

BASF SE
Ludwigshafen am Rhein

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

***Objectives for the Composition, Competence Profile and Diversity
Concept of the Supervisory Board***

***according to § 3 para. 3 of the
Rules of Procedure for the Supervisory Board of BASF SE
(Annex 3)***

as of December 2019

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Ludwigshafen am Rhein


We create chemistry

Objectives for the Composition, Competence Profile and Diversity Concept of the Supervisory Board

In his meeting on December 19, 2019 the Supervisory Board resolved upon the following objectives for the composition, competence profile and diversity concept of the Supervisory Board:

The Supervisory Board of BASF SE aims at a composition that ensures qualified supervision and guidance for the Board of Executive Directors of BASF SE. Candidates shall be proposed for election to the Supervisory Board who can, based on their professional expertise and experience, integrity, commitment, independence and character, successfully perform the tasks of a supervisory board member at an internationally operating chemical company.

These objectives take into account the statutory requirements for the composition of the Supervisory Board as well as the pertaining recommendations of the German Corporate Governance Code (“GCGC”)¹. In addition to the individual requirements for every single member, a competence profile and a diversity concept have been established for the Supervisory Board as a whole.

The entrepreneurial codetermination within BASF SE according to the Agreement Concerning the Involvement of Employees in BASF SE contributes to diversity with regard to professional experiences and cultural background. Employee representatives are nominated in compliance with the statutory requirements of the German SE Participation Act. There is no option for election by the Annual Shareholders’ Meeting.

The following requirements and objectives are considered essential to the composition of the Supervisory Board as a collective body:

Competence profile for the Supervisory Board as a collective body

- Leadership experience in managing companies, associations and networks
- Members’ collective knowledge of the chemical sector and the related value chains
- Appropriate knowledge within the body as a whole of finance, accounting, financial reporting, law and compliance as well as one member with accounting and auditing expertise (financial expert)
- At least one member with in-depth experience in innovation, research & development and technology
- At least one member with in-depth experience in digitalization, information technology, business models and start-ups

¹ German Corporate Governance Code in its amended version dated December 19, 2019 resolved upon by the Government Commission.

- At least one member with in-depth experience in human resources, society, communications and the media
 - Specialist knowledge and experience in sectors outside of the chemical industry
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Diversity concept

With the objective of a maximum additional benefit, the Supervisory Board strives to achieve a reasonable level of diversity with respect to character, gender, international representation, professional background, specialist knowledge and experience as well as age distribution:

Diversity concept – Supervisory Board of BASF SE

- At least 30 % women and 30 % men
 - At least 30 % of members have international experience based on their background or professional experience
 - At least 50 % of members have different educational backgrounds and professional experience
 - At least 30 % under the age of 60
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Requirements for the individual Supervisory Board members

The members of the Supervisory Board must be personally reliable and have the knowledge and experience required to diligently and independently fulfil the tasks of a Supervisory Board member of BASF SE, especially the supervision and guidance of the Board of Executive Directors as well as the active strategic monitoring of the company. Each member of the Supervisory Board ensures that they invest the time needed to properly perform their Supervisory Board mandate. In addition to the statutory limits on appointments to governing and supervisory bodies, the limits of supervisory board mandates recommended by the GCGC must be given consideration. Accordingly, a Supervisory Board member who is a member of a Management Board of a listed company shall not have, in aggregate, more than two Supervisory Board mandates and a Supervisory Board member who is not a member of any Management Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice. As a general rule, persons shall not be nominated for election to the Supervisory Board if a conflict of interest is likely to be existing. The same applies in principle to persons who have reached the age of 72 on the day of election. Membership on the Supervisory Board should generally not exceed 15 years; this corresponds to three regular statutory periods in office.

Concerning independence, the objective of the Supervisory Board is that the Supervisory Board shall include an appropriate number of independent members among all Supervisory Board members (shareholder representatives and employee representatives) as well as from the group of shareholder representatives in the sense of the rating of the GCGC. Accordingly, in particular a personal or business relationship

with BASF SE or its governing bodies, with a controlling shareholder or a company affiliated with such controlling shareholder that may cause a substantial and not merely temporary conflict of interest excludes a Supervisory Board member's independence.

According to the rating of the GCGC and the further criteria for the independence assessment of Supervisory Board members substantiated in Annex 4 to the Rules of Procedure for the Supervisory Board of BASF SE, at least 4 of the 6 Supervisory Board members elected by the shareholders and at least 8 of the total of 12 Supervisory Board members shall be independent.