

Joint News Release

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BASF and INOCAS sign agreement to develop sustainable Macaúba oil supply in Brazil

- **BASF and INOCAS sign offtake agreement for Macaúba kernel oil (MKO) and Macaúba pulp oil (MPO) to further expand BASF's renewable-based portfolio**
- **Collaboration project supports scale-up of INOCAS' Macaúba cultivation program which has a positive social and environmental impact**
- **BASF reserves right to acquire a stake in INOCAS**

December 11, 2024 – BASF and INOCAS S.A. (Innovative Oil and Carbon Solutions) signed a long-term Supplier Finance Agreement, including offtake of Macaúba Kernel Oil and Macaúba Pulp Oil, an R&D project and options to acquire equity shares in INOCAS in future. The partnership includes financing of INOCAS' plans to significantly expand the Macaúba oil production in Brazil on an industrial scale, strengthening the country's position in the bioeconomy.

Macaúba (*Acrocomia aculeata*) is a native tree in Brazil and is adapted to semi-arid conditions and poor soils. Fruits can be processed into pulp oil, kernel oil and residual biomass. Since 2015, INOCAS has developed, implemented and refined an innovative model to cultivate Macaúba trees on degraded pastureland, and to improve soil quality and productivity. Based on its strong intellectual property and experience, INOCAS aims to plant at least 50,000 hectares of Macaúba in partnership with smallholder farmers by 2030. This system supports regenerative agriculture by combining forestry and livestock farming without an additional land use change. It has positive impacts on soil quality, erosion control and biodiversity. Agricultural partnerships with smallholder farmers aim at improving livelihoods for their families.

INOCAS will supply BASF with both kernel and pulp oil. BASF will use the Macaúba kernel oil from INOCAS in its Personal and Home Care portfolio in Brazil and Europe. Commercial pilot volumes will be available in 2025. “As a leading supplier of ingredients for personal and home care, our Care Chemicals division is committed to securing and diversifying its supply of sustainable raw materials. A significant portion of our products are derived from renewable sources such as natural oils,” said Mary Kurian, President Care Chemicals at BASF. “Together with our customers, we are striving for sustainable sourcing, protecting ecosystems and promoting sustainable practices. Macaúba kernel oil represents a new sustainable opportunity in this effort.”

The pulp oil can be used in the process of obtaining bio-naphtha, which then can be converted into polymers, solvents, detergents, lubricants, synthetic fibers, fuels and other products. Regular Macaúba pulp oil offtake for use as an alternative feedstock to substitute fossil resources will start in 2027. Using Macaúba pulp oil in its bio-naphtha pool and for its mass-balance portfolio will enable BASF to offer more products based on renewable raw materials and with a lower product carbon footprint (PCF) to its customers.

“After our ten-year development path, the strategic partnership with BASF will allow us now to scale up our activities rapidly, generating significant positive social, environmental and climate impacts, by increasing the productivity of degraded farmlands, expanding habitat for native fauna and contributing to climate change mitigation,” said Johannes Zimpel, CEO of INOCAS.

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

About INOCAS

INOCAS S.A. is a Brazilian company with German and Brazilian heritage established in 2015 with the vision to disrupt the global vegetable oil market by developing Macaúba as a truly sustainable and scalable alternative to currently mostly unsustainable oils, and was supported with initial funding by the Inter-American Development Bank with resources from the Climate Investment Fund.

With Macaúba plantations on 90 farms in 3 different Brazilian biomes, INOCAS currently has strong IP and the longest and widest practical experience in this segment. INOCAS aims to regenerate at least 50,000 hectares of degraded pasturelands with Macaúba. The agroforestry system developed by INOCAS integrates Macaúba with other crops, livestock and forest and transforms land that previously had very low productivity. This provides additional sources of income for the farmers and counteracts the pressure on native forests.

Further information at www.inocas.com.br/en

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