

# Presse-Information



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February 12, 2008  
Berlin press conference

## **BASF's Carbon Balance**

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**The spoken word applies.**

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Ladies and Gentlemen,

Welcome to our press conference here in Berlin. Climate protection and energy efficiency are very high on BASF's agenda. We realize that sustainable success is possible only if we apply high standards in these areas, and we have always acted according to that principle.

## Chart 2

### **Climate change is a global challenge**

Climate change is one of the key challenges facing society. Industry, scientists, politicians and society are called upon to halt rising emissions of greenhouse gases and make more efficient use of existing resources. BASF has taken up the challenge and offers a variety of solutions to help protect our climate. We support the goals of the Kyoto Protocol and see climate protection as **a global challenge that calls for global strategies**. Greenhouse gases act globally – not locally! That is why we need to take a global view, not only in our climate models but also, and above all, in our analysis of the economic and social implications. We need global measures and globally binding targets.

The essential requirements for effective and sustainable energy and climate policy are:

- a secure supply of energy,
- an intelligent energy mix,
- efficient use of energy
- and global climate protection.

A balance needs to be created between:

- availability,
- competitiveness and
- climate impact.

Let's not forget: energy policy is truly sustainable only if the same rules apply worldwide, so that we can avoid competitive bias in terms of industrial production between different regions of the Earth. If we think we can do it in any other way, then we are fooling ourselves very badly here in Germany.

We must redefine industrial policy to respond to current facts and to reflect its fundamental importance. More importantly, we must put that redefined policy into practice. Energy and climate protection concepts that don't allow Germany to remain competitive as a location for industry are just not viable. The current debate is tending to fixate solely on CO<sub>2</sub>. We can't go on like this. Germany must continue to be a location for chemistry, cement and steel production in 20 years' time. If we want to keep Germany a strong center of development on a global scale – and that is the basis for our prosperity – and avoid deindustrialization, we cannot do without key materials being produced in this country. A country that pits the environment against industry harms both. Germany is an energy-intensive, highly developed country with environmental standards of a quality that other countries have yet to attain.

### **Global climate protection is the solution**

Germany is a pioneer in environmental technologies. Our goal must therefore be to continue rolling out these technologies and make them available all over the world. Climate protection takes place with crucial input from Germany, but not in an isolated fashion by or in Germany. Those who advocate a climate policy isolated to Germany or indeed Europe, with no regard as to what the rest of the world is doing or not doing must openly and clearly acknowledge the consequences for the labor market. Based on experience from the first phase of national emission limits, I don't see what makes the E.U. and Germany believe that the aspired goals can be achieved globally. Quite the opposite – experience shows that many countries – in Europe and, more so, on other continents – cannot or will not follow our example. We can't just close our eyes and pretend otherwise.

Where can we expect solutions to come from, if not from industry? We need incentives and impetus rather than fetters and prohibitions. We need an environment that welcomes technical progress. We need creative, well-trained, young minds with the space they need to find the right solutions for tomorrow. We can achieve those aims only with the full support and backup of policymakers – support that is based on creating the right social

and political framework in Germany and Europe, not on slowly but surely undermining our production and knowledge networks.

The E.U. Commission's latest proposals for the third trading period for emission certificates is likely to add to the burden. The bulk of industry is subject to tough global competition. In this international arena, unilateral burdens from the emission trading system in Europe cannot be added onto the market price. As a result, every CO<sub>2</sub> certificate bought by industry is equivalent to a production tax and jeopardizes the existence of entire value chains in Europe. Germany has told Brussels that it would be perilous to treat all industries the same way. Let's hope they listen!

### **Chart 3**

#### **BASF responds to the challenge**

To achieve sustainable solutions, all of us must play our part. We are willing to do our share. We have three approaches that we would like to present today.

- First, we will present a comprehensive analysis of the greenhouse gas emissions associated with our activities. We are the first company in the world to do so. The analysis includes not only our own emissions, but the entire production process including raw material supply chains and the disposal of all products. We have also produced a carbon balance for the lifecycles of key products. My fellow Board member Harald Schwager will present the details in just a moment.
- Second, we will appoint a Climate Protection Officer.
- Third, we have set ambitious new climate protection targets for our production.

### **Chart 4**

#### **Climate protection as an element of our sustainable development strategy**

Climate protection is an integral part of BASF's sustainability strategy and hence a key element of our corporate strategy. A Sustainability Council ensures alignment of the whole BASF Group with sustainable development principles – and it wasn't born yesterday; it goes back 7 years. The Sustainability Council's primary task is to develop strategy for the three

pillars of sustainable development: the economy, the environment and society. The Sustainability Council is now being extended to highlight climate protection even more as a long-term strategic objective. As part of that process, we are creating the function of Climate Protection Officer. To our knowledge, we are the first global industrial company to do so.

The Climate Protection Officer will be a member of the Sustainability Council and will coordinate all of BASF activities in this area – worldwide. This includes issues such as greenhouse gas emissions, production and disposal, BASF's long-term orientation, and site-specific issues. As a Sustainability Council member, the Climate Protection Officer will also be responsible for networking with the product divisions and with research.

Let me hand you over now to my colleague Harald Schwager.