

News Release

P125/24e
February 9, 2024

BASF to divest shares in its two joint ventures in Korla, China

In the fourth quarter of 2023, BASF started the process to divest its shares in the two joint venture companies BASF Markor Chemical Manufacturing (Xinjiang) Co., Ltd. and Markor Meiou Chemical (Xinjiang) Co., Ltd. in Korla, China. As part of BASF's global strategy for 1,4-butanediol (BDO), BASF has assessed the market environment and product carbon footprints (PCF) of BDO and its downstream products from different production sites worldwide. BDO value chains are under increased competitive pressure and characterized by global overcapacities. Furthermore, carbide-based BDO and polytetrahydrofuran produced in Korla have a significantly higher PCF due to the use of coal as a base raw material and the high energy intensity of the production process. In the future, BASF will customize its global portfolio of BDO and affiliated downstream products to provide competitive low-PCF offerings.

The situation in the Xinjiang region has always been part of BASF's overall assessment of its joint ventures in Korla. Regular due diligence measures including internal and external audits have not found any evidence of human rights violations in the two joint ventures. Nonetheless, recently published reports related to the joint venture partner contain serious allegations that indicate activities inconsistent with BASF's values. Consequently, BASF will accelerate the ongoing process to divest its shares in the two joint ventures in Korla, subject to negotiations and required approvals of the relevant authorities.

It is important to note that, also in the context of the public reports, BASF has no indication that employees of the two joint ventures in Korla were involved in human

rights violations. The most recent reports relate to BASF's joint venture partner, in which BASF does not have a stake.

BASF's presence in China remains otherwise unchanged, and the company is fully committed to its business activities and planned investments in the country. Already today, Greater China accounts for around half of global chemical production. Global growth in chemical production until 2030 will be driven by Greater China, which will account for around 80% of the total growth during the period from 2022 to 2030.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. More than 111,000 employees in the BASF Group contribute to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €87.3 billion in 2022. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the United States. Further information at www.basf.com.