



Joint News Release

BASF and Norilsk Nickel enter exclusive negotiations to cooperate on raw material supply for battery materials production in Europe

- **Cooperation to set foundation to supply battery cell producers for electric vehicles in Europe with regionally produced cathode materials**

Ludwigshafen, Germany, and Moscow, Russia, June 27, 2017 – BASF and PJSC MMC Norilsk Nickel (Nornickel) announced today that they have signed a Memorandum of Understanding and entered exclusive negotiations to cooperate on the supply of raw materials for future battery materials production for lithium-ion batteries in Europe. BASF intends to invest up to €400 million in a first step to build industry-leading production plants for cathode materials in Europe. Through the prospective agreement, BASF would receive the raw materials from the Nornickel metal refinery in Harjavalta, Finland. Nornickel would also provide a secure supply of nickel and cobalt feedstock from its Russian mines at market prices. Along with its leading raw materials position, Nornickel also brings significant metals refining and trading experience to the cooperation.

BASF is an established cathode materials provider in the Asian and U.S. markets through BASF TODA Battery Materials LLC in Japan and BASF's production facility in Elyria, Ohio. A cooperation with Nornickel will provide the foundation to further expand BASF's access to the developing cathode materials market in Europe and participate in growth opportunities in this region.

The strategic cooperation will leverage both companies' market positions and expertise to provide an optimized and secure supply chain for electric vehicle battery cell producers in Europe.

“The envisioned cooperation with Nornickel and the construction of new BASF battery materials production plants in Europe, will result in a robust supply chain and enable BASF to expand its production of battery materials on a global scale,” said Kenneth

Lane, President of BASF's Catalysts division. "It also fits well with both companies' growth strategies of expanding into sustainable technologies."

"For Nornickel this project is an opportunity to increase our exposure to the high-potential and fast-growing rechargeable battery materials market. We are interested in supporting this target market with our nickel and cobalt products. The electric vehicle industry is set to contribute to a sustainable development. BASF is a long-standing and trusted partner of Nornickel and a leader in chemistry-based solutions for the automotive industry. An expanded cooperation with BASF will enable us to strengthen our position as a leading nickel producer globally and offer customers the best product in the most suitable form," said Sergey Batekhin, Head of Sales, Commerce and Logistics at Nornickel.

Nornickel's site in Harjavalta is uniquely suited to the vertically integrated production of battery precursor cathode materials for the European market. Several battery cell producers have announced or have already started the construction of manufacturing plants for electric vehicle powertrain system batteries in Europe and the local production of precursor materials is an important step in fostering the development of this industry in Europe. This development of a regional supply chain for battery materials in Europe will reduce supply chain risks for battery cell producers and automakers.

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. The approximately 114,000 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 five segments: Chemicals, Performance Products,

Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of about €58 billion in 2016. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.

About Nornickel

PJSC MMC Norilsk Nickel is a diversified mining and metallurgical company, the world's largest producer of refined nickel and palladium and a leading producer of platinum, cobalt, copper and rhodium. The company also produces gold, silver, iridium, selenium, ruthenium and tellurium. The production units of Nornickel include Polar Division, located at the Norilsk Industrial District on Taimyr Peninsula, and the Kola Mining and Metallurgical Company located on Kola Peninsula in Russia as well as Harjavalta nickel refinery in Finland. Nornickel shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges. Nornickel ADRs trade over the counter in the U.S. and on the London and Berlin Stock Exchanges. Further information at www.nornik.ru/en.

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