

*BASF SE  
Ludwigshafen am Rhein*

***Rules of Procedure  
for the Audit Committee  
within the Supervisory Board  
of BASF SE***

*as of December 2020*

BASF SE  
Ludwigshafen am Rhein

  
We create chemistry

In its Meeting on December 17, 2020, the Supervisory Board resolved upon the following Rules of Procedure for the Audit Committee of the Supervisory Board <sup>1</sup>:

**Rules of Procedure for the Audit Committee**  
**within the Supervisory Board**  
**of BASF SE**

**§ 1 Appointment**

Amongst its members, the Supervisory Board appoints an Audit Committee. The stipulations of § 11 para. 2 sentences 2 and 3 of the Rules of Procedure of the Supervisory Board shall apply accordingly to the Audit Committee, unless these Rules of Procedure contain deviating stipulations.

**§ 2 Position and Responsibility**

The Audit Committee executes its tasks in compliance with applicable law, the Statutes of BASF SE as well as with the resolutions and the Rules of Procedure of the Supervisory Board and these Rules of Procedure. All committee 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.

**§ 3 Composition and Chair**

- 3.1 Unless otherwise stipulated by the Supervisory Board, members of the Audit Committee shall be two shareholder representatives on the Supervisory Board and two employee representatives on the Supervisory Board.
- 3.2 The Supervisory Board shall appoint one member of the Audit Committee as Chairman of the Audit Committee (Chairman). A second member may be appointed as Deputy Chairman. The Chairman of the Supervisory Board shall not be appointed as Chairman

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<sup>1</sup> These Rules of Procedure shall replace the Rules of Procedure for the Audit Committee resolved by the Supervisory Board on December 19, 2020.

of the Audit Committee. The Chairman of the Audit Committee shall be independent and no former member of the Board of Executive Directors.

3.3 The Supervisory Board ensures that the members of the Audit Committee collectively have the knowledge, skills and professional experiences required to appropriately fulfil the tasks of the committee and are sufficiently independent. The Chairman must have special knowledge of, and experience in, applying accounting and reporting standards and internal control methods. At least one further member of the Audit Committee shall have expertise in the fields of accounting or auditing.

3.4 A member of the Audit Committee may resign from office at any time with a one month prior written notice to the Supervisory Board Chairman.

#### **§ 4 Tasks of the Audit Committee**

4.1 The following tasks are assigned to the Audit Committee:

4.1.1 Financial Statements and Consolidated Financial Statements

- a) preliminary audit of the Financial Statements and Consolidated Financial Statements and the Management's Reports including the Nonfinancial Statement and the Consolidated Nonfinancial Statement;
- b) consideration of the audit reports of the auditor as well as of the audit findings;
- c) preparation of the negotiations and resolutions of the Supervisory Board concerning the approval of the Financial Statements and Consolidated Financial Statements and concerning the proposal for the appropriation of profit;
- d) consideration of the focus areas of the audit and agreement on them with the auditor and definition of reporting obligations of the auditor towards the Audit Committee.

4.1.2 Discussion of the half-year financial report and of the quarterly statements of the BASF Group before their public disclosure with the Board of Executive Directors.

4.1.3 Discussion of the payment report and/or group payment report to be established under commercial law before their publication with the Board of Executive Directors.

4.1.4 Monitoring of the accounting process and of the audit.

4.1.5 Monitoring and consideration of

- a) the risk management including the risk management system and the addressing of risks from litigation;
- b) the effectiveness of the internal control system;
- c) the internal auditing system including its fields of activity and focus areas as well as the appropriateness of the material and personnel resources of corporate audit;
- d) the compliance management system as well as the addressing of compliance issues including compliance with the statutory provisions and the internal regulations concerning environment, health and safety (EHS compliance).

4.1.6 Dealing with the post audit of acquisition and investment projects.

4.1.7 Non-audit services of the external auditor

Individual approvals as well as general pre-approvals (authorizations) concerning certain categories of services and value thresholds to be determined for the provision of the external auditor's non-audit services;

4.1.8 Complaints in accounting issues

Definition of procedures for dealing with complaints in accounting and auditing issues raised by third parties and employees of the Company, enabling the employees to address complaints also anonymously, confidentially and without any disadvantages for the employees; acceptance of and dealing with incoming complaints;

4.1.9 Auditor

- a) preparation of the Supervisory Board's proposal to the Annual Shareholders' Meeting regarding the selection of an auditor including the tendering of the auditor mandate to be carried out self-dependently by the Audit Committee in compliance with the statutory provisions, in particular section 16 ff. of the EU Auditor Regulation;
- b) examination and assessment of the auditor's independence and the auditor's closely related persons as well as of statutory reasons to exclude the auditor from the audit;
- c) mandating of the auditor with the annual audit including the definition of potential focus areas of the audit and the agreement of reporting obligations of the auditor towards the Audit Committee and the Supervisory Board as well as the auditing

fees. The audit engagement shall be signed by the Chairman of the Audit Committee;

- d) quality assessment of the annual audit on a regular basis;
- e) granting of consents concerning the provision of non-audit services by the auditor that are not excluded by law and monitoring of the scope of non-audit services.

#### 4.1.10 Related Party Transactions (Section 111 a-c Stock Corporation Act, *AktG*)

- a) monitoring of the internal procedure for identifying transactions with Related Parties and for ensuring the statutory approval and disclosure obligations;
- b) decision on the approval of Related Party Transactions.

4.2 Before the beginning of a financial year, the Audit Committee determines a schedule of meetings and topics to ensure that all tasks assigned to it be dealt with regularly at least once a year by the Audit Committee.

4.3 The Audit Committee represents the Supervisory Board to the extent permitted by law in all tasks it has been assigned with and in particular in all issues concerning the auditor and the audit.

### **§ 5 Tasks of the Chairman**

5.1 The Chairman coordinates the Audit Committee's work, prepares its meetings and passing of resolutions, chairs the meetings, stays in touch with the Board of Executive Directors between the meetings, in particular with the member of the Board of Executive Directors responsible for Finance (Chief Financial Officer), as well as with the auditor, and represents the Audit Committee's concerns externally. This includes declarations of intent such as mandating the auditor with the annual audit.

5.2 The Chairman may, in coordination with the Board of Executive Directors, consult employees of the Company to prepare and record the meetings as well as to execute the Audit Committee's resolutions.

### **§ 6 Information of the Audit Committee**

6.1 The Board of Executive Directors informs the Audit Committee regularly and in due time of all issues belonging to its area of responsibility. It submits the reports mentioned in § 4 numbers 1.1 and 1.2 as soon as possible to the Audit Committee, and in particular before the Supervisory Board deals with them and before their public disclosure. The

individual information and reporting obligations of the Board of Executive Directors shall be defined by the Audit Committee.

- 6.2 The auditor shall inform the Audit Committee immediately of all findings and events occurring in the course of the audit that are relevant to the tasks of the Supervisory Board.

## **§ 7 Inspection and audit rights**

The Audit Committee is authorized to request from the auditor and from the Board of Executive Directors all information necessary to fulfil the tasks it has been assigned with. It may inspect all business documents of the Company or request them to be submitted by the Board of Executive Directors as well as inspect and examine the Company's books and assets. In individual cases, the Audit Committee may also entrust individual Committee members und call in experts.

## **§ 8 Meetings, convening, passing of resolutions**

- 8.1 The Audit Committee shall have at least four meetings per financial year. The Chairman of the Audit Committee shall convene the meetings by at least a one week's notice.
- 8.2 Concerning the convening and recording of meetings as well as the quorum and passing of resolutions of the Audit Committee, the stipulations of the Rules of Procedure of the Supervisory Board apply accordingly.
- 8.3 Resolutions of the Audit Committee require the majority of the votes cast. An abstention shall not count as a vote cast. In the event that a vote results in an equality of votes, the Chairman of the Audit Committee shall have two votes without there being any need for him to cast a second vote.
- 8.4 The member of the Board of Executive Directors responsible for Finance (Chief Financial Officer) shall participate in the Audit Committee meetings, to the extent the Chairman or the Audit Committee do not exclude his participation in individual cases. The Chairman may call in other members of the Board of Executive Directors as well as consultants and experts mandated by the Audit Committee and, in coordination with the Board of Executive Directors, employees of the Company to attend the Audit Committee's meetings. Concerning the reporting topic "internal audit/corporate audit", the head of Corporate Audit shall report, and concerning the reporting topic "compliance/compliance management", the Chief Compliance Officer shall report in the meetings of the Audit Committee.

## **§ 9 Reporting to the Supervisory Board**

The Chairman of the Audit Committee shall regularly report to the Supervisory Board on the Committee's work in the Supervisory Board meetings. Should any material events and findings occur to the Audit Committee, its Chairman shall inform the Chairman of the Supervisory Board immediately.

## **§ 10 Efficiency review**

The Audit Committee reviews the efficiency of its activities in the form of a self-assessment on a regular basis. Topics of the efficiency review shall center in particular on the procedures within the Audit Committee, the quality of the discussion and the content alignment of the Audit Committee's work as well as the information supply of the Audit Committee by the Board of Executive Directors and the cooperation with the auditor.