


「About This Report」

Integrated reporting


This integrated report documents BASF's economic, environmental and social performance in 2018. We use examples to illustrate how sustainability contributes to BASF's long-term success and how we as a company create value for our customers, employees, shareholders, business partners, neighbors and the public.


Further information

The following symbols indicate important information:

 You can find more information in this report.

 You can find more information online.

 The content of this section is not part of the statutory audit of the annual financial statements but has undergone a separate audit with limited assurance by our auditor.

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

The BASF Report online

HTML version with additional features: basf.com/report

PDF version available for download: basf.com/basf_report_2018.pdf

Content and structure

- **Integrated BASF Report serves as U.N. Global Compact progress report**
- **Sustainability reporting based on Global Reporting Initiative (GRI) standards**
- **Financial reporting according to International Financial Reporting Standards (IFRS), the German Commercial Code and German Accounting Standards (GAS)**

The BASF Report combines the major financial and nonfinancial information necessary to thoroughly evaluate our performance.

We select the report's topics based on the following reporting principles: Materiality, sustainability context, completeness, balance and stakeholder inclusion. In addition to our integrated report, we publish further information online. Links to this supplementary information are provided in each section.

Our sustainability reporting has been based on Global Reporting Initiative (GRI) standards since 2003 and, since the BASF Report 2017, the "Comprehensive" option of the new Global Reporting Initiative standards.

We have been active in the International Integrated Reporting Council (IIRC) since 2014 in order to discuss our experiences of integrated reporting with other stakeholders and at the same time, receive inspiration for enhancing our reporting. This report addresses elements of the IIRC framework by, for example, providing an illustrative overview of how we create value or demonstrating the relationships between financial and nonfinancial performance in the sections on the segments. The information in the BASF Report 2018 also serves as a progress report on BASF's implementation of the 10 principles of the United Nations' Global Compact and takes into consideration the Blueprint for Corporate Sustainability Leadership of the Global Compact LEAD platform.



The detailed GRI and Global Compact Index can be found in the online report. It provides an overview of all relevant information to fulfill the GRI indicators, as well as how we contribute to the United Nations' Sustainable Development Goals (SDGs) and the principles of the U.N. Global Compact. The results of the limited assurance audit of this information can also be found here in the form of a report issued by KPMG AG Wirtschaftsprüfungsgesellschaft.

The information on the financial position and performance of the BASF Group comply with the requirements of International Financial Reporting Standards (IFRS), and, where applicable, the German Commercial Code, German Accounting Standards (GAS) and the guidelines on alternative performance measures from the European Securities and Markets Authority (ESMA). Internal control mechanisms ensure the reliability of the information presented in this report. BASF's management confirmed the effectiveness of the internal control measures and compliance with the regulations for financial reporting.

Material topics along the value chain, which we identified in internal strategic discussion processes, ongoing global data analysis and dialog with shareholders, form the focal points of reporting and define the limits of this report.

[The 2018 BASF Online Report can be found at basf.com/report](#)

For more information on our selection of sustainability topics, see page 36 onward and [basf.com/materiality](#)

For more information on the Global Reporting Initiative, see [globalreporting.org](#)

For more information on the Global Compact, see [globalcompact.org](#) and [basf.com/en/global-compact](#)

The GRI and Global Compact Index can be found at [basf.com/en/gri-gc](#)

[For a visualization of BASF's business model based on the IIRC framework, see "How we create value" on page 22](#)

For more information on our control and risk management system, see page 123 onward

Data

- **Relevant information included up to the editorial deadline of February 20, 2019**
- **Report published each year in English and German**

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. The reporting period is the 2018 business year. Relevant information is included up to the editorial deadline of February 20, 2019. The report is published each year in English and German.

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 material subsidiaries and proportionally included 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 section "Employees" refers to employees active in a company within the BASF Group scope of consolidation as of December 31, 2018.

Our data collection methods for environmental protection and occupational safety are based on the recommendations of the International Council of Chemical Associations (ICCA) and the European Chemical Industry Council (CEFIC). In the section "Environmental Protection, Health and Safety," we report all data including information on the emissions and waste of the worldwide production sites of BASF SE, its subsidiaries, and joint operations based on our interest. Work-related accidents at all sites of BASF SE and its subsidiaries as well as joint operations and joint ventures in which we have sufficient authority in terms of safety management, are compiled worldwide regardless of our interest and reported in full. The assets and businesses acquired from Bayer are not yet included in reporting on environmental protection, health and safety in 2018. Unless otherwise indicated, further data on social responsibility and transportation safety refers to BASF SE and its consolidated subsidiaries.

[For more information on companies accounted for in the Consolidated Financial Statements, see the Notes from page 183 onward](#)

[The Consolidated Financial Statements begin on page 168](#)

[The list of shares held can be found at basf.com/en/corporategovernance](#)

External audit and evaluation

Our reporting is audited by a third party. KPMG AG Wirtschaftsprüfungsgesellschaft has audited the BASF Group Consolidated Financial Statements and the Management's Report and has approved them free of qualification. The audit of the Consolidated Financial Statements including the Notes is based on the likewise audited financial statements of the BASF Group companies.

Statements and figures pertaining to sustainability in the Management's Report and Consolidated Financial Statements are also audited. The audit with limited assurance was conducted in accor-

dance with ISAE 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and ISAE 3410 (Assurance Engagements on Greenhouse Gas Statements), the relevant international auditing standards for sustainability reporting. The additional content provided on the BASF internet sites indicated in this report is not part of the information audited by KPMG.

KPMG also conducted a substantive audit with limited assurance of the nonfinancial statement (NFS).

[The Independent Auditor's Report can be found on page 170](#)

[A report on the sustainability information in the BASF Report 2018 can be found at basf.com/sustainability_information](#)

[A report on the substantive audit of the NFS can be found at basf.com/nfs-audit-2018](#)

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. Such risk factors include those discussed in Opportunities and Risks on pages 123 to 130. We do not assume any obligation to update the forward-looking statements contained in this report above and beyond the legal requirements.