page [161](#)).

In order to minimize negative impacts and risks in the upstream value chain, we rely on open dialog with our suppliers as well as their assessment and development. We support preventive and local initiatives to improve the working conditions of our suppliers' employees. Our management processes are activated in the event of specific work-related incidents (see page [295](#)).

To prevent work-related incidents and their associated impacts on employees and their relatives, we support and demand safe and risk-aware working practices, learning from events and the regular sharing of experiences among our employees. In addition, employees at our production sites receive regular training on how to handle chemicals safely and how to use personal protective equipment correctly (see page [285](#)). Moreover, teams of experts at all our sites deal with health, occupational safety and environmental protection matters. The Corporate Environmental Protection, Health, Safety & Quality unit in the Corporate Center conducts regular audits to monitor compliance with internal requirements and legal guidelines at regular intervals (see pages [278](#) and [209](#)).

⁶ In 2012, a long-running strike at a platinum mine in Marikana, South Africa, ended in a violent confrontation between workers at the mine and the South African police. In this confrontation, employees of the then mine operator Lonmin also lost their lives. In 2019, the Marikana mine passed into the ownership of Sibanye-Stillwater. For more information on the supplier relationship of the Sibanye-Stillwater mine, see basf.com/en/marikana.

We also aim to minimize potential incidents impacting the environment through our targets for safe and resource-efficient production, particularly our process safety target (see page [212](#)). In order to reduce the number of process safety incidents, we draw on technical measures, digital solutions and a management culture that puts process safety and an open approach to errors even more to the fore. In addition, we are continually refining and expanding our training methods and offerings to increase risk awareness and strengthen our safety culture.

Due to our focus on operational excellence (see also page [190](#)), we continuously design more energy- and resource-efficient plants and processes. This helps to reduce emissions. We thus take a wealth of measures to reduce emissions to air, for example by using catalysts to lower nitrogen oxides and feeding waste gases back into the production process. When it comes to emissions into water, our approach is to reduce wastewater volumes and contaminant loads at the source in our production processes and to reuse wastewater and material flows internally as far as possible. As part of our water protection concepts, we also conduct regular hazard assessments of our wastewater, evaluate it in terms of its risks and derive suitable monitoring measures.

In order to safeguard water as a resource, we are involved in the Alliance for Water Stewardship, as well as networks such as the Alliance to End Plastic Waste and Operation Clean Sweep® to ensure that waste from plastics production does not enter bodies of water.

Misuse of our crop protection and seed products may have a negative impact on human health and the environment. We are therefore focusing our **smart stewardship activities** on education and continuously improving our solutions for farmers. Alongside aspects such as efficacy and productivity, this also encompasses the safe use of our products and reducing their impacts on the environment. Our commitment to safety includes not only our employees, but also our suppliers and customers. Crop protection products must be used responsibly and require safety measures to protect farmers and other professional users against hazards. We therefore launched the Global Personal Protective Equipment (PPE) Initiative in order to put the safety of users center stage. The Suraksha Hamesha (translation from Hindi: “Safety all the time”) program of BASF in India is designed to train farmers and other users in the safe and responsible use of crop protection products and focuses on risk minimization measures.

The traceability and assessment of our actions with respect to their efficacy in protecting affected communities in the areas around our own production sites are, among other things, based on our global targets for safe and resource-efficient production (for additional information, see page [31](#)). By systematically evaluating the sustainability performance of our suppliers and, where there is a need for improvement, by working closely with our partners, we can verify whether negative impacts on health are being effectively prevented in our upstream value chain (see page [297](#)).

[Actions to respect the right of Indigenous peoples to free, prior and informed consent](#)

Through our business operations, we are connected with a huge number of people worldwide who are either directly or indirectly influenced by our activities. We meet our responsibility to respect human rights throughout our entire value chain in order to honor and promote rights, particularly in relation to vulnerable groups (see page [306](#)).

We regard the implementation of human rights-related due diligence processes as a comprehensive endeavor that we can only achieve if all employees and leaders work together. That is why we have embedded our responsibility for human rights into our Code of Conduct and set this out in our Policy Statement on Human Rights. We uphold our standards worldwide, including where they exceed local legal guidelines. All employees and leaders bear responsibility for ensuring that we act in accordance with our Code of Conduct and Policy Statement on Human Rights. In order to live up to our responsibility as holistically as possible, employees from various specialist units (such as Procurement; Legal; HR; Corporate Environmental Protection, Health, Safety & Quality; Sustainability; Site Security; Logistics; Communications and Governmental Relations) and from our operating divisions work together closely as

part of our overarching **Human Rights Expert Working Group** (see page [272](#)). When meeting our responsibility to respect the right of Indigenous peoples to free, prior and informed consent (FPIC), we rely on established monitoring systems. Since we understand human rights due diligence obligation as an ongoing task, we regularly review our due diligence mechanisms and improve them where necessary. We track the effectiveness of our activities to respect the rights of Indigenous peoples using the number of issues and incidents brought to our attention.

We are committed to active dialog with affected communities. Take the sourcing of lithium, for instance. Together with the BMW Group, Mercedes-Benz AG, Fairphone B.V., Daimler Truck AG and the Volkswagen Group, we have been a member of the **Responsible Lithium Partnership** initiative since 2021. This initiative, which is scheduled to run until 2025, promotes the responsible use of natural resources in the Salar de Atacama salt flat in Chile. This region is home to the world's largest lithium brine reserves and a significant share of global production. With this in mind, the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation, GIZ) was commissioned with organizing a local multistakeholder platform, also comprising Indigenous communities, on the water-related opportunities and risks of lithium and copper extraction and other commercial activities as well as with driving forward action plans. BASF participated in a study organized by the BMW Group together with experts from the University of Alaska and the University of Massachusetts to examine the hydrological conditions in Salar de Atacama. The results of this study are incorporated as an important component of the work of the Responsible Lithium Partnership initiative.

[Actions to promote a positive contribution to food supply](#)

The Agricultural Solutions division focuses on developing products and solutions designed to make agriculture more efficient and sustainable. These products comprise crop protection products, fertilizer management solutions, seeds and digital solutions. Through innovative technologies and research, BASF contributes to increasing agricultural productivity and simultaneously reducing environmental impacts.

BASF invests in research and development in order to develop new and resistant seed varieties that can better thrive in different climate zones, under pressure from pests and under changing climatic conditions. Moreover, we promote more sustainable growing methods that optimize the use of water and nutrients and protect biodiversity.

A further key area involves promoting digital solutions that help farmers to increase their yields. These technologies enable more precise use of fertilizers and crop protection products, which not only boosts efficiency but also minimizes the impact on the environment.

BASF is engaged in multiple initiatives to strengthen food supply chains and improve access to food, especially in emerging markets. We work with various partners to offer training programs for farmers, helping them to learn modern growing methods and maximize their yields.

With the products and solutions of the Agricultural Solutions division, we support our customers in reducing crop losses, achieving better yields and producing safe food. The commercial success of the Agricultural Solutions division therefore provides the basis for assessing the extent to which we make a positive contribution to food supply.

Actions to promote the positive development of communities

Through our business activities, our stakeholder engagement and our societal engagement, we strive to have a positive economic, social and cultural influence on communities.

Our **societal engagement activities** are globally consolidated into three focus areas across BASF Group: We want to improve people's quality of life by preventing and combating disease, promoting educational equality, employability and economic participation, and safeguarding natural resources.

In 2024, the BASF Group spent around €32 million on societal engagement. In the field of international development cooperation and disaster management, we supported the independent and nonprofit BASF Stiftung with donations for its international project work in tandem with various organizations. The proceeds from the 2024 year-end donation campaign went to the BASF Stiftung and UNHCR, the U.N. Refugee Agency, and their work to support refugees in Sudan. BASF increased the donations from employees of participating German Group companies by €100,000 for a total of around €370,000.

Our intrapreneurship program, **Starting Ventures**, provides ongoing support to people from low-income areas to improve their economic opportunities and their quality of life. At the same time, the program affords us access to new markets and partners. BASF is tackling challenges on the ground together with local partners and contributing to the Sustainable Development Goals (SDGs) with entrepreneurial ideas, technical expertise and time resources. Nine new Starting Ventures projects were selected for implementation in December 2024.

At many sites, BASF works with partners for high-quality education (SDG4) and more educational equality, particularly for disadvantaged children and young people. For BASF, scientific education and education for sustainable development represent central capabilities that contribute to personal success and the future of society. For 27 years now, children and young people in 45 countries have been able to take part in experiments in **BASF Kids' and Teens' Labs**. This year, some 100 young people in Ludwigshafen took part in the "Expedition Erdreich" ("Expedition Earth") program, learning about biodiversity and its importance for climate protection and society.

The **Young Voices for a Sustainable Future** project was initiated in 2022 in tandem with the nongovernmental organization JA Worldwide. This project enables young people to address sustainable development topics at a local level in partnership with BASF employees. As part of an innovation challenge, participants learn to recognize the impacts of climate change on their communities and influence the resulting challenges. As such, we seek to continuously empower young people to actively take responsibility and champion positive changes in their communities. In 2024, the project was implemented in Thailand, the Philippines, Nigeria, Mexico, Uruguay and the Amazon region in Brazil.

Through our activities in the domain of public health, we endeavor to improve the quality of life of people around the world by preventing and combating diseases. We achieve this goal by partnering with the international community, including international healthcare, governmental and humanitarian organizations. More than 100 million Interceptor G2 mosquito nets have been supplied since 2019. Based on calculations by MedAccess, these long-lasting, insecticide-treated nets may therefore have prevented 200 million people from contracting malaria. BASF's commitment to eliminating malaria also comprises ongoing product innovation in conjunction with product safety training and education.

Furthermore, BASF engages in projects to fortify food products with micronutrients, especially in developing countries. We are active in multistakeholder alliances in order to achieve a sustainable impact through product solutions, technical support, scientific capacities and the development of partnerships. Since 2021, BASF has been a founding member of the **Millers for Nutrition** coalition, which pursues the objective of strengthening practices for fortifying food in eight countries with a micronutrient deficiency. In 2024, BASF provided technical training on food fortification and products to combat micronutrient deficiencies in more than 40 countries.

Through our **Smallholder Engagement program**, we aim to help smallholders adapt to a changing climate and safeguard both their own livelihoods and food security for their communities. BASF works with the NGO Solidaridad, for instance, to support coffee growers as part of the ongoing KAJVE initiative. This project was initiated in 2021 by BASF and UNESCO and aims to improve the quality of life of coffee growers by means of comprehensive training and development. The partnership's goal is to continuously improve the introduction of more sustainable growing methods, facilitate knowledge sharing and foster climate-resistant coffee production by means of innovative solutions.

In India, BASF has initiated a project that seeks to better integrate smallholders within the agricultural value chain. Operating in partnership with the nongovernmental organization Collective for Integrated Livelihood Initiatives (CInI), Solidaridad and the World Vegetable Center, this project contributes to improving the climate resistance of these communities, enabling the transition to genuine agricultural entrepreneurship and bettering the living conditions of families and communities in a climate-smart way.

In another project, BASF and Solidaridad work together to empower Brazilian farmers to foster biodiversity and sustainable farming practices. What is innovative about this project is the multistakeholder approach with which we jointly develop measures and practices to foster biodiversity and climate resilience that can be accepted and implemented by all parties involved – farmers, NGOs, industry and experts.

Societal engagement activities can only unlock their full potential if they are strategically planned, professionally managed and assessed in terms of their effectiveness. Therefore, BASF's internal societal engagement requirements stipulate that Group companies measure their societal engagement activities using the internationally established IOOI method (input – output – outcome – impact) and make adjustments where necessary.

Global targets

S3-5

Many of our sustainability-related corporate targets (for additional information, see page [31](#)) contribute to the protection of affected communities. These include our climate protection targets to reduce our greenhouse gas emissions (see page [194](#)), our responsible procurement target (see page [301](#)), our sustainable water management target (see page [227](#)) and our targets for safe and resource-efficient production (see pages [287](#) and [212](#)). Beyond these targets, BASF has not set itself a specific target for the topics identified as material in the area of Affected Communities.

In general, we do not want to be associated with human rights violations and we meet our human rights-related responsibility toward affected communities. In doing so, we take into account the particular needs of vulnerable groups such as Indigenous peoples and seek open dialog and communication with our neighbors in order to continuously strengthen trust in our business activities.

We strive to be a good neighbor at our sites, respect existing rights and respond to the needs of local communities and their residents. We create jobs and contribute to local value creation. We strive to protect the livelihoods of our neighbors and, in particular, show consideration for vulnerable groups such as Indigenous peoples and smallholders. We are committed to open communication and dialog between affected communities and BASF in order to strengthen trust in our activities.

Societal engagement is a cornerstone of our corporate responsibility and part of our sustainability management. We want to contribute to an improved quality of life for everyone. To this end, we have firmly anchored the three pillars of sustainability (economy, environment and society) within our corporate purpose, our strategy, our objectives and our activities throughout the value chain. Our societal engagement is voluntary and goes beyond the statutory minimum, the main aim being to achieve positive impacts on society, the environment and BASF alike. Through our activities, we aim to strengthen the communities surrounding our sites worldwide and contribute to the achievement of the Sustainable Development Goals (SDGs).

In order to meet the nutrition needs of the future global population, more food needs to be produced using fewer resources. Together with our customers, we want to identify the most important levers for a more sustainable value chain in the food and feed industry. Sustainable productivity is key to safeguarding food supply in an environmentally friendly way – and our crop protection and seed products play a vital role in this regard.

Even though BASF has not set a specific target for the topics identified as material in the area of Affected Communities, we nevertheless track the effectiveness of our actions and requirements in this field. The corporate requirements cited in this chapter are designed to ensure continuous optimization and ongoing development. Our Group-wide Compliance Program aims to ensure adherence to these requirements (see page [319](#)). We also take a risk-based approach to reviewing the effectiveness of our systems through our internal Corporate Audit unit. In 2023, for example, engagement with external stakeholders through our Human Rights Advisory Council was evaluated as part of an audit on human rights governance and compliance with the German Supply Chain Act (LkSG). In the 2024 reporting year, we also began introducing an internal control system for compliance and monitoring of our due diligence obligations in relation to the ESRS (see page [155](#)).

We discuss the sustainability topics that are material for BASF at regular meetings with external stakeholders as part of our strategic stakeholder engagement activities as well as in discussions with investors. On this basis, stakeholder expectations are continuously incorporated into the development of sustainability management approaches, targets and principles.

Governance

G1 Business Conduct

[ESRS G1](#)

As an international chemical company, we operate in countries and markets with different guidelines and conditions. Our global values and standards serve as the pillars of our corporate culture, guiding responsible action in all our activities and securing our license to operate. By living these values every day, we aim to earn and maintain the respect and trust of our customers, partners and employees.

[ESRS 2 IRO-1](#)

The key element of our responsible corporate governance is the Compliance Program with a global Code of Conduct. We record opportunities and risks as part of our opportunity and risk management (see page [87](#)). Impacts, risks and opportunities are systematically recorded as part of the double materiality assessment (see page [167](#)). We identify compliance risks through regular risk assessments of our operating divisions and Group companies worldwide (see page [320](#)). We also conduct risk-based checks of our global business partners for any signs of corrupt behavior (see page [323](#)).

As part of our double materiality assessment, we identified the following impacts as material:

Results of the double materiality assessment for G1 Business Conduct

Impacts	Evaluation	Placement in the value chain	Description
Global Code of Conduct	Positive	BASF's own operations, upstream and downstream value chain	Our global Code of Conduct has a positive impact on the workforce in our company and on our value chains.
Global compliance measures and systems	Positive	BASF's own operations, upstream and downstream value chain	Our global compliance measures and systems have a positive impact on our own workforce and other employees in our value chains.
Anticorruption training	Positive	BASF's own operations	The mandatory training ensures that employees also learn how to be vigilant in order to prevent any form of bribery or corruption. In this way, we contribute to a business environment in which corruption and bribery are not tolerated. By being perceived and valued as a trustworthy company, BASF can help to reduce corruption and bribery.

Our global Code of Conduct as well as our compliance management system and associated measures (for example, anticorruption training) promote a positive business environment both for our employees and throughout the upstream and downstream value chain. This contributes to an environment characterized by respect and ethical and responsible conduct in accordance with applicable laws. Our business conduct measures are implemented centrally and globally, however, they are not governed by a centrally managed action plan. This goes hand in hand with BASF's approach to sustainability steering (see page [152](#)).

Strategy and governance

ESRS 2 GOV-1

Our values, corporate principles and guidelines are firmly anchored in our Corporate Governance. The Board of Executive Directors is responsible for ensuring that the company's activities comply with the applicable legislation and regulatory requirements as well as internal corporate requirements and ethical business practices. This includes the establishment of a compliance management system as well as embedding a company-wide compliance culture with undisputed standards. These standards are embedded in our Code of Conduct (see "Compliance Program, Corporate values and Code of Conduct") and are binding for all employees in our day-to-day business. Members of the Board of Executive Directors are also expressly obligated to follow these principles. The Audit Committee established by the Supervisory Board checks the effectiveness of the compliance management system as part of its monitoring activities for the company's internal control and risk management system.

G1-3

BASF's Chief Compliance Officer (CCO) reports directly to the Chairman of the Board of Executive Directors and manages the further development of our global compliance organization and compliance management system. The CCO is supported in this task by the Corporate Compliance unit and more than 100 compliance officers and representatives worldwide in the regions¹ and countries as well as in the operating divisions, service units and in the Corporate Center. Material compliance topics are regularly discussed in the compliance committees established at the global and regional level. The compliance organization reports to the Supervisory Board's Audit Committee at least twice a year on the status of the Compliance Program as well as any major developments. In the event of significant incidents, the Audit Committee is immediately informed by the Board of Executive Directors. The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company, including compliance, and coordinates the company's strategic orientation with the Supervisory Board.

ESRS 2 GOV-1 G1-3

To ensure that members of the Board of Executive Directors have relevant expertise with respect to business conduct, BASF's long-term succession planning takes into account the role model function of potential candidates in implementing the corporate values as well as various diversity criteria (see page 113). As part of their onboarding, newly appointed members of the Board of Executive Directors are individually briefed on BASF's Compliance Program, compliance management system, and the legal and internal corporate governance guidelines. Members of the Board of Executive Directors together with leaders play a key role in our compliance culture. All new Supervisory Board members who serve on the Audit Committee also receive training on our Compliance Program. By virtue of their many years of leadership experience within the BASF Group, all members of the Board of Executive Directors are fully conversant with corporate governance, culture and policies, and in particular with the Code of Conduct. On the Supervisory Board, by dint of their decades of management experience, Dr. Kurt Bock and Prof. Dr. Stefan Asenkerschbaumer have in-depth knowledge of corporate governance and corporate policy.

¹ The regional structures will be dissolved as part of the new strategy. We will review the structure of the compliance officers in this context.

Compliance Program, corporate values and Code of Conduct

G1-1

Our Compliance Program is based on our corporate values and voluntary commitments as well as applicable international standards. We are convinced that compliance with these principles plays a key role in ensuring our company's long-term success. The global program describes our commitment to responsible conduct and expectations around how all BASF employees interact with business partners, officials, coworkers and society. The main guidelines are primarily summarized in our BASF policies on compliance, human rights, labor and social standards and in the Supplier Code of Conduct. With our comprehensive management and monitoring systems, we want to ensure that we act in line with the applicable laws and uphold our responsibility to the environment and society. This also involves system audits carried out by the Corporate Audit unit (see page [323](#)). Through our Compliance Program, we aim to create positive impacts for employees across the entire value chain, for example by creating an environment that reflects our values and in which human rights are respected. We promote a culture in which concerns can be openly addressed, thereby facilitating the reporting of potential violations of applicable laws or internal company guidelines. This helps us to uncover potential shortcomings and take appropriate measures to remedy them.

Adherence to compliance standards is the foundation of responsible corporate governance – this is embedded in our **CORE corporate values**. They define how we want to work together, both within the company and with our stakeholders:

- C – 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.
- O – 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.
- R – 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.
- E – 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 **standards** are based on, and in some cases, exceed existing laws and regulations and take internationally recognized principles into account. We respect and promote:

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

Explanations of our overarching policies with regard to their scope of application, unit responsible for implementation, impacts in the value chain, global applicability, accessibility to stakeholders and engagement thereof, see General Disclosures in the (Consolidated) Sustainability Statement on page [152](#).

At the core of our Compliance Program is the global, standardized **Code of Conduct**, which is overseen by the BASF Board of Executive Directors and to which all employees and leaders must adhere. It covers topics ranging from corruption and antitrust laws to human rights, labor and social standards, conflicts of interest, whistleblower protection, trade control and data protection. Through our Code of Conduct, we also aim to generate positive impacts on compliance with these rights in our own business activities and in the upstream and downstream value chain. Accordingly, we have embedded our responsibility for human rights in the BASF Code of Conduct and **Supplier Code of Conduct** and specified this in our **Policy Statement on Human Rights**. The Code of Conduct is supplemented by additional global and regional requirements that address specific topics such as corruption and conflicts of interest in more detail. For corporate compliance to be a success, there must be an active culture of living these values and commitments within the company. The principles embedded in our Code of Conduct are established and recognized in our day-to-day business. We expect all employees to act in line with these principles.

» For more information on the Code of Conduct, see bASF.com/code-of-conduct

The primary goal of our compliance management system is to prevent violations from the outset. We perform continuous systematic risk analyses to identify and assess material risks from compliance violations, including corruption. This is conducted at the divisional and Group company level. Accordingly, we implement targeted local and unit-specific requirements. Employees responsible for procurement are considered to be most at risk of corruption and bribery. Consequently, these employees in our procurement organization are prohibited from accepting gifts of any kind, in accordance with our “Zero Gift Policy.” Training materials and formats (see “Information and training to strengthen our compliance culture”) are continuously updated, taking into account the specific risks of individual target groups and business areas.

The regular compliance audits performed by the Corporate Audit unit are another source for the systematic identification of risks. These risks are documented in the relevant risk or audit report. The same applies to specific risk minimization initiatives as well as the time frame for their implementation. The Corporate Audit unit continuously monitors compliance with guidelines. The head of our legal and compliance organization also acts as Chief Human Rights Officer and oversees the overarching risk management with regard to human rights.

Information and training to strengthen our compliance culture

G1-3

We address the identified material positive impacts on employees and other workers in the value chain through our compliance management system and anticorruption measures. This includes workshops and mandatory training. These offerings are a key element in preventing violations and are conducted on an ongoing basis either in person or online. Within a prescribed time frame, all employees are required to complete basic, refresher or specialized training on topics such antitrust legislation, money laundering and trade control regulations. Refresher training must be repeated every two years. Training materials and formats are continuously updated taking into account the specific risks of individual target groups and business areas, and include training content on corruption and bribery as well as information about our grievance mechanisms (see “Monitoring adherence to our compliance principles”). In 2024, more than 120,000 employees worldwide received over 105,000 hours of training on the Code of Conduct. Functions-at-risk are fully covered by the training program. Training data is collected through documentation in our learning management system as well as individual decentralized reports from Group companies.

Leaders play a key role in our compliance culture by embodying and communicating our values both internally and externally. In addition to special workshops on integrity as a leadership task for newly appointed senior executives, separate training sessions were also offered in 2024 for the managing directors of BASF Group companies.

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

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

Monitoring adherence to our compliance principles

G1-1

We particularly encourage our employees to actively and promptly seek guidance if in doubt. They can consult their supervisors, specialist units, such as the Legal department, and the BASF compliance officers and representatives. In addition, the internal compliance information platform and the corresponding app provide continuous access to advice through direct contact channels. BASF's compliance hotline serves as the company grievance mechanism and is open to all BASF employees as well as external stakeholders, particularly workers in our supply chains (see page [292](#)). The hotline can be used to raise questions or concerns about potential or actual misconduct, as well as to report violations of regulations, laws, BASF requirements or BASF's global Code of Conduct. Reports may address any topic covered by the global BASF Code of Conduct, including human rights and environmental issues. Individuals submitting a report have the option to remain anonymous. The hotline is explicitly mentioned during training sessions and in the context of specific campaigns, such as the campaign against sexual harassment at the Ludwigshafen site in 2024.

To ensure confidentiality, we have contracted an independent external provider to operate this global hotline. Reported cases are systematically documented and processed worldwide using a single, uniform system. The central point of contact is a website that informs all employees worldwide about the hotline and the grievance procedure in their national language. In addition to local phone numbers, the website also offers an online contact option, which is available via PC or smartphone. The website is also available to third parties such as suppliers (see page [296](#)), partners and the public (see page [310](#)). All relevant information, including the rules of procedure, is publicly available on our website in over 50 languages. We take reports and complaints very seriously and follow up on them. An electronic summary of the concerns is forwarded only to the responsible employees of the BASF Compliance Team, who review the case and decide on further actions. Depending on the circumstances, various BASF specialist units may be involved in the investigation. In certain cases, we may also involve external lawyers or subject matter experts in the investigation, if necessary. We always aim to respond promptly to violations. Remedial measures are determined after the investigation, depending on the severity of the specific case. Examples of such measures include verbal warnings and training. In individual cases, we take internal disciplinary measures in accordance with uniform standards up to termination of employment.

BASF aims to process all concerns promptly and provide feedback on the status. The grievance procedure is analyzed and evaluated annually for its appropriateness and effectiveness. This includes analyzing the number of complaints received, their distribution, processing status and derived measures.

Even though BASF has not set a specific target for the topics identified as material in the area of Business Conduct, we nevertheless track the effectiveness of our measures and requirements in this field. The corporate requirements cited in this chapter are designed to ensure continuous optimization and ongoing development. Our Group-wide Compliance Program aims to ensure adherence to these policies (see page [319](#)). The internal Corporate Audit unit also regularly reviews the effectiveness of our systems. In the 2024 reporting year, we also began introducing an internal control system for compliance and monitoring of our due diligence obligations in relation to the ESRS (see page [155](#)).

We do not tolerate any retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the complaint proves to be unfounded. Retaliation is strictly prohibited according to our Code of Conduct and would be treated as serious misconduct. Our procedures are based on the legal guidelines for whistleblower protection to which BASF SE and other Group companies are subject.

[G1-3](#)

Each concern is documented according to specific criteria, properly investigated in line with standard internal procedures and answered as quickly as possible. The principles of an investigation include objectivity, independence, accuracy, confidentiality and fairness, as well as respect for human rights and other legal provisions. The responsible Compliance Officers and employees of the Compliance Organization designated by them are responsible for receiving reports and initiating an appropriate investigation process. The procedure for handling compliance reports is set out in an internal requirements. The outcome of the investigation as well as any measures taken are documented accordingly and included in internal reports.

Incidents

We consider the number of cases reported through our reporting channels and the resulting follow-up measures, including disciplinary actions, convictions and internal audits conducted in this area to be key indicators of the effectiveness of our compliance management system and adherence to our Code of Conduct.

In 2024, the BASF compliance hotline received 751 reports (2023: 643). These reports are recorded in our global compliance case management system. We attribute the increased use of our hotline to the updated training materials and online contact option. The information received related to all categories of our Code of Conduct, including respect in the workplace, corruption, handling of company property and environmental, health and safety issues. We carefully investigated all cases of suspected misconduct that came to our attention via the BASF compliance hotline or other channels and, when necessary, took countermeasures on a case-by-case basis. These included, for example, improved control mechanisms, additional informational and training measures, clarification and expansion of the relevant internal regulations, as well as disciplinary measures as appropriate. Most of the substantiated cases related to violations of our principles on respect in the workplace and personal misconduct in connection with the protection of company property or inappropriate handling of conflicts of interests. In such isolated cases,

we took disciplinary measures in accordance with uniform internal standards and also pursued claims for damages where there were sufficient prospects of success. In 2024, violations of our Code of Conduct led to termination of employment in a total of 67 cases (2023: 48). This related to various groups of employees, including executives.

G1-4

In the reporting year, there were no convictions for violations of anticorruption and antibribery regulations.

BASF's Corporate Audit unit monitors adherence to compliance principles, covering all areas in which compliance violations could occur. It checks that employees uphold regulations and make sure that the established processes, procedures and controls are appropriate and sufficient to minimize potential risks or preclude violations in the first place. In 2024, Corporate Audit conducted and documented 68 such audits Group-wide (2023: 64). Our compliance management system is also regularly audited by the Corporate Audit unit, most recently in December 2022. Overall, the audit results speak for the effectiveness of the compliance management system.

In 2024, BASF revised its global requirements on business partner due diligence and also introduced an IT application to support business partner screening. We conduct ongoing risk-based reviews of our business relationships worldwide for signs of corrupt behavior, human rights violations, or noncompliance with internationally recognized ESG standards. BASF compliance experts evaluate system alerts and initiate appropriate control measures. The results are then documented. A dedicated global Supplier Code of Conduct (see page [295](#)) also applies to our suppliers, which covers compliance with environmental, social and corporate governance standards, among other requirements. Furthermore, as part of our trade control processes, we continuously check whether persons, companies or organizations appear on sanction lists due to suspicious or illegal activities and whether there are business processes with business partners from or in countries under embargo.

Appendix to the (Consolidated) Sustainability Statement

[ESRS SBM-3](#) [ESRS 2 IRO-2](#)

The table below illustrates the data points in ESRS 2 and topical ESRSSs that derive from other EU legislation.

Disclosure Requirement	Data point	SFDR ^a reference	Pillar 3 ^b reference	Benchmark Regulation ^c reference	EU Climate Law reference	Chapter/explanation	Page
ESRS 2 GOV-1	21d	x		x		Corporate Governance Report	117, 128
ESRS 2 GOV-1	21e			x		Corporate Governance Report	128
ESRS 2 GOV-4	30	x				Sustainability Statement – General Disclosures	155
ESRS 2 SBM-1	40d (i)	x	x	x		Sustainability Statement – General Disclosures	157
ESRS 2 SBM-1	40d (ii)	x		x		Sustainability Statement – General Disclosures	157
ESRS 2 SBM-1	40d (iii)	x		x		Sustainability Statement – General Disclosures	157
ESRS 2 SBM-1	40d (iv)			x		Sustainability Statement – General Disclosures	157
ESRS E1-1	14				x	Sustainability Statement – Climate Change	185
ESRS E1-1	16g		x	x		Sustainability Statement – Climate Change	185
ESRS E1-4	34	x	x	x		Sustainability Statement – Climate Change	194
ESRS E1-5	38	x				Sustainability Statement – Climate Change	198
ESRS E1-5	37	x				Sustainability Statement – Climate Change	198
ESRS E1-5	40 to 43	x				Sustainability Statement – Climate Change	198
ESRS E1-6	44	x	x	x		Sustainability Statement – Climate Change	200
ESRS E1-6	53 to 55	x	x	x		Sustainability Statement – Climate Change	200
ESRS E1-7	56				x	Not applicable	
ESRS E1-9	66			x		Not applicable	
ESRS E1-9	66a	x				Not applicable	
ESRS E1-9	66c	x				Not applicable	
ESRS E1-9	67c	x				Not applicable	

Disclosure Requirement	Data point	SFDR ^a reference	Pillar 3 ^b reference	Benchmark Regulation ^c reference	EU Climate ^d Law reference	Chapter/explanation	Page
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities		x		Not applicable	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x			Sustainability Statement – Pollution Prevention	216
ESRS E3-1	9	Water and marine resources	x			Sustainability Statement – Water	222
ESRS E3-1	13	Dedicated policy	x			Sustainability Statement – Water	223
ESRS E3-1	14	Sustainable oceans and seas	x			Not material	
ESRS E3-4	28c	Total water recycled and reused	x			Sustainability Statement – Water	229
ESRS E3-4	29	Total water consumption in m ³ per net revenue on own operations	x			Sustainability Statement – Water	230
ESRS 2 – SBM-3 – E4	16a (i)		x			Sustainability Statement – Biodiversity and Ecosystems	236
ESRS 2 – SBM-3 – E4	16b		x			Sustainability Statement – Biodiversity and Ecosystems	231
ESRS 2 – SBM-3 – E4	16c		x			Sustainability Statement – Biodiversity and Ecosystems	245
ESRS E4-2	24b	Sustainable land/agriculture practices or policies	x			Sustainability Statement – Biodiversity and Ecosystems	241
ESRS E4-2	24c	Sustainable oceans/seas practices or policies	x			Not material	
ESRS E4-2	24d	Policies to address deforestation				Sustainability Statement – Biodiversity and Ecosystems	240
ESRS E5-5	37d	Nonrecycled waste	x			Sustainability Statement – Resource Use and Circular Economy	255
ESRS E5-5	39	Hazardous waste and radioactive waste	x			Hazardous waste: Sustainability Statement – Resource Use and Circular Economy; radioactive waste: not material	256
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labor	x			Sustainability Statement – Own Workforce	274
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labor	x			Sustainability Statement – Own Workforce	274
ESRS S1-1	20	Human rights policy commitments	x			Sustainability Statement – Own Workforce	From 272

Disclosure Requirement	Data point	SFDR ^a reference	Pillar 3 ^b reference	Benchmark Regulation ^c reference	EU Climate ^d Law reference	Chapter/explanation	Page
ESRS S1-1	21 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Sustainability Statement – Own Workforce	274, 275, 276, 279
ESRS S1-1	22 Processes and measures for preventing trafficking in human beings	x				Sustainability Statement – Own Workforce	274
ESRS S1-1	23 Workplace accident prevention policy or management system	x				Sustainability Statement – Own Workforce	278
ESRS S1-3	32c Grievance/complaints handling mechanisms	x				Sustainability Statement – Own Workforce	281
ESRS S1-14	88b + 88c Number of fatalities and number and rate of work-related accidents	x		x		Sustainability Statement – Own Workforce	290
ESRS S1-14	88e Number of days lost to injuries, accidents, fatalities or illness	x				Sustainability Statement – Own Workforce	290
ESRS S1-16	97a Unadjusted gender pay gap	x		x		Not material	
ESRS S1-16	97b Excessive CEO pay ratio	x				Not material	
ESRS S1-17	103a Incidents of discrimination	x				Sustainability Statement – Own Workforce	290
ESRS S1-17	104a Nonrespect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Not applicable	
ESRS 2 SBM3 – S2	11b Significant risk of child labor or forced labor in the value chain	x				Sustainability Statement – Workers in the Value Chain	293
ESRS S2-1	17 Human rights policy commitments	x				Sustainability Statement – Workers in the Value Chain	293
ESRS S2-1	18 Policies related to value chain workers	x				Sustainability Statement – Workers in the Value Chain	295
ESRS S2-1	19 Nonrespect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Not applicable	
ESRS S2-1	19 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Sustainability Statement – Workers in the Value Chain	293
ESRS S2-4	36 Human rights issues and incidents connected to its upstream and downstream value chain	x				Sustainability Statement – Workers in the Value Chain	301
ESRS S3-1	16 Human rights policy commitments	x				Sustainability Statement – Affected Communities	304
ESRS S3-1	17 Nonrespect of UNGPs on Business and Human Rights, ILO Principles and OECD guidelines	x		x		Not applicable	
ESRS S3-4	36 Human rights issues and incidents	x				Sustainability Statement – Affected Communities	310
ESRS S4-1	16 Policies related to consumers and end users	x				Not material	

Disclosure Requirement	Data point	SFDR ^a reference	Pillar 3 ^b reference	Benchmark Regulation ^c reference	EU Climate ^d Law reference	Chapter/explanation	Page
ESRS S4-1	17 Nonrespect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Not material	
ESRS S4-4	35 Human rights issues and incidents	x				Not material	
ESRS G1-1	10b United Nations Convention against Corruption	x				Sustainability Statement – Business Conduct	319
ESRS G1-1	10d Protection of whistleblowers	x				Sustainability Statement – Business Conduct	322
ESRS G1-4	24a Fines for violation of anticorruption and antibribery laws	x		x		Sustainability Statement – Business Conduct	323
ESRS G1-4	24b Standards of anticorruption and antibribery	x				Sustainability Statement – Business Conduct	320

^a Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (Sustainable Finance Disclosure Regulation, SFDR)

^b Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (Capital Requirements Regulation)

^c Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

^d Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law")

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Statement of Income

BASF Group

Statement of income

Million €	Explanations in Note	2024	2023
Sales revenue	7	65,260	68,902
Cost of sales	8	-48,174	-52,200
Gross profit on sales		17,085	16,702
 Selling expenses	 8	 -8,782	 -8,788
General administrative expenses	8	-1,466	-1,506
Research and development expenses	8	-2,061	-2,130
Other operating income	9	1,374	1,990
Other operating expenses	9	-4,120	-4,221
Income from integral companies accounted for using the equity method	10	2	192
Income from operations (EBIT)	5	2,033	2,240
 Income from non-integral companies accounted for using the equity method		651	-114
Income from other shareholdings		76	55
Expenses from other shareholdings		-129	-141
Net income from shareholdings	10	598	-200
 Interest income		371	322
Interest expenses		-929	-860
Interest result		-558	-538
Other financial income		267	199
Other financial expenses		-271	-281
Other financial result		-5	-82
Financial result	11	-563	-620
 Income before income taxes		2,069	1,420
Income taxes	12	-616	-1,041
Income after taxes		1,453	379
of which attributable to shareholders of BASF SE (net income)		1,298	225
attributable to noncontrolling interests	13	155	154
 Earnings per share (€)	6	1.45	0.25
Dilution effect (€)	6	—	—
Diluted earnings per share (€)	6	1.45	0.25

Statement of Income and Expense Recognized in Equity

BASF Group

Statement of comprehensive income^a

Million €	2024	2023
Income after taxes	1,453	379
Remeasurement of defined benefit plans ^b	1,727	-674
Deferred taxes on the remeasurement of defined benefit plans	-273	100
Investments accounted for using the equity method – share of nonreclassifiable gains/losses (after taxes)	23	-196
Nonreclassifiable gains/losses	1,477	-771
Unrealized gains/losses from debt instruments measured at fair value through other comprehensive income	-	11
Reclassification of realized gains/losses from debt instruments measured at fair value recognized in the statement of income	-1	-
Unrealized gains/losses in connection with cash flow hedges	44	-78
Reclassification of realized gains/losses recognized in the statement of income in connection with cash flow hedges	-103	-13
Unrealized gains/losses from currency translation	632	-1,072
Reclassification of realized gains/losses from currency translation recognized in the statement of income	-10	-
Deferred taxes on reclassifiable gains/losses	7	18
Investments accounted for using the equity method – share of reclassifiable gains/losses (after taxes)	70	354
Investments accounted for using the equity method – reclassification of realized gains/losses recognized in the statement of income	45	-
Reclassifiable gains/losses	684	-780
Other comprehensive income after taxes	2,161	-1,551
of which attributable to shareholders of BASF SE	2,107	-1,477
attributable to noncontrolling interests	54	-74
Comprehensive income	3,613	-1,172
of which attributable to shareholders of BASF SE	3,405	-1,252
attributable to noncontrolling interests	209	80

^a For more information on other comprehensive income, see Note 19 on page 396.

^b For more information on the remeasurement of defined benefit plans, see Note 21 from page 400 onward.

Balance Sheet

BASF Group

Assets

Million €	Explanations in Note	Dec. 31, 2024	Dec. 31, 2023
Intangible assets	14	11,983	12,216
Property, plant and equipment	14	27,197	24,080
Integral investments accounted for using the equity method	10	2,399	2,054
Non-integral investments accounted for using the equity method	10	3,411	4,518
Other financial assets	10	1,165	1,099
Deferred tax assets	12	574	617
Receivables for income taxes ^a		88	80
Other receivables and miscellaneous assets ^a	17	2,366	1,258
Noncurrent assets		49,183	45,923
Inventories	16	13,681	13,876
Accounts receivable, trade	17	10,393	10,414
Receivables for income taxes ^a		740	717
Other receivables and miscellaneous assets ^a		3,256	3,787
Marketable securities		67	53
Cash and cash equivalents	26	2,914	2,624
Assets of disposal groups	3	181	–
Current assets		31,232	31,472
Total assets		80,415	77,395

^a Since the 2024 business year, receivables for income taxes, which were previously included in other receivables and miscellaneous assets, have been reported separately. The prior-year figures have been adjusted.

Equity and liabilities

Million €	Explanations in Note	Dec. 31, 2024	Dec. 31, 2023
Subscribed capital	18	1,142	1,142
Capital reserves	18	3,139	3,139
Retained earnings	18	30,883	32,517
Other comprehensive income	19	435	-1,521
Equity attributable to shareholders of BASF SE		35,599	35,277
Noncontrolling interests	13	1,284	1,368
Equity		36,884	36,646
Provisions for pensions and similar obligations	21	2,403	2,896
Deferred tax liabilities	12	1,005	1,140
Income tax provisions		335	335
Other provisions	22	1,883	1,684
Financial indebtedness	20	19,122	17,085
Other liabilities	20	1,744	1,739
Noncurrent liabilities		26,492	24,879
Accounts payable, trade	20	6,923	6,741
Provisions	22	3,320	3,214
Liabilities for income taxes ^a	12	404	442
Financial indebtedness	20	2,639	2,182
Other liabilities ^a	20	3,714	3,291
Liabilities of disposal groups	3	39	–
Current liabilities		17,039	15,871
Total equity and liabilities		80,415	77,395

^a In the previous year, liabilities for income taxes were reported with liabilities for other taxes. As of the 2024 business year, these are recognized under other liabilities. The prior-year figure was adjusted accordingly by the amount for other taxes (€359 million).

Statement of Cash Flows

BASF Group

Statement of cash flows

Million €	2024	2023
Net income	1,298	225
Depreciation and amortization of property, plant and equipment and intangible assets ^a	4,648	4,941
Equity-accounted income	-654	-78
Other noncash items	390	3
Gains (-) / losses (+) from the disposal of noncurrent assets and securities	-51	-103
Dividends received from equity-accounted investments	442	622
Changes in inventories	222	1,896
Changes in accounts receivable, trade	42	1,443
Changes in accounts payable, trade	96	-1,544
Changes in provisions	204	-484
Changes in other operating assets	383	1,918
Changes in other operating liabilities and pension provisions	-76	-730
Cash flows from operating activities	6,946	8,111
Payments made for property, plant and equipment and intangible assets	-6,198	-5,395
Payments made for financial assets and securities	-749	-1,042
Payments made for investments in equity instruments	-646	-57
Payments made for acquisitions	-202	-5
Payments received from divestitures	75	32
Payments received from the disposal of noncurrent assets and securities	808	1,439
Payments received from the disposal of equity instruments	1,831	36
Cash flows from investing activities	-5,081	-4,991
Capital repayments and other equity transactions	-46	-70
Additions to financial and similar liabilities	6,362	9,503
Repayment of financial and similar liabilities	-4,579	-9,244
Dividends paid	-3,284	-3,094
Cash flows from financing activities	-1,547	-2,905
Cash-effective changes in cash and cash equivalents	318	215
Changes in cash and cash equivalents from foreign exchange rates and changes in the scope of consolidation	-21	-106
Cash and cash equivalents at the beginning of the year	2,624	2,516
Cash and cash equivalents at the end of the year^b	2,921	2,624

^a This item includes depreciation and amortization, impairments and reversals of impairments.

^b In 2024, cash and cash equivalents in the statement of cash flows differ from the value in the balance sheet due to the existence of disposal groups.

Statement of Changes in Equity

BASF Group

Statement of changes in equity^a

Million €	Subscribed capital	Capital reserves	Retained earnings	Remeasurement of defined benefit plans	Currency translation	Measurement of securities at fair value	Cash flow hedges	Other comprehensive income	Equity attributable to shareholders of BASF SE	Noncontrolling interests	Equity
January 1, 2024	1,142	3,139	32,517	-1,739	320	-167	65	-1,521	35,277	1,368	36,646
Dividends paid	–	–	-3,035	–	–	–	–	–	-3,035	-249 ^b	-3,284
Income after taxes	–	–	1,298	–	–	–	–	–	1,298	155	1,453
Other comprehensive income after taxes	–	–	–	1,477	782	-1	-151	2,107	2,107	54	2,161
Gains and losses on cash flow hedges and hedging costs, eliminated from other comprehensive income not affecting profit and loss	–	–	–	–	–	–	38	38	38	–	38
Changes in scope of consolidation and other changes	–	–	103	-188	–	–	–	-188	-86	-17	-103
Changes in noncontrolling interests	–	–	–	–	–	–	–	–	–	-26	-26
December 31, 2024	1,142	3,139	30,883	-451	1,102	-168	-48	435	35,599	1,285	36,884

^a For more information on the items relating to equity, see Notes 18 and 19 from page 394 onward

^b Including profit and loss transfers

Statement of changes in equity^a

Million €	Subscribed capital	Capital reserves	Retained earnings	Remeasurement of defined benefit plans	Currency translation	Measurement of securities at fair value	Cash flow hedges	Other comprehensive income	Equity attributable to shareholders of BASF SE	Noncontrolling interests	Equity
January 1, 2023	1,144	3,147	35,453	-1,207	1,540	–	-504	-171	39,573	1,350	40,923
Treasury shares	-2	2	-70	–	–	–	–	–	-70	–	-70
Dividends paid	–	–	-3,035	–	–	–	–	–	-3,035	-60 ^b	-3,095
Income after taxes	–	–	225	–	–	–	–	–	225	154	379
Other comprehensive income after taxes	–	–	–	-591	-1,220	-172	506	-1,477	-1,477	-74	-1,551
Gains and losses on cash flow hedges and hedging costs, eliminated from other comprehensive income not affecting profit and loss	–	–	–	–	–	–	–	64	64	64	64
Changes in scope of consolidation and other changes	–	-9	-58	59	–	5	–	64	-3	–	-3
December 31, 2023	1,142	3,139	32,517	-1,739	320	-167	65	-1,521	35,277	1,368	36,646

^a For more information on the items relating to equity, see Notes 18 and 19 from page 394 onward

^b Including profit and loss transfers

Notes

BASF Group

1 Summary of accounting policies

1.1 General information

BASF SE (registered at the district trade register, or Amtsgericht, for Ludwigshafen am Rhein, number HRB 6000) is a publicly listed corporation headquartered in Ludwigshafen am Rhein, Germany. Its official address is Carl-Bosch-Str. 38, 67056 Ludwigshafen am Rhein, Germany.

The Consolidated Financial Statements of BASF SE as of December 31, 2024, have been prepared in accordance with the International Financial Reporting Standards (IFRS[®]) of the International Accounting Standards Board (IASB[®]) and section 315e (1) of the German Commercial Code (HGB). IFRSs are generally only applied after they have been endorsed by the European Union. For the 2024 fiscal year, all of the binding IFRSs and pronouncements of the International Financial Reporting Interpretations Committee (IFRIC[®]) were applied. The Consolidated Financial Statements are for the period from January 1, 2024 to December 31, 2024, and are presented in euros. They are written in German and translated into English. All amounts, including the figures for previous years, are given in million euros unless otherwise indicated.

Due to rounding, individual figures in this report may not add up to the totals shown and percentages may not correspond exactly to the figures shown.

The individual financial statements of the consolidated companies are prepared as of the balance sheet date of the Consolidated Financial Statements. Business continuity is assumed. The accounting policies applied are largely the same as those used in 2023.

On March 17, 2025, the Board of Executive Directors prepared the Consolidated Financial Statements, submitted them to the Supervisory Board for review and approval, and released them for publication.

1.2 Changes in accounting principles

Accounting policies applied for the first time in 2024

The amendments presented in the following table had no material effect on the Consolidated Financial Statements of BASF SE.

Accounting policies applied for the first time in 2024

Standard/interpretation	Name of standard/interpretation or amendments	Date of publication	Date of endorsement by the EU
Amendments to IFRS 16	Leases (Accounting of a Lease Liability in a Sale and Leaseback)	September 22, 2022	November 20, 2023
Amendments to IAS® 1	Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent – Deferral of Effective Date – Classification of Noncurrent Liabilities with Covenants	January 23, 2020 July 15, 2020 October 31, 2022	December 19, 2023
Amendments to IAS 7 and IFRS 7	Statement of Cash Flows/Financial Instruments: Disclosures (Disclosure Requirements in Connection with Supplier Finance Arrangements)	May 25, 2023	May 15, 2024

IFRSs and IFRICs not yet to be considered but already endorsed by the EU

The effects on the BASF Group financial statements of the IFRSs and IFRICs not yet in force in 2024 but already endorsed by the European Union were reviewed. The amendments are unlikely to have a material impact on the reporting of BASF and were not adopted early.

IFRSs and IFRICs not yet to be considered but already endorsed by the EU

Standard/interpretation	Name of standard/interpretation or amendments	Date of publication	Date of endorsement	Mandatory date of initial application
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates (Determination of Exchange Rates in the Event of Lack of Exchangeability)	August 15, 2023	November 12, 2024	January 1, 2025

IFRSs and IFRICs not yet to be considered and not yet endorsed by the EU

The IASB issued further amendments to standards and interpretations which are still subject to EU endorsement and whose application is not yet mandatory. The effect of application of IFRS 18 is being reviewed. The introduction of IFRS 19 does not affect the Consolidated Financial Statements of BASF SE as BASF SE does not fall within the scope of application of this standard. BASF falls within the scope of the amendments to IFRS 9 and IFRS 7 relating to nature-dependent electricity contracts. The resulting changes expected for physical and virtual power purchase agreements are currently being reviewed. No significant changes to current accounting practices are expected for physical PPAs. For virtual PPAs, an increase in hedge accounting is considered possible. The other amendments are not expected to have a material effect on BASF SE's Consolidated Financial Statements. With the exception of the additions to IFRS 9 and IFRS 7, BASF does not plan on early adoption of the described amendments.

IFRSs and IFRICs not yet to be considered and not yet endorsed by the EU

Standard/interpretation	Name of standard/interpretation or amendments	Date of publication	Expected date of initial application
Introduction of IFRS 18	Presentation and Disclosure in Financial Statements (Replaces policies under the current IAS 1 and introduces new disclosure requirements)	April 9, 2024	January 1, 2027
Introduction of IFRS 19	Subsidiaries without Public Accountability: Disclosures (Reduced disclosure requirements for eligible subsidiaries)	May 9, 2024	January 1, 2027
Amendments to IFRS 9 and IFRS 7	Financial Instruments / Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments – Contracts Referencing Nature-Dependent Electricity	May 30, 2024	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to – IFRS 1 First-Time Adoption of International Financial Reporting Standards (Hedge Accounting by a First-Time Adopter) – IFRS 7 Financial Instruments: Disclosures (Gain or Loss on Derecognition) Guidance on Implementing IFRS 7 – IFRS 9 Financial Instruments (Derecognition of Lease Liabilities / Transaction Price) – IFRS 10 Consolidated Financial Statements (Determination of a "De Facto Agent") – IAS 7 Statement of Cash Flows (Cost Method)	December 18, 2024 July 18, 2024	January 1, 2026

1.3 Group accounting principles

Scope of consolidation: The scope of consolidation is based on the application of the standards IFRS 10 and 11 and IAS 28.

According to IFRS 10, a group consists of a parent entity and the subsidiaries controlled by the parent. "Control" of an investee assumes the simultaneous fulfillment of the following three criteria:

- The parent company holds decision-making power over the relevant activities of the investee
- The parent company has rights to variable returns from the investee
- The parent company can use its decision-making power to affect the variable returns

Fulfillment of these three criteria is analyzed based on the corporate governance structure of the companies.

According to IFRS 11, which regulates the accounting of joint arrangements, a distinction must be made between joint ventures and joint operations. In the case of a joint venture, the parties that have joint control of a legally independent company have rights to the net assets of that arrangement. In joint operations, the parties that have joint control have direct rights to the assets and obligations for the

liabilities relating to the arrangement. This requirement is particularly fulfilled if the production output of the joint arrangement is almost entirely transferred to the partners, through which the partners guarantee the joint arrangements' ongoing financing.

Companies whose corporate governance structures classify them as joint arrangements are analyzed to determine if they meet the criteria for joint ventures or joint operations in accordance with IFRS 11. If the joint arrangement is structured as a separate vehicle, its legal form, the contractual arrangements and all other facts and circumstances are reviewed.

In addition to BASF SE, the Consolidated Financial Statements include all material subsidiaries on a fully consolidated and all material joint operations on a proportionally consolidated basis. Companies of minor importance for the presentation of a true and fair view of the net assets, financial position and results of operations, are not consolidated, but rather are reported under other shareholdings (for more information, see Note 25.4, footnote a on page [420](#)). The aggregate assets and equity of these companies amount to less than 1% of the corresponding value at Group level.

Joint ventures and associated companies are accounted for using the equity method in the Consolidated Financial Statements in accordance with IAS 28. Associated companies are entities that are not subsidiaries, joint ventures or joint operations, and over whose operating and financial policies significant influence can be exercised. In general, this applies to companies in which BASF has an investment of between 20% and 50%. Associated companies and joint ventures that are fully or predominantly allocated to operating divisions are classified as integral because they are integrated into the value chain of the respective division; are controlled by the divisions; and they generate their income in close cooperation with the other assets of the BASF Group and/or of these divisions. Equity-accounted income from integral joint ventures or associated companies is reported as part of income from operations (EBIT). Equity-accounted income from non-integral associated companies is reported in net income from shareholdings (for more information, see Note 10 from page [363](#) onward).

Consolidation methods: Assets and liabilities of consolidated companies are uniformly recognized and measured in accordance with the principles described herein. For companies accounted for using the equity method, material deviations in measurement resulting from the application of other accounting principles than those applied by BASF are adjusted.

Transactions between consolidated companies as well as intercompany profits resulting from trade between consolidated companies are eliminated in full. Sales and material other balances and transactions between joint operations and fully consolidated Group companies are also eliminated. Material intercompany profits and losses related to companies accounted for using the equity method are eliminated.

Capital consolidation is conducted on the acquisition date according to the purchase method. Initially, all assets, liabilities and additional intangible assets that are to be capitalized are measured at fair value regardless of the scope of any noncontrolling interests. Subsequently, the cost of acquiring the company is compared with the proportional share of the fair value of the net assets acquired. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more, then recognized directly in the income statement.

Noncontrolling interests are measured at fair value on the date of acquisition proportional to the assets acquired and liabilities assumed (partial goodwill method).

The acquisition of shares in companies already controlled by BASF or included in the Consolidated Financial Statements as a joint arrangement is treated as a transaction between shareholders if it does not result in a change in the consolidation method.

The incidental acquisition costs of a business combination are recognized in the income statement under other operating expenses.

Foreign currency translation: The cost of assets acquired in foreign currencies and revenue from sales in foreign currencies are determined by the exchange rate on the date the transaction is recognized. Foreign currency receivables and liabilities are valued at the exchange rates on the balance sheet date. Changes in assets and liabilities arising from foreign currency translation are recognized in the income statement. They are then reported under other operating income or expenses, other financial result, and, in the case of financial assets measured at fair value through other comprehensive income, in other comprehensive income.

Translation of foreign currency financial statements: The translation of foreign currency financial statements depends on the functional currency of the consolidated companies. For companies whose functional currency is not the euro, translation into the reporting currency is based on the closing rate method: Balance sheet items are translated into euros using closing rates on the balance sheet date; expenses and income are translated into euros at monthly average rates and accumulated for the year. The difference between a company's equity translated at historical rates at the time of acquisition or retention and its equity translated at closing rates on the balance sheet date is reported under other comprehensive income (translation adjustments) and is recognized in the income statement only upon the disposal of the company or a foreign business.

For certain companies outside the eurozone or U.S. dollar zone, the euro or U.S. dollar is the functional currency (among others, BASF Tuerk Kimya Sanayi ve Ticaret Ltd. Sti., Istanbul, Türkiye, and BASF Argentina S.A., Buenos Aires, Argentina). In such cases, financial statements prepared in the local currency are translated into the functional currency using the temporal method: All nonmonetary assets and related depreciation and amortization as well as equity are translated at the exchange rate applying to the respective transactions. All other balance sheet items are translated using closing rates on the balance sheet date; other expenses and income are translated at monthly average rates. The resulting translation differences are recognized in the income statement under other operating income or expenses. If necessary, financial statements in the functional currency are translated into the presentation currency according to the closing rate method.

Selected exchange rates

EUR 1 equals	Closing rates		Average rates	
	Dec. 31, 2024	Dec. 31, 2023	2024	2023
Brazil (BRL)	6.43	5.36	5.83	5.40
China (CNY)	7.58	7.85	7.79	7.66
Japan (JPY)	163.06	156.33	163.85	151.99
Malaysia (MYR)	4.65	5.08	4.95	4.93
Mexico (MXN)	21.55	18.72	19.83	19.18
Switzerland (CHF)	0.94	0.93	0.95	0.97
South Korea (KRW)	1,532.15	1,433.66	1,475.40	1,412.88
United States (USD)	1.04	1.11	1.08	1.08
United Kingdom (GBP)	0.83	0.87	0.85	0.87

1.4 Accounting policies

The accounting policies for the individual items in the balance sheet and the income statement are presented in the respective sections of the Notes.

Business combinations: In business combinations, the acquired assets and liabilities are recognized at fair value on the date the acquirer effectively obtains control. The fair value of acquired assets and assumed liabilities at the date of acquisition, as well as the useful lives of the acquired assets, are largely based on projected cash flows. Actual cash flows can deviate significantly from those. Independent external appraisals are typically used for the purchase price allocation of material business combinations. Valuations in the course of business combinations are based on existing information as of the acquisition date.

Use of estimates and assumptions in preparing the Consolidated Financial Statements

The carrying amount of assets, liabilities and provisions, contingent liabilities and other financial obligations reported in the Consolidated Financial Statements depends on the use of estimates, assumptions and discretionary scope. Specific estimates or assumptions used in individual accounting or valuation methods are disclosed in their respective sections of the Notes to the Consolidated Financial Statements. They are based on the circumstances and estimates on the balance sheet date and thus affect the amounts of income and expenses shown for the reporting periods presented. These assumptions primarily relate to the determination of discounted cash flows in the context of impairment tests and purchase price allocations; the useful lives of depreciable property, plant and equipment and intangible assets; the carrying amount of shareholdings; and the measurement of provisions for items such as employee benefits, warranties, trade discounts, environmental protection or the extent of recognition of assets, liabilities and provisions for taxes. Although uncertainty is appropriately incorporated in the valuation factors, actual results can differ from these estimates. Furthermore, extraordinary challenges resulting from current geopolitical and economic developments are also considered. Current inflation developments were taken into account both in the measurement of pension provisions and other provisions as well as in the fixed asset impairment tests.

Climate and sustainability-related developments: The chemical industry is resource-intensive. BASF is committed to the Paris Climate Agreement. Using resources as efficiently and responsibly as possible and the concept of a circular economy are firmly embedded in BASF's strategy and its actions. BASF pursues clearly defined targets to reduce CO₂ as well as regarding the use of renewable and recycled raw materials. In this context, BASF always strives to employ raw materials more efficiently and improve production processes as well as to continually seek ways to use nonfossil, renewable or recycled feedstocks. Despite the current global political situation, the path to climate neutrality is resolutely being pursued (for more information on electricity supply contracts, see Note 25 from page [412](#) onward).

BASF is exposed to physical and transition climate-related risks. Physical climate risks are the direct consequences of extreme weather scenarios in the form of floods, droughts, hurricanes, extreme rainfall or heat. These can cause damage to assets, interrupt deliveries to customers or have adverse effects on the supply of raw materials and precursors to plants. BASF responds to risks related to weather scenarios by adapting operational processes, for example in the area of logistics, by investing in assets and infrastructure or by maintaining broad insurance coverage.

Transition risks are risks that arise from the transition to a low-emission economy. These can arise from developments aimed at preventing or reversing damage to the climate or to nature. As an energy-intensive company, BASF expects, among other things, rising energy and CO₂ prices as part of the structural transition. BASF plans to invest more in the green transformation. An initial pilot project includes the use of an electrically heated steam cracker furnace. In addition, a planned heat pump, the construction of which is being funded by the European Union's "NextGenerationEU" and the German Ministry for Economic Affairs and Climate Protection based on a decision by the German Bundestag,

should enable CO₂-free steam generation and, in turn, save up to 100,000 tons of greenhouse gas emissions annually. The transition also creates opportunities, for example through increasing demand for bio-based products, insulation foams for buildings, coolants and battery materials as well as better circular economy and climate protection solutions. The market-oriented approach anchored in the strategy is intended to enable BASF to leverage these opportunities and support the green transformation of various customer industries in a differentiated manner by prioritizing investments and projects with a sustainability focus according to customer demand and willingness to pay.

Taking into account transition risks and other developments, an analysis was conducted on the profitability of the production site in Ludwigshafen, Germany, using different market development scenarios – regarding, for example, demand development, export opportunities and sustainability regulations – in order to develop a vision for the site. This vision provides a strategic direction for the structural and sustainable development of the Ludwigshafen production site and defines ambitious profitability targets. To this end, existing assets were first evaluated with regard to market developments. This showed that all important value chains can compete in their respective markets and that the majority of plants at the Ludwigshafen site are competitive in the short to long term.

Climate-related risks are taken into account in estimates and discretionary decisions when preparing the Consolidated Financial Statements. Transition and physical risks are assessed on an ongoing basis and can, for example, have an impact on useful lives and residual carrying amounts of fixed assets, the valuation of provisions for environmental or restoration obligations, the valuation of inventories or growth rates in goodwill impairment tests.

The transition to electromobility will have a negative long-term impact on the emissions catalyst business. This development is reflected in a negative long-term growth rate in the goodwill impairment test of the Catalysts (excluding battery materials) cash-generating unit. Other BASF businesses will benefit from this transformation; for example, demand for innovative lightweight components and battery materials will grow. In the short and medium term, however, lower demand is expected, particularly in the battery materials market, which resulted in impairments on property, plant and equipment.

2 Scope of consolidation

Scope of consolidation

Number of companies	Europe	Of which Germany	North America	Asia Pacific	South America, Africa, Middle East	2024		2023	
						2024	2023	2024	2023
As of January 1	138	44	36	73	22	269	257		
of which proportionally consolidated	7	—	—	2	—	9	9		
First-time consolidations ^a	12	6	—	—	1	13	15		
of which proportionally consolidated	—	—	—	—	—	—	—		
Deconsolidations ^b	2	—	1	1	1	5	3		
of which proportionally consolidated	—	—	—	—	—	—	—		
As of December 31	148	50	35	72	22	277	269		
of which proportionally consolidated	7	—	—	2	—	9	9		

^a Acquisitions, newly established companies, or reclassification due to increased importance

^b Divestitures, mergers, liquidations, or downgrades due to decreased importance

In 2024, eight companies were included in the scope of consolidation for the first time due to their increased importance as well as one newly founded company. Of these companies, eight were in Europe (two of those in Germany) and one in South America, Africa, Middle East. In connection with the purchase of 49% of the shares in Vattenfall's Nordlicht 1 and 2 wind farm projects, four further companies with headquarters in Germany were newly added in the scope of consolidation and another company based in Germany was consolidated for the first time using the equity method.

Four companies, two of which with headquarters in Europe and one each with headquarters in North America and in Asia Pacific, were liquidated. Another company based in South America, Africa, Middle East merged.

In the previous year, eleven companies were included in the scope of consolidation for the first time in connection with the carve-out of the Environmental Catalyst and Metal Solutions business unit. Of these companies, four were in Europe (one of those in Germany), three in North America, two in South America, Africa, Middle East and two in Asia Pacific. Three companies with headquarters in Europe (one of those in Germany) were added to the scope of consolidation in connection with the expansion of the battery materials business. One company with headquarters in Asia Pacific was included for the first time due to its increased importance.

Three companies, two of which with headquarters in Germany and one in South America, Africa, Middle East, merged in 2023.

Overview of impact of changes in the scope of consolidation (excluding acquisitions and divestitures)

	2024		2023	
	Million €	% ^a	Million €	% ^a
Sales	0	0.0	–	–
Noncurrent assets	4	0.0	-2	0.0
of which property, plant and equipment	1	0.0	–	–
Current assets	-3	0.0	0	0.0
of which cash and cash equivalents	0	0.0	2	0.1
Assets	1	0.0	-2	0.0
Equity	1	0.0	1	0.0
Noncurrent liabilities	0	0.0	–	–
of which financial indebtedness	–	–	–	–
Current liabilities	0	0.0	-3	0.0
of which financial indebtedness	–	–	–	–
Total equity and liabilities	1	0.0	-2	0.0
Other financial obligations	–	–	–	–

^a Proportional share in relation to the BASF Group

The proportionally consolidated joint operations include, in particular:

- Ellba C.V., Rotterdam, Netherlands, which is jointly operated with Shell for the production of propylene oxide and styrene monomer
- BASF DOW HPPO Production BVBA, Antwerp, Belgium, which is jointly operated with Dow for the production of propylene oxide
- Butachimie SNC, Chalampé, France, which is jointly operated with Invista for the production of adiponitrile (ADN) and hexamethylenediamine (HMD)
- Alsachimie S.A.S., Chalampé, France, which is jointly operated with Domo Chemicals for the production of adipic acid

In addition to the fully and proportionally consolidated companies, 24 joint ventures and/or associated companies (previous year: 21) were consolidated using the equity method as of December 31, 2024.

A list of the companies included in the Consolidated Financial Statements and of all companies in which BASF SE has a shareholding as required by section 313(2) of the German Commercial Code (HGB) is provided in the list of shares held (for more information, see Note 4 on page [349](#) onward).

3 Acquisitions and divestitures

Acquisitions

In 2024, BASF acquired the following activities:

- On July 31, 2023, BASF and Huntsman, together with their Chinese partner companies, announced the separation of their joint MDI production in the associated company Shanghai Lianheng Isocyanate Co., Ltd. BASF took over one of the two MDI plants, including production plants for the precursors aniline and nitrobenzene as well as the employees in production. The transaction falls within the scope of IFRS 3 and was completed on January 31, 2024. The purchase price was €192 million and was cash-effective in full. It is attributable to the acquired plants and, to a lesser extent, to inventories.

- Furthermore, BASF acquired 49% of shares of a shareholding in Vattenfall's Nordlicht 1 and 2 wind farm projects on April 22, 2024. The acquired assets do not constitute a business according to IFRS 3.2b. The transaction is therefore not being reported as an acquisition and is not included in the following table. The acquired shares are accounted for using the equity method. The purchase price was €501 million and was cash-effective in full.

No material activities were acquired in 2023.

The compensation component agreed as part of the establishment of BASF Shanshan Battery Materials Co., Ltd., Changsha, China, in 2021 was realized in the amount of €18 million in 2023.

A purchase price adjustment for the polyamide business acquired in 2020 led to a payment of €5 million in 2023.

The following overview shows the effects of the acquisitions in 2024 and 2023 on the Consolidated Financial Statements. When acquisitions resulted in the transfer of assets or the assumption of additional liabilities, the effects are shown as net amounts.

Effects of acquisitions

	2024		2023	
	Million €	% ^a	Million €	% ^a
Goodwill	0	0.0	–	–
Other intangible assets	1	0.0	–	–
Property, plant and equipment	188	0.7	–	–
Financial assets	–	–	–	–
Other noncurrent assets	–	–	–	–
Noncurrent assets	188	0.4	–	–
Current assets	16	0.1	-18	-0.1
of which cash and cash equivalents	–	–	–	–
Assets	205	0.3	-18	-0.0
 Equity	 –	 –	 -18	 -0.1
of which noncontrolling interests	–	–	–	–
Noncurrent liabilities	–	–	–	–
of which financial indebtedness	–	–	–	–
Current liabilities	3	0.0	-5	-0.0
of which financial indebtedness	–	–	–	–
Total equity and liabilities	3	0.0	-23	-0.0
Payments made for acquisitions	202		5	
Additions of cash and cash equivalents	–		–	
Payments made for acquisitions according to statement of cash flows	202		5	

^a Proportional share in relation to the BASF Group

Divestitures

In 2024, BASF sold the following activity:

- On September 3, 2024, BASF completed the sale of the exploration and production business (E&P business) of the Wintershall Dea AG oil and gas company (Wintershall Dea GmbH as of September 23, 2024), Kassel/Hamburg, Germany, to Harbour Energy plc, London, United Kingdom. The E&P business includes assets used in production and development, exploration rights and Wintershall Dea's carbon storage licenses. In exchange, Wintershall Dea shareholders – BASF (72.7%) and LetterOne (27.3%) – received a cash consideration totaling \$1.78 billion (BASF share: \$1.29 billion),

including a purchase price adjustment, and new shares issued by Harbour equating to a total shareholding of 54.5% in the expanded Harbour company (BASF share: 39.6%). The non-integral investment in Harbour Energy, accounted for using the equity method, was initially recognized at the closing price of the shares on September 3, 2024, plus directly attributable incidental acquisition costs. Wintershall Dea's headquarters, which are scheduled to be closed, its employees as well as the Russia-related business, for which significant federal guarantees exist, were not part of the transaction. The equity method for the shares in Wintershall Dea will be continued accordingly. Income from the sale of the E&P business to Harbour is reported in income from non-integral companies accounted for using the equity method. The disposal gain is summarized in the following table:

Calculation of the disposal gain from the sale of Wintershall Dea's exploration and production (E&P) business

Million €	Sept. 3, 2024
Cash payment received / shares in Harbour Energy plc and directly attributable acquisition-related costs	3,466
Disposed net assets	-2,956
Other income and expenses related to the divestiture	-120
Disposal gain before taxes	390
Disposal gain after taxes	386

In 2023, BASF sold the following activity:

- On August 31, 2023, BASF completed the sale of its production site in De Meern, Netherlands, to IQatalyst B.V., Luxembourg, a subsidiary of ASC Investment Sarl, Luxembourg. The transaction mainly covered facilities for the production of nickel-based catalysts, including the associated infrastructure and inventories. The production site was part of the Catalysts division. The purchase price was €13 million, and the after-tax disposal loss was €4 million.

The following overview shows the effects of the divestitures in 2024 and 2023 on the Consolidated Financial Statements. The sales line item shows the year-on-year decline resulting from divestitures. The impact on equity related mainly to gains and losses from divestitures. Payments received from divestitures amounted to €1,244 million and mainly related to the Wintershall Dea transaction (€1,169 million), as well as various smaller transactions and a purchase price adjustment for a transaction from previous years.

Effects of divestitures

	2024		2023	
	Million €	% ^a	Million €	% ^a
Sales	-86	-0.1	-212	-0.2
Noncurrent assets	-683	-1.4	-30	-0.1
of which property, plant and equipment	-12	-0.0	-21	-0.1
Current assets	-25	-0.1	-12	-0.0
of which cash and cash equivalents	-	-	-	-
Assets	-708	-0.9	-42	-0.1
Equity	496	1.3	-8	-0.0
Noncurrent liabilities	-2	-0.0	-1	-0.0
of which financial indebtedness	-	-	-	-
Current liabilities	41	0.2	-1	-0.0
of which financial indebtedness	-	-	-	-
Total equity and liabilities	536	0.7	-9	-0.0
Payments received from divestitures	1,244		32	
Further effects in connection with divestitures ^b	-1,169		-	
Payments received from divestitures according to statement of cash flows	75		32	

^a Proportional share in relation to the BASF Group

^b Includes project-related tax payments and derecognition of cash and cash equivalents. The sale of Wintershall Dea's E&P business to Harbour Energy in 2024 is not reported under divestitures in the statement of cash flows, but as a disposal of equity instruments.

Agreed transactions and groups of assets and liabilities held for sale (disposal groups)

- On December 21, 2024, BASF signed a binding agreement to sell its Food and Health Performance Ingredients business in the Nutrition & Care segment, including the production site in Illertissen, Germany, to Louis Dreyfus Company (LDC), Rotterdam, Netherlands. As part of the agreement, approximately 300 BASF employees are expected to transfer to LDC as of the closing of the transaction. Both parties have agreed not to disclose the financial details of the transaction. As of the agreement on the sale, the affected assets and liabilities were reclassified to a disposal group. The cumulative remeasurement effects of defined benefit plans attributable to the disposal group as of December 31, 2024, recognized in other comprehensive income amounted to -€4 million.

Disposal group of Food and Health Performance Ingredients

Million €	Dec. 31, 2024
Balance sheet	
Goodwill	-5
Other intangible assets	-20
Property, plant and equipment	-48
Integral investments accounted for using the equity method	-
Non-integral investments accounted for using the equity method	-
Other financial assets	-
Deferred tax assets	-1
Receivables for income taxes	-
Other receivables and miscellaneous assets	-1
Noncurrent assets	-75
Inventories	-46
Accounts receivable, trade	0
Receivables for income taxes	-
Other receivables and miscellaneous assets	0
Marketable securities	-
Cash and cash equivalents	-
Current assets	-46
Assets of the disposal group	121
Provisions for pensions and similar obligations	-22
Deferred tax liabilities	-3
Income tax provisions	-
Other provisions	0
Financial indebtedness	-
Other liabilities	-
Noncurrent liabilities	-25
Accounts payable, trade	-
Provisions	0
Liabilities for income taxes	-
Financial indebtedness	-
Other liabilities	-
Current liabilities	-
Liabilities of the disposal group	25
Net assets	96

- On December 31, 2024, BASF signed a memorandum of understanding followed by an agreement on February 7, 2025, to divest its shares in BASF Markor Chemical Manufacturing (Xinjiang) Co., Ltd. and Markor Meiou Chemical (Xinjiang) Co., Ltd. in Korla, China. The companies operate production plants for butanediol and PolyTHF in the Chemicals segment. Upon completion of the agreement, the affected assets and liabilities were reclassified to a disposal group. The disposal proceeds are expected to be below the carrying amount of net assets, so an impairment of €24 million was recorded upon classifying this business as held for sale. The cumulative gains from currency translation recognized in other comprehensive income attributable to the disposal group as of December 31, 2024, amounted to €4 million.

Disposal group of BASF Markor Chemical Manufacturing (Xinjiang) Co., Ltd. and Markor Meiou Chemical (Xinjiang) Co., Ltd.

Million €	Dec. 31, 2024
Balance sheet	
Goodwill	–
Other intangible assets	–
Property, plant and equipment	-20
Integral investments accounted for using the equity method	-16
Non-integral investments accounted for using the equity method	–
Other financial assets	–
Deferred tax assets	-2
Receivables for income taxes	–
Other receivables and miscellaneous assets	-9
Noncurrent assets	-47
Inventories	-6
Accounts receivable, trade	0
Receivables for income taxes	–
Other receivables and miscellaneous assets	0
Marketable securities	–
Cash and cash equivalents	-7
Current assets	-13
Assets of the disposal group	60
Provisions for pensions and similar obligations	–
Deferred tax liabilities	-1
Income tax provisions	–
Other provisions	–
Financial indebtedness	–
Other liabilities	-7
Noncurrent liabilities	-8
Accounts payable, trade	-5
Provisions	0
Liabilities for income taxes	0
Financial indebtedness	–
Other liabilities	-1
Current liabilities	-6
Liabilities of the disposal group	14
Net assets	46

4 BASF Group list of shares held pursuant to section 313(2) of the German Commercial Code (HGB)

The list of consolidated companies and the complete list of all companies in which BASF SE holds shares as required by section 313(2) HGB as well as information on the exemption of subsidiaries from accounting and disclosure obligations are an integral component of the audited Consolidated Financial Statements submitted to the German Company Register. The list of shares held is also published online.

» For more information, see bASF.com/en/corporategovernance

5 Reporting by segment and region

Accounting policies

The divisions are allocated to the segments based on their business models and according to their focal points, customer groups, the focus of their innovations, their investment relevance and sustainability aspects. Activities that are not allocated to any of the divisions are recorded under Other.

The same accounting rules are used for segment reporting as those used for the Group, which are presented in these Notes. Transfers between the segments are generally executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated according to the percentage of usage.

A new Differentiated Steering model was introduced at the beginning of 2024. Two new most important financial key performance indicators were established for the BASF Group's steering: income from operations before depreciation, amortization and special items (EBITDA before special items) and free cash flow. Accordingly, all segments are also measured by their absolute contribution to EBITDA before special items. To manage cash flow at segment level, a specific indicator, segment cash flow, is used. It includes the elements of free cash flow that can be managed by the operating divisions. In addition, specific steering indicators were defined for selected segments.

EBITDA before special items is determined based on income from operations (EBIT), which is calculated from gross profit on sales, selling expenses, general administrative expenses, research and development expenses, other operating income and expenses, and income from integral companies accounted for using the equity method. EBIT is adjusted for special items that may arise from the integration of acquired businesses, from restructuring measures, gains or losses on divestitures and sales of investments, as well as other expenses and income that may arise outside of ordinary business activities. To determine EBITDA before special items, depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets are added to EBIT before special items, provided they do not represent special items.

EBIT and EBIT before special items as well as EBITDA before special items are alternative performance measures that are not defined under IFRS and are to be considered complementary to the indicators defined by IFRS (for more information on changes in the steering concept, see the Combined Management's Report from page [28](#) onward).

Explanation of segments

The BASF Group's business is run by 11 divisions, structured in six segments:

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

As part of its strategic portfolio management, BASF started differentiating between its core and standalone businesses with the introduction of the "Winning Ways" strategy in September 2024. The core businesses, including the Chemicals, Materials, Industrial Solutions and Nutrition & Care segments, benefit from their deep integration into the value chains and the Production Verbund. The standalone

businesses comprise the Surface Technologies and Agricultural Solutions segments, serve specific industries and compete with pure-play competitors.

The **Chemicals** segment comprises the Petrochemicals and Intermediates divisions and is the cornerstone of BASF's Verbund structure. The segment mainly serves customers in downstream industries, especially in the chemical and plastics industries. In addition, it supplies the other segments with basic chemicals and intermediates, thereby contributing to the organic growth of the BASF Group. The segment's competitiveness is strengthened by process and product innovations as well as the development of sustainable technologies.

The **Materials** segment is composed of the Performance Materials and the Monomers divisions. The segment offers advanced materials and their precursors for new applications and systems. Its product portfolio includes isocyanates and polyamides as well as inorganic basic products and specialties for plastics and plastics processing. In addition to specific technological knowledge, industry expertise and customer proximity, particularly products that contribute to the circular economy as well as sustainable production methods help differentiate BASF from its competitors in this segment.

The **Industrial Solutions** segment consists of the Dispersions & Resins and the Performance Chemicals divisions. This segment develops and markets ingredients and additives for industrial applications, such as polymer dispersions, resins, additives, electronic materials and antioxidants. Its customers are located in various key industries, such as the automotive, plastics and electronics industries. The focus of research and development is on increasing efficiency in the use of resources and in production structures, as well as on developing more sustainable products and production processes. Since January 1, 2025, the chemical and refining catalysts business has been reported as part of the Performance Chemicals division in the Industrial Solutions segment. It was previously part of the Catalysts division in the Surface Technologies segment.

The **Nutrition & Care** segment comprises the Care Chemicals division and the Nutrition & Health division. This segment produces ingredients for consumer applications in the areas of nutrition, home and personal care. Its customers include food and feed producers as well as the pharmaceutical, cosmetics and the detergent and cleaner industries. The increasing demand for more sustainable consumer goods and digitalization are key growth drivers in the segment.

The **Surface Technologies** segment bundles chemical solutions for surfaces in the Catalysts and Coatings divisions. Its portfolio range serves the automotive and chemical industries and includes catalysts, battery materials, automotive OEM and refinish coatings, surface treatment, and precious and base metal services. An innovative technology portfolio and tailor-made solutions for customers are the basis for the segment's targeted growth. Since January 1, 2025, the Battery Materials and Environmental Catalyst and Metal Solutions divisions, which were formerly part of the Catalysts division, have been reported as independent operating divisions within the segment alongside the Coatings division. As of the same date, the chemical and refining catalysts business, previously reported in the Catalysts division, was allocated to the Performance Chemicals division in the Industrial Solutions segment.

The **Agricultural Solutions** segment consists of the division of the same name. Its product portfolio is designed for different crop systems, combining seeds and traits, seed treatment products, and biological and chemical crop protection products. Agricultural Solutions offers farmers innovative and sustainable solutions supported by digital tools. The segment aims for innovation-driven growth and a targeted expansion of the portfolio through collaboration and acquisitions.

The following activities and transactions are presented under **Other**:

- Cross-divisional corporate research working on long-term topics of strategic importance to the BASF Group. Furthermore, it focuses on the development of specific key technologies which are of overarching importance for the divisions.

- The BASF Group's steering by corporate headquarters.
- Other businesses which include commodity trading, engineering and other services, as well as rental income and leases. In addition, discontinued operations and certain activities remaining after divestitures as well as remanent fixed costs resulting from organizational changes or restructuring that are not allocated to the operating divisions are reported here.
- Foreign currency results not allocated to the segments and measurement effects from the hedging of raw materials price and foreign currency exchange risks as well as gains and losses from the long-term incentive programs (LTI programs).
- Trade with renewable energies as well as activities in the Net Zero Accelerator unit, in which company-wide projects to achieve climate protection targets were bundled until December 31, 2024.
- Idle capacity costs from internal human resource platforms as well as consolidation effects that cannot be allocated to a division.

EBITDA before special items of Other

Million €	2024	2023
Costs for cross-divisional corporate research	-183	-227
Costs of corporate headquarters	-232	-222
Other businesses	171	200
Miscellaneous income and expenses	-334	-218
EBITDA before special items of Other	-578	-466

Income from operations before depreciation, amortization and special items of Other decreased by €112 million to -€578 million in 2024. The reasons for the decrease were mainly foreign currency results, hedging and other measurement effects included in miscellaneous expenses as well as lower earnings contributions from Other businesses. EBITDA of Other included special items of -€601 million, mainly for the class settlement, which does not constitute any admission of liability, in connection with the AFFF multidistrict litigation in the United States (for more information, see Note 23 from page [411](#) onward).

Reconciliation of the assets of Other to the assets of the BASF Group

Million €	Dec. 31, 2024	Dec. 31, 2023
Segment assets	64,807	63,002
Assets of businesses included in Other	3,070	2,252
Other financial assets and non-integral investments accounted for using the equity method	4,576	5,617
Deferred tax assets	574	617
Cash and cash equivalents / marketable securities	2,981	2,678
Defined benefit assets	1,383	170
Other receivables / prepaid expenses	3,024	3,060
Assets of Other	15,609	14,393
Assets of the BASF Group	80,415	77,395

Reconciliation of segment income to income before income taxes

Million €	2024	2023
EBITDA before special items of the segments	8,436	8,137
EBITDA before special items of Other	-578	-466
EBITDA before special items	7,858	7,671
Special items excluding depreciation and amortization of the segments	-575	-331
Special items excluding depreciation and amortization of Other	-601	-159
Special items excluding depreciation and amortization	-1,176	-490
Depreciation and amortization of the segments	4,487	4,788
Depreciation and amortization of Other	161	153
Depreciation and amortization	4,648	4,941
EBIT of the segments	3,373	3,018
EBIT of Other	-1,340	-778
EBIT	2,033	2,240
Net income from shareholdings	598	-200
Financial result	-563	-620
Income before income taxes	2,069	1,420

Segments 2024

Million €	Chemicals	Materials	Industrial Solutions	Nutrition & Care	Surface Technologies	Agricultural Solutions	Other	BASF Group
Sales	10,838	13,510	8,175	6,729	12,898	9,798	3,312	65,260
Intersegment transfers	3,962	825	385	446	206	50	93	5,968
Sales including transfers	14,800	14,335	8,560	7,176	13,104	9,848	3,405	71,227
Material consumption	5,280	7,057	4,216	2,838	8,006	3,257	2,889	33,544
Income from integral companies accounted for using the equity method	27	17	11	6	46	-	-105	2
Income from operations before depreciation and amortization (EBITDA)	1,314	1,769	1,140	819	1,160	1,659	-1,179	6,681
EBITDA before special items	1,342	1,805	1,161	814	1,375	1,938	-578	7,858
Income from operations (EBIT)	429	939	780	220	22	984	-1,340	2,033
Special Items	-74	-48	-32	-53	-763	-286	-622	-1,878
of which impairments and reversals of impairments	-46	-12	-10	-58	-548	-7	-21	-702
Assets	14,266	10,135	5,629	7,887	11,513	15,377	15,609	80,415
of which goodwill	215	196	636	871	2,398	3,341	63	7,721
other intangible assets	62	209	88	162	797	2,913	31	4,262
property, plant and equipment	9,938	5,373	1,918	3,607	3,157	2,132	1,073	27,197
integral investments accounted for using the equity method	854	136	14	39	473	-	882	2,399
Liabilities	3,316	2,946	1,815	2,347	2,589	3,309	27,210	43,532
Research and development expenses	80	180	144	149	313	919	276	2,061
Additions to property, plant and equipment and intangible assets (including acquisitions)	3,403	1,139	289	809	560	387	241	6,826
Depreciation and amortization of property, plant and equipment and intangible assets	885	830	360	599	1,137	675	161	4,648
of which impairments	65	25	20	87	554	18	13	781
reversals of impairments	1	2	0	0	0	0	1	5

Segments 2023

Million €	Chemicals	Materials	Industrial Solutions	Nutrition & Care	Surface Technologies	Agricultural Solutions	Other	BASF Group
Sales	10,369	14,149	8,010	6,858	16,204	10,092	3,220	68,902
Intersegment transfers	3,606	864	436	429	176	36	102	5,649
Sales including transfers	13,975	15,013	8,445	7,286	16,381	10,128	3,323	74,551
Material consumption	4,981	7,785	4,205	3,199	11,265	3,133	2,653	37,222
Income from integral companies accounted for using the equity method	92	14	12	3	80	-	-9	192
Income from operations before depreciation and amortization (EBITDA)	1,167	1,523	1,010	578	1,351	2,177	-626	7,180
EBITDA before special items	1,167	1,650	965	565	1,520	2,270	-466	7,671
Income from operations (EBIT)	364	378	660	119	366	1,131	-778	2,240
Special Items	4	-449	35	12	-572	-433	-164	-1,566
of which impairments and reversals of impairments	4	-322	-9	-	-404	-340	-5	-1,076
Assets	11,468	9,716	5,576	7,496	12,657	16,089	14,393	77,395
of which goodwill	204	191	629	858	2,319	3,236	62	7,499
other intangible assets	64	243	111	281	897	3,079	42	4,717
property, plant and equipment	7,251	4,950	1,919	3,264	3,560	2,145	991	24,080
integral investments accounted for using the equity method	890	201	12	35	504	-	413	2,054
Liabilities	2,798	3,730	1,755	2,296	2,685	3,462	24,024	40,750
Research and development expenses	83	185	150	150	304	900	356	2,130
Additions to property, plant and equipment and intangible assets (including acquisitions)	2,706	1,083	285	765	621	353	195	6,006
Depreciation and amortization of property, plant and equipment and intangible assets	803	1,146	349	459	986	1,046	153	4,941
of which impairments	23	337	13	5	411	354	6	1,149
reversals of impairments	6	1	0	-	0	-	-	6

Regions 2024

Million €	Europe	Of which Germany	North America	Asia Pacific	South America, Africa, Middle East	BASF Group
Location of customer						
Sales	24,778	6,138	17,773	16,226	6,482	65,260
Share %	38.0	9.4	27.2	24.9	9.9	100.0
Location of company						
Sales	26,169	11,016	18,168	15,886	5,037	65,260
Assets	36,083	20,656	19,483	20,557	4,292	80,415
of which intangible assets	4,986	2,563	5,516	1,229	252	11,983
property, plant and equipment	9,914	5,860	5,922	10,773	589	27,197
integral investments accounted for using the equity method	906	502	109	1,385	–	2,399
Additions to property, plant and equipment and intangible assets (including acquisitions)	1,953	1,249	1,193	3,549	131	6,826
Depreciation and amortization of property, plant and equipment and intangible assets including impairments and reversals of impairments	2,530	1,814	1,198	781	139	4,648

In the **United States**, sales to third parties in 2024 amounted to €15,303 million (previous year: €16,128 million) according to location of companies and €14,714 million (previous year: €15,764 million) according to location of customers. On December 31, 2024, the carrying amounts of intangible assets, property, plant and equipment, and investments accounted for using the equity method in the United States amounted to €10,975 million (previous year: €10,362 million).

In **China**, sales to third parties in 2024 amounted to €8,202 million (previous year: €8,950 million) according to location of companies and €8,113 million (previous year: €8,893 million) according to location of customers. On December 31, 2024, the carrying amounts of intangible assets, property, plant and equipment, and investments accounted for using the equity method amounted to €10,753 million (previous year: €7,802 million) in China.

Regions 2023

Million €	Europe	Of which Germany	North America	Asia Pacific	America, Africa, Middle East	BASF Group
Location of customer						
Sales	26,022	6,833	18,833	17,520	6,527	68,902
Share %	37.8	9.9	27.3	25.4	9.5	100.0
Location of company						
Sales	27,631	11,449	19,003	17,142	5,126	68,902
Assets	36,019	22,498	19,236	17,617	4,524	77,395
of which intangible assets	5,303	2,786	5,393	1,243	277	12,216
property, plant and equipment	10,289	6,306	5,419	7,692	680	24,080
integral investments accounted for using the equity method	448	13	122	1,485	-	2,054
Additions to property, plant and equipment and intangible assets (including acquisitions)	2,367	1,463	934	2,580	125	6,006
Depreciation and amortization of property, plant and equipment and intangible assets including impairments and reversals of impairments	2,904	1,674	1,196	694	146	4,941

6 Earnings per share

Earnings per share

	2024	2023
Income after taxes	Million €	1,453
of which noncontrolling interests	Million €	155
Net income	Million €	1,298
Weighted average number of outstanding shares	1,000	892,522
Dilution effect from BASF's "plus" incentive share program	1,000	2,449
Weighted average number of shares for diluted earnings per share	1,000	894,971
Earnings per share		895,077
Basic	€	1.45
Diluted	€	1.45

In accordance with IAS 33, **earnings per share** are determined by dividing earnings attributable to shareholders of BASF SE by the weighted average of outstanding shares. Pursuant to IAS 33, a potential dilutive effect must be considered in the **diluted earnings per share** for those BASF shares that will be granted in the future as part of BASF's "plus" share program. This applies regardless of the fact that the necessary shares are acquired on the market by third parties on behalf of BASF and that there are no plans to issue new shares.

As in the previous year, no dilutive effect arose from the issue of "plus" shares in 2024.

7 Sales revenue

Accounting policies

Sales revenue from contracts with customers is recognized in the amount of the consideration BASF expects to receive in exchange for the goods or services when the customer obtains control of the goods or services. Control is considered to be transferred when the customer can direct the use of the goods or services and can obtain all substantial remaining benefits from them.

BASF primarily generates income from the sale of goods. Because the customer obtains control of the goods at a specific point in time, the corresponding sales revenue is recognized based on a given point in time. Determination of this point in time occurs in the context of an overall assessment of the circumstances which considers the existence of a present claim to payment, the legal title to the goods, actual physical possession of the goods, the transfer of risks and rewards as well as customer acceptance. The transfer of risks and rewards takes into account the underlying terms of delivery (especially Incoterms) and is of particular practical significance. According to these principles, sales revenue from the sale of goods is generally recognized upon delivery. If products are delivered to a consignment warehouse, BASF normally retains control of the goods. Accordingly, sales revenue is not recognized until the customer collects the goods from the consignment warehouse. Long-term supply agreements usually contain variable prices, which depend, among other factors, on the development of raw materials prices and variable volumes.

Services rendered to customers by BASF are invoiced according to work completed and recognized as revenue accordingly.

BASF generates a portion of its sales revenue from license agreements. Sales revenue from license agreements is recognized based on a point in time or a period of time depending on whether the licensee is being granted a right to use (revenue recognized at a point in time) or a right to access (revenue recognized over time) the intellectual property of BASF. Revenues from sales and usage-based royalties are recognized when the underlying sale or usage occurs.

Sales revenue from the sale of precious metals to industrial customers is recognized on delivery and the corresponding purchase prices are recorded as cost of sales. In the trading of precious metals and their derivatives with traders, where there is usually no physical delivery, revenues are netted against the corresponding costs.

Commodity swaps that do not lead to a transfer of economic control are eliminated.

If a consideration that is contractually agreed upon by a customer includes variable components, BASF estimates the amount of the consideration. Variable components are recognized as revenue only to the extent that it is highly probable that previously recognized sales revenue will not have to be cancelled as soon as there is no longer uncertainty about the actual amount of the consideration. Primarily rebates and other discounts are recognized as a reduction in revenue in accordance with the principle of individual measurement. BASF grants customers rebates, among other things, if the goods purchased by the customer exceed a contractually defined threshold within the period specified. Rebates are usually deducted from amounts payable by the customer. Taking into account the specific terms of the underlying contract, BASF uses the expected value method or the most likely amount to estimate a variable consideration amount. The method is selected based primarily on number of possible results such as the number of volume thresholds with rebates. All available information, particularly historical values, is used for making estimates.

In some contracts, BASF grants the customer the right to return goods within a specific period of time, even if they meet the agreed specifications (sale with right of return). The actual expected amount of the consideration BASF is entitled to receive in this case is estimated using the expected value method.

Refund liabilities are recognized in the amount of considerations paid by the customer for goods that are expected to be returned.

BASF opts to apply the practical expedient in IFRS 15.63 to not adjust the amount of the agreed consideration for the effects of a material financing component if, at the beginning of a contract, no more than one year is expected to lapse between the transfer of control of the goods or services and payment by the customer.

According to the practical expedient under IFRS 15.94, BASF recognizes the costs of obtaining a contract as an expense when they are incurred if the amortization period of the asset does not exceed one year.

BASF also applies the practical expedient in IFRS 15.121 of not reporting information on remaining performance obligations resulting from a contract with a maximum expected original term of one year. Furthermore, information on performance obligations is not reported if the resulting revenue is recognized in accordance with IFRS 15.B16.

Explanation of sales revenue

Sales by division and by indication and sector

Million €	2024	2023
Petrochemicals	8,050	7,418
Intermediates	2,788	2,951
Chemicals	10,838	10,369
Performance Materials	6,848	7,244
Monomers	6,661	6,905
Materials	13,510	14,149
Dispersions & Resins	5,110	4,921
Performance Chemicals	3,065	3,088
Industrial Solutions	8,175	8,010
Care Chemicals	4,751	4,721
Nutrition & Health	1,978	2,137
Nutrition & Care	6,729	6,858
Catalysts	8,617	11,818
Coatings	4,280	4,387
Surface Technologies	12,898	16,204
Fungicides	3,014	3,047
Herbicides	2,965	3,380
Insecticides	1,102	1,041
Seed Treatment	598	662
Seeds & Traits	2,119	1,962
Agricultural Solutions	9,798	10,092
Other	3,312	3,220
BASF Group	65,260	68,902

Sales revenue of €44 million that was included in contract liabilities as of January 1, 2024, was recognized in 2024 (previous year: €44 million).

Sales revenue for the 2024 fiscal year includes €265 million from performance obligations satisfied in prior periods (previous year: €238 million). This relates in particular to adjustments for sales and usage-based royalties as well as the reversal of over accruals for rebates and product returns from the previous year.

8 Functional costs

Under the cost of sales method, functional costs incurred by the operating functions are determined on the basis of cost center accounting. The functional costs particularly contain the personnel costs, depreciation and amortization accumulated on the underlying final cost centers as well as allocated costs within the cost accounting cycle. Operating expenses that cannot be allocated to the functional costs are reported as other operating expenses (for more information, see Note 9 from page [361](#) onward).

Cost of sales

Cost of sales includes all production and purchase costs of the goods that have been sold in the period (for more information, see Note 16 from page [390](#) onward). For services, the costs necessary for their provision are included in the cost of sales.

Selling expenses

Selling expenses primarily include marketing and advertising costs, freight costs, packaging costs, distribution management costs, commissions and licensing costs.

General administrative expenses

General administrative expenses include the costs of the Corporate Center, of general management, the Board of Executive Directors and the Supervisory Board. They also include the costs of managing operating divisions and business units as well as the costs of the supporting services in departments such as accounting, legal, taxes and controlling.

Research and development expenses

Research and development expenses include the costs resulting from research projects as well as the necessary license fees for research activities.

9 Other operating income and expenses

Other operating income

Million €	2024	2023
Income from the adjustment and release of provisions recognized in other operating expenses	37	130
Revenue from miscellaneous other activities	156	248
Income from hedging transactions and LTI programs	47	90
Income from foreign currency transactions and the translation of financial statements in foreign currencies	62	66
Gains on divestitures and the disposal of noncurrent assets	71	116
Reversals of impairment losses on noncurrent assets	–	6
Income from the reversal of valuation allowances for business-related receivables	–	101
Gains/losses from precious metal trading	158	254
Income from refunds and government grants	302	292
Other	541	686
Other operating income	1,374	1,990

Income from the adjustment and release of provisions recognized in other operating expenses

decreased in 2024 compared to the previous year and mainly affected provisions for environmental protection measures. Provisions were reversed or adjusted if, based on the circumstances on the balance sheet date, utilization was no longer expected, or expected to a lesser extent.

In both years, **revenue from miscellaneous other activities** primarily included income from rentals, catering operations, cultural events and logistics services. The decrease in revenue over the previous year was largely offset by lower production costs.

In both years, **income from hedging transactions and LTI programs** mainly included income from the valuation of virtual and physical power purchase agreements. A decline in income from hedging transactions for the procurement of natural gas was attributable to effects from the market valuation of the derivatives used for hedging.

Income from foreign currency transactions and the translation of financial statements in foreign currencies related to the translation of receivables and liabilities in foreign currencies and included income from the translation of companies' financial statements whose local currency is different from the functional currency.

Gains on divestitures and the disposal of noncurrent assets decreased compared with the previous year. In 2023, this item primarily consisted of gains from the sale of an office building in Europe.

Income from the reversal of value adjustments on operational receivables in the previous year resulted from the reversal of value adjustments in connection with a traffic tax in Brazil. Since the fiscal year 2024, income and expenses from the reversal of or addition to allowances on business-related receivables are reported on a net basis.

Income from refunds and government grants was mainly attributable to subsidies for business activities in the battery materials sector. It also included grants for regional business development in China and other funding measures in various countries.

Other income included income from the sale of precious metals and a number of other items in 2024. In 2023, it included income from the sale of CO₂ certificates amounting to €185 million.

Other operating expenses

Million €	2024	2023
Restructuring and integration measures	806	628
Environmental protection and safety measures, costs of demolition and removal, and project costs not subject to mandatory capitalization	506	530
Depreciation, amortization and impairments of noncurrent assets and of the disposal groups	790	1,163
Costs from miscellaneous revenue-generating activities	135	222
Expenses from hedging transactions and LTI programs	90	117
Losses from foreign currency transactions and the translation of financial statements in foreign currencies	223	366
Losses from divestitures and the disposal of noncurrent assets	36	73
Expenses from the addition of valuation allowances on business-related receivables	50	31
Expenses for derecognition of obsolete inventory	332	306
Other	1,152	785
Other operating expenses	4,120	4,221

In 2024, **expenses from restructuring and integration measures** related mainly to measures in connection with the cost savings program focusing on Europe and adjustments to production structures at the Verbund site in Ludwigshafen, Germany. In both years, additional expenses were largely attributable to restructuring measures to improve competitiveness in various operating divisions and site closures in Europe and North America. In 2023, expenses also resulted from the carve-out of the Environmental Catalyst and Metal Solutions unit within the Catalysts division. In the previous year, expenses were also incurred for the integration of the battery materials business acquired in 2021.

Environmental protection and safety measures, costs of demolition and removal, and project costs not subject to mandatory capitalization were expensed if requirements for capitalization pursuant to IFRS were not met. Expenses for project costs not subject to mandatory capitalization amounted to €390 million in 2024 (previous year: €381 million), and in both years were attributable in particular to the construction of the new Verbund site in China and the Ludwigshafen site. In addition, expenses of €116 million in 2024 (previous year: €123 million) were incurred for additions to environmental provisions. In 2024, these mainly related to the Ludwigshafen site, whereas in the previous year they were primarily due to several discontinued sites in North America.

Depreciation, amortization and impairments of noncurrent assets and of the disposal groups in 2024 included impairments in the amount of €772 million. These comprised impairments on property, plant and equipment in the Surface Technologies segment, especially in the battery materials business, on property, plant and equipment in the Chemicals segment and on property, plant and equipment and intangible assets in the Nutrition & Care segment. In 2023, impairments amounted to €1,149 million and mainly related to impairments on property, plant and equipment in the Surface Technologies segment, especially in the battery materials business, on property, plant and equipment in the Agricultural Solutions segment and on property, plant and equipment and intangible assets in the Materials segment (for more information, see Note 14 from page [378](#) onward).

Costs from miscellaneous revenue-generating activities relate to the corresponding items presented in other operating income.

Expenses from hedging transactions and LTI programs included expenses of €89 million in 2024 (previous year: €83 million) from hedging transactions, primarily attributable in both years to expenses for option premiums used to hedge natural gas purchases. Furthermore, there were higher expenses in 2024 from the valuation of virtual power purchase agreements, while expenses for other hedging transactions decreased. LTI programs led to expenses in the amount of €1 million in 2024 (previous year: €35 million).

In both years, **losses from divestitures and the disposal of noncurrent assets** included costs in connection with divestment projects and purchase price adjustments for completed divestments. In the previous year, losses also arose in connection with the sale of the De Meern site in the Netherlands.

Expenses from the addition of valuation allowances on business-related receivables in 2024 included in particular valuation allowances on receivables in the Agricultural Solutions division in South America, Africa, Middle East. Since the 2024 financial year, gains and expenses from the reversal of or additions to value adjustments on operational receivables have been reported on a net basis.

Other expenses included expenses in 2024, primarily as a result of the out-of-court settlement in connection with the AFFF multidistrict litigation in the United States (for more information, see Note 23 from page [411](#) onward). Both years also include further expenses for litigation, for REACH, for the provision of services and other services and for warranties, as well as other expenses for social commitment.

10 Investments accounted for using the equity method and other financial assets

Accounting policies

Joint ventures and associated companies are accounted for using the equity method. The carrying amounts of shareholdings are adjusted annually based on the pro rata share of net income, dividends and other changes in equity. Should there be indications of a reduction in the value of an investment, an impairment test is conducted and, if necessary, an impairment is recognized in the income statement. In the case of publicly listed associated companies, share prices are included in the impairment test and form the basis of valuation if there is an indication for permanent impairment or reversal of an impairment. Furthermore, earnings and the carrying amount are adjusted when accounting policies deviate or as a result of purchase price allocations.

10.1 Integral companies accounted for using the equity method

Income from integral companies accounted for using the equity method

Million €	2024	2023
Proportional income after taxes	158	196
of which joint ventures	136	180
associated companies	22	16
Other adjustments to income and expenses	-156	-4
of which joint ventures	-16	-3
associated companies	-140	-1
Income from integral companies accounted for using the equity method	2	192

The material equity-accounted shareholding that is classified as integral is BASF-YPG Company Ltd., Nanjing, China, in which BASF and Sinopec each hold 50%, and which operates the Verbund site in Nanjing, China.

Income from integral companies accounted for using the equity method decreased by €190 million in 2024. Of the decrease, €21 million related to the shareholding in Heesung Catalysts Corporation, Seoul, South Korea (joint venture), and €10 million to the shareholding in BASF-YPG Company Ltd. (joint venture). In 2024, there were also impairments of €108 million on the shareholding in Nordlicht Offshore Wind GmbH, Hamburg, Germany, and €5 million on each of the shareholdings in the joint ventures, BASF HERAEUS (China) Metal Resource Co., Ltd., Zhejiang, China, and BASF PJPC Neopentylglycol Co. Ltd., Jilin City, China in 2024. A further impairment of €19 million was attributable to the shareholding in Markor Meiou Chemical (Xinjiang) Co., Ltd., Korla, China (associated company), in connection with the expected divestiture.

Reconciliation of the carrying amounts of integral shareholdings accounted for using the equity method

Million €	Joint ventures		Associated companies	
	2024	2023	2024	2023
Carrying amounts according to the equity method as of the beginning of the year	1,842	2,107	212	249
Proportional income after taxes and other adjustments to income and expenses	120	177	-117	15
Proportional changes in other comprehensive income	-12	-134	9	-11
Total comprehensive income	108	43	-109	4
Changes in the scope of consolidation	-	-10	-	-
Additions	8	-	598	-
Disposals	-	-	-80	-7
Transfers	-160	-297	-21	-34
Carrying amounts according to the equity method as of the end of the year	1,798	1,842	600	212

Proportional changes in other comprehensive income included income and expense recognized directly in equity and related, in addition to currency effects, to changes in the fair value of derivatives in connection with long-term power supply agreements, particularly at the HKZ Investor Holding B.V. joint venture in Arnhem, Netherlands. The company holds shares in the Hollandse Kust Zuid offshore wind farm and manages the power supply agreements with the wind farm.

Changes in the scope of consolidation in 2023 resulted from the reclassification of Changchun Chemetall Chemicals Co., Ltd., Changchun, China.

Additions in 2024 mainly related to the shareholding in the associated company, Nordlicht Offshore Wind GmbH, Hamburg, Germany.

Disposals in 2024 were mainly due to decreases in capital of the associated companies, Shanghai Lianheng Isocyanate Co. Ltd., Shanghai, China, and Markor Meiou Chemical (Xinjiang) Co., Ltd. In addition, disposals in both years included capital reductions for Yara Freeport LLC, Freeport, Texas (associated company).

Transfers in both years primarily included dividend payments by the joint ventures, Heesung Catalysts Corporation, BASF-YPC Company Ltd., Southeast Texas Pipelines LLC, Houston, Texas, and N.E. Chemcat Corporation, Tokyo, Japan.

Additional information on the BASF-YPC Company Ltd. material integral investment accounted for using the equity method

Financial information on BASF-YPC Company Ltd., Nanjing, China (100%)

Million €	Dec. 31, 2024	Dec. 31, 2023
Balance sheet		
Noncurrent assets	846	911
Current assets	943	838
of which cash and cash equivalents	205	261
Assets	1,789	1,749
Equity	1,559	1,492
Noncurrent liabilities	1	5
of which financial indebtedness	–	–
Current liabilities	229	252
of which financial indebtedness	–	–
Total equity and liabilities	1,789	1,749
Statement of income	2024	2023
Sales revenue	2,627	2,537
Amortization/impairments and reversals of impairments	-135	-142
Interest income	5	9
Interest expenses	–	–
Income taxes	-19	-25
Income after taxes and other adjustments to income and expenses	55	76
Changes in other comprehensive income	54	-115

Reconciliation of the carrying amount of the shareholding in BASF-YPC Company Ltd.

Million €	2024	2023
BASF interest	%	
Carrying amount as of the beginning of the year	746	938
Proportional income after taxes and other adjustments to income and expenses	28	38
Proportional changes in other comprehensive income	27	-58
Dividends received	-21	-172
Carrying amount as of the end of the year	780	746

10.2 Non-integral companies accounted for using the equity method

Income from non-integral companies accounted for using the equity method

Million €	2024	2023
Proportional income after taxes	269	-66
Other adjustments to income and expenses including disposal gain from the sale of Wintershall Dea's E&P business	382	-48
Income from non-integral companies accounted for using the equity method	651	-114

The non-integral companies accounted for using the equity method are exclusively associated companies.

On September 3, 2024, BASF completed the sale of Wintershall Dea's exploration and production business (E&P business) to Harbour Energy plc, London, United Kingdom. In return for the transfer of the E&P business, BASF received a cash payment and 39.59% of shares in Harbour Energy. BASF exercises significant influence over Harbour Energy and accounts for the shareholding accordingly using the equity method. Following the transaction, Harbour Energy and Wintershall Dea represent the material non-integral shareholdings accounted for using the equity method.

BASF continues to hold a 72.7% stake in Wintershall Dea, which was converted from a stock corporation (AG) to a limited liability company (GmbH) on September 23, 2024. The remaining shares are held by LetterOne. Wintershall Dea is classified as an associated company because, in addition to BASF and LetterOne, independent members are also represented in the board responsible for decisions about relevant activities and BASF can thus only exercise significant influence.

Stahl Lux 2 S.A., Luxembourg (BASF interest: 16.32%), and CIMO Compagnie industrielle de Monthei S.A., Monthei, Switzerland (BASF interest: 15.0%), are classified as associated companies as BASF is represented in the relevant boards and can thus exercise significant influence over the companies.

Income from non-integral companies accounted for using the equity method increased by €765 million in 2024, mainly due to the gain on the disposal of Wintershall Dea's E&P business to Harbour Energy in the amount of €390 million (before taxes).

The investment in Harbour Energy was initially recorded at the share's closing rate on September 3, 2024, (£2.86) plus the directly attributable acquisition costs. The difference between the carrying amount of the shareholding and Harbour Energy's proportional equity was allocated as part of an external appraisal (purchase price allocation). The portion of the difference allocated to assets will lead to corresponding adjustments to earnings and investment value in subsequent periods. Harbour shares were quoted at £2.55 per share as of December 31, 2024. The market value of the Harbour Energy shares held by BASF was therefore €2,063 million as of the balance sheet date. Because the share price had risen again in the course of January 2025 to values above those on the date of acquisition, there was no significant or lasting decline in fair value.

The shareholding in Wintershall Dea was reviewed for any indication of impairment. There was no indication of impairment.

» For more information on Wintershall Dea and Harbour Energy, see Note 3 from page [344](#) onward and the "Annual Report & Accounts" of Harbour Energy plc.

Reconciliation of carrying amounts of non-integral associated companies accounted for using the equity method

Million €	Associated companies	
	2024	2023
Carrying amounts according to the equity method as of the beginning of the year	4,518	4,645
Proportional income after taxes and other adjustments to income and expenses	262	-120
Proportional changes in other comprehensive income	112	307
Total comprehensive income	373	187
Changes in the scope of consolidation and disposals	-3,512	-24
Additions	2,294	-
Transfers	-262	-291
Carrying amounts according to the equity method as of the end of the year	3,411	4,518

In 2024, **proportional changes in other comprehensive income** included changes in the fair value of derivatives as well as currency effects, primarily at Harbour Energy and Wintershall Dea. The sale of Wintershall Dea's E&P business to Harbour Energy led to differences arising from currency translation in the amount of €43 million and changes in the fair value of derivatives in the amount of €2 million, which were recognized as expenses in the disposal gain.

In 2023, primarily changes in the fair value of derivatives used to hedge gas prices and impairments of Wintershall Dea's shareholdings in Russian companies arose, which are measured at fair value through other comprehensive income in accordance with IFRS 9.

Changes in the scope of consolidation and disposals in 2024 particularly related to the disposal of the carrying amount of the shareholding in Wintershall Dea attributable to the sold E&P business. In 2023, in addition to the sale of the shareholding in Quantafuel ASA, Oslo, Norway, there were adjustments to the scope of consolidation at Wintershall Dea. Disposals in 2023 included capital reductions for the associated company, Stahl Lux 2 SA, Luxembourg.

Additions included the shareholding in Harbour Energy at fair value plus directly attributable incidental acquisition costs.

In both years, **transfers** included dividend payments from Wintershall Dea GmbH (Wintershall Dea AG until September 23, 2024).

Additional information on the Harbour Energy and Wintershall Dea material non-integral shareholdings accounted for using the equity method

The following table contains financial information on the Harbour Energy material non-integral shareholding accounted for using the equity method, including adjustments for fair value made at initial recognition and the resulting effects on earnings.

Financial information on Harbour Energy plc, London, United Kingdom (100%)

	Dec. 31, 2024
Balance sheet	
Noncurrent assets ^a	26,207
Current assets	3,498
of which cash and cash equivalents	775
Assets of disposal groups	267
of which cash and cash equivalents	11
Assets	29,972
Equity attributable to shareholders of Harbour Energy plc	5,150
Subordinate bonds issued by Harbour Energy	1,504
Equity	6,654
Noncurrent liabilities	17,914
of which financial indebtedness	4,057
Current liabilities	5,180
of which financial indebtedness	976
Liabilities of disposal groups	224
of which financial indebtedness	–
Total equity and liabilities	29,972
Statement of income	Sept.-Dec. 2024
Sales revenue	3,335
Depreciation and amortization/impairment and reversals of impairments	-1,325
Interest income	33
Interest expenses	-73
Income taxes	-849
Income after taxes and other adjustments to income and expenses	-151
Changes in other comprehensive income and other changes in equity	320

^a Goodwill from fair value adjustments is shown in the following table.

Reconciliation of the carrying amount of the shareholding in Harbour Energy

	2024
BASF's share of equity attributable to shareholders of Harbour Energy plc	% 39.59
Addition of the carrying amount as of September 3	2,294
of which proportional goodwill from fair value adjustments	498
Proportional income after taxes and other adjustments to income and expenses	-60
Proportional changes in other comprehensive income and other changes in equity	127
Dividends received	–
Carrying amount as of the end of the year	2,361
of which proportional goodwill from fair value adjustments	529

The following table contains financial information on the Wintershall Dea material non-integral shareholding accounted for using the equity method, including adjustments for fair value made at initial recognition and the resulting effects on earnings.

Financial information on Wintershall Dea, Kassel/Hamburg, Germany (100%)

Million €	Dec. 31, 2024	Dec. 31, 2023
Balance sheet		
Noncurrent assets ^a	266	236
Current assets	1,403	1,199
of which cash and cash equivalents	1,186	987
Assets of disposal groups	2	16,767
of which cash and cash equivalents	–	221
Assets	1,671	18,202
Equity attributable to shareholders of Wintershall Dea GmbH ^b	562	2,670
Subordinate bonds issued by Wintershall Dea	–	1,525
Equity	562	4,195
Noncurrent liabilities	522	473
of which financial indebtedness	28	26
Current liabilities	587	574
of which financial indebtedness	246	176
Liabilities of disposal groups	–	12,960
of which financial indebtedness	–	3,126
Total equity and liabilities	1,671	18,202
Statement of income^c	2024	2023
Sales revenue	139	3,292
Depreciation and amortization/impairment and reversals of impairments	39	480
Interest income	85	103
Interest expenses	-20	-27
Income taxes	-44	-200
Income after taxes and other adjustments to income and expenses from continuing operations	41	2
Income after taxes and other adjustments to income and expenses from discontinued operations	426 ^c	-182
Changes in other comprehensive income	-26	424

^a Goodwill resulting from fair value adjustments is shown in the following table.

^b Wintershall Dea AG until September 23, 2024

^c This does not include earnings from the spin-off recognized in Wintershall Dea's financial statements or the effects on earnings resulting from presentation of the assets and liabilities transferred to Harbour Energy as a disposal group (€4,420 million).

Reconciliation of the carrying amount of the shareholding in Wintershall Dea

Million €	2024	2023
BASF's share of equity attributable to shareholders of Wintershall Dea GmbH ^a %	72.70	72.70
Carrying amount as of the beginning of the year	4,251	4,364
of which proportional goodwill from fair value adjustments	2,310	2,306
Disposal of the carrying amount attributable to the business sold to Harbour Energy	-2,956	–
Proportional income after taxes and other adjustments to income and expenses	340	-130
Proportional changes in other comprehensive income	-19	308
Dividends received / capital repayments	-818	-291
Carrying amount as of the end of the year	798	4,251
of which proportional goodwill from fair value adjustments	389	2,310

^a Wintershall Dea AG until September 23, 2024

10.3 Other shareholdings and financial assets

Net income from other shareholdings

Million €	2024	2023
Dividends and similar income	38	44
Income from the disposal of / measurement at fair value of shareholdings	31	9
Income from profit transfer agreements / tax allocation to shareholdings	7	3
Income from other shareholdings	76	55
Expenses from loss transfer agreements	-107	-68
Write-downs to fair value / losses from the sale of shareholdings	-22	-73
Expenses from other shareholdings	-129	-141
Net income from other shareholdings	-53	-86

Net income from other shareholdings in 2024 increased year on year by €33 million. In addition to higher income from the sale of shareholdings, amortization of the fair value of shareholdings was lower in 2024.

Carrying amounts of other financial assets

Million €	Dec. 31, 2024	Dec. 31, 2023
Other shareholdings	533	536
Long-term securities	632	563
Other financial assets	1,165	1,099

11 Financial result

Financial result

Million €	2024	2023
Interest income from cash and cash equivalents	339	299
Interest and dividend income from securities and loans	32	23
Interest income	371	322
Interest expenses	-929	-860
Interest result	-558	-538
Reversals of write-downs on / income from securities and loans	18	40
Net interest income from other long-term personnel obligations	-	-
Income from the capitalization of borrowing costs	147	80
Interest income on income taxes	74	76
Miscellaneous financial income	29	3
Other financial income	267	199
Write-downs on / losses from securities and loans	-7	-11
Net interest expense from underfunded pension plans and similar obligations	-99	-85
Unwinding the discount on other noncurrent liabilities	-19	-18
Interest expenses on income taxes	-7	-8
Miscellaneous financial expenses	-141	-159
Other financial expenses	-271	-281
Other financial result	-5	-82
Financial result	-563	-620

Interest expenses rose primarily because of increased interest rates, the higher balance of financial indebtedness as well as the associated hedging instruments.

The decrease in **reversals of write-downs on / income from securities and loans** resulted from lower income from the fair value measurement of securities.

The higher **miscellaneous financial income** resulted from the measurement of an option issued as part of a divestiture.

Income from the capitalization of borrowing costs rose due to the higher borrowing cost rate and increased volume in qualifying assets mainly from construction of the new Verbund site in Zhanjiang, China.

The decrease in **miscellaneous financial expenses** was primarily due to lower net expenses associated with the translation of loans and the measurement of the corresponding hedging instruments against interest and currency risks.

12 Income taxes

Accounting policies

In Germany, a uniform corporate income tax rate of 15.0% as well as a solidarity surcharge of 5.5% thereon are levied on all distributed and retained earnings. In addition to corporate income tax, income generated in Germany is subject to a trade tax. It varies depending on the municipality in which the company is represented. The weighted average tax rate was 14.6% in 2024 (previous year: 14.6%). The 30% rate used to calculate deferred taxes for German Group companies remained unchanged in 2024. The income of foreign Group companies is assessed using the tax rates applicable in their respective countries.

Deferred taxes are recorded for temporary differences between the carrying amount of assets and liabilities in the financial statements according to IFRS and the carrying amounts for tax purposes as well as for tax loss carryforwards and unused tax credits. These also comprise temporary differences arising from business combinations, with the exception of goodwill. Deferred tax assets and liabilities are calculated using the respective country-specific tax rates applicable for the period in which the asset or liability is realized or settled. Tax rate changes enacted or substantively enacted on or before the balance sheet date are taken into consideration.

Deferred tax assets are offset against deferred tax liabilities provided they are related to the same taxation authority. Surpluses of deferred tax assets are only recognized provided the tax benefits are likely to be realized. The valuation of deferred tax assets is based on the assessment of the ability to utilize tax loss carryforwards and unused tax credits. This depends on whether future taxable profits will exist during the period in which temporary differences are reversed and in which tax loss carryforwards and unused tax credits can be claimed. The assessment of recoverability of deferred tax assets is based on internal projections of the future earnings of the particular taxable entity.

Changes in deferred taxes in the balance sheet are recorded as deferred tax expense or income unless the underlying transaction is recognized directly in equity or in income and expenses recognized in equity. For those effects which have been recognized in equity, changes to deferred tax assets and tax liabilities are also recognized directly in equity.

Deferred tax liabilities are recognized for differences between the proportional IFRS equity and the tax base of the investment in a consolidated subsidiary if a reversal of these differences is expected in the foreseeable future. Deferred tax liabilities are recognized for dividend distributions planned for the following year if these distributions lead to a reversal of temporary differences.

Provisions for German trade tax, corporate income tax and similar income taxes are calculated and recognized based on the expected taxable income of the consolidated companies less any prepayments that have been made. Provisions are set up for interest accrued. This interest is reported under other financial result, not tax expense. Other taxes to be assessed are considered accordingly.

IFRIC 23 clarifies the application of the recognition and measurement policies from IAS 12 when there is uncertainty regarding income tax-related treatment of individual transactions. They are accounted for with the assumption that tax authorities will examine the questionable transaction and have all relevant information. The amount of risk provisions is calculated and reviewed with consideration for the results of past tax audits as well as the legal assessment of not yet audited transactions and the risk of a deviating tax-related interpretation by the tax authorities. The most probable value of the individual risks is recognized.

BASF falls within the scope of the OECD Pillar Two Model Rules. The relevant Pillar Two legislation was enacted in Germany and has been applied since January 1, 2024.

BASF applies the exception in IAS 12 whereby no deferred tax assets or liabilities are recognized in connection with Pillar Two income taxes under the OECD Model Rules; nor are any disclosures regarding the matter provided.

Tax expense and tax rate

The BASF Group tax rate amounted to 29.8% in 2024 and 73.3% in the previous year. In both years, the tax rate was impacted by the nonrecognition of deferred tax assets, especially in Germany.

The application of the Pillar Two legislation resulted in an additional expense of €22 million, which was included in income taxes.

The tax effects of various underlying matters are presented in the following reconciliation of income taxes and the effective tax rate.

Tax expense

Million €	2024	2023
Current tax expense	1,014	1,102
Corporate income tax, solidarity surcharge and trade taxes (Germany)	24	3
Foreign income tax	1,084	1,187
Taxes for prior years	-94	-87
Deferred tax expense (+) / income (-)	-398	-61
From changes in temporary differences	-312	-306
From changes in tax loss carryforwards/unused tax credits	31	-27
From changes in the tax rate	5	-1
From the adjustment of valuation allowances for deferred tax assets	-122	273
Income taxes	616	1,041

Reconciliation of income taxes and the effective tax rate

	2024		2023	
	Million €	%	Million €	%
Income before income taxes	2,069		1,420	
Expected tax based on German tax rate (30%)	621	30.0	426	30.0
Foreign tax rate differential	-241	-11.7	-332	-23.3
Tax-exempt income	-226	-10.9	-128	-9.0
Nondeductible expenses	345	16.7	291	20.5
Income of companies accounted for using the equity method (income after taxes)	-196	-9.5	-23	-1.6
Taxes for prior years (current and deferred taxes)	-72	-3.5	-212	-14.9
Deferred tax liabilities for the future reversal of temporary differences associated with shares in participating interests	-30	-1.4	19	1.4
Changes in the tax rate	5	0.2	-1	-0.1
Nonrecognition / changes in valuation allowances for deferred tax assets	357	17.2	865	60.9
Other	55	2.7	135	9.5
Income taxes / effective tax rate	616	29.8	1,041	73.3

Deferred taxes

Deferred taxes are shown in the following table based on the corresponding balance sheet items.

Deferred tax assets and liabilities 2024

Million €	Jan. 1, 2024, net	Effects recog- nized in income	Effects recog- nized in equity (OCI)	Business combina- tions	Other	Dec. 31, 2024, net	Deferred tax assets	Deferred tax liabilities
Intangible assets	-678	148	7	-1	2	-522	193	-715
Property, plant and equipment	-1,363	42	-64	2	-1	-1,384	172	-1,556
Financial assets	18	-3	-6	-	-6	2	12	-10
Inventories and accounts receivable	-602	122	-15	1	3	-491	330	-821
Provisions for pensions and similar obligations	862	41	-213	-1	-1	688	856	-168
Other provisions and liabilities	1,122	-11	-49	-	3	1,064	1,368	-304
Tax loss carryforwards	163	59	-18	-	1	205	205	-
Other	-44	2	49	-	-	7	53	-46
Deferred tax assets (liabilities) before netting	-522	400	-309	1	1	-431	3,189	-3,620
Netting	-	-	-	-	-	-	-2,615	2,615
Deferred tax assets (liabilities) after netting	-522	400	-309	1	1	-431	574	-1,005

Deferred tax assets and liabilities 2023

Million €	Jan. 1, 2023, net	Effects recog- nized in income	Effects recog- nized in equity (OCI)	Business combina- tions	Other	Dec. 31, 2023, net	Deferred tax assets	Deferred tax liabilities
Intangible assets	-742	101	-35	–	-1	-678	67	-745
Property, plant and equipment	-1,377	-45	57	2	–	-1,363	147	-1,510
Financial assets	-21	44	-7	–	2	18	16	2
Inventories and accounts receivable	-672	33	38	-1	–	-602	365	-967
Provisions for pensions and similar obligations	789	-19	94	–	-1	862	992	-130
Other provisions and liabilities	976	165	-19	–	-1	1,122	1,390	-268
Tax loss carryforwards	370	-203	-4	–	–	163	163	–
Other	15	-20	-39	–	1	-43	9	-54
Deferred tax assets (liabilities) before netting	-663	56	84	–	–	-522	3,149	-3,671
Netting	–	–	–	–	–	–	-2,531	2,531
Deferred tax assets (liabilities) after netting	-663	56	84	–	–	-522	617	-1,140

Deferred tax assets on deductible temporary differences in the amount of €694 million (previous year: €1,057 million) were not recognized in 2024, as their utilization at reversal was not reasonably certain.

No deferred tax liabilities on income or withholding taxes were recognized for temporary differences from undistributed earnings of subsidiaries as these earnings are either not subject to taxation on payout or are expected to be reinvested for an indefinite period of time. The deferred tax liabilities not recognized in this context amounted to €156 million in 2024 (previous year: €175 million).

Tax loss carryforwards

No deferred tax assets were recognized for tax loss carryforwards of €11,825 million (of which €5,046 million relate to German corporate income tax, €5,251 million to German trade tax, and €241 million each to the German interest barrier for corporate income tax and trade tax) in 2024 (previous year: €9,062 million). Of these, €2 million will expire in 2025, €9 million in 2026, €16 million in 2027, €5 million in 2028, €297 million in 2029, and €253 million in 2030 and thereafter. The remaining €11,243 million will not expire.

Net surpluses of deferred tax assets for companies that reported tax losses in 2024 or 2023 totaled €104 million as of December 31, 2024 (previous year: €254 million). Deferred taxes were recognized because, due to planned earnings, the use of temporary differences or loss carryforwards is expected.

Income tax liabilities

Income tax liabilities include assessed income taxes as well as estimated income taxes not yet assessed for the current year.

Contingent liabilities related to income taxes amounted to €89 million (previous year: €97 million).

13 Noncontrolling interests

Noncontrolling interests in profits and losses

Million €	2024	2023
Noncontrolling interests in profits	199	186
Noncontrolling interests in losses	-44	-32
Total	155	154

Noncontrolling interests in profits were higher in 2024 compared with the previous year, primarily at BASF TotalEnergies Petrochemicals LLC, Houston, Texas, due to higher sales prices. **Noncontrolling interests in losses** were higher in 2024 compared with the previous year, primarily at BASF Shanshan Battery Materials (Ningxia) Co, Ltd, Shizuishan, China, due to impairments of property, plant and equipment.

Income and expenses recognized in equity that were attributable to noncontrolling interests totaled €54 million in 2024 and -€74 million in 2023. These effects mainly resulted from currency translation in both years.

Noncontrolling interests

Group company	Partner	Dec. 31, 2024		Dec. 31, 2023	
		%	Million €	%	Million €
BASF India Limited, Mumbai, India	Free float	26.67	110	26.67	90
BASF PETRONAS Chemicals Sdn. Bhd., Kuala Lumpur, Malaysia	PETRONAS Chemicals Group Berhad, Kuala Lumpur, Malaysia	40.00	214	40.00	226
BASF Shanghai Coatings Co., Ltd., Shanghai, China	Shanghai Huayi Fine Chemical Co., Ltd, Shanghai, China	40.00	129	40.00	111
BASF TODA Battery Materials, LLC, Yamaguchi, Japan	TODA KOGYO CORP., Hiroshima, Japan	34.00	33	34.00	38
BASF TotalEnergies Petrochemicals LLC, Houston, Texas	TotalEnergies Petrochemicals & Refining USA, Inc., Houston, Texas	40.00	240	40.00	268
BASF Shanshan Battery Materials Co., Ltd., Changsha, China	Ningbo Yongxiang Investment Co., Ltd., Ningbo, China	49.00	275	49.00	288
Shanghai BASF Polyurethane Company Ltd., Shanghai, China	Shanghai Hua Yi (Group) Co (SHYG), Shanghai, China, and Sinopec Shanghai Gaoqiao Petrochemical Company Limited, Beijing, China	30.00	128	30.00	148
Other			154		199
Total			1,284		1,368

14 Fixed assets

Accounting policies

Intangible assets

Goodwill is only written down in the case of an impairment. Impairment testing for goodwill is performed once a year and whenever there is an indication of impairment. Goodwill impairments are not reversed.

Acquired intangible assets (excluding goodwill) with defined useful lives are generally measured at cost less straight-line amortization and impairments. The useful life is determined using the period of the underlying contract or the period of time over which the intangible asset can be expected to be used.

Intangible assets with indefinite useful lives are mainly trade names and trademarks that have been acquired as part of acquisitions. These are measured at cost and tested for impairment annually or when there is an indication that their value has declined.

Internally generated intangible assets primarily comprise internally developed software. Such software and other internally generated intangible assets are measured at cost and amortized over their estimated useful lives. Impairments are recognized if the carrying amount of an asset exceeds the recoverable amount. In addition to those costs directly attributable to the asset, costs of internally generated intangible assets also include an appropriate portion of overhead costs.

The expected useful lives and amortization methods of intangible assets are based on historical values, plans and estimates.

Depending on the type of intangible asset, amortization is reported under cost of sales, selling expenses, research and development expenses or other operating expenses.

Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation and impairment over their useful lives. The revaluation method is not applied. Low-value assets are fully expensed in the year of acquisition.

The cost of self-constructed plants includes direct costs, appropriate allocations of material and production overhead costs, and a share of the general administrative costs of the divisions involved in the construction of the plants.

Expenses related to the scheduled maintenance of large-scale plants are capitalized separately and depreciated using the straight-line method over the period until the next planned turnaround. Costs for the replacement of components are recognized as assets if an additional future benefit is expected. The carrying amount of the replaced components is derecognized. Costs for maintenance and repair as part of normal business operations are recognized as an expense.

Investment properties held to realize capital gains or rental income are immaterial. They are valued at the lower of fair value or cost less depreciation.

The estimated useful lives and depreciation methods of property, plant and equipment are based on historical values, plans and estimates. The depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Movable and immovable property, plant and equipment are principally depreciated using the straight-line method.

Borrowing costs: If borrowing costs are directly incurred as part of the acquisition, construction or production of a qualifying asset, they are capitalized as part of the acquisition or production cost of that asset. A qualifying asset is an asset for which the process necessary to make it ready for its intended use or sale is longer than one year. Borrowing costs are capitalized up to the date the asset is ready for its

intended use. Borrowing costs were calculated based on a rate of 2.25% (previous year: 1.75%). All other borrowing costs are recognized as an expense in the period in which they are incurred.

Government grants: Government grants for the acquisition or construction of property, plant and equipment reduce the acquisition or construction cost of the respective assets (net method). Other government grants or government assistance are recognized immediately as other operating income or treated as deferred income and released over the underlying period.

Impairment tests

Impairment tests are carried out on intangible assets, property, plant and equipment, and goodwill whenever certain triggering events indicate potential impairment. External triggering events include, for example, changes in customer industries, technologies used and economic downturns, or expected impacts from climate change. Internal triggering events for an impairment test include lower product profitability, planned restructuring measures or physical damage to assets. In addition, goodwill and intangible fixed assets with an indefinite useful life are tested for impairment annually.

Impairment tests entail a comparison of the carrying amount and the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. As a rule, value in use is determined using the discounted cash flow method. The estimation of cash flows and the assumptions used consider all information available on the respective balance sheet date about the future development of the operating business. Actual future developments may vary. Impairment testing relies upon the cash-generating unit's long-term earnings forecasts, which are based on macroeconomic trends.

The weighted average cost of capital (WACC) after taxes based on the capital asset pricing model, which is used in calculating the discount for cash flows, plays an important role in impairment testing. It comprises a risk-free interest rate, the market risk premium and an industry-specific spread for the credit risk. Additional important parameters are the detailed planning period and, if applicable, the terminal growth rates used.

An impairment of assets (excluding goodwill) is recognized if the recoverable amount of the asset is lower than the carrying amount. An impairment is recognized for the difference between the carrying amount and the recoverable amount. If the reasons for impairment of an asset (excluding goodwill) no longer exist, the write-downs are reversed up to the value of the asset, had an impairment not been recognized. Impairments and reversals of impairments are reported in other operating income and expenses.

The **goodwill impairment test** is based on cash-generating units or groups of cash-generating units. At BASF, these largely correspond to the divisions, or in individual cases the business units. If there is a need for impairment, the existing goodwill is, if necessary, completely written off as a first step. If there is further need for impairment, this is allocated to the remaining assets of the cash-generating unit. Goodwill impairments are reported under other operating expenses.

The respective recoverable amounts were generally determined using the value in use. Plans approved by company management and their respective cash flows for the next five years were used.

A terminal value was calculated for the subsequent period using a forward projection from the last detailed planning year as a perpetual annuity. Planning is based on experience, current performance and management's best possible estimates on the future development of individual parameters. These include sales revenue (excluding precious metals), contribution margins, fixed costs and investments from which income from operations before depreciation and amortization and, based on this, the EBITDA margin are determined. Market assumptions regarding, for example, gas and raw materials prices, exchange rates, economic development, inflation expectations and market growth of the respective customer industries are included based on external macroeconomic and industry-specific sources.

In addition, planning is also based on the strategies of the individual strategic business units and divisions which comprise the respective cash-generating units. The digitalization and sustainability trends identified in the strategies are thus taken into account in the respective impairment tests (for more information on strategy and identified digitalization and sustainability trends, see from page [18](#) and from page [24](#) onward in the Combined Management's Report).

14.1 Explanation of intangible assets

The weighted average amortization periods of intangible assets were as follows:

Weighted average amortization in years

	2024	2023
Distribution and similar rights	14	14
Product rights, licenses and trademarks	19	18
Know-how, patents and production technologies	15	16
Internally generated intangible assets	8	6
Other rights and values	7	7

The following table shows the development of intangible assets.

Development of intangible assets 2024

Million €	Distribution and similar rights	Product rights, licenses and trademarks	Know-how, patents and production technologies	Internally generated intangible assets	Other rights and values ^a	Goodwill	Total
Cost							
As of January 1, 2024	2,244	1,309	4,296	323	898	8,269	17,338
Changes in the scope of consolidation	1	–	–	–	–	–	1
Additions	–	2	72	44	14	–	132
Additions from acquisitions	–	–	1	–	–	–	1
Disposals	-226	-21	-102	-41	-148	-4	-541
Transfers	1	–	-9	-10	17	–	-1
Transfers to disposal groups	-86	-4	-40	–	–	-5	-135
Currency effects	40	33	128	1	4	250	455
As of December 31, 2024	1,973	1,319	4,346	317	785	8,510	17,249
Accumulated amortization							
As of January 1, 2024	1,303	319	1,770	196	765	769	5,122
Changes in the scope of consolidation	1	–	–	–	–	–	1
Additions	156	67	333	61	53	–	670
of which impairments	1	5	60	20	1	–	87
Disposals	-226	-21	-104	-41	-139	–	-531
Transfers	–	–	–	–	–	–	–
Transfers to disposal groups	-71	-4	-35	–	–	–	-110
Currency effects	27	7	57	–	3	20	114
As of December 31, 2024	1,190	368	2,021	217	681	789	5,267
Net carrying amount as of December 31, 2024	783	950	2,325	101	103	7,721	11,983

^a Including licenses to such rights and values

Additions in 2024 related primarily to production technologies and internally developed software in the Agricultural Solutions and Surface Technologies segments.

Disposals of intangible assets with a gross carrying amount of €541 million primarily concerned fully amortized assets.

In 2024, additions to **accumulated amortization** contained impairments of €87 million. These related mainly to know-how and production technologies in the Nutrition & Care segment and resulted from the discontinuation of an investment project.

Development of intangible assets 2023

Million €	Distribution and similar rights	Product rights, licenses and trademarks	Know-how, patents and production technologies	Internally generated intangible assets	Other rights and values ^a	Goodwill	Total
Cost							
As of January 1, 2023	2,441	1,346	4,435	296	898	8,490	17,904
Changes in the scope of consolidation	–	–	–	–	–	–	–
Additions	2	2	66	40	33	–	142
Additions from acquisitions	–	–	–	–	–	–	–
Disposals	-129	-18	-102	-13	-37	-8	-307
Transfers	–	–	-16	–	10	–	-6
Transfers to disposal groups	–	–	–	–	–	–	–
Currency effects	-69	-20	-86	–	-6	-214	-396
As of December 31, 2023	2,244	1,309	4,296	323	898	8,269	17,338
Accumulated amortization							
As of January 1, 2023	1,301	279	1,636	180	442	794	4,632
Changes in the scope of consolidation	–	–	–	–	–	–	–
Additions	168	62	265	29	354	–	879
of which impairments	–	–	1	–	266	–	267
Disposals	-129	-18	-96	-13	-27	–	-283
Transfers	–	–	-1	–	1	–	–
Transfers to disposal groups	–	–	–	–	–	–	–
Currency effects	-37	-5	-35	–	-4	-24	-105
As of December 31, 2023	1,303	319	1,770	196	765	769	5,122
Net carrying amount as of December 31, 2023	940	990	2,526	127	132	7,499	12,216

^a Including licenses to such rights and values

In both years, BASF's **goodwill** was allocated to 20 cash-generating units, which are defined either on the basis of business units or at a higher level.

Steering and reporting structures were adjusted with the introduction of the Differentiated Steering concept as of 2024. This also resulted in changes to internal goodwill monitoring. For this reason, the affected cash-generating units in the Coatings, Care Chemicals, Dispersions & Resins, Intermediates and Petrochemicals divisions have since been combined or expanded at a higher level to reflect the adjusted structures. Accordingly, annual impairment tests have been performed in a total of 14 cash-generating units or groups of cash-generating units at division level since 2024.

In the second quarter of 2024, an impairment test was performed for the battery materials cash-generating unit, which is allocated to the Catalysts division, in light of developments in the business environment. The test showed no indications of goodwill impairment as of June 30, 2024.

For the impairment test of the battery materials cash-generating unit as of December 31, 2024, the recoverable amount was determined based on fair value less costs of disposal. Based on the parameters used, this is a level 3 fair value.

It exceeded the unit's value in use. A detailed planning period of ten years was used to reflect expected market developments. A delay in demand for electric vehicles and the associated battery materials is anticipated in the years to come. In the medium term, however, demand for battery materials is expected to grow.

The ongoing transformation of the automotive industry is expected to have a significant impact on the emissions catalyst business, which belongs to the Catalysts (excluding battery materials) cash-generating unit. Because there were no changes in planning assumptions from the previous year, the growth rate for perpetual annuity remained unchanged at -0.7%. Due to higher environmental standards, demand for catalysts is still expected to remain stable in the planning period. In the medium term, the transition from combustion engines to electromobility will lead to a steady decline in demand.

Increased volatility in gas and raw materials prices can be expected during the year due to geopolitical conflicts. For the individual years within the planning period, however, average gas and other raw materials prices are expected to remain stable or decrease slightly. These and other macroeconomic factors such as the further decline in inflation in industrial countries will be accounted for in future business expectations.

Goodwill of cash-generating units or groups of cash-generating units

Cash-generating unit or group of cash-generating units	2024		
	Goodwill	Weighted cost of capital after taxes	Growth rate ^a
Agricultural Solutions division	3,341	6.30%	2.00%
Catalysts division (excluding battery materials)	1,344	7.57%	-0.70%
Battery materials in the Catalysts division	330	7.57%	2.00%
Care Chemicals division	677	6.64%	2.00%
Coatings division	723	7.57%	2.00%
Performance Chemicals division	349	6.84%	2.00%
Other cash-generating units	957	6.64%–7.08%	0.00%–2.00%
Goodwill as of December 31	7,721		

^a Growth rates used in impairment tests to determine terminal values in accordance with IAS 36

Goodwill of cash-generating units

Cash-generating unit	2023		
	Goodwill	Weighted cost of capital after taxes	Growth rate ^a
Agricultural Solutions division	3,236	6.52%	2.00%
Catalysts division (excluding battery materials)	1,297	8.14%	-0.70%
Battery materials in the Catalysts division	317	8.36%	2.00%
Personal Care Ingredients in the Care Chemicals division	504	7.06%	2.00%
Surface Treatment in the Coatings division	688	8.14%	2.00%
Performance Chemicals division	347	8.03%	2.00%
Other cash-generating units	1,109	6.47%–8.56%	0.00%–2.00%
Goodwill as of December 31	7,499		

^a Growth rates used in impairment tests to determine terminal values in accordance with IAS 36

The annual impairment tests of the 14 cash-generating units or groups of cash-generating units were performed as of December 31, 2024. The calculation also takes into account capital structure and the beta factor of the respective peer group as well as the average tax rate of each cash-generating unit. Impairment tests were performed on the units assuming a weighted average cost of capital rate after taxes of between 6.30% and 7.58% (previous year: between 6.47% and 8.56%). This corresponds to a

weighted average cost of capital rate before taxes of between 7.74% and 10.19% (previous year: between 8.12% and 11.33%).

After determining the recoverable amounts for the cash-generating units, the conclusion was that reasonable possible deviations from the key assumptions would not lead to the carrying amount of any unit exceeding the respective recoverable amounts except in the battery materials unit, which is allocated to the Surface Technologies segment.

In the annual impairment test of the battery materials cash-generating unit, a weighted cost of capital after taxes of 7.57% (previous year: 8.36%) and an EBITDA margin from the last detailed planning year were used as the basis to calculate the final value of 11.51% (previous year: 11.84%). The recoverable amount for this unit exceeded the carrying amount by €341 million. The recoverable amount would be equal to the unit's carrying amount if the weighted average cost of capital rose by 0.89 percentage points, the growth rate were 1.77 percentage points lower, or the EBITDA margin in the last detailed planning year used as the basis for calculating the final value were 2.00 percentage points lower.

14.2 Explanation of property, plant and equipment

The weighted average depreciation periods were as follows:

Weighted average depreciation in years

	2024	2023
Buildings and structural installations	18	18
Machinery and technical equipment	10	11
Miscellaneous equipment and fixtures	7	7

The following table shows the development of property, plant and equipment including right-of-use assets recognized by BASF as lessee (for more information on leases, see Note 15 from page [388](#) onward).

Development of property, plant and equipment including right-of-use assets arising from leases in 2024

	Land	Right-of-use land	Buildings	Right-of-use buildings	Machinery and technical equipment	Right-of-use machinery and technical equipment	Miscellaneous equipment and fixtures	Right-of-use miscellaneous equipment and fixtures	Advance payments and construction in progress	Total
Million €										
Cost										
As of January 1, 2024	878	695	12,136	1,129	49,184	759	5,291	1,112	6,701	77,884
Changes in the scope of consolidation	–	–	–	–	1	–	–	–	–	2
Additions	14	23	166	125	771	72	213	208	4,914	6,506
Additions from acquisitions	–	7	40	–	137	1	3	–	–	188
Disposals	-7	-22	-104	-64	-510	-13	-276	-121	-62	-1,180
Transfers	2	–	410	–	1,505	–	163	-1	-2,072	7
Transfers to disposal groups	-11	-1	-54	–	-111	-3	-12	–	-3	-195
Currency effects	7	18	160	17	873	19	80	9	234	1,416
As of December 31, 2024	883	720	12,753	1,207	51,849	834	5,461	1,208	9,712	84,627
Accumulated depreciation										
As of January 1, 2024	49	173	7,665	544	39,936	453	4,138	586	260	53,804
Changes in the scope of consolidation	–	–	–	–	1	–	–	–	–	1
Additions	2	24	547	127	2,504	95	381	191	107	3,978
of which impairments	1	2	162	3	388	1	26	–	108	689
Disposals	–	-22	-98	-47	-499	-12	-249	-115	-60	-1,103
Transfers	–	–	4	–	6	–	7	-1	-19	-3
Transfers to disposal groups	–	–	-25	–	-90	-2	-10	–	–	-127
Currency effects	2	4	102	7	688	10	63	4	–	879
As of December 31, 2024	52	179	8,194	632	42,546	544	4,331	664	288	57,430
Net carrying amount as of December 31, 2024										
	832	541	4,558	575	9,303	290	1,131	544	9,424	27,197

Additions to property, plant and equipment arising from investment projects (excluding leases) amounted to €6,078 million in 2024 (previous year: €5,255 million). Investments were made at the following sites in particular: Zhanjiang, China; Ludwigshafen, Germany; Geismar, Louisiana; Antwerp, Belgium; and Chalampé, France. Material investments included the development of infrastructure and technical equipment at the new Verbund site in Zhanjiang, modification and capacity expansion of the MDI plant in Geismar, and construction of the hexamethylenediamine plant in Chalampé. Investments also included construction of the menthol and linalool plants, construction of the water electrolysis plant as well as modification of the acid chloride and chloroformate plant in Ludwigshafen.

Government grants for funding investment measures reduced asset additions by €73 million (previous year: €48 million).

In 2024, **accumulated depreciation** included impairments in the amount of €694 million (previous year: €883 million) and reversals of impairments to an immaterial extent in the amount of €5 million (previous year: €6 million).

Impairments of €532 million were recognized for technical equipment, buildings and plants under construction in the Surface Technologies segment. These impairments were due to weakened demand and affected mainly production sites in Europe. A further impairment of €34 million was recognized in the Chemicals segment for technical equipment at the production site in Ludwigshafen, Germany, resulting from the worsened expected cost position caused by persistently high gas prices in Europe. The value in use of the remaining partially impaired plants was €244 million. A cost of capital rate after taxes of 7.06% was used in this impairment test. This corresponds to a cost of capital rate before taxes of 11.23%.

Impairments to plants under construction in the amount of €31 million related to discontinued investment projects.

Transfers comprised mainly the reclassification of operation-ready assets from construction in progress to other asset categories.

Transfers to disposal groups included the reclassified amounts for the Food and Health Performance Ingredients business as well as property, plant and equipment for BASF Markor Chemical Manufacturing (Xinjiang) Co., Ltd.

Currency effects increased property, plant and equipment by €537 million and resulted primarily from appreciation of the U.S. dollar and the Chinese renminbi against the euro.

Development of property, plant and equipment including right-of-use assets arising from leases in 2023

	Land	Right-of-use land	Buildings	Right-of-use buildings	Machinery and technical equipment	Right-of-use machinery and technical equipment	Miscellaneous equipment and fixtures	Right-of-use miscellaneous equipment and fixtures	Advance payments and construction in progress	Total
Million €										
Cost										
As of January 1, 2023	939	732	11,855	1,036	48,559	736	5,268	886	5,135	75,145
Changes in the scope of consolidation	–	–	–	–	–	–	–	–	–	–
Additions	1	2	187	169	808	84	180	353	4,080	5,864
Disposals	-35	-4	-183	-53	-995	-40	-241	-118	-100	-1,769
Transfers	1	–	477	–	1,604	-4	168	–	-2,251	-5
Transfers to disposal groups	–	–	–	–	–	–	–	–	–	–
Currency effects	-27	-34	-200	-23	-793	-18	-84	-10	-162	-1,352
As of December 31, 2023	878	695	12,136	1,129	49,184	759	5,291	1,112	6,701	77,884
Accumulated depreciation										
As of January 1, 2023	61	146	7,399	433	39,115	402	4,032	515	76	52,179
Changes in the scope of consolidation	–	–	–	–	–	–	–	–	–	–
Additions	2	35	525	172	2,372	97	394	185	280	4,063
of which impairments	1	13	149	46	355	4	27	2	280	877
Disposals	-13	-2	-157	-47	-961	-35	-231	-108	-85	-1,639
Transfers	–	–	3	–	4	-2	5	–	-10	–
Transfers to disposal groups	–	–	–	–	–	–	–	–	–	–
Currency effects	-1	-7	-105	-14	-593	-10	-62	-6	-1	-797
As of December 31, 2023	49	173	7,665	544	39,936	453	4,138	586	260	53,804
Net carrying amount as of December 31, 2023										
	829	522	4,471	585	9,247	306	1,153	526	6,440	24,080

15 Leases

Accounting policies

A lease is an agreement that conveys the right to control the use of an identified asset for a defined period of time in return for a payment.

Leases can be embedded within other contracts. If separation is required under IFRS, the embedded lease is recorded separately from its host contract and each component of the contract is accounted and measured in accordance with the applicable regulations.

Leases in which BASF is a lessee mainly relate to real estate, transportation and technical equipment.

As lessee, BASF accounts for all leases, recognizing right-of-use assets for leased assets and liabilities for lease agreements subject to the following principles:

- BASF exercises the exemption for lease agreements with a maximum term of 12 months from the date of provision and low-value assets. Low-value assets are generally defined as leased assets worth a maximum of €5,000.
- Lease liabilities are measured at the present value of the remaining lease payments, taking into account the incremental borrowing rate.
- As a general rule, BASF separates non-lease components, such as services, from lease payments.
- A right-of-use asset is generally recognized at the same amount as the lease liability. Differences may arise from the lease payments made prior to the provision of the leased asset, less any lease incentives received.
- After capitalization, the right-of-use asset is generally depreciated over the lease term using the straight-line method.
- A number of leases, particularly for real estate and barges, include extension and termination options. Extension and termination options are taken into account on recognition of the lease liability only if BASF is reasonably certain that these options will be exercised in the future. When contract terms are being determined, consideration is given to all facts and circumstances that offer an economic incentive for exercising extension options or not exercising termination options. Changes in lease terms arising from the exercise of an extension option or non-exercise of a termination option are only considered if sufficient certainty exists. Estimates and expectations which are asserted at the commencement date of the lease liability and the right-of-use asset and pertain to future payments not yet determined on the date of provision are assessed continuously during the lease term. If subsequently improved or changed knowledge influences the expected payment profile over time, the lease liability is remeasured.
- If an existing lease contract is modified, the lease liability and right-of-use asset must be remeasured, provided the modification changes the payment profile (pursuant to the interest and principal plan) or the scope (either quantitatively or time-related) of use of the asset.

Explanation of leases

BASF as lessee

Lease liabilities

Million €	Dec. 31, 2024			Dec. 31, 2023		
	Lease liabilities	Interest portion	Future lease payments	Lease liabilities	Interest portion	Future lease payments
Following year 1	340	53	393	350	51	401
Following year 2	253	44	297	234	39	273
Following year 3	183	39	222	171	32	203
Following year 4	143	32	175	134	29	163
Following year 5	107	27	134	106	26	132
Over 5 years	638	174	812	654	174	828
Total	1,664	369	2,033	1,649	351	2,000

Expenses and income in the statement of income from leases for BASF as lessee

Million €	2024	2023
Interest expenses for lease liabilities	-66	-53
Expenses for variable lease payments not included in the measurement of lease liabilities	-8	-13
Income from sublease agreements	4	2
Expenses for short-term leases	-157	-151
Expenses for leases for low-value assets	-36	-35
Total	-263	-250

There were no significant sale and leaseback transactions in 2024 or 2023.

BASF as lessor

BASF acts as a lessor for finance leases to a minor extent only. Receivables on finance leases were €31 million in 2024 (previous year: €33 million). The leased assets pertained primarily to buildings and production facilities.

Claims arising from operating leases amounted to €243 million in 2024 (previous year: €254 million). As in the previous year, there were no material operating leases for property, plant and equipment.

Future lease payments to BASF from operating lease contracts

Million €	Dec. 31, 2024	Dec. 31, 2023
Following year 1	46	49
Following year 2	38	40
Following year 3	37	38
Following year 4	36	37
Following year 5	36	36
Over 5 years	50	54
Total	243	254

Income from leases for BASF as lessor

Million €	2024	2023
Income from finance leases	2	2
of which financial income from net investments	2	2
Income from operating leases	46	46
of which income from variable lease payments not dependent upon an index or interest rate	–	1
Total	48	48

16 Inventories

Accounting policies

Inventories are measured at acquisition cost or cost of conversion based on the weighted average method. If the sales products' market price or fair value based on net realizable value is lower, the sales products are written down to this lower value. The net realizable value is the estimated price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Inventories may be impaired if the prices of the sales products decline, or in cases of a high rate of days sales of inventory (DSI). Write-downs on inventories are reversed if the reasons for them no longer apply.

In addition to direct costs, cost of conversion includes an appropriate allocation of production overhead costs based on normal utilization rates of the production plants, provided they are related to the production process. Pensions, social services and voluntary social benefits are also included, as well as allocations for administrative costs, provided they relate to the production. Borrowing costs are not included in cost of conversion.

The exception made by IAS 2 for traders is applied to the measurement of precious metals. Accordingly, inventories held for trading purposes are measured at fair value less costs to sell and recognized in the precious metal trading item under miscellaneous current assets. All changes in value are immediately recognized in the statement of income.

Explanation of inventories

Inventories

Million €	Dec. 31, 2024	Dec. 31, 2023
Raw materials and factory supplies	4,602	4,543
Work in progress, finished goods and merchandise	8,980	9,257
Advance payments and services in progress	99	75
Inventories	13,681	13,876

Work in progress, finished goods and merchandise are combined into one item due to production conditions in the chemical industry. Services in progress mainly relate to services not invoiced as of the balance sheet date.

Cost of sales included inventories recognized as an expense amounting to €33,544 million in 2024, and €37,222 million in 2023.

Reversals of write-downs on inventory were recognized in the amount of €52 million in 2024, whereas write-downs on inventory in the amount of €5 million were recognized in 2023. Climate-related risks, as described in Note 1.4 (from page [341](#) onward), did not result in any additional write-downs in either year.

The carrying amount of precious metal inventories held for trading purposes was €702 million as of December 31, 2024 (previous year: €1,139 million).

17 Receivables and miscellaneous assets

Other receivables and miscellaneous assets

Million €	Dec. 31, 2024		Dec. 31, 2023	
	Noncurrent	Current	Noncurrent	Current
Loans and interest receivables	52	119	57	182
Derivatives with positive fair values	395	555	472	580
Receivables from finance leases	29	2	30	3
Receivables from capital equipment of nonconsolidated subsidiaries	42	148	45	142
Receivables from bank acceptance drafts	–	234	–	273
Other	321	271	327	292
Other receivables and assets that qualify as financial instruments	839	1,329	931	1,472
Prepaid expenses	68	264	76	225
Defined benefit assets	1,383	–	170	–
Other tax receivables	51	501	53	600
Employee receivables	–	23	–	29
Precious metal trading items	–	702	–	1,139
Emission rights	–	84	–	5
Other	25	353	28	318
Other receivables and assets that do not qualify as financial instruments	1,527	1,927	327	2,316
Other receivables and miscellaneous assets	2,366	3,256	1,258	3,788

The decrease in current **loans and interest receivables** primarily related to repayments of loans granted to partner companies in China.

The change in noncurrent and current **derivatives with positive fair values** was mainly due to a decline in market value of commodity derivatives on precious metals.

Bank acceptance drafts are used as a means of payment in China. Bank acceptance drafts are issued at a discount to their nominal value. They can be held to maturity, traded or redeemed prematurely at a discount. If BASF discounts a bank acceptance draft with recourse, a liability toward the credit institution is recognized in the amount of the payment received.

Noncurrent **other receivables that qualify as financial instruments** mainly include a receivable from the retrospective initial fund loan to the BASF Pensionskasse (pension fund) as well as receivables from customer financing in North America. Current other receivables that qualify as financial instruments primarily consist of call deposits with banks, receivables from suppliers as well as receivables from customer financing.

Prepaid expenses in 2024 mainly included prepayments of €39 million for operating activities compared with €38 million in 2023, as well as €78 million in prepaid insurance premiums in 2024 compared with €72 million in 2023. Prepayments for license costs increased from €59 million in 2023 to €72 million in 2024.

As in the previous year, **defined benefit assets** were recognized in 2024 mainly at Group companies in Germany, Switzerland and the United Kingdom. An asset ceiling was in effect in 2024 and 2023 for pension plans in Switzerland (for more information, see Note 21 from page [400](#) onward).

The change in current **other tax receivables** was largely attributable to the decrease in sales tax receivables.

Precious metal trading items primarily comprise physical items, precious metal accounts as well as long positions in precious metals, most of which were hedged through forward sales or derivatives.

Emission rights granted free of charge by the German Emissions Trading Authority (DEHSt) or a comparable authority in other countries are recognized in the balance sheet at a value of zero. Certificates purchased on the market are capitalized at cost and reported as other assets. Emission rights purchased on the market are subsequently measured at amortized cost. If the fair value is lower than the carrying amount on the balance sheet date, the emission rights are impaired.

The rise in current **other receivables and assets that do not qualify as financial instruments** resulted mainly from higher advance payments.

The table below presents the gross values and credit risks for trade accounts receivable other than trade accounts receivable measured at fair value through profit or loss, and other receivables as of December 31, 2024.

Gross carrying amounts of receivables (financial instruments)

Million €	Equivalence to external rating ^a	Accounts receivable, trade			Other receivables ^b		
		Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
High/medium credit rating	from AAA to BBB–	6,258	23	532	1	113	
Low credit rating	from BB– to D	3,808	259	543	33	47	
Gross carrying amount as of December 31, 2024		10,066	282	1,075	33	161	
High/medium credit rating	from AAA to BBB–	6,430	6	602	8	118	
Low credit rating	from BB– to D	3,674	256	596	27	67	
Gross carrying amount as of December 31, 2023		10,104	262	1,198	35	186	

^a Standard & Poor's rating

^b Other receivables (financial instruments) subject to the impairment model according to IFRS 9

There are currently no significant credit risks (or a concentration thereof) associated with other financial instruments.

Valuation allowances on receivables (financial instruments) 2024

Million €	As of Jan. 1, 2024	Additions	Releases	Reclassification between stages		Translation adjustment	As of Dec. 31, 2024
				-	-		
Accounts receivable, trade	269	129	-97	-1	-12		288
of which stage 2	38	42	-37	-	-		43
stage 3	231	87	-60	-1	-12		245
Other receivables	157	18	-34	-	1		142
of which stage 1	7	3	-2	-	-		8
stage 2	-	-	-	-	-		-
stage 3	150	14	-32	-	1		133
Total	426	147	-131	-1	-11		430

Valuation allowances on receivables (financial instruments) 2023

Million €	As of Jan. 1, 2023	Additions	Releases	Reclassification between stages	Translation adjustment	As of Dec. 31, 2023
Accounts receivable, trade	319	134	-181	1	-4	269
of which stage 2	44	61	-66	1	-2	38
stage 3	275	73	-115	–	-2	231
Other receivables	118	58	-18	–	-1	157
of which stage 1	4	5	-2	–	–	7
stage 2	1	–	-1	–	–	–
stage 3	113	53	-15	–	-1	150
Total	437	192	-199	1	-5	426

Payment terms are generally agreed upon individually with customers and, as a rule, are within 90 days. In 2024, valuation allowances of €129 million (previous year: €134 million) were added for trade accounts receivable, and valuation allowances of €97 million (previous year: €181 million) were reversed.

In 2024, valuation allowances of €18 million were recognized for other receivables that qualify as financial instruments, and valuation allowances of €34 million were reversed. In the previous year, valuation allowances of €58 million were recognized and valuation allowances of €18 million were reversed (for more information, see Note 25 from page [412](#) onward).

18 Capital, reserves and retained earnings

Subscribed capital

BASF SE has only issued fully paid-up registered shares with no par value. There are no preferential rights or other restrictions.

The subscribed capital of BASF SE as of December 31, 2024 and December 31, 2023, was €1,142 million, divided into 892,522,164 qualifying shares with no par value.

Share buyback / treasury shares

By way of a resolution of the Annual Shareholders' Meeting of April 29, 2022, the Board of Executive Directors was authorized to buy back shares until April 28, 2027, in accordance with section 71(1) no. 8 of the German Stock Corporation Act (AktG).

The buyback may not exceed 10% of the company's share capital at the time the resolution was passed and can take place via the stock exchange, a public purchase offer addressed to all shareholders, or a public invitation to the shareholders to submit sales offers.

The Board of Executive Directors is authorized to redeem the shares bought back without a further resolution of the Annual Shareholders' Meeting and to reduce the share capital by the proportion of the share capital accounted for by the redeemed shares. The Board of Executive Directors can also redeem the shares without reducing the share capital so that the proportion of the other shares in relation to the share capital is increased through the redemption. In that event, the Board of Executive Directors is authorized to adjust the number of shares in the Statutes.

The share buyback authorization was not utilized in 2024.

Authorized capital

In accordance with the resolution of the Annual Shareholders' Meeting of May 3, 2019, the Board of Executive Directors was authorized, with the consent of the Supervisory Board, to increase, until May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470 million by issuing new shares against contributions in cash or in kind and thereby to also exclude shareholders' statutory subscription right in certain cases (Authorized Capital 2019). This authorization was not exercised. It expired on May 2, 2024.

To enable the company to cover its future financial needs quickly and flexibly, new authorized capital was created against contributions in cash or in kind with the option to exclude the subscription right.

In accordance with the resolution of the Annual Shareholders' Meeting of April 25, 2024, the Board of Executive Directors was authorized, with the consent of the Supervisory Board, to increase the company's share capital by a total of up to €300 million on a one-off basis or in portions on a number of occasions until April 24, 2029, by issuing new registered shares with no par value against contributions in cash or in kind, and thereby to also exclude shareholders' statutory subscription right in certain cases (Authorized Capital 2024).

The total shares issued on the basis of the above authorization with the exclusion of the shareholders' subscription right in the case of capital increases in return for contributions in cash or in kind must not exceed 10% of the share capital at the time that this authorization comes into effect or – if this value is lower – at the time of its exercise.

Shares issued during the term of this authorization on the basis of other capital measures excluding the subscription right must be credited against the aforementioned ceiling of 10%.

This new authorization was also not exercised in 2024.

Conditional capital

At the Annual Shareholders' Meeting on April 29, 2022, the Board of Executive Directors was authorized, with the approval of the Supervisory Board, up to April 28, 2027, on a one-off basis or in portions on more than one occasion to issue bearer or registered convertible bonds and/or bonds with warrants or a combination of these instruments with or without maturity limitations with a total nominal value of up to €10 billion and to grant or impose holders and/or creditors of these debt instruments conversion or option rights for up to 91,847,800 registered shares in the company with a pro rata amount of share capital of up to €117,565,184 subject to the respective terms and conditions of the debt instruments. The debt instruments can be issued in exchange for contributions in cash, but also for contributions in kind, particularly shareholdings in other companies.

To hedge the subscription right to conversion and option rights issued under the authorization, the share capital was increased conditionally by up to €117,565,184 with the option of issuing a maximum of 91,847,800 new registered BASF shares. The conditional capital increase shall only be carried out to the extent to which holders of convertible bonds or warrants attached to bonds with warrants issued by the company or one of its subsidiaries up to April 28, 2027, under the authorization granted to the Board of Executive Directors, exercise their conversion or option rights and/or fulfill their conversion or option obligations, and provided that no other forms of fulfillment of delivery are used. The new BASF shares shall be issued at the conversion or option prices determined in each case in the terms and conditions of the debt instruments and/or the warrants in accordance with the above-mentioned authorization. The new BASF shares issued under this provision shall participate in profits from the beginning of the financial year in which they are issued. This authorization had also not been exercised as of the end of the 2024 fiscal year.

Capital reserves

Capital reserves include effects from BASF's share program, premiums from capital increases and consideration for warrants and negative goodwill from the capital consolidation resulting from acquisitions of subsidiaries in exchange for the issue of BASF SE shares at par value. In 2024, the valuation of BASF shares in connection with the BASF "plus" share program led to a decline in capital reserves of €0 million. In the previous year, capital reserves decreased by €9 million.

Retained earnings

Retained earnings include earnings generated in the past and in 2024 by companies included in the Consolidated Financial Statements.

Retained earnings

Million €	Dec. 31, 2024	Dec. 31, 2023
Legal reserves	1,088	1,066
Other retained earnings	29,795	31,450
Retained earnings	30,883	32,517

Legal reserves rose by €22 million in 2024 and by €35 million in 2023 due to reclassifications from other retained earnings.

As part of the sale of Wintershall Dea's E&P business to Harbour Energy plc, London, United Kingdom, the amount of €90 million from the remeasurement of defined benefit plans was reclassified to retained earnings in 2024. In 2023, the amount of €59 million from the remeasurement of defined benefit plans was reclassified to retained earnings.

Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting of April 25, 2024, BASF SE paid a dividend of €3.40 (previous year: €3.40) per qualifying share from the retained profit of the 2023 fiscal year. With 892,522,164 (previous year: 892,522,164) qualifying shares, this represented total dividends of €3,035 million (previous year: €3,035 million). The remaining €4,399 million (previous year: €814 million) in retained profits was allocated to retained earnings.

19 Other comprehensive income

Accounting policies

The expenses and income shown in other comprehensive income are divided into two categories: items that will be recognized in the income statement in the future (known as "recycling") and items that will not be reclassified to the income statement in the future. The first category includes gains and losses from currency translation, the measurement of certain securities classified as debt instruments, and changes in the fair value of derivatives held to hedge future cash flows. Items that will not be reclassified to the income statement at a future date include effects from the remeasurement of defined benefit plans.

Remeasurement of defined benefit plans

In 2024, changes in the value of defined benefit plans led to an increase in other comprehensive income of €1,477 million (after taxes of €273 million) of which €23 million related to investments accounted for using the equity method. In addition, the amount of €90 million was reclassified to retained earnings in connection with the sale of the E&P business of Wintershall Dea AG (Wintershall Dea GmbH since September 23, 2024), Kassel/Hamburg, Germany, to Harbour Energy plc, London, United Kingdom, which is accounted for using the equity method. In addition, the change in BASF's share of assets in BASF Pensionskasse as a multi-employer plan resulted in a decrease in other comprehensive income of €98 million. In 2023, there was a decrease in other comprehensive income of €591 million (after taxes of €100 million); of that amount, €16 million related to investments accounted for using the equity method (for more information, see Note 21 from page [400](#) onward).

Currency translation

Differences resulting from currency translation led to an increase in equity by a total of €782 million in 2024; of that amount, €215 million related to investments accounted for using the equity method. These amounts include the reclassification of an expense of €43 million to the income statement in connection with the sale of Wintershall Dea's E&P business. In addition, €10 million was reclassified as profit in the income statement in connection with the liquidation of a fully consolidated company.

In the previous year, equity was reduced by €1,220 million; of that amount, €234 million related to investments accounted for using the equity method.

In 2024, the differences resulted mainly from the appreciation of the U.S. dollar relative to the euro. In 2023, the differences were mainly due to the depreciation of the U.S. dollar and the Chinese renminbi relative to the euro.

Measurement of securities at fair value

Measurement of debt instruments at fair value led to a decrease in other comprehensive income of €1 million in 2024. The €172 million decrease in 2023 resulted from impairments of equity instruments measured at fair value through other comprehensive income pursuant to IFRS 9 in the amount of €180 million at Wintershall Dea, which is accounted for using the equity method.

Cash flow hedges

Changes in the fair value of derivatives designated in hedging relationships (cash flow hedges) adjusted for deferred taxes in the amount of €7 million reduced equity by a total of €114 million, including €100 million for hedging of future cash flows at shareholdings accounted for using the equity method. In the previous year, changes in fair value adjusted for deferred taxes in the amount of €8 million increased equity by a total of 570€ million; this included €588 million for the hedging of future cash flows at shareholdings accounted for using the equity method.

As part of the sale of Wintershall Dea's E&P business, €2 million from cumulative changes in the fair value of derivatives was reclassified to the income statement as an expense in 2024.

20 Liabilities

Financial indebtedness

Million €	Currency	Nominal value (million, currency of issue)	Effective interest rate	Carrying amounts based on effective interest method	
				Dec. 31, 2024	Dec. 31, 2023
BASF SE					
2.500% Bond 2014/2024	EUR	500	2.60%	–	500
1.750% Bond 2017/2025	GBP	300	1.87%	362	345
0.875% Bond 2018/2025	EUR	750	0.97%	750	749
3.675% Bond 2013/2025	NOK	1,450	3.70%	123	129
0.750% Bond 2022/2026	EUR	1,000	0.82%	999	999
0.250% Bond 2020/2027	EUR	1,000	0.32%	998	998
0.875% Bond 2017/2027	EUR	1,000	1.04%	995	994
3.125% Bond 2022/2028	EUR	750	3.27%	747	746
2.670% Bond 2017/2029	NOK	1,600	2.69%	136	142
0.875% Bond 2019/2029	EUR	250	1.01%	249	248
4.000% Bond 2023/2029	EUR	500	4.08%	499	498
1.500% Bond 2018/2030	EUR	500	1.63%	497	496
1.500% Bond 2016/2031	EUR	200	1.58%	199	199
1.500% Bond 2022/2031	EUR	1,000	1.53%	998	998
0.875% Bond 2016/2031	EUR	500	1.01%	496	495
2.370% Bond 2016/2031	HKD	1,300	2.37%	161	151
4.250% Bond 2023/2032	EUR	500	4.30%	498	498
3.750% Bond 2022/2032	EUR	750	3.85%	745	745
1.450% Bond 2017/2032	EUR	300	1.57%	298	297
3.000% Bond 2013/2033	EUR	500	3.15%	495	494
2.875% Bond 2013/2033	EUR	200	2.96%	199	199
4.000% Bond 2018/2033	AUD	160	4.24%	94	97
4.500% Bond 2023/2035	EUR	500	4.54%	498	498
1.625% Bond 2017/2037	EUR	750	1.73%	741	740
3.250% Bond 2013/2043	EUR	200	3.27%	200	200
1.025% Bond 2018/2048	JPY	10,000	1.03%	61	64
U.S. private placement 3.890% series A 2013/2025	USD	250	3.92%	241	226
U.S. private placement 4.090% series B 2013/2028	USD	700	4.11%	673	633
U.S. private placement 5.520% 2024/2030	USD	350	5.64%	336	–
U.S. private placement 5.670% 2024/2033	USD	250	5.78%	240	–

U.S. private placement 5.710% 2024/2034	USD	400	5.82%	384	–
U.S. private placement 4.430% series C 2013/2034	USD	300	4.45%	288	271
U.S. private placement 5.810% 2024/2036	USD	200	5.92%	192	–
U.S. private placement 5.910% 2024/2039	USD	300	6.01%	288	–
BASF Finance Europe N.V.					
3.625% Bond 2018/2025	USD	200	3.69%	192	181
0.750% Bond 2016/2026	EUR	500	0.88%	499	498
BASF Ireland DAC					
2.390% Panda Bond	CNY	2,000	2.39%	263	–
BASF Corporation					
6.950% Bond 1998/2028	USD	120	6.95%	118	112
Bonds and other liabilities to the capital market				15,751	14,438
Liabilities to credit institutions				6,011	4,830
Financial indebtedness				21,762	19,268

Breakdown of financial indebtedness by currency

Million €	Dec. 31, 2024	Dec. 31, 2023
Euro	14,228	15,408
U.S. dollar	3,281	1,735
Chinese renminbi	2,515	424
Pound sterling	362	345
Japanese yen	274	221
Norwegian krone	258	271
Hong Kong dollar	161	151
South African rand	102	80
Australian dollar	94	97
Indonesian rupiah	67	48
Brazilian real	45	64
Thai baht	20	39
Turkish lira	8	60
Indian rupee	–	60
Argentine peso	–	7
Other currencies	345	260
Total	21,762	19,268

Maturities of financial indebtedness

Million €	Dec. 31, 2024	Dec. 31, 2023
Following year 1	2,639	2,182
Following year 2	2,723	1,904
Following year 3	2,662	2,681
Following year 4	1,875	2,383
Following year 5	982	1,818
Following year 6 and maturities beyond this year	10,880	8,300
Total	21,762	19,268

Liabilities to credit institutions

Liabilities to credit institutions increased from €4,830 million as of December 31, 2023, to €6,011 million as of December 31, 2024. The weighted average interest rate on loans amounted to 3.9% in 2024, compared with 4.2% in 2023.

In 2023, BASF Integrated Site (Guangdong) Co. Ltd., China, signed a 40 billion Chinese renminbi syndicated bank term loan facility with a maturity of 15 years for its Verbund site in Zhanjiang, and had utilized an amount of 17 billion Chinese renminbi (€2,130 million) as of December 31, 2024. When drawn, the interest rate is variable.

Unused credit lines

BASF SE had committed and unused credit lines, when drawn with variable interest rates, amounting to €6,000 million as of December 31, 2024 (previous year: €6,000 million).

Other liabilities

Other liabilities

Million €	Dec. 31, 2024		Dec. 31, 2023	
	Noncurrent	Current	Noncurrent	Current
Derivatives with negative fair values	77	249	135	192
Liabilities from leases	1,323	340	1,299	350
Loan and interest liabilities	10	561	16	415
Advances received on future orders	–	727	–	779
Miscellaneous liabilities	46	934	45	560
Other liabilities that qualify as financial instruments	1,456	2,811	1,496	2,297
Liabilities related to social security	31	94	39	100
Employee liabilities	21	297	23	335
Liabilities from precious metal trading positions	–	15	–	43
Contract liabilities	108	30	141	36
Deferred income	109	46	19	38
Miscellaneous liabilities	19	422	21	441
Other liabilities that do not qualify as financial instruments	289	904	243	994
Other liabilities	1,744	3,714	1,739	3,291

Miscellaneous liabilities that qualify as financial instruments include, among others, liabilities arising from unpaid dividends and profit and loss transfer agreements and liabilities arising from cash-pooling accounts with nonconsolidated Group companies. The rise was particularly due to the out-of-court settlement of the multidistrict litigation proceedings in connection with AFFF products in the United States which becomes due for payment in 2025 (for more information, see Note 23 from page [411](#) onward).

The majority of **contract liabilities** have terms of up to five years. Of the contract liabilities reported as of December 31, 2024, €43 million are expected to be recognized as revenue in 2025.

Carrying amounts of assets used to secure liabilities

Million €	Dec. 31, 2024		Dec. 31, 2023	
	To secure			
liabilities to credit institutions			12	13
accounts payable, trade			6	4
other liabilities			54	41
Carrying amounts of assets used			71	58

Liabilities to credit institutions were secured primarily with registered land charges. Secured **other liabilities** relate primarily to derivatives with negative fair values that are secured with cash. This results in recognition of receivables under other receivables and miscellaneous assets.

21 Provisions for pensions and similar obligations

Economic and legal environment of the plans

In addition to state pension plans, most employees are granted company pension benefits from either defined contribution or defined benefit plans. Benefits generally depend on years of service, contributions or compensation, and take into consideration the legal framework of labor, tax and social security laws of the countries where the companies are located. To limit the risks of changing financial

market conditions as well as demographic developments, employees have, for a number of years now, been almost exclusively offered defined contribution plans for future years of service.

The Group Pension Committee monitors the risks of all pension plans of the Group with regard to the financing of pension commitments and the portfolio structure of existing plan assets. The organization, responsibilities, strategy, implementation and reporting requirements are documented for the units involved.

In some countries – especially in Germany, the United States, the United Kingdom and Switzerland – there are pension obligations subject to government supervision or similar legal restrictions. For example, there are minimum funding requirements to cover pension obligations, which are based on actuarial assumptions and differ from those pursuant to IAS 19. Furthermore, there are qualitative and quantitative restrictions on allocating plan assets to certain asset categories. This could result in annual fluctuations in employer contributions, financing measures and the assumption of obligations in favor of the pension funds to comply with regulatory requirements.

The obligations and the plan assets used to fund the obligations are exposed to demographic, legal and economic risks. Economic risks are primarily due to unforeseen developments on commodity and capital markets. They affect, for example, pension adjustments based on the level of inflation in Germany and in the United Kingdom, as well as the impact of discount rates on the amount of the defined benefit obligation.

The strategy of the BASF Group with regard to financing pension commitments takes into account country-specific supervisory and tax regulations.

In some countries, pension benefits were granted for which the employer has a subsidiary liability. Pension benefits in a number of countries include minimum interest guarantees to a limited extent. If the pension fund cannot generate the income needed to provide the minimum guarantee, this guarantee must be provided by the employer under the subsidiary liability. To the extent that recourse to the employer is unlikely based on the structure and execution of the pension benefits as well as the asset situation of the pension fund, these plans are treated as defined contribution plans.

Accounting policies

With regard to pensions and similar obligations, a distinction is made between defined benefit and defined contribution plans. In the case of defined contribution plans, current contributions are recognized as an expense.

In the case of defined benefit obligations, provisions for pensions are calculated on an actuarial basis in accordance with the projected unit credit method. Assumptions relating to the following valuation parameters, among others, are used: future developments in compensation, pensions and inflation, employee turnover and the life expectancy of beneficiaries. Actuarial reports are used to calculate the amount of pension provisions. Obligations are discounted based on the market yields on high-quality corporate fixed-rate bonds. Pension provisions are recognized as a net defined benefit liability if the discounted benefit obligation exceeds the plan assets used to cover it.

A plan asset surplus exists if a defined benefit plan's assets exceed the plan's obligations. IAS 19 requires the employer to test any such surplus for impairment. If no economic benefit (for example, reduced contributions or a refund) to the company is present, an asset ceiling must be reported. Such an asset ceiling was applied to the BASF Group's Swiss pension plans in 2024 and 2023.

Similar obligations, especially those arising from commitments by North American Group companies to pay the healthcare costs and life insurance premiums of retired staff and their dependents, are reported under provisions for similar obligations.

The assumptions used to ascertain the defined benefit obligation as of December 31 are used in the following year to determine the expenses for pension plans.

Actuarial gains and losses from changes in estimates relating to the actuarial assumptions used to calculate defined benefit obligations, the difference between standardized and actual returns on plan assets, as well as the effects of the asset ceiling are recognized directly in equity as other comprehensive income.

The interest on the net defined benefit liability at the beginning of the year is recognized in the financial result. This is the difference between the interest cost of the defined benefit obligation and the standardized interest return on plan assets as well as the interest cost for the asset ceiling. Net interest expense of the respective fiscal year is based on the discount rate and the defined benefit obligation at the beginning of the year. The expected contribution payments and benefits paid over the course of the fiscal year are taken into account when determining net interest.

The standardized return on pension assets is determined by multiplying plan assets at the beginning of the year by the discount rate used for existing defined benefit obligations at the beginning of the year, taking into account benefits paid from plan assets and contributions to plan assets during the year.

Description of the defined benefit plans

The following section describes the typical plan structure in the individual countries. Different arrangements may exist, in particular due to the assumption of plans as part of acquisitions; however, these do not have any material impact on the description of plans in the individual countries.

Germany

For BASF SE and German Group companies, a basic level of benefits is provided by BASF Pensionskasse VVaG, a legally independent plan, which is financed by employer and employee contributions as well as the return on plan assets. BASF SE ensures the necessary contributions to adequately finance the benefits promised by BASF Pensionskasse VVaG. Some of the benefits financed via BASF Pensionskasse VVaG are subject to adjustments that must be borne by its member companies to the extent that these cannot be borne by BASF Pensionskasse VVaG due to the regulations imposed by the German supervisory authority. In 2004, the basic benefit plan was closed for newly hired employees at German BASF companies and replaced by a defined contribution plan. A new defined contribution plan was introduced as of July 1, 2021, for new hires in the German BASF companies. At BASF SE, occupational pension promises that exceed the basic level of benefits are financed under a contractual trust arrangement by BASF Pensionstreuhand e.V.; at German Group companies, these benefits are financed primarily via pension provisions. As of 2022, new employees receive a securities-based pension award while other employees are granted benefits primarily based on cash balance plans. Furthermore, employees are given the option of participating in various deferred compensation schemes.

United States

Employees are granted benefits based on defined contribution plans.

Effective 2010, the existing defined benefit plans were closed to further increases in benefits based on future years of service, and benefits earned in the past were frozen. There is no entitlement to pension adjustments to compensate for cost-of-living increases.

The legal and regulatory frameworks governing the plans are based on the U.S. Employee Retirement Income Security Act (ERISA), which requires the plan sponsor to ensure a minimum funding level. Any employer contributions necessary to meet the minimum funding level are based on the results of an actuarial valuation. Furthermore, there are unfunded pension plans that are not subject to ERISA requirements.

Additional similar obligations arise from plans that assume the healthcare costs and life insurance premiums of retired employees and their dependents. Such plans have been closed to new entrants since 2007. In addition, the amount of the benefits for such plans has been frozen.

Switzerland

The employees of the BASF Group in Switzerland receive a company pension, which is financed through a pension fund by employer and employee contributions as well as the return on plan assets. The pension plans are accounted for as defined benefit plans, as the obligatory minimum pension guaranteed by law under the Swiss Pension Fund Act (BVG) is included in the scheme. All benefits vest immediately. According to government regulations, the employer is obligated to make contributions, so that the pension funds are able to grant the minimum benefits guaranteed by law. The pension funds are managed by boards, where employer and employees are equally represented, which steer and monitor the benefit plans and asset allocation.

United Kingdom

Employees are granted benefits based on a defined contribution plan.

The BASF Group also maintains defined benefit plans in the United Kingdom, which have been closed for further increases based on future years of service. Adjustments to compensate for increases in the cost of living until the beginning of retirement are legally required for beneficiaries of defined benefit plans.

The financing of the pension plans is determined by the provisions of the regulatory authority for pensions and the relevant social and labor law requirements. The defined benefit plans are administered by a trust company, whose Board of Trustees, according to the trustee agreement and law, represents the interests of the beneficiaries and ensures that the benefits can be paid in the future. The required funding is determined using technical valuations according to local regulations every three years.

Other countries

For Group companies in other countries, defined benefits are covered in some cases by pension provisions, but mainly by external insurance companies or pension funds.

Actuarial assumptions

The valuation of the defined benefit obligation is based on the following key assumptions:

Actuarial assumptions

%	Assumptions used to determine the defined benefit obligation as of December 31							
	Germany		United States		Switzerland		United Kingdom	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate	3.40	3.20	5.50	5.00	0.80	1.30	5.40	4.50
Projected pension increase	2.00	2.20	-	-	-	-	3.10	3.20

%	Assumptions used to determine expenses for pension benefits in the respective business year							
	Germany		United States		Switzerland		United Kingdom	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate	3.20	3.70	5.00	5.30	1.30	2.20	4.50	4.80
Projected pension increase	2.20	2.20	-	-	-	-	3.20	3.40

The discount rates for material pension obligations in Germany, the United States, Switzerland and the United Kingdom are usually determined based on the standard Willis Towers Watson approach (e.g. WTW RATE:Link model).

The majority of domestic pension obligations are subject to legally required regular adjustments to current pension payments based on interim inflation developments. The effects of the next scheduled pension adjustment on January 1, 2025, are reflected in the scope of obligations as of December 31, 2024. The long-term inflation assumption as of December 31, 2024, was 2.00% (previous year: 2.20%).

The valuation of the defined benefit obligation is generally performed using the most recent actuarial mortality tables as of December 31 of the respective business year. Modified Heubeck 2018G mortality tables were used to calculate obligations in Germany until 2023. In the reporting year, BASF's obligations in Germany were reviewed, leading to the conversion to the standard Heubeck 2018G mortality tables, as the prerequisites for a BASF modification could no longer be validated. Furthermore, in 2024 the mortality tables for obligations in the United Kingdom were changed from SAPSS3 to SAPSS4.

Actuarial mortality tables (significant countries) as of December 31, 2024

Germany	Heubeck Richttafeln 2018G
United States	Pri-2012 base mortality tables with Scale MP-2021 projection
Switzerland	BVG 2020 generational with CMI 2018 mortality improvement
United Kingdom	SAPSS4 (standard actuarial mortality tables for self-administered plans (SAPS))

Sensitivity analysis

A change in the material actuarial assumptions would have the following effects on the defined benefit obligation:

Sensitivity of the defined benefit obligation as of December 31

Million €	Increase by 0.5 percentage points		Decrease by 0.5 percentage points	
	2024	2023	2024	2023
Discount rate	-1,239	-1,303	1,386	1,459
Projected pension increase	1,036	1,026	-863	-867

An alternative valuation of the defined benefit obligation was performed to determine how changes in the underlying assumptions influence the amount of the defined benefit obligation. A linear extrapolation of these amounts based on alternative changes in the assumptions as well as an addition of combined changes in the individual assumptions is not possible.

Explanation of the amounts in the statement of income and balance sheet

Composition of expenses for pension benefits

Million €	2024	2023
Expenses for defined benefit plans	245	235
Expenses for defined contribution plans	309	330
Expenses for pension benefits (recognized in income from operations)	554	565
Net interest expense from underfunded pension plans and similar obligations	161	136
Net interest income from pension plans	-70	-65
Unwinding the discount on asset ceiling	5	10
Expenses for pension benefits (recognized in the financial result)	96	81

Development of defined benefit obligations

Million €	2024	2023
Defined benefit obligation as of January 1	23,213	21,670
Current service cost	252	235
Past service cost	-7	0
Settlements / plan adjustments	-	-16
Interest cost	760	811
Benefits paid	-1,109	-1,118
Employee contributions	35	36
Actuarial gains/losses	-1,287	1,415
of which adjustments relating to financial mathematical assumptions	-949	1,291
of which adjustments relating to demographic assumptions	-58	-28
of which experience adjustments	-276	152
Effects from acquisitions and divestitures	-21	-
Addition of defined benefit plans that so far have been accounted for as defined contribution plans	-	156
Other changes	-64	0
Currency effects	192	24
Defined benefit obligation as of December 31	21,964	23,213

As of December 31, 2024, the weighted average duration of the defined benefit obligation amounted to 12.3 years (previous year: 12.9 years).

Development of plan assets

Million €	2024	2023
Plan assets as of January 1	20,880	20,083
Standardized return on plan assets	670	740
Deviation between actual and standardized return on plan assets	452	670
Employer contributions	193	140
Employee contributions	35	36
Benefits paid	-851	-995
Effects from acquisitions and divestitures	–	–
Settlements / plan adjustments	–	-17
Addition of defined benefit plans that so far have been accounted for as defined contribution plans	–	155
Change in the share of assets attributable to BASF Group in BASF Pensionskasse VVaG as a multi-employer plan	-98	-39
Other changes	-77	29
Currency effects	146	79
Plan assets as of December 31	21,350	20,880

Through continuous monitoring of the financing requirements of its pension plans, BASF strives to achieve the necessary yields to fill financing gaps over the course of time. Company contributions for 2025 are currently expected to be around €190 million.

Development of net defined benefit liability

Million €	2024	2023
Net defined benefit liability as of January 1	-2,726	-2,018
Current service cost	-252	-235
Past service cost	7	0
Settlements / plan adjustments	–	-1
Interest cost	-760	-811
Standardized return on plan assets	670	740
Deviation between actual and standardized return on plan assets	452	670
Actuarial gains/losses of the defined benefit obligation	1,287	-1,415
Benefits paid by unfunded plans	258	123
Employer contributions	193	140
Addition of defined benefit plans that so far have been accounted for as defined contribution plans	–	-1
Change in the share of assets attributable to BASF Group in BASF Pensionskasse VVaG as a multi-employer plan	-98	-39
Effects from acquisitions and divestitures	21	0
Other changes	-13	29
Currency effects	-46	54
Change of asset ceiling for plan assets	-13	38
Net defined benefit liability as of December 31	-1,020	-2,726
of which defined benefit assets	1,383	170
provisions for pensions and similar obligations	2,403	2,896

Effects from **plan settlements and plan adjustments** resulted in 2023 primarily from the transfer of benefit entitlements and the corresponding assets from the pension plan in Canada to an external insurer.

Regional allocation of defined benefit plans as of December 31

Million €	Pension obligations		Plan assets		Asset ceiling		Net defined benefit liability	
	2024	2023	2024	2023	2024	2023	2024	2023
Germany	15,516	16,563	15,205	14,687	—	—	-311	-1,876
United States	2,671	2,726	1,862	1,853	—	—	-809	-873
Switzerland	1,754	1,738	2,195	2,140	-406	-393	35	9
United Kingdom	1,183	1,296	1,343	1,409	—	—	160	113
Other	840	890	745	791	—	—	-95	-99
Total	21,964	23,213	21,350	20,880	-406	-393	-1,020	-2,726

Explanations regarding plan assets

The target asset allocation of plan assets has been defined by using asset liability studies and is reviewed regularly. Accordingly, plan assets are aligned with the long-term development of the obligations, taking into consideration the risks associated with the specific asset classes and the regulations relating to the investment of plan assets. The existing portfolio structure is based on the target asset allocation. In addition, current market assessments are taken into consideration. In order to mitigate risks and maximize returns, a widely spread global portfolio of individual assets is held.

Liability-driven investment (LDI) techniques, such as hedging the risk of changes in interest rates and inflation, are used in some pension plans, especially in U.K. and U.S. plans, and since 2023, in Germany as well.

Structure of plan assets

Million €	2024	2023
Equities	3,898	3,927
Debt instruments	9,348	9,249
of which for government debtors	3,463	3,875
for other debtors	5,885	5,373
Real estate	1,654	1,647
Alternative investments	5,912	5,712
Cash and cash equivalents	538	345
Total	21,350	20,880

In addition to promissory notes and mortgage bonds, the **debt instruments** asset class also includes corporate and government bonds. Government bonds are primarily bonds from countries with very high credit ratings, such as the United States, the United Kingdom, Germany, France and Switzerland. Government bonds from emerging markets are also held to a limited extent. Corporate bonds are primarily bonds from borrowers with good credit ratings, although a deliberate limited amount of high-yield bonds is also held. As part of the ongoing monitoring of default risks, which is based on a predetermined risk budget and observation of the development of the issuers' creditworthiness, the investment of pension assets may be adjusted if the market assessment changes. **Alternative investments** primarily include plants in private and infrastructure equity, absolute return funds and secured corporate loans.

The majority of **equities** (91.6% / previous year: 99.9%) and **debt instruments** for government debtors (95.4% / previous year: 99.3%) are priced on active markets. Overall, in 2024 price quotations on an active market existed for 77.6% (previous year: 89.8%) of debt instruments for other debtors. In the **alternative investments** and **real estate** category, there was only a fungible market price for 2.5% (previous year: 2.7%) and 5.2% (previous year: 5.3%) of securities, respectively, as of

December 31, 2024. The capital market compensates for this lack of fungibility with yield premiums depending on maturity.

Plan assets as of the balance sheet date included securities issued by BASF Group companies valued at €12 million in 2024. Securities issued by BASF Group companies were not included to any significant extent in 2023. The market value of the properties of legally independent pension funds rented to BASF Group companies amounted to €112 million on December 31, 2024, and €115 million on December 31, 2023.

The retrospective initial fund loan BASF SE temporarily provided to BASF Pensionskasse VVaG in 2021 had a nominal value of €320 million as of the balance sheet date. Of this, €80 million had been utilized as of December 31, 2024.

The funding of the plans was as follows:

Current funding situation of the pension plans as of December 31

Million €	2024		2023	
	Defined benefit obligation	Plan assets	Defined benefit obligation	Plan assets
Unfunded pension plans	1,931	–	1,954	–
Funded pension plans	20,033	21,350	21,259	20,880
Asset ceiling	–	-406	–	-393
Total	21,964	20,944	23,213	20,487

Asset ceiling

As in the previous year, an asset ceiling was applied to pension plans in Switzerland in 2024 in accordance with IAS 19.64 in the amount of €406 million as of December 31, 2024, and €393 million as of December 31, 2023.

Development of asset ceiling

Million €	2024	2023
Limit on plan assets on January 1	393	431
Interest expense on unrecognized portion of plan assets	5	10
Change in limit excluding interest cost (remeasurement)	11	-69
Currency translation	-3	21
Limit on plan assets on December 31	406	393

Defined contribution plans and insolvency protection

Contributions to defined contribution plans recorded in the income from operations amounted to €285 million in 2024 and €300 million in 2023. In addition, contributions to insolvency protection schemes amounted to €24 million in 2024 and €30 million in 2023.

Government pension plans

Contributions to government pension plans were €627 million in 2024 and €612 million in 2023.

22 Other provisions

Accounting policies

Other provisions are recognized when there is a present obligation as a result of a past event and when there is a probable outflow of resources whose amount can be reliably estimated. Provisions are recognized at the probable settlement value.

The probable amount required to settle noncurrent provisions is discounted if the effect of discounting is material. In this case, the provision is recognized at present value. Financing costs related to unwinding the discount of provisions in subsequent periods are shown in other financial result.

Provisions for **restoration obligations** include expected costs for dismantling existing plants and buildings. If BASF is the only responsible party that can be identified, the provision covers the entire expected obligation. At sites operated together with one or more partners, the provision generally covers only BASF's share of the expected obligation. The amount of the provision is determined based on the available technical information on the site, the technology used, legal regulations, and official requirements. The calculation accounts for expected significant changes in obligations.

Provisions for **environmental protection and remediation costs** are recognized for expected costs for rehabilitating contaminated sites, recultivating landfills, removal of environmental contamination at existing production or storage sites, and for similar measures as well as for obligations to surrender emission certificates.

Provisions for **employee obligations** primarily consist of variable compensation including associated social security contributions, as well as obligations for granting long-service bonuses. The latter are predominantly calculated based on actuarial principles.

Provisions for **obligations from sales and purchase contracts** largely comprise obligations arising from rebates granted and other price discounts in the Agricultural Solutions segment, warranties and product liabilities, sales commissions and losses from onerous contracts.

Provisions for **restructuring measures** include severance payments to departing employees or similar personnel expenses as well as expected costs for site closures, including costs for demolition and similar measures. Provisions are recognized for these expenses when the relevant measures have been planned and announced by management.

Provisions for **litigation, damage claims and similar obligations** contain anticipated expenses from lawsuits in which BASF is the defendant party, as well as obligations under damage claims against BASF and fines. In order to determine the amount of the provisions, the company takes into consideration the facts related to each case, the size of the claim, compensation awarded in similar cases and independent expert advice as well as assumptions regarding the probability of a successful claim and the range of possible claims. Actual costs can deviate from these estimates (for more information, see Note 23 on page [411](#) onward).

Noncurrent provisions were discounted at a rate between 2.2% and 3.5% (previous year: between 2.2% and 3.5%).

Explanation of other provisions

Other provisions

Million €	Dec. 31, 2024	Of which current	Dec. 31, 2023	Of which current
Restoration obligations	241	–	125	3
Environmental protection and remediation costs	1,115	262	948	135
Employee obligations	1,332	926	1,299	844
Obligations from sales and purchase contracts	1,833	1,688	1,793	1,731
Restructuring measures	120	62	92	83
Litigation, damage claims and similar obligations	155	63	173	77
Other	405	319	467	342
Total	5,202	3,320	4,898	3,214

The increase in provisions for **restoration obligations** was mainly due to higher accruals for the restoration of the Frankfurt and Knapsack sites in Germany.

The increase in provisions for **environmental protection measures and remediation** resulted mainly from higher accruals for emission rights and landfills.

The increase in provisions for **restructuring measures** was mainly attributable to higher accruals for severance payments.

Other includes interest on noncurrent tax provisions.

The following table shows the development of other provisions by category. Other changes include changes in the scope of consolidation, acquisitions, divestitures, currency effects and the reclassification of obligations to liabilities when the amount and timing of these obligations become known. The climate risks presented in Note 1.4 (from page [341](#) onward) did not lead to additional provisions in either year.

Development of other provisions in 2024

Million €	Jan. 1, 2024	Additions	Unwinding of discount	Utilization	Releases	Other changes	Dec. 31, 2024
Restoration obligations	125	116	2	-3	-1	3	241
Environmental protection and remediation costs	948	238	11	-99	-10	27	1,115
Employee obligations	1,299	907	2	-817	-56	-3	1,332
Obligations from sales and purchase contracts	1,793	1,558	–	-1,412	-161	54	1,833
Restructuring measures	92	86	–	-51	-8	–	120
Litigation, damage claims and similar obligations	173	37	1	-42	-8	-6	155
Other	467	193	2	-185	-76	4	405
Total	4,898	3,136	18	-2,608	-320	80	5,202

23 Risks from litigation and claims

ESRS 2 SBM-3

Since 2019, numerous lawsuits filed by individuals claiming personal injury or by municipalities or states claiming property or natural resource damages for alleged contamination of public and private water supplies through per-fluorinated and polyfluorinated alkyl compounds (PFAS) have been pending against members of BASF Group, primarily BASF Corporation (a U.S. subsidiary of BASF) in the United States. In 2024, several lawsuits were also filed by individuals in Canada, one action was filed on behalf of a First Nation, and one by the Province of British Columbia against BASF Canada Inc. (a Canadian subsidiary of BASF), BASF Corporation and BASF SE. The lawsuits generally allege PFAS contamination and name as defendants manufacturers/distributors of aqueous film-forming foam (AFFF) and their suppliers. BASF is named as a defendant as the legal successor to Ciba, which until 2003 produced and distributed fluorochemical products (trade name Lodyne) used in AFFF.

Overall, members of the BASF Group are defendants in over 4,500 of such lawsuits as of January 2025 and are defending against these claims. At this time, BASF cannot predict the outcome of resolving these matters or what potential actions may be taken by regulatory agencies. An adverse outcome could be material to BASF's financial results.

On May 20, 2024, BASF Corporation agreed to a class settlement with U.S. public water systems that detected PFAS in their drinking water sources, which they allege to be associated with the use of AFFF products. The BASF Corporation agreed to contribute €305 million (\$316.5 million) in total (€301 million (\$312.5 million) to resolve the PFAS claims, plus €4 million (\$4 million) toward settlement administration costs). The BASF Corporation paid the administration costs in July 2024, and the amount to resolve the PFAS claims in early March 2025. BASF Corporation has a significant amount of insurance through a number of insurers and is pursuing recovery of its settlement payment under those policies. The settlement releases these claims against BASF Corporation, Ciba and other related corporate entities. It does not constitute an admission of liability or wrongdoing by BASF Corporation or Ciba. BASF and its relevant affiliates also intend to continue to defend itself in all remaining AFFF matters. Furthermore, BASF SE and its affiliated companies are defendants in or parties to a variety of legal or regulatory proceedings on a recurring basis. To our current knowledge, none of these proceedings will have a material effect on the economic situation of BASF.

24 Other financial obligations

The figures listed below are stated at nominal value:

Other financial obligations

Million €	Dec. 31, 2024	Dec. 31, 2023
Bills of exchange	1	1
Guarantees	20	30
Warranties	32	30
Collateral granted on behalf of third-party liabilities	0	–
Initiated investment projects	7,027	11,064
of which purchase commitments	2,158	4,474
for the purchase of intangible assets	7	9
Payment and loan commitments and other financial obligations	314	301

The table does not include financial guarantees (for more information on financial guarantees, see Note 25 from page [412](#) onward).

Obligations arising from purchase contracts

Obligations from purchase contracts resulted primarily from long-term purchase obligations for raw materials as well as supply agreements for energy from renewable sources (for more information on long-term energy supply agreements, see “Climate change” in the Combined Management’s Report from page [178](#) onward).

Obligations arising from purchase contracts

Million €	Dec. 31, 2024	Dec. 31, 2023
Following year 1	7,169	7,726
Following year 2	3,341	4,088
Following year 3	2,798	3,195
Following year 4	2,433	3,084
Following year 5	2,322	1,968
Following year 6 and maturities beyond this year	11,228	9,621
Total	29,292	29,681

25 Supplementary information on financial instruments

25.1 Accounting policies

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the BASF Group becomes a party to a financial instrument. Financial assets are derecognized when BASF no longer has a contractual right to the cash flows from the financial asset or when the financial asset is transferred together with all material risks and rewards of ownership or the significant risks and rewards are neither transferred nor retained and BASF does not have control of the financial asset after it has been transferred. For example, receivables are derecognized when they are definitively found to be uncollectible such as in the event of concluded insolvency proceedings. Financial liabilities are derecognized when the contractual obligations expire, are discharged or cancelled. Regular-way purchases and sales of financial instruments are accounted for using the settlement date; in precious metal trading, the trade date is used.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If pricing on an active market is available, for example in the form of exchange prices, these are used as the basis for the measurement. Otherwise, the measurement is based on either internal measurement models using current market parameters or external measurements, for example, from banks. These internal measurements rely predominantly on the net present value method and option pricing models. These models incorporate, for example, expected future cash flows as well as discount factors adjusted for term and, potentially, risk. Depending on the availability of market parameters, BASF assigns financial instruments' market values one of the three levels of the fair value hierarchy pursuant to IFRS 13. Reassignment to a different level during a fiscal year is only carried out if the availability of observable market parameters for identical or similar items changes.

If the level 3 fair values calculated at the time of initial recognition using a valuation model, differ from the transaction price, the differences are deferred and reported in the balance sheet together with the positive or negative fair value of the respective financial instrument according to the valuation model. The differences are generally amortized over the terms of the contracts using the straight-line method.

The classification and measurement of financial assets is based on the one hand on the cash flow condition (the "solely payments of principal and interest" criterion), that is, the contractual cash flow characteristics of an individual financial asset. On the other hand, it also depends on the business model used for managing financial asset portfolios. Based on these two criteria, BASF uses the following measurement categories for financial assets:

Financial assets measured at fair value through profit or loss include all financial assets whose cash flows are not solely payments of principal and interest in accordance with the cash flow condition established in IFRS 9. Furthermore, this measurement category includes financial assets whose business model does not consist of collecting at least a portion of the contractually agreed cash flows expected over the term by holding them. At BASF, derivatives, for example, are allocated to this measurement category. In general, BASF does not exercise the fair value option in IFRS 9, which permits the allocation of financial instruments not to be measured at fair value through profit or loss on the basis of the cash flow condition or the business model criterion to the above category under certain circumstances. These instruments are initially measured at fair value, which typically equals the transaction price.

In 2024, BASF concluded a climate protection agreement with the Federal Republic of Germany to fund a heat pump at the Ludwigshafen site. This agreement is a contract for difference and is measured as a derivative at fair value. The effects on earnings from measurement of the contract are initially deferred. When the heat pump goes into operation, the deferred subsidy is recognized in profit or loss in line with the utilized amount of the funding.

Financial assets measured at amortized cost include all assets with contractual terms that give rise to cash flows on specific dates, provided these cash flows are solely payments of principal and interest on the principal amount outstanding in accordance with the cash flow condition in IFRS 9, to the extent that the asset is held with the intention of collecting the expected contractual cash flows over its term. At BASF, this measurement category includes trade accounts receivable, as well as receivables reported under other receivables and miscellaneous assets and certain securities.

Initial measurement of these assets is generally at fair value plus directly attributable transaction costs. The fair value usually corresponds to the transaction price at the time of acquisition or, in the case of trade accounts receivable, to the transaction price pursuant to IFRS 15. Subsequent measurement effects are recognized in income using the effective interest method.

Impairments are recognized for expected credit losses at both initial and subsequent measurement, even before the occurrence of any default event. Counterparties are generally considered to default when they

become insolvent, become a debtor in a creditor protection program or are in a finance-related legal dispute with BASF, or more than half of BASF's receivables portfolio with them is more than 90 days overdue. In these cases, individual impairments are recognized for the financial assets measured at amortized cost that are then considered to be credit impaired.

The extent of expected credit losses is determined based on the credit risk of a financial asset, as well as any changes to this credit risk: If the credit risk of a financial asset has increased significantly since initial recognition, expected credit losses are generally recognized over the lifetime of the asset. If, however, the credit risk has not increased significantly in this period, impairments are generally only recognized as 12-month expected credit losses. By contrast, under the simplified approach for determining expected credit losses permitted by IFRS 9, impairments for receivables such as lease receivables and trade accounts receivable always cover the lifetime expected credit losses of the receivable concerned.

At BASF, the credit risk of a financial asset is assessed using both internal information and external rating information on the respective counterparty. A significant increase in the counterparty's credit risk is assumed if its rating is lowered by a certain number of notches. It is generally assumed that the credit risk for a counterparty with a high credit rating will not have increased significantly.

Regional and, in certain circumstances, industry-specific factors and expectations are taken into account when assessing the extent of impairment as part of the calculation of expected credit losses and individual impairments. In addition, BASF uses internal and external ratings and the assessments of debt collection agencies and credit insurers, when available. Individual impairments are also based on experience relating to customer solvency and customer-specific risks. Bank guarantees and letters of credit are used to an immaterial extent. Expected credit losses and individual impairments are only calculated for receivables to the extent they are not covered by collateral.

A decrease in impairment due, for example, to a reduction in the credit risk of a counterparty or an objective event occurring after the impairment is recorded in profit or loss. Reversals of impairments may not exceed amortized cost less any expected future credit losses.

Financial assets measured at fair value through other comprehensive income include all assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding, in accordance with the cash flow condition in IFRS 9. Furthermore, the assets in this measurement category may not just be held with the intention of collecting the expected contractual cash flows over their term, but also generating cash flows from their sale. At BASF, trade accounts receivable that are available for sale as part of a factoring agreement are allocated to this category. Additionally, certain securities that are reported as other financial assets or marketable securities are allocated to this category. BASF does not exercise the option to subsequently measure equity instruments through other comprehensive income. Assets measured at fair value through other comprehensive income are initially measured at fair value including directly attributable transaction costs. At initial recognition, the fair value usually corresponds to the transaction price of the receivables and securities allocated to this category. Subsequent measurement is likewise at fair value. Changes in the fair value are recognized in other comprehensive income and reclassified to the statement of income when the asset is disposed of. Impairments on financial assets measured at fair value through other comprehensive income are calculated in the same way as impairments on financial assets measured at amortized cost and recognized in profit or loss.

The following measurement categories are used for financial liabilities:

Financial liabilities measured at amortized cost generally include all financial liabilities, provided these do not represent derivatives. At initial recognition, they are generally measured at fair value, taking into account directly attributable transaction costs. At initial recognition, the fair value usually corresponds to the value of the consideration received. Subsequent measurement is recognized in profit or loss at

amortized cost using the effective interest method. At BASF, for example, bonds and liabilities to banks reported under financial indebtedness are measured at amortized cost.

BASF has concluded supplier finance arrangements under which suppliers are entitled to receive invoice amounts prior to the original due date. Payment to the supplier is made by one of several participating banks with a discount. BASF pays the full invoice amount to the banks on the original due date. As the original payment obligations remain in place and there is no change in the main payment terms, the obligations continue to be reported under trade accounts payable.

Financial liabilities measured at fair value through profit or loss contain derivative financial liabilities. At initial recognition, these are measured at fair value, which generally equates to the transaction price. Fair value is also applied as a measurement basis for these liabilities in subsequent measurement. The option to subsequently measure non-derivative financial liabilities at fair value is not exercised. Derivative financial instruments can be embedded within other contracts, creating a hybrid financial instrument. If IFRS policies require separation, the embedded derivative is accounted for separately from its host contract and measured at fair value. If IFRS 9 does not provide for separation, the hybrid instrument is accounted for at fair value in its entirety.

Financial guarantees of the BASF Group are contracts that require compensation payments to be made to the guarantee holder if a debtor fails to make payment when due under the terms of a transaction entered into with the holder of the guarantee. Financial guarantees issued by BASF are measured at fair value upon initial recognition. In subsequent periods, these financial guarantees are carried at the higher of amortized cost or the expected credit losses as of the reporting date.

In **cash flow hedges**, future cash flows and the related income and expenses are hedged against the risk of changes in value. To this end, future underlying transactions and the corresponding hedging instruments are designated in a cash flow hedge accounting relationship for accounting purposes. The effective portion of the change in fair value of the hedging instrument, which often meets the definition of a derivative, and the cost of hedging are recognized directly in equity under other comprehensive income over the term of the hedge, taking deferred taxes into account. The ineffective portion is recognized immediately in the income statement. In the case of future transactions that lead to recognition of a nonfinancial asset or a nonfinancial liability, the cumulative fair value changes of the hedge in equity are generally charged against the cost of the hedged item on its initial recognition. For hedges based on financial assets, financial liabilities or future transactions, cumulative fair value changes of the hedges are transferred from equity to the income statement in the reporting period in which the hedged item is recognized in the income statement. The maturity of the hedging instrument is aligned with the effective date of the future transaction.

When **fair value hedge** accounting is used, the asset or liability recognized is hedged against the risk of a change in fair value. The hedging instruments used, which often take the form of a derivative, are measured at fair value and changes in fair value are recognized in the statement of income. The carrying amounts of the assets or liabilities designated as the underlying transaction are also measured at fair value through the statement of income.

25.2 Financial risks

Market risks

Foreign currency risks: Changes in exchange rates could lead to losses in the value of financial instruments and adverse changes in future cash flows from planned transactions. Foreign currency risks from financial instruments result from the translation at the closing rate of financial receivables, loans, securities, cash and financial liabilities into the functional currency of the respective Group company. Foreign currency contracts in various currencies are used to hedge foreign exchange risks from non-derivative financial instruments and planned transactions.

The foreign currency risk exposure corresponds to the net amount of the nominal volume of the primary and the derivative financial instruments that are exposed to currency risks. Long and short positions in the same currency are offset against each other. Primary and derivative financial instruments are generally taken into account in currency risk management. Planned purchasing and sales transactions are usually no longer determined and included in the currency exposure. In the previous year, these transactions were included in the calculation of currency exposure.

As of December 31, 2024 and December 31, 2023, there was no significant currency exposure as all material currency risks were hedged. Appreciation or depreciation of the respective functional currency would not have had a significant impact on BASF's income before income taxes or equity.

Interest rate risks: Interest rate risks arise from changes in prevailing market interest rates, which can lead to changes in the fair value of fixed-rate instruments and in interest payments for variable-rate instruments. Interest rate swaps and combined interest rate and currency derivatives are used in individual cases to hedge these risks. The derivatives are presented in Note 25.5 (see from page [426](#) onward). Interest rate risks are relevant to BASF's financing activities but are not of material significance to BASF's operating activities.

The variable interest risk exposure, which also includes fixed rate bonds maturing in the following year, amounted to -€3,377 million as of December 31, 2024 (previous year: -€427 million). An increase in all relevant interest rates by one half of a percentage point would have lowered income before income taxes by €10 million as of December 31, 2024. An increase in all relevant interest rates by one percentage point would have lowered income before income taxes by €19 million as of the same date. An increase in all relevant interest rates by one half of a percentage point would have raised income before income taxes by €2 million as of December 31, 2023 (an increase of one percentage point would have raised income before income taxes by €3 million). Because no interest derivatives were designated in hedge accounting relationships as of December 31, 2024, a change in interest rates would not have had an effect on shareholders' equity. There were also no interest derivatives designated in hedge accounting relationships as of December 31, 2023.

Carrying amounts of primary interest-bearing financial instruments

Million €	Dec. 31, 2024		Dec. 31, 2023	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Loans	117	68	158	108
Securities	399	44	367	19
Financial indebtedness	16,888	4,873 ^a	17,116	2,152 ^a

^a Including fixed-interest bonds due in the following year

Nominal and fair values of combined interest rate and currency swaps

Million €	Dec. 31, 2024		Dec. 31, 2023	
	Nominal value	Fair value	Nominal value	Fair value
Combined interest rate and currency swaps	3,960	248	3,960	157
of which fixed rate	3,960	248	3,960	157

Commodity price risks: Some of BASF's divisions are exposed to strong fluctuations in raw materials prices. These result primarily from raw materials (for example, naphtha, benzene, natural gas, LPG condensate) as well as from metals. BASF takes the following measures to reduce commodity price risks:

- BASF uses derivatives to hedge the risks of raw materials prices. These are primarily derivatives on natural gas, crude oil, oil products.
- The Catalysts division enters into both short-term and long-term purchase contracts with precious and battery metal producers. It also buys metals on spot markets from various business partners. The price risk from metals purchased to be sold on to third parties, or for use in the production of catalysts and battery materials, is hedged using derivative instruments. This is mainly performed using forward contracts, which are settled by either entering into offsetting contracts or by delivering the metal.
- In the Agricultural Solutions division, the sales prices of products are sometimes pegged to the price of certain agricultural commodities. To hedge the resulting risks, derivatives on agricultural commodities are concluded.

In addition, BASF holds limited unhedged precious metal and oil product positions, which can also include derivatives, for trading on its own account. The value of these positions is exposed to market price volatility and is subject to constant monitoring.

By holding commodity derivatives, precious metal trading positions and unhedged oil product positions, BASF is exposed to price risks. The valuation of commodity derivatives and precious metal trading positions at fair value as well as unhedged oil product positions means that adverse changes in market prices could negatively affect the earnings and equity of BASF.

BASF holds several physical power purchase agreements (PPAs) with terms of up to 25 years. Under the physical PPAs, BASF procures electricity and associated green electricity certificates, known as guarantees of origin (GoOs). If BASF holds PPAs for the purpose of full consumption of the electricity, these fall under the own use exemption and are therefore not recognized as derivatives. Additionally, BASF also holds physical PPAs in the USA and Asia; the electricity from these PPAs cannot be consumed in full due to major deviations between supply profiles and consumption patterns. The electricity forward agreements embedded in them are not eligible for the own use exemption and are recognized as derivatives at fair value through profit or loss. In contrast to electricity, green electricity certificates obtained from physical PPAs recognized as derivatives can be stored and consumed at a later date. Thus, they fall under the own use exemption even if purchased at a fixed price. In the event of adverse changes in energy market prices, valuation of the electricity forward agreements for physical PPAs can lead to negative effects on BASF's earnings.

Furthermore, BASF holds several virtual PPAs in the United States with initial terms of up to 15 years. The electricity forward agreements embedded in virtual PPAs are recognized separately as derivatives at fair value through profit or loss. In the event of adverse changes in energy market prices, measurement of electricity forward agreements at fair value can lead to negative effects on BASF's earnings.

BASF performs value-at-risk analyses for commodity derivatives and precious metal trading positions. Value at risk continuously measures the market price risk and quantifies the loss that is not exceeded by

a specific confidence level during a defined holding period. BASF bases the value-at-risk calculation on a confidence interval of 95% and a holding period of one day. BASF applies the variance-covariance method to calculate value at risk.

BASF uses value at risk in conjunction with other risk management tools. Besides value at risk, BASF sets volume-based limits as well as exposure and stop-loss limits.

Risk positions from commodity derivatives not eligible for the own use exemption^a

Million €	Dec. 31, 2024		Dec. 31, 2023	
	Exposure	Value at Risk	Exposure	Value at Risk
Crude oil, oil products and natural gas	3	8	129	15
Precious metals	81	1	94	1
Agricultural commodities	116	0	76	0
Electricity and green electricity certificates	–	–	1	0

^a Certain commodity derivatives categorized as level 3 fair value, such as power purchase agreements and the climate protection agreement, are not included in the table above. Sensitivities for these commodity derivatives are provided in Note 25.4 from page [424](#) onward. The previous year's figures for electricity and green electricity certificates were adjusted accordingly.

The exposure corresponds to the net amount of all long and short positions of the respective commodity category (for more information on financial risks and BASF's risk management, see the Opportunities and Risks Report from page [87](#) onward).

Default and credit risk

Default or credit risks arise due to the fact that customers and debtors may not fulfill their obligations. BASF regularly analyzes the creditworthiness of the counterparties and grants credit limits on the basis of this analysis. Due to the global activities and diversified customer structure of the BASF Group, there is no significant concentration of default risk. The risk of default is mitigated to a limited extent by collateral, in particular bank guarantees and assets. The carrying amount of all receivables, loans and interest-bearing securities plus the nominal value of financial obligations stemming from contingent liabilities not to be recognized represents the maximum default risk for BASF (for more information on credit risks, see Note 17 from page [391](#) onward).

In 2024, €37 million was recognized for expected credit losses from financial guarantees issued for the first time (balance as of December 31, 2024: €37 million). The maximum default amount of the financial guarantees issued was €182 million. The earliest possible maturity of the financial guarantees was €170 million for 2025 and €12 million for 2026. In the previous year, no expected credit losses were recognized for financial guarantees issued for reasons of materiality. The maximum default amount in the previous year was €28 million and the earliest possible maturity was €28 million for 2024.

Liquidity risks

BASF promptly recognizes any risks from cash flow fluctuations as part of liquidity planning. BASF has ready access to sufficient liquid funds from the ongoing commercial paper program and confirmed lines of credit from banks.

25.3 Maturity analysis

The interest and principal payments as well as other payments for derivative financial instruments are relevant for the presentation of the maturities of the contractual cash flows from financial liabilities. Future cash flows are not discounted here.

Derivatives are included using their net cash flows, provided they have negative fair values and therefore represent a liability. Derivatives with positive fair values are assets and are therefore not taken into account.

Maturities of contractual cash flows from financial liabilities as of December 31, 2024

Million €	Bonds and other liabilities to the capital market	Liabilities to credit institutions	Accounts payable, trade	Derivative liabilities	Miscellaneous liabilities	Total
2025	2,058	1,150	6,901	236	1,188	11,532
2026	1,856	1,361	11	5	305	3,538
2027	2,608	541	11	–	224	3,385
2028	1,872	459	–	–	181	2,511
2029	1,160	199	–	–	136	1,496
2030 and thereafter	9,060	3,460	–	82	813	13,415
Total	18,615	7,170	6,923	323	2,847	35,876

Maturities of contractual cash flows from financial liabilities as of December 31, 2023

Million €	Bonds and other liabilities to the capital market	Liabilities to credit institutions	Accounts payable, trade	Derivative liabilities	Miscellaneous liabilities	Total
2024	816	1,775	6,738	361	736	10,428
2025	1,935	345	1	95	277	2,654
2026	1,771	1,239	2	4	203	3,220
2027	2,260	437	–	1	163	2,861
2028	1,740	366	–	1	132	2,239
2029 and thereafter	8,264	1,095	–	95	830	10,283
Total	16,786	5,258	6,741	557	2,341	31,684

25.4 Classes and categories of financial instruments

Carrying amounts and fair values of financial instruments as of December 31, 2024

Million €	Carrying amount	Total carrying amount within scope of application of IFRS 7	Valuation category in accordance with IFRS 9 ^b	Fair value	Of which fair value level 1 ^c	Of which fair value level 2 ^d	Of which fair value level 3 ^e
Shareholdings ^a	533	533	FVTPL	0	—	0	—
Receivables from finance leases	31	31	n. a.	31	—	—	—
Accounts receivable, trade	9,665	9,665	AC	9,665	—	—	—
Accounts receivable, trade	396	396	FVTOCI	396	—	396	—
Accounts receivable, trade	332	332	FVTPL	332	—	332	—
Derivatives – no hedge accounting	647	647	FVTPL	787	5	519	263 ^g
Derivatives – hedge accounting	303	303	n. a.	303	—	303	—
Other receivables and miscellaneous assets ^f	4,552	1,098	AC	1,098	—	—	—
Other receivables and miscellaneous assets ^f	89	89	FVTPL	89	—	89	—
Securities	36	36	AC	36	—	—	—
Securities	376	376	FVTOCI	376	294	82	—
Securities	288	288	FVTPL	288	283	4	—
Cash equivalents	75	75	FVTPL	75	75	—	—
Cash and cash equivalents	2,838	2,838	AC	2,838	—	—	—
Total assets	20,162	16,708		16,315	657	1,727	263
Bonds	15,751	15,751	AC	15,300	12,493	2,807	—
Liabilities to credit institutions	6,011	6,011	AC	6,032	—	6,032	—
Liabilities from leases	1,663	1,663	n. a.	1,663	—	—	—
Accounts payable, trade	6,923	6,923	AC	6,923	—	—	—
Derivatives – no hedge accounting	325	325	FVTPL	285	3	314	-32 ^h
Derivatives – hedge accounting	1	1	n. a.	1	—	1	—
Other liabilities ^f	3,470	2,277	AC	2,277	—	—	—
Total liabilities	34,144	32,951		32,482	12,496	9,155	-32

^a In general, only significant shareholdings are measured at fair value and shown in the table above under fair value. All insignificant shareholdings are measured at cost (carrying amount: €533 million). Fair value level 1 is applied to publicly listed shareholdings. Level 2 is applied to shareholdings for which valuation is based on parameters observable in the market to the greatest extent possible. These may be adjusted to reflect valuation-relevant characteristics of the respective shareholding in the fair value.

^b AC: amortized cost; FVTOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss; a more detailed description of the categories can be found in Note 25.1 from page 412 onward.

^c Fair value was determined based on quoted, unadjusted prices on active markets.

^d Fair value was determined based on parameters for which directly or indirectly quoted prices on active markets were available.

^e Fair value was determined based on parameters for which there was no observable market data.

^f Does not include separately shown derivatives or receivables and liabilities from finance leases. If miscellaneous receivables are valued at fair value through profit or loss, their valuation is generally based on parameters observable on the market. These are adjusted to reflect valuation-relevant characteristics of the respective assets in the fair value.

^g The carrying amount of the included electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €38 million after subtracting the differences of €140 million described on page 424.

^h The carrying amount of the electricity forward agreements reported in the balance sheet under other liabilities is €8 million after subtracting the differences of €41 million described on page 424.

Carrying amounts and fair values of financial instruments as of December 31, 2023

Million €	Carrying amount	Total carrying amount within scope of application of IFRS 9 ^b	Valuation category in accordance with IFRS 9 ^b	Fair value	Of which fair value level 1 ^c	Of which fair value level 2 ^d	Of which fair value level 3 ^e
Shareholdings ^a	536	536	FVTPL	0	—	0	—
Receivables from finance leases	33	33	n. a.	33	—	—	—
Accounts receivable, trade	9,817	9,817	AC	9,817	—	—	—
Accounts receivable, trade	286	286	FVTOCI	286	—	286	—
Accounts receivable, trade	312	312	FVTPL	312	—	312	—
Derivatives – no hedge accounting	810	810	FVTPL	955	5	752	198 ^g
Derivatives – hedge accounting	242	242	n. a.	242	—	242	—
Other receivables and miscellaneous assets ^f	4,669	1,229	AC	1,229	—	—	—
Other receivables and miscellaneous assets ^f	89	89	FVTPL	89	—	89	—
Securities	39	39	AC	39	—	—	—
Securities	325	325	FVTOCI	325	234	91	—
Securities	253	253	FVTPL	253	252	1	—
Cash equivalents	20	20	FVTPL	20	20	—	—
Cash and cash equivalents	2,605	2,605	AC	2,605	—	—	—
Total assets	20,035	16,595		16,204	510	1,773	198
Bonds	14,438	14,438	AC	13,876	12,468	1,407	—
Liabilities to credit institutions	4,830	4,830	AC	4,582	—	4,582	—
Liabilities from leases	1,649	1,649	n. a.	1,649	—	—	—
Accounts payable, trade	6,741	6,741	AC	6,741	—	—	—
Derivatives – no hedge accounting	309	309	FVTPL	251	11	288	-48 ^h
Derivatives – hedge accounting	18	18	n. a.	18	—	18	—
Other liabilities ^f	2,694	1,816	AC	1,816	—	—	—
Total liabilities	30,679	29,801		28,933	12,479	6,295	-48

^a In general, only significant shareholdings are measured at fair value. All insignificant shareholdings are measured at cost (carrying amount: €539 million). Fair value level 1 is applied to publicly listed shareholdings. Level 2 is applied to shareholdings for which valuation is based on parameters observable in the market to the greatest extent possible. These may be adjusted to reflect valuation-relevant characteristics of the respective shareholding in the fair value.

^b AC: amortized cost; FVTOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss; a more detailed description of the categories can be found in Note 25.1 from page 412 onward.

^c Fair value was determined based on quoted, unadjusted prices on active markets.

^d Fair value was determined based on parameters for which directly or indirectly quoted prices on active markets were available.

^e Fair value was determined based on parameters for which there was no observable market data.

^f Does not include separately shown derivatives or receivables and liabilities from finance leases. If miscellaneous receivables are valued at fair value through profit or loss, their valuation is generally based on parameters observable on the market. These are adjusted to reflect valuation-relevant characteristics of the respective assets in the fair value.

^g The carrying amount of the electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €53 million after subtracting the differences of €145 million.

^h The carrying amount of the electricity forward agreements reported in the balance sheet under other liabilities is €10 million after subtracting the differences of €58 million.

For trade accounts receivable, other receivables and miscellaneous assets, cash and cash equivalents, as well as trade accounts payable and other liabilities measured at amortized cost, the carrying amount approximates the fair value.

Financial assets measured at fair value – valuation methods and input factors

Million €	Fair value level	Description	Valuation method	Key input factors to determine fair value	Dec. 31, 2024	Dec. 31, 2023
Accounts receivable, trade	Level 2	Receivables with embedded commodity derivatives	Discounting of expected future cash flows	Observable commodity price quotations, yield curves, credit default premiums	332	312
	Level 2	Receivables available for sale under a factoring agreement	Valuation using nominal values	Nominal values	396	286
	Level 1	Exchange-traded commodity derivatives	Price quotation on an active market for identical assets	Market price on the balance sheet date	5	5
	Level 2	OTC currency, interest rate and commodity derivatives	Discounting of expected future cash flows, option pricing models	Exchange rate quotations, observable yield curves, commodity price quotations, currency and commodity price volatility, credit default premiums	823	995
Derivatives with positive fair values	Level 3	Electricity forward agreements	Discounting of expected future cash flows	Electricity price quotations, long-term electricity price forecasts, ^a expected electricity volumes, ^a estimated startup date, ^a yield curves, credit default premiums	178 ^b	198 ^c
	Level 3	Climate protection agreement	Discounting of expected future cash flows	Emission, natural gas and electricity price quotations, long-term emission, ^a natural gas ^a and electricity price forecasts, ^a estimated production volumes, ^a yield curves.	84	–
	Level 2	Performance-based interest-bearing loan to BASF Pensionskasse	Discounting of expected future cash flows	Expected cash flows from the investment portfolio, discount factors	80	80
Other receivables and miscellaneous assets	Level 2	Surrender values for insurance policies	Surrender values according to contractual agreement	Surrender values on the balance sheet date	9	9
	Level 1	Publicly traded fund shares	Price quotation on an active market for identical assets	Market price on the balance sheet date	260	234
	Level 1	Publicly traded bonds	Price quotation on an active market for identical assets	Market price on the balance sheet date	317	251
	Level 2	Bonds not publicly traded	Issuer pricing based on recognized valuation methods	Yield curves, credit default premiums	82	91
Securities	Level 2	Fund shares not publicly traded	Consideration of the fair value of the equity and debt instruments in which funds are invested	Market price on the balance sheet date, yield curves, credit default premiums, net asset value of fund investments	4	1
	Level 1	Publicly traded money market funds	Price quotation on an active market for identical assets	Market price on the balance sheet date	75	20
	Level 1	Exchange-traded commodity derivatives	Price quotation on an active market for identical liabilities	Market price on the balance sheet date	3	10
Derivatives with negative fair values	Level 2	OTC currency, interest rate and commodity derivatives	Discounting of expected future cash flows, option pricing models	Exchange rate quotations, observable yield curves, commodity price quotations, currency and commodity price volatility, credit default premiums	315	306
	Level 3	Electricity forward agreements	Discounting of expected future cash flows	Electricity price quotations, long-term electricity price forecasts, ^a expected electricity volumes, ^a estimated startup date, ^a yield curves, credit default premiums	-32 ^d	-48 ^e

^a Unobservable level 3 input factors

^b The carrying amount of the electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €38 million after subtracting the differences of €140 million described on page 424.

^c The carrying amount of the electricity forward agreements reported in the balance sheet under other receivables and miscellaneous assets is €53 million after subtracting the differences of €145 million described on page 424.

^d The carrying amount of the electricity forward agreements reported in the balance sheet under other liabilities is €8 million after subtracting the differences of €41 million described on page 424.

^e The carrying amount of the contract for difference for electricity prices reported in the balance sheet under other liabilities is €10 million after subtracting the differences of €58 million described on page 424.

The electricity forward agreements presented in the previous table are derivatives embedded in virtual and physical PPAs that are not eligible for the own use exemption. A change in the key valuation parameters would have affected the level 3 fair values of the fair value hierarchy as follows:

Sensitivities for level 3 fair values as of December 31, 2024

Million €	Change in expected prices		Change in expected production volumes		Change in yield curves	
	+10%	-10%	+10%	-10%	+1%	-1%
Electricity forward agreements	76	-76	22	-22	-30	36
Climate protection agreement	-6	6	8	-8	-6	7

Sensitivities for level 3 fair values as of December 31, 2023

Million €	Change in expected prices		Change in expected production volumes		Change in yield curves	
	+10%	-10%	+10%	-10%	+1%	-1%
Electricity forward agreements	91	-91	29	-29	-35	42

At initial recognition, the fair values of the electricity forward agreements, which were calculated using a valuation model, were higher than the respective transaction price. Development of the differences is presented in the table below.

Development of differences yet to be amortized of electricity forward agreements

Million €	2024	2023
Differences yet to be amortized through profit or loss as of January 1	204	70
Additions in the reporting period	–	147
Amounts recognized in profit or loss in the current reporting period	-31	-6
Currency translation	8	-7
Differences yet to be amortized through profit or loss as of December 31	181	204

Development of assets and liabilities measured at level 3 fair value

Million €	Electricity forward agreements	
	2024	2023
Carrying amounts as of January 1 ^a	246	61
Purchases	–	147
Settlements	-1	–
Gains and losses recognized in other operating result	-44	47
of which unrealized gains and losses attributable to assets and liabilities held at the end of the reporting period	-44	47
Currency translation	10	-8
Other	–	–
Carrying amounts as of December 31^a	211	246

^a Carrying amounts before subtracting differences presented in the table "Development of differences yet to be amortized of electricity forward agreements"

The changes in carrying amounts were recognized in the income statement as other operating income or other operating expenses.

No reclassifications arose between fair value levels 1, 2 and 3 for financial assets or liabilities recognized at fair value in the reporting period.

Offsetting of derivative assets and liabilities as of December 31, 2024

Million €	Offset amounts			Potential netting volume			Potential net amount
	Gross amount	Amount offset	Net amount	Due to global netting agreements	Relating to financial collateral		
Derivatives with positive fair values	601	-27	573	-131	-240		202
Derivatives with negative fair values	294	-27	267	-131	-23		113

Offsetting of derivative assets and liabilities as of December 31, 2023

Million €	Offset amounts			Potential netting volume			Potential net amount
	Gross amount	Amount offset	Net amount	Due to global netting agreements	Relating to financial collateral		
Derivatives with positive fair values	482	-22	460	-114	-161		185
Derivatives with negative fair values	195	-22	173	-114	-13		47

The table “Offsetting of derivative assets and liabilities” shows the extent to which assets and liabilities were offset in the balance sheet, as well as potential effects from the offsetting of derivatives subject to a legally enforceable global netting agreement (primarily in the form of an ISDA agreement) or similar agreement. For positive fair values of combined interest rate and currency swaps, the respective counterparties provided cash collaterals in an amount comparable to the outstanding fair values.

Deviations from the derivatives with positive fair values and derivatives with negative fair values reported in other receivables and other liabilities at the end of 2024 and 2023 arose from derivatives not subject to any netting agreements. These are not included in the table above.

In addition to the offsetting of derivatives presented in the table above, trade accounts receivable in 2024 were offset against trade accounts payable and advance payments received on orders, which were included in current other liabilities, provided specific netting agreements with customers existed. As a result, trade accounts receivable were reduced by €1,066 million. The reduction in trade accounts payable was €57 million and the reduction in advance payments received on orders was €1,009 million. Accordingly, the net amount for trade accounts receivable was €10,393 million (gross amount before offsetting: €11,459 million). The resulting net amount for trade accounts payable was €6,923 million (gross amount before offsetting: €6,980 million). The net amount for advance payments received on orders was €727 million (gross amount before offsetting: €1,736 million). In 2023, trade accounts receivable were also offset against trade accounts payable and the advance payments received on orders included in current other liabilities. This reduced trade accounts receivable by €1,029 million. The reduction in trade accounts payable was €72 million and the reduction in advance payments received on orders was €957 million. Accordingly, the net amount for trade accounts receivable was €10,414 million (gross amount before offsetting: €11,443 million). The resulting net amount for trade accounts payable was €6,741 million (gross amount before offsetting: €6,813 million). The net amount for advance payments received on orders was €779 million (gross amount before offsetting: €1,736 million).

The net gains and losses from financial instruments shown in the following table comprise the results of valuations, the amortization of discounts, the recognition and reversal of impairments, results from the translation of foreign currencies as well as interest, dividends and all other effects on the earnings

resulting from financial instruments. The line item financial instruments measured at fair value through profit or loss contains only gains and losses from instruments that are not designated as hedging instruments in a hedging relationship in accordance with IFRS 9 (gains and losses from the valuation of securities recognized in equity are shown in development of income and expense recognized in equity attributable to shareholders of BASF SE on page [330](#). For more information, see the statement of changes in equity on page [334](#)).

Net gains and losses from financial instruments

Million €	2024	2023
Financial assets measured at amortized cost	602	-648
of which interest result	145	127
Financial instruments measured at fair value through profit or loss	224	111
of which interest result	66	46
Financial assets measured at fair value through other comprehensive income	11	9
of which interest result	13	9
Financial liabilities measured at amortized cost	-896	181
of which interest result	-545	-624

25.5 Derivative financial instruments and hedging relationships

The use of derivative financial instruments

BASF is exposed to foreign currency, interest rate and commodity price risks during the normal course of business. These risks are hedged using derivative instruments as necessary in accordance with a centrally determined strategy. Hedging is employed for existing underlying transactions from the product business, cash investments and financing as well as for planned sales, raw materials purchases and capital measures. Furthermore, hedging may also be used for cash flows from acquisitions and divestitures. The risks from the hedged items and the derivatives are continually monitored. Where derivatives have a positive market value, BASF is exposed to credit risks from derivative transactions in the event of nonperformance of the other party. To minimize the default risk on derivatives with positive market values, transactions are exclusively conducted with creditworthy banks and partners and are subject to predefined credit limits.

To ensure efficient risk management, risk positions are centralized at BASF SE and certain Group companies. The contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines and subject to strict control mechanisms.

Fair value of derivative instruments

Million €	Dec. 31, 2024	Dec. 31, 2023
Foreign currency forward contracts	53	38
Foreign currency options	0	5
Foreign currency derivatives	53	43
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	0	7
Combined interest rate and currency swaps	247	157
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	301	228
Interest derivatives	247	157
Commodity derivatives^a	337	525
of which designated hedging instruments as defined by IFRS 9 (hedge accounting)	1	-10
Call and put options on equity instruments	-13	-
Derivative financial instruments	624	725

^a Market values after deduction of the differences shown in the table "Development of differences yet to be amortized of electricity forward agreements"

Hedge accounting

BASF is exposed to commodity price risks in the context of procuring naphtha. Some of the planned purchases of naphtha are hedged using options on oil and oil products. The main contractual elements of these items are aligned with the characteristics of the hedged item. Cash flow hedge accounting was employed for a portion of these hedging relationships in 2024 and 2023. As of December 31, 2024, no options were designated as hedging instruments. The average exercise price of the designated options was \$684.51 per metric ton in the previous year.

Cash flow hedge accounting continued to be employed to a minor extent for procuring natural gas, which is likewise exposed to commodity price risks. Commodity price-based options as well as swaps serve as hedging instruments, for which contract terms are defined to reflect the risks of the hedged item. No options were designated as hedging instruments as of December 31, 2024. The average hedged exercise price of the designated swaps was €43.86 per MWh. As of December 31, 2023, the average exercise price of the designated options was €72.00 per MWh or \$4.02 per mmBtu and €48.31 per MWh for the designated swaps. Cash flows from not yet realized hedging and underlying transactions are generally recognized in profit or loss in 2025.

The change in the options' time value is recognized separately in equity as costs of transaction-related hedging and, in the year during which the hedged items mature, it is initially derecognized against the carrying amount of the procured assets and recognized in profit or loss when the assets are consumed. In 2024, a decrease in time value of €16 million was recognized as a reduction in equity, and €31 million was initially derecognized against the carrying amount of the inventories procured and then recognized upon consumption in profit or loss. In 2023, a decrease in time value of €63 million was recognized as a reduction in equity, and €64 million was derecognized against the carrying amount of the acquired assets.

Due to planned sales in U.S. dollars, BASF is exposed to foreign currency risks, which were partially hedged with currency options and designated in a cash flow hedge accounting relationship. The hedged transaction – the designated share of expected sales in U.S. dollars – was calculated based on internal thresholds. The exposure from planned sales is no longer determined. In the previous year, the planned exposure was determined. Therefore, no hedging relationships existed for planned sales as of December 31, 2024. The average hedged rate was \$1.0863 per euro as of the same date of the previous year. The decrease in the options' time value component arising in the amount of €9 million in 2024 was recognized separately in equity as the cost of hedging and resulted in a reduction in equity. Due to the maturity of hedged items, accumulated changes in the options' time values were reclassified as a reduction in earnings in the amount of €11 million. In the previous year, €9 million was recognized as a

change in the options' time value component, thereby reducing equity; and €12 million was reclassified as a reduction in earnings.

BASF SE's fixed-rate U.S. private placement of \$1.25 billion, issued in 2013, was converted to euros using combined interest rate and currency swaps, as the private placement exposes BASF to a combined interest rate and currency risk. BASF is also exposed to a combined interest rate and currency risk associated with the issue of several tranches of a fixed-interest U.S. private placement in 2024. The resulting currency risks were hedged with combined interest rate and currency swaps in 2023. These hedges were designated as cash flow hedges. No ineffectiveness was recognized in 2024 or 2023. The hedged interest rate was 3.66% and the hedged foreign exchange rate was \$1.2052 per euro in both years. For U.S. private placements hedged in 2023, changes in value in the forward component totaling €48 million were recognized separately in equity as hedging costs in 2024, leading to a decrease in equity (previous year: €14 million increase in equity).

Furthermore, BASF was exposed to foreign currency risks in 2024 through U.S. dollar-denominated commercial paper. These risks were hedged with foreign currency forward contracts and designated in a cash flow hedge accounting relationship. The changes in value in the amount of €7 million resulting from the change in the forward rate were recognized separately in equity as hedging costs, leading to an increase in equity (previous year: €30 million increase in equity). Because all underlying transactions and hedging instruments had expired by December 31, 2024, the amount of €7 million, which was initially recognized in equity, was reclassified in full as an increase in earnings (previous year: €30 million increase in earnings). There was no ineffectiveness at any time during the year.

In connection with construction of the new Verbund site in Zhanjiang, China, BASF is exposed to foreign currency risks, especially from expenditures in euros that were hedged with foreign currency forward contracts and designated in cash flow hedge accounting relationships. The hedged exchange rate was ¥7.6103 per euro in 2024 (previous year: ¥7.5738 per euro). The expenditures in euros hedged with foreign currency forward contracts are firm commitments. In 2024, €2 million was derecognized from the cash flow hedge reserve and included in the cost of property, plant and equipment (previous year: €3 million). Hedging results are recognized in profit or loss upon depreciation of property, plant and equipment.

Furthermore, BASF was exposed to a combined interest rate and currency risk in 2024 from a fixed-interest loan in Polish zloty, which was converted to euros through currency swaps. This hedge was designated as a cash flow hedge. The hedged exchange rate was zł4.7065 per euro and the hedged interest rate was 3.20%. In 2024, the changes in value in the amount of €5 million resulting from the forward component's changed market rate were recognized separately in equity as hedging costs, leading to a decrease in equity (previous year: €7 million increase in equity). There was no ineffectiveness at any time during the year.

The effects of the hedging relationships on the balance sheet, the cash flow hedge reserve, hedged nominal value and ineffectiveness to be determined are presented in the following tables by fiscal year.

Cash flow hedge accounting effects in 2024

Million €	Carrying amount of hedging instruments				Cash flow hedge reserve				Change in fair values for assessing ineffectiveness			Recognized ineffectiveness	
	Financial assets	Financial liabilities	Balance sheet item	Nominal value	Accumulated amounts for continuing hedging relationships	Hedging effects recognized in other comprehensive income	Amounts reclassified to profit or loss for realized hedging transactions	Income statement item for recognition of reclassification	Hedging instrument	Hedged transaction	Ineffectiveness amount	Income statement item	
Foreign currency risks	0	0	Other receivables and miscellaneous assets / other liabilities	63	-1	-25	20 ^a	Other operating income	-1	-1	-	n. a.	
Combined interest / foreign currency risks	301	-	Other receivables and miscellaneous assets	2,525	-35	115	-127	Other financial income	322	322	-	n. a.	
Commodity price risks	2	-1	Other receivables and miscellaneous assets	38	2 ^b	25	0 ^c	Other operating income	3	3	-	n. a.	
Total	303	-1		2,626	-34	115	-106		324	324	-		

^a €2 million was derecognized from the cash flow hedge reserve, reducing the cost of property, plant and equipment.

^b €15 million was recognized cumulatively in the cash flow hedge reserve for discontinued hedging relationships. These amounts are derecognized when the hedged transaction occurs and included in the cost of the inventories procured.

^c €8 million was derecognized from the cash flow hedge reserve, increasing the cost of inventories procured and then recognized in profit or loss upon consumption.

Cash flow hedge accounting effects in 2023

Million €	Carrying amount of hedging instruments				Cash flow hedge reserve				Change in fair values for assessing ineffectiveness		Recognized ineffectiveness	
	Financial assets	Financial liabilities	Balance sheet item	Nominal value	Accumulated amounts for continuing hedging relationships	Hedging effects recognized in other comprehensive income	Amounts reclassified to profit or loss for realized hedging transactions	Income statement item for recognition of reclassification	Hedging instrument	Hedged transaction	Ineffectiveness amount	Income statement item
Foreign currency risks	10	-2	Other receivables and miscellaneous assets / other liabilities	611	6	16	-17 ^a	Other operating income	6	6	-	n. a.
Interest risks	-	-	n/a	-	-	-	-	Other operating income	-	-	-	n. a.
Combined interest / foreign currency risks	228	-	Other receivables and miscellaneous assets	2,525	-23	-48	23	Other financial income	207	239	-	n. a.
Commodity price risks	5	-15	Other receivables and miscellaneous assets	376	-17	-24	-b	Other operating income	-17	-17	-	n. a.
Total	242	-18		3,512	-34	-56	6		196	228	-	

^a €3 million was derecognized from the cash flow hedge reserve, reducing the acquisition cost of property, plant and equipment.

^b €3 million was derecognized from the cash flow hedge reserve, increasing the cost of inventories procured, and recognized in profit or loss upon consumption.

The occurrence of all forecasted transactions was considered to be highly probable at all times during fiscal years 2024 and 2023. Amounts accumulated in the cash flow hedge reserve for commodity price risks are derecognized against the carrying amount of acquired assets once the hedged transaction occurs. Thus, there is no immediate reclassification of the amounts recognized in the cash flow hedge reserve to profit or loss in these cases.

26 Capital structure management and statement of cash flows

26.1 Capital structure management

The aim of capital structure management is to maintain the financial flexibility needed to further develop BASF's business portfolio and take advantage of strategic opportunities. The objectives of the company's financing policy are to ensure solvency, limit financial risks and optimize the cost of capital.

Capital structure management focuses on meeting the requirements needed to ensure unrestricted access to the capital market and a Single A rating. Capital structure is managed using selected financial ratios, such as dynamic debt ratios, as part of the company's financial planning.

Equity of the BASF Group as reported in the balance sheet amounted to €36,992 million as of December 31, 2024 (previous year: €36,646 million); the equity ratio was 45.9% on December 31, 2024 (previous year: 47.3%).

BASF prefers to access external financing on the capital markets and, when advantageous, via bank loans. A commercial paper program is used for short-term financing, while corporate bonds are used for financing in the medium and long term. These are issued in euros and other currencies with different maturities. The goal is to create a balanced maturity profile, achieve a diverse range of investors and optimize BASF's debt capital financing conditions. Since 2020, BASF has employed green corporate bonds to finance the development of sustainable products and projects with a clear environmental benefit.

BASF currently has the following ratings, which were last confirmed by Fitch on November 1, 2024, by Moody's on November 18, 2024, and by Standard & Poor's on December 2, 2024.

Ratings as of December 31, 2024

	Noncurrent financial indebtedness	Current financial indebtedness	Outlook
Fitch	A	F1	stable
Moody's	A3	P-2	stable
Standard & Poor's	A-	A-2	stable

Ratings as of December 31, 2023

	Noncurrent financial indebtedness	Current financial indebtedness	Outlook
Fitch	A	F1	stable
Moody's	A3	P-2	stable
Standard & Poor's	A-	A-2	stable

BASF strives for a Single A rating, which ensures unrestricted access to financial and capital markets (for more information on BASF's financing policy, see the Combined Management's Report from page [56](#) onward).

26.2 Statement of cash flows

Accounting policies

Cash flows from operating activities are determined using the indirect method whereby changes in balance sheet items are adjusted for currency translation effects and changes in the scope of consolidation and thus cannot be derived directly from the consolidated balance sheet.

BASF reports interest paid and dividends received in cash flows from operating activities. Income tax payments from ongoing business are also allocated to cash flows from operating activities. In the case of material transactions, however, these are reported in the corresponding section of the statement of cash flows.

Cash flows from financing activities include payments for leases in which BASF is lessee as well as dividend payments.

Payments are netted in cash flows from investing activities and cash flows from financing activities if they are items with a high turnover rate, represent large amounts and have short-term maturities (for more information on the statement of cash flows, see the Combined Management's Report from page [57](#) onward).

Explanation of the statement of cash flows

Cash flows from operating activities contained the following payments:

Statement of cash flows

Million €	2024	2023
Income taxes	-966	-760
of which income tax refunds	111	282
income tax payments	-1,077	-1,042
Interest payments	-454	-413
of which interest received	292	235
interest paid	-746	-648
Dividends received	478	668

In order to optimize precious metal stocks, the Group sells precious metals and concurrently enters into agreements to repurchase them at a set price. Cash flows resulting from the sale and repurchase in the amount of -€55 million (previous year: -€447 million) were reported in cash flows from operating activities.

Factoring agreements in the amount of €359 million had a negative impact on cash flows from operating activities in 2024 (previous year: positive impact, €560 million).

The carrying amount of financial liabilities that are the subject of supplier financing agreements and are reported as trade accounts payable amounted to €80 million in 2024 (previous year: €77 million). Of this, an amount of €73 million was already paid by the financial services provider (previous year: €71 million). The payment terms for these liabilities ranged between 0 and 120 days and for comparable trade accounts payable that were not the subject of the agreements, between 0 and 60 days.

In 2024, cash flows from investing activities included €202 million in payments made for acquisitions. This included the purchase price payment of €192 million for the acquisition of one of the two MDI plants and the production plants for the precursors aniline and nitrobenzene resulting from the joint venture with Huntsman, Shanghai Lianheng Isocyanate Co. Ltd., Shanghai, China. In the previous year, payments for acquisitions were recognized in the amount of €5 million.

Payments received from divestitures amounted to €75 million and related solely to immaterial transactions. In the previous year, payments received amounted to €32 million (for more information, see Note 3 from page [344](#) onward).

Payments made for property, plant and equipment and intangible assets amounted to €6,198 million, €803 million higher than in the previous year. This also includes capitalized interest in the amount of €147 million (previous year: €80 million).

Payments for investments in equity instruments in 2024 included €598 million for the acquisition and several subsequent capital increases of the equity-accounted shareholding in the Nordlicht 1 and 2 wind farm projects.

In 2024, payments received from the disposal of equity instruments included the payment from the sale of Wintershall Dea GmbH's exploration and production business (Wintershall Dea AG until September 23, 2024), Kassel/Hamburg, Germany, to Harbour Energy plc, London, United Kingdom, in the amount of €1,169 million. In addition, Wintershall Dea made a capital repayment in the amount of €556 million.

Cash and cash equivalents in the amount of €2,921 million (previous year: €2,624 million) consist primarily of cash on hand and bank balances with maturities of less than three months. As in the previous year, these were not subject to any utilization restrictions in 2024. However, the repayment of funds from Russia is currently only possible to a limited extent. These amounted to €20 million as of December 31, 2024 (previous year: €21 million).

The cash and cash equivalents presented in the statement of cash flows may deviate from the figures in the balance sheet if the relevant amounts were reclassified to assets of disposal groups. As of December 31, 2024, cash and cash equivalents were reported in the amount of €2,921 million in the statement of cash flows; this included the balance sheet value (€2,914 million) as well as the value reclassified to the disposal group (€7 million). In the previous year, the value in the balance sheet and in the statement of cash flows were the same.

Lease payments totaled €679 million in 2024 (previous year: €654 million). The principal component of €413 million (previous year: €401 million) is presented in cash flows from financing activities. BASF reports interest payments, which amounted to €65 million (previous year: €54 million), in cash flows from operating activities. Payments in connection with short-term leases, lease payments relating to low-value assets, and variable lease payments that were not taken into account in the measurement of the lease liability amounted to €201 million in 2024 (previous year: €199 million).

Reconciliation according to IAS 7 breaks down the changes in financial and similar liabilities and their hedging transactions into cash-effective and non-cash-effective changes. The cash-effective changes presented on the left correspond to the figures in cash flows from financing activities.

Other financing-related liabilities primarily comprise liabilities from accounts used for cash pooling with BASF companies not included in the Consolidated Financial Statements. They are reported in miscellaneous liabilities under the balance sheet item other liabilities, in which financial instruments are presented.

Assets/liabilities from hedging transactions included in cash flows from financing activities form part of the balance sheet items derivatives with positive and negative fair values respectively and include only those transactions which hedge risks arising from financial indebtedness and financing-related liabilities secured by micro hedges.

Reconciliation according to IAS 7 for 2024

Million €	Dec. 31, 2023	Non-cash-effective changes					Dec. 31, 2024
		Cash effective in cash flows from financing activities	Acquisitions/ divestitures/ changes in the scope of consolidation	Currency effects	Additions from lease contracts	Other effects	
Financial indebtedness	19,268	2,264	–	224	–	6	–
Loan liabilities	259	121	–	1	–	-10	–
Lease liabilities	1,649	-413	–	27	428	-26 ^a	–
Other financing-related liabilities	185	2	–	–	–	54	–
Financial and similar liabilities	21,361	1,974	–	251	428	25	–
Assets/liabilities from hedging transactions	-47	-191	–	–	–	–	200
Total	21,314	1,783	–	251	428	25	200
							24,001

^a Includes mainly disposals from lease contracts.

Reconciliation according to IAS 7 for 2023

Million €	Dec. 31, 2022	Non-cash-effective changes					Dec. 31, 2023
		Cash effective in cash flows from financing activities	Acquisitions/ divestitures/ changes in the scope of consolidation	Currency effects	Additions from lease contracts	Other effects	
Financial indebtedness	19,016	470	–	-235	–	17	– 19,268
Loan liabilities	322	-45	–	-2	–	-16	– 259
Lease liabilities	1,489	-401	-1	-26	609	-20 ^a	– 1,649
Other financing-related liabilities	250	-11	-3	–	–	-52	– 185
Financial and similar liabilities	21,077	13	-5	-263	609	-71	– 21,361
Assets/liabilities from hedging transactions	-155	245	–	–	–	–	-138 -47
Total	20,922	259	-5	-263	609	-71	-138 21,314

^a Includes mainly disposals from lease contracts.

27 Personnel expenses and employees

Personnel expenses

Expenses for wages and salaries, social security contributions and assistance, as well as for pensions totaled €11,241 million in 2024. The increase was mainly due to a higher wage and salary level.

Personnel expenses

Million €	2024	2023
Wages and salaries	9,022	8,773
Social security contributions and assistance expenses	1,665	1,612
Pension expenses	554	565
Personnel expenses	11,241	10,950

Number of employees

As of December 31, 2024, the number of employees decreased to 111,822 employees compared with 111,991 employees as of December 31, 2023. The decline was primarily due to retirements and departures due to dormant employment as well as measures in connection with the cost savings program focusing on Europe. Staff increases in Asia Pacific, especially for the new Verbund site in Zhanjiang, China, had an offsetting effect.

Employees of joint operations are included in the number of employees relative to BASF's share in the company. As of December 31, 2024, a total of 1,234 employees worked at joint operations (previous year: 1,210 employees).

The development of the number of employees in the BASF Group was distributed over the regions as follows:

Number of employees as of December 31

	2024	2023
Europe	66,726	67,562
of which Germany	50,602	51,406
North America	15,969	16,060
Asia Pacific	21,971	21,193
South America, Africa, Middle East	7,156	7,176
BASF Group	111,822	111,991
of which apprentices and trainees	2,941	3,045
temporary staff	2,105	2,305

The average number of employees was distributed over the regions as follows:

Average number of employees

	2024	2023
Europe	66,941	67,617
of which Germany	50,761	51,369
North America	16,064	16,077
Asia Pacific	21,616	20,822
South America, Africa, Middle East	7,123	7,075
BASF Group	111,744	111,590
of which apprentices and trainees	2,670	2,715
temporary staff	2,285	2,452

The average number of employees increased to 111,744 employees in 2024 (previous year: 111,590 employees).

The reasons for the development of the number of employees described above are also decisive to the development of the average number of employees.

On average, 1,221 employees worked at joint operations (previous year: 1,202 employees).

28 Share price-based compensation programs and BASF incentive share program

Share price-based compensation programs

The BASF Group's share price-based compensation programs, or long-term incentive (LTI) programs, are cash-settled programs. If vested, the cash-settlement obligation is measured at fair value on every balance sheet date and recognized as a provision.

In 2024, the BASF Group continued offering its share price-based compensation program (LTI program), known as Strive!, which was launched in 2020. The share price-based compensation program known as "BOP" (BASF Option Program), which had existed since 1999, was offered for the last time in 2020. All option rights granted during the BOP program years remain valid until the end of their respective exercise periods.

Generally, members of the Board of Executive Directors and all senior executives are entitled to participate in the LTI programs.

Strive!

Strive! is based on a performance share plan and takes into account the achievement of strategic goals and the development of the BASF share and dividend (total shareholder return) over a period of four years.

Participation in Strive! is voluntary for senior executives and is linked to a share ownership obligation. Strive! offers rolling eligibility, without a deadline for participation. In 2024, 628 people (previous year: 684 people) were eligible to participate in Strive!. About 93% (previous year: 93%) of eligible senior executives and the members of the Board of Executive Directors participated. Unlike for senior executives, participation is not voluntary for the members of the Board of Executive Directors and is outlined in their service contracts. The same plan conditions generally apply to members of the Board of Executive Directors.

A Strive! plan includes a four-year performance period with a fixed disbursement date. A target amount is determined at the beginning of each new Strive! plan for every participant. This target amount is converted into a preliminary number of virtual performance share units (PSUs) by dividing it by the

average BASF share price in the fourth quarter of the previous year. The number of PSUs that are ultimately paid out at the end of the performance period depends on the achievement of the relevant targets.

Achievement of each strategic target is calculated for each year of the four-year performance period. Upon conclusion of the performance period, the average degree of target achievement for each strategic target is equal to the arithmetic mean of the degrees of target achievement for the four years. The total target achievement for the respective Strive! plan is determined by adding the target achievement degree for the three strategic targets after having multiplied each by the corresponding weighting factor. To calculate the final number of PSUs, this weighted target achievement is multiplied by the preliminary number of PSUs. The payment amount upon conclusion of the four-year performance period is calculated by multiplying the final number of PSUs by the average BASF share price for the fourth quarter of the last year of the performance period, plus the accumulated dividend payments in the four fiscal years. The payment occurs in May of the following year and is capped at 200% of the target amount. The payment amount therefore not only reflects achievement of the strategic targets, but performance of BASF's dividend and share price as well.

A personal investment in BASF shares is the prerequisite for participation in Strive!. Participants are required to own BASF shares amounting to a predetermined percentage of their base salary for the duration of the performance period. A set-up phase applies to first-time participants. During this period, they are required to hold a percentage of shares as their predetermined personal investment. The set-up phase for the 2024 Strive! program ends on December 31, 2027. The 2024 Strive! program has the same fundamental structure as the Strive! programs in previous years.

Fair value of PSUs and parameters used as of December 31, 2024

	Strive! program of the year			
	2024	2023	2022	2021
Number of PSUs granted	1,163,568	1,005,987	698,732	720,090
Number of PSUs vested	290,892	502,994	524,049	720,090
Fair value including fluctuation / PSU	€ 42.33	37.94	42.81	65.68
Fair value excluding fluctuation / PSU	€ 47.85	41.17	44.59	65.68
Weighted target achievement	% 109.0	84.4	85.3	113.1
Base price	€ 43.94	46.45	61.82	57.15

PSUs vested by the deadline were measured at fair value. Fair value is determined based on the BASF share price of €42.46 on the balance sheet date plus expected dividend payments during the term of the program and taking into account the expected target achievement rate of the respective Strive! plan. A fluctuation rate of 4% is assumed for the fair value of senior executives' PSUs.

The LTI provision for Strive! decreased from €118 million as of December 31, 2023, to €109 million as of December 31, 2024, due to lower fair values. The expense from the addition to provisions totaled €31 million in 2024 and €47 million in 2023. In 2024, the expiry of the four-year performance period and associated payout in May for Strive!2020 resulted in utilization of €41 million. On the basis of preliminary degrees of target achievement, a payment amount of €48 million was recognized in current provisions for the fully vested 2021 program year.

BASF Option Program (BOP)

The “BOP” LTI program last offered in 2020 grants virtual option rights. When exercised, the option rights are settled in cash.

Participation in BOP was voluntary. In order to take part in the program, a participant had to make a personal investment: Participants were required to hold BASF shares representing between 10% and 30% of their respective variable compensation for a two-year period from the granting of the option (holding period). The number of shares to be held was determined by the amount of variable compensation and the volume-weighted average share price on the first trading day after the Annual Shareholders' Meeting.

Participants received four option rights per invested share. Each option consists of two parts, right A and right B, which may be exercised if defined thresholds have been met: The threshold of right A is met if the price of the BASF share has increased by more than 30% in comparison with the base price on the option grant date (absolute threshold). The value of right A is the difference between the market price of BASF shares on the exercise date and the base price; it is limited to 100% of the base price. Right B may be exercised (relative threshold) if the cumulative percentage performance of BASF shares exceeds the percentage performance of the MSCI World Chemicals IndexSM (MSCI Chemicals). The value of right B is the base price of the option multiplied by twice the percentage by which the BASF share outperforms the MSCI Chemicals Index on the exercise date. It is limited to the closing price on the date of exercise less the calculated nominal value of the BASF share. Right B may only be exercised if the price of the BASF share equals at least the base price. When a two-year vesting period is over, options granted can be exercised until the end of the respective exercise period. During the exercise period, there are certain times (closed periods) during which the options may not be exercised. Each option can only be exercised in full, and one of the thresholds must be exceeded. If the other threshold is not exceeded, the other option right lapses. A participant's maximum gain from exercising an option is limited to five times the original individual investment. Option rights are nontransferable and are forfeited if the option holders no longer work for the BASF Group or have sold part of their individual investment before the expiry of the two-year vesting period. They remain valid in the case of retirement. For the members of the Board of Executive Directors, the long-term orientation of the program has been strengthened significantly compared with the conditions applying to the other participants. Members of the Board of Executive Directors were required to participate in the BOP program with at least 10% of their actual annual variable compensation. In view of this binding personal investment (in the form of BASF shares), an extended holding period of four years applies. Members of the Board of Executive Directors may only exercise their option rights four years after they have been granted at the earliest (vesting period).

As a result of a resolution by the Board of Executive Directors in 2002 to settle option rights in cash, all outstanding option rights under the 2017 to 2020 programs were valued at fair value as of December 31, 2024.

The number of outstanding options declined from 7,731,844 as of December 31, 2023, to 6,190,727 as of December 31, 2024, due mainly to the expiration of options from the 2016 BOP program.

The exercisable options had no intrinsic value as of December 31, 2024, or December 31, 2023.

The models used in the valuation of the option plans are based on the arbitrage-free valuation model according to Black-Scholes. The fair values of the options are determined using the binomial model. Volatility is determined on the basis of the monthly closing prices over a historical period corresponding to the remaining term of the options.

The LTI provision for BOP decreased from €50 million as of December 31, 2023, to €20 million as of December 31, 2024, due to lower fair values and a lower number of outstanding option rights. In 2023

and in 2024, less than €1 million was utilized due to senior executives leaving the company. Income from the reduction in provisions totaled €30 million in 2024 and €13 million in 2023.

BASF “Plus” incentive share program

The “plus” incentive share program was introduced in 1999 and is currently available to employees in Germany, other European countries and Mexico. Simultaneous participation in both the “plus” program and an LTI program is not permitted.

Employees who participate in BASF’s “plus” incentive share program acquire shares in BASF as a personal investment from their variable compensation. For every 10 BASF shares purchased in the program, a participant receives one BASF share at no cost after one, three, five, seven and 10 years of holding these shares. As a rule, the first and second block of 10 shares entitles the participant to receive one BASF share at no extra cost in each of the next 10 years.

The right to receive free BASF shares lapses if a participant sells the individual investment in BASF shares, if the participant stops working for a Group company or one year after retirement. The number of free shares to be granted has developed as follows:

Number of free shares to be granted

Shares	2024	2023
As of January 1	3,920,838	3,721,560
Newly acquired entitlements	585,725	1,001,995
Bonus shares issued	-567,516	-665,428
Lapsed entitlements	-153,351	-137,289
As of December 31	3,785,696	3,920,838

The free shares to be provided by the company are measured at the fair value on the grant date. Fair value is determined on the basis of the BASF share price, taking into account the present value of dividends, which are not paid during the term of the program. The weighted-average fair value on the grant date amounted to €48.42 for the 2024 program, and €45.88 for the 2023 program.

The fair value of the free shares to be granted is recognized as an expense with a corresponding increase in capital reserves over the term of the program.

Personnel expenses for BASF’s “plus” incentive share program totaled €24 million in 2024 and €26 million in 2023.

29 Compensation of the Board of Executive Directors and Supervisory Board

Compensation of the Board of Executive Directors according to IFRS

Million €	2024	2023
Short-term non-performance-related and performance-related compensation of the Board of Executive Directors	14.5	10.3
Share-based compensation	4.2	12.4
Termination benefits	–	9.7
Other long-term benefits	–	–
Service costs for members of the Board of Executive Directors	1.9	3.3
Total compensation of the Board of Executive Directors	20.6	35.7

Compensation of the Board of Executive Directors and Supervisory Board according to section 314(1) item 6 of the German Commercial Code (HGB)

Million €	2024	2023
Non-performance-related and performance-related compensation of the Board of Executive Directors	14.5	10.3
Fair value of performance share units allocated to the Board of Executive Directors in the fiscal year as of allocation date	12.1	9.2
Total compensation of the Board of Executive Directors	26.6	19.5
Compensation of the Supervisory Board (short-term and non-performance-related)	3.4	3.3
Total compensation of former members of the Board of Executive Directors and their surviving dependents	12.4	11.8
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	179.9	172.8

Total compensation for the Board of Executive Directors and the Supervisory Board according to IAS 24.17 amounted to €24.0 million in 2024 (previous year: €39.0 million).

In 2024, members of the Board of Executive Directors were allocated 260,569 performance share units (PSUs) under the Long-Term-Incentive (LTI) plan (previous year: 214,253 PSUs) (for more information on the LTI plans, see Note 28 from page [436](#) onward).

As of 2024, the short-term incentive (STI) for the Board of Executive Directors is based on an additive STI formula. Three of the BASF Group's financial targets (return on capital employed (ROCE), EBITDA before special items, and cash flows from operating activities) are included in the STI, each with a weighting of 25%. Nonfinancial targets represent the Board of Executive Directors' other strategic priorities for the fiscal year and are included in the STI with a weighting of 25%.

Up to and including 2023, the STI performance bonus was based on the performance of the Board of Executive Directors as a whole and the return on capital employed (ROCE) of the BASF Group. Subject to certain conditions, ROCE is adjusted for special items from acquisitions and divestitures. The conditions for a ROCE adjustment were not met in either year.

» The Compensation Report is available at basf.com/compensationreport

30 Related party transactions

Related parties are legal or natural entities that can exert influence on the BASF Group or over which the BASF Group exercises control or joint control, or a significant influence. These primarily include

nonconsolidated subsidiaries, joint ventures and associated companies as well as BASF SE's Board of Executive Directors and Supervisory Board.

The following tables show the volume of business with related parties that are included in the Consolidated Financial Statements at amortized cost or accounted for using the equity method. The tables do not include the acquisition of plants and inventories from the associated company, Shanghai Lianheng Isocyanates Business Co. Ltd., which is described in Note 3. Transactions with related parties are carried out under normal market conditions.

Sales and trade accounts receivable from and trade accounts payable to related parties mainly included business with own products and merchandise, agency and licensing businesses, and other operating businesses.

Other receivables and liabilities primarily arose from financing activities, from accounts used for cash pooling, outstanding dividend payments, profit and loss transfer agreements, and other finance-related and operating activities and transactions.

The increase in other receivables from nonconsolidated subsidiaries as well as from associated companies resulted primarily from other finance-related receivables.

The increase in other liabilities to nonconsolidated subsidiaries as well as joint ventures resulted from other finance-related liabilities and contract liabilities.

Balances outstanding to related parties were generally not hedged and were settled in cash.

The balance of valuation allowances on other receivables from nonconsolidated subsidiaries declined from €136 million as of December 31, 2023, to €120 million as of December 31, 2024. The addition to valuation allowances with respect to nonconsolidated subsidiaries was recognized as an expense in the amount of €8 million (previous year: €42 million).

The balance of valuation allowances on trade accounts receivable from nonconsolidated subsidiaries increased from €3 million as of December 31, 2023, to €4 million as of December 31, 2024. The balance of valuation allowances on trade accounts receivable from joint ventures increased from €2 million as of December 31, 2023, to €3 million as of December 31, 2024.

BASF had obligations from guarantees and other financial obligations in favor of nonconsolidated subsidiaries in the amount of €5 million as of December 31, 2024, and €15 million as of December 31, 2023, in favor of joint ventures in the amount of €42 million as of December 31, 2024, and €19 million as of December 31, 2023, and in favor of associated companies in the amount of €3 million as of December 31, 2024, and €1 million as of December 31, 2023.

Obligations arising from purchase contracts with joint ventures amounted to €2,943 million as of December 31, 2024, and €3,071 million as of December 31, 2023. In both years, the obligations mainly resulted from power purchase agreements.

Annual minimum rental payments for an office building including a parking area payable by BASF SE to BASF Pensionskasse VVaG for the nonterminable basic rental period until 2029 amounted to €8 million (previous year: €7 million). Furthermore, there were financial liabilities with BASF Pensionskasse VVaG amounting to €266 million as of December 31, 2024 (December 31, 2023: €215 million). BASF SE had other finance-related receivables from BASF Pensionskasse VVaG in the amount of €80 million as of December 31, 2024, and as of December 31, 2023.

Sales with related parties

Million €	Supplies and services rendered		Supplies and services received	
	2024	2023	2024	2023
Nonconsolidated subsidiaries	1,212	1,116	405	357
Joint ventures	655	824	1,070	1,241
Associated companies	136	193	193	1,137

The decline in services received from associated companies was mainly due to the expiration of supply contracts with the former Wintershall Dea AG.

Trade accounts receivable from / trade accounts payable to related parties

Million €	Accounts receivable, trade		Accounts payable, trade	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Nonconsolidated subsidiaries	417	358	92	142
Joint ventures	97	136	104	113
Associated companies	20	29	30	67

Other receivables from / liabilities to related parties

Million €	Other receivables		Other liabilities	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Nonconsolidated subsidiaries	224	207	227	162
Joint ventures	25	24	86	23
Associated companies	30	15	15	13

There were no reportable related party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties in 2024 other than those presented in Note 29 (from page [440](#) onward).

» The Compensation Report is available at basf.com/compensationreport

31 Services provided by the external auditor

BASF Group companies used the following services from Deloitte:

Services provided by the external auditor

Million €	2024	Of which	
		Deloitte GmbH Wirtschaftsprüfungs- gesellschaft, Germany	
Annual audits	26	10	
Audit-related services	1	1	
Tax consultation services	–	–	
Other services	–	–	
Total	27	11	

The services provided by the external auditor mainly included services for the annual audit and, to a lesser extent, audit-related services.

The fees for annual audit services related to expenses for the audit of the Consolidated Financial Statements of the BASF Group, the Financial Statements of BASF SE and of the subsidiaries and joint

operations included in the Consolidated Financial Statements, the review of the half-year financial report, and project-related IT audits.

Fees for audit-related services primarily included audits in connection with confirmation services relating to sustainability reporting, other audits based on regulatory requirements, as well as other voluntary confirmation services.

32 Declaration of Conformity with the German Corporate Governance Code

Declaration pursuant to section 161 of the German Stock Corporation Act (AktG)

The annual Declaration of Conformity with the German Corporate Governance Code according to section 161 AktG was submitted by the Board of Executive Directors and the Supervisory Board of BASF SE in December 2024 and is published online.

» For more information, see basf.com/en/corporategovernance

33 Non-adjusting events after the balance sheet date

On February 17, 2025, BASF announced the sale of the Brazilian decorative paints business, which is part of BASF's Coatings division, to Sherwin-Williams, Cleveland, Ohio. The purchase price on a cash and debt-free basis is \$1.15 billion. The transaction is structured as a share deal and includes the production sites in Demarchi and Jaboatão, the associated contracts, the Suvinil and Glasu! brands and around 1,000 employees. The decorative paints business generated sales of around €485 million in 2024 and operates almost exclusively in Brazil. The divestiture is expected to close in the second half of 2025, subject to the approval of the relevant authorities.

3 BASF Report 2024

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External Audit

Our reporting is independently audited by third parties. The appointed auditor, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, has audited the BASF Group Consolidated Financial Statements and the Combined Management's Report and has issued an unmodified audit opinion. The Auditor's Report can be found from page [447](#) onward of this report. With regard to the Combined Sustainability Statement prepared by BASF SE in accordance with the ESRS adopted by way of Commission Delegated Regulation (EU) 2023/2772, which also includes the disclosures required under Article 8 of Regulation (EU) 2020/852 (EU taxonomy), Deloitte GmbH Wirtschaftsprüfungsgesellschaft has performed a limited assurance engagement in accordance with ISAE 3000 (revised). The audit of the Management's Report, which was performed by the auditor as a reasonable assurance audit, included disclosures on CO₂ emissions (Scope 1 and 2) as a steering-relevant key performance indicator. Within the scope of the audit of the annual financial statements, the auditor checked pursuant to section 317(2) sentence 4 HGB that the NFS for BASF SE was presented in accordance with the statutory requirements. A reproduction of the assurance report can be found on page [457](#) onward of this report.

The information contained in this report incorporates elements of IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB™). None of the aforementioned information (IFRS S1 and S2) was included in the audit of sustainability reporting performed by Deloitte GmbH Wirtschaftsprüfungsgesellschaft.

Statement by the Board of Executive Directors

and assurance pursuant to sections 297(2) and 315(1) of the German Commercial Code (HGB)

The Board of Executive Directors of BASF SE is responsible for preparing the Consolidated Financial Statements and Combined Management's Report of the BASF Group.

The BASF Group Consolidated Financial Statements for 2024 were prepared according to the International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as the IFRSs in the version adopted by the International Accounting Standards Board (IASB), London.

We have established effective internal control and steering systems in order to ensure that the BASF Group's Combined Management's Report and Consolidated Financial Statements comply with applicable accounting rules and to ensure proper corporate reporting.

The internal control and risk management system we have set up is specifically designed to enable the Board of Executive Directors to identify material risks early on and take appropriate defensive measures as necessary. The appropriateness and effectiveness of the internal control and risk management system are continually audited throughout the Group by our Corporate Audit department.

To the best of our knowledge, and in accordance with the applicable reporting rules, the Consolidated Financial Statements of the BASF Group give a true and fair view of the net assets, financial position and results of operations of the Group, and the Combined Management's Report of the BASF Group includes a fair review of the development and performance of the business as well as position of the BASF Group, together with a description of the principal opportunities and risks associated with the expected development of the BASF Group.

Ludwigshafen am Rhein, March 17, 2025

Dr. Markus Kamieth

Chairman of the Board of
Executive Directors

Dr. Dirk Elvermann

Chief Financial Officer

Michael Heinz

Anup Kothari

Dr. Stephan Kothrade

Dr. Katja Scharpwinkel

Independent Auditor's Report

To BASF SE, Ludwigshafen am Rhein/Germany

Report on the audit of the Consolidated Financial Statements and the Combined Management Report.

Audit Opinions

We have audited the consolidated financial statements of BASF SE, Ludwigshafen am Rhein/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at December 31, 2024, the consolidated statement of profit and loss, income and expenses recognized in equity, the consolidated statement of cash flows, changes in equity for the financial year from January 1 to December 31, 2024 and the notes to the consolidated financial statements, including material accounting policy information. We have not audited the content of the remuneration report, which is referred to in the notes in chapter "(29) Compensation of the Board of Executive Directors and Supervisory Board" and the cross-references in the notes, including references to websites and information to which these references refer to. In addition, we have not audited the content of the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG), which is referenced in the combined management report, nor the disclosures within the combined management report marked as unaudited and cross-references, including references to websites and information to which these references refer to.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2024 and of its financial performance for the financial year from January 1 to December 31, 2024; our audit opinion on the consolidated financial statements does not cover the content of the remuneration report and the cross-references mentioned above including the related information; and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report neither covers the content of the statements mentioned above, the remuneration report, nor the disclosures extraneous to combined management report marked as unaudited and the cross-references mentioned above including the related information.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill
2. Recoverability of certain property, plant and equipment items.

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding disclosures in the consolidated financial statements)
- b) auditor's response

1. Recoverability of goodwill

a) As at December 31, 2024, goodwill of mEUR 7,721 (9.6% of total assets) is recognized under the balance sheet item "intangible asset" in the consolidated financial statements of BASF SE. The executive directors of BASF SE perform annual impairment tests for goodwill according to IAS 36, at the level of the cash-generating units or a group of cash-generating units. If an indication exists that a cash-generating unit or a group of cash-generating units may be impaired, an impairment test is performed outside the regular cycle.

Goodwill is tested for impairment by comparing the carrying amounts of the cash generating units with the respective recoverable amounts. Such determination is based on present value-oriented methods as usually there are no externally available market values for the individual cash-generating units or the groups of cash-generating units. The recoverable amounts were calculated using discounted cash flow models. The present value of the future cash flows is based on the most recent budgets/forecasts approved by management, which are extrapolated using long-term growth rates. The discounting of cash flows is based on the weighted average cost of capital of the respective cash-generating unit. With respect to fiscal year 2024 no impairment for goodwill was identified.

The executive directors mainly exercise judgement within the determination of the parameters used to forecast future cash flows in the detailed planning period, the assumptions for the long-term growth rates and for the determination of the cost of capital. These assumptions have a significant impact on the determination of the recoverable amounts.

The impairment tests to be carried out on goodwill are complex and require a considerable level of judgment of the executive directors. Therefore, the impairment test of goodwill was of particular importance in the context of our audit. This was particularly the case for the cash-generating unit Battery Materials, as changes in valuation parameters, which were considered possible based on current market developments, could lead to a need for impairment within these cash-generating units.

The executive directors' disclosures on goodwill are included in the sections "(1.4) Accounting policies" and "(14.1) Explanation of intangible assets" of the notes.

- b) During our audit, we evaluated the executive directors' approach in carrying out the impairment tests. In a first step, we obtained an understanding of the process implemented by the executive directors to carry out impairment tests. In addition, we evaluated the design of the controls identified as relevant to our audit and determined whether they had been implemented. We assessed the discounted cashflow models used by management with regards to methodical appropriateness and mathematical accuracy. We examined whether the cash flows used in the valuations are consistent with, or have been logically derived from, the budgets/forecasts approved by management. We evaluated the reasonableness of the relevant assumptions underlying the budgets/forecasts made by the executive directors on the basis of macroeconomic and industry-specific market data, as well as explanations provided by the executive directors. We also assessed the appropriateness of the methodology used for the derivation of the weighted average cost of capital and the appropriateness of the amount of the weighted average cost of capital. To address the risk inherent to the uncertainty of the forecast, we examined the impact on the recoverable amounts of possible variations in relevant valuation parameters by evaluating the calculation of alternative scenarios (sensitivity analysis). In auditing the impairment tests of goodwill, we used the work of our internal valuation specialists and, with their support, assessed whether the methods applied, assumptions made, and data used by the executive directors were reasonable.

2. Recoverability of certain assets within property, plant and equipment

- a) The operating business of the BASF Group is asset-intensive, therefore property, plant and equipment is of great relevance to the consolidated financial statements. As at December 31, 2024, property, plant and equipment amounting to mEUR 27,197 (33.8% of total assets). Impairments in the amount of mEUR 694 were recognized on property, plant and equipment, which related in particular to the Battery Materials business in the Surface Technologies segment.

Items of property, plant and equipment are generally carried at their cost less any accumulated depreciation and any accumulated impairment losses. An impairment of property, plant and equipment is required if the recoverable amount is below the carrying amount. If there are indications for an impairment, the recoverable amount of property, plant and equipment is determined on the basis of the value in use. Such determination is based on present value-oriented methods due to the fact that market values are usually not available for the individual items of property, plant and equipment.

The impairment tests are complex and their outcome is highly dependent on the executive directors' judgement. The assumptions to be made by the executive directors are, among other things, made individually for each plant in terms of production volumes as well as prices and expected demand. As a result, the audit of the recoverability of certain assets within property, plant and equipment, in particular with respect to assets within Battery Materials in Germany, was of particular importance in the context of our audit.

The executive directors' disclosures on property, plant and equipment are included in sections "(1.4) Accounting policies" and "(14.2) Explanation of property, plant and equipment" to the notes.

- b) As part of our audit, we obtained a process understanding of the identification of indicators for an impairment and the valuation of property, plant and equipment by the executive directors. For internal controls relevant to the audit, we evaluated the design of the controls and determined whether they had been implemented. As part of the audit of the impairment tests, we tested – in particular for the identified property, plant and equipment of Battery Materials– the discounted cashflow models used by management with regards to methodical appropriateness and mathematical accuracy. We evaluated the reasonableness of the relevant assumptions underlying the budgets/forecasts made by the executive directors on the basis of macroeconomic and industry-specific market data, as well as explanations provided by the executive directors. We also assessed the appropriateness of the methodology used for the derivation of the weighted average cost of capital and the appropriateness of the amount of the weighted average cost of capital. In auditing the impairment tests of certain assets within property plan and equipment, we used the work of our internal valuation specialists and, with their support, assessed whether the methods applied, assumptions made, and data used by the executive directors were reasonable.

Other information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the sustainability statement, which contains the information on the non-financial reporting according to Sections 289b to 289e and 315b and 315c HGB,
- the remuneration report, which is referenced in the combined management report as well as in the consolidated financial statements,
- the corporate governance statement,
- disclosures extraneous to the combined management report marked as unaudited and the cross-references including the related information,
- the cross-references included in the notes including the related information,
- the executive directors' confirmations regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the corporate governance statement, and for the remuneration report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions, the risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls,
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these internal controls of the Group or of the arrangements and measures,
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures,
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report prepared for Publication pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 61cce93ae3c50f91242d772fcedb24db7b4a8010a11a8da328a3e738a4205ead, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion,
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls,
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file,
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual shareholders' meeting on April 25, 2024. We were engaged by the supervisory board on June 13, 2024. We have been the group auditor of BASF SE, Ludwigshafen am Rhein/Germany, since the financial year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Mehren.

Frankfurt am Main/Germany, March 18, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Kirsten Gräbner-Vogel

Wirtschaftsprüferin
(German Public Auditor)

Signed: Michael Mehren

Wirtschaftsprüfer
(German Public Auditor)

Assurance Report in Relation to the Combined Sustainability Statement

To BASF SE, Ludwigshafen am Rhein/Germany

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Sustainability Statement

Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability Statement of BASF SE, Ludwigshafen am Rhein/Germany, combining the Consolidated Sustainability Statement and the non-financial statement of the parent ("Combined Sustainability Statement"), included in section "(Consolidated) Sustainability Statement" of the combined management report for the parent and the group, for the financial year from January 1, 2024 to December 31, 2024. The Combined Sustainability Statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 289b to 289e, 315b and 315c German Commercial Code (HGB) for a combined non-financial statement.

Not subject to our assurance engagement are

- all prior year's disclosures,
- the disclosures and references to information of the Company outside of the combined management report (cross-references) marked as unassured, including references to websites, and including information to which these cross-references refer, and
- the following references in the Combined Sustainability Statement to assurance reports or long-form reports of other practitioners in relation to the assurance of information from sources within the value chain contained in the Combined Sustainability Statement:
 - Environmental impact assessments by independent third parties at selected sites
 - Sustainability assessments by EcoVadis
 - Audits / online assessments by TfS (Together for Sustainability)

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Combined Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 289b to 289e, 315b and 315c HGB for a combined non-financial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the Consolidated Sustainability Statement included in the accompanying Combined Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Consolidated Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "General disclosures" of the Consolidated Sustainability Statement, or
- that the disclosures in the Combined Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the above-mentioned parts of the Combined Sustainability Statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section “German Public Auditor’s Responsibilities for the Assurance Engagement on the Combined Sustainability Statement”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Combined Sustainability Statement

The executive directors are responsible for the preparation of the Combined Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a combined sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent reporting in the Combined Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Combined Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Sustainability Statement.

Inherent Limitations in Preparing the Combined Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Combined Sustainability Statement.

The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the Combined Sustainability Statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Combined Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Combined Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also

- obtain an understanding of the process used to prepare the Combined Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Sustainability Statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Combined Sustainability Statement.
- conducted site visits (remotely and on site).
- considered the presentation of the information in the Combined Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated January 1, 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Frankfurt am Main/Germany, March 18, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Michael Mehren
Wirtschaftsprüferin
(German Public Auditor)

Signed: Daniel Oehlmann
Wirtschaftsprüfer
(German Public Auditor)

Report of the Supervisory Board

Dear Shareholder,

In the 2024 business year, the Supervisory Board once again regularly monitored the management of the Board of Executive Directors and provided advice on the ongoing strategic development of BASF and the measures proposed in this regard. One particular focal point lay in further improving competitiveness – especially in Europe – in light of the continued challenging underlying conditions. Investments in future profitable growth, particularly in Asia, were also in focus, as was the successful transfer of the oil and gas business to Harbour Energy plc.

At the Annual Shareholders' Meeting in April 2024, Dr. Markus Kamieth assumed the role of Chairman of the Board of Executive Directors. The Board of Executive Directors immediately initiated a comprehensive review of the company's ongoing strategic development. The future challenges facing BASF and the strategic options were discussed in detail at multiple meetings of the Supervisory Board and the Strategy Committee. The "Winning Ways" strategy comprises far-reaching changes, particularly in terms of portfolio management and capital allocation, and management of the individual businesses. The Supervisory Board firmly believes that this strategy is in the interests of our shareholders and the company as a whole. The positive response from investors and the palpable support for this journey within the company, in spite of the many changes it involves, pay testament to this assessment. The Supervisory Board will continue to closely monitor the implementation of the measures proposed.

The Supervisory Board places great value on good corporate governance. It fulfills all legal and other requirements with regard to its composition, competencies and independence. The Annual Shareholders' Meeting elected Tamara Weinert as the successor to Dame Alison Carnwath DBE. The five remaining shareholder representatives were confirmed in office for four years. As a consequence, the composition and chairs of the committees were redetermined in some cases.

Cooperation between the Supervisory Board and the Board of Executive Directors remained intensive and constructive, characterized by the joint pursuit of the best solutions for BASF's future success. The Supervisory Board would like to thank the Board of Executive Directors for their energetic commitment, bold strategic decisions and successful management of the company. In particular, I wish to thank Dr. Martin Brudermüller for his successful sixteen-year term working on the Board of Executive Directors, including six years as Chairman in exceptionally challenging times, and for the seamless handover to Dr. Markus Kamieth. Last but not least, the Supervisory Board would like to thank the employees all over the world for their exceptional commitment in what was another challenging year.

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

In 2024, the Supervisory Board of BASF SE exercised its duties in full as required by law and the Statutes. It regularly monitored the management of the Board of Executive Directors and provided advice on the exceptionally significant strategic development in 2024 and important individual measures, about which the Supervisory Board was regularly and thoroughly informed by the Board of Executive Directors. This occurred both during and outside of the meetings of the Supervisory Board and its committees in the form of written and oral reports from the Board of Executive Directors on, for example, business developments including the major financial key performance indicators of the BASF Group and its segments, macroeconomic developments and the economic situation in the main sales and procurement markets, and on deviations in business developments from original plans. Furthermore, the Supervisory Board addressed fundamental questions of strategic planning, including financial, investment, sales volumes and personnel planning, as well as measures for designing the future of research and development. In particular, it focused on the ongoing strategic development of BASF, including the green transformation, the integration of artificial intelligence, the capital allocation model and the dividend policy. Regular discussions were held on the political and regulatory conditions and on the development

of key markets and customer industries. This also includes the impacts of changing global expectations in terms of environmentally and socially sustainable corporate development. The further development of the organization and processes to increase the competitiveness of BASF and its individual businesses was also discussed intensely, especially the future vision for the Ludwigshafen site. The Supervisory Board was convinced of the lawfulness, expediency and propriety of the Board of Executive Directors' company leadership.

The Chairman of the Supervisory Board and the Chairman of the Board of Executive Directors were also in regular contact outside of Supervisory Board meetings. The Chairman of the Supervisory Board was always promptly and comprehensively informed of current developments and significant individual matters. The Supervisory Board was involved immediately at an early stage in decisions of major importance. In some cases following preparatory work by its committees, the Supervisory Board – following detailed review and consultation – passed resolutions on all of those individual measures taken by the Board of Executive Directors that by law or the Statutes required the approval of the Supervisory Board. Resolutions were generally passed at Supervisory Board meetings and, if necessary, by written circulation procedure.

Supervisory Board meetings

The Supervisory Board held six meetings in the 2024 business year. All members attended all meetings. The meetings were held in person with the additional option of virtual participation. One Supervisory Board member took part in two of the six meetings via video call. The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions in each case, which were also attended by members of the Board of Executive Directors.

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

» An overview of the form of each meeting and members' personal attendance at meetings of the Supervisory Board and its committees is available at bASF.com/supervisoryboard/meetings.

A significant component of all Supervisory Board meetings was the Board of Executive Directors' reports on the current business situation with detailed information on sales and earnings development, budget deviations and opportunities and risks for business development. Furthermore, discussions were held with the Board of Executive Directors on the underlying economic, political and regulatory conditions and their potential impacts on BASF, as well as on capital market developments.

In all meetings held in 2024, the Supervisory Board also discussed the progress of major investments and ongoing portfolio projects, such as the construction of the new Verbund site in Southern China, the investment in two offshore wind farms in the German North Sea and the transfer of Wintershall Dea's non-Russian exploration and production business to Harbour Energy. Also at the fore were the measures to safeguard the competitiveness of the Ludwigshafen site, including the rising importance of renewable energies for supplying European sites in particular.

About the meetings in detail: On February 21, 2024, the Supervisory Board reviewed the Financial Statements of BASF SE and the BASF Group for the 2023 business year that were submitted by the Board of Executive Directors, the Combined Management's Report, including the Nonfinancial Statement as well as the dividend proposal, and approved the Financial Statements. In preparation, the auditor had explained the process and results of the audit in detail the previous day and discussed them with the Supervisory Board. In addition, the Supervisory Board discussed and approved the Compensation

Report in accordance with section 162 of the German Stock Corporation Act (AktG). It also discussed the agenda for the Annual Shareholders' Meeting on April 25, 2024, and adopted proposals for resolutions. Furthermore, the Supervisory Board approved the holding of the 2024 Annual Shareholders' Meeting as an in-person meeting. Other topics discussed at the meeting were general business development, 2024 annual planning and BASF's sustainability-related targets.

The Supervisory Board met on April 25, 2024, to prepare for the Annual Shareholders' Meeting. Discussions were also held on the next steps in the BASF strategy process.

Following the Annual Shareholders' Meeting on April 25, 2024, the newly elected Supervisory Board held its constituent meeting. Here, the Chair of the Supervisory Board and his two deputies, as well as the members of the four committees and their respective Chairs, were elected.

The meeting on July 23 and 24, 2024, centered on the unveiling of the new "Winning Ways" strategy and its internal and external communication. Key individual topics here were:

- Portfolio development, with a focus on core businesses and standalone businesses
- Growth markets, especially China, India and ASEAN
- Ongoing development of the strategic steering instruments
- Streamlining the organization through measures to increase efficiency
- Value potential of artificial intelligence, with sample applications
- "Winning Culture" as a central aspect of the new strategy
- Opportunities and risks associated with the green transformation of the chemicals sector and its customer industries
- Vision for the Ludwigshafen site
- Performance measurement, capital allocation, and dividend policy

Another topic at the meeting was the Corporate Sustainability Reporting Directive (CSRD) and its potential impacts on reporting for the 2024 business year.

The Supervisory Board meeting on October 24, 2024, was held at BASF Schwarzheide, which gave the Supervisory Board an opportunity to gain an impression of the site and its challenges, opportunities and successful development. Discussions also focused on the status of the cost savings programs, strategic research and development projects, the communication of the new strategy at the Capital Markets Day in September and strategic options in the Coatings division.

At its meeting on December 19, 2024, the Supervisory Board discussed operational and financial planning, including the investment budget for 2025, and, as in previous years, authorized the Board of Executive Directors to procure the necessary financing in 2025 within a set limit. In addition, the Supervisory Board dealt with leadership development, measures to achieve diversity targets and the implementation status of the "Winning Culture." The Board also discussed the current market development in China and project progress, as well as preparation for the market launch of the new Verbund site in Zhanjiang.

Compensation and composition of the Board of Executive Directors

In several meetings over the 2024 business year, the Supervisory Board discussed and passed resolutions on the compensation of the Board of Executive Directors.

At its meeting on February 21, 2024, the Supervisory Board deliberated and agreed on the 2024 targets for the Board of Executive Directors' short-term and long-term incentive (STI and LTI) based on the preparations of the Personnel Committee. The Annual Shareholders Meeting on April 25, 2024, approved the amendments to the compensation systems for the Board of Executive Directors and Supervisory Board starting 2024 that had already been resolved in December 2023. Furthermore, at its meeting on December 19, 2024, the Supervisory Board evaluated, based on the discussions and the corresponding recommendation of the Personnel Committee, the Board of Executive Directors' performance in 2024.

The changes to the Board of Executive Directors, already decided by the Supervisory Board in 2023, were implemented in 2024: With effect from April 25, 2024, Dr. Markus Kamieth succeeded Dr. Martin Brudermüller as Chairman of the Board of Executive Directors following the end of the Annual Shareholders' Meeting, with Dr. Martin Brudermüller stepping down from the Board of Executive Directors at the end of the Annual Shareholders' Meeting. Dr. Markus Kamieth has been appointed as Chairman of the Board of Executive Directors until the end of the 2029 Annual Shareholders' Meeting. Dr. Katja Scharpwinkel joined the Board of Executive Directors as a new member, and as the successor to Dr. Melanie Maas-Brunner, on February 1, 2024; Anup Kothari joined the Board of Executive Directors as a new member on March 1, 2024.

- » For more information on the compensation of the Board of Executive Directors and the Supervisory Board, see the Compensation Report, which has been made publicly available at basf.com/compensationreport.
- » For more information on the compensation system for the Board of Executive Directors, see basf.com/compensation-system.

Committees

The Supervisory Board of BASF SE had the following four committees during the reporting period:

- Committee for personnel matters of the Board of Executive Directors (Personnel Committee)
- Audit Committee
- Nomination Committee
- Strategy Committee

The committees prepare resolutions and topics to be discussed by the entire Supervisory Board. Following each Committee meeting, the chairs of the Committees reported in detail about the meetings and the activities of the Committees at the subsequent meeting of the Supervisory Board.

The Supervisory Board has not established a special sustainability committee. Sustainability is of such fundamental importance to the BASF Group that it is the focus of the work of the entire Supervisory Board and is discussed intensively in plenary sessions. As a material crosscutting issue, sustainability determines BASF's strategy and therefore all the Supervisory Board's supervision activities. Sustainability expertise is therefore broadly embedded in the Supervisory Board and has long been a very important requirement for its work. In the 2024 business year, the Supervisory Board discussed in detail the opportunities and risks for the company associated with social and environmental factors as well as the ecological and societal impacts of BASF's activities. This also applies to the significant issue of reducing CO₂ emissions and the targeted conversion of business activities to emission-free power supply and production processes with a lower emission rate.

For further information on the composition of the Committees and the tasks assigned to them by the Supervisory Board, see the Corporate Governance Report from page 118 onward. For information of the significant impacts, risks and opportunities for BASF dealt with by the Supervisory Board in the 2024 business year, see the Corporate Governance Report from page 129 onward.

The **Personnel Committee** met three times during the reporting period. All meetings were held in person with the additional option of virtual participation. All committee members attended all meetings. At one meeting, one Committee member took part via video call. At the meeting on February 19, 2024, the Personnel Committee discussed the target agreement for the Board of Executive Directors for 2024 (short-term incentive) and the targets for the long-term compensation for the Board of Executive Directors for the period 2024 to 2027 (long-term incentive). At the meeting on July 24, 2024, the Personnel Committee focused on the succession process for BASF executives and the results of the Employee Voices 2024 staff survey. At the meeting on December 18, 2024, the Personnel Committee deliberated on target achievement for the Board of Executive Directors' short-term incentive for 2024.

In respect of its composition, the Supervisory Board expanded the Personnel Committee from four to six members following the election of the shareholder representatives to the Supervisory Board by the Annual Shareholders' Meeting on April 25, 2024. Prof. Dr. Stefan Asenkerschbaumer was elected as the new Chairman of the Personnel Committee.

The **Audit Committee** met five times during the reporting period. Four meetings were held in person with the additional option of virtual participation and one meeting was held as a hybrid meeting. All committee members attended all meetings. Two committee members took part in the hybrid meeting via video call. The Audit Committee is responsible for all the tasks listed in section 107(3) sentence 2 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code. The Audit Committee is also responsible for monitoring the internal process for identifying related party transactions and adopting resolutions to approve related party transactions. In addition, the Audit Committee monitors and discusses the appropriateness and effectiveness of the compliance management system and deals with compliance issues including compliance with statutory and internal regulations regarding safety, health and environmental protection.

Following the Annual Shareholders' Meeting on April 25, 2024, the Supervisory Board elected Alessandra Genco as the Chairwoman of the Audit Committee; she is the successor to Dame Alison Carnwath DBE, who has stepped down from the Supervisory Board.

The auditor also attended the meetings in February, July, October and December. The Audit Committee also discussed matters with the auditor in a separate part of the meeting without the Board of Executive Directors present (executive session). The chair of the Audit Committee also maintained regular contact with the auditor between meetings, in particular regarding the progress of the annual audit, and reported back to the committee.

At the meeting on February 20, 2024, the auditor reported in detail on its audits of BASF SE's Individual and Consolidated Financial Statements for the 2023 business year, including the Combined Management's Report, and discussed the results of its audit with the Audit Committee. The Committee's audit also included the Nonfinancial Statement of BASF SE and the BASF Group, sustainability reporting as well as the Compensation Report of BASF SE in accordance with section 162 AktG, which had been audited by the auditor. In preparation for the audit of the Nonfinancial Statement, the Audit Committee had, following a corresponding resolution by the Supervisory Board, additionally engaged the auditor for the 2023 business year, KPMG AG Wirtschaftsprüfungsgesellschaft, to perform a limited assurance and issue an assurance report on it. KPMG reported in detail on the focus, the procedure and the key findings of this audit. The meeting of February 20, 2024, also evaluated the quality of the audit. The Chief Financial Officer also provided the Audit Committee with reports on sustainable finance and its importance for BASF's financing activities.

At its meeting on April 24, 2024, the Audit Committee addressed the BASF Group's Quarterly Statement for the first quarter of 2024, which was due for publication, the internal risk management system and the EHS audits at the BASF Group over the prior 12-month period. Other topics discussed at the meeting were the tax position and insurance law concepts in place at BASF.

Focus topics at the meeting on July 23, 2024, were the BASF Group's Half-Year Financial Report, the internal audit system and key findings of the internal audit, on which the head of the Corporate Audit department reported. In addition, the Head of Group Reporting & Performance Management reported on the substantive provisions and regulatory requirements of the CSRD as well as impacts on the reporting for the 2024 business year.

At the meeting on July 23, 2024, the Audit Committee engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft – the auditor elected by the Annual Shareholders' Meeting on April 25, 2024 – with the audit for the 2024 reporting year and auditing fees were agreed upon. The Audit Committee approved the audit plan and discussed and defined the focus areas and scope of the annual audit together with the auditor.

The meeting on October 23, 2024, centered on the BASF Group's Quarterly Statement for the third quarter of 2024 and the post-audit on major acquisitions and divestitures. The meeting also addressed the reporting on related party transactions as well as the Committee's annual self-assessment of the effectiveness and efficiency of its work.

At the meeting on December 18, 2024, the auditors furnished the Audit Committee with a detailed report on the status of the annual audit, as well as the focus areas and the most important individual items. The Chief Financial Officer provided the Audit Committee with a report on the significant impacts, risks and opportunities for BASF in connection with 2024 sustainability reporting. The Audit Committee also received reports on the internal control system for financial reporting and the appropriateness and effectiveness of the internal control system and the risk management system. It discussed the process for reviewing and evaluating the appropriateness and effectiveness of these systems in connection with the implementation of Recommendation A.5 of the German Corporate Governance Code. Furthermore, the head of the Corporate Compliance unit reported on compliance topics.

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

The **Nomination Committee** is responsible for preparing candidate proposals for the Supervisory Board members to be elected by the Annual Shareholders' Meeting. The Nomination Committee is guided by the objectives for the composition of the Supervisory Board adopted by the Supervisory Board as well as the competence profile and diversity concept for the Supervisory Board. The Nomination Committee did not meet during the reporting period.

For information on the objectives for the composition of the Supervisory Board as well as the competence profile and diversity concept for the Supervisory Board, see the Corporate Governance Report on page [121](#).

The **Strategy Committee**, set up to consult on strategic options for the ongoing development of the BASF Group, met three times in the reporting period. All meetings were held in person with the additional option of virtual participation. All committee members attended all meetings. At all three meetings, three Committee members took part via video call. At its meeting on June 3, 2024, the Committee discussed the current status of measures to improve competitiveness at the Ludwigshafen site and the vision for the site as part of the current strategy process. On July 5, 2024, the Strategy Committee consulted on the strategic positioning of BASF and on potential portfolio developments. The main topics at the meeting on September 9, 2024, were the new "Winning Ways" strategy, future capital allocation options and the internal and external communication measures, including as part of the Capital Markets Day.

Training measures

Individual onboarding sessions are held for the new members of the Supervisory Board to familiarize them with corporate governance at BASF, the organization, the business processes and internal structures of the BASF Group, and the composition of its businesses and their strategies. Above and beyond this, the company also supports the members of the Supervisory Board with training for their activities on the Supervisory Board, whether through external offerings such as topic-specific seminars or internal information offerings such as site and plant visits to give them an insight into the portfolio as well as production and manufacturing methods. As part of its meeting on October 24, 2024, the Supervisory Board visited the Schwarzheide site. In addition, all members of the Supervisory Board attended informational events held by the company concerning the reporting requirements pursuant to the CSRD and the process/results of the double materiality assessment conducted at BASF.

Corporate governance and Declaration of Conformity

In 2024, the Supervisory Board was once again intensely occupied with the corporate governance standards practiced in the company and the implementation of the recommendations and suggestions of the German Corporate Governance Code in the version dated April 28, 2022.

In accordance with the recommendations of the German Corporate Governance Code and the guiding principles for the dialog between investors and German supervisory boards, the Chairman of the Supervisory Board once again discussed corporate governance matters with investors in 2024. In particular, these conversations took place ahead of the Annual Shareholders' Meeting; important topics were the agenda for the 2024 Annual Shareholders' Meeting and the upcoming Supervisory Board elections.

At its meeting on December 19, 2024, the Supervisory Board approved the joint Declaration of Conformity by the Supervisory Board and the Board of Executive Directors in accordance with section 161 of the German Stock Corporation Act (AktG). BASF follows all of the recommendations of the 2022 German Corporate Governance Code. The Corporate Governance Report provides extensive information on the BASF Group's corporate governance.

The full Declaration of Conformity is rendered on page [145](#) and is available at basf.com/en/corporategovernance.

Independence and efficiency review

An important aspect of good corporate governance is the independence of Supervisory Board members and their freedom from conflicts of interest. The Supervisory Board bases the assessment of the independence of its members on the recommendations of the German Corporate Governance Code and the additional criteria for assessing the independence of Supervisory Board members contained in the Rules of Procedure of the Supervisory Board. It also pays due regard to the new European Sustainability Reporting Standards (ESRSs), published as a delegated act in the Official Journal of the EU on December 22, 2023, when assessing the independence of its members. The criteria used to assess independence are presented in detail in the Corporate Governance Report. Based on these criteria, the Supervisory Board came to the conclusion that all of the six shareholder representatives and five of the six employee representatives – 11 of the 12 members of the Supervisory Board in total – are considered to be independent as of the end of 2024. Employee representative Michael Vassiliadis was formally classified as nonindependent due to the length of his membership on the Supervisory Board, which exceeds 12 years. Above and beyond this, the Supervisory Board does not see any indications that the Supervisory Board role is not performed completely independently. In cases where Supervisory Board members hold supervisory or management positions at companies with which BASF has business relations, we see no impairment of their independence. The scope of these businesses is not material and furthermore, they are conducted at arm's length.

The Supervisory Board regularly reviews the efficiency of its activities in the form of a self-assessment. To this end, the Chairman of the Supervisory Board conducted a written survey of all Supervisory Board members in the fourth quarter of 2024 on the basis of a detailed questionnaire covering the entire range of relevant Supervisory Board topics, supplemented by individual discussions. The results were presented and discussed at the December meeting. They confirmed that the Supervisory Board works together professionally and with a high degree of trust. The composition and structure of the Supervisory Board continue to be regarded as effective and efficient.

The Audit Committee also conducted a self-assessment of its activities in 2024. This was based on a questionnaire sent to all members of the Audit Committee, the results and detailed suggestions of which were discussed by the Audit Committee at its meeting on October 23, 2024. Material subjects were the organization and content of meetings, meeting documents and reports, participants and quality of discussions at meetings, reporting to the Supervisory Board on the work of the Audit Committee, access to external and internal auditors, cooperation with management and the appropriateness of the Audit Committee's performance of its duties in accordance with the Statutes and the Rules of Procedure. On this basis, the members judged the Audit Committee's work to be efficient and appropriate. There was no fundamental need for improvement.

Separate and Consolidated Financial Statements; Compensation Report

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, the auditor newly elected by the Annual Shareholders' Meeting for the 2024 reporting year, has audited the Financial Statements of BASF SE and the BASF Group Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and the additional requirements that must be applied in accordance with section 315e(1) of the German Commercial Code (HGB), including the Combined Management's Report and the accounting records from which they were prepared, and have approved them free of qualification. Furthermore, the auditor certified that the Board of Executive Directors had taken the measures incumbent on it under section 91(2) of the German Stock Corporation Act (AktG) in an appropriate manner. In particular, it had instituted an appropriate early risk detection system that fulfilled the requirements of the company and is suitable for the early identification of developments that could pose a risk to the continued existence of the BASF Group. The results of the audit as well as the procedure and material findings of the audit of the financial statements are presented in the Auditor's Report.

The Auditor's Report is rendered from page [447](#) onward. For more information on the auditor, see the Corporate Governance Report on page [140](#).

As the CSRD Implementation Act has not yet been passed in Germany, the CSR Directive Implementation Act (CRS-RUG), which transposed the previous European Nonfinancial Reporting Directive (NFRD) into German law, remains the relevant legal basis for BASF's sustainability reporting in the 2024 business year. For this reason, a Nonfinancial Statement was once again prepared for the BASF Group and BASF SE in accordance with section 289b of the German Commercial Code (HGB) in the 2024 business year. The ESRSSs served as an acknowledged reporting framework within the meaning of section 289d HGB for the Nonfinancial Statement.

Given this legal situation, the Supervisory Board followed the recommendation of the Audit Committee by instructing Deloitte, above and beyond the statutory audit, to conduct a substantive audit with limited assurance of the Nonfinancial Statements for BASF SE and the BASF Group, which form an integral part of the Combined Management's Report. Based on the limited assurance conducted, Deloitte did not raise any objections to the reporting and its compliance with the relevant statutory requirements. The auditor also audited the Compensation Report for the 2024 business year established in accordance with section 162 AktG, including the related disclosures.

The assurance report issued by Deloitte on the substantive audit of the combined Sustainability Statement can be found from page [457](#) onward.

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

As the audit of the 2024 financial statements was considerably more extensive than in previous years due to the Nonfinancial Statement prepared in accordance with ESRS for the first time, the audit process at BASF was extended. The accounts meetings of the Audit Committee and the Supervisory Board on February 25 and February 26, 2025, focused on the audit of the preliminary results and significant sustainability targets, as well as the proposal for the appropriation of profit for the 2024 business year. The final accounts meetings of the Audit Committee and the Supervisory Board on March 18 and 19, 2025, focused on the Nonfinancial Statement prepared in accordance with ESRS and on the changes that had arisen in financial reporting. The auditor attended both accounts review meetings of the Audit Committee and both accounts meetings of the Supervisory Board, and reported each time on the procedure and material findings of its audit, including the key audit matters described in the Auditor's Report. The auditor's reports were sent in a timely manner to every member of the Supervisory Board ahead of each meeting. The auditor also provided the Supervisory Board with detailed explanations of the reports on the day before each accounts meeting.

The Audit Committee reviewed the Individual and Consolidated Financial Statements of BASF SE as well as the Combined Management's Report including the Nonfinancial Statement and the Compensation Report at its meetings on February 25, 2025, and March 18, 2025, including the reports prepared by the auditor and the key audit matters specified in the Auditor's Report, and discussed them in detail with the auditor. The chair of the Audit Committee gave a detailed account of this preliminary review at the Supervisory Board meetings on February 26, 2025, and March 19, 2025. On this basis, the Supervisory Board examined the Financial Statements of BASF SE for 2024, the proposal by the Board of Executive Directors for the appropriation of profit, and the 2024 Consolidated Financial Statements and Combined Management's Report for the BASF Group and BASF SE. The results of the preliminary review by the Audit Committee and the results of the Supervisory Board's own examination fully concur with those of the audit. The Supervisory Board sees no grounds for objection to the management or the reports submitted.

At its final accounts meeting on March 19, 2025, the Supervisory Board approved the Financial Statements of BASF SE and the Consolidated Financial Statements of the BASF Group prepared by the Board of Executive Directors, making the 2024 Financial Statements of BASF SE final. The Supervisory Board concurred with the proposal of the Board of Executive Directors regarding the appropriation of profit and the payment of a dividend of €2.25 per share.

Also at the meeting on March 19, 2025, the Supervisory Board discussed with the Board of Executive Directors the joint Compensation Report of the Board of Executive Directors and the Supervisory Board in accordance with section 162 AktG and approved it.

» The Compensation Report is available at basf.com/compensationreport.

Composition of the Supervisory Board

The term of office of the Supervisory Board ended upon completion of the Annual Shareholders' Meeting on April 25, 2024. The Annual Shareholders' Meeting elected Tamara Weinert, who was nominated for election for the first time, and the previous members Prof. Dr. Stefan Asenkerschbaumer, Dr. Kurt Bock, Prof. Dr. Thomas Carell, Liming Chen and Alessandra Genco as shareholder representatives.

Dame Alison Carnwath DBE stepped down from the Supervisory Board at the end of the Annual Shareholders' Meeting.

According to the provisions of the Employee Participation Agreement of November 30, 2023, the six employee representatives had already been elected by the BASF Europa Betriebsrat (BASF Works Council Europe) without any change to the existing composition. In accordance with the Statutes, the term of office of the current Supervisory Board ends upon completion of the 2028 Annual Shareholders' Meeting.

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

I wish to thank Dame Alison Carnwath DBE, who had served on the Supervisory Board since 2014 and who was also Chair of the Audit Committee, for her long-standing, constructive and trust-based cooperation and her significant contributions to the success and ongoing development of the company.

The Supervisory Board wishes to thank all members of the Board of Executive Directors as well as the current and former Chairmen for their tremendous dedication and outstanding leadership in what was once again a very challenging year. Moreover, the Supervisory Board would like to thank all employees all over the world for their exceptional commitment to BASF.

Ludwigshafen, March 19, 2025

The Supervisory Board



Dr. Kurt Bock

Chairman of the Supervisory Board

Selected Key Figures Excluding Precious and Base Metals¹

BASF Group

		2024		2023	
		IFRS figure	Adjusted figure	IFRS figure	Adjusted figure
Sales	million €	65,260	59,860	68,902	60,650
Volumes	%	1.8	3.5	-8.4	-7.2
Prices	%	-5.2	-2.8	-10.0	-7.9
Currencies	%	-1.8	-1.9	-2.5	-2.5
Portfolio	%	-0.1	-0.1	-0.2	-0.3
EBITDA before special items	million €	7,858	7,858	7,671	7,671
EBITDA margin before special items	%	12.0	13.1	11.1	12.6

Surface Technologies

		2024		2023	
		IFRS figure	Adjusted figure	IFRS figure	Adjusted figure
Sales	million €	12,898	7,498	16,204	7,952
Volumes	%	-7.6	-3.9	-9.6	0.2
Prices	%	-11.0	1.3	-11.1	6.3
Currencies	%	-1.6	-2.7	-3.1	-4.6
Portfolio	%	-0.2	-0.4	-0.1	-0.4
EBITDA before special items	million €	1,375	1,375	1,520	1,520
EBITDA margin before special items	%	10.7	18.3	9.4	19.1

¹ The IFRS figures correspond to the amounts presented in the Consolidated Financial Statements. The adjusted figures exclude sales from precious and base metal services as well as precious and base metal sales in the Catalysts business.

Glossary

B

Biodiversity and ecosystems

Biodiversity refers to the diversity of all life forms on earth. It encompasses the diversity of ecosystems, the different species that inhabit these ecosystems and the genetic diversity within these species. Ecosystems are communities of living organisms (plants, animals, microorganisms) and their physical environment (air, water, soil) that interact within a specific space. Ecosystems can be very diverse, from forests and deserts to oceans and urban areas.

C

Circular economy

The circular economy is a regenerative system in which economic growth is decoupled from the consumption of finite resources. The circular economy is based on the fundamental principles of preventing waste and pollution, using products and materials for as long as possible and regenerating natural systems at the same time.

CO₂ equivalents

CO₂ equivalents (CO₂e) are units for measuring the impact of greenhouse gas emissions on the greenhouse effect. A factor known as the global warming potential (GWP) shows the impact of the individual gases compared with CO₂ as the reference value.

D

Differentiated Steering

In order to increase the competitiveness of its operating divisions, BASF is introducing a set of measures. These include the introduction of new financial steering indicators tailored to each business. Additionally, our operating divisions are continuing to adjust their specific business models and processes, supported by adapted process structures, IT systems and governance frameworks.

Double materiality

Double materiality as defined by the European Sustainability Reporting Standards (ESRS) is a concept that is applied in the materiality assessment. The principle of double materiality looks at sustainability aspects from two perspectives: 1. Impact materiality, which determines the actual and potential positive and negative impacts of business activities have on various sustainability topics. 2. Financial materiality, which considers the opportunities and risks of sustainability topics for a company's financial position.

E

Eco-Efficiency Analysis

The Eco-Efficiency Analysis is a method developed by BASF for assessing the economic and environmental aspects of products and processes. The aim is to compare products with regard to profitability and environmental compatibility.

ESRS

The European Sustainability Reporting Standards provide a framework for companies to report on environmental, social and governance topics. The standards were developed by the European Financial Reporting Advisory Group (EFRAG) and are binding for all companies subject to the Corporate Sustainability Reporting Directive (CSRD).

- » For a comprehensive overview of the abbreviations and definitions used in the ESRS, see
<https://data.consilium.europa.eu/doc/document/ST-12481-2023-ADD-2/en/pdf>

EU taxonomy

The European Union (EU) strives to be climate neutral by 2050 as part of the Green Deal. The EU taxonomy serves as an instrument for that purpose. It provides a common classification system for economic activities based on their substantial contribution to environmental objectives. The EU Taxonomy Regulation obliges large companies, among others, to disclose sales revenues as well as capital and operating expenditures that contribute to at least one of the six environmental objectives listed in the taxonomy system.

F

Formulation

Formulation describes the combination of one or more active substances with excipients like emulsifiers, stabilizers and other inactive components in order to improve the applicability and effectiveness of various products, such as cosmetics, pharmaceuticals, agricultural chemicals, paints and coatings.

J

Just transition

Just transition refers to a concept for a socially just transformation of a social and economic order toward climate neutrality. To this end, ecological, economic and social challenges are to be given equal consideration, with a particular focus on vulnerable populations.

P

Peak sales potential

The peak sales potential of the Agricultural Solutions pipeline describes the total peak sales forecast for individual products in the research and development pipeline. Peak sales are the highest sales value to be expected from one year. The pipeline comprises innovative products that have been on the market since 2024 or will be launched on the market by 2034.

Policy

In this report, we use the word policy or requirement to describe internal frameworks that set out the fundamental guidelines of our company. At BASF, policies are set by the Board of Executive Directors and define principles relating to a specific topic. Separate requirements define the processes for implementing a policy.

S

Steam cracker

A steam cracker is a plant in which steam is used to "crack" naphtha (petroleum) or natural gas. The resulting petrochemicals are the raw materials used to produce most of BASF's products.

Substances of concern or very high concern

Substances of concern (SoC) are chemical substances which, if handled improperly, may have potentially harmful effects on human health or the environment and which, based on their properties, have a harmonized classification under the European CLP Regulation. Substances of very high concern (SVHC) are a specific category of substances that are characterized by their serious properties, such as carcinogenic, mutagenic or reprotoxic effects. These substances are identified, included on a candidate list and specially monitored under the EU chemicals regulation REACH. According to REACH, suppliers are obliged to indicate substances that have been included in the candidate list and are contained in products on the safety data sheet.

T

Traits

Traits are commercial plant characteristics, such as an inherent resistance to certain herbicides or an inherent defense against certain insects.

V

Value Chain

A value chain describes the successive steps in a production process: from raw materials through various intermediate steps, such as transportation and production, to the finished product.

Trademarks¹

Responsible Care®

Registered trademark of the European Chemical Industry Council

Sodium-sulfur batteries (NAS® batteries)

Registered trademark of NGK INSULATORS LTD.

Operation Clean Sweep®

Registered trademark of OCS from the Plastics Industry Association (PLASTICS) and the Plastics Division of the American Chemistry Council (ACC)

International Financial Reporting Standards (IFRS®)

Registered trademark of the IFRS Foundation, which comprises international accounting policies for companies, issued by the International Accounting Standards Board (IASB).

International Accounting Standards Board (IASB®)

Registered trademark of the IFRS Foundation The IASB is the independent body of the IFRS Foundation that sets International Financial Reporting Standards (IFRS).

International Sustainability Standards Board (ISSB™)

Registered trademark of the IFRS Foundation The ISSB is a standard-setting body that develops sustainability-related financial reporting standards to meet the requirements of investors for sustainability reporting.

International Financial Reporting Interpretations Committee (IFRIC®)

Registered trademark of the IFRS Foundation The IFRIC is the IASB's interpretative body that develops, maintains and publishes IFRS.

IAS® standards

Registered trademark of the IFRS Foundation The International Financial Reporting Standards (IFRS) are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB).

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¹ Trademarks are not registered/used in all countries.

Quarterly Statement Q1 2025 /
Annual Shareholders' Meeting 2025

May 2, 2025

Half-Year Financial Report 2025

Jul. 30, 2025

Quarterly Statement Q3 2025

Oct. 29, 2025

Publication of financial figures of BASF
Group for 2025

Feb. 27, 2026

Publication of BASF Report 2025

Mar. 19, 2026



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

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You can find this and other BASF publications
online at basf.com/publications.

Forward-looking statements and forecasts

This report contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. We do not assume any obligation to update the forward-looking statements contained in this report above and beyond the legal requirements.

- » Such risk factors include in particular those discussed in Opportunities and Risks on pages 87 to 102 of the BASF Report 2024.
- » The BASF Report is available online at basf.com/report.