

*BASF SE
Ludwigshafen am Rhein*

***Rules of Procedure
for the Supervisory Board
of BASF SE***

as of December 2019

BASF SE
Ludwigshafen am Rhein

□ - BASF
We create chemistry

In its Meeting on December 19, 2019, the Supervisory Board resolved upon the following Rules of Procedure¹:

§ 1 Position and Responsibility

The Supervisory Board executes its tasks in compliance with applicable law, the Statutes of BASF SE, the Agreement Concerning the Involvement of Employees in BASF SE (*Employee Participation Agreement*) and these Rules of Procedure while following the German Corporate Governance Code. All members have the same rights and obligations and are obligated to act in the Company's best interest. They are not bound by specific assignments and instructions.

§ 2 Tasks and Responsibilities

1. The Supervisory Board assumes all tasks and has all rights that are assigned to it by applicable law, the Statutes or in any other way, in particular through these Rules of Procedure.
2. The Supervisory Board supervises and advises the Board of Executive Directors on management issues of BASF SE and of the BASF Group.
3. The Supervisory Board appoints and dismisses the members of the Board of Executive Directors and acts on behalf of the Company when concluding, amending and terminating employment contracts with members of the Board of Executive Directors. This also includes the determination of the system of compensation to be paid to the members of the Board of Executive Directors and the setting of the individual compensation to be paid to the members of the Board of Executive Directors.

When appointing members of the Board of Executive Directors, the Supervisory Board shall take into account that the Board of Executive Directors collectively is composed by members who have the knowledge, skills, professional and personal experiences and competences that are necessary for the management of BASF SE and the BASF Group while adequately considering diversity. To this end, the Supervisory Board shall, after consultation with the Board of Executive Directors, develop and resolve upon a profile of competences and qualifications including a diversity concept (competence profile). The competence profile resolved by the Supervisory Board is enclosed to these Rules of Procedure as Annex 1.

¹ For reasons of linguistic simplicity and legibility, only the masculine form shall be used in these Rules of Procedure. However, in terms of content, female and male persons (as well as persons of other or without gender orientation) are equally referred to.

The initial appointment of members of the Board of Executive Directors shall be made for a maximum term of three years, provided that the Supervisory Board does not resolve upon a longer initial term if specific reasons so require in individual cases. As a general rule, members of the Board of Executive Directors shall not be appointed for a term beyond the age limit of 63.

4. The Supervisory Board shall resolve upon an information policy that determines the information and reporting obligations of the Board of Executive Directors towards the Supervisory Board. The information policy resolved by the Supervisory Board is enclosed to these Rules of Procedure as Annex 2.
5. The Supervisory Board reviews the efficiency of its work on a regular basis. In addition to quality criteria to be defined by the Supervisory Board, topics of the efficiency review shall center in particular on the processes within the Supervisory Board, on the information flow between the committees and the entire board as well as on the information supply of the Supervisory Board and its committees in due time and sufficient in content.
6. In objectively justified cases, the Supervisory Board shall, through its chairman, conduct a dialog with investors². Such dialog shall comprise exclusively those topics that are covered by the field of tasks and responsibilities of the Supervisory Board. The Chairman of the Supervisory Board decides whether a specific dialog shall be initiated, and he also leads the communication with investors. The Chairman of the Supervisory Board shall inform the Supervisory Board of his communication latest in the next Supervisory Board meeting following such communication.
7. The Supervisory Board is authorized to inspect all of the Company's business documents in order to fulfill its tasks or have them submitted by the Board of Executive Directors as well as to examine the Company's assets. In addition, the Supervisory Board is authorized to call in external consultants and experts as well as, after clearance with the Board of Executive Directors, employees of the Company in order to fulfill its tasks. The costs of such consultation shall be borne by the Company.

§ 3 Composition of the Supervisory Board

1. The Supervisory Board is composed in compliance with the relevant statutory provisions of the SE regulation, the Statutes of BASF SE (§ 10 of the Statutes) and the Employee Participation Agreement.

² In doing so, the Supervisory Board shall be guided by the „Guiding principles for the dialogue between investors and German supervisory boards“ published in July 2016 which can be found on the internet at www.governancematters.de.

2. The composition of the Supervisory Board must ensure that its members collectively have the knowledge, skills and professional expertise required to properly perform the tasks of the Supervisory Board and are familiar with the industrial sector where the BASF Group is operating.
3. The Supervisory Board shall develop and resolve upon concrete objectives for its composition focusing on the tasks and substantive requirements of the Supervisory Board of BASF SE including a competence profile and a diversity concept for the entire Board (*principles for the Supervisory Board composition*). The principles for the Supervisory Board composition resolved by the Supervisory Board are enclosed to these Rules of Procedure as Annex 3.
4. To provide for an independent supervision and advice of the Board of Executive Directors, the Supervisory Board shall include in its entirety as well as among the members of the Supervisory Board elected by the Shareholders (*shareholder representatives*) an appropriate number of independent members according to the valuations of the German Corporate Governance Code³. To have this ensured, more than half of the shareholder representatives i.e. at least four of six shareholder representatives, shall be independent. On the assumption that the execution of the Supervisory Board mandate as an employee representative and an employment by BASF SE or a BASF Group company of itself does not compromise the classification as independent Supervisory Board member, at least eight members of the Board of Executive Directors shall be independent. The Supervisory Board develops and resolves the criteria for his independence assessment, taking into account the German Corporate Governance Code. The independence criteria resolved by the Supervisory Board are enclosed to these Rules of Procedure as Annex 4. The names of its members the Supervisory Board considers to be independent are disclosed in the Corporate Governance Report.
5. Persons who have reached the age of 72 on the day of the Annual Shareholders' Meeting should generally not be nominated for election. Membership on the Supervisory Board should generally not exceed 15 years which corresponds to three regular periods in office according to the Statutes.
6. The Supervisory Board must not include members who exercise functions in advisory or governing bodies of or consulting tasks for major competitors of the Company.

³ The evaluation is based on the German Corporate Governance Code in its amended version dated December 16, 2019 resolved upon by the Government Commission.

7. The members of the Supervisory Board ensure that they have sufficient time available to fulfill the duties of their mandate. Before being proposed for election to the Supervisory Board, candidates shall be informed about the working procedures of the Supervisory Board and the time requirements that typically must be expected (i.e. overall time needed, meetings, Supervisory Board information).
8. Proposals for the election of Supervisory Board members take into account the requirements listed in sections 2 to 7 above and shall ensure a compliant composition of the Supervisory Board.

§ 4 Election and Tasks of the Chairman and his Deputies

1. The Supervisory Board shall elect amongst its members the Chairman of the Supervisory Board (*Chairman* or *Supervisory Board Chairman*) and two Deputy Chairmen of the Supervisory Board (*Deputy Chairmen*). Only a shareholder representative may be elected as Chairman. As his deputies, each one member of the shareholder representatives and employee representatives shall be elected.

When electing the Chairman, the oldest member of the shareholder representatives in terms of age shall chair the election. In case of a tie, the member chairing the election according to sentence 1 shall have the casting vote.

Should the Chairman or a Deputy Chairman resign from office, the Supervisory Board must conduct a new election for the vacant office without undue delay, but latest in the following meeting.

2. The Chairman coordinates the work of the Supervisory Board, prepares its meetings and resolutions to be passed, chairs its meetings, regularly contacts the Board of Executive Directors between the meetings, in particular the Chairman of the Board of Executive Directors, and represents the Supervisory Board's concerns externally. He makes the declarations of intent on behalf of the Supervisory Board, provided these Rules of Procedure or a resolution of the Supervisory Board do not authorize another member of the Supervisory Board to make declarations of intent, and conducts the Supervisory Board's correspondence as well as its external communication (e.g. dialogs with investors).
3. A Deputy Chairman only has the rights and obligations of the Chairman if the latter is unable to attend or if applicable law, the Statutes or the present Rules of Procedure do not stipulate otherwise. If a provision of these Rules of Procedure addresses the Chairman of the Supervisory Board, such provision shall not apply to the Deputy Chairmen. The tasks of each Deputy

Chairman shall be defined separately by the Chairman of the Supervisory Board.

§ 5 Preparation and Convening of Meetings

1. The Supervisory Board Chairman prepares the Supervisory Board meetings in coordination with the Deputy Chairmen. In particular, he convenes the meetings, determines the venue and establishes the agenda at his reasonable discretion. Should the Supervisory Board Chairman be unable to attend, § 7 para. 1 sentence 2 of these Rules of Procedure shall apply accordingly.
2. As a general rule, Supervisory Board meetings are to be held quarterly and to be attended personally. Additionally, Supervisory Board meetings shall be convened if business reasons so require.
3. If the Chairman so decides in individual cases, meetings may also be held using telecommunications or individual members of the Supervisory Board may take part in meetings using telecommunications.
4. The Supervisory Board meeting to be held subsequent to the Annual Shareholders' Meeting electing shareholder representatives to the Supervisory Board (*constituting meeting*) does not require a specific convocation. To the extent that in such meeting resolutions are passed on the election of the Chairman and the Deputy Chairmen, the establishment, staffing and chair of committees or the organization of the Supervisory Board, no agenda is required to be disclosed.
5. Moreover, any member of the Supervisory Board or of the Board of Executive Directors, on stating the purpose and reasons, may demand that the Chairman immediately convoke the Supervisory Board.

The request for convocation of a meeting shall be addressed to the Chairman. The meeting must be held within two weeks from the date of convocation. If a request for convocation of a meeting addressed by at least two members of the Supervisory Board or the Board of Executive Directors is not conformed to, the applicants may by themselves convoke the Supervisory Board upon giving notification of the facts.

§ 6 Time and Content of the Convocation, Cure (of invalid resolutions)

1. Meetings shall be convened by a fortnight's notice in writing which includes the use of telecommunications (e.g. e-mail). The individual items on the agenda shall, if possible, be specified in such detail that a written vote is possible. In urgent cases, the convening period may be shortened. The

Chairman decides on the shortening of the convening period in consultation with the Deputy Chairmen.

2. If a member of the Supervisory Board has attended a meeting or a passing of a resolution outside of a meeting according to § 8 para. 4 of these Rules of Procedure, he or she cannot raise any objections against the resolutions passed in such meeting based on the circumstances of the convocation.
3. A resolution on items of the agenda, the announcement of which has not been received by all members at least three days prior to the meeting or does not fulfil the condition of § 6 para. 1 sentence 2 can only be passed if no member of the Supervisory Board objects prior to the passing of the resolution. In such case, absent members shall be given the opportunity, within an appropriate period expiring earliest at the end of the third calendar day following the meeting to be determined by the Chairman and to be indicated in the announcement of the agenda item, to cast their vote pertaining to the subject of the resolution either in writing or by telephone. The resolution shall become valid if the majority of all members of the Supervisory Board has agreed to the proposal for resolution or, should such majority not be reached, after expiry of the period determined by the Chairman. In urgent cases, the Chairman may, after consultation with the Deputy Chairmen, shorten the period of announcement indicated in sentence 1 to less than one day.

§ 7 Chairing of Meetings

1. Meetings of the Supervisory Board shall be chaired by its Chairman. Should he be unable to attend, one of his Deputy Chairmen shall replace him in chairing the meetings. Should the Chairman and both of his Deputy Chairmen be unable to attend, the oldest attending Supervisory Board member in terms of age among the shareholder representatives shall chair the meeting.
2. The person chairing the meeting may decide that the order in which the agenda items are addressed deviate from the order announced in the agenda. He regulates, within the framework of the statutory provisions, the Statutes and these Rules of Procedure, the meeting procedures, in particular the method, form and order of voting.

§ 8 Passing of Resolutions and Quorum

1. As a general rule, resolutions of the Supervisory Board are passed in meetings. The members of the Supervisory Board may have their written vote submitted through other Supervisory Board members (*proxies*) during the Supervisory Board meeting, should they be unable to attend the

meeting personally. For this purpose, it shall be sufficient that the proxy records the vote of the absent Supervisory Board member on the basis of an instruction given orally or by telephone on a written document that he signs indicating his power of representation and submits during the meeting. A vote transmitted by telefax or by means of other electronic media shall be deemed to be a written vote.

2. The Supervisory Board shall constitute a quorum if after all members having been invited under the most recent postal or electronic contact address, at least one half of the members which it is required to have participates in the passing of the resolution. A Supervisory Board member who abstains from voting also participates in the passing of the resolution. Should the number of shareholder representatives and of employee representatives participating in the passing resolution differ, the person chairing the meeting may postpone the passing of the resolution. Should the Supervisory Board Chairman not participate, the passing of the resolution must be adjourned if at least four Supervisory Board members so demand.
3. Unless otherwise provided for by law, resolutions of the Supervisory Board require the majority of the votes cast. However, the abstention shall not count as a vote cast. In the event that a Supervisory Board vote results in an equality of votes, the vote of the Chairman of the Supervisory Board or, if he does not participate in the passing of the resolution, the vote of the Deputy Chairman, provided that he is a shareholder representative, shall be the casting vote.
4. The Chairman of the Supervisory Board may cause a resolution of the Supervisory Board to be passed by obtaining declarations in writing, by telefax or telephone or transmitted by means of other electronic media (*passing of resolutions outside of a meeting*). The provisions regarding the preparation, convening and chairing of meetings in §§ 5 to 7 of these Rules of Procedure as well as regarding the passing of resolutions and quorum shall apply mutatis mutandis to the passing of resolutions outside of a meeting.

§ 9 Recording of Meetings

1. Minutes shall be prepared of the Supervisory Board meetings which are to be signed by the respective person chairing the meeting.

The minutes shall state the place and date of the meeting, the participants, the items on the agenda, the main content of deliberations and the resolutions passed by the Supervisory Board. Each Supervisory Board member may demand that his voting as well as a formal “statement for the

minutes” be recorded in the minutes. The minutes must be submitted to all Supervisory Board members.

2. When passing resolutions outside of meetings (§ 8 para. 4), the minutes must be established taking into consideration the aforementioned aspects and the specifics that arise from the respective procedure. The Chairman ensures that the minutes are established and the result of the voting is communicated to all Supervisory Board members. Resolutions passed outside of meetings shall be included in the minutes of the next Supervisory Board meeting for information purposes.
3. The minutes of a meeting or of a resolution passed outside of a meeting shall be deemed to be approved if none of the Supervisory Board members objects to them in the next following Supervisory Board meeting. If an objection is raised and the person chairing the meeting does not succeed in revoking that objection, the objection must be decided on by passing a resolution. To the extent that resolutions passed in a meeting are recorded in their full wording, objections to such resolutions may only be raised in that meeting.

§ 10 Declarations of Intent

Declarations of intent are to be given by the Chairman on behalf of the Supervisory Board.

§ 11 Committees

1. For the performance of specific sections of its advisory and supervisory duties, the Supervisory Board may establish committees from amongst its members. Committees may be vested with the function of preparing resolutions to be passed by the Supervisory Board as a whole as well as of making final decisions within the statutory framework (§ 107 para. 3 sentence 4 of the German Stock Corporation Act). The Supervisory Board may issue rules of procedure for its committees.
2. If the Supervisory Board establishes a committee, it defines the committee’s functions in the respective rules of procedure or by separate resolution, elects its members and appoints the chairman and, if required, a deputy chairman. To the extent the Supervisory Board does not resolve otherwise or the rules of procedure for the committee do not include a provision, § 2 para. 7, § 4 para. 2 and 3, § 5 para. 1, 3 and 5, § 6, § 7, § 8, § 9, § 10 and § 15 shall apply accordingly for the committee. By way of derogation from § 8 para. 2 a committee shall constitute a quorum only if at least three committee members participate in the passing of the resolution. Should a committee member leave the committee during the

term of office of the Supervisory Board, the Supervisory Board shall immediately elect a new committee member, latest, however, in the next following Supervisory Board meeting.

3. The Supervisory Board establishes the following permanent committees:
 - a) a Personnel Committee that is in particular responsible for the preparation of the appointment of members to the Board of Executive Directors, the compensation as well as other personnel matters of the members of the Board of Executive Directors;
 - b) an Audit Committee that is in particular responsible for accounting and auditing issues including the business relations with the external auditor;
 - c) a Strategy Committee that is in particular responsible for accompanying the portfolio development by the Board of Executive Directors and for preparing resolutions for approval by the Supervisory Board required for acquisitions and divestments;
 - d) a Nomination Committee that is in particular responsible for nominating suitable candidates to be proposed by the Supervisory Board for election as shareholder representatives to the Annual Shareholders' Meeting.

The assigned areas of responsibility of the aforementioned committees along with their competences shall be determined by the Supervisory Board in the rules of procedure of the respective committee or by separate resolution.

4. The chairmen of the committees shall report latest in the next Supervisory Board meeting following the committee meeting or passing of a committee's resolution on the work and resolutions of the committees.

§ 12 Transactions Requiring Consent

1. According to the Statutes (§ 13 of the Statutes), the Board of Executive Directors shall require the previous consent of the Supervisory Board for the following transactions of the Company:
 - a) the acquisition and disposal of enterprises, interests in enterprises and parts of enterprises, provided that the acquisition or disposal price in an individual case exceeds 3 percent of the equity reported in the last consolidated financial statements of the Company which were approved by the Supervisory Board. This shall not apply in the event

of intra-group acquisitions and disposals;

- b) commencement of operations in new and cessation of operations in existing areas of business to the extent that this is of significant importance for the entire Group;
 - c) the issuing of bonds and comparable financial instruments, the taking up of and granting of long-term loans and the granting of guarantees, warranties or other assumptions of liability, provided that in an individual case the latter exceed 3 percent of the equity reported in the last consolidated financial statements of the Company which were approved by the Supervisory Board. This shall not apply to the taking up and granting of loans and the granting of securities within the Company group.
2. The Supervisory Board may additionally determine other measures of the Company's management of major importance than those transactions defined in the Statutes to be taken only upon its prior consent. A list of transactions requiring the Supervisory Board's consent is enclosed to these Rules of Procedure as Annex 5.
 3. The approval requirement shall apply accordingly to corresponding transactions of BASF Group companies.
 4. The consent of the Supervisory Board required under No. 1 may also be granted in the form of a general authorization for certain kinds of the aforementioned transactions. Such authorizations have to state specifically the eligible transactions as well as their purpose and the period of time within which they have to be conducted.

§ 13 Participation of Members of the Board of Executive Directors and other Individuals

1. The members of the Board of Executive Directors participate in the Supervisory Board Meetings for reporting purposes and in an advisory capacity, unless the Supervisory Board Chairman or the Supervisory Board excludes their participation. In each Supervisory Board Meeting, a part of the meeting shall be held without the participation of Members of the Board of Executive Directors. Members of the Board of Executive Directors do not attend meetings where personnel matters of the Board of Executive Directors are deliberated on, as for example the appointment of members of the Board of Executive Directors and their employment contracts as well as their compensation, provided that the Supervisory Board does not resolve that all or individual members of the Board of Executive Directors, specifically the Chairman of the Board of Executive Directors, attend.

2. The Chairman may call in retained consultants and advisors as well as, in coordination with the Board of Executive Directors, employees of the Company to attend the Supervisory Board meetings.

§ 14 Conflicts of Interest

1. Every member of the Supervisory Board is committed to the Company's interest. Neither must members of the Supervisory Board pursue personal interests in their decisions nor must they exploit business opportunities of the Company for themselves, for natural or legal persons closely related to them or for other institutions or associations they are working in or for.
2. Every Supervisory Board member shall disclose to the Supervisory Board any conflicts of interest, especially if they could arise as a result of a function in an advisory or governing body of clients, suppliers, lenders of BASF SE or its group companies or other third parties.
3. In its report to the Annual Shareholders' Meeting, the Supervisory Board shall disclose any conflicts of interest of Supervisory Board members that have arisen and how they were handled.
4. Material conflicts of interest involving a member of the Supervisory Board that are not merely temporary shall result in the termination of that member's Supervisory Board mandate.
5. Advisory and other service agreements or contracts for work between a Supervisory Board member and BASF SE or a BASF Group company are subject to the Supervisory Board's approval.

§ 15 Confidentiality and Access to Documents for Defense Against Claims

1. The members of the Supervisory Board must keep secret any confidential information and reports, topics, content and course of the consultations and resolutions of the Supervisory Board as well as secrets of the Company, in particular company and business secrets, that have become known to them in connection with their work as members of the Supervisory Board, and use them exclusively for the purposes of their work as Supervisory Board members of BASF SE. The obligation shall remain valid even after termination of the mandate as Supervisory Board member (*confidentiality obligation*).
2. Should a Supervisory Board member have the intention to forward information that have become known to him in the context of his work as Supervisory Board member and that he does not consider to be confidential,

but that, according to his knowledge or his assessment of the circumstances, the Company or its affiliated companies consider to be confidential, he is obliged to inform the Supervisory Board Chairman about his intention beforehand and, should the latter deem a statement of the Supervisory Board necessary, wait for the Supervisory Board's comments.

3. When giving public statements or comments the content of which may refer to the work as Supervisory Board member, each Supervisory Board member shall avoid the appearance to be speaking on behalf of the Supervisor Board as well as the appearance of a conflict of interest with the function as Supervisory Board member.
4. Upon retirement from office, every member of the Supervisory Board shall return to the Company all confidential documents of the Company he has received or established in the context of his work as Supervisory Board member and that are still held by him, e.g. reports to the Supervisory Board, submissions to the Supervisory Board, meeting documents and minutes, meeting notes as well as other notes containing confidential information of the Company, and to delete data to the extent it has been stored electronically.
5. The Supervisory Board members ensure that the employees they may have involved for their support comply with the confidentiality obligation in the same manner.
6. Should third parties or the Company assert any claims in connection with the Supervisory Board activity against a member or a former member of the Supervisory Board after the termination of the Supervisory Board mandate, the Company shall grant to the affected person and to the professionals he may have mandated for his legal defense and who are committed to professional secrecy also towards the Company, for the purpose of defense against the asserted claims, access to the documents of the Supervisory Board established during the term of office of the affected person, e.g. reports and submissions to the Supervisory Board, other meeting documents and meeting minutes. The affected person is obliged to use the information and documents received exclusively for the purpose of defense against the asserted claims in judicial and non-judicial proceedings. Above and beyond this, the confidentiality obligation in § 15 para. 1 applies.

§ 16 Resignation from Office

1. Every Supervisory Board member may resign from office at any time with a one-month prior written notice.

2. The members of the Supervisory Board and Board of Executive Directors must be notified thereof immediately.

§ 17 Amendment to the Rules of Procedure

Amendments to the Rules of Procedure require a resolution of the Supervisory Board.

§ 18 Taking Effect

These Rules of Procedure shall take effect on being adopted by the Supervisory Board.

List of Annexes:

- Annex 1: Profile of Competences and Qualifications for the Board of Executive Directors (§ 2 para. 3)
- Annex 2: Information Policy (§ 2 para. 4)
- Annex 3: Objectives for the Composition, Competence Profile and Diversity Concept of the Supervisory Board (§ 3 para. 3)
- Annex 4: Criteria for the Independence Assessment of Supervisory Board Members (§ 3 para. 4)
- Annex 5: Transactions Requiring the Supervisory Board's Consent (§ 12 para. 2)