

# **Compliance Statement 2004 of the Board of Executive Directors and the Supervisory Board of BASF Aktiengesellschaft**

## 1. Statement of Principles pursuant to § 161 AktG [Stock Corporation Act]

We declare that the recommendations by the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been complied with in the year 2004 and will be complied with in the year 2005 subject to the measures outlined below.

## 2. Deviations

### a) Compensation of Chair and Membership in Supervisory Board Committees

As set forth in Section 5.4.5 of the Code, compensation shall take into account the chair position and the membership in Supervisory Board committees. In respect to the Audit Committee we comply with this recommendation in addition to granting an attendance fee for the committee meetings. The membership in the other committees is solely reimbursed by granting an attendance fee for the committee meetings. A supplementary compensation for the chair is not provided for, since this function has to-date been exercised by the Chairman of the Supervisory Board.

### b) Dealing with the structure of the Executive Board compensation system by the full Supervisory Board; assessment of the appropriateness of the compensation of the members of the Executive Board by also applying performance-related criteria; individualized publication of the compensation of the members of the Executive Board and the Supervisory Board

The respective chairmen of the Supervisory Board Committees report regularly to the Supervisory Board on the work of the Committees. This includes the work of the Nomination and Compensation Committee (Personalausschuss). Beyond that we do not comply with the above-mentioned recommendations, especially not with the recommendation to report on the individualized compensation of the Executive Board and the Supervisory Board.

c) Compliance Statement

Pursuant to Section 3.10 of the Code, the Board of Executive Directors and the Supervisory Board shall report each year in the Company's Annual Report on the Company's corporate governance. This includes the explanation of possible deviations from the recommendations of the Code. By § 161 AktG this reporting obligation is regulated with, in part, different content. The Board of Executive Directors and the Supervisory Board resolved to exclusively report as required by law.

3. We consider the recommendations of the Corporate Governance Code to be a general basis for our entrepreneurial activities. Nevertheless situations may arise in the course of business where these standards, in a specific event, prove to be too inflexible in time or bearing, or unnecessarily restrict established Company practices. In such events, contrary to the Statement of Principles made in No. 1 above, there may be deviations from the recommendations of the Code. We will check the deviations mentioned in No. 2 above for their continuous adequacy and, if appropriate, revise them. We will each year report such deviations or revisions respectively in the annual Compliance Statement and explain them, when not being self-explanatory.

Ludwigshafen, December 16, 2004

The Supervisory Board  
of BASF Aktiengesellschaft

The Board of Executive Directors  
of BASF Aktiengesellschaft