

News Release

P158/24e
April 11, 2024

BASF starts change negotiations for Harjavalta precursor battery materials plant because of lengthy permitting process with unclear outcomes

BASF announces the commencement of change negotiations at its precursor cathode active materials plant in Harjavalta, Finland. The decision to initiate these negotiations was made because of the lengthy permitting process with unclear outcomes, leading to an unpredictable timeframe for receiving a final, unappealable permit. Consequently, BASF is forced to consider layoffs for an indefinite period, potentially impacting all employees at the Harjavalta site.

The recent suspension of the immediate enforcement of the environmental permit by the Vaasa Administrative Court on February 21, 2024, has had another significant impact on BASF's operations in Harjavalta. The further postponement of and uncertainty around the formal startup date have long-term financial implications for BASF in Harjavalta. BASF must therefore adapt its operations and manage its costs in order to deal with the current situation.

"In 2020, BASF received the first permit from the relevant authorities after an extensive environmental impact assessment. Since then, we have been on a painful journey with several cycles of permits being granted, appealed, and – unfortunately – not upheld," said Tomi Oja, Managing Director of BASF Battery Materials Finland Oy. "We are disappointed to have received different signals from authorities and the administrative courts. In a dynamic market like the battery market, which requires major investments, both speed and certainty are essential for business planning. This includes a clear legal framework. We always had high hopes for the

site, and we hope that at some time in the future these hopes will be finally realized. BASF remains committed to fostering an innovative, sustainable, and competitive battery value chain in Europe. But the overall situation after several years has now compelled that we have to commence change negotiations at our Finland plant. We greatly appreciate the commitment of the entire team in Harjavalta, who have persevered and continue to do so during this challenging period of uncertainty.”

The change negotiations are scheduled to commence on April 15, 2024, and will last for a period of six weeks. BASF is fully committed to managing this process responsibly and with utmost thoughtfulness towards its employees. Following the conclusion of the negotiations, BASF will communicate the decisions to be made.

BASF remains committed to driving the expansion of its global battery materials business to support the battery industry’s growing demand for cathode active materials. The company’s plan to invest in building up its battery materials business remains valid. The supply of precursor cathode active materials for BASF’s cathode active materials production in Schwarzheide, Germany, is assured, leveraging a broad portfolio of partner network and market access, and its operations are not affected.

Change negotiations are a statutory consultation process in Finland with employee representatives that shall be conducted if an employer is considering potential layoffs or other redundancy measures. The process lasts for six weeks, and any possible measures shall be decided by the company after the process has been completed.

About BASF Battery Materials

BASF is a leading global supplier of advanced cathode active materials (CAM) for the lithium-ion batteries market, providing high-performance CAM to the world’s largest cell producers and for leading OEM platforms. We complement our portfolio with base metals sourcing and management, as well as various battery recycling solutions, including closed loop offerings. By leveraging our industry-leading R&D platforms and passion for innovation, BASF Battery Materials develops unique, proprietary solutions that drive customer success. Further information 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. Around 112,000 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 €68.9 billion in 2023. 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.