

*BASF SE  
Ludwigshafen am Rhein*

***Rules of Procedure  
for the Personnel and Compensation Committee  
within the Supervisory Board  
of BASF SE***

*as of May 2019*

BASF SE  
Ludwigshafen am Rhein

  
We create chemistry

In its Meeting on May 3, 2019, the Supervisory Board resolved upon the following Rules of Procedure for the Personnel and Compensation Committee of the Supervisory Board:

**Rules of Procedure for the Personnel and Compensation Committee**  
**within the Supervisory Board**  
**of BASF SE**

**§ 1 Appointment**

Amongst its members, the Supervisory Board appoints a Personnel and Compensation Committee (“Personnel 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 Personnel Committee, unless these Rules of Procedure contain deviating stipulations.

**§ 2 Position and Responsibility**

The Personnel 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 Personnel Committee shall be the Chairman of the Supervisory Board as well as one shareholder representative on the Supervisory Board and two employee representatives on the Supervisory Board to be appointed by the Supervisory Board.

3.2 The Personnel Committee is chaired by the Supervisory Board Chairman. The Supervisory Board may appoint one further member of the Personnel Committee as deputy chairman.

3.3 The Supervisory Board ensures that the members of the Personnel Committee collectively have the knowledge, skills and professional experiences required to

appropriately fulfil the tasks of the committee and are sufficiently independent from the Board of Executive Directors.

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

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

The following tasks are assigned to the Personnel Committee:

##### 4.1 Appointment of members to the Board of Executive Directors

- a) Recommendations to the Supervisory Board for appointments, reappointments and dismissals of members of the Board of Executive Directors. When making recommendations for appointments, the Personnel Committee takes into account that the proposed candidates have the personal qualifications, skills, knowledge and experiences necessary for the work as member of the Board of Executive Directors of BASF and 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. The Personnel Committee prepares its recommendations based on the Profile of Competences and Qualifications including a Diversity Concept (Competence Profile) for the Board of Executive Directors resolved by the Supervisory Board.
- b) Establishment of a long-term succession planning for the Board of Executive Directors in consultation with the Chairman of the Board of Executive Directors;
- c) Revision of the Competence Profile for the Board of Executive Directors on a regular basis and recommendations to the Supervisory Board for amendments of the Competence Profile.

##### 4.2 Compensation of the Board of Executive Directors

- a) recommendations to the Supervisory Board concerning the structure of the compensation system for the Board of Executive Directors including individual components of the board compensation (fixed salary, performance-related compensation components, kind and frame of fringe benefits, pension system) and revision of the appropriateness of the compensation system on a regular basis;

- b) recommendations to the Supervisory Board concerning the amount of the total compensation and the amount of the individual components of the board compensation and the revision of the appropriateness of the amount of compensation on a regular basis;
- c) passing of resolutions concerning the granting of fringe benefits within the scope of the compensation system resolved by the Supervisory Board;
- d) recommendations to the Supervisory Board concerning the annual target agreement (operational and strategic targets) and the compensation-relevant performance factors;
- e) preparation of the passing of the Supervisory Board resolution concerning the performance assessment for the Board of Executive Directors and the fulfilment of the compensation relevant performance factors;
- f) passing of the resolution on the final amount of the performance-related compensation based on the Executive Directors' employment contracts and on the extent of target achievement determined by the Supervisory Board;
- g) preparation of the Supervisory Board's passing of resolution concerning the reduction, cancellation (withholding) or reclaim (claw back) of Executive Board compensation;
- h) preparation of the passing of the Supervisory Board resolution in special situations such as illness or early departure from the Board.

#### 4.3 Contractual matters

- a) recommendation to the Supervisory Board concerning the structure of the Executive Directors' employment contracts (Employment Contract);
- b) negotiation and decision on the Employment Contract and other contractual matters with the members of the Board of Executive Directors within the scope of the structural frame decided by the Supervisory Board and signing, amendment and termination of contracts with members of the Board of Executive Directors;
- c) decisions concerning the execution of existing Employment Contracts;

- d) decision concerning other contractual matters as well as representation of the Company in such matters towards the members of the Board of Executive Directors (§ 112 of the German Stock Corporation Act).

#### 4.4 Other tasks

a) decision concerning

- consent to ancillary activities of members of the Board of Executive Directors including supervisory board mandates or similar mandates in other companies outside the BASF Group
- exemption from non-compete obligations (§ 88 of the German Stock Corporation Act)
- granting of credit to members of the Board of Executive Directors (§ 115 of the German Stock Corporation Act)
- consent to contracts with Supervisory Board members (§ 114 of the German Stock Corporation Act)

- b) preparation of decisions of the Supervisory Board concerning the pursuit of claims for damages against members of the Board of Executive Directors;

- c) decision concerning the return of confidential documents of the Company to members of the Board of Executive Directors for defense against any claims for damages asserted against them.

### **§ 5 Tasks of the Chairman**

5.1 The Chairman coordinates the Personnel 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 Chairman of the Board of Executive Directors, and represents the Personnel Committee's concerns externally. This includes declarations of intent towards members of the Board of Executive Directors or external consultants mandated by the Personnel Committee.

5.2 The Supervisory Board or, to the extent the decision concerning the issue has been assigned to it, the Personnel Committee may authorize the Chairman of the Personnel Committee to negotiate and sign contractual matters with members of the Board of Executive Directors.

- 5.3 The Chairman may, in coordination with the Board of Executive Directors, consult the head of the corporate unit “Senior Executive Human Resources” and other employees of the Company to prepare and record the meetings as well as to execute the Supervisory Board’s or Personnel Committee’s resolutions.

## **§ 6 Inspection and audit rights**

The Personnel Committee is authorized to request from the Board of Executive Directors all information necessary to fulfil the tasks it has been assigned with. The individual reporting and information obligations of the Board of Executive Directors are determined by the Personnel Committee. 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 Personnel Committee may also entrust individual Committee members and call in experts in consultation with the Board of Executive Directors.

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

- 7.1 The Personnel Committee shall have at least two meetings per financial year. The Chairman of the Personnel Committee shall convene the meetings by at least a one week’s notice.
- 7.2 Concerning the convening and recording of meetings as well as the quorum and passing of resolutions of the Personnel Committee, the stipulations of the Rules of Procedure of the Supervisory Board apply accordingly.
- 7.3 Resolutions of the Personnel 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 Personnel Committee shall have two votes without there being any need for him to cast a second vote.
- 7.4 The Chairman may call in members of the Board of Executive Directors, in particular the Chairman of the Board of Executive Directors, as well as consultants and experts mandated by the Personnel Committee and, in coordination with the Board of Executive Directors, employees of the Company to attend the Personnel Committee’s meetings.

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

The Chairman of the Personnel Committee shall regularly report to the Supervisory Board on the Committee’s work in the Supervisory Board meetings.

## **§ 9 Efficiency review**

The Personnel 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 Personnel Committee, the quality of the discussion and the content alignment of the Personnel Committee's work as well as the information supply of the Personnel Committee by the Board of Executive Directors.