

News Release

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BASF and Guangdong Provincial Government sign Framework Agreement to establish Verbund site in Zhanjiang, China

Ludwigshafen, Germany and Zhanjiang, China – January 9, 2019 – Today, Martin Brudermüller, Chairman of the Board of Executive Directors, BASF SE, and Lin Shaochun, Vice Governor of Guangdong Province, signed a Framework Agreement in Ludwigshafen setting out further details of BASF’s plan to establish a new smart Verbund site in Guangdong, China. Following the signing of the Memorandum of Understanding in July 2018, BASF has selected the city of Zhanjiang as the location for its second Verbund site in China.

“By 2030, China’s share of the global chemical production will increase to nearly 50%. Guangdong is a growing market for innovations from chemistry, and our new site will support customers in multiple industries. We aim to help our customers to grow sustainably with our portfolio of products, solutions and services, and at the same time establish new concepts to improve the sustainability of our own operations,” said Martin Brudermüller.

Chemistry has been recognized by Guangdong authorities as a driving force for numerous downstream industries, with BASF’s new integrated site contributing to the industrial transformation of Guangdong.

According to the Framework Agreement, fundamental circular economy concepts will be incorporated into the new Verbund site in Zhanjiang, to support customers in the region with sustainably produced solutions. At a Verbund site, resources are conserved through the use of waste and byproducts as raw materials. A smart

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manufacturing concept is being further developed for the new site on the basis of cutting-edge technologies that maximize resource and energy efficiency and reduce environmental impact. Around 9 km² of land will be allocated for the project.

The city of Zhanjiang is located at the heart of southwestern Guangdong. The new BASF Verbund site will benefit from Zhanjiang's natural resources, a deep-water port, excellent transportation links, and an engaged workforce, as well as its cultural heritage and commitment to sustainable development.

The total investment is estimated to reach up to \$10 billion and will be implemented in phases. The project will include a wholly-owned steam cracker with a planned capacity of 1 million metric tons of ethylene per year and several plants for consumer-oriented products and solutions.

Globally, BASF currently operates six Verbund sites: two in Europe (Ludwigshafen, Germany; Antwerp, Belgium), two in North America (Freeport, Texas, USA; Geismar, Louisiana, USA) and two in Asia. The Verbund site in Nanjing, China, established in 2000, is a 50:50 joint venture with Sinopec, while the Verbund site in Kuantan, Malaysia, established in 1997, is a 60:40 joint venture with Petronas.

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Forward-looking statements and forecasts

This release 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. BASF does not assume any obligation to update the forward-looking statements contained in this release above and beyond the legal requirements.