



Luxembourg, 26 October 2022

Environmental and Social Data Sheet

Overview

Project Name:	BASF INNOVATIVE CHEMICALS RDI
Project Number:	2022-0317
Country:	Germany
Project Description:	The project concerns the promoter's RDI investments over a 2-year period (2022-2023), focusing on five segments, Chemicals, Materials, Industrial Solutions, Surface Technologies and Nutrition & Care as well as on central Corporate Research.
EIA required:	no
Project included in Carbon Footprint Exercise:	no

Environmental and Social Assessment

Environmental Assessment

The project concerns RDI activities to develop new technologies, products and processes for the chemical industry. These RDI activities do not fall under any of Annexes of the Environmental Impact Assessment Directive – Directive 2014/52/EU amending Directive 2011/92/EU, and therefore does not require screening or EIA Report.

The project's R&D activities are a central part of the promoter's operations and, as such, will be embedded in its existing organisational and management structure and performed in the promoter's existing R&D facilities, most of them being ISO 9001 certified. BASF has a sound environmental policy including strong commitments to comply with legal requirements and prevent pollution. It includes continual improvement processes, regular audits and annual reporting of its environmental performance. R&D facilities and practices comply with applicable national and EU relevant regulations and the operating procedures in place are in line with best industry standards.

BASF's Responsible Care audit system complies with the ISO 19011 standard and is certified according to ISO 9001. Worldwide, 130 BASF production sites, including the most important ones, are certified in accordance with ISO 14001 and EMAS (Eco-Management and Audit Scheme) (2020:128). In addition, 54 sites worldwide are certified in accordance with OHSAS¹ 18001 or ISO 45001 (2020:51).

BASF products are involved in a large number of environmental technologies, enabling energy efficiency, emissions reduction and improved environmental sustainability in a vast variety of sectors, such as the construction industry, the automotive industry as well as heavy industries for a vast variety of industrial processes.

Furthermore, the project is fully aligned with BASF strategy, which considers Sustainability as a core element of the corporate strategy. Commitment to Sustainability is largely reflected in the Annual Performance indicators, modelled on the framework of the International Integrated Reporting Council (IIRC). BASF tracks specific sustainability goals, covering effective climate protection, resource efficiency and safe production, employee engagement and diversity, responsible procurement and Sustainable product portfolio. The latter is partially relevant as it

¹ Occupational Health and Safety Assessment Series



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quantifies the product sales with substantial contribution to Climate Action and Environment Sustainability.

EIB Paris Alignment for Counterparties (PATH) Framework

- BASF is in scope and screened in to the PATH framework, because it is considered high emitting.
- BASF already meets the requirements of the EIB PATH framework with its existing alignment plan.

The project to be financed is considered to be aligned both against low carbon and resilience goals set out in the Climate Bank Roadmap, and it is sector aligned under Industry and RDI.

Other Environmental and Social Aspects

BASF is engaged in more than 20 initiatives to improve sustainability performance and working conditions in the supply chain, e.g., Global Battery Alliance (GBA), Responsible Cobalt Initiative (RCI), Roundtable on Sustainable Palm Oil (RSPO), etc.

In this framework, BASF is also:

- Founding member of the “Together for Sustainability” initiative for the joint evaluation of suppliers;
- Founding member of the Value Balancing Alliance, which aims at standardizing accounting methodologies to assess value to society and value to business along entire value chain;
- Co-founding member of the Alliance to End Plastic Waste, which aims at taking action, develop solutions and catalyse investment to tackle plastics pollution problem.

BASF obtained some rather solid sustainability ratings and rankings in 2021:

- **MSCI ESG Research:** A rating. The analysts highlighted that BASF is present in clean tech markets and has a robust carbon mitigation strategy;
- **CDP Disclosure Leadership:** BASF achieved an A score in all categories where they are participating in: “Climate,” “Water” and “Forest”, thus attaining leadership status again;
- **Sustainalytics:** BASF ranks among the top 10% of performers in diversified chemicals. Sustainalytics recognized BASF for its strong risk management in the areas of carbon, emission, effluents and waste as well as occupational health and safety.

BASF was also included in the FTSE4Good Global Index 2021, receiving the highest ESG rating score in the chemical industry.

The project adopts working procedures that respect safety and gender balance. The intended results are not expected to advantage or discriminate any category in the society, therefore the project is considered neutral from the social point of view.

Conclusions and Recommendations

The project concerns investments in research and development that will be carried out in existing facilities without changing their already authorised scope.

The project *per se* does not have any significant environmental impact. However, a number of innovative products/processes resulting from the R&D activities of the project will have an important impact in BASF’s production assets as well as in downstream industries through increased cost effectiveness, increased environmental sustainability (lower environmental impacts) and increased contribution to climate mitigation.

The project is therefore acceptable for financing by the Bank in environmental and social terms.