Basell Polyolefins Federal Acquisition Advisory Panel

David Sides - Senior Vice President / CIO

Sam Slovak - Vice President, North America Procurement

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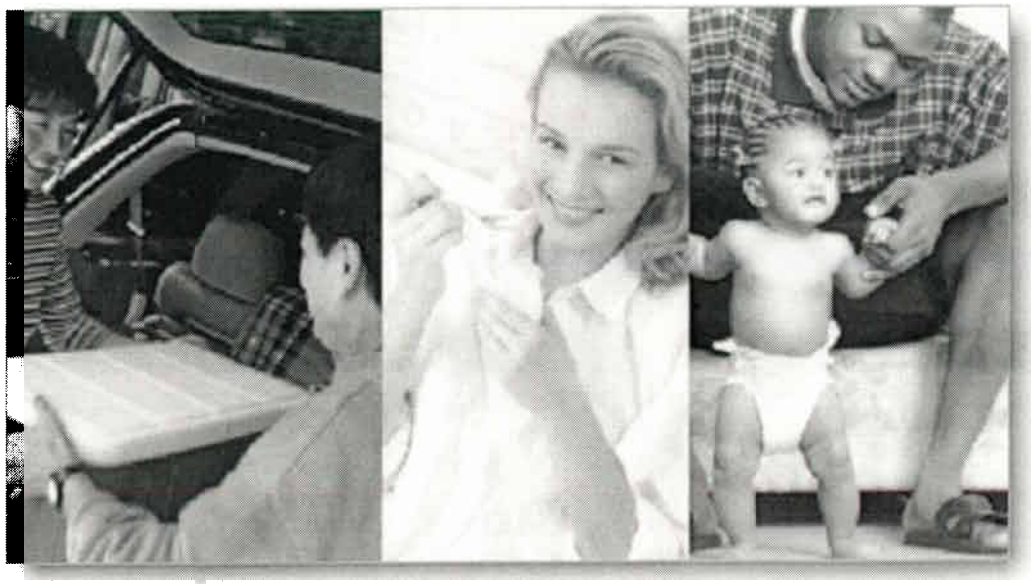
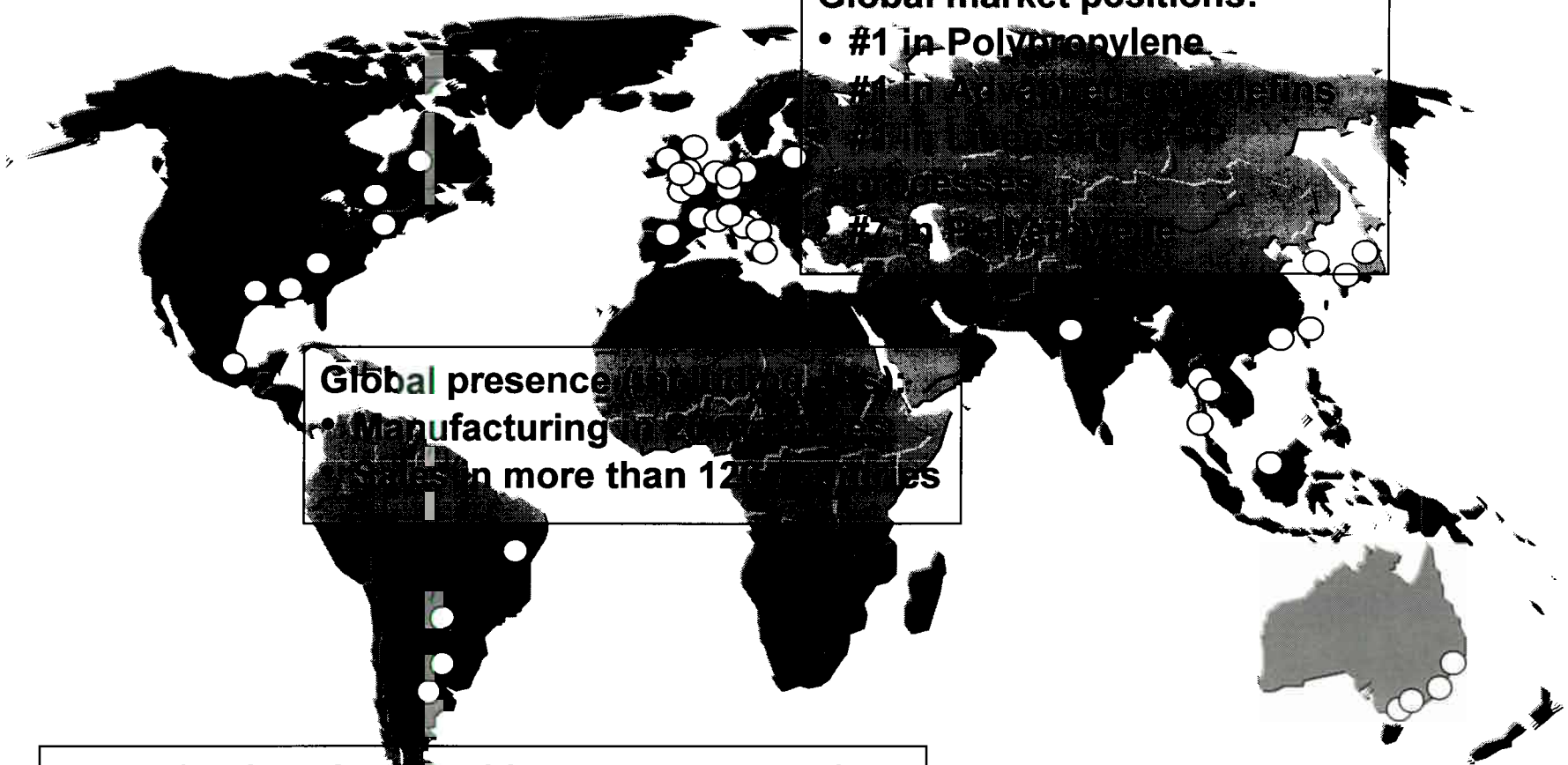
Our polyolefin materials and technologies enhance the quality of life and create convenience for people around the world.



About Basell

Created in October 2000 by combining the polyolefin interests of BASF and Shell



Global market positions:

- #1 in Polypropylene
- #1 in Advanced polyolefins
- #1 in Licensing of PP processes
- #7 in Polyethylene

Global presence (including JVs):

- Manufacturing in 20 [illegible]
- Sales in more than 12[illegible] [illegible]ies

- A technology leader with a strong innovation pipeline and a distinguished heritage
- 6,600 employees,annual sales of $8.6 billion

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3 Core Businesses

Business	Products	Strategy
Technology	■ Licensing & catalysts ■ New projects	■ Innovation ■ Performance
Advanced Polyolefins	■ PP-based compounds ■ *Catalloy* process resins ■ Polybutene-1 ■ Specialty PE	■ Customer intimacy ■ Applications
Polyolefins	■ Polypropylene ■ Polyethylene	■ Operational efficiency ■ Market leadership ■ Cost leadership

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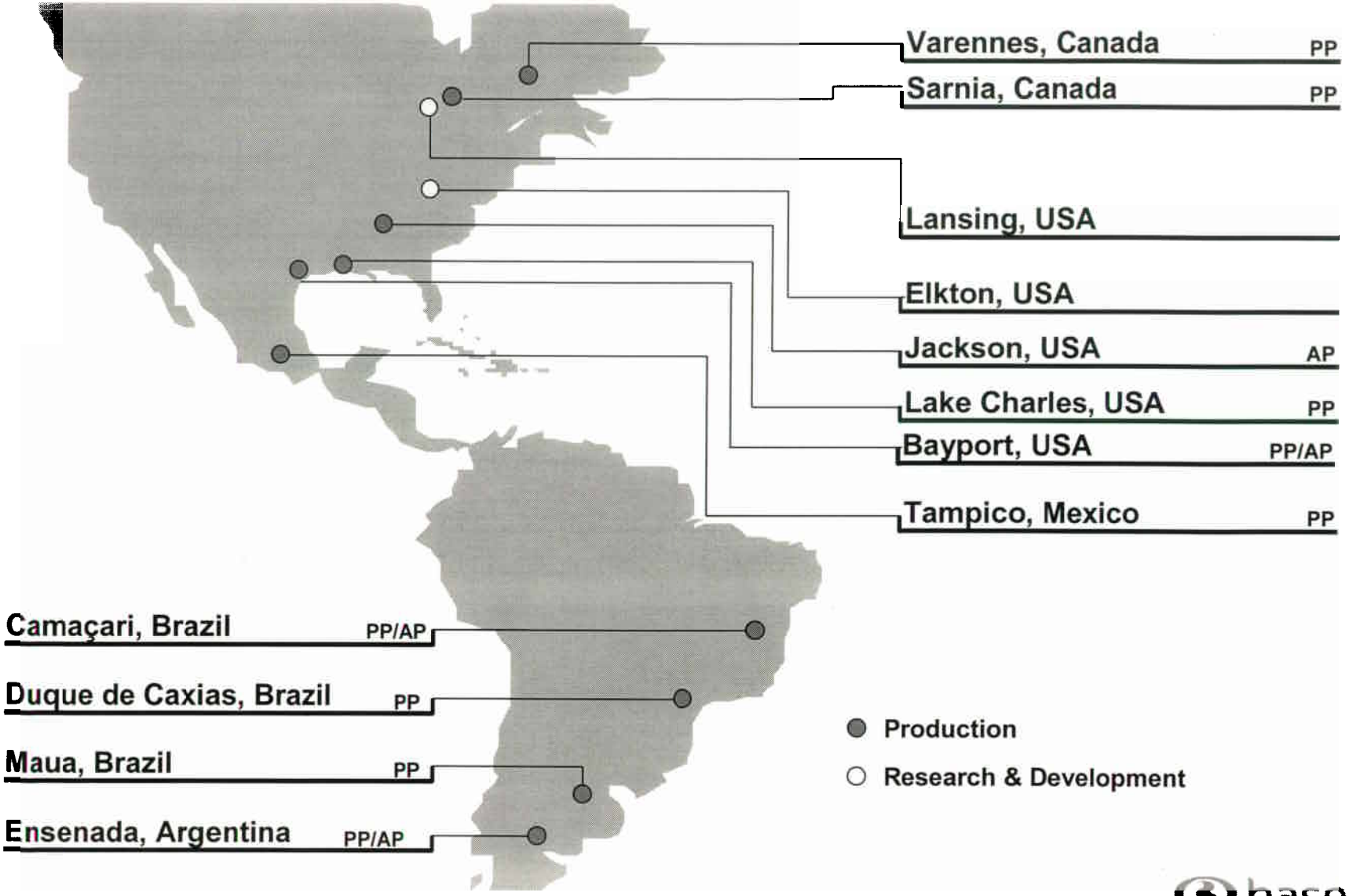
Production and R&D Americas



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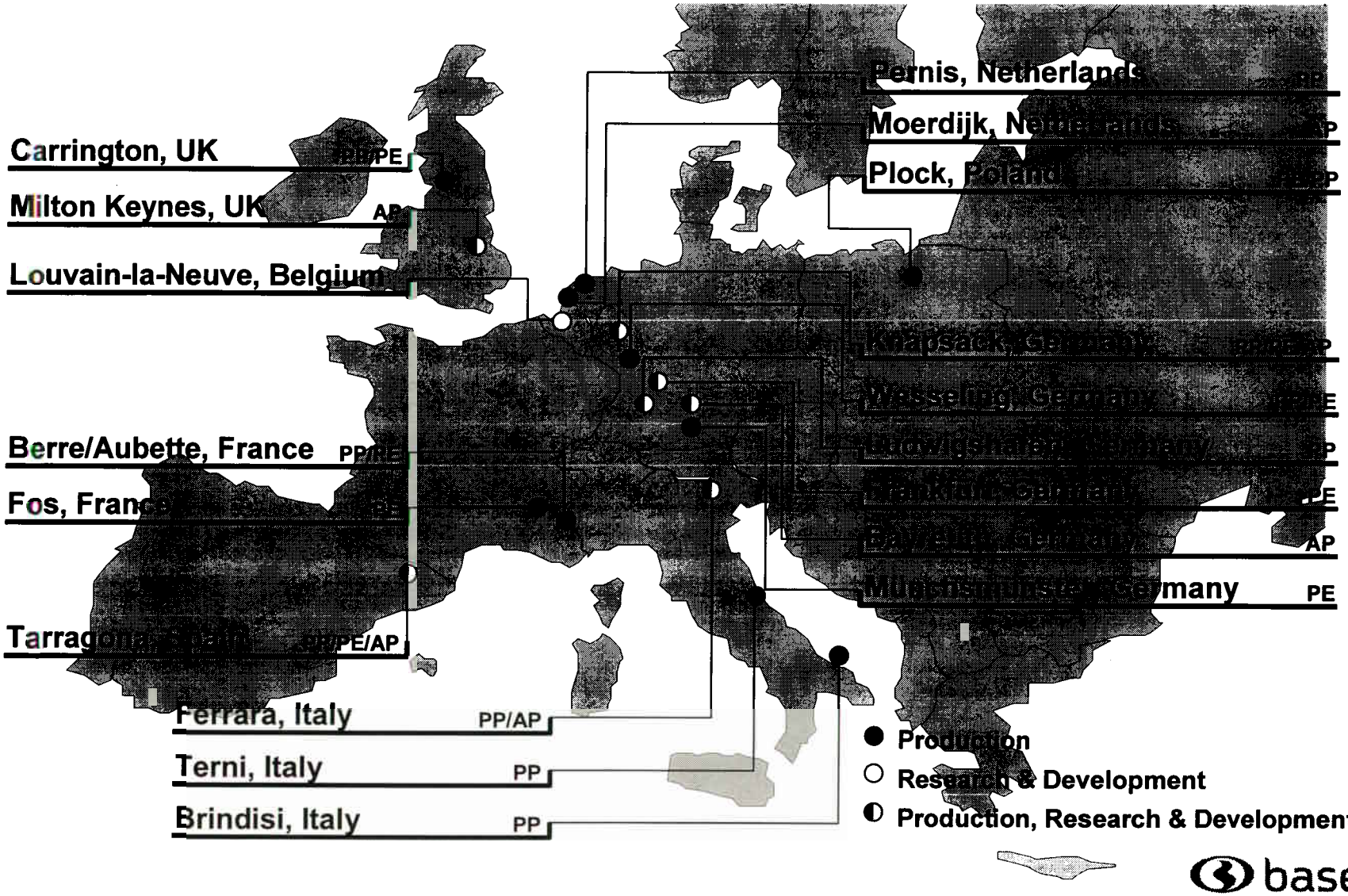
Production and R&D Europe



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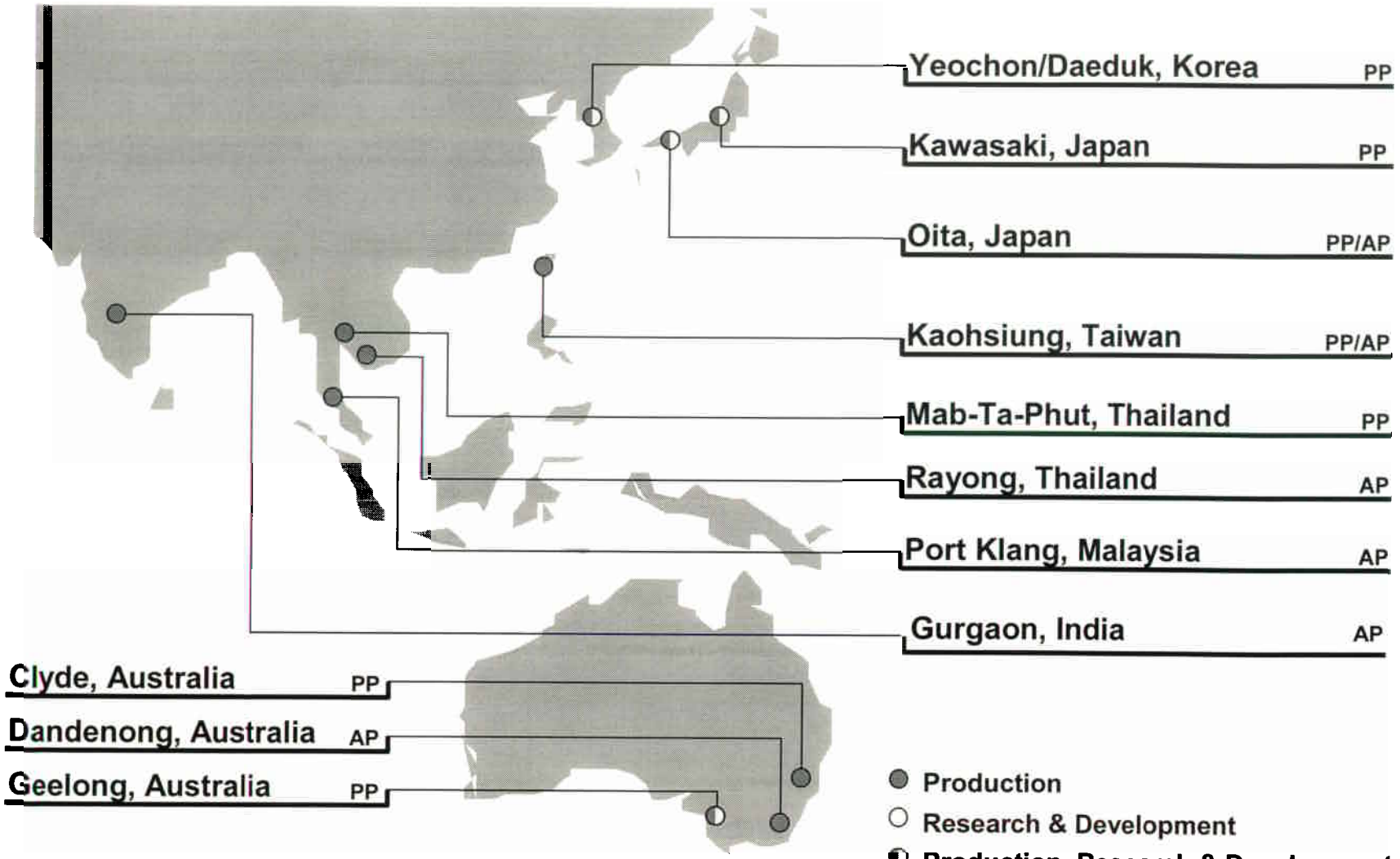
Production and R&D Asia Pacific



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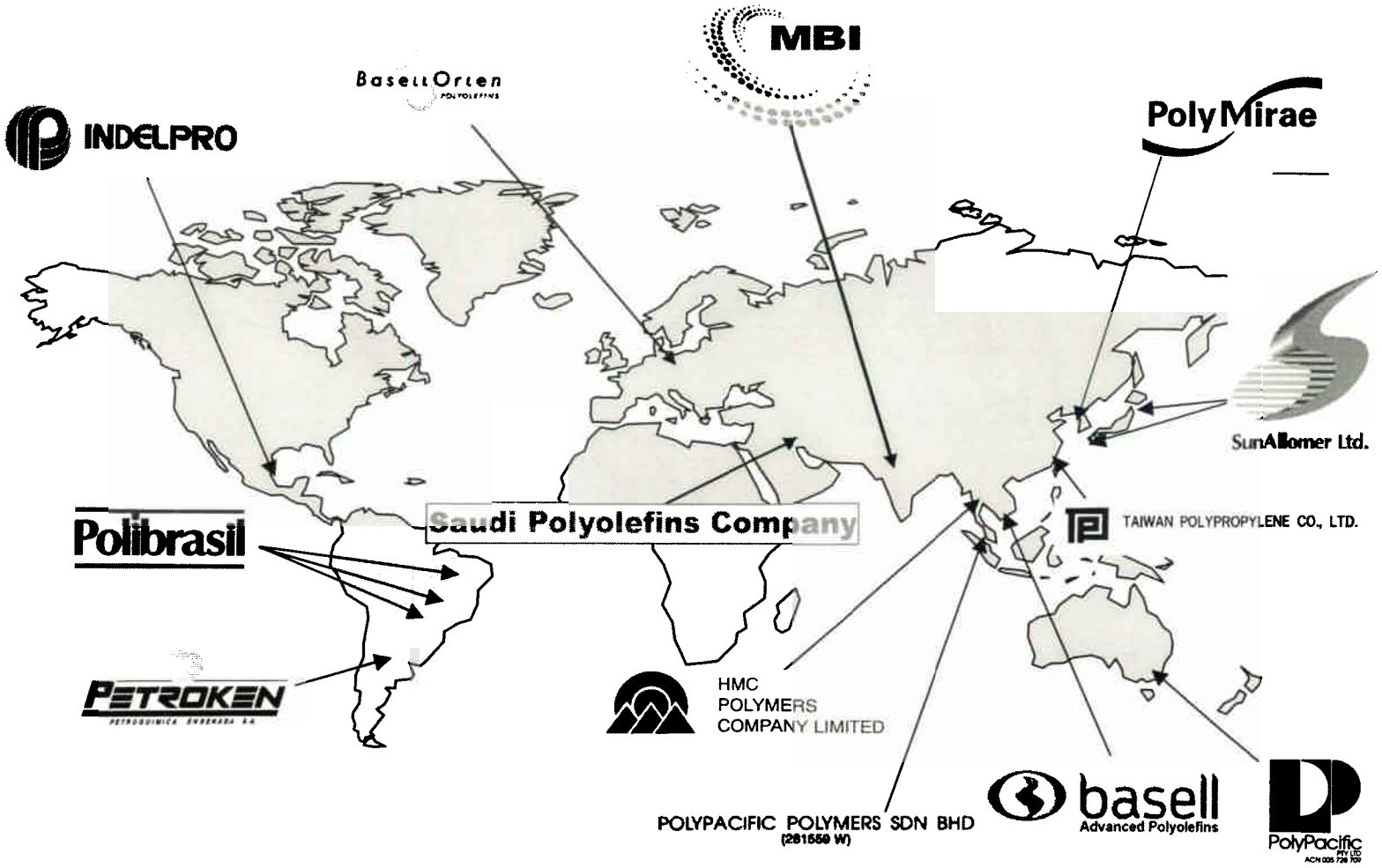
Basell Network of Joint Ventures



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Polypropylene Overview

Polypropylene (PP) -- a thermoplastic resin made from the polymerization of propylene; PP has a broad range of properties, and is used to make packaging, household goods, textiles and film, as well as applications in the automotive and electrical industries

There are three main types of PP:

- **Homopolymers** have high heat resistance and good rigidity, making them suitable for use in a vast range of applications
- **Heterophasic copolymers**, made by incorporating different co-monomers, are highly resilient materials which appear to be opaque
- **Random copolymers**, made by introducing ethylene links into the polymer chain, tend to have improved optical properties, making them ideal for use in applications such as packaging, where transparency is required

Polyethylene Overview

Polyethylene (PE) -- a thermoplastic resin made from the polymerization of ethylene; PE forms the largest single class of plastics, and is used in an enormous range of applications

There are three main types of PE:

- **High density PE (HDPE)**, characterized by a linear polymer chain, is dense, strong and stiff;used for blow-molded tanks and containers, pressure pipes and injection-molded bottle caps, closures and crates
- **Low density PE (LDPE)**, characterized by a branching polymer chain, is highly flexible; principal uses are in packaging film, trash and grocery bags, agricultural mulch, squeeze bottles, closures and houseware
- **Linear low density PE (LLDPE)** is similar to LDPE and has similar markets, but is made with an admixture of copolymer

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Basell Advanced Polyolefins

- Basell's innovative family of specialty advanced polyolefins can be custom made with a wide spectrum of properties for a range of applications

- Advanced Polyolefins portfolio:
  - PP-based compounds
  - *Catalloy* process resins
  - Polybutene-1
  - Specialty PE products

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Polyolefin Technologies Licensed by Basell

Spheripol process and services

- For the production of homopolymer, random copolymer and heterophasic copolymer polypropylene

Spherizone process and services

- New polypropylene manufacturing technology that significantly and uniquely expands the property envelope of PP resins while offering decreased costs

Hostalen process and services

- Low-pressure slurry process for the production of unimodal and bimodal HDPE

Spherilene process and services

- Swing gas-phase process for the production of LLDPE and HDPE

Lupotech G process and services

- Fluidized bed gas-phase process for the production of MDPE and HDPE

Lupotech T process and services

- High-pressure tubular reactor process for the production of LDPE homopolymers and EVA copolymers

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Basell's Catalysts Product Range

Avant ZN catalysts

- High yield/high stereo specificity and titanium-based multi-site Ziegler-Natta catalysts for polypropylene production

Avant Z catalysts

- High yield titanium Ziegler catalysts for narrow and broad molecular weight distribution in linear low and high density polyethylene production

Avant C catalysts

- Chromium catalysts for medium and high density polyethylene production

Avant M catalysts

- Zirconium-based single-site metallocene catalysts for polypropylene & polyethylene production

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Basell Procurement Overview

- Corporate governance
  - Purchasing policies, procedures and guidelines
  - Delegations of authority
  - Quality Management guidelines
  - Preferred supplier guidelines
- Typical practices
  - Central contracts leveraged by multiple business units and locations
  - Competitive bidding

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Basell Procurement

- Types / terms of services procured (examples only)
  - Transportation
  - Information technology
  - Contractors / consultants (with standard agreement)
  - Travel management
  - Payroll
  - Fixed price and T&M

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Basell Information Technology Services

One size does not fit all

- Commodity services: Price and service-level driven
  - Infrastructure
  - Back office programming, e.g. SAP ABAP
- Value-added services: Price / individual expertise / location
  - Projects contractors and consultants
  - Business process
- Innovation services: Strategic vision, knowledge, price
  - Competitive advantage initiatives

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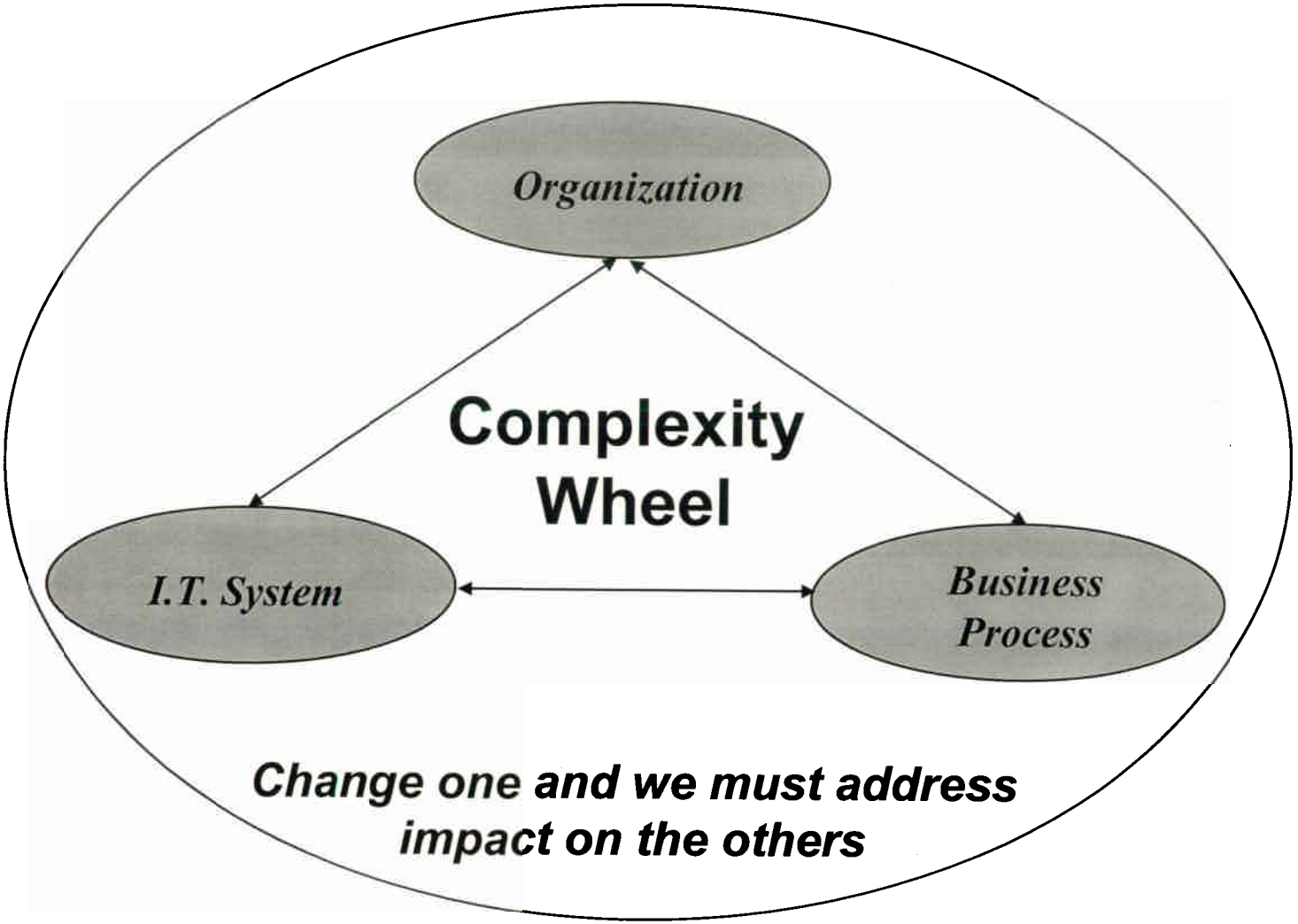
IT Service Acquisition – The Challenge

Business Engagement Equals Business **Projects**



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Basell IT – Commodity Services

Global infrastructure service contract

- **Objectives**
  - Reduce IT operating costs for services through rationalization of service providers and contracts
  - Implement global IT services and support model, enabling maximum Basell productivity
  - Implement a world class IT services contract based on forward pricing to ensure service provider efficiency for the planning cycle
  - Ensure maximum flexibility for Basell in the relationship to enable continuing business restructuring without retaining fixed IT cost

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Basell IT – Commodity Services

Global infrastructure service contract

- Process
  - Competitive bid, limited number of suppliers due to scope of services required
  - External expertise (TPI and Mayer, Brown, Rowe & Maw) to ensure best practice contract
  - Single contract globally
  - Objectives achieved

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Basell IT – Commodity Services

Global infrastructure service contract

- Key terms (examples only)
  - Forward priced for annual efficiency improvement
  - Benchmarking (with rights)
  - Performance Metrics
  - Governance
  - Compensation for Failures; Rewards for Success

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Basell IT – Value-Added Services

- Driven by combination of price, knowledge / expertise, methodology, key personnel and reference
- Competitively bid
- Both fixed price and T&M
- Focus on limited number of strategic (preferred) suppliers

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Basell IT – Innovation Services

- Driven by combination of price, creative alignment and vision, key personnel
- Competitively bid
- Close collaboration with business sponsors

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Questions and Answers

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