

Compensation system for members of the Board of Executive Directors as of 2024

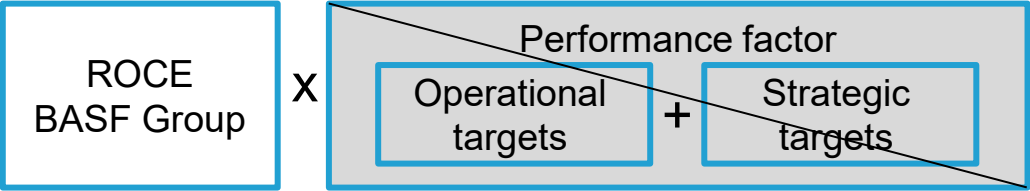
Ludwigshafen, March 2024

Key changes at a glance

- The targets for short-term incentive (STI) and long-term incentive (LTI) will be aligned with BASF's new short- and medium-term performance indicators, and variable compensation continues to be closely linked to BASF's operational and strategic performance.
- The new STI formula is based on the achievement of three financial and non-financial targets. The separate reporting of the target achievement for each individual target will further increase transparency.
- The LTI, in the form of a Performance Share Plan, continues to ensure that the interests of shareholders and the Board of Executive Directors are aligned. The strategic targets within the LTI will be aligned with BASF's new medium-term steering KPIs.
- The pension contribution will be reduced, and the reduced amount will instead be paid as fixed salary. The LTI target amount will be increased, resulting in a higher share of the multi-year compensation and an increase in the target total compensation by 5.3%.
- The transparency of the fulfilment of the individual share ownership obligation will be increased.
- A post-contractual non-compete clause will be included in the service contracts for the members of the Board of Executive Directors.

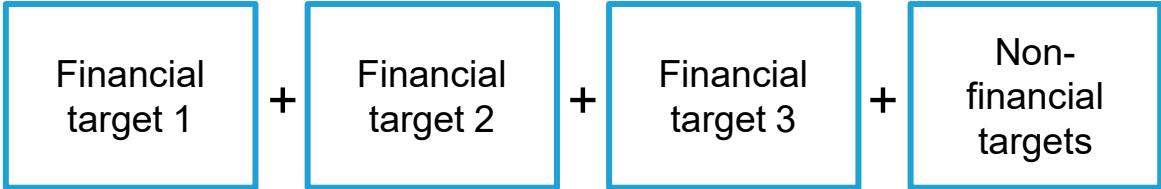
The short-term incentive is based on three financial and non-financial targets; transparency is increased

Previous short-term incentive (STI) system



From a multiplicative STI formula...

New STI system as of 2024



... to an additive STI formula customary in the market

- The three financial targets account for a total of 75% within the STI, the non-financial targets for 25%.
- The Supervisory Board determines financial targets, target levels/values and target achievement curves as well as their weighting on an annual basis. The annual target values of the financial targets will be in line with BASF's published outlook and strategic objectives.
- The overall target achievement will be determined by adding up the weighted achievement of the individual targets.
- The amount of the STI payout is limited to 200% of the target amount (cap).

Targets for short-term incentive 2024 are derived from BASF's further developed steering concept

Previous steering concept

Steering KPIs

- Volume growth
- EBIT before special items
- EBITDA before special items
- Return on capital employed (ROCE)
- Capital expenditures

Steering concept as of 2024

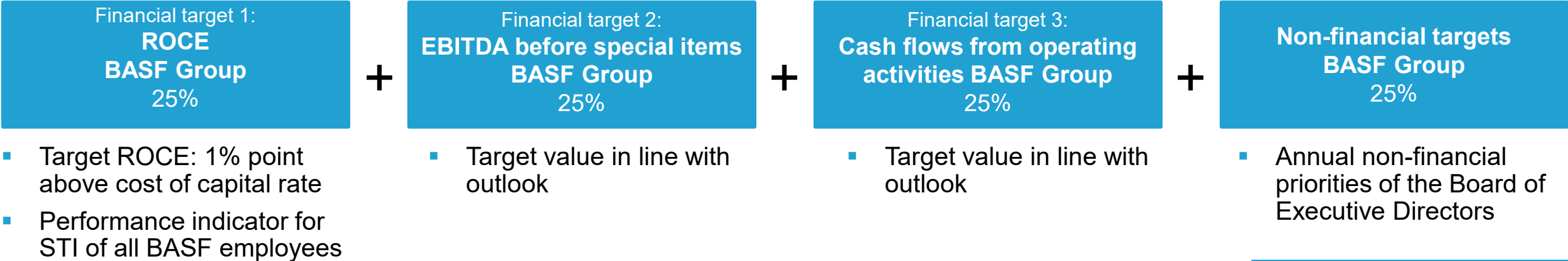
Short-term steering

- EBITDA before special items
- Cash flows from operating activities
- Capital expenditures

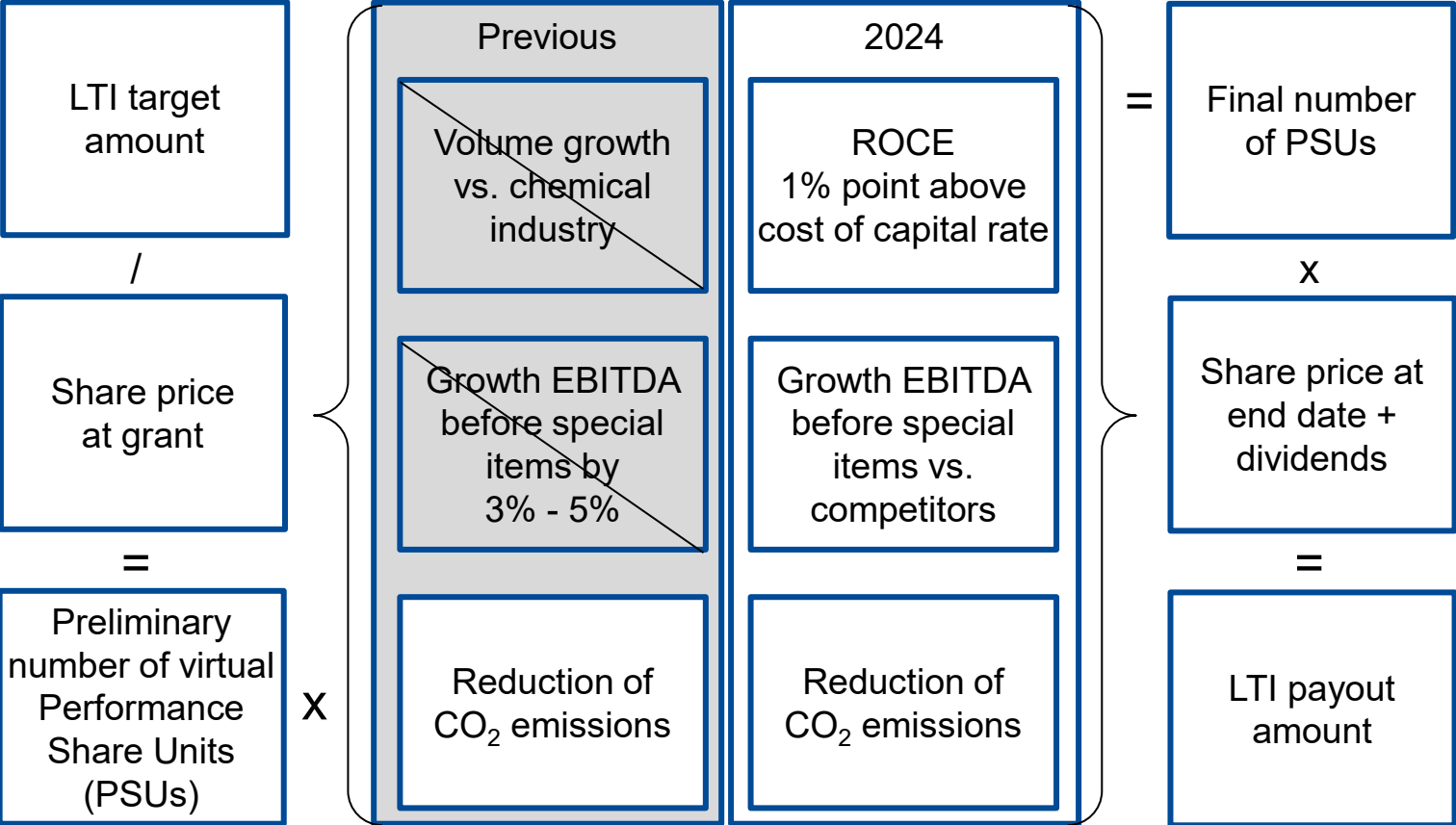
Free cash flow

Mid-term steering

- EBITDA before special items
- Free cash flow
- Return on capital employed (ROCE)



Strategic targets of the long-term incentive will be aligned with the new medium-term steering KPIs



- The LTI plan in the form of a Performance Share Plan remains unchanged in its structure.
- The LTI incentivizes the achievement of three strategic targets and considers the development of BASF’s share price and dividend per share (total shareholder return) over a period of four years.
- The LTI’s strategic targets in the areas of growth, profitability and sustainability will be aligned with the new medium-term KPIs.
- The payout cap remains at 200% of the target amount.

The amount of non-performance-related compensation remains unchanged overall; LTI target amount increases

Total target compensation	€3,750,000	↗ (+5.3%)	€3,950,000
	€1,350,000	→	€1,350,000
Non-performance-related compensation	€50,000	Fringe benefits →	€50,000
	€500,000	Company pension benefits ↘	€300,000
	€800,000	Fixed salary ↗	€1,000,000
	€2,400,000	↗	€2,600,000
Performance-related compensation	€1,400,000	Long-term incentive ↗	€1,600,000
	€1,000,000	Short-term incentive →	€1,000,000

- Parts of the pension contribution are shifted to fixed salary. The non-performance-related compensation remains unchanged overall.
- In future, the pension contribution will correspond to 30% of the fixed salary (previously: 62.5%).
- The target amount for the LTI will be increased by €200,000, the STI target amount will remain unchanged.
- For the first time in four years, the target total compensation will increase by 5.3%.

Share ownership obligation, post-contractual non-compete clause, claw-back clause and pension scheme

- The share ownership obligation (150% of the fixed base salary) with a two-year obligation after the end of the mandate remains unchanged. From 2024 onwards, the compensation report will show the number of shares to be held personally by the respective member of the Board of Executive Directors and the status of the individual build-up.
- A post-contractual non-competition clause will be included in the service contracts for a period of 12 months after the end of the service. From the age of 60, the Supervisory Board may decide in individual cases to waive the non-compete clause.
- For the STI and the LTI, a claw-back clause allowing for the reduction or cancellation of variable amounts that have not yet been paid out, as well as the recovery of variable remuneration continues to be part of the service contracts.
- The defined contribution pension commitment in the form of an investment model with a defined annual pension contribution remains unchanged. The option of a lifelong pension payment is no longer available to new members of the Board of Executive Directors. Alternatively, a pension allowance can be chosen.



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