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News Release

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BASF opens new liaison office as next step in development of planned “Verbund” chemical production site in Zhanjiang, China

Zhanjiang, China – March 29, 2019 – BASF today inaugurated a new liaison office in the city of Zhanjiang, China, marking another significant milestone in establishing local presence to further develop and implement BASF’s plans for a new, integrated chemical production site.

A range of BASF materials and solutions are built into the new office, to create a comfortable and sustainable office environment. These include a carpet using BASF materials, wall coatings with low volatile organic compounds (VOCs), in-house purified water filtered with a BASF filtration system, insulation boards and acoustic insulation to improve energy efficiency and sound, and advanced LED lighting that provides a color profile close to natural sunlight. Some of the selected materials will eventually be manufactured at the planned production site.

Speaking at the office opening, Sanjeev Gandhi, member of the Board of Executive Directors of BASF SE, responsible for Asia Pacific, said, “The Zhanjiang site will offer solutions to help our customers in South China manufacture high value-added products more efficiently, more sustainably, and with high quality. We will cooperate closely with our customers, to help them benefit from BASF’s deep industry knowledge and global application expertise. As a strategically important project for BASF, this site will be a global model for responsible, efficient, intelligent production that brings value to the local community.”

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BASF's planned production site in Zhanjiang, a 100% BASF-owned project, is being developed according to the "Verbund" principle. Under the Verbund system, production is highly integrated to make best use of synergies in infrastructure, logistics, raw materials and energy. For example, waste heat from one plant's production process is used as energy in other plants, while by-products of one plant are used as feedstock for adjoining plants. The overall environmental impact is therefore reduced.

BASF signed a Framework Agreement in January 2019 setting further details of the proposed \$10 billion project, including the selected site at the Zhanjiang Economic and Technological Development Zone. When completed, the site will supply solutions for local and multinational manufacturers in South China, in industries including automotive, construction, high-speed railway, electronic & electric, food packaging, home and personal care, aerospace, and pharmaceutical.

The project will be the first large scale Verbund site to include the full implementation of smart manufacturing. Digitalization supports better energy and waste management, while technology such as automated vehicles and robotics are being explored to help contribute to a safer working environment.

The project team in Zhanjiang will also work to realize BASF's commitments to fair employment, community dialog and development, to foster the sustainable growth and economic development of local industries. BASF aims to actively engage with local stakeholders to better understand and address expectations in the community.

The new liaison office is located in Chikan District, in central Zhanjiang.

About BASF in Greater China

BASF has been a committed partner to Greater China since 1885. With larger production sites in Shanghai, Nanjing and Chongqing, BASF is a major foreign investor in the country's chemical industry, and operates the Innovation Campus Shanghai, a global and regional research and development hub. BASF posted sales of over €7.3 billion in 2018 to customers in Greater China, and employed 9,317 people as of the end of that year. For further information, please visit www.basf.com/cn/en.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 122,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of around €63 billion in 2018. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information at www.basf.com.