

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.¹ We combine economic success with environmental protection and societal responsibility. Our portfolio is structured into core businesses and standalone businesses.

Sites and Verbund

In the 2025 business year, BASF had 108,251 employees and operated 234 production sites in 93 countries worldwide. Our aim is to serve local markets through local production. In addition to Ludwigshafen, the seven Verbund sites include the plants in Antwerp, Belgium; Freeport, Texas; Geismar, Louisiana; Kuantan, Malaysia; Nanjing, China; and Zhanjiang, China, where additional plants were commissioned and the first products from the Verbund were manufactured over the course of 2025, and commissioning of the steam cracker commenced at the end of December 2025. As planned, cracker products in accordance with specifications were made available to the processing plants in the first days of January 2026. The Verbund concept is one of our key strengths: It enables intelligent linking and steering of our plants and ensures resource-efficient, CO₂-optimized and reliably managed production. From basic products to customized solutions, the core businesses are deeply integrated into long, multilevel value chains.

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

Organization of the BASF Group

As of December 31, 2025, the BASF Group's business comprised eleven operating divisions, which are grouped into six segments:

- Chemicals: Petrochemicals, Intermediates
- Materials: Performance Materials, Monomers
- Industrial Solutions: Dispersions & Resins, Performance Chemicals
- Nutrition & Care: Care Chemicals, Nutrition & Health
- Surface Technologies: Battery Materials, Environmental Catalyst and Metal Solutions (ECMS)
- Agricultural Solutions (the operating division shares the same name)

Until October 1, 2025, the Surface Technologies segment also included the Coatings division, which is no longer included in the BASF Group's segment reporting due to the following two transactions:

- On October 10, 2025, BASF and Carlyle, Washington D.C., announced the signing of a binding transaction agreement relating to BASF's automotive OEM coatings, automotive refinish coatings and surface treatment business units ("coatings"). Subject to approval from the relevant regulatory bodies, the transaction is expected to close in the second quarter of 2026. Owing to the planned divestiture, the affected business units are reported as discontinued operations in accordance with IFRS 5 as of September 30, 2025. From this date, the sales and earnings of the automotive OEM coatings, automotive refinish coatings and surface treatment business units are no longer part of the sales and EBIT(DA) before special items of the BASF Group and the Surface Technologies segment.

¹ The following understanding underpins all references to green transformation in this report: To enable our customers' green transformation, BASF systematically develops and offers solutions that minimize negative impacts on the environment and society while maximizing positive results. This includes our efforts to reduce CO₂ emissions, conserve resources and use renewable energy and renewable raw materials. In line with the three dimensions of sustainable development, we place ecological and economic balance as well as social responsibility at the forefront of our actions.

Retroactively to January 1, 2025, and until the transaction closes, the income after taxes of these business units is presented in the income after taxes of BASF Group as a separate item (income after taxes from discontinued operations). The 2024 figures have been restated accordingly.

- On October 1, 2025, the sale of BASF's Brazilian decorative paints business to Sherwin-Williams, Cleveland, Ohio, was completed following approval by the relevant competition authority. The decorative paints business was not affected by the aforementioned retroactive restatement and was the only business reported under Coatings in 2025.

» For more information on material investments, see page [36](#) onward

BASF Group segments in 2025

Core businesses

Chemicals

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

- Share of sales: 16.9%
- R&D expenses: €87 million
- Investments including acquisitions^a: €2,108 million

Materials

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

- Share of sales: 21.4%
- R&D expenses: €184 million
- Investments including acquisitions^a: €940 million

Industrial Solutions

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

- Share of sales: 14.4%
- R&D expenses: €187 million
- Investments including acquisitions^a: €391 million

Nutrition & Care

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

- Share of sales: 10.9%
- R&D expenses: €137 million
- Investments including acquisitions^a: €662 million

Standalone businesses

Surface Technologies

The Surface Technologies segment produces chemical solutions for surfaces in the area of battery materials and emissions catalysts.

- Share of sales: 15.0%
- R&D expenses: €155 million
- Investments including acquisitions^a: €116 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: 16.1%
- R&D expenses: €990 million
- Investments including acquisitions^a: €351 million

^a Additions to property, plant and equipment and intangible assets, excluding additions attributable to the discontinued coatings business

BASF has continued to pursue a **Differentiated Steering concept**. Income from operations before depreciation, amortization and special items (EBITDA before special items) and free cash flow continue to be the most important financial key performance indicators for steering the BASF Group in the short to medium term. EBITDA before special items and segment cash flow are used as the most important key performance indicators for the segments. This enables us to provide a high level of transparency regarding the results of our segments. Scope 1 and Scope 2 CO₂ emissions remain the most important sustainability-related key performance indicator at Group level (for more information on the BASF Group's steering concept, see page [29](#) onward).

BASF's portfolio is managed in accordance with the strategy announced in September 2024. We differentiate between core businesses and standalone businesses, which operate independently. The core businesses comprise the Chemicals, Materials, Industrial Solutions and Nutrition & Care segments. They benefit from their deep integration in value chains and in the Production Verbund. The standalone businesses comprise the Surface Technologies and Agricultural Solutions segments. These serve distinct industries and compete with peers who focus exclusively on individual industries. Our standalone businesses 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. 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:

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

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 [41](#) 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: compliance and insurance; finance and controlling; health; corporate audit; investor relations; communications; human resources; legal, safety and quality; tax; strategy; environmental protection.

This setup lays the foundation for customer proximity, value creation, competitiveness and profitable growth.

Business and competitive environment

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

- Global economic and political developments
- Legal and political requirements
- International trade agreements
- Industry standards
- Environmental agreements (such as the EU Emissions Trading System)
- Social aspects (such as the UN International Bill of Human Rights)

BASF supplies products and services to around 75,000 customers² 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.

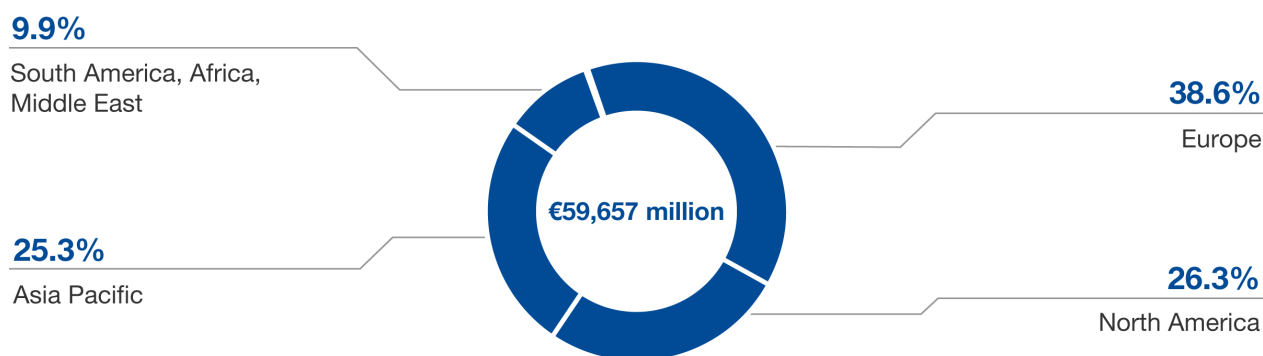
² The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.

We work with more than 70,000 Tier 1 suppliers³ worldwide. They provide us with important raw materials, chemicals, investment goods and consumables, and perform a range of services (for more information, see page [264](#) onward).

Our most important global competitors include Arkema, Bayer, Celanese, Clariant, Corteva, Covestro, Dow, DSM-Firmenich, Eastman, Evonik, Huntsman, INEOS, Johnson Matthey, LyondellBasell, SABIC, Sinopec, Syensqo, Syngenta, Umicore and 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 as a result of advantageous raw materials and energy prices.
(BASF is a top-three market leader in over 80% of its core businesses. Equally, our standalone businesses have good to leading positions in their respective markets.)

BASF sales by region 2025

By location of customer



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 Group's largest operating companies. A total of 274 companies including BASF SE are fully consolidated. Eight joint operations are accounted for pro rata, while 22 companies are accounted for using the equity method (for further information, see Note 2 to the Consolidated Financial Statements from page [316](#) onward).

³ 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.