



Joint News Release

May 20, 2021

BASF and Shanshan to form a joint venture serving the largest battery materials market, China

- **BASF gains access to Chinese CAM market, expanding its global footprint with an integrated, unique cathode active materials supply chain**
- **Shanshan benefits from BASF's global automotive customer network strengthening competitiveness in the Chinese market**
- **Partnership generates significant technology synergies and tailored solutions for a broad customer base**

Ludwigshafen/Germany and Shanghai/China, May 20, 2021 – BASF and Shanshan, a leading lithium-ion battery materials supplier serving both the e-mobility and the consumer electronics (CE) market, have agreed to form a BASF majority-owned joint venture (BASF: 51%; Shanshan: 49%) to produce cathode active materials (CAM) and precursors (PCAM) in China. Closing of the transaction is targeted for later this summer following the approval of the relevant authorities.

BASF will contribute its strength as a leading global CAM supplier to the automotive industry with strong technology and development capabilities, global operations footprint, as well as strategic partnerships for raw materials supply. By forming the intended joint venture in China, BASF further strengthens its position in Asia to build up an integrated, unique global supply chain for customers in China and worldwide, increasing its annual capacity to 160 kilotons by 2022 with further expansions underway.

As one of the leaders in the Chinese CAM market, Hunan Shanshan Energy has supported the lithium-ion battery industry for more than 18 years. Through its extensive experience, it has a comprehensive product portfolio that covers the main categories of the CAM and the corresponding PCAM used in lithium-ion batteries. It has formed a business value chain including raw materials, PCAM,

CAM and battery recycling. Hunan Shanshan Energy operates four production sites for CAM and PCAM in Hunan and Ningxia, China, with an annual capacity of 90 kilotons by 2022.

“I am pleased that BASF is joining forces with Shanshan, a cathode materials leader in China. Our joint venture will complement BASF’s global battery materials footprint while increasing our customer proximity,” said Dr. Markus Kamieth, Member of the Board of Executive Directors of BASF SE. “By combining BASF’s and Shanshan’s expertise, we will accelerate the electrification transformation of the transportation industry.”

Yonggang Zheng, Chairman of Shanshan, added, “BASF has broad and long-standing collaboration with global automotive OEMs and powerful brand impact. Through the partnership with BASF, Shanshan will further strengthen the competitiveness in the Chinese market and accelerate the integration into the global market by providing high-quality services and products to customers in China and around the world.”

“I am excited about this breakthrough partnership bringing two powerhouses in the battery materials market together. Our combined innovation and technology expertise will provide our customers with incomparable competitiveness on innovation, customer proximity and cost,” said Dr. Peter Schuhmacher, President, Catalysts division at BASF.

“This partnership will complement our R&D and product portfolios. The integration of BASF’s and Shanshan’s supply chain and customer resources will further enhance the competitiveness of the intended joint venture and enable it to be one of the world’s leading suppliers of CAM,” said Zhihua Li, President of Shanshan.

BASF has continued to develop its global footprint focusing on customer proximity, enhancing its product portfolio competitiveness, and securing sustainable raw materials supply. Under the formed joint ventures with TODA, in Japan and the United States, BASF is already well established as a leading high-energy-density CAM manufacturer in Asia and North America. In Europe, BASF is investing in CAM capacities in Germany and PCAM capacities in Finland. The joint venture with Shanshan, one of the leaders in the Chinese CAM market, will make BASF the first company with capacities in all major markets by 2022.

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About BASF's Catalysts Division

BASF's Catalysts division is the world's leading supplier of environmental and process catalysts. The group offers exceptional expertise in the development of technologies that protect the air we breathe, produce the fuels that power our world and ensure efficient production of a wide variety of chemicals, plastics and other products, including advanced battery materials. By leveraging our industry-leading R&D platforms, passion for innovation and deep knowledge of precious and base metals, BASF's Catalysts division develops unique, proprietary solutions that drive customer success. Further information on BASF's Catalysts division is available on the Internet at www.catalysts.basf.com.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. More than 110,000 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 is organized into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €59 billion in 2020. 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.

About Shanshan

Ningbo Shanshan Co., Ltd. is the world's leading supplier of cathode, anode and electrolyte materials for lithium-ion batteries. The company aims to be the world's largest manufacturer of LCD polarizer with advanced technology after the successful acquisition of LG Chem's polarizer business in 2021. With investment in two state-level technology centers for cathode and anode, one province-level technology center for electrolyte and two postdoctoral centers, Shanshan is a world leading R&D hub for lithium ion battery materials. Shanshan participates in establishing the China National Standards with about 300 registered technology patents.

About Hunan Shanshan Energy Co., Ltd

Hunan Shanshan Energy Co., Ltd is the leading supplier of cathode active materials (CAM) in China, with the industry leading products like Lithium Cobalt Oxide (LCO) and Ternary Cathode Materials. It has four production sites in Hunan Province and Ningxia Province, China, with total capacity of 90,000 tons by 2022. With continuous innovation and R&D development, it has advanced CAM technology and ranked as No. 1 in China Li-ion Battery Industry CAM products Competitiveness Brand list issued by www.itdcw.com and EVTank. It owns a National Enterprise Technology Center issued by National Development and Reform Commission (NDRC) and has been recognized as National Single Champion Enterprise in Manufacturing Industry issued by Ministry of Industry and Information Technology (MIIT).