

BASF SE
Ludwigshafen am Rhein

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

**Criteria for the Independence Assessment of Supervisory Board
Members**

**according to § 3 para. 4 of the
Rules of Procedure for the Supervisory Board of BASF SE
(Annex 4)**

as of December 2019

BASF SE
Ludwigshafen am Rhein


We create chemistry

Criteria for the Independence Assessment of Supervisory Board Members

In his meeting on December 19, 2019 the Supervisory Board resolved upon the following criteria for the independence assessment of Supervisory Board members:

Concerning independence, the objective of the Supervisory Board is that an appropriate number among all Supervisory Board members (shareholder representatives and employee representatives) as well as from the group of shareholder representatives are independent in the sense of the rating of the German Corporate Governance Code (GCGC)¹. 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. Indicators for a lack of independence of a Supervisory Board member are:

- membership on the company's Board of Executive Directors in the two years prior to the appointment as member of the Supervisory Board,
- material business relationship with the company or one of the entities dependent upon the company (e.g. as customer, supplier, lender or advisor), currently or in the year up to his/her appointment, directly or as a shareholder, or in a leading position of a non-group entity,
- close family membership of an Executive Board member,
- membership of the Supervisory Board for more than 12 years.

Beyond this, the Supervisory Board has defined the following further criteria for the assessment of independence of Supervisory Board members by the Supervisory Board:

- During the statutory cooling-off period under the German Stock Corporation Act, former members of the Supervisory Board of BASF SE are not considered to be independent. Prior membership of the Board of Executive Directors does not preclude independence following the expiry of the cooling-off period. According to the GCGC, no more than two former members of the Board of Executive Directors shall be members of the Supervisory Board at the same time.
- The assessment of independence of employee representatives is not compromised by their role as an employee representative (appointment by employees) and employment by BASF SE or a Group company. The same applies to employee representatives proposed by a trade union under the applicable provisions. Above and beyond this, the criteria for the assessment of independence also apply to the employee representatives on the Supervisory Board.
- The following circumstances or facts generally exclude the qualification of a Supervisory Board Member as independent:
 - Major transactions between a Supervisory Board member or a person (spouse, registered civil partner, first-degree relative) or enterprise closely related to the Supervisory Board member on the one hand and BASF SE or a BASF Group company on the other hand. A major transaction is defined as one or more

¹ The evaluation is based on the German Corporate Governance Code in its amended version dated December 16, 2019 resolved upon by the Government Commission.

transactions with a volume of 1 % or more of the sales volume of each enterprise respectively involved within a calendar year.

- Personal service or consultancy agreements between a Supervisory Board member or a person closely related to the Supervisory Board member and BASF SE or one of its Group companies with an annual compensation of more than 50 % of the Supervisory Board compensation.
- Participation under corporate law of a Supervisory Board member or a person closely related to a Supervisory Board member (spouse, registered civil partner, first-degree relative) in the amount of more than 20% in BASF SE or a company in which BASF SE holds a direct or indirect major shareholding.

According to the above definition, 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.